DECLARATION

Declaration by the Candidate

This thesis is my original work and has not been presented for a degree in any other university or any other award.

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C50F/CTY/PT/25641/13

Signature: ........................................ Date: ........................................

Declaration by Supervisors

We confirm that the work reported in this thesis was carried out by the student under our supervision.

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Dr. Joseph Wasonga

Department of Diplomacy and International Relations

Signature: ........................................ Date: ........................................

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Department of History, Archaeology and Political Science
DEDICATION

To the memory of my beloved late Dad, Moses Brights Kamanga. Continue resting well.
ACKNOWLEDGEMENTS

I would like to acknowledge the immense support and insight provided by Dr. Joseph Wasonga and late Dr. Danson P.L. Esese. Furthermore, I wish to thank Dr. James Nyawo for additional supervision of the work. I also owe gratitude to several academic staff at the Kenyatta University for making input into this work at various stages of its defence.

Besides, I would like to thank my family, friends and colleagues for the encouragement and support.
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<td>ACP</td>
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<td>ASH</td>
<td>Action on Smoking and Health</td>
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<td>CAP</td>
<td>Common Agricultural Policy</td>
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<td>DAD</td>
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<td>Directive on Tobacco Advertising</td>
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<td>EBA</td>
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<td>EEC</td>
<td>European Economic Community</td>
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<td>GBS</td>
<td>General Budget Support</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>MABARM</td>
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<tr>
<td>MoFAIC</td>
<td>Ministry of Foreign Affairs and International Cooperation</td>
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<td>MoITT</td>
<td>Ministry of Industry, Trade and Tourism</td>
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<td>MPRSP</td>
<td>Malawi Poverty Reduction Strategy Paper</td>
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<td>NAO</td>
<td>National Authorising Office</td>
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<td>NAOSU</td>
<td>National Authorising Office Support Unit</td>
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<td>NIP</td>
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<td>RUFROP</td>
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<td>TBT</td>
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<td>TCC</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNIDO</td>
<td>United Nations Industrial Development Organisation</td>
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<td>WBG</td>
<td>World Bank Group</td>
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<td>WHO</td>
<td>World Health Organization</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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<td>YC</td>
<td>Yaoundé Convention</td>
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CONCEPTUALIZATION OF TERMS

These terms used in this work have the following meanings:

**Aid:** Funds released by a foreign government or institution to assist another government either for development or to support the national budget.

**Aid for Trade:** A World Trade Organization (WTO) initiative that encourages developing country governments and donors to recognize the role that trade can play in development.

**Cotonou Agreement:** A treaty signed in Cotonou, Benin, in June, 2000 between the ACP countries and the European Union, which sets out the relationship between the two with regard to foreign aid, trade, investment, human rights, and governance.

**Economic Partnership Agreements (EPAs):** Trade and development agreements negotiated between the European Union and ACP countries in the context of regional economic integration process.

**European Union Market:** The European Union single/common market comprising of the 28 EU member states.

**Everything But Arms (EBA):** A package offered by the European Union to the Least Developed Countries in 2001, designed to eliminate quotas and tariffs on all exports from these countries except on arms.
Market Access: The extent to which a country permits imports, characterized by a variety of tariff and non-tariff trade barriers, which could be used to limit the entry of products from other countries.

Non-Tariff Barriers (NTBs): A general description of barriers to international trade other than tariffs.

Preferential Trade Area (PTA): Trading bloc that provides preferential access to certain products from participating countries through reduction of tariffs, which are abolished completely.

Quota: Measure restricting the quantity of goods imported or exported such restrictions could include non-automatic licensing, mixing regulations, voluntary export restraints, and prohibitions or embargos.

Structural Adjustment Programmes (SAPs): Set of ‘free market’ economic policy reforms imposed on developing countries by the World Bank and the International Monetary Fund as a condition for receipt of loans.

Sanitary and Phytosanitary Measures (SPS): Boarder control; measures necessitated by the need to protect human, animal, or plant life or health.
**Special and Differential Treatment:** The principle in the WTO that developing countries should be accorded special privileges, either exempting them from some WTO rules granting them preferential treatment in the application of WTO rules.

**Tariff:** A government-imposed tax on imports.

**Technical Barriers to Trade (TBT) Agreement:** Aimed at ensuring that technical regulations, standards, testing and certification procedures do not create unnecessary obstacles to trade.

**Technical barriers to trade (TBTs):** A category of non-tariff barriers to trade, which are the widely divergent measures that countries use to regulate markets, protect their consumers, or preserve their natural resources but which could also be perceived as a discrimination against imports in order to protect domestic industries.
<table>
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<th><strong>Trade Liberalization:</strong></th>
<th>Reduction of tariffs and removal or relaxation of non-tariff barriers.</th>
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<tr>
<td><strong>Trade Protectionism:</strong></td>
<td>The act of restricting imports from other countries through administrative barriers such as rules related to food safety, environmental standards.</td>
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ABSTRACT
This study explored, from the recipient-point of view, the European Union and Malawi relations, from 1985 to 2010, focusing on aid and trade commitments by the former to the latter, using the case of tobacco, which is a major Malawi export to the European Union market. The objectives of the study were to examine European Union aid and trade commitments in Malawi; to assess the performance of tobacco exports within the context of European Union trade commitments to Malawi; and to explore the link between trade protectionism and foreign aid dependency and its interplay on Malawi’s economic development. The findings of this study inputs into policies on international development. The study is significant because it contributes to scholarly knowledge, a fresh, country specific, perspective of the interplay between aid and trade. The study was informed by the Dual Gap Analysis Theory and the Harrod-Domar Growth Model. These were used to interrogate aid while the Comparative Advantage/ Stolper-Samuelson theorem was employed to probe international trade relations in respect of trade aspect of the European Union-Malawi co-operation. This study adopted an exploratory research design and purposive sampling technique was utilized. Data was collected from three categories of study population: Malawi government and its respective institutions; delegation of European Union to Malawi and diplomatic missions of its member states resident in Malawi; key tobacco actors, among them government institutions, large and small-scale farmers, seasonal and permanent employees through a questionnaire administered during interviews. Primary data was triangulated with official documents, reports and extensive review of current literature.
CHAPTER ONE
INTRODUCTION

1.1 Background
There are diverse interests played out in international relations. This study identifies aid and trade vis-à-vis economic development as some of the dominant interests at the centre of the relations between the global north and south. In this study’s context, economic development is defined as a country’s less dependency on aid to prop its economy and its advanced ability to integrate into the global economy through trade. The provision of aid and trade incentives by actors from the global north has arguably been a traditional response to economic development challenges faced by countries in the global south (Qian, 2015).

Most scholars such as Rena (2013); Hancock 2009; Moyo, 2009; Easterly (2008, 2006, 2002, 1999); Bolton, 2008; Chachage, 2005; Rajan & Subramanian (2005); Gomanee, Girma and Morrissey (2005); Arellano, Bulíř, Lane and Lipschitz (2005); Dalgaard, Hansen and Tarp (2004); Bandow (2002); Hansen and Tarp (2001); Bauer (1991, 1981); Boone (1996) underscore the limitations of aid to achieve economic development. According to the above mentioned scholars, aid only spurs expenditure and uncontrolled consumption by recipient governments. This is particularly made possible through aid fungibility, which entails that aid finance is channeled to undesignated areas of the economy (Devarajan & Swaroop, 1998). Additionally, the scholars argue that aid retards economic growth by pointing out that aid has insignificant effect on economic growth (Boone, 1996; Cassen, 1994; Griffin and &McKinley, 1994).
Proponents of foreign aid such as Burnside & Dollar (2004, 2000, 1998); Sanusi (2012); Chenery & Strout (1966); and Karabegovi & McMahon (2006) intimate that foreign aid leads to economic development through stimulation of production leading to exports within specific context such as sound institutions and policies. According to these scholars, foreign aid enables recipient countries to develop necessary production capacity to generate surplus for export. The assumption is that these exports, generated from stimulated production capacities by foreign aid, would in turn enable a country accumulate foreign capital. Overall, the proposition is that foreign capital is acquired through foreign reserves, which is central to the development of a country.

The foregoing seems to provide a link between foreign aid and international trade on the one hand and development on the other hand. Specifically, the importance of international trade to the economic growth and development of a given economy is elevated (Stiglitz & Charlton, 2007). Besides, there is also advocacy for aid and trade as co-catalysts for development by recognizing their respective limitations in contributing to development (Morrissey, 2006; Sachs, 2005). This leads the study to recognize the second general limitation of providing aid and trade as initiatives to enable the global south to achieve economic development. This is because, trade alone would not enable the least and/or developing countries to achieve meaningful economic development. In relation to this, scholars have argued that the trade incentives that the European Union provides to the African, Caribbean and Pacific (ACP) countries, have had limited
impact due to the nature of the international trading system, in general, and the prevailing trade restrictions, in specific, vis-à-vis the trade capacity of ACP countries (Stiglitz & Charlton, 2007).

As a background to relations between the European Union and African, Caribbean and Pacific countries, the predecessors of the Cotonou Agreement are the Lomé Conventions (LC) I-IV and the Yaoundé Conventions (YC) I-II. Two of the pillars of the Cotonou Agreement are development cooperation; and economic and trade cooperation with the latter specifically linked to challenges faced by the African, Caribbean and Pacific countries to integrate into the world economy (The Cotonou Agreement, 2014). The study notes that the two pillars of the Cotonou Agreement are linked to the definition of economic development applied in this study. Throughout the cooperation between the African, Caribbean and Pacific (ACP) countries and the European Union, the latter has provided trade opportunities for the former to expand their exports to the European Union market (Mutharika, 2010).

Malawi as ACP country benefits from preferential trade arrangements provided by the European Union. Notably, tobacco is the major Malawi export to the European Union market (European Union External Action, 2015, Griffith & Boyd, 2007). Additionally, as of 2001, Malawi was granted the opportunity to utilize the “Everything But Arms (EBA)” initiative, which grants full duty free and quota-free access to the European
Union market for all exports from the Least Developed Countries (LDCs) and the ACP (European Commission, 2015; Mutharika, 2010; Stiglitz & Charlton, 2007).

Scholars have noted the limited impact of the EBA initiative on exports from the LDCs mainly due to supply side constraints and non-traditional barriers to trade such as Sanitary and Phytosanitary (SPS) measures (Elliot, 2009; Stiglitz & Charlton, 2007). This has had its impact on agricultural commodities exports from countries such as Malawi (Mapemba, 2009). This is further substantiated by the conclusion that the percentage of exports from LDC to the European Union under the EBA initiative remain insignificant (Brenton, 2003). It appears the EBA initiative’s limited impact is tied to the fact that most of the products liberated under the EBA initiative were already enjoying zero tariffs under other European Union trade preferences. For instance, a Malawi export that could have significantly benefited from the EBA initiative is sugar. However, sugar was excluded until its liberalization in 2009 (Brenton, 2003). The study argues that Malawi would in this respect not export anything tangible other than tobacco since a potential export, sugar, was excluded until 2009. It would be possible to assume that the impact of EBA initiative in Malawi has been limited. The present study agrees with Brenton (2003) in stating that the important issue for most EBA initiatives recipient countries would have been how the European Union preferences contribute to stimulating export diversification. Besides, the accumulation of foreign capital by a developing country through export earnings presupposes the existence of a ready market or fair access to international markets for its exports. However, Sanusi (2012)
and Rodney (1972/2012) negate the presence of a fair international market for exports from African, Caribbean and Pacific (ACP) countries. The two authors pointed out that the international market is not fair to exports from Africa. The above two scholars noted that there existed unequal exchange and exploitation characterizing the import-export relationship between Africa and the developed world.

On his part, Mutharika (2010) reinforces the same using the tobacco industry in Malawi by noting the challenges faced by the commodity in the international market. Could this lack of fair access to international markets account for Malawi’s failure to integrate into the global economy? Is the situation in Malawi a manifestation of the dichotomy between the aspirations of the aid and trade co-operation between the European Union and Malawi? These questions are raised in view of the presence of European Union trade preferences granted to ACP countries and the existence of possible inherent limitations to trade. This is particularly typified by market access restriction through Non-Tariff Barriers (NTBs) such as Rules of Origin and Sanitary and Phytosanitary (SPS) measures.

Moreover, as a background to the study notes that that the European Union market possesses constrains to exports from most ACP countries including Malawi, through trade protectionism, in form of agricultural subsidies, Sanitary and Phytosanitary (SPS) measures, Quality Assurances and Standardization which arguably equate to Technical Barriers to Trade (TBT). There seem to be observations that these TBTs negatively
impact on the exports from the LDCs (Elliot, 2009) and contrast the World Trade Organization (WTO) rules (Otsuki, Wilson & Sewadeh, 2001; Disdier, Fontagné & Mimouni, 2008, Bolton, 2008, Baldwin, 2000). Existing literature indicated that Malawi tobacco exports to the European Union just like the rest of the former’s agricultural commodities exports to the latter could be subject to stringent sanitary and phytosanitary measures (Mapemba, 2009). Despite the fact that the Malawi tobacco industry is facing challenges related to global anti-smoking campaigns, characterized by the adoption of the Framework Convention on Tobacco Control (FCTC), there are other trade protectionist penchants particular to the European Union market. These are manifested by the introduction of various Tobacco Control Laws and/or Directives instituted by the European Union. Furthermore, tobacco has been subject to commodity discrimination through its exclusion from benefitting from the Stabex facility, which was an export earnings fluctuation cushioning mechanism put in place by the European Union to benefit ACP countries. In addition, the European Union further discriminated against tobacco through subsidizing its domestic tobacco production.

Based on the above discussion, one is inclined to ask, could the introduction of Tobacco Control Laws and/or Directives amount to trade protectionism? Could these contravene the spirit of economic and trade cooperation enshrined in the Cotonou Agreement? These questions are raised with the background that aid and trade co-operation between the European Union and Malawi hinges upon the Cotonou Agreement’s commitment to achieve economic development and enhance trade.
Therefore, this scenario raises the following questions: how then could that commitment be upheld to be true? Could this possible contradiction be argued to inculcate and perpetuate aid dependency? There were deficiencies in literature focusing on the cross-purposive nature of aid and trade protectionism. This literature paucity provided a background upon which the present study was hinged. This study sought to examine how lessons could be learnt from cross-purposive nature of aid and trade protectionism in Malawi as a developing country.

1.2 Statement of the Problem
The European Union as a bloc is one of the largest multilateral partners that continues to provide aid and trade preferences to Malawi. On the other hand, the latter remains a Least Developed Country and appear to dismally integrated into the global economy. In this context, the scenario is mindboggling and tempts the study to scrutinize the nature of the aspirations of these commitments within the broader European Union-African, Caribbean and Pacific countries (ACP) cooperation. Could it be that the EU and ACP commitments are contradictory and cross-purposive? Could it be other internal factors in Malawi that inhibit the success of the aspirations and commitments of the cooperation? Furthermore, is it that the possible gains of aid and trade are eroded by aid conditionalities, trade protectionism and internal capacity constraints?

Empirical studies undertaken on aid and trade vis-à-vis economic development seem divisive on the role of aid as prerequisite to economic development. Equally important
is the notion that international trade in its current form is unfair to the developing countries. Existing studies have largely focused on aid and trade in isolation. Hence the possible contrasting relationship between the European Union aid and trade preferences and its possible nexus to aid dependency in Malawi is blurred. This study ascertained these contradictions and nexus as evident in European Union-Malawi aid and trade co-operation within the period 1985-2010. The central question is: is the concurrent provision of aid and instituting trade protectionism contradictory to the attainment of the aspirations of the Cotonou agreement by Malawi?

1.3 Objectives
Objectives of the study were as follows:

i. To examine the extent of European Union aid and trade commitments to Malawi;

ii. To probe European Union trade preferences in respect of tobacco; and

iii. To explore the link between the cross-purposive nature of aid and trade commitments and Malawi’s aid dependency.

1.4 Research Questions
The study was guided by the following research questions:

i. What have been European Union aid and trade commitments to Malawi?

ii. How has the European Union trade preferences accommodated tobacco?

iii. What is the extent of the link between the cross-purposive nature of European Union aid and trade commitments and Malawi’s aid dependency?
1.5 Research Premises
The following premises informed the study:

i. European Union has had robust aid and trade commitments in Malawi

ii. European Union trade preferences have discriminated tobacco

iii. Cross-purposive nature of European Union aid and trade commitments contributes to Malawi’s aid dependency

1.6 Justification and Significance
Cross-purposive nature of aid and trade has not been extensively studied in existing scholarly works. Rather the variables seem to have been looked at from separate viewpoints. The highlight of existing studies is that aid enables a country to achieve economic development through accumulation of foreign capital. Further, indications are that aid is necessary for financing economic development gap. On the other hand, existing studies argue that aid have advanced that it does not lead to economic development but rather spurs expenditure and could propagate hegemony of the aid donating entity. In terms of trade, studies have highlighted that trade could lead to economic development. However, there are other thoughts that trade on its own has limited impact on economic development. Further, studies have substantiated that the nature of the international trading system is unfair to developing countries due to trade protectionism, for instance. Such studies argue that trade protectionism veiled as quality assurances and standardization measures, limits exports from the least developed countries to the markets in the developed countries.
This notwithstanding, there seems to be no study that juxtaposes aid and trade on the same spotlight, specifically focusing on the possible cross-purposive nature of aid and trade protectionism when concurrently pursued. More so, this seem to have not be undertaken within the context of the European Union and Africa, Caribbean and Pacific Countries relations in general and in Malawi, specifically. Hence this study was pertinent to fill in such gap. The study was worth undertaking since its findings contribute empirical knowledge within the realm of international development, specifically on the cross-purposive nature of aid and trade protectionism. Furthermore, the findings of the study add value to policy formulation process in the field of international development.

The study was cognizant that Malawi exports diverse agricultural products to the European Union market but opted for tobacco as its case study since the commodity remains a major export for Malawi to the European Union market.

1.7 Scope and Limitations
The field of aid and trade is broad and has been studied from many perspectives depending on an individual’s point of view. Therefore, new studies risk replicating existing efforts. However, the scope of this study was the cross-purposive nature of the European Union aid and trade commitments to Malawi in general and how trade protectionism inherent in the European Union market could erode the aspirations of the commitments of the European Union-Malawi relations. The study was delimited to the aid and trade preferences provided by the European Union to Malawi; and the Malawi
tobacco exports to the European Union market. The study could not exhaustively probe all matters, including internal factors within Malawi, that have a bearing on achieving the aspiration of the Cotonou Agreement. Rather, the study focused on the general nature of the aid and trade commitments to identify elements that are cross-purposive. Possible limitations of the study were that tobacco faces perceptual challenges emanating from global anti-smoking campaigns which might affect the appreciation of the study. However, the study remained cognizant to the fact that tobacco remains Malawi’s major export to the European Union market hence its strategic importance cannot be understated.
CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Review of Related Literature

This section examined and identified trends in existing literature relevant to the problem under study. Available literature on the subject was reviewed from broad to specific perspectives in terms of debates on aid; aid and trade; trade protectionism; and the tobacco industry. Relevant theories related to aid and trade were expounded and linked to the phenomena under study.

2.2 Existing Debates on Aid

Proponents of aid have often argued based on the Marshall Plan of the post-World War II reconstruction. However, several scholars have expressed reservations regarding aid and the Marshall Plan. For instance, Moyo (2009), Rena (2013), and Cowen (2003) observe that the Marshall Plan interventions were specific unlike the current aid regime, which is open-ended. Furthermore, according to Mayer and Raimondos-Møller (2003); Collier and Dollar (2002); and Rena (2008), the current aid regime is characterized by donors dictating the terms and conditions of the aid. This was not the case with the Marshall Plan. However, Moyo (2009), Hancock (2009) and Oxfam (2005) underscore the effects of tied aid that requires that funds channeled as aid do not leave the originating economies.

Most of the time, aid remains in donor countries as it is used for domestic procurement of services and products for recipient countries. As such, aid has no substantial impact
on growth, savings or investment but contributes to a cycle of unproductive public consumption (Rena, 2008). El Shibly (1984) also expounds the view that aid has insignificant impact on economic growth by pointing out that foreign capital neither boosts economic growth nor abridges the gap between savings and investment. The studies highlighted provides a glimpse into existing debates and criticisms on foreign aid.

In addition to the above criticisms on aid, Easterly (2008, 2006, 2002, 1999) and Bauer (1991, 1981) observe that aid does not work and that it inculcates poverty and dependency. Accordingly, Hancock (2009) and Bolton (2008) advance this position by dismissing aid as unnecessary and insufficient for sound economic development in recipient countries. On his part, Chachage (2005) argues that aid is a distortion of market forces since it facilitates exploitation of less developed countries by developed countries. By use of Bangladesh and Bolivia as case studies, Hancock (2009) dismisses foreign aid as a means of economic development. In his study, Hancock (2009) draws a comparison between aid recipient countries and Nicaragua, an aid starved country. Hancock (2009) goes on to argue that Nicaragua performed better economically on its own without dependency on aid. This deconstructs the view that aid is the substantial means to achieve economic development.

Another case in point that further diminishes the argument that aid could lead to economic development is India. In a study carried out by Kamath (1992), India’s
economic growth and development appears to have been marginal when it was reliant on aid. However, studies indicate that India’s economic development credentials improved when it faced aid cuts that made it to reform its trade regime (Corbridge, 2009, Kohli, 2006). Could the above cited countries be a demonstration that developing countries have the ability to make progressive economic growth in the absence of aid? A possible response to this question is provided by Riddell (2007) who avers that development can and does occur without foreign aid. He contextualizes this using the case of China and Vietnam that had made bold economic development without aid.

Another criticism of aid is contextualized in the pessimism around institutions engaged in aid business. The study reviewed existing critiques of the operations of the World Bank Group (WBG) and the International Monetary Fund (IMF), who are arguably prominent sources of aid for developing countries. Available studies such as Hancock (2009) point out that the operations of the WBG and the IMF are typified by possible collusion between the two. The author illustrates this using the case of Zambia, which broke ranks with the IMF in 1987, and the WBG followed by withholding aid to the country thereby illuminating possible collusion between the two institutions. There are also arguments that aid is used by the developed countries as a tool to control Least Developed Countries (LDCs). This is well advanced by Perkins (2004) who highlights how the WBG extends loans to the LDCs, thereby crippling their economies and rendering the LDCs liable to the pressures of developed countries. Similarly, Klitgaard (1991) laments the abuse of the structural adjustment loans to LDCs. The present study
points out that the studies contained in this section provides specific drawbacks of aid providing institutions and questions the sincerity of their intention in relation to developing countries such as Malawi.

There are observations that most economies of least developed countries such as Malawi, were performing better before they were forced to undertake Structural Adjustment Programmes (SAPs) by the World Bank Group and the International Monetary Fund in the wake of the second oil shock of 1979. The structural adjustments led to the disruption of many economies in most Least Developed Countries that were relying heavily on aid (Hancock, 2009, Chachage, 2005, Harvey, 1983). Scholars such as Zeleza (2010, 1997), Hancock (2009), Chachage (2005), Mkandawire (2001) and Harvey (1983) have extensively highlighted the failure and the negative impact of the SAPs on the Least Developed Countries. In the case of Malawi, Harvey (1983) observes that Malawi’s Gross Domestic Products from 1970 to 1979 grew at an average of 7 per cent per year before the introduction of the SAPS which led to a decline in economic growth. These studies are relevant in reconciling the performance of the economies of least developed countries and Malawi in particular, based on aid and trade (exports) injections.

This literature review section revealed that there are divergent views on aid vis-à-vis economic development. Possible gap in existing literature included the impact of trade protectionism on the would be gains of aid assuming that the intention of aid is to
stimulate exports. The reviewed literature set out a background in which the study benchmarked its theoretical framework. Furthermore, this literature illuminated the purpose of aid, which the study intended to demonstrate that it is defeated by trade protectionism.

2.3 Aid Pessimism and Trade as Option

A survey of studies on aid pessimism and trade as option was undertaken to contrapose international trade and aid. For instance, Rena (2008) points out that a one per cent increase in trade would be equivalent to five times the amount of aid Africa receives from donor countries. Moreover, Sachs (2005) states that if the Least Developed Countries (LDCs) are to sustain economic growth, there is need to increase their exports to the developed countries to earn foreign exchange. On his part, Bolton (2008) underscores the significance of trade and the economic growth it brings to deliver development.

However, Morrissey (2006) interrogates the ability of trade to spur economic growth since Sub-Saharan African (SSA) countries have failed to sustain modest economic growth through aid. Therefore, this calls for an integration and coordination of aid and trade policies to complement each other, a view shared by Sachs (2005). In similar vein, Suwa-Eisenmann and Verdier (2007) explore the Doha Round of World Trade Organisation (WTO) and note that trade liberalization is not sufficient to stimulate
economic growth in developing countries. The reviewed literature revealed the potential advantages of trade over aid harnessed by developing countries. It further highlighted possible limitations of trade in stimulating economic development. This was an important link to the study as it delved into the aid-trade duel.

Existing literature indicated that since trade liberalization appear insufficient to stimulate economic growth in the developing countries, there are calls for ‘Aid for Trade’ (AFT). These calls are made since the needs of developing countries are argued to be beyond technical assistance to trade (Suwa-Eisenmann & Verdier, 2007). On aid for trade agenda, Stiglitz and Charlton (2006) argue that there is consensus on the requirement of adequate trade-related assistance to enhance the trading capacity of the developing countries. However, it appears that developed countries remain insincere on the issue of market protectionism and the unfair international trade regime that characterize the entire process in as far as foreign aid is concerned.

It was also pertinent for the study to consider contrary views on trade as an option over aid. There are arguments that modern trade is not fair to Africa and therefore trade could not be a realistic alternative (Sanusi, 2012) for economic development. The same author notes that the commodity price regime and the nature of negotiations of the global trade rules at the World Trade Organisation (WTO) contribute to unfair trade for Africa. This is informed by the fact that the negotiated rules at the WTO appear to be in favor of the developed countries, which possess the necessary negotiating capacities
(Bolton, 2008). Additionally, there are also sentiments that developing countries lack access to international markets due to market protectionism (Shah, 2012). It is argued by this study that existing literature as reviewed in this section, elevates the importance of access to a fair international trade regime by developing countries. The findings of this study validate these existing studies in terms of appreciating whether or not the international trading system disadvantages developing countries.

This part of literature review highlighted trade as an alternative to aid. Furthermore, it provided a glimpse into the nature of international trade vis-à-vis access to the international market and trade protectionism. This information was germane and central to this study as it helped the researcher to examine alternative avenues within which Malawi could economically develop in the eventual possible failure of aid. It also informed the present research in identifying possible contradictions in fair access to international market by developing countries.

2.4 Debate on Trade Protectionism

Pertinent to this study under this section was an understanding of the purpose of the World Trade Organisation (WTO) in as far as trade protectionism is concerned. Existing studies indicate that the WTO is mandated to establish an international trading system based on free and open market and competition policy, which covers both domestic and international markets (Matsushita, 2004). Within the WTO system, there is the Committee on Technical Barriers to Trade (TBT) which ensures that technical
regulations, standards testing and certification procedures do not create obstacles to trade (WTO, 2013). This was a departure point in attempting to understand the available means in the international trading system aimed at addressing potential and/or actual trade disputes arising from trade protectionism posed by Technical Barriers to Trade (TBTs). In this context, the forms of trade protectionism that the study examined are the TBTs, which are regulations and standards governing the sale of products into national markets. Besides, studies highlighted that TBTs are increasingly important in the international trade of agricultural products (Roberts, Josling & Orden, 1999). Much as Least Developed Countries such as Malawi attempt to meet the rules, they lack capacity to comprehensively handle them (Ministry of Industry, Trade and Tourism, 2013).

Regarding agricultural exports, studies have been undertaken on the barriers to agricultural exports from the developing countries. In their study, Henson and Loader (2001) argue that Sanitary and Phytosanitary (SPS) measures are a major block for the developing countries to export agricultural products to the developed markets such as the European Union. Disdier, Fontagné and Mimouni (2008) state that SPS and Technical Barriers to Trade significantly affect exports from the Least Developed Countries to the Organization for Economic Co-operation and Development (OECD) countries. Beghin and Bureau (2001) state that technical regulations on sanitary standards affect trade through severely constraining exports. In addition, they acknowledge the disagreements between exporting countries and potential importers in OECD countries at policy and technical levels. A review of these respective studies was
pertinent to this study as it linked TBTs to trade protectionism in the agricultural sector, which formed part of the sector that the study focused on with respect to Malawi tobacco industry.

Equally important is a study by Oxfam (2005), which notes how the European Union (EU) seem to stall negotiations to eliminate subsidies and by extension other Technical Barriers to Trade. In their study, Otsuki, Wilson and Sewadeh (2001) quantify the impact of European food safety standards on African exports. They observe that the new standards instituted by the European Union have impacted on exports from Africa and suggest that the new European Union standards, decreases the respective African exports by 64 per cent or US$ 670 million (Otsuki et al, 2001). In line with the foregoing, this part of literature review provided a window through which the impact of trade protectionism on exports could be read and analyzed in relation to Malawi tobacco exports. Accordingly, the contradictions between trade protectionism and foreign aid become elaborate. As such, this allowed the researcher to examine how trade protectionism obscures economic development in Least Developed Countries.

2.5 Trade Protectionism and the Tobacco Industry

Literature consulted indicated that there are divergent views on the issue of tobacco control both within the European Union itself and in the World Trade Organization (WTO). Studies pointed out that tobacco trade is supposed to operate within the Framework Convention on Tobacco Control (FCTC) and the WTO. The two frameworks provide parameters which aims at prevention of trade disputes vis-à-vis
public health (Eckhardt, 2002). The study notes that there are aspects of trade agreements that constrain tobacco and alcohol, which could be challenged as constraints to trade (Zeigler, 2006). The same author points out that the inherent conflicts between free trade and public health should be recognized to exclude alcohol and tobacco from such trade agreements.

This is supplemented by existing literature on disagreements within the European Union tobacco control regime. Studies have indicated that since the European Union initiated tobacco control laws in form of Tobacco Products Directives (TPDs) and Directive on Tobacco Advertising (DTA), there have been concerns raised by some European Union member states such as Germany (Princern & Rhinard, 2006). Furthermore, some of the TPDs have been challenges at the World Trade Organization as unfair barriers to trade by some tobacco growing countries such as Malawi (Ministry of Industry, Trade and Tourism, 2013).

Besides, studies indicated that there has been discrimination against tobacco in the European Union market, which could qualify as trade protectionism. Prominently, the discrimination has been characterized by the exclusion of tobacco from benefitting from the European Union trade preferences due to the European Union Common Agricultural Policy (Hewitt, 2003). Moreover, studies pointed out that the European Union had been subsidizing its domestic tobacco production to lock out tobacco imports (Gilmore & McKee, 2002; Joossens & Raw, 1996). Additionally, the subsidized tobacco was being
exported to other markets where it might have competed with unsubsidized tobacco from the developing countries.

This section of literature review was useful to the study as it set out the parameters of understanding the trends in the tobacco industry with regard to trade protectionism. This informed the researcher in analyzing how market players relate in as far as tobacco trade is concerned. In doing so, the researcher used this information to examine the impact of the same measures on the sustainability of tobacco industry and its eventual impact on economic growth in Malawi.

2.6 EU and Malawi Co-Operation: Aid, Trade and Tobacco Exports

To understand the European Union-Malawi aid and trade co-operation, it is pertinent to look at the broader European Union-Africa, Caribbean and Pacific (ACP) relations. The EU-ACP countries relations have been characterized by the European Development Funds (EDFs) which are instruments for all cooperation with the ACP countries (Europa, 2015, Hancock, 2009). The EDFs are concluded for a period of five years and generally follow a partnership or convention cycles (Europa, 2015). According to Hancock (2009), the EDF takes the form of grants or long-term soft loans favouring agricultural and agro-industrial projects but also stabilizes Least Developed Countries’ export earnings. Accordingly, the first EDF run from 1959 to 1964 and thereafter there was the Yaoundé Convention I and II; the Lomé Convention I to IV; the Cotonou
The European Union-Malawi relations, which were formalized around 1975, were enhanced within the life cycle of the Lomé Convention I. In this respect, Malawi receives development aid from the European Union and has the opportunity to enjoy unlimited, preferential market access and duty-free, quota free access to the European Union market for exports such as sugar, tobacco and tea under the Preferential Trade Agreements and the “Everything But Arms” initiative, respectively. According to the European Union External Action (2015), the European Union-Malawi partnership is based on the Cotonou Agreement, which “…reaffirms the EU’s willingness to make a significant contribution to poverty eradication…integration of African, Caribbean and Pacific countries into the world economy”. It is upon this commitment that the provision of European Union aid and trade preferences to Malawi could be assessed and understood.

Having explored the European Union-ACP vis-à-vis the EU-Malawi aid cooperation, it was possible to critique the intention of the European Union to provide development assistance to Malawi. The critique was spurred by Zeleza (1997, p. 258) who observes that “contrary to the humanitarian/philanthropic shine which was put on 'developing' colonial territories, the colonialists embarked on that project to aid their own recovery….” Since the ACP countries are former colonies of European powers, the
intention of development cooperation between the European Union and the African Caribbean and Pacific countries is questionable within this context. I borrowed Zeleza’s ideas in critiquing the intention of development and trade incentives as espoused by the developed countries.

In the same context, the negotiations of the Economic Partnership Agreements (EPAs) is another issue pertinent to the ACP-European Union cooperation and by extension the European Union-Malawi relations. According to Griffith and Boyd (2007), the EPAs are a fundamental change in the ACP-European Union trade relations. They note that the Preferential Trade Agreements extended by the European Union to the ACP were challenged by other countries at the World Trade Organisation due to their seemingly discriminatory nature to the non-ACP countries. Accordingly, the Cotonou Agreement, which was signed in 2000 to replace the Lomé Conventions, has within its pillar on economic cooperation and trade, a provision for negotiations of new trade agreements in the form of EPAs.

Moreover, negotiations of the EPAs seem to be controversial since there exist outstanding disagreements between the European Union and the Africa, Caribbean and Pacific (ACP) countries on the extent of trade liberalization. Malawi among many other Least Developed Countries is yet to sign the EPAs with the European Union (Griffith & Boyd, 2007; Griffith & Powell, 2007). According to the European Union External Action (2015), Malawi is a beneficiary of the “Everything But Arm” initiative, which is
an interim trade arrangement between the ACP countries and the European Union as the
two negotiate the EPAs. Existing studies indicate that the European Union is Malawi’s
largest trading partner in terms of total trade, which stands at 18.8 per cent (Griffith &
Boyd, 2007). Additionally, studies pointed out that Malawi exports to the European
Union market are mostly raw agricultural commodities as tobacco (69 per cent), sugar
(16 per cent) and tea (12 per cent). Moreover, in analyzing Malawi’s exports to the
European Union market, Griffith and Boyd (2007) note supply constraints on the part of
Malawi to trade in a manner that promotes the development of the country namely
Sanitary and Phytosanitary measures required to export the European Union market.

In examining Malawi’s exports to the European Union, existing literature related to
international trade on tobacco and specifically the Malawi tobacco exports to the
European Union market was reviewed. Available studies (Mayer-Lee & Prowse, 2012,
Otañez, Mamudu & Glantz, 2009, Geist, Otañez & Kapito, 2006; Dionne, Kramon &
Roberts, 2013) indicated that Malawi’s economy is dependent on tobacco. According to
Mutharika (2010), the tobacco industry in Malawi generates considerable export
earnings and gross tax revenues in addition to directly or indirectly employing about 42
percent of the total population engaged in agricultural sector. This section validates
tobacco as the strategic export for Malawi and justify why the study opted to use
tobacco as the reference case instead any other Malawi export.
Trends on global health in respect to tobacco industry were also sampled. Existing studies seem to have indicated that the challenges facing global health have influenced negatively the tobacco industry worldwide. Global health entails prioritizing improvement of health for all people worldwide at the centre of international politics (Koplan et al, 2009). Consequently, tobacco consumption has been subject to controls by the international community using the World Health Organization (WHO) initiated Framework Convention on Tobacco Control (FCTC) (Collin, 2012, Otañez, Mamudu & Glantz, 2009, Tumwine, 2011, Mamudu, 2005). However, it would seem that the negotiations of the FCTC were controversial due to variant interests of parties and only 168 countries are party to the convention (Collin, 2012, Mamudu, Hammond, Glantz, 2010).

Furthermore, the implementation of the FCTC reflect the unresolved issues within international trade system vis-à-vis the debate on global public health and trade and development concerns (Lee, Sridhar & Patel, 2009). More so, the implementation of the FCTC seems to ignore the economic survival of the Least Developed Countries such as Malawi, whose interests are arguably threatened. Rodney (1972/2012, p. 26) substantiates this observation, by stating that “it is the technologically advanced metropoles who can decide when to end their dependence on colonies in a particular sphere. When that happens, it is the colony or neo-colony which goes begging cap in hand for a reprieve and a new quota.”
In this regard, the developed nations such as those that constitute the European Union are interested in the global anti-smoking campaigns. This means that developed nations have decided to shift their dependence on tobacco grown in their former colonies, the ACP countries, such as Malawi. It is further possible to point out that since tobacco is Malawi’s major export, this shift in interest by major trading partners such as the European Union, irrespective of health or other justifications, Malawi grapples with the fallout and resultantly, she requires more doses of aid.

Besides, a literature review focusing on aid effectiveness and fungibility in Malawi had been undertaken. Dionne, Kramon and Roberts (2013) in measuring the impact of aid in Malawi argue that development indicators do not substantiate any meaningful impact but they hasten to add that their findings are preliminary. On the other hand, Msowoya (2013) findings indicate that aid fungibility in Malawi is high in the agriculture sector where government relocates funds basing on the amounts of aid channeled to the sector. Consequently, a study by Fagernäs and Schurich (2004) underscores the impact of aid on fiscal aggregates in Malawi over the period of 1970 to 2000. Accordingly, Fagernäs and Schurich (2004) realize that external financing clearly affects the development budget by driving it. However, they argue that it is difficult to establish conclusions about the impact on growth and poverty reduction. This study argued that due to aid fungibility, it is possible to draw an assumption that tobacco industry in Malawi, particularly at smallholder farming level, where government provides free fertilizers and other farming inputs, indirectly benefits from the European Union aid. Accordingly,
this present study, adds to this inconclusive area of aid fungibility in Malawi by providing insights from the tobacco sector.

The literature reviewed in this section was important to understand the European Union-Malawi relations; establishing the parameters within which the European Union provides aid and trade preferences to Malawi. Furthermore, it provided an overview of the European Union-Malawi trade cooperation by also focusing on tobacco exports to the European Union market. The notion of aid fungibility, which was central to the study specifically in appreciating how the tobacco sectors, might indirectly benefit from aid channeled to the agricultural sector in Malawi was explored.

2.7 Research Gap
The above review of existing literature on aid and trade discourse provided this study invaluable insights into the trends and debates on the subject under consideration. The reviewed literature tends to agree on both the purpose and limitations of aid; and how trade could lead to economic development. Furthermore, there is a realization of the negative impact of trade protectionism on exports from the developing countries. A dissection of the European Union-Malawi aid and trade commitments reveals how cross-purposive the two are. Further the elaboration of the cross-purposive nature of these commitments seem to uphold the claim that aid and trade protectionism are self-defeating. What lacked in the existing literature was the recognition of this interplay between aid and trade protectionism (as contained in the trade commitments) when concurrently pursued. Besides, literature remained blurred on the possible nexus
between the resultant interplay between the cross-purposive nature of European Union aid and trade commitments and aid dependency. Hence, there was need to fill this gap by undertaking this study.

2.8. Theoretical Framework

Theories such as realism, mercantilism and liberalism could have informed the study. Realism, also known as political realism, is a view of international politics that stresses its competitive and conflictual side and according to realists consider the principal actors in the international arena to be states, which are concerned with their own security, act in pursuit of their own national interests, and struggle for power (Korab-Karpowicz, 2010). Mercantilism is an international political economic theory that promotes governments regulation of a nation’s economy for purpose of augmenting state power at the expense of rival power through accumulation of reserves brought by positive balance of trade in finished products (Carbaugh, 2013). Liberalism, which contrasts realism and advances cooperation over individual state power and further calls for stronger international institutions to project order, liberty and justice (Baylis, J., Smith, S., & Owens, P., 2017).

In international relations, realism and mercantilism theories, which allude to the augmentation of power by an entity at the expense of other entities, could be used to explain the nature of the relations between the European Union (EU) and Malawi. This is particularly so in terms of the hegemony perpetuated by the provision of foreign aid and the restricting of the EU market to exports from countries such as Malawi.
However, the study opted for the gap theories namely Dual Gap Analysis Theory and Harrod-Domar Growth Model; and the Comparative Advantage and the Stolper-Samuelson Theorem. These theories were explored, critiqued and informed the study, since they clearly relate to aid and free trade in the context of the study’s focus.

Furthermore, the study assumed that this hegemony could be well appreciated through the Dual Gap Analysis Theory and Harrod-Domar Growth Model, a basis upon which the current foreign aid regime rests, as argued by scholars such as Easterly (1999). Liberalism on the other hand, forms the basis for free trade, which arguably would lead to economic growth. Accordingly, the European Union trade preferences extended to African, Caribbean and Pacific countries seem to uphold liberalism. However, the nature of the existing international trade arguably falls short of liberalism due to the inherent limitations and failure to achieve free trade. It is upon this basis of liberalism that the concept of free trade as further expounded by the Comparative Advantage and the Stolper-Samuelson Theorem would be appreciated. Hence, the study settled for the Dual Gap Analysis and Harrod-Domar Growth Model; and the Comparative Advantage and the Stolper-Samuelson Theorem as analytical tools to be applied to the problem and context under study.

2.8.1 Dual Gap Analysis Theory and Harrod-Domar Growth Model

As already mentioned, the gap theories are some of the theories applied in analyzing aid and development nexus. The Dual Gap Analysis theory argues that in an undeveloped
economy, there are two gaps to attain economic growth namely saving and foreign capital. The theory thus indicates that foreign resources in the form of aid fills such gaps. Relatedly, the Harrod-Domar Growth Model stipulates that the development of a country is constrained by the existence of two “gaps”. The first gap is between savings and investment; and the second gap is between foreign exchange from export earnings and foreign exchange for import requirements. As such, aid fills this gap through providing sufficient foreign exchange to the recipient country to meet import requirements. The study applied the aid regime in Malawi within the Gap Analysis Theory and the Harrod-Domar Growth Model since many scholars such as Easterly (1999), a critic of foreign aid, indicates that international financial institutions continue to use the model in providing aid.

The gap theories were relevant to understanding the purpose of aid as it suggests that aid fills the gap through foreign capital to enable a country meet production need. This in turn allows a country to produce more for export hence growing its economy. By providing aid to Malawi, it is possible to postulate that the European Union indirectly supports the country’s tobacco industry through aid fungibility. In this regard, the study through the presence of aid fungibility in Malawi (Msowoya, 2013) assumes that Malawi produces more tobacco for export to the European Union market through the indirect support of the aid it receives from the European Union through aid fungibility.
The export earnings from tobacco are arguably important in developing the economy of Malawi. However, if a country develops through accumulating foreign exchange through export earnings, would trade protectionism as it seems the European Union practices, defeat the purpose of providing aid to Malawi? This question has been addressed by applying this theory to the Malawi context. The study argues that the Dual Gap Analysis Theory and Harrod-Domar theory does not adequately address the whole spectrum of aid-export linkage since it assumes that there is a ready and fair international market to exports from aid recipient countries. Moreover, it is argued by this study that, the European Union tied aid tendencies, trade protectionist inclinations, Malawi’s capacity constraints and lack of export base diversification undermine the Dual Gap Analysis theory and Harrod-Domar theory.

2.8.2 Comparative Advantage and the Stolper-Samuelson Theorem
In terms of understanding international trade relations, which is a partial endavour of this study, relevant theories were reviewed. The study critiqued and was informed by the Comparative Advantage theory espoused by David Ricardo. This theory provides the essential theoretical basis of free trade and anti-trade protectionism (Carbaugh, 2013; Sen, 2010; Bhagwati, 1994; Krugman, 1987). The Comparative Advantage theory argues that “every country, no matter how inefficient in its overall production structure, can always profitably export some goods to pay for its most desired imports” (Gould, Ruffin & Woodbridge, 1993). Further to that, the Ricardo Comparative Advantage theory argue that countries tend to export goods in which their labour productivity is high (Carbaugh, 2013).
Additionally, the Stolper-Samuelson theorem was also applied to the study. The Stolper-Samuelson posits that free trade contributes to poverty reduction in poor countries, including raising real income of the originally poor (Bhagwati & Srinivana, 2002; Davis & Mishra, 2007. Meanwhile, the Comparative Advantage and the Stolper-Samuelson theorem, may be applied to understanding the importance of the tobacco industry to the Malawi economy. The possible potential of tobacco, a labour-intensive product, in reducing poverty in Malawi country is critical when one considers Davies’ (2003, p. 91) argument that the “unique feature of tobacco growing in Malawi is its highly-decentralized production, and hence how widely profits are distributed.” At the same time, the significance of tobacco to the Malawi economy rests on its contribution to the economy in terms of population and industries directly benefitting from the tobacco industry, respectively (Davies, 2003). Based on the foregoing, if trade protectionism is brought into the tobacco export play; does the former not pose a barrier to achieving economic development in a country like Malawi? Could trade protectionism not assumed a ploy to frustrate other means to reduce poverty such as through harnessing trade and export benefits to a country? These questions preoccupy the study as it attempts to add empirical knowledge to trade and development discourse.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This section describes the study’s research process in terms of the research design, the targeted population, study sample, sampling method, sampling frame, data type, data collection methods and data collection and data analysis, management and ethical considerations.

3.2 Research Design
A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose and, further, it is a conceptual structure within which research is conducted and it constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2004). The study utilized an exploratory research design in an attempt to understand the problem under study. Exploratory research studies are also termed as formulative research studies and their main purpose is the formulation of a problem for more precise investigation or of developing the working hypotheses from an operational point of view (Kothari, 2004). Relatedly, the relationship between the phenomena covered by this study seems not to have been clear in existing scholarly works. Hence, the present study was envisaged to generate insights into the problem and offer possible explanations.

Kothari (2004) goes on to state that the major emphasis of exploratory research studies, is on the discovery of ideas and insights hence an appropriate research design
appropriate for such studies must be flexible enough to provide opportunity for considering different aspects of a problem under study. Accordingly, the study attempted to remain as flexible as possible. Primary information was obtained from the ministries of Foreign Affairs and International Cooperation (ministry headquarters and missions to Brussels and Geneva); Finance, Economic Planning and Development; Industry, Trade and Tourism; Agriculture, Irrigation and Water Development; and government’s departments of Reserve Bank of Malawi; Tobacco Control Commission; Export Development Fund and Competition and Fair Trade Commission; Auction Holdings Limited. Additionally, from the Delegation of the European Union to Malawi formed part of the study population. Furthermore, primary information was also obtained from smallholder and largescale tobacco farmers; seasonal and permanent tobacco industry employees. Secondary research, which involved going through official documents, reports and statistics, validated the collected primary data.

3.3 Site of the Study
The study was undertaken in Lilongwe, the Capital of Malawi. Lilongwe was the site of the study since it is where the seat of government is located. Accordingly, key government ministries and departments that formed part of the study are located there. Furthermore, the Delegation of the European Union to Malawi is resident in Lilongwe.

Lilongwe has a population of approximately 1.1 million people as of 2015. The city is located in the central region of Malawi, near the borders with Mozambique and Zambia, and it is an important economic and transportation hub for central Malawi. Lilongwe's economy is dominated by the government and public institutions. Kanengo, in the north
of the city, is the main industrial area, where food processing, tobacco storage and sales, maize storage, and other activities related to light industry take place. Finance, banking, retail trade, construction, transport, public administration, tourism, and tobacco manufacturing are the main economic activities in the city.

The Lilongwe Tobacco Auction Floors is a major feature in Kanengo. The facility was opened in 1979 and the complex has been modified and enlarged over the years and with concurrent sales, has the potential to deal with 12,500 bales of tobacco per day. The selling season commences each year in late March/ early April and continues until the tobacco crop has been sold around September.

**Figure 1: Tobacco auctioning in Lilongwe**

*Source: Auction Holdings Limited, 2018*
Malawi is a landlocked country lying southeast of Africa, coordinates 13.950° S, 33.700° E. It shares borders with Zambia to the Northwest, Tanzania to the Northeast and Mozambique to the East, South and West. Lilongwe lies in the central region of Malawi at coordinates 13˚59’S, 33˚47’E and is near the Malawi borders with Mozambique and Zambia.

**Figure 2: Map of Malawi**

*Source: Google, 2017*
3.4 Study Population
The study population included officials from the sectors in the Malawi government that handle aid and development cooperation and trade (tobacco exports). Moreover, officials from the Malawi government who handle relations with the European Union were critical to the study. Accordingly, the study population from the Malawi government side comprised of officials from the ministries of Foreign Affairs and International Cooperation (ministry headquarters and missions to Brussels and Geneva); Finance, Economic Planning and Development; Industry, Trade and Tourism; Agriculture, Irrigation and Water Development; and government’s departments of Reserve Bank of Malawi; Tobacco Control Commission; Export Development Fund and Competition and Fair Trade Commission; Auction Holdings Limited. On the part of the European Union, officials from the Delegation of the European Union to Malawi and diplomatic missions of European Union member states resident in Malawi formed part of the study population. Additionally, the study population also included smallholder and largescale tobacco farmers and seasonal and permanent tobacco industry employees. The latter category provided insight into who are engaged in the tobacco industry in terms of farming and working.

3.5 Sampling Techniques and Sample Size
Since the study inherited an exploratory research design, which according to Kothari (2004), requires flexibility, it also adopted a sampling technique commensurate with the research design. Sampling technique refers to the selection process of samples and it forms part of a sampling designing, which is a definite plan for obtaining a sample from a given population. It refers to the
technique or the procedure the researcher would adopt in selecting items for the sample (Kothari, 2004).

In this context, the study used, non-probability sampling, which is also known as purposive sampling. This type of sampling procedure does not afford any basis for estimating the probability that each item in the population has of being included in the sample. Furthermore, in purposive sampling, items for the sample are selected deliberately by the researcher; his or her choice concerning the items remains supreme. The researcher has the flexibility of choosing the particular units of the universe for constituting a sample on the basis that the small mass that they so select out of a huge one will be typical or representative of the whole (Kothari, 2004).

The study accordingly used purposive sampling to obtain targeted data on the assumption that it was possible to select participants who could provide information needed in the study. The sample was representative because participants were chosen in line with the main issues understudy: aid, trade and tobacco exports between Malawi and the European Union as a bloc. In this regard, the researcher deliberately chose participants as follows:
Table 1: Sample Population reached

**Category 1: Malawi Government**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Description</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malawi Government</td>
<td>Foreign Affairs and International Cooperation; Trade; Finance; Agriculture;</td>
<td>30</td>
</tr>
</tbody>
</table>

**Category 2: Tobacco Industry**

| Tobacco key actors               | Public institutions, large- and small-scale farmers, seasonal and permanent employees | 55        |

**Category 3: European Union representation in Malawi**

| Key diplomatic actors            | Delegation of European Union to Malawi; and Diplomatic Missions of European Union Member States resident in Malawi | 15        |

**GRAND TOTAL** | **100** |
3.6 Research Instruments
The main research instrument for the study was an oral interview guide, which was designed to capture critical data conforming to the research objectives and the research questions.

3.7 Validity and Reliability
The findings were triangulated against existing literature such as official government documents, reports and records, articles among others. Triangulation of the data collected from primary sources with secondary sources was critical to ensure that credible findings are obtained from the data collection process. Additionally, quantitative data provided further validation of qualitative data in terms of statistics.

3.8 Data Collection Procedures
Primary data was qualitatively collected through key informant interviews involving 56 participants, using a structured question guide. Ten participants were not able to be interviewed. A research assistant was engaged to assist in taking notes during interviews and in transcribing the collected data. Further, data was quantitatively collected specifically on trends in foreign aid volumes; and tobacco export volumes and earnings. Key informant interviews and structured question guide enabled the study to collect relevant and specific data. Quantitative collection of data was appropriate to understand the trends and patterns in aid, trade and tobacco export volumes from Malawi.
3.9 Data Analysis Procedures
Data collected was analyzed both qualitatively and quantitatively depending on its nature. Qualitative data analysis commenced right from the process of data collection through to recording and identification of emerging issues. Data collected through recorded interviews was transcribed. Furthermore, analysis also involved coding, ordering and data display, thereafter, emerging themes were generated and an interpretation was done to cross check with the hypotheses that were formed during the study of the phenomenon. Quantitative data analysis generated descriptive and inferential statistics regarding trends in aid, trade and tobacco export volumes.

3.10 Data Management and Ethical Considerations
Since data collected pertained to the relations between sovereign entities, it was prudent that it was used for academic purposes only. Accordingly, all participants were informed beforehand of this. The study appropriately managed data as it was presented by various sources. As such, the study conformed to matters of confidentiality where necessary and sought the consent of the key informant to be mentioned in the study as sources of information.
CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION

4.1 Introduction
This chapter contains results and findings that were obtained by the study from field responses and data based on the objectives of the study through key informant interviews that were guided by a questionnaire.

4.2 Response Rate
The study targeted a total of 100 respondents and out of these, 96 participated in the interviews and responded to the questions representing 96% response rate. The response rate corresponds to the stipulation by Creswell (2014) that a response rate of 70% and above is excellent for analysis and reporting. The response rate was secured through personal contacts, calls and visits to ensure respondents participated in the interviews.

4.3 European Union Aid and Trade Commitments in Malawi
The first objective of this study was to examine European Union aid and trade commitments in Malawi. To attain this objective, it was pertinent to interrogate the forms and levels of aid and trade preferences provided by the European Union to Malawi from 1985 to 2010. The study examined European Union aid commitments in Malawi by providing its historical background. In this way, it focused on the European Development Fund (EDF) which is the vehicle used by the EU to disburse aid. It also looked at the European Union aid processes among them the Country Strategy Paper (CSP), Financing Agreements (FA), Programme Estimates (PE). Moreover, it also appreciated the presence and role of the National Authorising Office/r (NAO) and its
supporting unit. The study interrogated the forms of the aid and in this respect, looked at General Budget Support (GBS) and Project Sector Support and how the aid has evolved over the time.

The study also sought to explore the European Union trade commitments to Malawi. It was important to explore the trade regime to respond to the first objective of the study. Accordingly, it interrogated trade preferences provided by the European Union to the broader African, Caribbean and Pacific (ACP) countries and to Malawi in specific. Broadly, the study had interrogated the trade regime through identifying trade incentives such as Preferential Trade Agreements (PTAs) including the Stabex facility, Economic Partnership Agreements (EPAs), Everything But Arms (EBA) and Aid For Trade (AFT). On the overall, the first research question, which was to identify the commitments of the European Union aid and trade commitments in Malawi from 1985 to 2010 was addressed. In doing so, the findings highlighted possible aid and trade contradictions within the European Union-Malawi relations.

4.3.1 European Union Aid Commitments in Malawi
The study focused on the historical background of the aid regime, processes and key players. This was achieved through interviewing key informants engaged in handling aid co-operation between the European Union and Malawi. The results were validated with existing literature including official documents, volumes of aid and session papers. The limit of the results was mainly the unavailability of detailed volumes of aid for the
period 1985 to 1990. However, this did not compromise the quality of the results since volumes were mainly required to provide a picture of aid flow.

4.3.1.1 Historical Background of European Union Aid Commitments in Malawi: Processes and Key Players
The European Union-Malawi relations date back to 1975, when Malawi became a member state of the African, Caribbean and Pacific (ACP) countries. At the time, the European Union was then known as the European Economic Community (EEC). Available literature and respondents indicated that the European Union Delegation to Malawi was established in Malawi in April 1976 and thereafter, European Union aid to Malawi was initiated (Clifton et al, 2011). The interviews the study conducted, further hinted to the fact that the European Union extends aid to Malawi in the same manner it does to ACP countries through the European Development Funds (EDF). The EDF was created in 1957 and became operational from 1959 under the Rome Treaty. The EDF was formed to provide technical and financial support to initially former African colonies of the European powers (Europa, 2016).

The study also sought to establish the presence of European Union member states representation at embassy level in Malawi. Three countries are represented in Malawi and these are Germany, Ireland and United Kingdom. The study found out that Malawi has separate bilateral agreements in terms of trade and aid with these three countries. Nevertheless, respondents hinted to this study that despite these separate arrangements and in respect to trade, the broader European Union market requirements have a bearing on the nature of Malawi exports into these countries.
The legal basis for the European Union cooperation with ACP countries is the Cotonou Agreement and its predecessors the Lomé and Yaoundé Conventions. The study established that the EDF is the vehicle through which the European Union provides financial resources for implementing the Cotonou Agreement commitments. It is also important to point out that EDF is financed by European Union member states on the basis of specific contribution keys.

Official records of both the European Union and Malawi, which the study accessed, validated information obtained through oral interviews, in pointing out that since the inception of relations between the European Union and Malawi, the latter has benefited from the fourth European Development Fund cycle, which ran from 1975 to 1980 under Lomé Convention 1. The present research established that that the European Union has extended aid to Malawi through the fifth to tenth European Development Funds (EDF). Furthermore, respondents unanimously concurred that the European Union as a bloc remains Malawi’s largest multilateral donor.

The key elements in the European Union aid regime in Malawi are presented below.

**European Development Fund (EDF)**

Most processes pertaining to European Union aid in general and Malawi in particular are within the ambit of the European Development Fund (EDF). In terms of operationalizing the EDF, the study established that the EDF is channeled through a Country Strategy Paper (CSP) aligned to the development objectives and strategies of the recipient country (The Cotonou Agreement, 2014; National Authorising Office, 2011).
Respondents further indicated that in the case of Malawi, the CSP has been developed, in a consultative manner based on the Malawi Poverty Reduction Strategy Paper (MPRSP) of 2002 and the Malawi Growth and Development Strategy (MDGS) of 2006-2011. Respondents further, observed that Malawi decides on priorities through the Malawi Growth and Development Strategy. Findings also indicated that the ninth and tenth European Development Fund (EDF) cycles correspond to the Malawi Poverty Reduction Strategy Paper and Malawi Growth and Development Strategy, respectively. The findings further pointed out that the moment the Country Strategy Paper has been developed through a consultative process between the recipient state and the European Union among other stakeholders, from where a National Indicative Programme (NIP) is identified. The respondents consulted corroborated that the NIP then outlines the overall objectives, specific objectives and results that an intervention seeks to address and achieve in the specific sectors that the foreign aid targets (The Cotonou Agreement, 2014; National Authorising Office, 2011).

The study also found out that after the development of the Country Strategy Paper and National Indicative Programme, Financing Agreements (FAs) are drawn and prepared based on rules, regulations and procedures of the European Union. The prepared rules, regulations and procedures must be in line with those of the recipient state as well (National Authorising Office, 2011). Additionally, information gathered pointed out that Programme Estimates (PEs) are drawn from the Financing Agreements with
estimates that corresponds to 12 to 18 months’ budgets. This further acts as an implementation means of the Financing Agreement, the National Indicative Programme and the Country Strategy Paper. However, it was highlighted during fieldwork that there were other pertinent implementation modalities related to European Union aid such as procurement of Services, Works and Contracts, Grants through Call for Proposal and Administrative/Contribution agreements with other donors.

This section interrogated the process of disbursing European Union aid to Malawi. The study established through the sources consulted that the country ownership of the aid is realized through the dialogue and negotiations preceding the development of Country Strategy Papers. However, what seems puzzling to the researcher is that despite the ensuing dialogue over priorities there appeared consensus among respondents that Malawi has dismally achieved the aspirations of the European Union commitments to the African, Caribbean and Pacific countries.

**National Authorising Office/r (NAO) and the Head of the European Delegation**

In terms of identifying and appreciating the role of key players in the European Union aid regime in Malawi, the study interrogated the National Authorising Office/r (NAO). NAO is a component that features in the European Union and African, Caribbean and Pacific countries relations (The Cotonou Agreement, 2014). The Cotonou Agreement (2014) states that the National Authorising Officer is designated by the African, Caribbean and Pacific (ACP) state to represent it in all operations financed by the European Union. In the context of Malawi, NAO is a resource mobilization unit under
the Debt and Aid Management Division (DAD) in the Ministry of Finance, Economic Planning and Development of the Republic of Malawi (National Authorising Office, 2011). According to respondents, NAO’s mandate includes facilitating and enhancing effective co-operation between Malawi and the European Union, effective project preparation, implementation and monitoring, effective partnership between Malawi Government, the European Union and Non-State Actors, and contractual, administrative and financial management of European Union projects (The Cotonou Agreement, 2014). Respondents informed the study that in Malawi, an officer designated as the NAO is the Minister of Finance, Economic Planning and Development. The role of NAO is delegated to deputy NAOs, which comprises Secretary to the Treasury, Director of Debt and Aid Management Division (DAD), Deputy Director (Resource Mobilisation) and Head of Unit (Assistant Director, DAD).

Furthermore, NAO administers the coordination of all European Union funded programmes/projects. It is also the Contracting Authority for European Union Direct Decentralised Operations/Projects in Malawi (NAO, 2011). The study found out that prior to the establishment of the National Authorising Office Support Unit in September 2003, the coordination was undertaken by a Desk Officer in the Ministry of Finance, Economic Planning and Development. Besides, before the establishment of the NAO, the processing of payments, contracts and tenders was handled by the European Union Delegation (NAO, 2011). In addition, the European Union has a local based Delegation headed by the Head of Delegation (European Union Ambassador to Malawi). He is
supported by experts, ensuring that correct procedures are followed when Malawi submits requests for funding to the European Union Headquarters in Brussels (Europa, 2016, The Cotonou Agreement, 2014). In terms of negotiations of interests between the European Union and Malawi, the study noted that the NAO and the Head of Delegation of the European Union to Malawi are major players in the dialogue and negotiation of the development of Country Strategy Papers and signing of agreements.

Findings presented in this sub-section has identified key players in the European Union aid regime to Malawi and elaborated on their roles. Equally important is that the findings suggested that key players in this aid discourse are the National Authorising Office/r (NAO) on the part of Malawi and the Head of Delegation of the European Union to Malawi. Aside from dialogue on aid, there are also political dialogues between the EU and Malawi from time to time. In this context, respondents indicated that the ministry of Foreign Affairs and International Cooperation and the Delegation of the EU to Malawi are the key players.

4.3.1.2 Forms of European Union Aid to Malawi: General Budget Support (GBS) and Project Sector Support (PSS)

This study also examined forms of European Union aid to Malawi with the aim of contributing to the first research objective that sought to establish specific details of elements of the aid regime. This was realized through an interrogation of the General
Budget Support (GBS) and Project Sector Support (PSS) which are major forms of European Union aid to Malawi.

Findings indicated that the European Union employs two approaches in discharging aid to Malawi under the European Development Funds (EDF). Respondents indicated that the first approach is the General Budget Support, which involves direct financial transfers to the national budget of beneficiary countries to support national development strategies. For Malawi to qualify for General Budget Support, it has to meet a certain criterion to receive the support. It was confirmed to the study by respondents that some of the criterion for financial support include stable macro-economic framework, public financial management, transparency, and oversight of the budget (National Authorising Office, 2011). The set criterion equates to aid conditionalities. In that context, many sources corroborated that the European Union aid has conditions attached and amongst them are issues of good governance, human rights, transparency and prudent public financial management among others. It was noted by respondents that under the tenth European Development Fund (2008-2013), the European Union provided General Budget Support to Malawi with conditionalities one of which is financial prudence through adherence to the Public Finance Management Act. Furthermore, findings suggested that the political dialogues between the EU and Malawi are pertinent to thrash out issues surrounding some of the set criterion, including political space and good governance.
Findings also indicated that despite the aid extended to Malawi by the EU as a bloc, European Union member states accredited and resident in Malawi also extend their own support to the country in their national capacities.

The study also sought to probe the extent of General Budget Support. Results indicate that 40 percent of Malawi’s budget constitute General Budget Support. In the tenth European Development Fund cycle (2008-2013), the European Union provided Malawi General Budget Support worth €25-30 million per year, representing 35-40 percent of financial resources (NAO, 2011). An attempt was also made to understand the use of resources generated through General Budget Support. Findings hinted that General Budget Support plays two main functions: firstly, to finance the budget and secondly, to prop up the local currency through Balance of Payment and import cover.

Respondents indicated that the foreign exchange brought in by aid is received by the Reserve Bank of Malawi (RBM) and commercial banks who convert it to the local currency. This augured well with the Dual Gap Analysis Theory and Harrod-Domar Growth Model, which form one of the theoretical frameworks of this study. This theory and model underscores that aid fills the financing gap through providing resources required by the recipient country to meet import requirements in recipient countries (Sanusi, 2012; Chenery & Strout, 1966). The study also probed the issue of aid fungibility, within the context of the General Budget Support (GBS) and respondents confirmed the prevalence of aid fungibility since funds provided for the GBS is at the liberty of the Treasury (Msowoya, 2013) in determining how the money is used. This
finding would also be a useful pointer especially when appreciating how other sectors of the Malawi economy like tobacco indirectly benefits from aid fungibility.

The second approach used by the European Union in disbursing its aid to Malawi, is the Project Sector Support (PSS). The study noted that the PSS approach is a traditional way of discharging aid by means of procurement and grant procedures; and respondents validated that it entails bypassing national systems in the beneficiary countries. Furthermore, it would seem that the PSS approach is an intermediate approach, which focuses on a specific sector such as health, education or transport (Clifton et al, 2011). The study findings indicated that the European Union aid to Malawi has focused on rural development, agriculture and food security, and infrastructure development. The study also found out that there is alignment of support from the European Union with Malawi’s development goals, as emboldened by the Malawi Poverty Reduction Strategy Paper (MPRSP) and the Malawi Growth and Development Strategy (MGDS). Respondents pointed out that for instance, the ninth European Development Fund cycle (2001-2007) focal areas were aligned to the Malawi Poverty Reduction Strategy Paper through concentrating on focal sectors such as natural resources, food security, agriculture, transport and infrastructure. This brings to the fore the importance of dialogue between the European Union and Malawi to chart their co-operation.

Furthermore, the study noted that under the ninth European Development Fund cycle (2002-2007), the European Union supported Malawi with approximately €345 million through Project Sector Support. This support was channeled towards poverty reduction
such as agriculture, food security and natural resources management; transport infrastructure (NAO, 2011). Moreover, in the tenth European Development Fund cycle (2008-2013), a total of €495 million was extended to Malawi, focusing on General Budget Support (€25-30 million per year), agriculture and food security, regional interconnection and Economic Partnership Agreements related investments and trade.

The study sought to probe the politics of GBS and PSS. Respondents indicated that more aid resources provided by the European Union are channeled to Project Sector Support (PSS), which is earmarked and non-fungible than to General Budget Support, which this study has already highlighted that it is fungible and is directly injected into the Malawi economy. Moreover, respondents suggested that the European Union controls resources channeled through Project Sector Support unlike resources provided as General Budget Support. Accordingly, findings pointed out that the EU controls and essentially retains a huge chunk of its committed aid to Malawi. Moreover, findings revealed that EU member states accredited and resident in Malawi most extend their aid in form of PSS rather than GBS. On their part, these EU member states justified this on the basis of lapses in the management of public finances in Malawi and corruption. Essentially, these donor countries are comfortable channeling their support through PSS since they can control how it is used. Respondents from the government side acknowledged that existence of corruption has hurt the country in terms of the dwindling levels of aid it received from its development partners.

Hence this study argued that the impact of the PSS committed aid could be minimal particularly when issues of tied aid through procurement of goods and services come
into play. In terms of highlights of major PSS undertaken by the European Union in Malawi, the study noted the development of road infrastructure in Malawi to support the economy such as the rehabilitation/construction of the M1 Golomoti-Monkey Bay road (2000-2005); the Malawi Backlog Road Rehabilitation and Maintainance (MABARM), 2005-2010; and Rural Feeder Roads Programme (RUFROP), 2007-2013. Others are the Improved Forestry Management for Sustainable Livelihoods (2005-2011); Promotion of Rule of Law and Civic Education in Malawi (2006-2010); and Technical Cooperation facility II and III (2007-2012) (NAO, 2011).

Besides, in relation to Project Sector Support, the study found out that under the tenth European Union Development Fund, the European Union earmarked €12 million towards trade and private sector development to ensure capacity building in trade negotiations and related reforms to regional integration (NAO, 2011, Clifton et al, 2011). According to the National Authorising Office (2011), the overall objective of this project, within the Malawi context, is the reduction of poverty, through the promotion of exports and the diversification of the economy. To this end, the tenth European Development Fund cycle had €1.6 million committed towards supporting National Economic Partnership Agreements (EPA) Secretariat under the National Development and Trade Policy Forum. The purpose of committing the above funds was to address Malawi’s capacity to participate effectively in the Economic Partnership Agreements negotiations with the European Union and indeed other trade negotiations (NAO, 2011).
Moreover, in attempting to interrogate how robust the European Union aid regime in Malawi has been, the study sampled volumes of European Union aid to Malawi. Figure 3 below presents sample of European Development Fund (EDF) allocations to Malawi over a period of 20 years, from 1992 to 2013. The figure indicated that for the seventh EDF cycle, the EU allocated approximately €124 million and 20 years later during the tenth EDF cycle, the allocation quadrupled to approximately €500 million. This huge sum of aid was allocated to focal sectors such as food security, transport and infrastructure and other non-focal areas including General Budget Support. The study established that prior to the seventh EDF cycle, the allocated European Union aid to Malawi was not tied to any Country Strategy Paper (CSP) since the first CSP was from 2003-2008 with a budget of €276 million.
In summary, findings presented in this sub-section of the chapter had set out to examine the historical background of the European Union aid commitments in Malawi by focusing on its processes and identifying key players. Hence, it had focused on the European Development Fund (EDF), the Country Strategy Paper (CSP), Financing Agreements (FA), Programme Estimates (PE) as processes in the European Union aid to Malawi. The sub-section had also looked at the role of key players such as the National Authorising Office/r (NAO) and the Head of the European Union Delegation.
to Malawi in the negotiations of interests between the European Union and Malawi, and further the implementation of agreed priorities. In this sub-section, General Budget Support and Project Sector Support were identified as two major approaches of European Union aid to Malawi. The study argued that the purpose of General Budget Support aligned with the intention of providing aid is reinforced by the Dual Gap Analysis Theory and Harrod-Domar Growth Model, which is part of the theoretical framework for this study. Sample volumes of aid to Malawi, from seventh to tenth European Development Fund cycles, spanning 20 years and the evolution of European Union aid focus over the same period have been presented. The intention was to provide a holistic picture of the European Union aid commitments in Malawi pegged on the first objective of this study.

4.3.1.3 European Union Trade Commitments in Malawi
The other aspect of the first objective of this study was to examine the European Union trade commitments in Malawi. To realize this objective, a focus on the historical background of the trade commitments was done. The study found out that with the inception of the European Union-Malawi relations in 1975, there has been trade co-operation alongside development co-operation. From 1985 to 2010, which is the period the study has focused on, the European Union trade regime to Malawi operated under the Lomé Conventions and the Cotonou Agreement. The sections below offer a recap of aspects of the European Union trade commitments in Malawi for that period.
Preferential Trade Agreements (PTAs)

Findings indicated that from 1984 to 2000, the broader relations between the European Union and the African, Caribbean and Pacific (ACP) countries operated within the Lomé Conventions, which guided the co-operation between the two entities. The findings established that at the end of the Lomé Conventions in 2000, the European Union and the African, Caribbean and Pacific (ACP) countries signed the Cotonou Agreement. In respect to trade, the findings of this study indicated that both the Lomé Conventions and the Cotonou Agreement, contained elements of both trade and development aid. Whether these elements are being realized with respect to Malawi could serve as an opportunity to critique the EU and ACP cooperation.

Further, findings pointed out that the general characteristic of trade arrangements between the European Union and African, Caribbean and Pacific (ACP) countries under the Lomé Convention III and Lomé Convention IV, was the provision of substantial trade preferences for exports from ACP countries to the European Union market. The study found out that almost all exports from the African, Caribbean and Pacific (ACP) countries accessed the European Union market without restrictions on quantity or custom duties and without reciprocal obligations on the part of the ACP countries (Laaksonen, Mäki-Fränti & Virolainen, 2007). This free access of exports from the ACP countries to the European Union market is termed as Preferential Trade Agreements (PTAs).
In addition, respondents validated, Laaksonen, Mäki-Fränti & Virolainen (2007) in pointing out that the intention of the non-reciprocal trade preferences regime was to increase exports from ACP countries into the European Union market in order to spur development and contain poverty. Further to that, findings suggested that the intention of the trade preferences granted to the ACP products was to enable the promotion and diversification of ACP countries exports with the purpose of spurring their economic growth and development (Laaksonen, Mäki-Fränti & Virolainen, 2007). Evidence on the ground in relation to Malawi seemed to contradict the intended gains of the PTAs. Spurred by this contradiction, the study sought to examine possible constraints to maximizing the benefits of the PTAs. Results indicated that one of the main constraints relates to the rules that govern the preferences to which Malawi among other ACP countries has failed to conform with (World Bank, 2004). It is argued by this study that the rules governing the preferences could be a source of contradictions that inform its operations.

Moreover, respondents indicated that Malawi as one of the countries under the African, Caribbean and Pacific (ACP) had the opportunity to access the Preferential Trade Agreements (PTA), which were non-reciprocal. However, respondents stated that the PTAs were discontinued due to challenges raised by non-African, Caribbean and Pacific (ACP) countries at the World Trade Organisation (WTO). The countries that complained against the Preferential Trade Agreements at the WTO, argued that the trade regime was non-compliant with the WTO principle of non-discrimination.
Respondents corroborated that PTAs discriminated against the other developing countries especially those in Asia and Latin America (Europa, 2016).

The research findings also indicated that the Lomé Convention regime not only revolutionized the European Union- African, Caribbean and Pacific (ACP) trade discourse, through removing reciprocity in trade preferences, but also introduced an export earnings cushioning mechanism called Stabex. The Stabex is a system, which stabilized export earnings of ACP countries in case of price fluctuations affecting basic products not covered under the Common Agricultural Policy (CAP), which governs agriculture issues within the European Union bloc (Hewitt, 1983). According to Article 186.1 of the Lomé Convention IV, the objective of the Stabex facility is to “remedy the harmful effects of the instability of export earnings…support their development efforts…a system shall be operated to guarantee the stabilization of export earnings…of products on which their economies are dependent and which are affected by fluctuation in price or quantity….” However, it appears that Malawi’s tobacco which is a major export to the European Union market, was not covered by Stabex facility due to the dictates of the EU’s Common Agricultural Policy. The exclusion of tobacco from the Stabex facility on the basis of favouring European Union domestic production was assumed by respondents to amount to unfair discrimination and market protectionism (Hewitt, 1983). The findings of the study seemed to concur that this discrimination, whether by omission or commission by the EU, is one of the contradictions contained in
the European Union trade regime to Malawi within the larger context of ACP cooperation.

**Economic Partnership Agreements (EPAs)**

Due to concerns raised at the World Trade Organisation by mostly countries from Asia and Latin America on the supposedly discriminatory nature of the Preferential Trade Agreements, the research findings pointed out that the European Union and the ACP countries embarked on negotiations for Economic Partnership Agreements (EPAs). The EPAs are World Trade Organisation-compatible and compliant trade and development agreements negotiated between the European Union and the ACP countries. Respondents informed the study that the purpose of the EPAs was probed and it was pointed out to this study that the crux of the EPAs is reciprocity, which calls for both the European Union and the ACP countries to open up their markets to each other. The research further established that the issue of reciprocity contained in the EPAs contrasts the previous Preferential Trade Agreements negotiated between the European Union and the ACP countries. Additionally, evidence pointed out that the EPAs are based on regional economic integration as means to achieve the integration of the ACP countries into the world economy (Europa, 2016). In addition, respondents pointed out that one of the core objectives of the EPAs is to reduce and eradicate poverty in the ACP countries.

At operational level, the study endeavored to interrogate the negotiations of the EPAs. This research found out that the negotiations of the EPAs are done at regional level and
that each country submits a development matrix, which indicates the country’s respective needs. Relatedly, results suggested that the development matrix is a consolidation of development concerns by the ACP countries. In the case of Malawi, respondents indicated that the country is negotiating the EPAs as part of the Eastern and Southern Africa (ESA) region.

Furthermore, respondents pointed out that there are divergent views in the process of negotiating the EPAs. An official Malawi government position paper on the EPA, confirmed the misunderstandings in relation to development matters in the EPA context, particularly on the implementation and practical side of the EPAs (Ministry of Industry, Trade and Tourism of Malawi, 2014). Moreover, the European Union’s viewpoint of EPA negotiations was argued by respondents as ignoring the structural deficiencies and supply-side constraints on the side of countries like Malawi to trade as equal partners with the European Union.

In probing further, the constraints of Malawi as partner to EPA negotiations, respondents indicated that Malawi has engaged in the negotiations with the intention of building the country’s productive capacities to trade effectively. This was impressed on the study that Malawi is cognizant of the country’s shortfalls that account for failure to benefit from previous Preferential Trade Agreements (PTAs). During one of the key informant interviews, some of the constraints encountered by Malawi to effectively benefit from the PTAs were highlighted. Accordingly, respondents indicated that some
of the constraints faced by Malawi are infrastructure, institutional and capacity factors. Furthermore, respondents informed the study that Malawi’s core objective in the negotiations of EPAs is to obtain support to address these supply-side constraints.

Moreover, findings pointed out that during the negotiations of the Economic Partnership Agreements (EPAs), Malawi acknowledged that the country faces challenges to meet the Sanitary and Phytosanitary (SPS) measures required to export particularly the European Union market. One of the respondents remarked that the “SPS measures have wrecked economies, which could resemble the possible would be effects of the Economic Partnership Agreements on exports and industries from/of least developed countries.” Furthermore, respondents lamented that some Malawian companies closed down due to the effects of the SPS measures.

Findings further suggested that the SPS measures as a constraint, have inhibited a strong supply response from Malawi to duty and quota free access to the European Union market since the introduction of the Preferential Trade Agreements (Ministry of Industry, Trade and Tourism of Malawi, 2014). One of the respondents observed that the Economic Partnership Agreements (EPAs) entails “…open access but EU industries are more mature in comparison to Malawi as such, Malawi industries can’t compete with them”. In this regard, the present study holds that the only players that benefit from EPAs are those countries with competitive industries and as it is Malawi could be far from benefitting from the EPAs.
The study also sought to understand Malawi’s way forward on the EPAs. Respondents indicated that Malawi is among 41 countries that neither have initialed nor signed interim Economic Partnership Agreements. In this regard, Malawi has not signed the EPAs because of the outstanding views on the development matrix. Malawi’s position on the EPAs is irrespective of the country’s indication that the negotiations are important as a means to eradicate poverty and facilitate sustainable development of the ACP countries. This then leads to their smooth and gradual integration into the world economy (Ministry of Industry, Trade and Tourism of Malawi, 2014).

However, it was established that the interim EPAs do not serve as a tool for development and would not contribute considerably to regional integration process within the African, Caribbean and Pacific countries. Findings also responded to mechanisms to address the gap created by the lack of signing or initialing of the EPAs by countries such as Malawi. Respondents hinted that World Trade Organisation (WTO) provided a waiver to the European Union and the ACP countries to negotiate the EPAs. Respondents also indicated that at the end of the expiry of the waiver and in a bid to avoid disruption of trade, the European Union and the WTO, concluded interim agreements. In addition, the study corroborated that Malawi and other Least Developed Countries (LDCs) were granted the Everything But Arms (EBA) initiative by the European Union as an alternative trade regime.
**Everything But Arms (EBA)**

With regard to the Everything But Arms (EBA) initiative, respondents stated that it was adopted by the European Union in 2001 to provide the Least Developed Countries (LDCs) such as Malawi preferential access to the European Union market. Under this initiative, LDCs’ exports have access to full duty-free and quota-free access to the European Union market apart from arms and armaments. However, respondents informed that before the EBA initiative, tobacco and sugar exports from countries such as Malawi were subjected to quotas which was later removed under the EBA.

A closer scrutiny of the EBA initiative revealed that the success of the initiative to Malawi is dependent on other factors such as the extent of improvement of terms to preferential trade. These include the rules of origin and its related costs, the supply capacity on the part of Malawi’s exporters among others (World Bank, 2004). The study also sought to probe the impact of the EBA on recipient countries. The research results indicated that EBA’s success could be limited. This negative touch to the EBA initiative, according to the World Bank (2004) and Brenton (2003), is augmented by the nature of rules of origin and the costs related to proving the same. It is argued by this study that the practicality of the duty-free, quota-free access to the European Union market under the EBA initiative seems impossible. The research findings corroborated the hidden complexities and costs evidenced by Rules of Origin, Sanitary and Phytosanitary measures among others.
Aid For Trade (AFT)

Other than the Preferential Trade Agreements, Economic Partnership Agreements and the Everything But Arms initiative, as characteristics of the European Union trade regime in Malawi, evidence pointed out that the European Union extended support to Malawi’s trade sector in terms of technical and capacity building. This is despite the fact that trade is not a focal sector but rather a pillar of the European Union-Malawi cooperation. The findings of this study pointed out that the European Union extended support to Malawi for the negotiations of the Economic Partnership Agreements, through the tenth European Development Fund cycle with an allocation of €12 million targeting institutional capacity building and creation of skills.

Additionally, respondents corroborated that the European Union has provided support to address issues of Quality Assurances and Standardisation (QAS) through building capacity at the Malawi Bureau of Standards (NAO, 2011). Respondents further indicated that in this project, the European Union has collaborated with the United Nations Industrial Development Organisation (UNIDO) and the United Nations Development Programme (UNDP).

Furthermore, in terms of Aid for Trade (AFT), findings indicated that the European Union supports Malawi in her efforts to expand trade, foster economic growth and use trade as an effective means to poverty reduction. The European Union adopted the AFT in 2007 with the intention of supporting developing countries integrate into the world economy (Europa, 2016). Furthermore, the AFT comprises of direct aid, which is trade-
related assistance that enables beneficiary countries formulate and implement trade policies and practices.

Relatively, AFT provided assistance to recipient countries develop wider economic trade capacity through investments in infrastructure and productive capacity. Respondents hinted that the AFT comes from the Economic Partnership Agreement negotiations with the African, Caribbean and Pacific (ACP) countries. Evidence further pointed out that the European Union has AFT financing instruments at three levels and these are national, regional and all-ACP.

A probe of the three levels of AFT financing instruments was undertaken. Respondents indicated that at national level, the European Union allocated €186.4 million to Malawi for the period 2008-2013. This was corroborated by official documents that the study accessed, which further showed that the allocation was broken down to support the following categories: building productive capacities (€109 million); trade-related infrastructure (€65.4 million); and trade policy and regulations (€12 million) (Europa, 2016). At the regional level, findings revealed that the AFT financing instrument is expounded through the Regional Strategy Papers (RSP) and Regional Indicative Programmes (RIPs). In this respect, the findings suggested that Malawi, which is grouped under the Eastern and Southern African and Indian Ocean Programme, has benefited from €645 million provided by the European Union to this programme for the period 2008-2013. Most of the funds provided to this programme are allocated for
regional economic integration, which includes regional integration policies, trade and economic partnership agreement and regional sector policies (Europa, 2016). Lastly, findings related to the all-ACP level Aid for Trade financing instrument indicated that Malawi has benefitted from Tradecom Facility. The Tradecom Facility was funded €50 million, from which Malawi benefited trade advisors (Europa, 2016).

However, the findings of this study failed to substantiate how beneficial has Aid for Trade been towards Malawi’s achievement of the aspirations of the European Union-African, Caribbean and Pacific Countries relationship.

4.3.1.4 Conclusion
The findings as presented in this sub-section of the chapter, addressed the first objective of the study and its corresponding research question, which was to identify the shape that the European Union aid and trade commitments in Malawi has taken. The findings also reconciled the study’s first premise, which was that the European Union aid and trade commitments in Malawi has been robust. The conclusion had been that much as the aid and trade commitments appear to be predictable and robust, they could also be cross-purposive thereby curtailing the aspirations of the European Union-African, Caribbean and Pacific countries relations. This coupled with other structural factors within Malawi itself could account for the minimal impact of the aid and trade commitments on the economic development of Malawi.
4.3.2 Malawi Tobacco Exports and the European Union Trade Preferences

The study sought to assess the performance of tobacco exports within the context of European Union trade commitments to Malawi. This is significant as it helped the researcher to respond to the second objective of this study. Furthermore, this chapter addressed the second research question of the study, which related to how trade protectionism account for Malawi’s failure to utilize the European Union trade incentives within the context of tobacco exports. The study achieved the probe through scrutinizing the intricacies of the trade incentives provided by the European Union to Malawi and by examining to what extent is the European Union market open to Malawi exports.

The study also substantiated that tobacco is a strategic export commodity to the Malawi economy through data on Malawi exports to the European Union market and linked it to the comparative advantage and the Stolper-Samuelson theorem, which partly informed the study. In terms of the scrutiny of the trade incentives provided by the European Union to Malawi, the study focused on the discrimination against Malawi tobacco as seen in its exclusion from the Stabex facility. On other hand, the examination of the European Union market vis-à-vis exports from the African, Caribbean and Pacific countries such as Malawi in terms of Quality Assurances and Standardisation requirements was undertaken. Furthermore, the study interrogated specific factors that relate to trade protectionist tendencies against tobacco exports into the European Union market. In this respect, the chapter focused on tobacco control laws such as Tobacco
products Directives (TPD) and Tobacco Taxation Directives (TTD) and the sincerity of the European Union health regime vis-à-vis its tobacco production subsidies.

4.3.2.1 Malawi Strategic Export: Tobacco
This study interrogated the place of tobacco to the economy of Malawi. This was informed by the fact that tobacco remains Malawi’s major export to the European Union regardless of the challenges the crop is encountering globally. Results of the study corroborated that Malawi’s economy is most tobacco-dependent in the word (Mayer-Lee & Prowse, 2012; Bostic, 2008, Republic of Malawi Ministry of Industry and Trade, 2013; Edward, 2012, Otañez, Mamudu & Glantz, 2009; Geist, Otañez & Kapito, 2006; Dionne, Kramon & Roberts, 2013). This is substantiated by the fact that tobacco industry in Malawi generates most export earnings and gross tax revenues. The tobacco sector also employs about 42 percent of the total population engaged in agriculture (Mutharika, 2010, Davies, 2003). Respondents indicated that tobacco in Malawi is largely grown by smallholder farmers in their individual capacity. Government’s role in the industry is largely regulatory and it further provides farm inputs.

Furthermore, the study noted that Malawi possesses a comparative advantage over the European Union in terms of tobacco production. This is in line with the Comparative Advantage and the Stolper-Samuelson theorem, which partly informed this study. Moreover, sources pointed out the possible potential of tobacco in reducing poverty in Malawi. In addition, the potential of tobacco to reduce poverty lies in the fact that Malawi’s tobacco production is highly decentralized and possibly its profits are widely
distributed (Davies, 2003) to a large population. It is argued by this study that the tobacco industry in Malawi seem to further uphold the Stolper-Samuelson argumentation on how free trade could reduce poverty in the developing countries. This is made possible through harnessing comparative advantage to export labour-intensive commodities (Bhagwati & Srinivana, 2002).

Furthermore, the study also observed that most Malawi exports to the European Union market are raw agricultural commodities. These products include tobacco (69 per cent), sugar (16 per cent) and tea (12 per cent) (Griffith and Boyd, 2007). Figure 4 below presents an overview of Malawi exports from 1994 to 2010 as generated from statistics obtained from the National Statistical Office of Malawi. Furthermore, the figure substantiated the claim that tobacco remains the major export commodity for Malawi.
Figure 4: Overview of Malawi Exports from 1994 to 2010

Source: National Statistics of Malawi, 2017

The study also sampled tobacco exports to the European Union from 2002 to 2010 using data obtained from the Tobacco Control Commission (TCC). Figure 5 below showed the extent of tobacco revenue exported each year from 2002 to 2010. Based on considerations of the comparative advantage of tobacco industry in Malawi, in terms of wealth creation to both smallholder farmers as well as general tobacco industry-related employment (Mutharika, 2010; Davies, 2003) the study argued that the revenue obtained from exporting tobacco benefitted the Malawi economy at macro and micro-
levels. This was substantiated by the large and smallholder tobacco farmers that were consulted during the study. Furthermore, the study argued that the generated revenue out of tobacco exports arguably surpass the European Union disbursed aid for the same period. Based on this finding, study argued that there was need to appreciate the importance of tobacco exports in Malawi’s context given its economic returns to its population.

Figure 5: Tobacco exports to the European Union from 2002 to 2010

Source: Tobacco Control Commission, 2017
4.3.2.2 European Union Trade Preferences Extended to Malawi

Respondents noted to the study that Malawi has performed dismally in utilizing the trade preferences provided by the European Union. As such, the study interrogated the intricacies of these trade preferences to reconcile the reality that inform EU trade preferences to Malawi. Further, respondents corroborated that despite the European Union remaining Malawi’s largest world-trading partner, Malawi’s participation in European Union trade is limited as it represents only 0.01 per cent of the total European Union trade (Europa, 2016). This scenario is informed by the fact that there has been insubstantial access to the European Union market by exports from the African, Caribbean and Pacific (ACP) countries. This is contrary to the aspiration of the Lomé Conventions (Hewitt, 1983). This is because Malawi’s export structure and composition did not grow using the trade preferences provided under the Lomé Conventions. In contrast, respondents were divisive over the matter. Some suggested that the trade preferences worked to the advantage of the European Union hence the reason for prevailing trade imbalance between the European Union and Malawi. Others hinted that there are internal factors within Malawi that could account for this.

Furthermore, the intricacies informing operations of Preferential Trade Agreements in general favoured commodities that were not in direct competition with European domestic production (ODI, 1980). This is further substantiated by the claim that under the Stabex facility, which was provided under the Lomé Conventions to cushion export earnings for African Caribbean and Pacific (ACP) countries in relation to price
fluctuations, excluded tobacco because of “protectionist arguments within the EEC against granting Stabex coverage to tobacco” (Hewett, 1983, p. 27). The study argued that this discrimination against tobacco, which is the main driver of Malawi’s economy could amount to trade protectionist inclinations. Moreover, sources indicated that the European Union’s limitation of granting preferences to products that compete with its own domestic production, is inconsistent and divergent from the objective of promoting exports from African, Caribbean and Pacific countries (Solignac Lecomte, 2000).

Another drawback to trade preferences provided by the European Union relates to export capacity and/or potential of the recipient countries. The research findings showed that countries such as Malawi were economically incapacitated to produce more, better and greater diversity of products to export to the European Union market and this prevented them from taking advantage of the privilege of trade preferences (Laaksonen, Mäki-Fränti & Virolainen, 2007). The study noted that majority of exports from Malawi and indeed from most ACP countries are raw and unprocessed commodities.

An attempt was made to probe whether there could have been attempts by Malawi to diversify into value addition. Results indicated that Malawi’s economy is overly dependent on tobacco, which is a vulnerable product. In addition, attempts by Malawi to diversify into meaningful tobacco cigarette manufacturing has more often faced barriers in the European Union market (Hewitt, 1983). Furthermore, respondents lamented that the inbuilt requirements within the trade preferences such as Rules of Origin, Quality
and Standardisation measures have inhibited Malawi to effectively export to the European Union market. Respondents also indicated the need for political will to diversify Malawi’s economy.

The discussion above shows that the trade preferences provided by the European Union to Malawi were eroded by trade protectionist inclinations. This was manifested through the exclusion of tobacco from the Stabex facility and the requirements attached to the trade preferences such as Rules of Origin and Quality, Assurances and Standardisation. Evidence also suggested that the trade preferences were granted to countries with no capacity to export value added products other than raw commodities. The findings notwithstanding, ACP countries like Malawi face internal challenges to meet the EU market standards and requirements.

4.3.2.3 European Union Market: Access for Malawi Exports

It was pertinent that a probe be undertaken on the openness of the European Union market to exports from African, Caribbean and Pacific (ACP) countries such as Malawi. This endeavor allowed the study to identify available bottlenecks to trade between the European Union and the ACP countries thereby addressing the second objective of the study. Respondents indicated that the European Union market possesses the most elaborate requirements in terms of standards and certifications. Respondents further, indicated that exports to the European Union market must meet stringent requirements. A respondent stated that the international market structure which is regulated by the World Trade Organisation (WTO) agreements, are too high for Malawi. In this regard, it has discouraged exports particularly of processed products. The same respondent
pointed out barriers related to Quality Assurances and Standardisation that qualify as Technical Barriers to Trade (TBTs).

Other respondents however, noted that Malawi should deal with her capacity constraints to benefit from the European Union market. Nevertheless, respondents noted that Malawi has failed to follow these regulations thus impacting its export products. Interestingly, the study found out that the Malawi Bureau of Standards is not internationally accredited hence Malawian products, other than, the raw commodities such as tobacco, are taken to countries such as the Republic of South Africa for certification to meet the European Union standards, which is expensive.

In relation to the presence of potential Technical Barriers to Trade (TBTs) in the European Union market, the study attempted to probe how countries such as Malawi could handle the TBTs at the World Trade Organization. Respondents corroborated that Malawi like many other Least Developed Countries, lack the capacity to negotiate at the World Trade Organisation against the interests of bigger blocks such as the European Union (Bolton, 2009; World Bank, 2004). Moreover, respondents bemoaned that Malawi, which for a long time has had no resident diplomatic mission in Geneva, Switzerland, which is the seat of the World Trade Organization (WTO), did not fully participate in the negotiations at the WTO (World Bank, 2004). It is only in 2015 that Malawi opened its resident Mission in Geneva. The situation had been exacerbated due to lack of capacity to attend and participate in the negotiations due to inadequate funding (World Bank, 2004). The study argued that Malawi would require aid to build such capacities to effectively determine the country’s national interests at the WTO. In
In this regard, the study established that Malawi did not effectively challenge the Technical Barriers to Trade prevailing in the European Union market. The study recognized that the Rules of Origin, Quality Assurances and Standardisation requirements demanded by the European Union market and the prevailing Technical Barriers to Trade significantly affected exports from the Least Developed Countries. These are a major block for the developing countries to export agricultural products to the developed markets such as the European Union (Disdier, Fontagné & Mimouni, 2008; Henson & Loader, 2001).

An interrogation of the issues emanating from the demands of the European Union market showed that there could be two sides to the issue of Quality Assurances and Standardisation. The first issue, according to respondents, is that the requirements by the European Union market are too high for a country such as Malawi to significantly and profitably export its products. Secondly, there are capacity constraints on the part of Malawi to meet the requirement. The above consulted sources noted that there is lack of capacity to meet standard and certification requirement. Respondents exemplified to the study that Malawi cannot profitably export groundnuts to the European Union market, for instance, due to standards and certifications related to aflatoxins since it is expensive for Malawi to establish capacity to handle the aflatoxins to levels accepted in the European Union. These findings show that Malawi exports have had challenges to access the European Union market. The challenges are manifested through the presence of Technical Barriers to Trade (TBTs) related to Quality, Assurances and Standardisation requirements.
4.3.2.4 Tobacco Trade and the European Union Market

In this section, the study probed specific factors that inform tobacco trade within the European Union market. This was pertinent to the study as it formed a building block in unraveling prevailing trade protectionist inclinations in the European Union market. The study findings indicated that there existed supply constraints on the part of Malawi to trade in a manner that promotes the development of the country. The constraints for Malawi exporters, respondents corroborated, include the Sanitary and Phytosanitary (SPS) measures required to export the European Union market (Griffith & Boyd, 2007).

In relation to SPS, the study argued that since Malawi’s economy is agro-based, the SPS measures in place to export to the European Union market, are quite important. This is especially so when gauging factors accounting for Malawi’s failure to utilize trade preferences extended by the European Union. With respect to Malawi tobacco exports to the European Union market, the study found out that it was dominated by raw tobacco (TCC, 2017), which like most raw agricultural commodities are subject to SPS measures within the European Union market (Europa, 2016). The study established that the SPS measures have been detrimental to exports from the African, Caribbean and Pacific (ACP) countries to the European Union market (Disdier, Fontagné & Mimouni, 2008; Henson & Loader, 2001). Relatedly, respondents consulted lamented that the SPS measures affect Malawi exports but also noted that exporting raw materials does not fetch much foreign exchange. This respondent also hinted that the current set up encourages Malawi to export raw tobacco rather than processed products.
In relation to tobacco control laws instituted by the European Union as possible trade protectionist inclinations, evidence indicated that the European Union undertook several measures within the broader realm of public health. These tobacco control laws govern tobacco control in the European Union and they include Tobacco Products Directive (TPD) and Tobacco Taxation Directive (TTD). The findings from the field study indicated that tobacco control laws are implemented within the Framework Convention on Tobacco Control (FCTC), which the European Union ratified in 2004 (ASH, 2014). Moreover, findings pointed out that the European Union instituted the TPD as a law in May, 2001, to regulate tobacco products. Through the TPD, the European Union imposed upper limits on tar and carbon monoxide in cigarettes and increased the size of health warnings on tobacco packaging among others (ASH, 2014).

In addition, the European Union enacted Directive on Tobacco Advertising (DTA) in May, 2003. Under the DTA, the European Union banned cross-border advertising, sponsorship and promotion of tobacco. It should also be noted that tobacco advertising on television remains banned in the European Union. Moreover, under the tobacco taxation laws, tobacco is the most taxed product in European Union member states. The high taxation is mainly a way of discouraging consumption. The research found out that by 1992, three directives on tobacco taxation were adopted and in November, 2009, a new tax structure on manufactured tobacco was agreed. Besides, results indicated that the DTA for instance, was challenged by certain European Union member states such as Germany due to inherent inconsistency with the broader European Union trade agenda (Princern & Rhinard, 2006).
Furthermore, the study established that tobacco is one of the most regulated agricultural exports into the European Union (Gilmore & McKee, 2002; Joossens & Raw, 1996). Arguably, this is on the basis of the growing global anti-smoking campaigns, which seem to have contributed to the proliferation of measures and restrictions on the tobacco sector and subsequently, the declining demand of tobacco products such as cigarettes. However, despite the restrictions meted on tobacco on health grounds, there have been arguments that the restrictions are unscientific, which is contrary to the spirit of the World Trade Organization Technical Barriers to Trade Agreement. Much as these tobacco control laws are notified to the World Trade Organization as is required of all Technical Barriers to Trade, the study noted that Malawi has been one of the countries that have sought to challenge the European Union with regard to the issue of tobacco at the World Trade Organisation (WTO). In this respect, findings indicated that for example, Malawi, Cuba and Nicaragua challenged the notification to the WTO Committee on Technical Barriers to Trade (TBT) by the European Union of a Tobacco Products Directive (EU TPD, G/TBT/N/EU/88, 2013). The directive proposed to put stringent measures on various aspects of tobacco products (WTO, 2013, Republic of Malawi Ministry of Industry, Trade and Tourism, 2013).

At another level, there are other observations about internal contradictions within the European Union health policy and its own Common Agricultural Policy (Joossens & Raw, 1996). The findings of this study were a contradiction in that in as much as the European Union has been instituting tobacco control laws, it at the same time
subsidized the cost of tobacco production intended at reducing tobacco imports from other countries (Gilmore & McKee, 2002; Joossens & Raw, 1996). The purpose of the subsidies was in line with the Common Agricultural Policy (CAP) to stimulate domestic production at the expense of imports. Evidence also suggested the double-faced health inclinations championed by the European Union around tobacco consumption. It is indicated that the European Union subsided tobacco, which were of low commercial value due to their high tar content, were being exported to markets in Central and Eastern Europe and North Africa since these markets had no effective policy restrictions on tar levels (Gilmore & McKee, 2002; Joossens & Raw, 1996). This study argue that the European Union applied trade protectionist tendencies since the bloc subsidized its own domestic tobacco production to deter imports from countries such as Malawi but also exported the same subsidized tobacco to alternative markets for Malawi tobacco. Furthermore, the European Union subsidized tobacco unfairly competed with Malawi’s unsubsidized tobacco in the Central and Eastern Europe and North Africa. The ambivalence in the disparity between the amount of subsidizing tobacco production and campaigning against tobacco consumption in the European Union arguably questions the sincerity of instituting the tobacco control laws. This poses another contradiction that preoccupies the study.

4.3.2.5 Conclusion
In this sub-section of the chapter, the study highlighted that tobacco is a strategic export commodity to the Malawi economy and linked it to the Comparative Advantage and the Stolper-Samuelson theorem, which partly informed the study. Further, the study probed
factors that could account for Malawi’s failure to utilize the trade preferences that the European Union extends to the country. This was done within the confines of the second objective of this study, which was to assess the performance of tobacco exports within the context of European Union trade commitments to Malawi. It addressed the second research question of the study, which related to how does trade protectionism account for Malawi’s failure to utilize the European Union trade incentives within the context of tobacco exports. The study also examined the intricacies of trade incentives provided by the European Union to Malawi and the extent to which the European Union market is open to Malawi exports. It indicated that there was trade related discrimination within the trade preferences manifested by the exclusion of tobacco, from the export earnings cushioning mechanism, presented by the Stabex facility. The findings of the study also argued that the European Union market is out of reach for exports from Malawi due to Quality Assurances and Standardisation requirements. Furthermore, specific factors that relate to trade protectionist tendencies against tobacco exports into the European Union market were examined. The findings of the study showed that the European Union instituted tobacco control laws, which are arguably unfair. As a result of this, some of the directives had been challenged at the World Trade Organization by Malawi among other tobacco growing countries. The sub-section of chapter closed by arguing that the European Union manifested trade protectionist inclinations through its insincerity in upholding public health and subsidizing domestic tobacco production to lock out imports from countries such as Malawi. In this regard, the study laid bare a contradiction with regard to unfairly restricting tobacco
consumption within European Union market yet it was exporting its own subsidized tobacco to markets in Central and Eastern Europe and North Africa, which arguably competed with Malawi’s unsubsidized tobacco.

4.3.3 Trade Protectionism, Aid Dependency and Malawi’s Economic Development

In seeking to explore the possibility of link between trade protectionism and aid dependency and its interplay on Malawi’s economic development, which was the third objective of the study, the study examined the European Union market to identify prevailing trade protectionist inclinations against strategic Malawi export (tobacco). The study found out that aid dependency creep in due to dwindling foreign exchange earnings from exports hence the country relies on more foreign support to drive economic growth and development. Furthermore, aid dependency could be a result of efforts to meet the prerequisite support pertinent to Malawi addressing the requirements of the European Union market. The findings also pointed out efforts by the Malawi government to move away from aid dependency through Zero Deficit Budget and the establishment of the Export Development Fund. Concisely, findings seem to suggest that Malawi needs more aid to divorce overdependence on aid.

4.3.3.1 European Union Trade Protectionist Inclinations

In order to examine the prevailing European Union trade protectionist inclinations, the study was specific and probed the Stabex facility that the European Union extended to the Africa, Caribbean and Pacific countries. Results indicated that tobacco, which is Malawi’s strategic export, was not covered by the Stabex facility, on the basis of the European Union domestic tobacco production (Hewitt, 1983). Furthermore, findings
pointed out that the European Union tobacco control regime is unfair and insincere due to its internal contradictions with the Common Agricultural Policy (CAP), which provided domestic tobacco production to lock out tobacco imports from countries such as Malawi.

Findings of the study also revealed that the European Union exported its subsidized tobacco, which could not be consumed in its domestic market due to high tar content, to other markets where the tobacco competed with unsubsidized tobacco from countries such as Malawi. Furthermore, it has been argued that some of the tobacco control laws are unfair, insincere and possibly amount to trade protectionist inclinations in the form of Technical Barriers to Trade (TBTs). More than that, findings indicated that Malawi lacks capacity to negotiate trade interest at the World Trade Organization and further, address the Quality, Assurances and Standardisation requirements of the European Union market (Bolton, 2009).

In consideration of the above identified trade protectionist penchants, it is possible to make a link between the impact of these trade protectionist dispositions to the argument that Malawi requires more aid to address the same.

4.3.3.2 Interplay of Trade Protectionism and Aid Dependency
An endeavor to examine the interplay of trade protectionism and aid dependency is expounded by the fact that for a country such as Malawi to effectively benefit from the trade incentives that the European Union extends to the country, it must surmount the
existing numerous constraints. The evidence collected from the field advocated that some of the constraints are related to geopolitics. For instance, the study noted that Malawi is not geographically well positioned to take advantage of the European Union market (Hewitt, 1983). This was also alluded to by most sources during key informant interviews on Malawi trade. Further to that, respondents informed that other recognized challenges on the part of Malawi are supply-side constraints, lack of infrastructure, lack of public utilities, transport costs and Sanitary and Phytosanitary (SPS) measures. In this respect, it was cross-examined how these challenges to trade impacted on the gains of the trade preferences provided by the European Union

In that respect, results hinted that economic growth in very most African, Caribbean and Pacific (ACP) countries seem to be slow despite the touted opportunities attached to the cooperation between the former and the European Union (Laaksonen, Mäki-Fränti & Virolainen, 2007). This was also corroborated by primary sources from the Ministry of Trade, Industry and Tourism of Malawi that the study consulted during key informant interviews. Further to that, evidence suggested that the share of the ACP countries in global trade has declined and that the exports of primary commodities are negligible (Laaksonen et al, 2007). In the case of Malawi, the previous chapter demonstrated that its trade with the European Union is almost negligible and the balance is heavily tilted in favour of the latter rather than the former. Various sources had indicated that Malawi exports do not easily access the European Union market due to standardization requirements.
Moreover, respondents suggested to the study that for Malawi to diversify and embark on value addition, the country requires substantial investment to meet the standardization requirements of the European Union market. To this end, results indicated that the European Union among other development partners, provided support to Malawi to enable the country meet the requirements of the international market. A good example here is the support to the Malawi Bureau of Standards to build capacity for Quality Assurances and Standardisation requirements to make Malawian products and exports competitive in the global market (NAO, 2011).

The above findings elaborate the interplay between trade protectionism and aid dependency. The research findings pointed out that Malawi as a trade partner to the European Union requires continued support to develop necessary infrastructure to mitigate the cost of trade.

Furthermore, evidence validated the claim that there is an interplay between trade protectionism and aid dependency. Respondents indicated that trade could be an alternative for Malawi, in view of the growing aid fatigue displayed by many development partners. However, respondents also pointed out that Malawi needs to maximize its trade potential and in the absence of that, the country will continue relying on donors. Additionally, an interrogation of other alternatives that Malawi employs to curb aid dependency was made. Respondents also indicated that the Malawi government had started to implement from 2010/2011, a “Zero Deficit Budget”, which entail the utilization of domestic resources to finance recurrent activities of the national budget. Furthermore, respondents added that the government had also enhanced export
diversification drive through the establishment of an Export Development Fund, to provide support to domestic initiatives to grow export-demanded commodities and encourage value addition.

The study also examined the role of the Export Development Fund. Respondents pointed out that the development fund was created by the Reserve Bank of Malawi as a Development Finance Institution mandated to promote exports and leverage Malawi’s foreign exchange generation. The primary objective of the Export Development Fund is to encourage export driven enterprises by situating them as agents of foreign exchange generation for the country. In terms of mobilization of its funding, findings stated that the institution relies on both local and foreign financial resources. The findings suggested that one way or the other, aid could be part of financing the Export Development Fund either directly or through aid fungibility.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents summary of the study findings commensurate with its objectives and research questions, and its conclusions. The chapter also makes policy recommendations and proposes areas for further research.

5.2 Summary of Findings
The main preoccupation of the study was that Malawi remains one of the poorest countries in the world regardless of being granted aid and trade preferences for a long time. The European Union was identified as one of the major development partners to Malawi and the study assumed that there are contradictions in the aid and trade co-operation between the two partners. What was further assumed is that the aid and trade aspirations and commitments in the European Union-Malawi co-operation seem contradictory and self-defeating. This could be summarized at two levels: one, presence of trade protectionist inclinations on the part of the European Union in terms of the unfair treatment of tobacco, which is Malawi’s major export commodity and the stringent market requirements to exports from the developing countries including Malawi, which erode the intention of providing trade preferences and the traditional justification of providing aid. Two, presence of tied aid and aid retention through conditionalities, which contradicts the purpose of providing the aid. In terms of methodology of investigating this research problem, the study conducted key informant
interviews with various sources who provided insights into the European Union-Malawi aid and trade co-operation. The following is a recap of the major findings.

Firstly, the European Union has had a lengthy and predictable aid and trade commitments in Malawi dating back to 1975 when the two established relations. In terms of aid, the European Union has been providing it to assist Malawi meet both social and economic development need through General Budget Support and Project Sector Support. In respect of trade, the European Union has been providing aid through trade preferences, including a duty-free and quota-free market and funds to build capacity for trade.

Secondly, the trade preferences granted by the European Union to the African, Caribbean and Pacific (ACP) countries including Malawi have had minimal impact in terms of the integration of the ACP countries into the global economy and attainment of economic development. In the case of Malawi, there have been trade protectionist tendencies in the European Union trade preferences. These have been manifested through the exclusion of tobacco in the Stabex facility and provision of subsidies in support of European Union domestic production of tobacco. The latter has been an internal contradiction within the European Union public health regime against tobacco consumption, which has unfairly impacted on Malawi tobacco demand. Furthermore, the trade preferences have posed as inhibitions for countries like Malawi to effectively
utilize them through inbuilt requirements such as Rules of Origin and Quality Assurances and Standardization.

Thirdly, there is a link between trade protectionism and aid dependency, which has an interplay on Malawi’s economic development. Trade protectionism has had an impact on Malawi exports to the European Union thereby denying the country adequate foreign exchange to meet its economic development needs. Furthermore, the European Union market standard requirements, which are argued to equate trade protectionism, require more resources to be addressed if Malawi is to benefit from the trade preferences. In this respect, Malawi requires more aid injections to address its Balance of Payments and address supply-side constraints to effectively trade with the European Union.

5.2.1 **Examination of European Union Aid and Trade Commitments in Malawi**

The first objective of this study was to examine the European Union aid and trade commitments in Malawi. The study focused on the historical background to the European Union aid and trade regime in Malawi and in terms of aid, it looked at the European Development Fund (EDF), through which the European Union disburses aid to Malawi. Several processes involved in disbursing aid were identified. Among them are the Country Strategy Paper (CSP), Financing Agreements (FA) and Programme Estimates (PE). The study also reflected on the role of the National Authorising Office (NAO) and the National Authorising Office Support Unit (NAOSU) and the Head of European Union Delegation to Malawi. An interrogation of the forms of aid were looked at and they include General Budget Support (GBS) and Project Sector Support.
Furthermore, in terms of trade, the study interrogated trade preferences provided by the European Union to Malawi. They include Preferential Trade Agreements (PTAs), Economic Partnership Agreements (EPAs), Everything But Arms (EBA) and Aid For Trade (AFT). The European Union aid and trade regime in Malawi has been lengthy and robust but seem to be undermined by the inherent nature of the commitments and internal challenges on the part of Malawi. Hence an assumption could be advanced that Malawi has not graduated from the Least Developed Countries (LDC) category through successfully eradicating poverty and integrating into the global economy based on the commitments and aspiration of the European Union-African, Caribbean and Pacific Countries cooperation.

5.2.2 Probing of European Union Trade Preferences in Respect of Tobacco
The second objective of this study was to probe the European Union trade preferences in respect of tobacco. It was found out that trade protectionism and also lack of capacity by Malawi, account for the inhibition of optimum utilization of the trade preferences in the Malawi tobacco industry. Firstly, tobacco was discriminated against through its exclusion from the Stabex facility. Secondly, there are trade protectionist tendencies against tobacco exports into the European Union market through tobacco control laws, some of which have been challenged as unfair by certain European Union member states such as Germany and equally by tobacco growing countries such as Malawi. Thirdly, there is unfairness and insincerity of the European Union health regime vis-à-vis its domestic tobacco production subsidies and the export of the same tobacco to other markets.
5.2.3 Exploring Link Between Cross-Purposive Nature of Aid and Trade Commitments and Malawi’s Aid Dependency

The third objective of this study was to explore the link between the cross-purposive nature of aid and trade commitments and Malawi’s aid dependency. The study has corroborated that the link between trade protectionism and aid dependency, which interplays on Malawi’s economic development narrative. Aid dependency is spurred by lack of adequate foreign exchange earnings from exports, which leaves aid as an alternative source to prop economic development. Further, efforts by Malawi to meet the requirements of the European Union market require more resources of which aid is part of the package. Equally important is that aid is at the centre of other efforts by Malawi to wean the country’s dependency on aid through developing exports.

5.3 Conclusion

The conclusion drawn by this study is that there are contradictions in the European Union-Malawi aid and trade cooperation. These contradictions encourage Malawi’s aid dependency and the country’s failure to achieve meaningful economic development and grow its exports base to integrate into the global economy. The reason is that the aid discourse is eroded by tied aid, which leads to aid retention and de-commitment. Besides, there is need to relook at the sincerity of the dialogue undertaken in negotiating priorities between the European Union and Malawi and to evaluate impact of the set aid priorities and ensure that they are effectively implemented. Besides, due to tied aid, Malawi’s economy does not benefit much from the foreign capital provided by aid. This contrasts the Dual Gap Theory/Harrod-Domar Growth Model, which formed part of the theoretical framework of this study.
Moreover, trade preferences provided by the European Union contain inherent inhibitions, which equate to trade protectionist inclinations in the form of discrimination of tobacco from the Stabex facility and subsidizing of European Union domestic tobacco production due to European Union Common Agricultural Policy (CAP) dictates, arguably insincere and unfair European Union public health/anti-tobacco smoking regime, some of whose aspects have been domestically and internationally challenged. The trade protectionist dispositions arguably critique the Comparative Advantage-Stolper-Samuelson Theorem, which formed part of the theoretical framework of this study. Furthermore, the trade preferences could not enable countries like Malawi to integrate into the global economy due to its limited impact because the trade preferences were generic and did not take into consideration national realities and constraints.

Lastly, aid and trade protectionism interplay results into aid dependency in Malawi. The country relies on aid to meet its economic development goals due to inadequate export-driven foreign exchange earnings. Besides, the country needs more aid to diversify from tobacco and embark on value addition. Aid is required to build export capacities and obtain relevant technologies to churn out export products that meet the European Union market standards. In brief, Malawi needs more, specific aid to break away from aid dependency and overcome the impact of trade protectionism and harness trade as a tool to achieve economic development.
5.4 Policy Recommendation and Proposed Areas for Further Research

The study’s findings have validated that the current European Union-Malawi aid and trade relations is characterized by contradictions which could undermine the aspirations and commitments of the two partners. The study therefore recommends the following policy considerations to attain a much beneficial co-operation.

Firstly, there is need to relook at the European Union-Malawi negotiations of aid and trade priorities. These priorities should be country-specific and tailored to override the constraints for Malawi to harness trade as a better tool to achieve economic development. Besides, the aid and trade co-operation between the European Union and Malawi should be sincere and realigned to eliminate possible contradictory elements that would inhibit the achievement of its aspiration and commitments.

Secondly, there is need to provide a time-specific support to Malawi’s efforts to enhance its export base and this should be complimented by a fair access to the European Union market for Malawi exports. In the same vein, Malawi should move away from her seemingly overdependence on aid in its current form to meet her economic development and attempt to harness trade as an alternative. Malawi should make efforts to embrace value addition and stop exporting raw commodities. Exporting unmanufactured tobacco and other agricultural commodities does not fetch much foreign exchange. Most importantly, Malawi should make efforts to diversify her export base in view of the falling demand for tobacco products due to global tobacco anti-smoking campaigns.
In terms of proposed areas for further research, this study recommends that the existing negotiations between the European Union and Malawi to determine aid and trade priority areas should be studied. Equally important is to study the impact of trade protectionism on strategic exports such as tobacco, though focusing on its impact on microeconomic aspects such as smallholder farmers. Lastly, a study could be conducted to determine how an effective, country-specific trade preference and its associated support could be achieved.
References

Aid Data. EU International Aid to Malawi. Retrieved May, 6, 2015. Available at:

http://aiddata.org/dashboard#/aggregate/analytic-dashboard


Available at:  


APPENDICES

A1: The Study’s Timeline

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### A2: The Budget for the Study

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<td>KSh 150,000.00</td>
<td>Includes return air ticket to Malawi and local running costs</td>
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<tr>
<td>TOTAL</td>
<td>Ksh. 300,000</td>
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Hello! I am Mphatso Moses Kamanga, a postgraduate student at Kenyatta University pursuing Master of Arts Degree in Diplomacy and International Relations. Currently, I am carrying out a research on aid and trade contradictions in European Union-Malawi relations: the case of Malawi tobacco exports. The reason we are doing this research is to find out whether the development and trade cooperation between EU and Malawi meet the intended objectives. The research will involve you responding to a set of question contained in the guide. I kindly request you to spare some of your valuable time to participate in this research. The information provided will be used strictly for the purpose of this study and will be treated confidentially. Thank you in advance for agreeing to participate in the study. Please answer all the questions to the best of your knowledge. In case you have additional information which you think might enrich the research, please feel free to put it forward.

I consent voluntarily to participate as a participant in this research.

Print Name of Participant__________________

Signature of Participant ___________________

Date ___________________________

Day/month/year

1. What are the major aspects of the EU-Malawi relations?

2. Elaborate on the EU-Malawi development cooperation?
3 Describe the development cooperation and assistance extended from 1985 to 2010.

4 Explain the EU-Malawi trade relationship.

5 What are some of the trade incentives extended to Malawi by the EU from 1985 to 2010?

6 How would you describe the EU as Malawi’s development partner?

7 Do you think Malawi has been able to develop using foreign aid from the EU? (briefly explain)

8 How is Malawi handling possible donor fatigue?

9 Give any other comment related to the above.
B. QUESTION GUIDE FOR KEY INFORMANTS HANDLING FOREIGN AID IN THE MALAWI GOVERNMENT

Hello! I am Mphatso Moses Kamanga, a postgraduate student at Kenyatta University pursuing Master of Arts Degree in Diplomacy and International Relations. Currently, I am carrying out a research on aid and trade contradictions in European Union-Malawi relations: the case of Malawi tobacco exports. The reason we are doing this research is to find out whether the development and trade cooperation between EU and Malawi meet the intended objectives. The research will involve you responding to a set of question contained in the guide. I kindly request you to spare some of your valuable time to participate in this research. The information provided will be used strictly for the purpose of this study and will be treated confidentially. Thank you in advance for agreeing to participate in the study. Please answer all the questions to the best of your knowledge. In case you have additional information which you think might enrich the research, please feel free to put it forward.

I consent voluntarily to participate as a participant in this research.

Print Name of Participant__________________

Signature of Participant __________________

Date __________________________
Day/month/year

1. What is the role of your institution in handling foreign aid to Malawi?
2. Identify some of Malawi’s major foreign aid providers?
3. Which sectors in Malawi is foreign aid concentrated on?
4. Which sectors in Malawi are supported by the EU foreign aid?
5. Who supports the other sectors not covered by EU aid?

6. How does the Malawi Government support the other sectors not supported by foreign aid?

7. Does the tobacco sector benefit from foreign aid? Explain your answer.

8. How is Malawi dealing with aid fatigue by donors?

9. Which alternatives are available to Malawi other than foreign aid?

10. What potential does the tobacco industry have as an alternative to foreign aid?

11. How does the Malawi economy perform against weakening tobacco export earnings?

12. How has the economy performed in the face of foreign aid from 1985 to 2010?

13. What can the country do to be independent from foreign aid?

14. Give any other comment?
A3: Research Instrument

C. QUESTION GUIDE FOR KEY INFORMANTS FROM THE DELEGATION OF EUROPEAN UNION TO MALAWI (DEVELOPMENT COOPERATION)

Hello! I am Mphatso Moses Kamanga, a postgraduate student at Kenyatta University pursuing Master of Arts Degree in Diplomacy and International Relations. Currently, I am carrying out a research on aid and trade contradictions in European Union-Malawi relations: the case of Malawi tobacco exports. The reason we are doing this research is to find out whether the development and trade cooperation between EU and Malawi meet the intended objectives. The research will involve you responding to a set of question contained in the guide. I kindly request you to spare some of your valuable time to participate in this research. The information provided will be used strictly for the purpose of this study and will be treated confidentially. Thank you in advance for agreeing to participate in the study. Please answer all the questions to the best of your knowledge. In case you have additional information which you think might enrich the research, please feel free to put it forward.

I consent voluntarily to participate as a participant in this research.

Print Name of Participant ____________________

Signature of Participant ____________________

Date ___________________________

Day/month/year

1. What are the major aspects of the EU-Malawi relations?

2. How is EU foreign aid to Malawi discharged?
3. From 1985 to 2010, how many EDF’s have been implemented through the help of foreign aid?

4. For each of the EDF cycle, could you highlight what the target sector has been?

5. How do you rate each of the EDF cycle within the time frame 1985 to 2010?

6. Which cycle (s) has been successful and why?

7. Which cycle (s) has been a failure and why?

8. How do you rate the performance of the Malawi economy from 1985 to 2010?

9. How do you reconcile the amount of foreign aid provided to Malawi by the EU against economic growth and development achieved by the country?

10. What would be your reaction to sentiments that Malawi is not developing at all?

11. Would it be correct to classify Malawi as a retarded country? (Briefly explain your answer)

12. Does the EU withhold or suspend foreign aid to Malawi (general budget support or sectorial support)? Explain.

13. What efforts is the EU making to assist Malawi to become independent from foreign aid?

14. What has been the progress in that respect?

15. What would be alternatives to foreign aid provided to Malawi?

16. Give any other comment.
A3: Research Instrument

D. QUESTION GUIDE FOR KEY INFORMANTS FROM THE DELEGATION OF EUROPEAN UNION TO MALAWI (TRADE COOPERATION)

Hello! I am Mphatso Moses Kamanga, a postgraduate student at Kenyatta University pursuing Master of Arts Degree in Diplomacy and International Relations. Currently, I am carrying out a research on aid and trade contradictions in European Union-Malawi relations: the case of Malawi tobacco exports. The reason we are doing this research is to find out whether the development and trade cooperation between EU and Malawi meet the intended objectives. The research will involve you responding to a set of question contained in the guide. I kindly request you to spare some of your valuable time to participate in this research. The information provided will be used strictly for the purpose of this study and will be treated confidentially. Thank you in advance for agreeing to participate in the study. Please answer all the questions to the best of your knowledge. In case you have additional information which you think might enrich the research, please feel free to put it forward.

I consent voluntarily to participate as a participant in this research.

Print Name of Participant _____________________

Signature of Participant _____________________
Date ____________________________
Day/month/year

1. What are the major aspects of the EU-Malawi relations?

2. Would you elaborate on the EU-Malawi trade relationship

3. Which trade incentives are extended to Malawi by the EU from 1985 to 2010?
4. What are the main areas of trade between Malawi and the EU?

5. What are the main Malawi exports to the EU market? (include percentage if possible)

6. What are the main EU exports to Malawi?

7. How do you characterize the EU market for exports from Malawi?

8. Describe the prescribed quality, standards and requirements for EU market against imports from foreign markets?

9. Explain the rationale for the prescribed quality, standards and requirements

10. How has the EU market benefitted from the prescriptions?

11. What would be your reaction to observations that the prescriptions have negatively impacted exports from the LDCs including Malawi?

12. How does the EU assist Malawi to mitigate such impacts identified above?

13. Explain how the EU assists Malawi meet the prescribed quality, standards and requirements for the EU market.

14. Is it possible for Malawi to build capacity to meet the prescribed quality, standards and requirements for the EU market? (Briefly explain)

15. How do you describe tobacco as Malawi’s main export product?

16. In 2013, the EU the notified the WTO Committee on Technical Barriers to Trade (TBT) of a Tobacco Products Directive (TPD) (G/TBT/N/EU/88), what does it entail?

17. Malawi has stated that the TPD poses a threat to its economy, what has been the EU response?
18. What is the current status of Malawi tobacco exports to the EU market?

19. How does the TPD impact on tobacco imports into the EU market?

20. In the context of rising anti-tobacco smoking campaigns, what is the place of the Malawi tobacco exports to the EU market?

21. What would the EU advise Malawi with regard to tobacco exports?

22. What would be the alternatives to tobacco as the main driver of the Malawi economy?

23. How would you rate trade as an alternative to foreign aid? (explain)

24. Explain more on the EPAs

25. Give any other comment.
A3: Research Instrument

E. QUESTION GUIDE FOR KEY INFORMANTS FROM THE MINISTRY OF INDUSTRY AND TRADE OF THE MALAWI GOVERNMENT

Hello! I am Mphatso Moses Kamanga, a postgraduate student at Kenyatta University pursuing Master of Arts Degree in Diplomacy and International Relations. Currently, I am carrying out a research on aid and trade contradictions in European Union-Malawi relations: the case of Malawi tobacco exports. The reason we are doing this research is to find out whether the development and trade cooperation between EU and Malawi meet the intended objectives. The research will involve you responding to a set of question contained in the guide. I kindly request you to spare some of your valuable time to participate in this research. The information provided will be used strictly for the purpose of this study and will be treated confidentially. Thank you in advance for agreeing to participate in the study. Please answer all the questions to the best of your knowledge. In case you have additional information which you think might enrich the research, please feel free to put it forward.

I consent voluntarily to participate as a participant in this research.

Print Name of Participant__________________

Signature of Participant ___________________

Date ___________________________
Day/month/year

1. What is the potential of trade as an alternative to foreign aid?
2. What are major Malawi exports? (provide percentage)
3. What are the major markets for Malawi exports?
4. How would you describe the Malawi-EU trade cooperation?
5. What are the trade incentives that the EU has extended to Malawi?
6. How do you describe the EU market for Malawi exports?

7. What are the challenges?

8. How is your Ministry mitigating the challenges?

9. Describe the prescribed quality, standards and requirement for the EU market

10. How is Malawi meeting these prescriptions?

11. Explain how the EU assists Malawi build capacity to meet the prescriptions?

12. Tobacco remains Malawi’s major foreign exchange earner, which are its major markets?

13. What does the Tobacco Products Directive (TPD) (G/TBT/N/EU/88) placed by the EU at the WTO entail?

14. To what extent does the TPD pose as a threat to the Malawi tobacco industry?

15. To what extent can the TPD risk Malawi economy?

16. What is the Malawi Government doing to counter the TPD?

17. What challenges does Malawi face in countering the TPD?

18. How is Malawi mitigating those challenges?

19. If the EU succeeds in implementing the TPD, what impact does this have on the Malawi tobacco exports and the overall economy?

20. How has the Malawi economy performed in the face of the TPD or generally the global anti-smoking campaign?

21. What are the alternatives to tobacco as Malawi’s major export?

22. Would you elaborate on the EPA negotiations?

23. Give any other comment.
A3: Research Instrument

F. QUESTION GUIDE FOR KEY INFORMANTS IN THE MALAWI EXPORT SECTOR

Hello! I am Mphetso Moses Kamanga, a postgraduate student at Kenyatta University pursuing Master of Arts Degree in Diplomacy and International Relations. Currently, I am carrying out a research on aid and trade contradictions in European Union-Malawi relations: the case of Malawi tobacco exports. The reason we are doing this research is to find out whether the development and trade cooperation between EU and Malawi meet the intended objectives. The research will involve you responding to a set of question contained in the guide. I kindly request you to spare some of your valuable time to participate in this research. The information provided will be used strictly for the purpose of this study and will be treated confidentially. Thank you in advance for agreeing to participate in the study. Please answer all the questions to the best of your knowledge. In case you have additional information which you think might enrich the research, please feel free to put it forward.

I consent voluntarily to participate as a participant in this research.

Print Name of Participant__________________

Signature of Participant ___________________
Date __________________________
Day/month/year

1. What are the major Malawi exports and to which markets?
2. How is the current export market for Malawi products?
3. What are the challenges faced by Malawi exports?
4. How are these challenges mitigated?
5. Would you elaborate on the Malawi Export Strategy?

6. Why did Malawi enact the export strategy?

7. How do you describe the EU market for Malawi exports?

8. What challenges do Malawi exports face in meeting the prescribed requirements?

9. What can Malawi do to meet the expected requirements?

10. How do you describe Malawi’s capacity to effectively negotiate at the WTO?

11. Do you think that capacity has a bearing on Malawi’s trade with major blocs?

12. How can Malawi address issues of capacity in terms of trade negotiations?

13. Give any other comment.
G. QUESTION GUIDE FOR KEY INFORMANTS IN THE TOBACCO SECTOR

Hello! I am Mphatso Moses Kamanga, a postgraduate student at Kenyatta University pursuing Master of Arts Degree in Diplomacy and International Relations. Currently, I am carrying out a research on aid and trade contradictions in European Union-Malawi relations: the case of Malawi tobacco exports. The reason we are doing this research is to find out whether the development and trade cooperation between EU and Malawi meet the intended objectives. The research will involve you responding to a set of question contained in the guide. I kindly request you to spare some of your valuable time to participate in this research. The information provided will be used strictly for the purpose of this study and will be treated confidentially. Thank you in advance for agreeing to participate in the study. Please answer all the questions to the best of your knowledge. In case you have additional information which you think might enrich the research, please feel free to put it forward.

I consent voluntarily to participate as a participant in this research.

Print Name of Participant__________________

Signature of Participant ________________

Date __________________________

Day/month/year

1. What role does the tobacco industry play in the Malawi economy?

2. What support does the Malawi Government provide to the tobacco industry?

3. How does the tobacco industry benefit from foreign aid?

4. Which are the major markets for the Malawi tobacco exports?

5. What has been the impact of the global tobacco anti-smoking campaigns?
6. What mitigating measures have you put in place?

7. What does the FCTC mean to the Malawi tobacco industry?

8. Since the ratification of the FCTC, what have been the Malawi tobacco export volumes? (provide percentages)

9. What does the Tobacco Products Directive (TPD) (G/TBT/N/EU/88) placed by the EU at the WTO entail?

10. To what extent does the TPD pose as a threat to the Malawi tobacco industry?

11. To what extent can the TPD risk the Malawi economy?

12. What is your institution doing to counter the TPD?

13. What challenges does Malawi face in countering the TPD?

14. What capacity does Malawi possess to effectively negotiate with the EU on the TPD and other related TBTs on tobacco?

15. What are the alternative markets to the EU market for the Malawi tobacco exports?

16. Give any other comment.