

THE UNITED REPUBLIC OF TANZANIA: COMPANY PERSPECTIVES

AN ITC SERIES ON
NON-TARIFF MEASURES



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TANZANIA:
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Country report, part of a series of publications assessing the impact of Non-Tariff Measures (NTMs) on the business sector, based on a large-scale survey conducted in the United Republic of Tanzania with companies directly reporting burdensome NTMs and the reasons why they consider them to be trade barriers; analyses survey findings and compares them to other sources on NTMs to identify regulatory, procedural and infrastructural obstacles in the United Republic of Tanzania and its partner countries; covers food and agro-based products, chemicals, metal and other basic manufacturing, and machinery, equipment and electronics; outlines policy options discussed at stakeholder meeting; includes NTM classification, and bibliographical references (pp. 24-26).

Descriptors: **Tanzania, Non-Tariff Measures, Trade Policy, SMEs.**

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English

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Acronyms

The following abbreviations are used:

ACP	African, Caribbean and Pacific
AGOA	African Growth and Opportunity Act
BRICS	Brazil, Russia, India, China and South Africa
CET	Common External Tariff
COMESA	Common Market for Eastern and Southern Africa
DFID	Department for International Development (Government of the United Kingdom)
EABC	East African Business Council
EAC	East African Community
EBA	Everything But Arms
EPA	Economic Partnership Agreement
ESWS	Electronic Single Window System
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Area
GCLA	Government Chemists Lab Agency
GDP	Gross Domestic Product
GNTB	Group of Eminent Persons on Non-tariff Barriers
GSP	Generalized System of Preferences
HS	Harmonized System
IAEA	International Atomic Energy Agency
ICF	Investment Climate Facility for Africa
ICT	Information Communication Technology
ITC	International Trade Centre
MAST	Multi-Agency Support Team
MFN	Most-Favoured Nation
MIT	Ministry of Industry and Trade
MKUKUTA	Mpango wa Pili wa Kukuza Uchumi na Kuondoa Umaskini Tanzania
MNRT	Ministry of Natural Resources and Tourism
NA	Not Available
n.e.s.	Not elsewhere specified
NICs	Newly Industrialized Countries
NMC	National Monitoring Committee
NSGRP	National Strategy for Growth and Reduction of Poverty
NTB	Non-tariff barrier
NTM	Non-tariff measures
NTP	National Trade Policy
OECD	Organisation for Economic Co-operation and Development
PO	Procedural Obstacle
RoO	Rules of Origin
SADC	Southern African Development Community
SIDP	Sustainable Industrial Development Policy
SMEs	Small and medium-sized enterprises
SPS	Sanitary and phytosanitary measures
SQMT	Standards, Quality assurance, Metrology and Testing
TAEC	Tanzania Atomic Energy Commission
TANCIS	Tanzania Customs Integrated System
TanTrade	Tanzania Trade Development Authority
TBE	Trade-related Business Environment
TBS	Tanzania Bureau of Standards
TBT	Technical barriers to trade
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TFDA	Tanzania Food and Drugs Authority

TFTA	Tripartite Free Trade Area
TICC	Trade, Industry and Investment Committee
TMEA	TradeMark East Africa
TPA	Tanzania Ports Authority
TRA	Tanzania Revenue Authority
TRAINS	Trade Analysis and Information System
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNVP	United Nations Volunteer Programme
WTO	World Trade Organization

Note: Unless otherwise specified, all references to dollars (\$) are to United States dollars, and all references to tons are to metric tons.

Executive summary

Introduction to non-tariff measures

Across the world, trade tariffs are at an historical low and some would even argue that never before has trade been freer. But while there has been a dramatic increase in trade liberalization over the past few decades, there has been a rise in non-tariff measures (NTMs). To some extent these are offsetting the benefits that one normally would associate with freer trade.

NTMs often reflect the best policy intentions of consumer, animal and environmental protection but they can also be a deliberate government strategy to protect import-competing domestic production and to compensate for diluted or lost protection following tariff liberalization. Regardless of policy objectives, NTMs impose real and yet avoidable export and import compliance costs that have negative impacts on trade competitiveness, particularly for small and medium-sized enterprises (SMEs) in emerging and developing countries.

To enhance trade competitiveness and better monitor and control the cost of complying for businesses, the multilateral agreements of the World Trade Organization (WTO) and most recent regional and bilateral trade agreements include provisions on NTMs. In this context it has become imperative to undertake a systematic analysis of the adverse impact of NTMs on exporting and/or importing companies and to develop technical cooperation aimed at building the capacities of governments and businesses in developing countries to identify and address these hidden barriers to trade.

The International Trade Centre (ITC) is actively pursuing these efforts of research and cooperation and has been conducting large-scale surveys of companies in developing and emerging countries to learn from their experiences and perspectives on NTMs. Company surveys are a most useful tool to identify the many challenges businesses face as they identify and focus on those who deal with NTMs on a day-to-day basis.

NTMs include technical barriers to trade (TBT), sanitary and phytosanitary (SPS) measures, certification and testing requirements, quotas, import and export licensing requirements, additional taxes and surcharges, rules of origin, amongst others. They take a myriad of forms and involve a wide range of regulatory and enforcement authorities with varying institutional, technical and resource capacities to formulate, implement, monitor and review their use. ITC surveys are designed to cover the full range of hindrances and challenges associated with NTMs including procedural obstacles (POs) and inefficiencies in the trade-related business environment (TBE).

In close cooperation with local partners, ITC implements the NTM programme in developing countries around the world. Sub-Saharan Africa is one of the main priority regions, with NTM surveys already conducted in Burkina Faso, Cote d'Ivoire, Kenya, Madagascar, Malawi, Mauritius, Senegal and Rwanda among others. The NTM survey in the United Republic of Tanzania was conducted in 2012-2013.

Country context of the United Republic of Tanzania

The Tanzanian economy is dominated by the agricultural sector which supports the livelihoods and employment of the majority of the population (74.6% in 2012). Traditionally the agricultural sector was the chief foreign exchange earner, however, its relative importance has fallen sharply in recent years with the rise in the international prices of gold and the United Republic of Tanzania's increased production and export of bullion. The United Republic of Tanzania also has a large and dynamic tourism sector. The services sector dominated the GDP with a share of 47.6% in 2012 while the industry sector contributed 24% with the manufacturing sector, mostly agro-processing, generating 13.8%.

Exports were highly concentrated in a few non-traditional sectors, some of which have but few linkages with the rest of the domestic economy. Specifically, exports are dominated by mineral products which accounted for 51.7% of total exports in 2012. Fresh food and raw agro-based products (25.4%) ranked second. Combined with processed food and agro-based products (5.3%), they represent nearly a third of total exports. While manufactured products accounted for the remaining 16.6% of total exports they dominated Tanzania's import basket, accounting for over half (57.7%) of total imports in 2012.

The United Republic of Tanzania is a member of WTO and has signed up to a number of multilateral tariff-related and non-tariff measures-related agreements aimed at facilitating the free flow of its international trade. The country was also an active participant in the trade facilitation negotiations leading to the Trade Facilitation Agreement in Bali in December 2013. Like other least developed countries the United Republic of Tanzania will be seeking assistance from development partners to enable it to implement the new agreement.

Regionally, the United Republic of Tanzania is a founding partner state of the East African Community (EAC) which established a customs union with Kenya and Uganda in 2005; Burundi and Rwanda acceded in 2009. The country is also a member of the Southern African Development Community (SADC), a regional economic integration grouping of Southern African states. At the continental level, the United Republic of Tanzania is taking part in the negotiations to establish a Tripartite Free Trade Area (TFTA) which will bring together the free trade agreements of the EAC, SADC and COMESA (Common Market for Eastern and Southern Africa).

The main regional export markets of the United Republic of Tanzania are in Asia, followed by European countries and SADC partner countries. The EAC (mainly Kenya) is the second most important destination of the country's non-mineral exports.

Non-tariff measure survey methodology and implementation

The NTM survey was conducted in the United Republic of Tanzania in partnership with the Ministry of Industry and Trade over a period of nearly one calendar year from mid-July 2012 to June 2013. The survey data collection was carried out by a local consultancy firm, Ipsos Synovate. ITC provided technical guidance and specific training on NTMs, the NTM survey methodology and NTM questionnaires to facilitate data collection and processing and build local management capacity for follow-up activities and future surveys.

The survey identified interview subjects amongst businesses and companies domiciled in the United Republic of Tanzania that were involved in international trade during the 12-month period of the survey taking place. A total of 800 exporting and/or importing companies were initially contacted for a phone interview followed by a comprehensive face-to-face interview for those reporting burdensome NTMs and who were willing to participate in the longer interviews. The phone screening identified 373 companies reporting issues with NTMs out of which 224 (60%) agreed to take part in face-to-face interviews. Most of these interviews involved companies trading in fresh food, processed food and agro-based products, which account for the largest combined share of non-mineral exports. The survey also covered other important sectors engaged in exporting and importing light manufactured products.

The face-to-face interviews included a series of preliminary questions aimed at categorizing companies by years in operation, domestic or foreign ownership and annual turnover, among other things, and collecting information on each exported/imported product in terms of destination. The identified burdensome NTMs and procedural obstacles (POs) were then examined with the participating companies on a case-by-case basis.

Aggregate results and cross-cutting issues

Overall 73.6% of exporting companies and a relatively lower proportion of 68.1% of importing companies reported encountering burdensome NTMs and POs during the phone screening.

NTMs affecting exports

Exporting companies reported a total of 73 cases of NTMs applied by partner countries. While technical measures accounted for 42.5% of the reported cases, non-technical measures¹ accounted for the remainder 57.5%. This is a relatively lower proportion for technical measures compared to the results recorded for other countries in the region (e.g. Malawi).

¹ See definitions in appendix II.

The larger number of cases (32.9%) concerned rules of origin and related certificate of origin. Almost equally cited were cases for conformity assessment (28.8%). Other frequently reported restrictive NTMs were pre-shipment inspection and other entry formalities (17.8%) and technical requirements (13.7%).

Overall, companies reported more cases of burdensome conformity assessment than of technical requirements as was also the case in other NTM surveys carried out in East Africa (e.g. Kenya, Malawi and Rwanda). This implies that product testing and certification procedures are important impediments when exporting to partner countries in the region.

An overwhelming share (83.6%) of the reported cases was applied by fellow developing trade partners, while the remaining 16.4% were applied by developed countries. The bulk of cases was applied by the EAC (32.9%) followed by SADC (31.5%), totalling 64.4%. Other developing countries accounted for the remaining smaller share of 19.2%.

The prevalence of developing countries closely correlates their relative dominance (72%) as major destination markets for Tanzania's non-mineral exports. Because most cases are associated with partner-countries with which the United Republic of Tanzania has free trade agreements, it appears that further efforts are required to eliminate NTMs within these country groupings.

Other than the EAC and SADC, the EU-27 recorded the third largest regional share of NTM cases applied against Tanzanian exports. Since the EU absorbs an almost equal proportion of non-mineral exports (18.9%) as the EAC (20.6%) and SADC (19.1%), NTMs impeding exports to the EU are also a major concern.

Exporting companies also reported being frustrated by restrictive NTMs applied at home (a total of 134 cases). This is almost twice the number of NTM cases recorded in partner countries (73) and indicates that more export regulation hurdles are imposed upon companies at home than in foreign export markets. The most frequently cited NTM was 'licensing or permit to export' which accounted for more than half the cases (53.7%). This situation requires taking a closer look at some of the restrictive regulations applied in the United Republic of Tanzania.

NTMs affecting imports

Imports entering the United Republic of Tanzania are subject to an array of NTMs. Of the 191 importing companies that participated in the telephone screening 68% reported encountering burdensome NTMs.

The most frequently cited NTM was conformity assessment which accounted for 33% of all NTMs applied to imports. Pre-shipment inspection and other entry formalities was the second most frequently reported NTM (26.1%), followed by technical requirements; charges, taxes and other para-tariff measures; quality control measures; and burdensome rules of origin and related certificate of origin.

A detailed analysis of the burdensomeness of the NTMs listed above is provided in Chapter 2 which presents sector and product level analyses for all reported cases.

Food and agro-based products

A high percentage (65.8%) of the companies exporting food and agro-based products reported experienced burdensome restrictive regulations during the telephone screening.

In terms of export markets, the largest share of 46.2% of food and agro-based products were destined to Asian economies, mainly India and China, followed by the EU-27 (26.2%), EAC (14.6%), and SADC (7.7%). However, when focusing on processed food and agro-based products only, the main export markets were EAC and SADC which together absorbed 64.5%.

These results show a familiar pattern where developing countries export more semi-processed agro-based products to fellow developing countries with less advanced food processing industries than to developed countries with more efficient and price-competitive food industries. The converse is true for fresh food and raw agro-based products as well. While other developing countries produce similar products these exports are mostly destined to developed economies with excess demand.

The main NTMs applied by trade partners to exports of food and agro-based products were in order of importance: conformity assessment (45.2%) and 'rules of origin and related certificate of origin' (32.3%), followed by technical requirements and charges, taxes and other para-tariff measures.

However, it is worth noting that NTMs applied by the Tanzanian authorities affected a larger number of companies and products. Licensing or permit to export which is requested at home accounted for 35.7% of all the reported cases, while certification required by the exporting country accounted for only 23.8%. Exported products were also subject to numerous other NTMs in the United Republic of Tanzania such as export inspection; export taxes and charges; export prohibitions; export quotas and export registration.

On the importing side, half the cases occurred when companies were fulfilling product conformity assessment requirements, while the other half involved technical requirements, quantity and price control, and 'rules of origin and related certificate of origin'.

Manufactured products

The survey found that high proportions of companies exporting and importing manufactured products were affected by NTMs (77% and 68.5% respectively).

In terms of export markets, the largest proportion of manufactured products was destined to SADC and EAC partner countries, with a total share of 72.1%. The remaining 27.9% were destined to Asian economies (11.2%), the EU-27 (5.3%), North America (5.2%), the rest of Africa (3.7%), and others (2.5%). When comparing the share of exports of manufactured goods with total exports per region, the shares recorded for developed and emerging regional economies are noticeably smaller than the shares recorded for SADC and EAC for reasons alluded to already.

Participating companies reported facing five particularly cumbersome NTMs applied by trade partners to exports of manufactured products. In order of importance these were: rules of origin and related certificate of origin; pre-shipment inspection and other entry formalities; conformity assessment; technical requirements; quantity control measures; and charges, taxes and other para-tariff measures.

As for food and agro-based products, the companies also reported being frustrated by restrictive NTMs at home. In order of importance the NTMs applied by the domestic trade regulatory authorities were the following: licensing or permit to export; export inspection; export quotas; export taxes and charges; export registration; certification required by the exporting authorities; export prohibitions; and other export quantitative restrictions.

Procedural obstacles and inefficiencies in the trade-related business environment

The cost of complying with restrictive NTMs was escalated by POs and inefficiencies in the trade-related business environment (TBE) for all sectors and products, both at home and in partner countries. While the EAC Customs Union and the SADC Free Trade Area have largely contributed to eliminating customs duties, the number of POs applied by customs offices both in the United Republic of Tanzania and in partner countries remains significant.

Delay related to reported regulation was the single most dominant PO reported widely by companies and affecting almost all NTMs. The other two important POs encountered were the large number of documents to be submitted and the multiplicity of agencies administering similar or related regulatory requirements. Companies complained that on top of these long delays and recorded bureaucratic redundancies, they also had to pay unusually high fees and charges for reported certificate/regulation, not to mention informal payments, e.g. bribes.

Conclusions and policy options

The findings of the NTM and companies' perspectives survey carried out in the United Republic of Tanzania paint a picture of a trading environment where costs are escalated by the many policy-induced NTMs affecting trade but also on account of a long list of procedural obstacles and inefficiencies in the business environment. Overall, the report suggests that the road to business expansion and development is made difficult for both exporting and importing companies, in all sectors, due to the many NTMs that weigh down their trading activity and the numerous procedural obstacles they have to navigate through.

These problems undermine the prospects for companies and, more broadly, for the country to confirm its potential for growth and move up the international trade ladder to benefit fully from more profitable global value chains. Not only do these difficulties deny companies the opportunities to maximize production and their trading potential but they send unwanted messages to potential investors in the country.

While many NTMs, POs and TBE inefficiencies were reported in partner countries, a relatively larger portion occurs within agencies regulating trade in the United Republic of Tanzania. It is therefore essential that the domestic regulatory authorities provide companies with a business environment that will enable them to better compete on international markets rather than one which weighs them down at home as they grapple with restrictive regulations, procedural obstacles and inefficiencies.

This ITC survey recognizes the efforts undertaken by the United Republic of Tanzania in collaboration with the business sector to eliminate non-tariff barriers with its trading partners. Trade partners in the EAC have been operating an NTB Monitoring Mechanism developed with support from TradeMark East Africa (TMEA)² to facilitate the process of identifying, reporting and eliminating NTBs with a view to enhance regional economic integration. The United Republic of Tanzania also actively participates in the Tripartite-level initiatives launched in 2012 to institutionalize mechanisms for reporting, monitoring and eliminating NTBs in all three regional groupings (NTBS Focal Points/National Monitoring Committees). Also in 2012, the Tanzania Chamber of Commerce, Industry and Agriculture pioneered an innovative Short Message Service (SMS) and computer-based system for reporting NTBs online through a registered account.

Based on the survey findings the report presents the following policy options:

Streamline and reduce the number of forms and documents in use

Companies complained that the large number of official documents that are to be submitted when exporting and importing in the United Republic of Tanzania costs a considerable amount of resources which could otherwise be put to business development and expansion. The report recommends that a thorough review of all documents and forms be undertaken with the aim of streamlining documents and reducing redundancies. Related to this is the need to expedite moving to paperless (electronic) submission and processing of the required documentation and information.

Streamline and reduce the number of institutions involved

Companies identified a total of 14 different institutions involved in regulating exports in the United Republic of Tanzania. While all these institutions are not involved in each export/import transaction, companies expressed frustration in dealing with such a large number of ministries, departments and agencies. The report recommends that the United Republic of Tanzania undertake a review of its trade policy institutional framework with the aim of streamlining and reducing the number of regulatory agencies to a manageable number.

Strengthen institutional capacities

One of the major problems companies faced is the excessive time it takes trade regulating institutions to administer NTMs. Delays to trade result from a lack of institutional capacity in terms of underdeveloped inter-agency coordination, inadequate skilled staffing levels, and outdated facilities and systems required to handle increasing volumes of rapidly evolving trade.

² TMEA is a not-for-profit organisation financed by a range of development partners. TMEA's core mission is to promote regional trade and economic integration in East Africa by working closely with EAC institutions, national governments, and business and civil society organisations. More information about TMEA can be found at: www.trademarkea.com

Increase staffing levels and training

Part of the reason for technical skills shortages in trade-regulating institutions in the United Republic of Tanzania is high staff turnover in highly technically-demanding positions. The report recommends that the country not only hires more staff but put in place strategies (for example, introducing competitive pay packages and allowances and other terms and conditions of service) to ensure high staff retention, particularly for staff with priority skills.

Increase investment in modern trade-supporting equipment and facilities

The United Republic of Tanzania often uses outdated Standards, Quality assurance, Metrology and Testing (SQMT) measures and technology.³ EAC has developed SQMT measures in line with international standards but member countries have yet to start implementing them for lack of resources. The report recommends that the country work with EAC and development partners to mobilize the support needed to keep pace with these new developments and build new SQMT capacity for officials in relevant institutions and border posts.

Improve inter-agency coordination and introduce single window system

Companies contended that some of the problems within the trade regulatory environment are also the result of weak inter-agency coordination where multiple agencies are involved in administering NTMs. The report recommends that the United Republic of Tanzania adopt modern information management systems to expedite documentation, assessments and approvals related to the administration of NTMs.

In the first quarter of 2014, the United Republic of Tanzania introduced the Tanzania Customs Integrated System (TANCIS). TANCIS is a customized electronic single window system designed to simplify and speed-up the clearing of export and import of goods through customs and other trade regulatory ministries, departments and agencies. While traders should soon benefit from shorter delays, more predictable application of rules and more effective and efficient deployment of resources, the country should also benefit through improved trade compliance and increased integrity and transparency.⁴

Review the high fees and charges on trade

Companies complained about paying high fees and charges for certificates, regulation and licences. These additional costs are specially felt by micro, small and medium-sized businesses which tend to have relatively low capital bases.⁵ The report recommends a systematic cost-benefit review of the relevance of all fees and charges applied by the country. While fees and charges which do not add or add insignificant benefits relative to their administration costs should be eliminated, the remaining fees and charges should be lowered to a level commensurate with the cost of administering the concerned NTMs, in keeping with WTO Article VIII on Fees and Formalities connected with Importation and Exportation.⁶

Address the problem of informal payments

Companies also lamented the persistence in some trade regulatory agencies of conditions that compel them to make informal payments (e.g. bribes) to clear regulatory requirements. While government efforts to combat these corrupt practices are ongoing, the report recommends that they be intensified to root out these misconducts. It is expected that investments in automation and/or reduction in the volume of documentation required will contribute to minimizing the incidence of informal payments.

³ Zgovu, E., 2013. 'Trade Advocacy Fund (TAF) Advisory Mission to East African Community Secretariat and Partner states'. Advisory Mission report submitted to Trade Advocacy Fund Manager, Saana Consulting and Crown Agents, London. September, 2013.

⁴ More information on progress made in implementing this single window system can be found in Section 2.6.

⁵ Business sizes are defined in Section 1.4.

⁶ Paragraph 1.(a) of WTO Article VIII: 'All fees and charges of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by contracting parties on or in connection with importation or exportation shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes.'

Further engage trade partners to resolve NTBs

The report acknowledges the participation of the United Republic of Tanzania in bilateral, regional and EAC-COMESA-SADC Tripartite initiatives aimed at eliminating NTBs. The operations and meetings of the National Monitoring Committees at both national and EAC levels are funded courtesy of TradeMark East Africa (TMEA). Recognizing that TMEA's support has a finite lifespan the report recommends that the United Republic of Tanzania, in partnership with other states of the EAC-COMESA-SADC Tripartite continue mobilizing resources, both internally and from development partners, to further develop and sustain the operations of the NMCs and the NTB reporting system.

Introduction to non-tariff measures

The concept and role of non-tariff measures in trade

The recent and rapid rise in relative importance of the BRICS (Brazil, Russia, India, China and South Africa) in international trade has had a major demonstration effect on developing countries by reviving interest in and strengthening their resolve to seek deeper integration in high value-adding regional and global value chains and trade. And yet today, for a developing country, the road to high-value adding trade tends to be increasingly pot-holed due to weak policy and institutional frameworks, and narrow because of stringent rules of origin in preferential export markets. In most cases the road also has missing strategic bridges (major supply-side constraints, bottlenecks in financing, transport, technologies and information) and is obstructed by policy-induced visible road blocks (onerous technical standards and tariff peaks) as well as unsighted road blocks such as opaque non-tariff measures, and systemic institutional inefficiencies and procedural obstacles. These challenges substantially increase export unit costs, which in turn hamper export competitiveness to the extent that trade in high value-adding products and export-led growth are not easily achievable for developing countries.

In recent years most of the *visible* trade impediments (high trade taxes and charges of equivalent effect, quotas and some non-tariff measures) have been addressed as countries and their trade partners have agreed to reduce or eliminate them altogether through bilateral, regional and multilateral trade agreements. However the situation with policy-induced *invisible* trade impediments, especially NTMs, is different as their relative significance to impeding free trade has sharply increased. This is partly due to the decrease in the incidence and weight of trade taxes and tariffs following successive trade liberalization undertakings but also to the greater variety of NTMs that are continuously being introduced.

NTMs include technical barriers to trade, sanitary and phytosanitary measures, certification and testing requirements, quotas, import and export licensing requirements, additional taxes and surcharges, rules of origin, amongst others. They often reflect the best policy intentions of consumer, animal and environment protection but can also be a deliberate government strategy to protect import-competing domestic production and compensate for diluted or lost protection following tariff liberalization. NTMs can be defined by what they are not⁷ as they comprise a large number of hidden trade-impacting measures. Regardless of policy objectives, they impose real yet avoidable costs on imports and exports that have negative impacts on trade competitiveness particularly in emerging and developing countries.⁸

NTMs are multifaceted policy instruments and actions that are layered on top of one another and/or applied concurrently. They can take a myriad of forms and involve a wide range of regulatory and enforcement authorities with varying institutional, technical and resource capacities to formulate, implement, monitor and review their use. Complying with NTMs can be particularly challenging for importing and exporting SMEs in developing and least developed countries. Weak or deficient export-support services and insufficient access to information on NTMs, coupled with inherent structural weaknesses in the macroeconomic and microeconomic fundamentals add up to costly impediments that erode trade competitiveness for businesses. As a result, NTMs that would otherwise not be considered as restrictive pose a non-negligible burden on trade in the developing world.

The classification of NTMs and other obstacles to trade

To address the challenges of identifying, classifying and quantifying NTMs several international organizations came together to form the Multi-Agency Support Team (MAST) and assist the Group of Eminent Persons on Non-Tariff Barriers (GNTB) established by the Secretary General of the United Nations Conference on Trade and Development (UNCTAD) in 2006. The MAST and GNTB defined NTMs as: policy measures, other than customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both.⁹ It was also emphasized that

⁷ See Deardoff and Stern (1998).

⁸ For example, the World Bank (2013) estimates that the application of NTMs, including health and safety requirements, to the import and export of food and agricultural products raises the consumer price of commodities by up to 30%.

⁹ See Multi-Agency Support Team (2009).

NTMs differ from NTBs as they remain a neutral concept that does not necessarily imply an adverse impact on trade, while NTBs are a distinct subset of NTMs with a protectionist motive.¹⁰ The next paragraphs consider the classification of NTMs and other obstacles to trade according to the MAST and GNTB.

MAST developed an international classification and profiling of NTMs. ITC uses the same classification with minor adaptations for the purpose of its business surveys.¹¹ While the actual classification and data collection include further detail, the following distinctions and terminology are used in this report:

- Technical measures refer to product-specific requirements such as tolerance limits of certain substances and labelling standards. These are divided into two major categories:
 - Technical requirements including technical barriers to trade (TBT) and SPS;
 - Conformity assessment, such as certification or testing procedures needed to demonstrate compliance with underlying requirements.
- Non-technical measures comprise the following categories:
 - Charges, taxes and other para-tariff measures;
 - Quantity control measures, such as non-automatic licenses or quotas;
 - Pre-shipment inspection and other entry formalities such as automatic licences;
 - Rules of origin;
 - Finance measures, such as terms of payment or exchange rate regulations; and
 - Price control measures.

Apart from the above measures imposed by the importing country, those applied by the exporting country constitute an additional, separate category. It must be noted that there is a wide range of NTMs even within these broad categories.

In addition to the NTMs themselves, businesses face other challenges in complying with NTMs. ITC surveys are designed to cover other challenges such as POs associated with NTMs and inefficiencies in the trade-related business environment (TBEs).¹²

POs are practical challenges directly related to the implementation of NTMs which in turn make it difficult and costly for businesses to comply with the concerned NTMs. For example, a lack of adequate and accredited testing systems and facilities needed to comply with technical measures, or excessive documentation in the administration of licences can turn out to be significant procedural obstacles against importing or exporting.

Inefficiencies in the TBE may have similar effects, but these occur unrelated to specific NTMs. Typical examples of inefficiencies in the TBE include poor infrastructure, or inconsistent behaviour of cross-border trade and transport regulatory officials.

The importance of company perspectives on non-tariff measures and procedural obstacles

In the literature, different methods have been used to evaluate the effects of NTMs. An early approach employed the concept of incidence with NTM coverage ratios. For example, Laird and Yeats (1990) found a dramatic surge of NTM frequency in developed countries between 1966 and 1986 – a 36% increase for food products and an 82% increase for textiles.¹³ Such studies relied on extensive databases that mapped

¹⁰ The EAC defines NTBs as ‘restrictions that result from prohibitions, conditions, or specific market requirements that make importation or exportation of products difficult and/or costly. NTBs also include unjustified and/or improper application of NTMs such as sanitary and phytosanitary (SPS) measures and other technical barriers to trade (TBT). The EAC adds that ‘NTBs arise from different measures taken by governments and authorities in the form of government laws, regulations, policies, conditions, restrictions or specific requirements, and private sector business practices, or prohibitions that protect the domestic industries from foreign competition.’

For more and examples of NTBs listed by the EAC see: http://www.tradebarriers.org/ntb/non_tariff_barriers - Accessed 4 June 2014.

¹¹ More details on MAST NTM classification are presented in Appendix II.

¹² For further details on the systematic classification of POs/ inefficiencies in the TBE, see appendix III.

¹³ Laird and Yeats (1990).

NTMs per product and applying country. Until recently, the largest database of official government-reported NTMs was the Trade Analysis and Information System (TRAINS) published by UNCTAD.

In a multi-agency effort, ITC, UNCTAD and the World Bank are currently collecting data for a new, global NTM database with a focus on TBTs and SPS. The information available in that database does not address the impact of NTMs on the business sector, nor does it provide information about related POs. The data is available in the ITC online analysis tool Market Access Map, at www.macmap.org, free of cost for users in developing countries.

The two main approaches to evaluating the impact of NTMs include quantification techniques and direct assessment. In the case of quantification techniques, empirical studies have estimated the impact of NTMs on either trade quantities or prices. Such studies have either focused on very specific measures and individual countries¹⁴ or have statistically estimated the average impact from large samples of countries and NTMs.¹⁵ Excellent overviews and insight into the quantitative impacts of NTMs are also provided in analyses by Deardorff and Stern (1998) as well as by Ferrantino (2006).¹⁶ However, these analyses are either too specific or too general to provide a useful picture of NTM protection to the business sector and to national policymakers. Quantitative estimates of the effects of NTMs rarely allow for isolating the impact of NTM regulation from related POs or inefficiencies in the TBE.

The second approach to evaluating the impact of NTMs is direct assessment through surveys. The Organisation for Economic Co-operation and Development (OECD) compiled the results of 23 previously conducted business surveys on NTMs.¹⁷ Overall, technical measures, additional charges and general customs procedures were identified as the most burdensome trade barriers. It is worth noting that of the evaluated categories, quotas and other quantitative restrictions ranked fifth. These comprised an important trade policy instrument only a few decades ago. While this survey-of-surveys provides a general indication of the business sector's concerns with NTMs, the majority of surveys cover a restricted set of partner countries and products. In addition, the share of surveys from developing countries was generally low.

The ITC programme on NTMs fills the gap left by the aforementioned studies since it provides detailed, qualitative impact analysis and directly addresses key stakeholders. Launched in 2010, the programme incorporates large-scale company surveys on NTMs, POs and inefficiencies in the TBE. Furthermore, ITC NTM surveys evaluate all major export sectors and all importing partners. ITC conducted about 30 surveys in developing countries by end of 2013 and aspires to continue the surveys in the coming years.

ITC surveys allow companies engaged in international trade to directly report the most burdensome NTMs they face and to articulate the manner in which the NTMs impact their businesses. Exporting and importing companies deal with NTMs and other obstacles on a day-to-day basis and are best placed to outline these challenges. A business perspective is critically important to understanding and hence, evaluating the impact of NTMs. At the government level, an understanding of companies' concerns regarding NTMs, POs and TBEs can help decision-makers to devise appropriate strategies to overcome these policy-induced and TBE impediments to trade.

This report presents the findings of the survey in the United Republic of Tanzania. It is divided into four chapters:

- Chapter 1 provides an overview of the domestic economy, with a focus on trade and trade policy.
- Chapter 2 presents the methodology and implementation of the ITC survey in the United Republic of Tanzania.
- Chapter 3 presents key findings of the survey in three main sections: aggregate and cross-cutting results; challenges faced by companies in agriculture; and challenges faced by companies in manufacturing.
- Chapter 4 provides conclusions and policy options.

¹⁴ Calvin and Krissoff (1998); Yue, Beghin and Jensen (2006).

¹⁵ Disdier, Fontagné and Mimouni (2008); Dean et al. (2009); Kee, Nicita and Olarreaga (2008).

¹⁶ Deardorff and Stern, op. cit.; Ferrantino (2006).

¹⁷ Organization for Economic Co-operation and Development (2005).

Chapter 1 Trade and trade policy overview of the United Republic of Tanzania

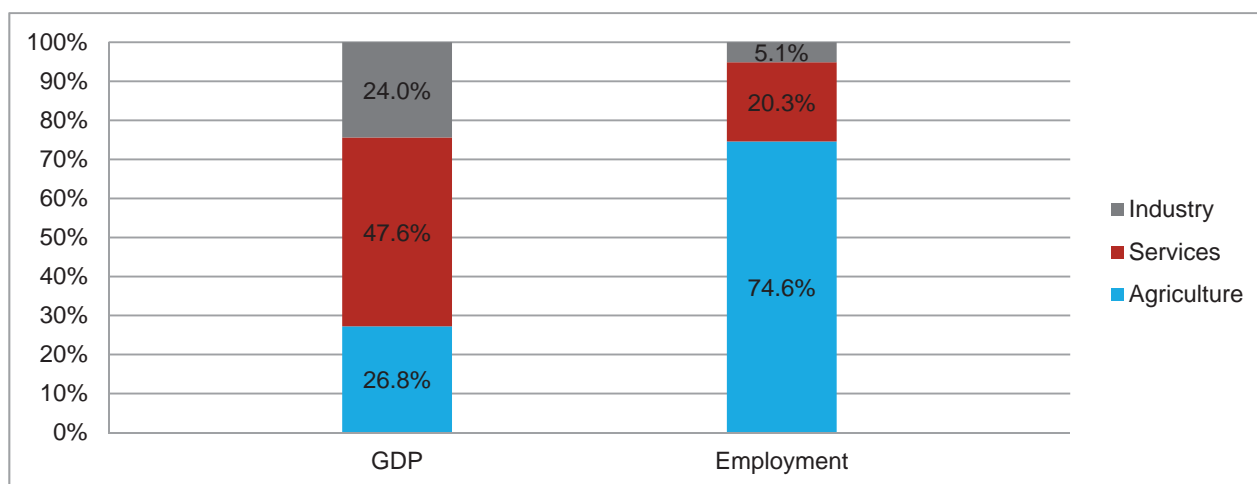
1. General economic introduction and sector composition

The United Republic of Tanzania (comprising mainland Tanzania and Zanzibar islands¹⁸) is an East African country bordered by Kenya and Uganda to the north; Rwanda, Burundi and the Democratic Republic of the Congo to the west; Malawi, Zambia and Mozambique to the south and the Indian Ocean to the east. As of 2012 the United Republic of Tanzania had an estimated population of 47.8 million of which 44.9% were under 15 and 73% dwelled in rural areas though urban population is rising steadily (24% in 2005 to 27% in 2012).

With a GDP per capita of US\$ 530 (in current US\$) having risen steadily from US\$ 375 in 2005, the United Republic of Tanzania is a least developed country. A third (33.4%) of the population lives below the national poverty line while two thirds (67.9%) live on less than US\$ 1.25 a day, the international poverty line. In recent times the United Republic of Tanzania has recorded impressive GDP growth performance. In 2005, 2007, 2008 and 2010 GDP growth averaged 7.25% but slowed to 6.02% in 2009, largely due to the global economic downturn. However, these respectable GDP performances have been fuelled largely by high gold prices and increased production. This is a single source of growth stimulus, and one that has limited backward and forward value chains in the Tanzanian economy. This means that large segments of the economy are not directly involved in the current growth performance of the United Republic of Tanzania.

The Tanzanian economy is dominated by the agricultural sector which supports most of the population for livelihoods and employment (74.6% in 2012 shown in figure 1), while the services (20.3%) and industry (5.1%) sectors employ relative smaller proportions of the population. Traditionally the agricultural sector has been the chief foreign exchange earner, surpassing exports of gold and other natural resources.¹⁹ However, the relative importance of agriculture has fallen sharply in recent years with the rise in the international prices of gold and the United Republic of Tanzania's increased production and export of bullion. The United Republic of Tanzania also has a large and dynamic tourism sector which contributes to the growing share of services in the overall picture.

Figure 1: Sector contributions to GDP and employment, 2012



Source: National Bureau of Statistics of Tanzania, and World Bank Development Indicators 2013.

¹⁸ The Islands of Zanzibar are in the Indian Ocean and situated some 30 kilometres from Tanzania Mainland.

¹⁹ The United Republic of Tanzania has considerable natural resources in hydropower potentials, deposits of tin, phosphates, iron ore, coal, diamonds, gemstones, gold, nickel and proven natural gas reserves.

The services sector²⁰ dominates the GDP with a share of 47.6% while the industry sector contributes 24% and agriculture, which has the largest employment share 26.8%. Smaller GDP per capita and lower productivity make it a daunting challenge to eradicate poverty amongst the bulk of the population which depends exclusively on agriculture.

Over the past two decades the United Republic of Tanzania has undergone a significant reorientation, moving away from a centrally planned economy towards a more liberalised market economy with reduced government intervention in production and distribution activities. Between 1992 and 2009, 331 of the 400 state-owned enterprises set for privatization were privatised. As of early 2011, 34 state-owned enterprises were still in the process of being privatised. However, privatization has had mixed results. While it was successful in commercial activities such as manufacturing, banking and hotels, private operators failed to make significant management improvements in a number of strategic utilities and infrastructure state-owned enterprises. As a result the affected enterprises reverted to public management or were repossessed by the Government. As of 2012 the United Republic of Tanzania had 238 public enterprises, with government majority ownership for over half of these.

2. Trade patterns

Over the past decade the United Republic of Tanzania has progressively become an open and trading economy. Tanzania's total trade (or sum of exports and imports to GDP) ratio doubled from 41% in 2003 to over 81% in 2012, surpassing Kenya (54% to 75%) and Uganda (37% to 58%). However, this high level of openness came with an ever widening structural trade imbalance. Tanzania's total exports rose from US\$ 1.218 billion to US\$ 5.547 billion during the same period with an average growth rate of 19% per annum, while imports rose at a faster average rate of 22% from US\$ 2.189 billion to US\$ 11.714 billion. Hence the trade deficit which was US\$ 0.971 billion in 2003 rose more than six-fold to US\$ 6.167 billion in 2012.

At the peak of the global economic downturn in 2009 the United Republic of Tanzania's exports fell by a modest 4.4% to US\$ 2.982 billion but imports fell more sharply by 19%, from US\$ 8.1 billion to US\$ 6.5 billion. The limited negative impact of the global financial crisis on Tanzania's exports was the result of increasing gold prices during this period; gold is the single most important commodity in the United Republic of Tanzania's export basket (36.3% of total exports in 2011). Nonetheless, the country sustained a trade deficit with a ratio of imports to exports standing at 2.2.

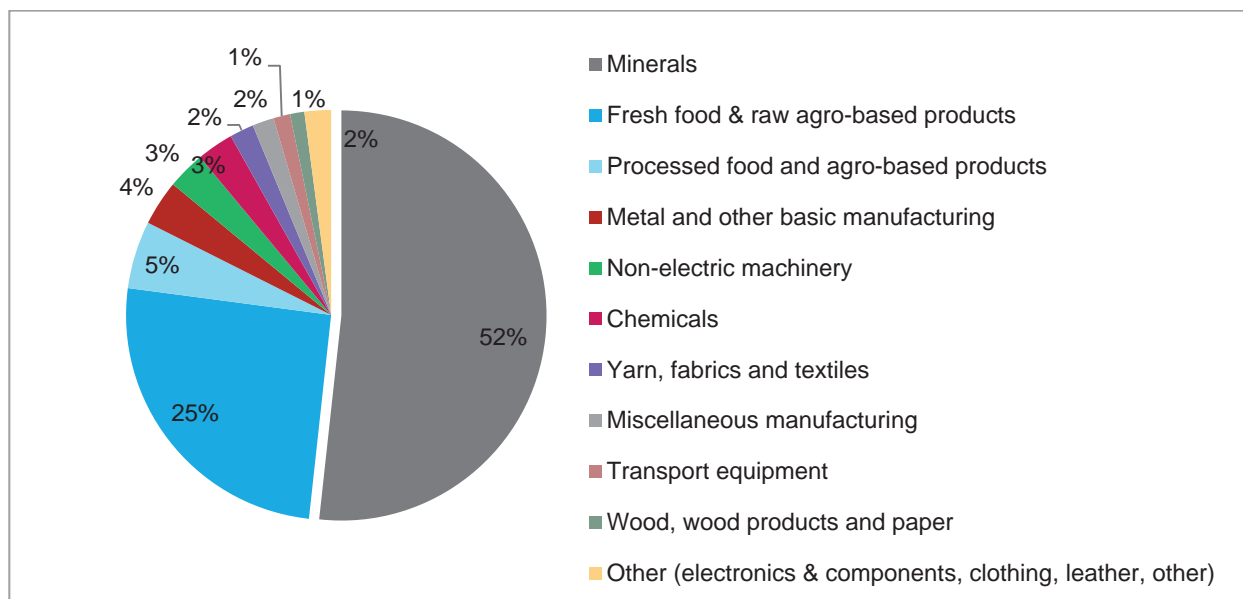
2.1. Export composition

In 2012 exports of the United Republic of Tanzania were dominated by mineral products which accounted for 51.7% of total exports of US\$ 5.547 billion (US\$ 2,926 billion) at 2012 prices. Non-mineral exports accounted for the remaining US\$ 2,621 billion.

'Fresh food and raw agro-based products' (US\$ 1.407 billion) were the second most important export product group with a share of just over a quarter (25.4%) of total exports, while 'processed food and agro-based products' (US\$ 295,362,000) contributed a relatively small share of 5.3%. Together agro-based products accounted for about a third of total exports in 2012 – see figure 2.

The major mineral export products were gold in unwrought forms non-monetary (HS: 710812), gold in other semi-manufactured form non-monetary, including gold plated with platinum (HS: 710813), precious metal ores and concentrates not elsewhere specified (HS: 261690), and manganese ores and concentrates (HS: 260200). The combined share in total mineral exports increased from 41.1% during the pre-global crisis period 2005-2007 to 51.4% in 2010-2012. Gold and other minerals recorded a sustained rise in prices between 2005 and 2012, which significantly contributed to mineral products representing an ever increasing share of total exports.

²⁰ The main services sector activities include trade, real estate, public administration, financial services and tourism-related activities.

Figure 2: Composition of Tanzanian exports 2012

Source: ITC Trade Map, 2012.

Note: The value of Tanzanian total exports for 2012 including minerals is US\$ 5.5 billion. Datas on services and arms are excluded.

Over the same period, production and international prices and earnings of traditional agricultural export commodities such as coffee, tobacco, tea and cotton trended downwards, thereby reducing the commodities' relative importance in the export basket. Other factors were also at play. The share of agricultural exports in total exports almost halved from 46.2% in 2005 to 24.1% in 2011 before recovering to about a third in 2012. The decrease was partly due to the application of export prohibitions, restrictions and licensing requirements governing exportation of food and related agro-based products. Tables 1 and 2 present the main fresh food, raw and processed agro-based products exported in 2012.

Horticultural exports were worth US\$ 308 million in 2012. The main products were the following: cashew nuts (fresh or dried cashew nuts, in shell or shelled); cut flowers and ornamental foliage (un-rooted cuttings and slips, fresh roses, other cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared); spices (cloves, pepper neither crushed nor ground, crushed or ground); fresh fruits (oranges, coconuts, avocados, strawberries, pineapples, guavas, bananas and others); and fresh vegetables (shelled or unshelled peas, onions and shallots, potatoes, tomatoes, garlic) and cassava.

Cotton (US\$ 165,517,000), fish and fish products (US\$ 101,976,000) and cereals (US\$ 72,601,000) were also important agro-based export products in 2012.

Table 1: Tanzanian exports of fresh food and raw agro-based products, 2012

HS	Description	Value (\$'000)	Share
09	Coffee, tea, mate and spices	281,863	20.0%
08	Edible fruit and nuts; peel of citrus fruit or melons	189,611	13.5%
24	Tobacco and manufactured tobacco substitutes	188,448	13.4%
52	Cotton	165,517	11.8%
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	152,920	10.9%
07	Edible vegetables and certain roots and tubers	131,209	9.3%
03	Fish and crustaceans, molluscs and other aquatic invertebrates	101,976	7.2%
10	Cereals	72,601	5.2%
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	70,834	5.0%
18	Cocoa and cocoa preparations	20,648	1.5%
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	18,682	1.3%
05	Products of animal origin, not elsewhere specified or included	4,127	0.3%
41	Raw hides and skins (other than fur skins) and leather	2,361	0.2%
43	Fur skins and artificial fur; manufactures thereof	1,882	0.1%
21	Miscellaneous edible preparations	1,068	0.1%
40	Rubber and articles thereof	1,022	0.1%
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	773	0.1%
02	Meat and edible meat offal	538	0.04%
13	Lac; gums, resins and other vegetable saps and extracts	503	0.04%
01	Live animals; animal products	338	0.02%
	Total	1,406,921	100.0%

Source: ITC Trade Map, 2012.

Exports of processed food and agro-based products were dominated by four broadly defined products (Harmonized System, HS, chapter level), namely residues and waste from the food industries, prepared animal fodder (HS.23) (US\$ 75,375,000); products of the milling industry: malt; starches; inulin; wheat gluten (HS.11) (US\$ 64,126,000); animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes (HS.15) (US\$ 53,138,000); and tobacco and manufactured tobacco substitutes (HS.24) (US\$ 34,675,000). Together these four broad categories account for 77% of exports of 'processed food and agro-based products.

Manufactured exports worth US\$ 918,755,000 accounted for 35.1% of total non-mineral exports. The main exported products were the following: metal and other basic manufacturing (7.5% of total non-mineral exports); non-electric machinery (6.3%); chemicals (6.1%); yarn, fabrics and textiles (4%); miscellaneous manufacturing (3.6%); wood, wood products and paper (2.4%); and all others (5.1%).

A further characterisation of the structure of non-mineral exports is provided in table 3 where the number of tariff lines and their associated export values are categorised according to arbitrary ranges of import values in the Harmonized System of commodity classification. Non-mineral exports worth US\$ 2.261 billion comprised 2,041 tariff lines, of which 746 (36.6%) were for export products ranging in value between US\$ 1,000 and US\$ 10,000, and totalling just US\$ 2,668,000. The last 10 tariff lines accounted for 38.3% of total non-mineral exports value (US\$ 1.002 billion), while 70% of total export value was made of the last 49 tariff lines with values above US\$ 10 million.

These figures show a high incidence of export commodity concentration in a few tariff lines of high relative export significance. The relatively large number of small-valued export products suggests the participation of a considerable number of small and medium-sized exporters. The experiences of such traders with NTMs are particularly useful for policy formulation aimed at promoting their growth and development in trade.

Table 2: Tanzanian exports of processed food and agro-based products, 2012

HS	Description	Value (\$'000)	Share
23	Residues and waste from the food industries; prepared animal fodder	75,375	25.5%
11	Products of the milling industry; malt; starches; inulin; wheat gluten	64,126	21.7%
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	53,138	18.0%
24	Tobacco and manufactured tobacco substitutes	34,675	11.7%
03	Fish and crustaceans, molluscs and other aquatic invertebrates	19,947	6.8%
22	Beverages, spirits and vinegar	11,336	3.8%
17	Sugars and sugar confectionery	10,055	3.4%
19	Preparations of cereals, flour, starch or milk; pastry cooks' products	7,093	2.4%
10	Cereals	4,376	1.5%
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	4,023	1.4%
20	Preparations of vegetables, fruit, nuts or other parts of plants	3,221	1.1%
21	Miscellaneous edible preparations	2,809	1.0%
07	Edible vegetables and certain roots and tubers	2,342	0.8%
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	1,378	0.5%
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	997	0.3%
08	Edible fruit and nuts; peel of citrus fruit or melons	246	0.1%
18	Cocoa and cocoa preparations	142	0.0%
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	75	0.03%
38	Miscellaneous chemical products	6	0.002%
02	Meat and edible meat offal	2	0.001%
	Total	295,362	100.0%

Source: ITC Trade Map, 2012.

Table 3: Tanzanian exports excluding minerals by tariff line, 2012

Value range (US\$)	Number of Tariff lines	Share in total tariff lines	Cumulative %	Value of exports in the range (\$'000)	Share in total exports	Cumulative %
1,000 – 10,000	746	36.6%	36.6%	2,668	0.1%	0.1%
10,001 – 50,000	452	22.1%	58.7%	11,356	0.4%	0.5%
50,001 - 100,000	193	9.5%	68.2%	13,671	0.5%	1.1%
100,001 - 500,000	309	15.1%	83.3%	76,494	2.9%	4.0%
500,001 – 1,000,000	110	5.4%	88.7%	77,969	3.0%	6.9%
1,000,001 – 5,000,000	142	7.0%	95.6%	335,834	12.8%	19.8%
5,000,001 – 10,000,000	40	2.0%	97.6%	267,939	10.2%	30.0%
10,000,001 – 50,000,000	39	1.9%	99.5%	832,353	31.8%	61.7%
50,000,001 – 100,000,000	6	0.3%	99.8%	376,538	14.4%	76.1%
Above 100,000,000	4	0.2%	100.0%	626,216	23.9%	100.0%
Total	2,041	100.0%		2,621,038	100.0%	

Source: ITC Trade Map, 2012. Datas on services and arms are excluded.

Note: "Above 100,000,000": The concerned tariff lines are: (HS 240120) Unmanufactured tobacco; tobacco refuse: Tobacco, partly or wholly stemmed/stripped; (HS 090111) Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion: Coffee, not roasted: Not decaffeinated; (HS 080131) Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled: Cashew nuts: In shell; and, (HS 520100) Cotton, not carded or combed.

Overall, the United Republic of Tanzania's exports are highly concentrated in a few non-traditional export sectors some of which tend to be highly technology and skill-intensive and have few linkages with the rest of the domestic economy. However traditional agricultural products (coffee, tea, mate and tobacco) and horticultural export products are increasingly becoming important export earners. A fuller analysis of the food and agro-based products sector is provided in Chapter 3.

2.2. Import composition

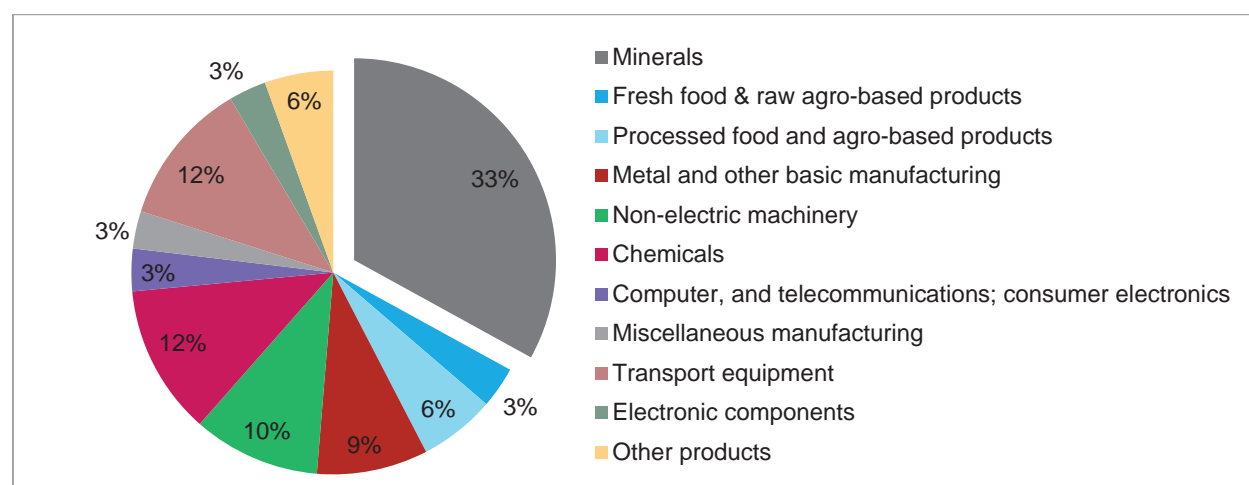
The United Republic of Tanzania's imports can be grouped into three broad types, namely manufactures, mining and agriculture products.

Manufactures imports dominated the import basket, accounting for over half (57.7%) of total imports in 2012 – see figure 3. In fact the share of manufactures was even higher at 61% annually during the preceding 2005-2011 period. The decrease in the manufactures share to 57.7% in 2012 followed a surge in the cost of imports of fuels. The main manufactures imports were machinery and transport equipment which accounted for 21.8%, sum of transport equipment or automotive products (11.6%) and non-electrical machinery (10.2%). Other important manufactures imports were chemicals (pharmaceuticals, plastics and fertilizers), some of which were re-exported to EAC and SADC partner countries (12%); and metal and other semi-manufactures (mostly iron and steel) (8.9%).

Imports of mining products are basically fuels or petroleum products. Imports of fuels averaged 25.9% during the 2005-2010 period before surging to 32.2% in 2011 and 33% in 2012 due to price and demand factors. These surges contributed to reducing the share of manufactures in 2012.

The remainder were imports of agro-based products accounting for 9.4%, sum of processed food and agro-based products (6.1%) and fresh food and raw agro-based products (3.3%). The main agriculture imports were 'food products including wheat (specifically, HS: 0412)', 'Palm oil (HS: 4222)' and 'Other beet, cane and chemically pure sucrose, solid form (HS: 0612)'.

Figure 3: Composition of Tanzanian imports 2012



Source: ITC Trade Map, 2012.

Note: The value of Tanzanian total imports for 2012 including minerals is US\$ 11.7 billion. Datas on services and arms are excluded.

Focussing on non-mineral imports alone which are the main subject of NTM surveys, table 4 shows that the United Republic of Tanzania imported goods worth US\$ 7.596 billion spread across 3,828 tariff lines. Unlike exports, only 16.9% of non-mineral imports had values ranging between US\$ 1,000 and US\$ 10,000. In the case of non-mineral imports, import transactions above US\$ 1,000,000 (line 6 and above in table 4) were covered by 868 tariff lines, representing 22.7% of all non-mineral tariff lines and 93% of all non-mineral imports (US\$ 7.068 billion).

Again this shows significant dominance of a relatively small number of non-mineral tariff lines (typically machinery and transport equipment and chemical products) accounting for the bulk of the country's import basket. Further analyses in chapter 3 will look at the specific products that dominate the various import value ranges.

Table 4: Tanzanian imports excluding minerals by tariff line, 2012

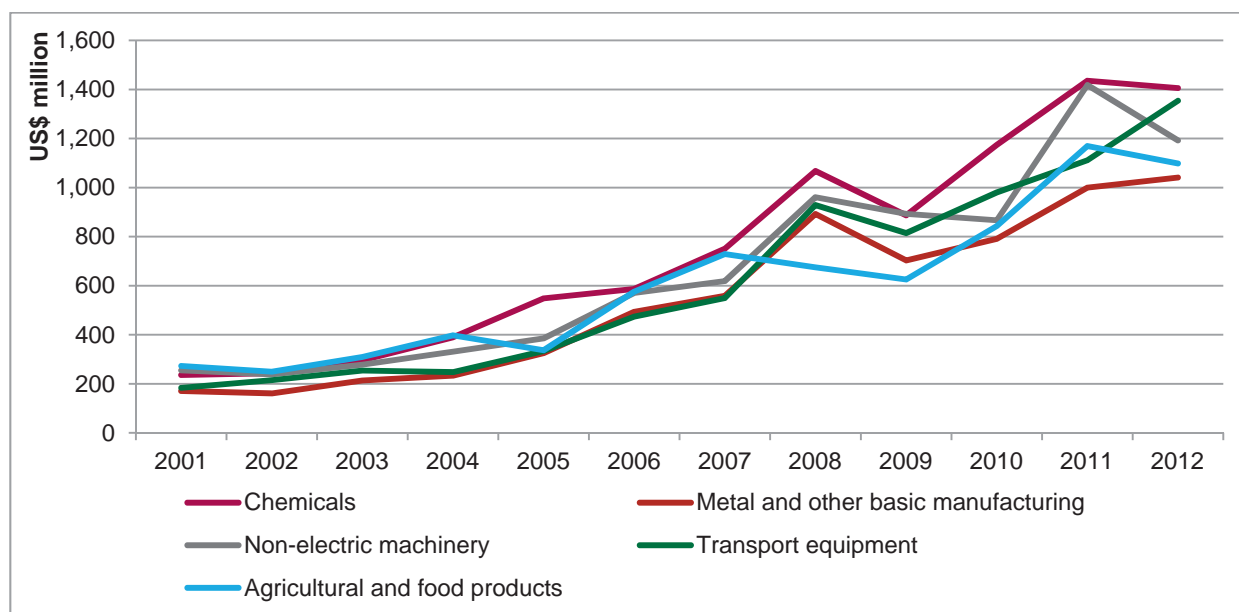
Value range (US\$)	Number of tariff lines	Share in total tariff lines	Cumulative %	Value of exports in the range (\$'000)	Share in total exports	Cumulative %
1,000 – 10,000	647	16.9%	16.9%	2,445	0.0%	0.0%
10,001 – 50,000	655	17.1%	34.0%	17,910	0.2%	0.3%
50,001 - 100,000	361	9.4%	43.4%	26,157	0.3%	0.6%
100,001 - 500,000	936	24.5%	67.9%	226,106	3.0%	3.6%
500,001 – 1,000,000	361	9.4%	77.3%	255,348	3.4%	7.0%
1,000,001 – 5,000,000	601	15.7%	93.0%	1,355,538	17.8%	24.8%
5,000,001 – 10,000,000	125	3.3%	96.3%	886,843	11.7%	36.5%
10,000,001 – 50,000,000	117	3.1%	99.3%	2,312,335	30.4%	66.9%
50,000,001 – 100,000,000	16	0.4%	99.8%	1,132,673	14.9%	81.8%
Above 100,000,000	9	0.2%	100.0%	1,380,923	18.2%	100.0%
Total	3,828	100.0%		7,596,278	100.0%	

Source: ITC Trade Map, 2012. Datas on services and arms are excluded.

Note: "Above 100,000,000": the concerned tariff lines are: (HS 240120) Unmanufactured tobacco; tobacco refuse: Tobacco, partly or wholly stemmed/stripped; (HS 090111) Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion: Coffee, not roasted: Not decaffeinated; (HS 080131) Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled: Cashew nuts: In shell; and, (HS 520100) Cotton, not carded or combed.

A trend analysis of the various non-mineral import groups/sectors is provided in figure 4. There is a discernible strong trending by the top four non-mineral import sectors, namely chemicals; transport equipment; non-electric machinery; and metal and other basic manufacturing. The strong upward trend observed was temporarily checked in 2009 by the global economic downturn but quickly regained pace to reach higher import values from 2010 onwards on account of rising global oil prices, amongst other factors.

Agricultural and food products also experienced growth but these pale in comparison with the performance of the top four non-mineral imports.

Figure 4: Trends in Tanzanian main import products, excluding minerals (2001-2012)

Source: ITC Trade Map, 2012. Datas on services and arms are excluded.

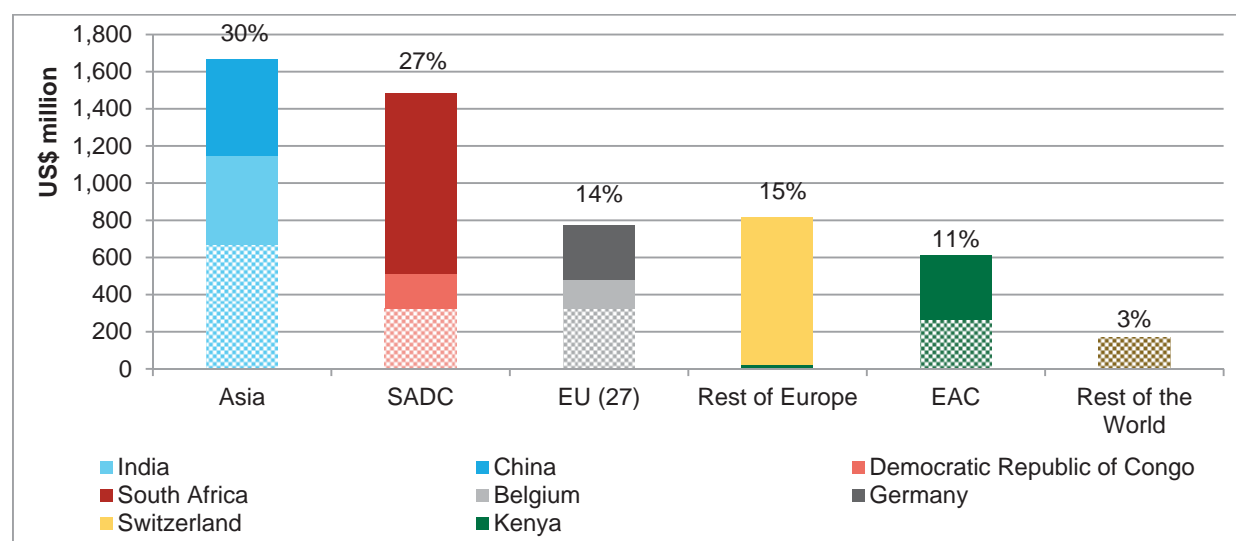
2.3. Trade partners

In terms of destination of exports, the main regional trade partners of the United Republic of Tanzania are located in Asia regardless of whether or not minerals are included. While European countries and the other SADC countries are more important than EAC partner-countries where minerals are concerned, the EAC (mainly Kenya) is the second most important destination for non-mineral exports.

Figure 5 shows destinations of all exports, including minerals. In 2012 Asia absorbed 30.2% of the United Republic of Tanzania's total exports, with China (9.5%), India (8.7%) and Japan (5.4%) as the main Asian market destinations. SADC ranked second absorbing 27% of total exports, while South Africa alone absorbed 17.7%, making it the largest single export market. However, these exports are largely comprised of minerals (for example gold); when non-mineral exports are considered South Africa does not even appear in the top four SADC buyers – see figure 6.

Overall, the United Republic of Tanzania's non-mineral export markets are relatively well diversified with nearly 40% of these exports destined to partners in trade agreements in 2012 as reflected in figure 6. This shows that the country is taking good advantage of the opportunities provided by regional trade integration arrangements. The EU-27 absorbed 18.9% of the country's non-mineral exports, with Belgium (5.6%), the Netherlands (4.4%), Germany (2%) and the United Kingdom (1.8%) as major markets. North America accounted for only 3.4%, while the rest of Africa received fewer than 2% reflecting the United Republic of Tanzania's underdeveloped trade links with the rest of the African continent.

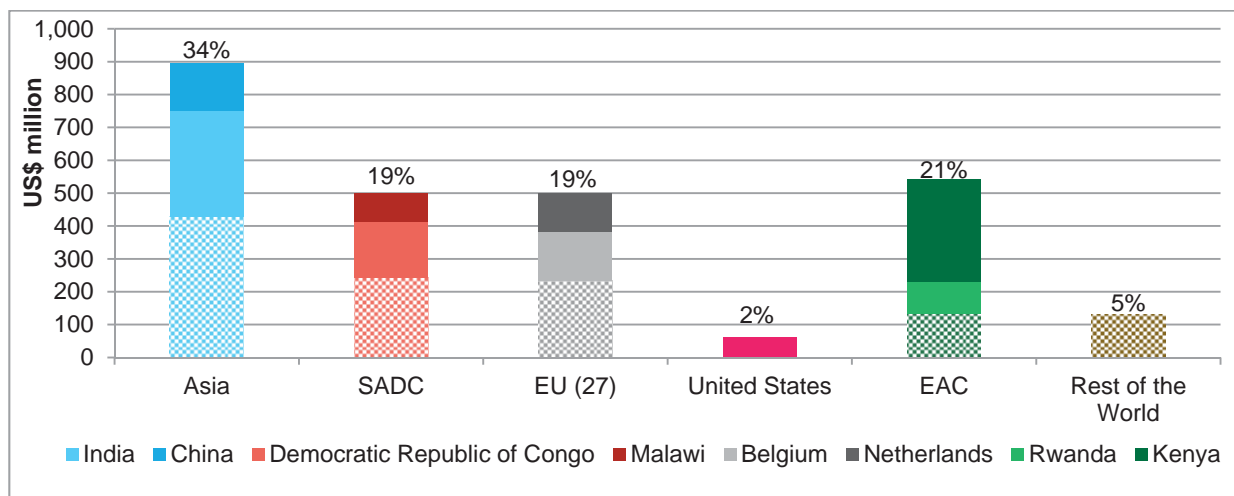
Figure 5: Export of Tanzanian goods by destination, 2012



Source: ITC Trade Map, 2012.

Note: The value of Tanzanian total exports for 2012 including minerals is US\$ 5.5 billion. Datas on services and arms are excluded.

Figure 6: Export of Tanzanian goods by destination excluding minerals, 2012



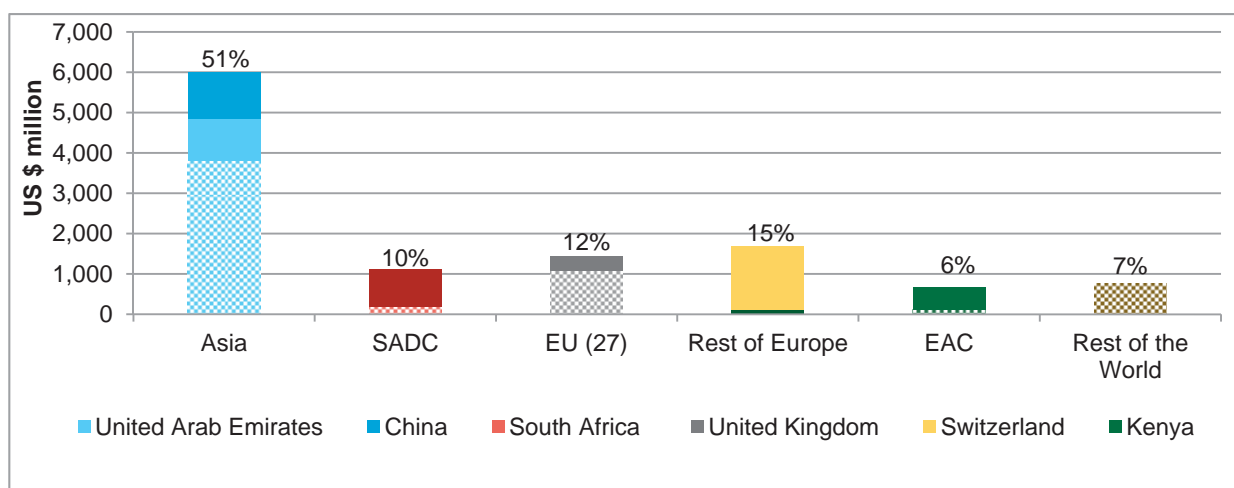
Source: ITC Trade Map, 2012.

Note: The value of Tanzanian exports for 2012 excluding minerals is US\$ 2.6 billion. Datas on services and arms are also excluded.

There is a marked difference in the relative importance of the various sources of the United Republic of Tanzania’s imports depending on whether mineral imports are included or not. At the regional level Asia (51%) was the dominant source of imports in 2012 and its shares generally remain the same with or without mineral imports. China (9.9%), the United Arab Emirates (8.8%), Bahrain (7.8%) and India (7.5%) were the main sources of imports from Asia. When minerals products (mostly petroleum) are excluded, China, India and Japan emerge as the most important sources of imports in the region.

Non-EU European partners (rest of Europe), dominated by Switzerland, were the second most important source of total imports in 2012 (14.5%, see figure 7). The EU-27 (dominated by the United Kingdom), SADC partner countries (mainly South Africa) and EAC partner countries (dominated by Kenya) are the other important sources of Tanzanian imports, whether mineral imports are included or not.

Figure 7: Supplying markets of Tanzanian imports, 2012



Source: ITC Trade Map, 2012.

Note: The value of Tanzanian total imports for 2012 including minerals is US\$ 11.7 billion. Datas on services and arms are excluded.

Table 5 reports the relative importance of various import sectors across regional sources of non-mineral imports. While chemicals (US\$ 825 million) and transport equipment (US\$ 690 million) were the top two sectors for Asia, the top import sector from EU-27 was non-electric machinery

(US\$ 371 million). Metal and other basic manufacturing was the main sector from SADC partner countries, while chemicals and transport equipment were the top two import sectors from the EAC.

For fresh food and raw agro-based products (total imports of US\$ 384 million) the largest value of imports originated from the rest of the world (US\$ 132 million). A closer look at this grouping shows that the main suppliers were Australia (US\$ 123 million), Argentina (US\$ 97 million) and Brazil (US\$ 47 million). EAC partner countries were the second important supplier of fresh food and raw agro-based products' (US\$ 94 million), while SADC countries only supplied US\$ 25 million.

As most countries tend to apply stringent NTMs on fresh food and raw agro-based products for health and environmental safety reasons it will be interesting to look at the comparative experiences of importers depending on the source of imports for this sector and for processed food and agro-based products as well.

The above overview covered all possible commodities and products comprising the United Republic of Tanzania's exports and imports to provide a fuller context of the trade environment. The ITC survey covers all merchandise trade except minerals and arms for reasons explained in the NTM Survey Methodology (Appendix I).

Table 5: Tanzanian imports by sector and region of origin

NTM Sectors	Asia	EU (27)	SADC	EAC	North-America	Rest of the world	Rest of Europe	Rest of Africa	Total	%
Chemicals	824,656	195,639	114,106	110,108	39,185	56,418	51,307	13,912	1,405,331	18.5%
Transport equipment	690,084	344,740	108,409	171,473	27,674	8,669	827	2,097	1,353,973	17.8%
Non-electric machinery	395,253	370,861	168,072	57,187	91,927	39,585	60,866	8,325	1,192,076	15.7%
Metal and other basic manufacturing	645,250	91,418	196,414	41,934	18,366	28,710	13,237	5,531	1,040,860	13.7%
Processed food and agro-based products	438,701	99,398	72,008	56,528	4,818	27,430	10,454	4,909	714,246	9.4%
Computer, telecommunications; consumer electronics	203,220	120,097	23,654	27,928	21,211	2,004	1,675	887	400,676	5.3%
Fresh food and raw agro-based products	55,025	9,085	24,934	94,033	67,284	132,322	1,052	44	383,779	5.1%
Electronic components	211,928	73,464	39,480	16,328	10,774	6,120	4,407	2,804	365,305	4.8%
Miscellaneous manufacturing	156,848	60,484	37,486	61,707	24,148	5,225	2,520	5,228	353,646	4.7%
Wood, wood products and paper	77,599	35,288	47,147	11,619	1,600	634	150	2,749	176,786	2.3%
Yarn, fabrics and textiles	97,719	2,607	4,189	4,917	995	379	18	343	111,167	1.5%
Clothing	42,931	1,854	4,776	1,268	3,593	620	267	109	55,418	0.7%
Leather and leather products	34,016	1,074	2,282	4,739	337	522	26	19	43,015	0.6%
Total	3,873,230	1,406,009	842,957	659,769	311,912	308,638	146,806	46,957	7,596,278	100.0%
Share (%)	51.0%	18.5%	11.1%	8.7%	4.1%	4.1%	1.9%	0.6%	100.0%	

Source: ITC Trade Map, 2012 (US\$ '000). Datas on services and arms are excluded.

3. Trade policy objectives and strategies

3.1. Policy objectives and strategies

The United Republic of Tanzania's National Trade Policy (NTP) launched in 2003 aims to develop Tanzania into a strong, diversified, resilient and competitive open economy through export-led growth with meaningful, identifiable and measurable benefits. The NTP will ensure the United Republic of Tanzania's effective integration in the rules-based trading system both regionally and globally and roll back the gradual descent towards marginalisation. The NTP supports the country's Vision 2025 and the Second National Strategy for Growth and Reduction of Poverty (NSGRP II)²¹ to be implemented between 2010/11 and 2014/15. As with NSGRP I the emphasis is to accelerate economic growth, reduce poverty and improve the standard of living and social welfare of the people of the United Republic of Tanzania as well as good governance and accountability.

The National Trade Policy is being implemented by the Tanzania Trade Development Authority (TanTrade) established in 2009 under the Tanzania Trade Development Authority Act No.4. TanTrade also implements the National Export Development Strategy, the Trade Integration Strategy, the Agricultural Marketing Policy and other sector policies aimed at developing and promoting the United Republic of Tanzania's domestic and international trade. One such sector policy is the Sustainable Industrial Development Policy (SIDP) for 1996-2020 which supports export development by improving trade-supporting infrastructure, strengthening institutional reforms, deepening macroeconomic and legal frameworks, and addressing supply-side constraints to promote competitiveness in products in which the country enjoys comparative advantage.²² The Sustainable Industrial Development Policy also aims to improve transit cross-border trade, trade facilitation, international marketing and distribution, fair competition law and business licensing, as well as related institutional frameworks.

3.2. Multilateral and regional integration and preferential market access

The United Republic of Tanzania has made significant progress in opening up its domestic market to its regional and extra-regional trade partners at the multilateral level. Multilaterally, the United Republic of Tanzania is a member of the World Trade Organization and has bound 13.5% of its agricultural products and 0.1% of its non-agricultural products with final bound ceiling rates of 120% for both agricultural and non-agricultural goods. Furthermore, the United Republic of Tanzania has signed up to a number of tariff-related and non-tariff measures-related WTO agreements aimed at facilitating the free flow of its international trade. The country was also an active participant in the trade facilitation negotiations leading to the Trade Facilitation Agreement in Bali in December 2013, which also covers NTMs. Like other least developed countries the country will be seeking assistance from development partners to enable it to implement the agreement.

Regionally, the United Republic of Tanzania is a founding partner of the East African Community (EAC) which established a customs union with Kenya and Uganda in 2005; Burundi and Rwanda acceded in 2009. The United Republic of Tanzania is implementing several EAC Customs Union trade liberalization schemes including free movement of goods, services and of business persons, inter alia. As of 2010 all EAC partner states eliminated all tariffs on qualifying intra-EAC trade in line with the EAC Customs Union Article 10. However, there is slower progress on the elimination of NTMs applied against intra-EAC trade. In fact partner states have tended to introduce new NTMs and procedural obstacles since the Customs Union was formed although these are being addressed systematically by an EAC Mechanism to identify, monitor and remove NTBs pursuant to Article 13 of the EAC Treaty which outlaws the imposition of NTBs on Intra-EAC trade.²³ This report presents the NTMs applied by EAC partner states and other NTMs as seen from the perspective of businesses in Tanzania.

²¹ NSGRP is locally known as *Mpango wa Pili wa Kukuza Uchumi na Kuondoa Umaskini Tanzania* or MKUKUTA II.

²² Ministry of Industry and Trade (1996), Sustainable Industrial Development Policy (SIDP) (1996-2020). Accessed on 10 December 2013 at: <http://www.tzonline.org/pdf/sustainableindustrial.pdf>

²³ See EAC Secretariat (2012), 'Status of the Elimination of Non-tariff Barriers in the East African Community', Volume 2, March 2012.

The United Republic of Tanzania is also a member of the Southern African Development Community (SADC), a regional economic integration grouping of Southern African states.²⁴ Under the SADC Free Trade Area (FTA) the United Republic of Tanzania reciprocates duty-free treatment of imported goods originating from all SADC Member countries. Here too, Member countries have been slow to eliminate existing NTMs on intra-SADC trade and new ones have also been introduced over time.

At the continental level, the United Republic of Tanzania is taking part in the negotiations to establish a Tripartite Free Trade Area (TFTA) which brings together the FTAs of the EAC, SADC and COMESA (Common Market of the Eastern and Southern Africa states).²⁵ The decision to establish a Tripartite Free Trade Area was agreed at the first Tripartite Summit of Heads of State and Government held in Uganda in 2008. Since then the Tripartite FTA negotiating institutional framework, negotiating principles and roadmap have been put in place. After a longer-than-planned preparatory phase, substantive negotiations begun in mid-2013 and, according to the roadmap, are scheduled to conclude in mid-2014. NTBs on intra-Tripartite FTA trade are being addressed under one of the negotiation pillars of 'market integration'.²⁶

From the various reciprocal bilateral, regional and multilateral agreements the United Republic of Tanzania's exports are accorded preferential market access terms, including duty free and quota free access for most of its products. Other preferential market access terms are received in developed and other developing countries, granting various forms of non-reciprocal Generalized System of Preferences (GSP) to developing countries. As a least developed country, the United Republic of Tanzania enjoys non-reciprocal duty-free and quota-free market access to the EU under the 'Everything But Arms' (EBA) initiative and to the United States under the AGOA initiative. Currently the United Republic of Tanzania is engaged in negotiations with the European Union on an Economic Partnership Agreement (EPA) between the EU and African, Caribbean and Pacific (ACP) countries. The United Republic of Tanzania is negotiating as part of the EAC group. Additionally, the United Republic of Tanzania is also participating in the pro-trade and investment U.S.-EAC Trade and Investment Framework Agreement (TIFA).

²⁴ SADC membership comprises of Angola, Botswana, Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

²⁵ COMESA member countries are: Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, South Sudan, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

²⁶ The other pillars are Industrial Development and Infrastructure Development where Tripartite Partner/Member States are seeking to harmonize and/or coordinate the applicable specific issues and areas for cooperation and harmonization. The Industrial Development pillar is concerned with SME development, development of value chains in agro-processing, among other things. The Infrastructure Development pillar is concerned with improving the export supply-side infrastructure in road, rail, water, air transport, information and communication technology and energy.

Chapter 2 NTM survey methodology and implementation in the United Republic of Tanzania

The preceding chapter included an introduction to non-tariff measures and a presentation of the country context in which this survey was conducted. The purpose of this chapter is to present the methodology used to implement the NTM survey in the United Republic of Tanzania. Specifically, it presents overviews of the survey preparatory work, sampling, selection and data collection techniques, and of the evaluation approach.

Detailed narrative of the survey methodology is provided in appendices I through IV. Appendix I contains the global methodology, which is the same in all surveyed countries. Appendix II on the NTM classification and appendix III on procedural obstacles provide the taxonomy for arranging reported measures into an organized hierarchical system.

1. Survey implementation and sampling methodology

1.1. Timeline and principal counterparts

The NTM survey in the United Republic of Tanzania was conducted over period of nearly one calendar year from mid-July 2012 to June 2013. In line with the ITC tradition, the survey data collection was carried out by a local consultancy firm, Ipsos Synovate. ITC provided technical guidance and training on NTMs, the NTM survey methodology and the NTM questionnaires to the local firm in order to execute the survey. Local survey data collection firms are engaged in all survey countries with a view to build survey management capacity for current and follow-up surveys. The expertise gained is also used in other survey operations carried out by local firms.

The Ministry of Industry and Trade (MIT) provided official guidance and support and co-organized a national stakeholders' workshop with ITC in Dar es Salaam in May 2014 to present and discuss the results of the survey. The main objectives of the workshop were two-fold, first to validate the results of the survey with national stakeholders, and second to have a public-private dialogue on burdensome NTMs and related obstacles to trade with a view to discuss and formulate recommendations/policy action. The workshop was attended by 50 participants from the public and private sectors and development partners.

1.2. Survey process

The first step in conducting the NTM survey entailed identifying interview subjects amongst businesses and companies active and domiciled in the United Republic of Tanzania that were involved in international trade during the 12-month period prior to the survey taking place. To this end ITC collaborated with the Ministry of Industry and Trade, other stakeholders and the local data collection firm to update a register of all exporting and/or importing businesses. The register recorded a total of 700 companies: 323 exporters, 287 importers and 90 both importers and exporters. Among other things the register contained contact details, and information on the nature of the business, its location as well as other information.

The local data collection firm initially contacted the companies for a phone interview and for a comprehensive face-to-face interview afterwards for those businesses that reported burdensome NTMs and were willing to participate. A fuller description of the selection of the sampling frame and conduct of the phone screen interview and face-to-face interviews is provided in the sub-sections below.

1.3. Sample frame and selection approach

The NTM surveys are designed to cover 90% of the total export value (excluding minerals, services and arms)²⁷ in the survey year. Using the information on the nature of businesses (for example the types of

²⁷ Ministry of Industry and Trade (1996), Sustainable Industrial Development Policy (SIDP) (1996-2020). Accessed on 10 December 2013 at: <http://www.tzonline.org/pdf/sustainableindustrial.pdf>

goods exported) gathered in the business register the exporting businesses were classified into 13 sectors designed for the NTM survey. Companies were randomly selected to participate in the survey. A representative sample size of the businesses from each export sector was determined using a standard formula provided in appendix I. After determining the number of businesses required, the survey randomly selected these businesses from each export sector in the compiled business register.

Since most exporting businesses are importing intermediaries they provide valuable information on their experiences with NTMs as both exporters and importers. The remaining importing businesses that took part in the survey were selected in a similar fashion as exporting businesses: all import sectors excluding minerals, arms and services were eligible; a sample size was determined and survey respondents for phone interviews were selected randomly from the business register. The sample size for face-to-face interviews was based on the results of the phone screen interviews. All businesses reporting encountering burdensome NTMs in the preceding 12 months were eligible.

1.4. Step 1: Phone interviews – companies and sectors in initial screening

The following sub-sections describe the conduct and results of both the phone screen and face-to-face interviews carried out in the United Republic of Tanzania.

Senior businesses' personnel responsible for exporting/importing or senior-level managers took part in the phone interviews on behalf of the companies. Out of the 700 companies in the register, 504 were available to participate in the phone screen interviews. The phone interviews (lasting an average of 20 minutes) gathered information on whether or not the business encountered burdensome NTMs (both domestic and in foreign countries) which represented noteworthy impediments and added costs in their operations the preceding year. Other information gathered included the nature of trade activity (either exporting or importing, or both), main goods traded, company size, and other characteristics.

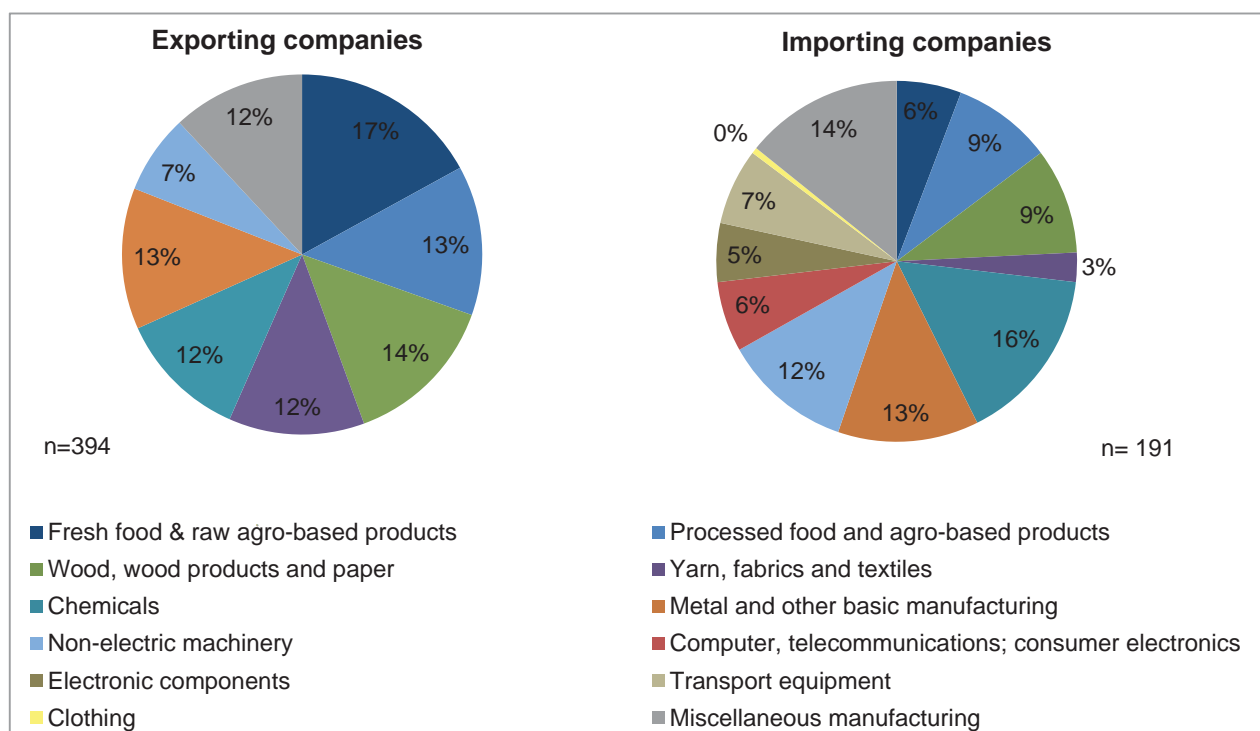
Figure 8 depicts the proportional distribution by sector of exporting companies that took part in the phone screen interviews in the left-hand side panel, and of importing companies in the right-hand side panel.

The 394 participating exporting companies were drawn from eight main sectors. Seven of the eight sectors (excluding non-electric machinery) had an average representation of 13.3% (or an average of 52 companies per sector) in the subset of exporting sectors identified for the phone screen interviews. 'Fresh food and raw agro-based products' exporting companies had the highest representation with 17% while 'non-electric machinery' had the lowest share with 7.1%. Excluding the latter sector which had a substantially lower than average share, exporting companies across the different sectors were evenly represented in the phone screen interviews.

The right-hand side panel of figure 8 shows that among participating importing companies, four sectors, namely chemicals, miscellaneous manufacturing, metal and other basic manufacturing and non-electric machinery had higher representation of 15.7%, 14.1%, 12.6% and 11.5% respectively. Out of the four sectors, three (chemicals, metal and other basic manufacturing and non-electric machinery) accounted for 51.4% of total imports, while miscellaneous manufacturing accounted for only 4%. Companies in the transport equipment importing sector accounted for 6.8% of importing companies but represented a much higher proportion of 14.8% of total imports. This is not surprising as importation of high-value transport equipment is capital-intensive and as such the sector tends to have a relatively smaller number of operators.

Companies importing agricultural products, that is, fresh food and raw agro-based products (5.8%) and processed food and agro-based products (8.9%), accounted for a relatively small combined proportion (15.7%) of importing companies participating in the survey. This representation is in line with the sectors' relative importance (14.5%) in total imports of the surveyed importing sectors. The relatively small import shares are understandable considering the sizeable comparative advantages of agricultural products in the United Republic of Tanzania. Given these comparative advantages and the importance of the agricultural sector for employment, it is interesting to examine the depth and intensity of NTMs encrusted around the agricultural sector.

Figure 8: Phone screen interviews, by sector

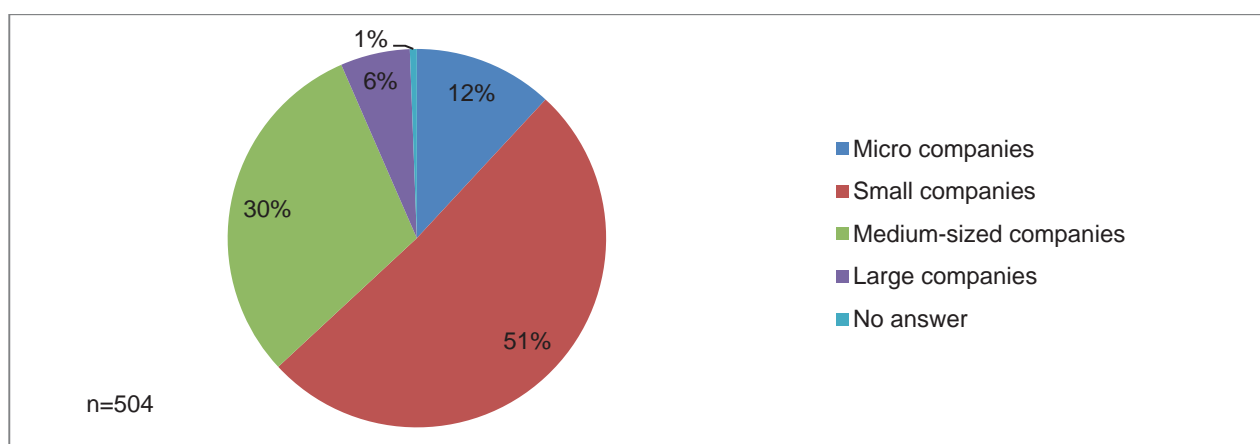


Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

Figure 9 presents the distribution of companies participating in the phone screen interviews according to company size based on the number of employees. A company employing less than 5 employees is classified as micro size; a company employing between 5 and 20 employees inclusive as small size; a company employing between 21 and 100 employees inclusive as medium size, and finally a large size company is one employing more than 100 employees.

Most of the companies in the phone screen were small-sized companies (258), accounting for 51.2% of all participating companies. Medium-sized companies (153) represented a third (30.4%), while micro-sized companies (60) employing less than 5 employees had a modest representation of 11.9%. Only 6% of participating companies (30) were large companies employing more than 100 employees. Another 3 companies were unclassified.

Figure 9: Size of companies in the phone screen



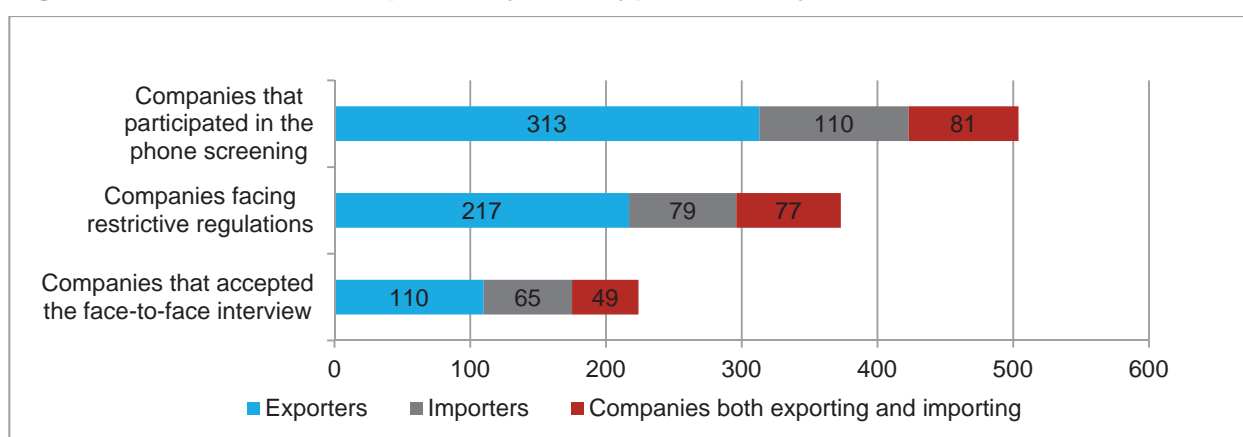
Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

1.5. Step 2: Face-to-face interviews – in-depth consultations

In sub-section 1.4 it was noted that a total of 504 companies (313 exclusively exporting, 110 exclusively importing and 81 doing both) participated in the phone screen interviews – see figure 10. Out of these 504 participating companies, 373 (74%) reported facing burdensome NTMs. Out of the 373, 217 companies were exclusively exporting, 79 were exclusively importing, and an almost equal number of 77 were both exporting and importing.

Of the 373 that reported encountering NTMs, 224 companies (representing 60.1%) agreed to take part in face-to-face interviews. The high participation rate of 60.1% of NTM-affected companies in the face-to-face interviews gives credence to the survey findings. Of the 224 companies that took part in the face-to-face interviews, 110 companies (representing 49.1%) were exclusively exporting, 65 companies (representing 29%) were exclusively importing, and the remainder 49 companies (representing 21.9%) were both exporting and importing. Face-to-face interviews were subsequently arranged to gather details on their experiences.

Figure 10: Interviewed companies by main type of activity



Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

2. Captured data and evaluation approach

The purpose of the NTM surveys is to gather and analyse information and data on the experience of businesses facing burdensome NTMs when exporting and importing at the product level. Companies participating in the face-to-face interviews were initially asked to list all products they exported and/or imported during the 12 months preceding the survey using the Harmonized System (HS) of commodity classification, and to provide information on the destination country for each exported product and the country of origin for imported goods. Other information included the values of the products exported and/or imported as well as company information such as company size in terms of number of employees, domestic or foreign ownership, number of years in operation, inter alia.

Each product was tied to its destination country or country of origin to determine a 'product-partner trade flow' which forms the basis for further probing domestic and foreign NTMs, POs and TBEs. The survey also collected information on the country applying the measure, on trade regulatory and/or facilitating authorities causing POs, as well as detailed information on whether the challenges encountered by participating importing/exporting companies were associated with a reported NTM or resulted from general inefficiencies in the TBE. The reported NTMs, POs and TBEs were then classified according to the NTM classification presented in appendix II. Data analysis involved calculating frequency and coverage statistics along several dimensions: product and sector, main NTM category (e.g. technical measures or quantity control measures) and company characteristics (e.g. size), among others.

Most frequency and coverage statistics are based on cases. Each company participating in face-to-face interviews reports at least one case of a burdensome NTM or PO, and challenges associated with the TBE. A 'case' is defined by the type of NTM and country applying it, the product affected by it, and the company

reporting the measure. For example, if three products are affected by the same NTM applied by the same partner country and reported by one company, this would be recorded as three distinct cases. Similarly, if two companies report the same problem, it would count as two cases. In this way individual cases are the most disaggregated unit of analysis in NTM surveys.

Cases of POs and problems with the business environment are counted in the same way as NTMs. PO and TBE statistics are provided separately, even though in certain instances they are closely related to NTM statistics. For example, extended delays may result from pre-shipment inspection requirements. While POs are directly related to a specific NTM, inefficiencies in the TBE occur irrespective of NTMs.

Chapter 3 Survey results on companies' experiences with NTMs

This chapter presents the main findings of the NTM survey carried out in the United Republic of Tanzania. It comprises three main sections.

- The first section presents the companies' experiences with NTMs and POs at a fairly aggregated level, focusing on country-level findings on the most affected sectors, major problems faced, and location of the identified problems.
- Section 2 presents detailed company and product level findings for companies exporting and importing food and agro-based products.
- Section 3 presents the findings on the experiences and perspectives of the companies exporting and importing non-food and agro-based manufacturing products.

1. Aggregate results and cross-cutting issues

This section presents the findings on the companies' experiences with NTMs and POs at an aggregate level. Specifically, it presents findings on the companies affected by NTMs and POs, the NTMs experienced when exporting and the countries applying them, the NTMs experienced when importing and the countries applying them, and POs and inefficiencies in the trade-related business environment.

1.1. Affected export sectors

Table 6 reports the distribution by sector of the exporting companies that took part in the phone screening, those that reported facing restrictive regulations or POs, and the number of affected companies that agreed to take part in face-to-face interviews.

A total of 290 out of 394 exporting companies that participated in the phone screening, representing a very high share of 73.6%, reported experiencing NTMs and associated POs. This proportion is one of the highest recorded among countries where NTM survey have been conducted, only surpassed by Malawi (81.5%) and Kenya (74.8%), but greater than Rwanda (71%) or Madagascar (67.3%) for which high incidences were also recorded in the East African region.

Sector data provides important information. Companies exporting fresh food and raw agro-based products represent an important single non-mineral export sector as they accounted for over half (53.7%) of non-mineral export trade in 2012. This sector also had the highest representation (17%) with 67 out of the 394 companies that participated in the phone screen interviews. When looking at the distribution of the 290 affected companies by sector, chemicals (42) and fresh food and raw agro-based products (41) recorded the highest numbers, with other sectors close behind. However, the dominance of fresh food and raw agro-based products in export value terms makes the NTMs and POs experienced by companies in this sector of more significance and urgency.

A look at the within-sector proportions of exporting companies affected by NTMs and POs show varied results. The top three incidences were recorded for companies exporting chemicals (91.3%), non-electric machinery products (85.7%) and miscellaneous manufacturing (80.9%). Interestingly the 'fresh food and raw agro-based products' sector had the lowest share of companies affected by NTMs and POs with 61.2%, an incidence which nonetheless remains relatively high. Further weighting of these results will show that in fact companies exporting fresh food and raw agro-based products had the highest proportion of affected companies per unit of export value.

Companies exporting fresh food and raw agro-based products also had the highest representation (28 out of 156 or 17.9%) amongst companies participating in the face-to-face interviews. As a result representation in the NTM survey is positively biased towards the relatively more important non-mineral sector exporting companies.

Table 6: Share of companies affected by burdensome NTMs or related obstacles to trade, based on phone screening results

Sector	Export value in 2012 (\$ '000)	Share of exports	Number of companies interviewed by phone	Number of companies affected by NTMs or other obstacles	Number of companies participating in face-to-face interviews	Share of affected companies
Fresh food and raw agro-based products	1,406,921	53.7%	67	41	28	61.2%
Processed food and agro-based products	295,362	11.3%	53	38	16	71.7%
Wood, wood products and paper	62,203	2.4%	55	35	18	63.6%
Yarn, fabrics and textiles	105,977	4.0%	48	34	21	70.8%
Chemicals	160,543	6.1%	46	42	18	91.3%
Leather and leather products	15,459	0.6%	-	-	-	-
Metal and other basic manufacturing	197,751	7.5%	50	38	21	76.0%
Non-electric machinery	165,295	6.3%	28	24	17	85.7%
Computer, telecommunications; consumer electronics	7,852	0.3%	-	-	-	-
Electronic components	24,640	0.9%	-	-	-	-
Transport equipment	73,020	2.8%	-	-	-	-
Clothing	12,029	0.5%	-	-	-	-
Miscellaneous manufacturing	93,986	3.6%	47	38	17	80.9%
Total	2,621,038	100.0%	394	290	156	73.6%

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013 and ITC Trade Map, 2012.

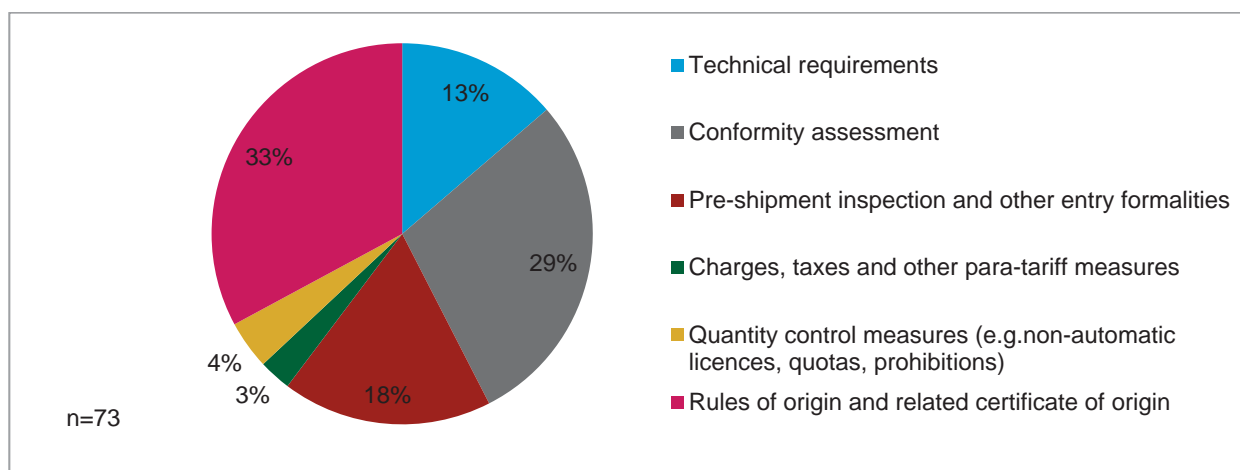
Out of a total 290 companies that reported experiencing burdensome NTMs and POs, slightly more than half (156 representing 53.8%) agreed to take part in face-to-face interviews. The rate of participation among affected companies was highest for companies exporting non-electric machinery products (70.8%), followed by fresh food and raw agro-based products (68.3%). Lower participation rates were recorded among companies exporting non-traditional processed food and agro-based products (42.1%). The processed food and agro-based products sector is important as it contributed the second largest share of the country's non-mineral exports.

1.2. Non-tariff measures affecting exports and countries applying them

Face-to-face interviews were conducted with 156 of the 290 (53.8%) companies that reported experiencing burdensome NTMs and associated POs. The results reported here and in subsequent sections are based on the number of cases reported by participating companies.

1.2.1. Non-tariff measures applied by partner countries

The types and frequency of cases of NTMs experienced by companies in the United Republic of Tanzania when exporting to partner countries are presented in figure 11. Respondents reported a total of 73 cases of NTMs applied by partner countries against Tanzanian non-mineral exports. The greater share of cases (32.9%) concerned 'rules of origin and related certificate of origin'. Almost equally frequently cited were cases for conformity assessment which accounted for 28.8%. Other frequently reported restrictive NTMs were pre-shipment inspection and other entry formalities (17.8%) and technical requirements (13.7%).

Figure 11: Major types of non-tariff measures applied by partner countries on exports

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

When looking at the distribution of cases between technical (conformity assessment and technical requirements) and non-technical measures, it can be seen that technical measures accounted for 42.5% of the reported cases while non-technical measures (see definition in appendix II) accounted for the remainder 57.5%. This is a relatively lower proportion for technical measures compared to other countries in the region. For example, technical measures accounted for 75% of the cases of burdensome NTMs faced by Malawian exporters in partner countries – conformity assessment alone accounted for 60%, the rest being technical requirements.

Detailed analysis of the technical and non-technical measures is provided in Chapter 3 (Section 2 for food and agro-based products, and Section 3 for manufactures). Suffice to note that the most commonly reported non-technical measures were rules of origin and related certificate of origin (32.9%) and pre-shipment inspection and other entry formalities (17.8%) – see table 7. Other most frequently reported specific technical measures under conformity assessment included inspection requirements (12.3% of the 73 cases), testing (9.6%) and product certification (5.5%).

The most commonly reported specific technical requirement measures applied by partner countries included labelling, e.g. product labels with information for consumers (4.1% of the 73 cases); prohibition because of national security, protection of human health or safety, environmental protection, or prevention of deceptive practices (4.1%); and authorization requirement because of national security, protection of human health or safety, environmental protection, or prevention of deceptive practices (2.7%), inter alia.

In Section 2 the report explores the reasons behind the high frequency of cases for the major NTMs and POs presented in figure 11. The next paragraphs provide an overview of the partner countries that applied these NTMs against Tanzanian exports.

Table 7: Measures applied by partner countries on exports

Specific measure	Number of cases	Share
Rules of origin and related certificate of origin	24	32.9%
Pre-shipment inspection	13	17.8%
Inspection requirement	9	12.3%
Testing	7	9.6%
Product certification	4	5.5%
Labelling (e.g. product labels with information for consumers)	3	4.1%
Prohibition because of: national security; protection of human health or safety; environmental protection; or prevention of deceptive practices	3	4.1%
Authorization requirement because of: national security; protection of human health or safety; environmental protection; or prevention of deceptive practices	2	2.7%
Licence with no specific ex-ante criteria	2	2.7%
Fumigation	1	1.4%
Packaging	1	1.4%
Origin of materials and parts	1	1.4%
Customs surcharges	1	1.4%
Custom inspection, processing and servicing fees	1	1.4%
Quotas allocated to exporting countries	1	1.4%
Total	73	100.0%

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

1.2.2. Partner countries reported to be applying NTMs

The partners that applied restrictive NTMs against exports of Tanzanian companies are shown at the regional level in table 8. The table shows the relative importance of trade partners in terms of non-mineral export values, the number of surveyed companies that reported NTMs applied by the respective partners, and the number of reported NTM cases applied by the countries in each region.

The last column of the table shows that an overwhelming share (83.6%) of the 73 reported cases were applied by fellow developing trade partners, while the rest were applied by developed countries. The dominance of developing partner countries closely correlates their relative dominance (72%) as major export destinations of the Republic of Tanzania's non-mineral exports.

Amongst developing partner countries, the bulk (64.4%) of the NTM cases reported by Tanzanian exporting companies was applied by the EAC (32.9%) and SADC (31.5%). Within the EAC the highest share was encountered in Kenya (13 cases representing 17.8%) which was more than twice the share encountered in Burundi (5 cases or 6.9%) and more than four times the share encountered in Uganda and Rwanda (3 cases each or 4.1%). Other developing countries accounted for the remaining smaller share of 19.2%.

The finding that most NTM cases are associated with partner countries with which the United Republic of Tanzania has free trade agreements shows that more efforts are needed to further engage with FTA counterparts to eliminate restrictive NTMs within these regional groupings. Other than the EAC and SADC, the EU-27 recorded the third largest regional share (9.6%) of NTM cases applied against Tanzanian non-mineral exports while there are very few cases reported for the rest of the world. Since the EU absorbs an almost equal proportion of Tanzania's non-mineral exports (18.9%) as the EAC (20.6%) and SADC (19.1%), NTM impediments against Tanzanian exports to the EU are also a major concern.

Table 8: Partner countries applying burdensome NTMs on Tanzanian exports

	Tanzania Export value in 2012 (\$'000)	Share in total Tanzania export value	Number of surveyed companies exporting to countries of this region	Number of surveyed companies reporting NTMs applied by export destination	Share of affected companies among those exporting to this destination	Number of NTM cases applied by the countries of this region	Share in total reported NTM cases
Developed country	732,847	28.0%	63	9	14.3%	12	16.4%
<i>Asia</i>	96,990	3.7%	6	0	0.0%	0	0.0%
<i>EU (27)</i>	494,738	18.9%	42	5	11.9%	7	9.6%
<i>Europe</i>	38,807	1.5%	5	1	20.0%	2	2.7%
<i>North-America</i>	88,708	3.4%	10	3	30.0%	3	4.1%
<i>Other developed countries</i>	13,604	0.5%	0	0		0	0.0%
Developing country	1,888,191	72.0%	215	60	27.9%	61	83.6%
<i>EAC</i>	540,778	20.6%	77	23	29.9%	24	32.9%
<i>Kenya</i>	309,722	11.8%	26	12	46.2%	13	17.8%
<i>Rwanda</i>	98,457	3.8%	18	3	16.7%	3	4.1%
<i>Uganda</i>	90,073	3.4%	13	3	23.1%	3	4.1%
<i>Burundi</i>	42,526	1.6%	20	5	25.0%	5	6.9%
<i>SADC</i>	500,350	19.1%	79	23	29.1%	23	31.5%
<i>Other developing countries</i>	847,063	32.3%	59	14	23.7%	14	19.2%
Grand Total	2,621,038	100.0%	278	69	24.8%	73	100.0%

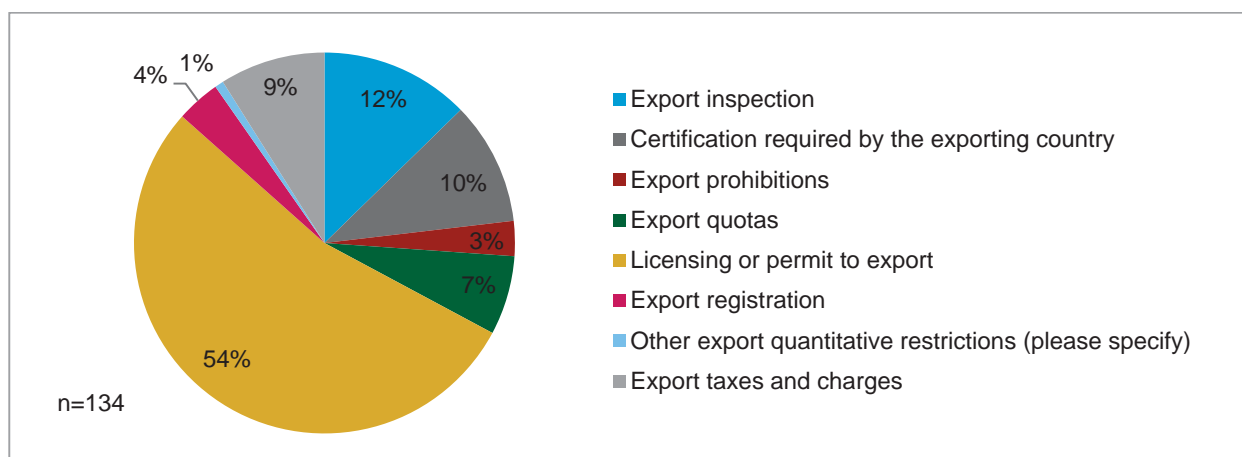
Source: ITC NTM Business Survey in Tanzania, 2012-2013 and ITC Trade Map, 2012.

1.2.3. Non-tariff measures applied by Tanzanian authorities

In addition to NTMs applied by partner countries in destination markets, companies also reported a range of NTMs applied in the United Republic of Tanzania. The NTM survey recorded a total of 134 cases of NTMs applied by Tanzanian authorities. The most frequently cited NTM, which accounted for 53.7% of the reported cases, was the requirement for exporting companies to obtain a 'licensing or permit to export' -see figure 12.

Other frequently reported cases were government export inspection requirements (12.7%); certification required by the government (10.4%); export taxes and charges (9%); export quotas (6.7%); export registration (3.7%); export prohibitions (3%); and other export quantitative restrictions (0.7%).

From the foregoing it appears that many of the NTMs applied by Tanzanian authorities are duplicative. Whilst all export products may not be subject to prior export registration, license or permit and/or the certificate to export, it is clear that these NTMs can easily be streamlined to more manageable export authorisation processes and documents.

Figure 12: Major types of non-tariff measures applied by Tanzanian authorities on exports

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

1.3. Most common non-tariff measures affecting imports

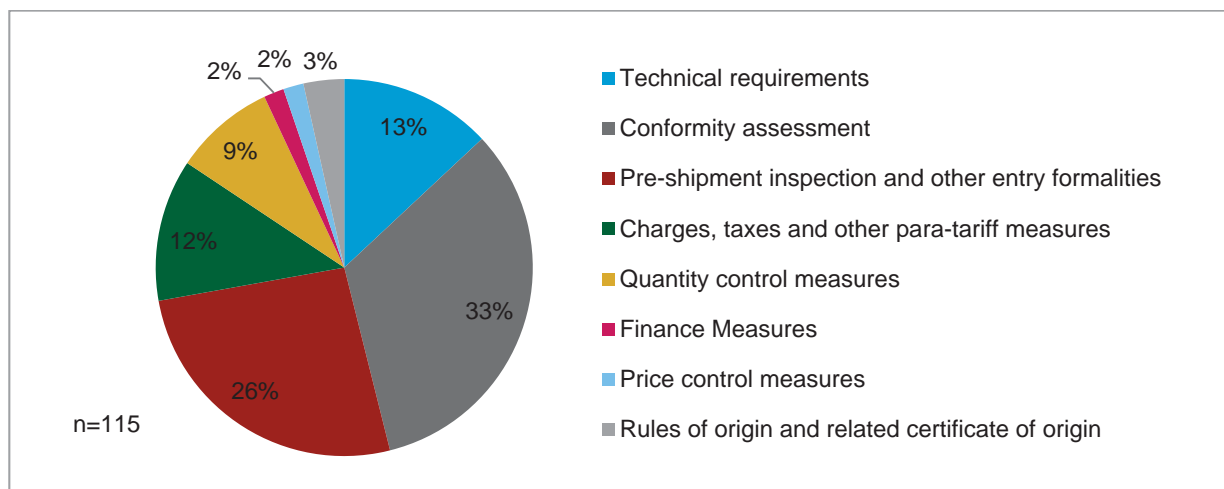
As for any other country, imports entering the United Republic of Tanzania are subject to an array of NTMs. Of the 191 companies importing non-mineral products that participated in the phone screening, 68.1% reported encountering burdensome NTMs and associated POs.

Participating companies in the face-to-face interviews reported a total of 115 cases of burdensome NTMs applied by the Tanzanian authorities. The most frequently cited NTM was product conformity assessment which accounted for 33% of all NTMs applied to imports – see figure 13. A closer look at the typical conformity assessment shows that five conformity assessment practices were applied, namely inspection requirement which accounted for 13.9%; product certification (8.7%); product registration (4.3%); testing (4.3%); and processing history (1.7%). Pre-shipment inspection and other entry formalities (26.1%) was the second most frequently reported NTM applied against imports.

Technical requirements accounted for 13% of the 115 cases reported when importing. The typical technical requirements were: registration requirement for importers because of: national security, protection of human health or safety, environmental protection or prevention of deceptive practices (7.8%); authorization requirement because of: national security, protection of human health or safety, environmental protection or prevention of deceptive practices (1.7%); packaging (0.9%), storage and transport conditions for other products, (e.g. medicines) (0.9%), special authorization because of food borne risks, disease and pests risks (0.9%); and registration requirements for importers because of food borne risks, disease and pests risks (0.9%).

Other commonly reported NTMs applied to imports were charges, taxes and other para-tariff measures which accounted for 12.2% of all cases reported and quality control measures (8.7%). Last but not least, 3.5% of all NTM cases applied to imports involved burdensome rules of origin and related certificate of origin, mostly because of the large number of documents required to prove origin.

Detailed analysis of the burdensomeness of the NTMs mentioned above and others is provided in Chapter 2 which presents sector and product level analyses of reported cases of NTMs, POs and inefficiencies.

Figure 13: Major types of non-tariff measures applied by Tanzanian authorities on imports

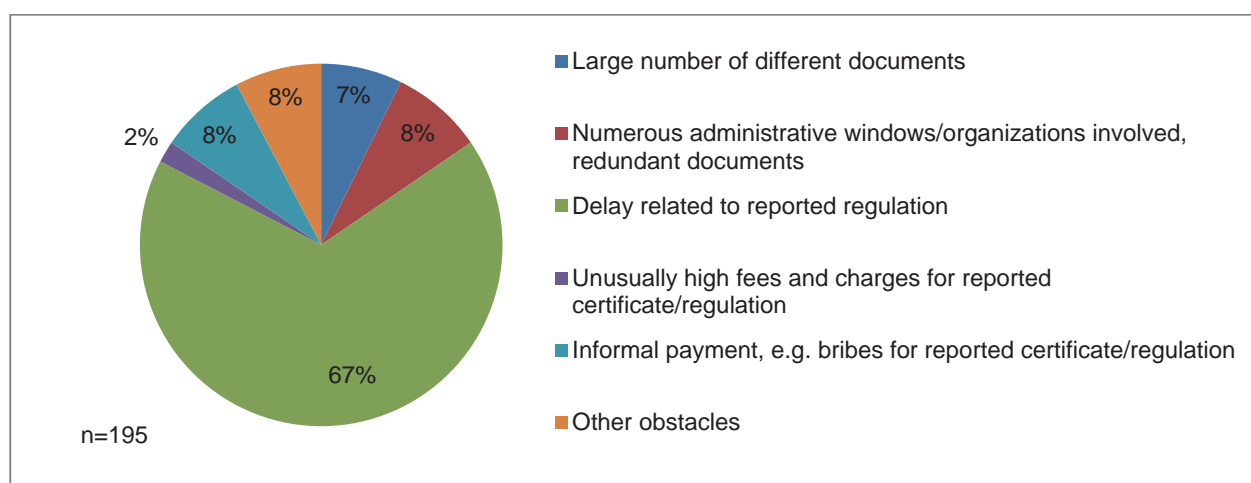
Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

1.4. Procedural obstacles and inefficiencies in the trade-related business environment

Procedural obstacles are practical trading challenges directly related to the manner in which NTMs are implemented by trade and other relevant regulatory authorities. Inefficiencies in the trade-related business environment (TBE) can also lead to significant challenges in the conduct of international trade. Both POs and TBEs lead to avoidable trade costs for companies in the course of complying with NTMs. This subsection presents the findings on the procedural obstacles companies face when exporting and importing, as well as the inefficiencies they experience in the trade-related business environment.

1.4.1. Procedural obstacles affecting exports

Exporting companies reported a total of 195 cases of POs affecting exports. The majority (71.3%) of PO cases were said to be delays related to regulation, predominantly delays in administrative procedures by the regulatory authorities in the course of administering NTMs – see figure 14. In addition to these delays, exporters also cited numerous administrative windows/organizations involved including redundant documents (8.7%); corrupt practices involving informal payments, e.g. bribes for reported certificate/regulation (8.2%); the large number of different documents to be filled (7.7%). Other POs reported include limited/inappropriate facilities for testing (0.5%) and limited/inappropriate facilities for sector-specific transport and storage (0.5%).

Figure 14: Cases of POs faced by Tanzanian exporters

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

The cases of POs reported in the foregoing were associated with a number of ministries, departments and government agencies involved in the regulation of international trade in the United Republic of Tanzania. The largest share (25.3%) of reported PO cases was associated with the Tanzania Revenue Authority under whose authority customs (11.4%) falls – see table 9. The Ministry of Industry and Trade had the second highest share (21.5%) and the Tanzania Food and Drugs Authority (TFDA) the third highest share (13.3%), while a further 12% of POs were reported for the Ministry of Natural Resources and Tourism (MNRT). Other ministries, departments and agencies with notable shares of POs reported against them include: the Tanzania Bureau of Standards (TBS) (4.4%); the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) (4.4%); Tanzania Coffee Board (4.4%); the Ministry of Agriculture (3.8%); and the Tanzania Ports Authority (TPA) (3.8%).

Table 9: Procedural obstacles reported to take place in Tanzania-based agencies affecting exports

Agency	Number of cases	Share
Ministry of Industry and Trade	34	21.5%
Tanzania Revenue Authority (TRA)	22	13.9%
Tanzania Food and Drugs Authority (TFDA)	21	13.3%
Ministry of Natural Resources and Tourism (MNRT)	19	12.0%
Customs Office	18	11.4%
Tanzania Bureau of Standards (TBS)	7	4.4%
Tanzania Chamber of Commerce, Industry and Agriculture	7	4.4%
Tanzania Coffee Board	7	4.4%
Ministry of Agriculture	6	3.8%
Tanzania Ports Authority (TPA)	6	3.8%
Ministry of Livestock and Fisheries Development	3	1.9%
Ministry of Energy and Minerals	2	1.3%
Tea Board of Tanzania	2	1.3%
Tropical Pesticides Research Institute	2	1.3%
NA	1	0.6%
Tanzania Atomic Energy Commission (TAEC)	1	0.6%
Total	158	100.0%

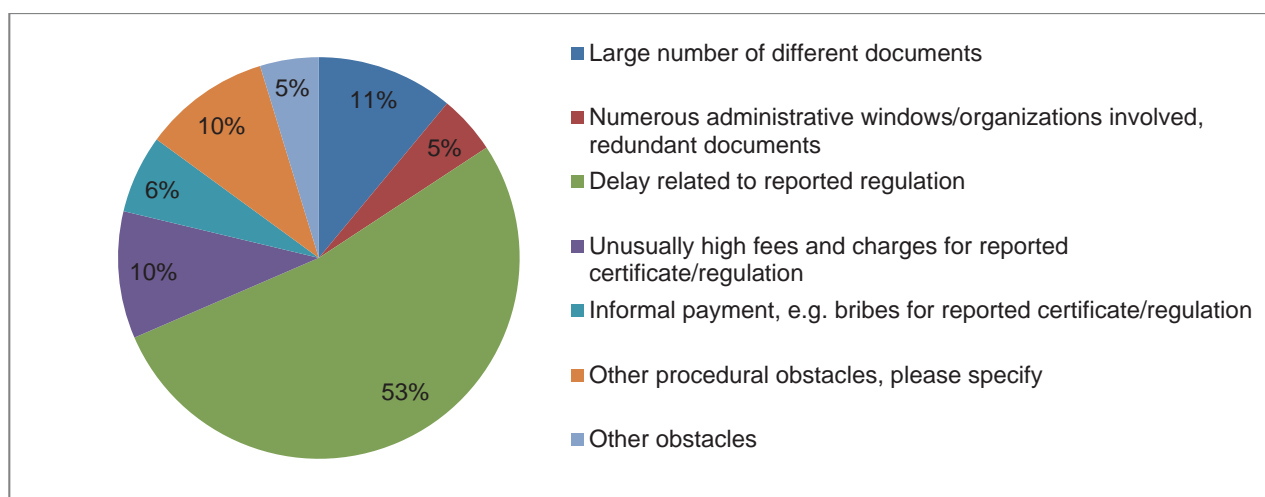
Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

The NTM survey also collected information on POs experienced in partner countries when exporting, including EAC partners (Kenya, Burundi and Rwanda) and SADC partners (Malawi, Zambia, Namibia, Botswana and the Democratic Republic of the Congo) with whom the United Republic of Tanzania has trade agreements. The SADC Free Trade Area and EAC Customs Union have largely contributed to trade liberalization through the reduction and elimination of customs duties but the number of POs applied in relation to NTMs within these regional groupings remains significant. A part from POs reported for the EAC and SADC, one case each was reported for Denmark, Germany, Norway and India.

1.4.2. Procedural obstacles affecting imports

Importing companies also reported that the enforcement of certain non-tariff measures entailed procedural obstacles. As was the case for exports, the most commonly cited PO was delay related to reported regulation which accounted for more than half (52.8%) of the reported cases. Companies also reported that importing into the United Republic of Tanzania involved filling a large number of different documents (11%). The other POs reported by participating importing companies were unusually high fees and charges for reported certificate/regulation (10.2%) and other procedural obstacles (10.2%), specifically no advance binding ruling procedure which is a subset of 'legal constraints.

Figure 15: Cases of POs faced by Tanzanian importers



Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

Participating importing companies reported 117 cases of POs against government trade regulatory authorities. The Tanzania Ports Authority (TPA) had the highest share with 30.8% of cases reported – see table 10. The Customs Office and Tanzania Revenue Authority came second with their combined share of 23.1%. While conformity assessment and technical regulations enforced by the Tanzania Food and Drugs Authority (TFDA) and Tanzania Bureau of Standards (TBS) earned the two agencies almost equal proportions of 16.2% and 15.4% respectively. Enforcement of bio-security regulations, inter alia, by the Ministry of Health entailed POs which accounted for 4.3% of all reported POs when importing.

The specific POs cited against TPA and other government agencies will be examined in more detail in Section 2 for food and agro-based products, and Section 3 for manufactures.

Table 10 : Procedural obstacles reported to take place in Tanzanian agencies affecting imports

Agency	Number of cases	Share
Tanzania Ports Authority (TPA)	36	30.8%
Tanzania Food and Drugs Authority (TFDA)	19	16.2%
Tanzania Bureau of Standards (TBS)	18	15.4%
Customs Office	15	12.8%
Tanzania Revenue Authority (TRA)	12	10.3%
Ministry of Health	5	4.3%
Ministry of Industry and Trade	4	3.4%
Ministry of Agriculture	3	2.6%
Government Chemists Lab Agency(GCLA)	2	1.7%
Fair Competition Commission	1	0.9%
Tanzania Communications Regulatory Authority	1	0.9%
Tropical Pesticides Research Institute	1	0.9%
Total	117	100.0%

Source: ITC - NTM survey data 2013

Some of the trade partner countries where imports originated were also reported to have applied POs when enforcing NTMs on goods exported to the United Republic of Tanzania. The survey recorded only 10 such cases: India and South Africa had two cases each reported against them (20%) and one case each was recorded against the Democratic Republic of the Congo, Germany, Indonesia, Kenya, Mozambique and the United Arab Emirates.

2. The food and agro-based products sector

This section presents a detailed analysis of the NTMs and POs experienced by companies exporting and importing food agro-based products. For the purpose of this section, the food and agro-based products sector is defined as the combination of two sectors, namely, 01: fresh food and raw agro-based products and 02: processed food and agro-based, which hitherto were treated separately. Referring to the two first lines of table 6, the sum of exports of fresh food and raw agro-based products and exports of processed food and agro-based products amounted to US\$ 1,702,283 in 2012.

Of the 120 companies exporting food and agro-based products that participated in the phone screening 79 (representing 65.8%) reported experiencing restrictive NTM regulations. Out of these 79 more than half (44 or 55.7%) participated in face-to-face interviews. On the importing side, 28 companies importing food and agro-based products took part in the phone screening, of which 19 companies (67.9%) reported facing restrictive NTMs and 9 (47.4%) agreed to take part in face-to-face interviews. The results presented and analysed in this section are based on the responses provided by these 44 exporting and 9 importing companies.

2.1. Importance of the sector

Section 2.1 presents an overview of the relative importance of the agriculture sector, its structure and its performance to contextualise the study prior to considering the NTM and POs reported by participating companies for the sector.

Rooted in the broad agricultural sector, the food and agro-based products sector is a strategic sector for economic growth and poverty eradication in the United Republic of Tanzania. The agricultural sector makes a significant contribution both in terms of supporting 75% of rural household incomes and through extensive linkages with the rest of the economy, providing inputs and raw materials for agro-processing activities and other industries.

However, the relative importance of the agricultural sector in terms of contribution to GDP and export earnings has declined over time with the rapid rise of the mining and services (tourism) sectors. Agricultural growth averaged 4% between 2005 and 2012 which was less than the overall growth trajectory of the economy. Agricultural production is heavily rain-dependent with only 2-3% of the 44 million hectares of arable land under irrigation. The adoption of new technology (fertilisers and improved seeds) is slow and productivity remains low with declining farmers' yields representing between 20% and 30% of potential yield. The sector also receives a relatively insignificant share of the country's total foreign direct investment (FDI) with only 2.1% of total FDI inflows.

The United Republic of Tanzania is generally self-sufficient in food and exports surplus foodstuffs (cereals; maize, rice and other grains; beans and other pulses, among others) in times of bumper harvest but restricts trading of the same with temporary export bans in times of poor harvest. While foodstuffs are subject to import controls in the form of NTMs and other instruments to support domestically produced import-competing food supplies, these controls are loosened to support food security during poor harvest seasons. As a member of the EAC Customs Union, the country applies a relatively high most-favoured nation (MFN) common external tariff (CET) on agricultural goods (WTO definition) averaging 20.2%, with a range from 0% to 100%, and a bound tariff for agricultural products at 120%.

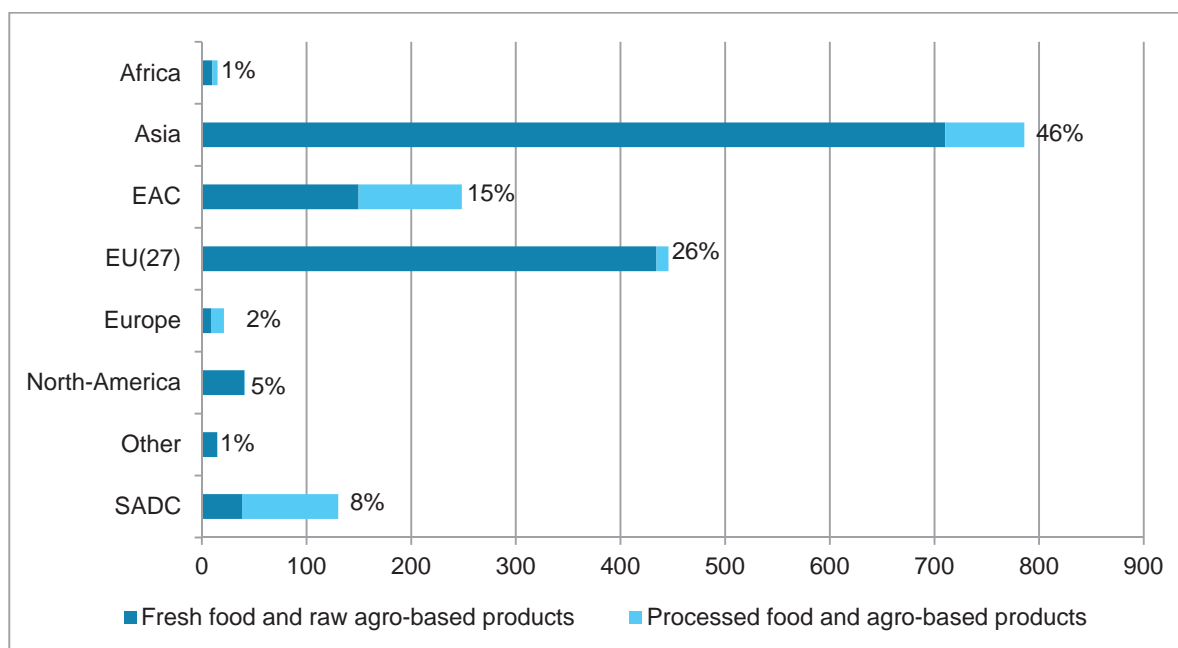
Certain agricultural products are subject to export taxes intended to discourage export and encourage local value addition. For example, cashew nuts are subject to a tax of either a 15% of the f.o.b. value or US\$ 160 per ton. Meanwhile raw hides and skins are subject to a cess of 40% of the f.o.b. value. Exports of unprocessed fish are banned to encourage domestic value addition.

Tables 1 and 2 depict the export performance of the main food and agro-based products in 2012. Section 2.1 showed that production and international prices and earnings of traditional agricultural export commodities such as coffee, tobacco, tea and cotton trended downwards. The falling export earnings have reduced the commodities' relative importance in the export basket, and the share of agricultural exports in total exports almost halved from 46.2% in 2005 to 24.1% in 2011, before recovering to about a third in 2012.

Horticultural products are an exception to some extent as they have increasingly become important export earners for the country. The United Republic of Tanzania exports of horticultural products were worth US\$ 308 million in 2012. The main exported products were: cashew nuts (fresh or dried cashew nuts, in shell or shelled); cut flowers and ornamental foliage (un-rooted cuttings and slips, fresh roses, other cut flowers and flower buds of a kind suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared; spices (cloves, pepper neither crushed nor ground, crushed or ground); fresh fruits (oranges, coconuts, avocados, strawberries, pineapples, guavas, bananas and others); and fresh vegetables (shelled or unshelled peas, onions and shallots, potatoes, tomatoes, garlic) and cassava. Other notable exports in this regard were cotton (US\$ 166 million), fish and fish products (US\$ 102 million), and cereals (US\$ 73 million).

Four broadly defined products dominated the market, accounting for 77% of exports of processed food and agro-based products: residues and waste from the food industries; prepared animal fodder (HS.23/US\$ 75 million); products of the milling industry, malt, starches, inulin, wheat gluten (HS.11/US\$ 64 million), animal or vegetable fats and oils and their cleavage products, prepared edible fats, animal or vegetable waxes (HS.15/US\$ 53 million); and tobacco and manufactured tobacco substitutes (HS.24/US\$ 35 million).

In terms of export markets, the largest share of 46% of food and agro-based products are destined to Asian economies, mainly India and China, followed by the EU-27 (26%), the EAC (15%), and SADC (8%) – see figure 16. The remainder was destined to North America, other Europe, the rest of Africa and the rest of the world. Figure 16 also shows that fresh food and raw agro-based products far exceed processed food and agro-based products in all regional markets except for exports to SADC and 'other Europe'.

Figure 16: Tanzanian agricultural exports: major markets, 2012

Source: ITC Trade Map, 2012. Datas on services and arms are excluded.

Focusing on processed food and agro-based products alone, the main export market is actually EAC partner countries (US\$ 98,686,000), followed by SADC partner countries (US\$ 91, 88,000). EAC and SADC economies absorbed 64.5% of the country's exports of processed food and agro-based products in 2012, while the share for exports for 'fresh food and raw agro-based products' stood at a low margin of 13.4%. These results show a familiar pattern where developing countries export more semi-processed agro-based products to fellow developing countries with less advanced food processing industries than to developed countries with more efficient and price-competitive food industries. The converse is true for fresh food and raw agro-based products as well. While other developing countries produce similar products these exports are mostly destined to developed economies with excess demand.

Focusing on individual markets (reading per column), there are several instances where exports of food and agro-based products exceed exports of manufactured products. This is the case where the share of food and agro-based products exceeds 50%: for example, Asia with a share of 88.4%, the EU-27 (90.1%), other Europe (52.4%) and the rest of the world (81.8%).

2.2. Non-tariff measures applied to food and agro-based products by partner countries

This sub-section further analyses the NTMs applied by authorities in export destination markets for food and agro-based products as reported by the 44 participating companies. It examines the frequency of the NTMs applied by trade partners at product level, their relative importance in the overall picture, and also looks at related procedural obstacles and inefficiencies in the trade-related business environment.

2.2.1. Overview of non-tariff measures applied by product and by partner country

The companies exporting food and agro-based products reported a total of 31 cases of NTMs involving authorities in export destination countries – see table 11.

At the product level, the largest number of cases was recorded for exports of coffee and coffee substitutes (7 cases representing 22.6% of all reported cases), followed by crude vegetable materials (5 cases or 16.1%) and vegetables, fresh, chilled, frozen or simply preserved (including dried leguminous vegetables); roots, tubers and other edible vegetable products, not elsewhere specified, fresh or dried (4 cases or

12.9%). Altogether, horticulture exports (crude vegetable materials, vegetables, fruits and nuts, spices, oil-seeds and oleaginous fruits and) represented 32.7% of total food and agro-based products exports worth US\$ 556,417,000. Significantly, these exports were subject to a total of 13 of the 31 reported NTM cases (41.9%).

When looking at the relative importance of the various NTMs applied against food and agro-based exports, conformity assessment ranks first with 14 recorded cases, representing 45.2% of the 31 cases reported, followed by rules of origin and related certificate of origin (10 cases or 32.3%) and technical requirements (6 cases or 19.4%). One case was also reported for charges, taxes and other para-tariff measures.

Overall 20 of the 31 reported cases (64.5%) concern technical measures (technical requirements and related conformity assessment). Mandatory technical regulations include product characteristics, technical specification or production processes, post-production treatment (e.g. fumigation) and applicable provisions, including sanitary and phytosanitary measures aimed at protecting human, animal and plant life and health, while conformity assessment covers measures aimed at establishing whether or not a product or process complies with these mandatory technical requirements. Examples of conformity assessment include control and approval procedures such as inspection, testing, certification and traceability aimed at safeguarding consumer health and safety. Sub-sections 2.2.2, 2.2.3 and 2.2.4 discuss these NTMs in further detail.

Table 11 also provides the list of export destination countries that applied NTMs against food and agro-based products originating from the United Republic of Tanzania. Out of the 31 NTM cases reported a total of 11 (or 35.5%) involved fellow EAC Customs Union members, notably Kenya (8 cases representing 25.8%), Burundi (2 cases), and Uganda (1 case). Three fellow SADC countries recorded a total of 4 NTM cases reported against them, namely Botswana (2 cases), Malawi (1 case), and the Democratic Republic of the Congo (1 case). Thus trade partners with whom the United Republic of Tanzania has regional trade agreements account for nearly half (48.4%) of all the NTM cases reported for food and agro-based products. This finding shows that further efforts are needed to resolve NTM issues with strategic trade partners in the region in order to gain full free market access in line with the free trade protocols enshrined in the EAC Customs Union Agreement and the SADC Free Trade Agreement.

While the country's main export destinations in Asia recorded a relatively small proportion (12.9%) of the reported cases (India 3, China 1), European export markets were involved in a total of 7 cases (Germany 3, Denmark 2, Norway 2).

2.2.2. Technical requirements²⁸

The companies exporting food and agro-based products reported six cases of burdensome technical requirements affecting a total of five different product groups – see table 11. All cases of technical regulations were reported for horticultural products, except for tea and mate which accounted for 83.3% of all reported cases, while fruit and nuts (not including oil nuts), fresh or dried alone accounted for a third (33.3%). This relatively large group of products implies that technical requirements are a non-negligible impediment affecting food and agro-based exports.²⁹

Table 11 shows that the six reported cases of technical regulations were encountered in six different export markets, namely Botswana, Canada, the Democratic Republic of the Congo, Indonesia, Kenya, and India (one case each). The number of countries involved and geographic distribution show that the problem is not partner-specific as it is not localised in one export destination market.

Importing countries demand fresh onions to be fumigated. This process is very expensive.

Exporter of onions and shallots (fresh or chilled) (ITC NTM survey in the United Republic of Tanzania)

²⁸ Definitions of the various NTMs including technical requirements and conformity assessment are provided in appendix II.

²⁹ Table 11 reports the total export value of all similar/related products associated with the 6 cases of technical requirements but this does not imply that all these products were affected by the reported cases, e.g. not all spices worth US\$ 38,168,000 were affected by technical requirements. Also to be noted, the total export earnings reported in the table originated in more than the six countries reported under technical requirements. Similarly, these export values are associated with other NTMs, e.g. 'Vegetables, fresh, chilled, frozen or simply preserved'.

Partner country requires packaging materials of our products not to be transparent. This kind of packaging is expensive and takes long time to be delivered.

Exporter of spices (ITC NTM survey in the United Republic of Tanzania)

The survey also investigated whether the restrictive technical requirements were associated with additional procedural obstacles either in the export destination country or at home – see table 12. Out of the six cases reported only two were associated with POs; both refer to ‘numerous administrative windows/organizations involved and redundant documents’ encountered in the United Republic of Tanzania.

The relative importance of horticultural products in the total food and agro-based export basket (27.2%) and the high incidence of burdensome technical regulations encountered send a clear message to the United Republic of Tanzania to take urgent action to resolve the underlying causes of the problem domestically and liaise with trade partners to alleviate the ‘stringent’ technical regulations that are applied for such products.

2.2.3. Conformity assessment

Conformity assessment entails application of standard measures that seek to determine whether a product or process complies with the mandatory technical requirements imposed by the importing country for health and safety reasons. Exporters of food and agro-based products reported a total of 14 cases across a broad range of products with a combined export value of US\$ 359,047,000 representing 21.1% of total food and agro-based products exports in 2012 – see table 11.

Testing procedures by the Tanzania Food and Drug Authority are time-consuming (partly due to limited facilities for testing dairy products) and costly as the company has to cater for the accommodation and transportation of inspection officers.

Exporter of buttermilk, curdled milk and cream (ITC NTM survey in the United Republic of Tanzania)

The largest number of conformity assessment NTMs were recorded for coffee and coffee substitutes and cereals and cereal products (rice; meal and flour of wheat and flour of meslin; and other cereal meals and flours) with 4 cases each (28.6%). For coffee and coffee substitutes conformity assessment accounted for 57.1% of the NTMs faced, while the other burdensome NTM was rules of origin and related certificate of origin. Dairy products (milk and cheese), alcoholic beverages and crude vegetable materials also recorded 2 cases of conformity assessment each.

Table 11 shows that a total of eight partner countries applied conformity assessment measures. Kenya was associated with the largest number (5 cases or 35.7%), followed by Burundi and Germany with 2 cases each. Regionally, companies complained that the conformity assessment applied by Kenya was too strict and difficult to comply with. The presence of such differences within the EAC Customs Union adds weight to the need for trade partners to harmonise NTMs measures to ensure smooth

Denmark, Germany and Norway demand a sample of coffee to be sent to their country laboratories for testing. It takes a long time for the sample to be tested.

Exporter of coffee, roasted, not decaffeinated (ITC NTM survey in the United Republic of Tanzania)

free movement of goods with the region.

Long procedures in getting the relevant certificates from T.F.D.A.; Bureaucracy among the T.F.D.A officials makes the procedure more difficult.

Exporter of wheat or meslin flour

Inspection procedures by the Kenya authority take time.

Exporter of maize (corn) flour (ITC NTM survey in the United Republic of Tanzania)

The NTM survey also investigated whether or not the burden of conformity assessment was escalated by procedural obstacles and the presence of inefficiencies in the trade-related business environment. The findings show that all 14 reported conformity assessment cases were associated with up to six different POs and TBE inefficiencies. Companies reported a total of 17 such cases representing more than half (53.1%) of the 32 PO and TBE cases recorded for food and agro-based products exports – see table 12. The most commonly reported PO related to conformity assessment was delay related to reported regulation 10 cases (or 58.8%). Of the 17 reported cases, 8 (or 47.1%) were experienced at

home, while the remainder 9 (or 52.9%) involved trade partners.

The survey probed into the issues surrounding this PO associated with technical regulations and found some revealing insights. In so far as the exporter was concerned a radiation test certificate on maize (corn) flour was deemed redundant and made the procedure lengthy, reportedly between 7 and 14 days.

An exporter noted the need to obtain a radiation certificate which he viewed as “*irrelevant to what we are exporting*”. He also stressed “*the involvement of different departments that are not centralised*”.

An exporter of maize (corn) flour (ITC NTM survey in the United Republic of Tanzania)

In conjunction with the Tanzania Revenue Authority, the Tanzania Atomic Energy Commission (TAEC) controls the import and export of foodstuffs across borders. The TAEC regularly monitors radioactivity to ensure that levels comply with recommended levels in the International Atomic Energy Agency (IAEA) Basic Safety Standard 115.³⁰ According to the TAEC, radioactivity is a natural phenomenon as there are numerous sources of radiation in the environment and countries are expected to fulfil their international obligations in respect of regulating safety from radiation.

The above experience shows a lack of information on the part of the exporter in the PO case reported here. The United Republic of Tanzania authorities should intensify awareness campaigns on required certifications for specific products to improve the flow of information between exporters and the enforcing authorities at home.

Informal payment, e.g. bribes for reported certificate/regulation was the second most frequently cited PO with a total of 3 cases reported of which 2 took place in Tanzania, while only 1 involved a trade partner. Exporters of alcoholic beverages reported that their products were subjected to long testing procedures and corruption by Tanzania Food and Drug Agency (TFDA) officials. Similar sentiments were reported by exporters of cheese and curd. All companies involved small scale production of the products they exported. Other POs reported were the need to submit a large number of different documents and the numerous administrative windows/organizations involved, and redundant documents.

Inefficiencies in the TBE were also reported. Specifically, exporters reported one case of limited/inappropriate facilities for testing which occurred in the United Republic of Tanzania, and another case of limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks which occurred in the partner countries involved.

From the foregoing it is clear that conformity assessment was strongly felt to be an important impediment to exporting food and agro-based products. This NTM was further compounded by a set of procedural obstacles and inefficiencies in the trade-related business environment (long delays, informal payments, limited testing and transport facilities) both within the United Republic of Tanzania and in partner countries.

2.2.4. Rules of origin and related certificate of origin

Tanzanian exporters need to produce evidence when required that their goods originate from the United Republic of Tanzania.³¹ Companies participating in the survey reported encountering a total of 10 cases of burdensome rules of origin and related certificate of origin when exporting food and agro-based products to a total of nine different countries – see table 11.

Two products, namely coffee and coffee substitutes and crude vegetable materials recorded the highest proportions (30% each) of reported cases. For crude vegetable materials rules of origin and related certificate of origin stood out as the major NTM accounting for 60% of the reported cases, while the remaining 40% related to conformity assessment. Participating companies were asked whether the reported difficulties concerned the conditions required to satisfy the rules of origin in the importing country or the manner in which these rules were enforced. Feedback from exporters shows that while four of the 10 reported cases were primarily related to procedural obstacles, another 4 cases referred to both the demanding nature of the NTM and associated POs in the United Republic of Tanzania. In three instances, companies reported that it took them 42 days to obtain a certificate of origin; in another three cases it took them 20 days, and only three days in the other four.

³⁰ See <http://www.taec.or.tz/Programs.html#>. Accessed on 10 February, 2014.

³¹ Some readers may want to refer to Annex I to refresh on the definition, uses, criteria and practical challenges of rules of origin.

In February 2014 the United Republic of Tanzania launched an online system for applying for certificates of origin. This innovation was supported by TradeMark East Africa (TMEA), the United Nations Volunteer Programme (UNV) and Japan's Asia-Africa Volunteer Exchange Programme (Ministry of East African Cooperation, 2014 and UNDP in Tanzania, 2014). The online system allows the Tanzania Chamber of Commerce Industry and Agriculture (TCCIA) to issue the Electronic Certificate of Origin (eCO). It is expected that the new system will reduce red tape, the long queues of exporters waiting to collect certificates at TCCIA, and ultimately reduce the cost of exporting. According to TCCIA, 'electronic certificates of origin can be issued in a matter of hours', which represents significant progress compared to the long durations of 3 to 42 days reported by exporting companies in the survey.

We experience delays in exportation due to lack of a direct procedure to obtain the certificate of origin as it is at times issued by the Ministry of Trade or by the Tanzania Chamber of Commerce, Industry and Agriculture.

Exporter of maize (corn) flour

It takes long time to obtain a certificate of origin from the Coffee Board of Tanzania, hence causing delay.

Exporter of coffee (ITC NTM survey in the United Republic of Tanzania)

The introduction of electronic certification of origin is a positive development for Tanzanian exporters, but it is not without posing challenges. Although the new system was launched in February 2014, only a few exporters were registered in the system as at 10 July. TCCIA faces the difficult task of bringing all exporting companies on board, both existing and new, a challenge which appears to be far greater for SMEs who admittedly have limited knowledge of ICTs. So far workshops have been organized to sensitise stakeholders (exporters and clearing agents, amongst others) to the new system. Due to the many technicalities of rules of origin, awareness building programmes should also enable exporters to determine whether or not their products have attained the originating status, especially for non-traditional export products.

Lastly, TCCIA faces a legal challenge where destination export markets are concerned. The United Republic of Tanzania will have to come to an understanding or a formal agreement with trade partners that do not recognize electronic certificates of origin.

2.2.5. Other non-tariff measures applied by partner countries

Besides technical requirements, conformity assessment and rules of origin and related certificate of origin, exporters of food and agro-based products reported only one other case of NTMs under charges, taxes and other para-tariff measures. The problem was experienced when exporting vegetables, fresh, chilled, frozen or simply preserved to Kenya and was compounded by procedural obstacles in the form of delays related to reported regulation, and customs officials taking informal payment, e.g. bribes for reported certificate/regulation – see table 12.

Export inspection takes a very long time causing delays, so we are forced to offer a bribe to the officers to avoid damage of our perishable goods.

Exporter of fresh vegetables (ITC NTM survey in the United Republic of Tanzania)

Table 11: Export of agro-food products: burdensome NTMs applied by partner countries

Products	Export value in 2012 (\$'000)	Share of exports	Technical requirements	Conformity assessment	Charges, taxes and other para-tariff measures	Rules of origin and related certificate of origin	Total
Milk and cream and milk products other than butter or cheese	980	0.1%		1			1
Cheese and curd	132	0.0%		1			1
Crustaceans, molluscs and aquatic invertebrates, [...]	9,989	0.6%				1	1
Rice	5,427	0.3%		1			1
Meal and flour of wheat and flour of meslin	48,264	2.8%		2			2
Other cereal meals and flours	14,525	0.9%		1		1	2
Vegetables, fresh, chilled, frozen or simply preserved [...]	133,296	7.8%	1		1	2	4
Fruit and nuts (not including oil nuts), fresh or dried	189,611	11.1%	2				2
Coffee and coffee substitutes	188,717	11.1%		4		3	7
Tea and mate	56,046	3.3%	1				1
Spices	38,168	2.2%	1				1
Alcoholic beverages	6,715	0.4%		2			2
Oil-seeds and oleaginous fruits of a kind used for the extraction of 'soft' fixed vegetable oils [...]	101,055	5.9%	1				1
Crude vegetable materials, n.e.s.	94,287	5.5%		2		3	5
Other Products	815,071	47.9%					
Total	1,702,283	100.0%	6	14	1	10	31
Partner countries associated with NTM cases			Botswana (1) Canada (1) Democratic Republic of the Congo(1) Indonesia (1) Kenya (1) India (1)	Botswana (1) Burundi (2) Denmark (1) Germany (2) Kenya (5) Malawi (1) Norway (1) Uganda (1)	Kenya (1)	China (1), Denmark (1) Germany (1) Kenya (1) Nigeria (1) Norway (1) India (2) United Arab Emirates (1) United States (1)	

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

Table 12: Export of agro-food products: NTMs applied by partner countries and reasons making them burdensome

Measures applied	NTM has POs / inefficiencies in the TBE	NTM without POs / inefficiencies in the TBE	Procedural obstacles / inefficiencies in the TBE	POs / TBE inefficiencies in the TBE occur at home	POs / TBE inefficiencies in partner country	Total
Technical requirements		4				
	2		Numerous administrative windows/organizations involved, redundant documents	2		2
Conformity assessment	14		Large number of different documents	1		1
			Numerous administrative windows/organizations involved, redundant documents	1		1
			Delay related to reported regulation	3	7	10
			Informal payment	2	1	3
			Limited/inappropriate facilities for testing	1		1
			Limited/inappropriate facilities for sector-specific transport and storage		1	1
Charges, taxes and other para-tariff measures	1		Delay related to reported regulation		1	1
			Informal payment		1	1
Rules of origin and related certificate of origin	8	2	Large number of different documents	4		4
			No due notice for changes in selected regulation and related procedures	1		1
			Delay related to reported regulation	6		6
Total	25	6		21	11	32

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

2.3. Non-tariff measures applied by Tanzanian authorities affecting food and agro-based product exports

This sub-section presents the findings on the NTMs occurring in the United Republic of Tanzania, based on the experiences of companies exporting food and agro-based products.

Altogether 42 cases of restrictive NTMs were recorded. The measures involved and their share in total cases were the following: licensing or permit to export (15 cases or 35.7%); certification required by the exporting country (10 cases or 23.8%); export inspection (6 cases or 14.3%); export taxes and charges (6 cases or 14.3%); export prohibitions (3 cases or 7.1%); 'export quotas' and 'export registration' (1 case each or 2.4%) – see table 13. The top two related NTMs, namely license or permit to export and export certificate accounted for a hefty proportion of nearly 60% of the reported NTM cases applied by domestic authorities.

When looking at the distribution of the total number of reported cases across products, four products recorded the highest proportions, namely crude vegetable materials (5 of the 42 reported cases or 11.9%), and meal and flour of wheat and flour of meslin, other cereal meals and flours, coffee and coffee substitutes (4 cases each or 9.5%). Other products with non-negligible shares were vegetables, roots, tubers and other edible vegetable products, fresh or dried and fruit and nuts (not including oil nuts), fresh or dried (3 cases each or 7.1%).

Specific experiences with each NTM applied by the Tanzanian authorities are discussed below.

2.3.1. Licensing or permit to export

When exporting cut roses from Tanzania to Spain our company is required to obtain an export permit from the Ministry of Industry and Trade, but it takes up to three months to obtain this permit.

Exporter of cut roses

It is difficult to obtain the export permit from the Ministry of Industry and Trade because of too many documents (7) required in the process.

Exporter of fresh cut flowers and buds (ITC NTM survey in the United Republic of Tanzania)

Participating companies reported 15 cases of burdensome measures relating to 'licencing or permit to export' affecting a total of 11 product groups. While two products coffee and coffee substitutes and crude vegetable materials accounted for 40% of the reported cases, the rest of the nine products recorded 1 case each (6.6%) – see table 13. Companies expressed grave dissatisfaction with the procedures for obtaining a licence or permit to export principally because of long delays and the many documents they had to submit. Cases were even reported where companies were unable to export as they waited for periods lasting up to three months for the delivery of

an export permit. Company accounts of these long waiting periods are provided in more detail in table A1, appendix V.

Further examination shows that all but one of the 15 cases was aggravated by three types of POs – see table 14. While the predominant PO, delay related to reported regulation involved 11 of the 17 reported cases (64.7%), the other two, large number of documents and numerous administrative windows/organizations involved, redundant documents recorded 3 cases each.

Companies reported that the long waiting periods to obtain export permits cost them valuable resources and translated into wasted business opportunities as they were forced either to accumulate stock holdings at cost or to reduce production levels (e.g. in the case of perishables or products with short shelf life). Not only did companies face high opportunity costs but they lost export opportunities to foreign competitors who were considered to be more time-conscious and more dependable.

Long waiting periods denied these companies the opportunity to benefit from sophisticated production scheduling systems that are crucial to access global value chains (e.g. 'Just-In-Time' approaches). Under such systems stock levels of raw materials, components, work in progress, and finished goods are kept to minimum warranted levels dictated by demand. As a result less working capital is tied up in stock, the

likelihood of stock perishing or becoming obsolete is minimized, and businesses avoid costly build-up of unsold finished products.

Feedback from exporters of food and agro-based products points to a simple message: Export permit issuing agencies and, in particular, the Ministry of Industry and Trade, which is responsible for formulating and implementing the country's trade policy, perform at a level that actually congests exporting instead of facilitating it. There is an urgent need for the relevant authorities in the United Republic of Tanzania to review and streamline export permit issuing procedures and processes in line with international best practice to ease the flow of food and agro-based products exports to foreign markets.

2.3.2. Export certification

Companies reported facing another NTM in the form of certification required by the Tanzanian authorities. A total of 10 cases of certification required by the exporting country were recorded for products eight product categories with a total export value of US\$ 576,953,000, representing 33.9% of total food and agro-based products exports in 2012. While two groups of products, namely vegetables, fresh, chilled, frozen or simply preserved and crude vegetable materials recorded the highest share (20% each), the remaining cases were evenly spread over six product categories – see table 13.

The main issues companies faced with this NTM were the delays in obtaining the required certifications. The export regulatory agencies involved were the Tanzania Food and Drugs Authority, the Coffee Board of Tanzania and the Ministry of Agriculture. In most cases a phytosanitary certificate was required to ensure that exported products met recommended international standards set to protect human, animal and plant life and health. The products involved were mostly horticultural, e.g. fresh cut roses and buds, of a kind suitable for bouquets or for ornaments, vegetables, fresh or chilled and beans, shelled or unshelled, fresh or chilled, and also maize (corn) flour.

Companies reported that all but one of the 10 NTM cases (an overwhelming 81.8%) were compounded by delays related to reported regulation. The other POs reported in this context were 'informal payments demanded or expected by some of the officials at certification issuing authorities' and 'numerous administrative windows/organizations involved, redundant documents' (1 case each).

2.3.3. Export inspection

Exporting companies reported a total of 6 cases of burdensome export inspection conducted by Tanzanian authorities affecting five product categories. Only a few individual products were affected: 2 cases each were recorded for fish and crustaceans, rice and horticultural products (fruits and oil seeds) – see table 13.

All 6 cases of burdensome export inspection were compounded by POs – see table 14. The major PO experienced by companies in this context was delay related to reported regulation (6 of the 7 cases). This was often aggravated by corrupt practices involving informal payments requested by some of the border officials who inspected the merchandise. Some exporters reported that the export inspection process was prolonged deliberately to make them pay bribes to speed up the process. The agencies involved were the Tanzania Bureau of Standards (TBS), the Ministry of Fisheries and the Tanzania Port Authority, among others.

2.3.4. Export taxes and charges

Companies exporting food and agro-based products reported a total of 6 cases of high export taxes and charges applied by the Tanzanian authorities when exporting. The cases were reported for 5 products, namely cereals (maize or corn, wheat flour and other cereals) (3 cases), fruit and nuts, not including oil nuts, vegetable fats and oils products, and unmanufactured tobacco (1 case each) – see table 13.

The export taxes and charges applied domestically were perceived to be excessively high. Companies felt that when calculating taxes, the Tanzania Revenue Authority should take into consideration production costs and profits for individual products. While export taxes and charges render export prices uncompetitive, it is worth noting that they also fulfil various policy intentions, including discouraging exportation of products in raw or crude forms with a view to encourage domestic value addition.

2.3.5. Export prohibitions

Exporting companies also reported 3 cases of export prohibitions for meal and flour of wheat and flour of meslin, other cereal meals and flours and fish, fresh (live or dead), chilled or frozen – see table 13. The survey respondents also reported that in 2011 the government banned exportation of food products such as maize, rice and sugar. The bans were put in place for domestic food security reasons. However, for the exporters concerned the prohibition caused loss of revenue due to favourable prices in Kenya.

2.3.6. Other export-related measures

Lastly, the companies also reported that Tanzanian authorities occasionally applied export quotas (1 case for meal and flour of wheat and flour of meslin) and export registration (1 case for fixed vegetable fats and oils). These measures were also compounded by the presence of delays related to reported regulation and the large number of different documents to be filled and submitted when exporting – see table 14.

Table 13: Export of agro-food products: burdensome NTMs applied by Tanzanian authorities

Products	Export value in 2012 (000 \$)	Share of Exports	Export inspection	Certification required by the exporting country	Export prohibition	Export quotas	Licensing or permit to export	Export registration	Export taxes and charges	Total
Milk and cream and milk products other than butter or cheese	980	0.1%					1			1
Cheese and curd	132	0.0%		1			1			2
Fish, fresh (live or dead), chilled or frozen	101,282	6.0%			1					1
Crustaceans, molluscs and aquatic invertebrates, whether in shell or not, fresh [...]	9,989	0.6%	1							1
Fish, crustaceans, molluscs and other aquatic invertebrates, prepared or preserved, n.e.s.	58	0.0%	1							1
Rice	5,427	0.3%	2							2
Maize (not including sweet corn), unmilled	38,509	2.3%							1	1
Meal and flour of wheat and flour of meslin	48,264	2.8%			1	1	1		1	4
Other cereal meals and flours	14,525	0.9		1	1		1		1	4
Cereal preparations and preparations of flour or starch of fruits or vegetables	2,622	0.2%					1			1
Vegetables, fresh, chilled, frozen or simply preserved [...]	133,296	7.8%		2			1			3
Fruit and nuts (not including oil nuts), fresh or dried	189,611	11.1%	1				1		1	3
Sugars, molasses and honey	10,552	0.6%		1			1			2
Coffee and coffee substitutes	188,717	11.1%		1			3			4
Tea and mate	56,046	3.3%		1			1			2
Feeding stuff for animals (not including unmilled cereals)	79,398	4.7%		1						1
Tobacco, unmanufactured; tobacco refuse	188,448	11.1%							1	1
Oil-seeds and oleaginous fruits of a kind used for the extraction of 'soft' fixed vegetable oils [...]	101,055	5.9%	1							1

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Products	Export value in 2012 (000'\$)	Share of Exports	Export inspection	Certification required by the exporting country	Export prohibition	Export quotas	Licensing or permit to export	Export registration	Export taxes and charges	Total
Crude vegetable materials, n.e.s.	94,287	5.5%		2			3			5
Fixed vegetable fats and oils, 'soft', crude, refined or fractionated	33,835	2.0%						1		1
Fixed vegetable fats and oils, crude, refined or fractionated, other than 'soft'	7,410	0.4%							1	1
Other Products	397,840	23.4%								
Total	1,702,283	100.0%	6	10	3	1	15	1	6	42

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

Table 14: Export of agro-food products: NTMs applied by Tanzanian authorities and reasons making them burdensome

Measures applied	NTM related to POs / inefficiencies in the TBE	NTM too strict	Procedural obstacle	POs / inefficiencies in the TBE occur at home
Export inspection	6		Delay related to reported regulation Informal payment	6 1
Certification required by the exporting country	10		Numerous administrative windows/organizations involved, redundant documents Delay related to reported regulation Informal payment	1 9 1
Export prohibitions		3		
Export quotas	1		Large number of different documents Delay related to reported regulation	1 1
Licensing or permit to export	14	1	Large number of different documents Numerous administrative windows/organizations involved, redundant documents Delay related to reported regulation	3 3 11
Export registration	1			1
Export taxes and charges		6		
Total	32	10		38

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

2.4. Procedural obstacles and inefficiencies in the trade-related business environment affecting exports

This section presents the aggregate findings on all procedural obstacles and inefficiencies in the trade-related business environment reported by companies when exporting food and agro-based products. The POs and TBEs involved both trade partner countries and the Tanzanian authorities.³²

Participating companies reported encountering a total of 70 cases of burdensome POs and inefficiencies in the TBE – see table 15. As illustrated in previous sub-sections, the major PO and TBE inefficiency was delay related to reported regulation with 45 cases (64.3%), followed by the large number of different documents to be submitted (12.9%) and the multiple or numerous administrative windows/organizations involved, redundant documents (10%) that companies have to navigate through to obtain the required permits, licenses, inspection, certification. The overall picture was aggravated by corrupt practices in the form of informal payment, e.g. bribes to be paid for reported certificate/regulation encountered in some segments of the export regulatory authorities (8.6%). The other reported TBE inefficiencies were limited/inappropriate facilities for testing and limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks (1 case each).

In Tanzania there is no laboratory that can prove the quality of vegetables, so we have to go to Kenya. The Tanzania Bureau of Standards also does not provide certificates for certain vegetables, so it becomes difficult to reach the market directly.

Exporter of leguminous vegetables (ITC-NTM survey in the United Republic of Tanzania)

Exporting companies reported that most of the problems (59 out of 70 cases or 84.3%) involved Tanzanian authorities while trade partners were only responsible for 11 cases (15.7%). Most cases of POs and TBE inefficiencies that occurred in partner countries were delays related to reported regulation, principally import regulations. Of the eight countries involved, Kenya recorded the most with 4 reported cases (2 for delay related to reported regulation and another 2 for informal payment, e.g. bribes for

reported certificate/regulation). The other partner countries that recorded more than one case were Burundi with 2 cases (1 for delay related to reported regulation and another for limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks), and Germany with 2 cases for delay related to reported regulation.

Table 15 also provides the list of the Tanzanian export regulatory agencies involved. Out of the 12 ministries and agencies reported by companies exporting food and agro-based products, five were heavily involved, accounting for over 75% of all reported cases. The Ministry of Industry and Trade alone accounted for 27.1% of all cases, followed by the Tanzania Food and Drugs Authority (TFDA) (20.3%), the Tanzania Coffee Board (11.9%), the Ministry of Agriculture (10.2%), and the Tanzania Bureau of Standards (TBS) (6.8%).

³² In the previous section (2.3), the report presented cases of POs and TBEs that were associated with specific NTMs. However some POs and TBEs occur irrespective of NTMs, hence this section which covers all POs and TBEs reported by participating companies.

Table 15: Food and agro-based exports: procedural obstacles and inefficient trade-related business environment

Procedural obstacle / inefficiencies in the TBE	Where do the POs / inefficiencies in the TBE occur?		Total
	Partner Country	United Republic of Tanzania	
Large number of different documents		9 Ministry of Agriculture (1) Ministry of Industry and Trade (4) Tanzania Coffee Board (3) Tanzania Food and Drugs Authority (TFDA) (1)	9
Numerous administrative windows/organizations involved, redundant documents		7 Ministry of Agriculture (2) Ministry of Industry and Trade (3) Tanzania Atomic Energy Commission (TAEC) (1) Tanzania Food and Drugs Authority (TFDA) (1)	7
No due notice for changes in selected regulation and related procedures		1 Ministry of Industry and Trade (1)	1
Delay related to reported regulation	8 Burundi (1) Denmark (1) Germany (2) Kenya (2) Malawi (1) Norway (1)	37 Customs Office (1) Ministry of Agriculture (3) Ministry of Industry and Trade (8) Ministry of Livestock and Fisheries Development (2) Tanzania Bureau of Standards (TBS) (4) Tanzania Chamber of Commerce, Industry and Agriculture (3) Tanzania Coffee Board (4) Tanzania Food and Drugs Authority (TFDA) (6) Tanzania Ports Authority (TPA) (2) Tea Board of Tanzania (2) Tropical Pesticides Research Institute (2)	45
Informal payment	2 Kenya (2)	4 Ministry of Livestock and Fisheries Development (1) Tanzania Food and Drugs Authority (TFDA) (3)	6
F1. Limited/inappropriate facilities for testing		1 Tanzania Food and Drugs Authority (TFDA) (1)	1
F2. Limited/inappropriate facilities for sector-specific transport and storage	1 Burundi (1)		1
Total	11	59	70

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

2.5. Non-tariff measures and other obstacles affecting food and agro-based product imports

The United Republic of Tanzania imported food and agro-based products worth US\$ 1.098 billion in 2012, which accounted for 14.5% of total non-mineral imports of US\$ 7.596 billion. Like many other developing countries, Tanzania depends on imported materials and ingredients for its food and agro-based industry (and other industries). Some of these imported materials are used to produce food and agro-based products for exportation. It is therefore relevant to investigate NTMs, POs and inefficiencies affecting imports of food and agro-based products as they may in turn affect exports of similar products.

The survey findings show that a total of 14 cases of burdensome NTMs were applied by the Tanzanian authorities to imports of nine product groups. Half the cases occurred when companies were fulfilling product conformity assessment requirements, while 4 cases (28.6%) took place where technical requirements were being assessed – see table 16. One case each was also recorded for quantity control measures (e.g. non-automatic licences, quotas, prohibitions), price control measures and rules of origin and related certificate of origin. The most affected product group was fruit juices (including grape must) and vegetable juices with 6 of the 14 reported cases (3 cases each for technical requirements and conformity assessment). Sugars, molasses and honey recorded 2 cases of restrictive NTMs in the form of quantity control and rules of origin, while the remaining products recorded one case each.

Importing companies complained that the NTMs involved too many documents and lengthy procedures. For example, companies importing orange juice materials for further processing in the country waited up to three months for the Tanzania Food and Drugs Authority to provide them with the required import permit and phytosanitary certificate. What is more, some of these certificates were valid for six months only.

When importing unfermented orange juice from Thailand the imported juice needs to be tested by Tanzania Food and Drugs Authority. The testing takes up to 3 months; also the testing fee is very expensive.

Importers of orange juice material for further processing in the United Republic of Tanzania (ITC NTM survey in the United Republic of Tanzania)

Of the 14 burdensome NTM cases reported, 11 (78.6%) were linked to a total of 17 cases of POs and TBE inefficiencies. 6 of the 7 conformity assessment cases and all 4 technical requirements cases were compounded by these POs and TBE inefficiencies – see table 17.

All 17 cases involved authorities in the United Republic of Tanzania, 10 of which were applied by the Tanzania Food and Drugs Authority (TFDA) – see table 18. The TFDA was involved in 4 of the 7 cases reported for delays related to a regulation, in 3 of the 5 cases of unusually high fees and charges for reported certificate/regulation

(the remainder 2 cases involved the Ministry of Health), and in 2 of the 4 cases of large number of different documents. Trade partners (exporting countries) were not reported to having applied any POs.

When asked to provide specific recommendations to improve the situation in the United Republic of Tanzania, companies made instructive and insightful proposals. Among other suggestions, they recommended that the importing regulatory authorities reduce the number of documents required to obtain import permits. Respondents also felt that the TFDA should conduct testing within a reasonable timeframe and that testing fees should be reduced. It was also suggested that Tanzanian port authorities follow the example of Kenyan ports that operate round the clock to reduce congestion.

Table 16: Imports of agro-food products: burdensome NTMs applied by the United Republic of Tanzania

Products	Import value in 2012 (000'\$)	Share of Imports (%)	Technical requirements	Conformity assessment	Quantity control measures (e.g. non-automatic licences, quotas, prohibitions)	Price control measures	Rules of origin and related certificate of origin	Total
Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal	2,117	0.2%				1		1
Milk and cream and milk products other than butter or cheese	14,043	1.3%		1				1
Maize (not including sweet corn), unmilled	39,433	3.6%		1				1
Fruit juices (including grape must) and vegetable juices [...]	4,567	0.4%	3	3				6
Sugars, molasses and honey	172,611	15.7%			1		1	2
Edible products and preparations, n.e.s.	21,189	1.9%		1				1
Oil-seeds and oleaginous fruits [...]	442	0.0%	1					1
Fixed vegetable fats and oils, crude, refined or fractionated, other than 'soft'	259,438	23.6%		1				1
Other Products	584,185	53.2%						
Total	1,098,025	100.0%	4	7	1	1	1	14

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

Table 17: Imports of agro-food products: burdensome NTMs applied by Tanzanian authorities and reasons making them burdensome

Measures applied	NTM has POs / inefficiencies in the TBE	NTM Without POs / inefficiencies in the TBE	Procedural obstacle / inefficiencies in the TBE	POs / inefficiencies in the TBE occur at home
Technical requirements	4		Large number of different documents	3
			Information on selected regulation is not adequately published and disseminated	1
			Delay related to reported regulation	1
Conformity assessment	6		Large number of different documents	1
			Delay related to reported regulation	5
			Unusually high fees and charges for reported certificate/regulation	5
Quantity control measures	1	1	Delay related to reported regulation	1
Price control measures		1		
Rules of origin and related certificate of origin		1		
Total	11	3		17

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

Table 18: Food and agro-based imports: procedural obstacles and inefficient trade-related business environment

Procedural obstacle	Where do the POs / inefficiencies in the TBE occur?	Total
	United Republic of Tanzania	
Large number of different documents	Ministry of Agriculture (1)	4
	Tanzania Food and Drugs Authority (TFDA) (2)	
	Tropical Pesticides Research Institute (1)	
Information on selected regulation is not adequately published and disseminated	Tanzania Food and Drugs Authority (TFDA) (1)	1
Delay related to reported regulation	Ministry of Agriculture (1)	7
	Ministry of Health (1)	
	Ministry of Industry and Trade (1)	
	Tanzania Food and Drugs Authority (TFDA) (4)	
Unusually high fees and charges for reported certificate / regulation	Ministry of Health (2)	5
	Tanzania Food and Drugs Authority (TFDA) (3)	
Total		17

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

2.6. Summary and policy options

Summary

This chapter presented a detailed analysis of the experiences reported by companies exporting and importing food and agro-based products with NTM regulations, procedural obstacles and inefficiencies in the trade-related environment. The analyses focused on aggregate, specific and product level data as well as on the nature, location and impact of restrictive regulations. The main findings of the survey are summarized below.

During the phone screening, a high percentage of companies (65.8% or 79 of 120) reported experiencing restrictive regulations when exporting food and agro-based products. Similarly a high proportion of importing companies (67.9% or 19 out of 28) reported facing burdensome NTMs. These results indicate that relatively large proportions of companies in the United Republic of Tanzania were affected by restrictive regulations when exporting and importing food and agro-based products.

The company experiences and perspectives presented in this report are representative as the findings are based on relatively high percentages of companies agreeing to take part in face-to-face interviews. While more than half (55.7% or 44 companies) of the affected exporting companies agreed to participate in the face-to-face interviews, almost half (47.4% or 9 companies) of the affected importing companies took part as well.

Companies reported 31 cases of burdensome NTMs applied by trade partners when exporting food and agro-based products. The main NTMs were: conformity assessment (45.2%); rules of origin and related certificate of origin (32.3%); technical requirements (19.4%); and charges, taxes and other para-tariff measures (3.1%).

Restrictive measures applied by Tanzanian authorities also affected a large number of products. In order of importance these NTMs were the following: licensing or permit to export (35.7%); certification required by the exporting country (23.8%); export inspection (14.3%); export taxes and charges (14.3%); export prohibitions (7.1%); export quotas (2.4%); and export registration (2.4%). The top two, namely license or permit to export and export certificate are closely related and accounted for a substantial proportion of nearly 60% of the reported NTM cases applied by domestic authorities.

On the importing side, companies reported a total of 14 cases of burdensome NTMs affecting nine product groups, all of which were applied by Tanzanian authorities. Half of the cases occurred when the companies were fulfilling product conformity assessment requirements, while four cases (28.6%) took place where technical requirements were being assessed. Quantity control measures (e.g. non-automatic licences, quotas, prohibitions), price control measures and rules of origin and related certificate of origin recorded one case each.

Companies complained that complying with the various NTMs was made more difficult or costly by the presence of POs and inefficiencies in the TBE. The main POs and TBE inefficiencies faced by companies when exporting were reported as: 'delay related to reported regulation' (e.g. cases are reported of a waiting period of up to three months to obtain export permit); large number of different documents to be completed/filled and submitted (e.g. up to seven documents for an export permit), numerous administrative windows/organizations involved, redundant documents; and informal payment, e.g. bribes for reported certificate/regulation. Companies also reported cases of limited/inappropriate facilities for testing and limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks.

On the importing side, compliance with the NTMs was complicated by the presence of POs in the form of delays related to reported regulation; large number of documents to be submitted; and lack of adequate information on selected regulation. To make matters worse companies were subjected to unusually high fees and charges for reported certificate/regulation.

The section highlighted several positive and timely initiatives undertaken by the United Republic of Tanzania to enhance trade facilitation in the country. In February 2014, the Tanzania Chamber of Commerce Industry and Agriculture (TCCIA) launched a new system for issuing electronic certificates of origin. The new system simplifies the process by allowing registered users to apply and obtain a certificate of origin online, thereby reducing the cost of doing business. It is expected that the system will be operational by the end of July 2014 but a few challenges remain, in particular ensuring the uptake of the new system by all exporting SMEs and guaranteeing the recognition of electronic certificates in all export destination markets. The United Republic of Tanzania will have to establish special agreements with trade partners for whom electronic certificates are not admissible by law.

In addition to introducing the electronic certificate of origin, the United Republic of Tanzania introduced the Tanzania Customs Integrated System (TANCIS) during the first quarter of 2014. This project is funded by the Government and the donor-funded Investment Climate Facility for Africa (ICF). TANCIS is a customized electronic single window system designed to simplify and speed-up the clearing of exported and imported goods through customs and other trade regulatory ministries, departments and agencies.³³ A single window system allows parties involved in international trade and transport to lodge standardized information and documents through a single entry point to fulfil all import, export and transit-related regulatory requirements. All information is electronic and individual data needs only to be submitted once. A single window authority receives the documentation required, disseminates the information to all relevant authorities, and co-ordinates controls to prevent undue hindrance in the logistical chain.

In 2012-13, at the time of the survey, the country did not have TANCIS. Therefore the company experiences captured in the survey reflect the difficult trade clearing occurrences recorded in the absence of a single window system. At the time of writing this report TANCIS had been introduced in Dar es Salaam ports only, with other ports of entry waiting to be connected in the near future. As at July 2014, only 13 clearing and forwarding agents had been connected.

Policy options

The report recommends actions to address the problems that were identified with the help of participating companies to ease their burden when exporting and importing food and agro-based products in the United Republic of Tanzania. The report recommends that the country undertake a detailed review of the NTMs along with a thorough review of the roles, relevance and institutional capacities of the ministries, departments and agencies that ensure their monitoring and implementation and the justifiability of related

³³ See Investment Climate Facility for Africa (2014) and Makene (2014).

fees and charges. The review should also cover documentation requirements and the numerous forms companies have to submit to eliminate the many redundancies observed. The review should aim at streamlining processes, eliminating redundant and/or least beneficial NTMs to reduce unnecessary costs for businesses and further entrenching open market policies.

Some of the POs faced by companies reflect inadequate capacities within the many institutions that implement NTMs and monitor their use. To this end, the report recommends that the United Republic of Tanzania undertake a comprehensive institutional needs assessment covering all ministries, departments and agencies involved to identify the capacity gaps (e.g. equipment and testing facilities, staffing, inter alia) that the country should address, either on its own or with the support of its development partners.

The country should also continue tackling the problem of informal payments, e.g. bribes that companies face when complying with NTMs. Although such cases were reported for relatively small segments of the trade regulatory agencies involved, the problem persists.

More detailed policy options are considered in Chapter 4.

3. Manufactured products

This section reports the burdensome NTMs and associated POs and TBE inefficiencies experienced by Tanzanian exporters and importers of manufactured products. For the purpose of this report manufactures comprise all products except fresh food and raw agro-based products and processed food and agro-based products.

The United Republic of Tanzania exported manufactured products worth US\$ 918,755,000 in 2012. These exports were dominated by four product sectors: metal and other basic manufacturing worth US\$ 197,751,000 at 2012 prices and representing 21.5% of manufactures exports and 7.5% of total exports; non-electric machinery (18% and 6.3% respectively), chemicals (17.5% and 6.1%), yarn, fabrics and textiles (11% and 4%); and miscellaneous manufacturing products (10.2% of manufacturing exports) – see table 6.

A total of 274 companies exporting manufactured products participated in the phone screening (adding the numbers of companies for sectors '03' to '13' in table 6).³⁴ Of these 274 companies 211 (or 77%) encountered restrictive regulations, of which 112 (or 53.1%) participated in face-to-face interviews.³⁵ The findings on NTMs, POs and TBE inefficiencies presented and analysed in this section are based on the information provided by these 112 companies.

3.1. Importance of the sector

Section 3.1 presents an overview of the relative importance of the manufacturing sector, its structure and its performance to contextualise the study prior to considering the NTM and POs reported by participating companies for the sector.

The manufacturing sector is one of the key sectors of the Tanzanian economy and viewed as highly strategic by the government. According to the National Development Vision 2025, manufacturing is pivotal in transforming the United Republic of Tanzania into a semi-industrialised economy by 2025 and offers the country the best opportunity to engage in higher value addition production.

The government has made concerted efforts to develop and implement pro-industrial development strategies and programmes (e.g. the National Industrial Development Strategy) to diversify exports away from the traditional agricultural production that dominates the economy. However, the impact of these programmes on diversification and value addition has been limited. While an impressive performance was recorded in the production of iron sheets, cement, and batteries, other activities have been on the decline,

³⁴ With 274 out of the 394 (or 69.5%) companies participating in the phone screening the manufacturing sector exceeded the representation of the food and agro-based exporting companies.

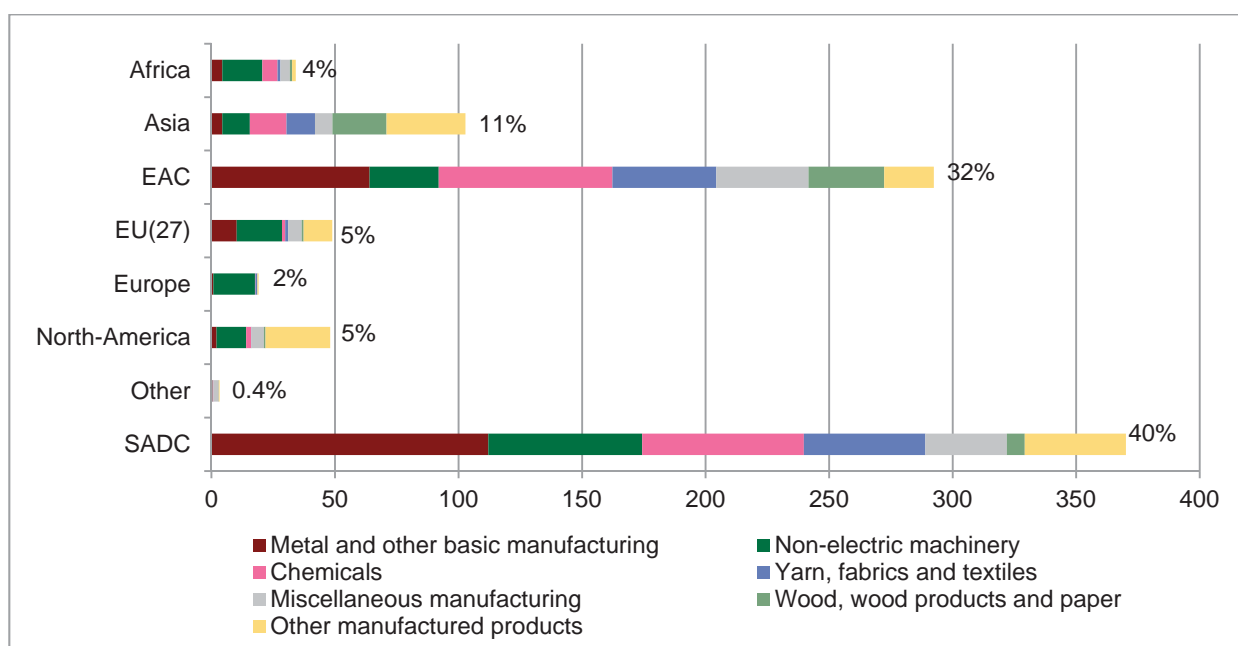
³⁵ The proportion of 53.1% of companies exporting manufactured products that participated in face-to-face interviews compares favourably with the 55.7% recorded for companies exporting food and agro-based products.

weighed down by the global economic downturn: these include the production of aluminium, textiles, and wood products, among others. The manufacturing sector in the United Republic of Tanzania is burdened by the typical supply-side challenges industry faces in Sub-Saharan Africa: high production costs and taxes, lack of modern technologies and equipment, limited access to long-term financing, insufficient industry linkages, low labour productivity, shortages of electricity supply, and under developed physical infrastructure.³⁶

The manufacturing sector relies on imported industrial inputs and intermediate products. Compared to food and agro-based products for which the United Republic of Tanzania clearly has a comparative advantage, the country applies a relatively lower average most-favoured nation (MFN) common external tariff (CET) of 12.5% to imports of manufactured products. To ease production costs some of the imported intermediate products are subject to customs duty remission and/or waivers allowed under the EAC Customs Management Act 2004³⁷ and the Protocol on the Establishment of the EAC Customs Union.³⁸

In terms of export markets, in 2012 the largest proportion (40%) of the country's manufactured products was destined to SADC partner countries – see figure 17. The EAC was the second most important market, absorbing 32%. The remaining 28% of manufactured exports were destined to Asian economies (11%), the EU-27 (5%), North America (5%), the rest of Africa (4%), and others (2.5%). When comparing the share of exports of manufactured goods with total exports per region, the shares recorded for developed and emerging regional economies (10% for the EU-27, 12% for Asia) are noticeably smaller than the shares recorded for SADC (74%) and the EAC (54%) for reasons alluded to already.

Figure 17: Tanzanian manufactured goods exports: major markets, 2012



Source: ITC Trade Map 2012. Datas on services and arms are excluded.

3.2. Non-tariff measures applied by partner countries affecting exports

Companies exporting manufactured products reported a total of 42 cases of NTMs during the face-to-face interviews. Rules of origin and related certificate of origin and pre-shipment inspection and other formalities were the most frequently reported NTMs with 14 and 13 cases respectively. They were followed by

³⁶ Ministry of Industry and Trade (2010).

³⁷ e.g. customs duty remission in the case of palm stearin-RBD (HS code 1511.90.40).

³⁸ e.g. customs duty waivers allowing duties of 0% to 10% on road tractors and for certain motor vehicles transporting people or goods.

conformity assessment (7 cases), technical requirements (4 cases) and quantity control measures (3 cases) – see table 19.

These NTMs affected 23 different types of manufactured goods. Articles of plastic, not elsewhere specified recorded the largest number of cases (5), followed by other textile fabrics, woven (4 cases); insecticides, rodenticides, fungicides, herbicides, and other (3 cases); and clay construction materials and refractory construction materials (3 cases). While these four product lines represent 35.7% of the total NTM cases faced by exporters of manufactured products, they only account for a mere 3.5% in terms of export value. Overall, only a small proportion of manufactured products exports were affected by restrictive regulations; nonetheless these NTM experiences and related POs and TBE inefficiencies are worth investigating to nip the problems in the bud and avoid the spreading of such practices to other products.

It is interesting to note that for almost each of the NTMs reported a large and diverse group of partner countries were involved, implying that the problems encountered are not country or region-specific and could reflect issues at home, in the United Republic of Tanzania. Strikingly, 33 of the 42 NTM cases (78.6%) involved fellow trade agreement partners in SADC and the EAC. This result points to the need for further consultations with partner countries in these regional groupings.

The ensuing paragraphs take a closer look at the NTM cases and associated POs and inefficiencies in the TBE applied by partner countries, starting with the NTMs for which the largest number of cases was recorded.

3.2.1. Rules of origin and related certificate of origin

It takes a long time (up to 42 days) to obtain a Certificate of Origin from Tanzania Revenue Authority, hence causing delay.

Exporters of 'tullies and other net fabrics' and woven fabrics of noil silk (ITC NTM survey in the United Republic of Tanzania)

Rules of origin and related certificate of origin was the single most frequently encountered NTM accounting for 33.3% of the cases (14 out of 42) reported by companies exporting manufactured products – see table 19. This NTM was often cited for countries with which the United Republic of Tanzania has preferential trade agreements such as partners in SADC and the EAC, or countries granting special market access as per the terms of the African, Caribbean and Pacific – European Union (ACP/EU) trade agreements, or bilaterally with countries such as Italy or Portugal which grant Tanzania GSP market access.

According to the various criteria set out in trade these agreements and protocols, Tanzanian exporters are required to produce evidence that their goods originate from the United Republic of Tanzania.³⁹

Other textile fabrics, woven recorded the largest number of cases related to rules of origin (4 cases or 28.6%), followed by textile yarn; tullies, lace, embroidery, ribbons, trimmings and other small wares; and medicinal and pharmaceuticals products other than medicaments of group 542 (2 cases each); and cotton fabrics (1 case). Overall, fabrics and textiles products accounted for 64% of the reported cases (9 of the 14). This group of products faced burdensome rules of origin in other developing export markets which are keen to ensure minimum competition from imports of similar products.

As reported in table 20 the burden of rules of origin and related certificate of origin was compounded by additional POs in all 14 cases. Of the 15 PO cases reported, delays related to reported regulation accounted for 86.7% or 13 cases, 12 of which occurred at home. As for other products, the long delays companies face when applying for a certificate of origin were at times associated with informal payments, e.g. bribes for reported certificate /regulation (2 cases reported).

Obtaining the Certificate of Origin is difficult as concerned offices demand bribes before granting it.

Exporter of rodenticides and other plant protection products (ITC NTM survey in the United Republic of Tanzania)

³⁹ Some readers may want to refer to Annex I to refresh on the definition, uses, criteria and practical challenges of rules of origin.

The list of institutions involved in these POs and TBE inefficiencies is provided in table 23.

3.2.2. Pre-shipment inspection and other entry formalities

Export inspection takes a lot of time (2 to 10 days) and we are forced to provide bribes for inspections to be done more quickly.

[Exporter of boxes, cases, crates and similar articles of plastic \(ITC NTM survey in the United Republic of Tanzania\)](#)

Pre-shipment inspection and other entry formalities is another most frequently encountered NTM when exporting manufactured products. Companies reported a total of 13 cases of this NTM, representing 31% of all reported cases – see table 19. The partners involved in burdensome pre-shipment inspection and other entry formalities' include: Ethiopia (2 cases), Malawi (2), Namibia (2), Zambia (2), Botswana (1), Burundi (1), Mozambique (1), Rwanda (1), and India (1). Again, a large and varied group of trade partners were involved and the United Republic of Tanzania has trade

agreements with most of them.

Out of the 13 cases of pre-shipment inspection and other entry formalities, 12 were associated with procedural obstacles. In total 14 cases of POs were reported, 11 of which pertained to delays related to reported regulation', while 3 concerned 'informal payments, e.g. bribes for reported regulation' – see table 20.

The United Republic of Tanzania should take up the issues surrounding 'pre-shipment inspection and other entry formalities' with its trade partners either bilaterally or through the regional integration mechanisms established in the SADC and EAC treaties.

3.2.3. Conformity assessment

Companies exporting manufacture products also reported being confronted with challenging 'conformity assessments' for their merchandise. The survey recorded a total of 7 cases which represented 16.7% of all NTM cases reported – see table 19. A smaller number (4) of groups of products representing 5.7% of total manufactures exports was affected by conformity assessments. The partner countries involved were China (1 case), Kenya (1), Malawi (1), Rwanda (1), South Africa (1), Uganda (1), and Zambia (1).

The findings show that 6 of the 7 cases of conformity assessment were associated with 8 cases of POs in the form of 'delays related to reported regulation' (5 cases occurring in partner countries), 'informal payments, e.g. bribes for reported regulation' (2 cases occurring in partner countries) and the 'large number of different documents' to be submitted (1 case reported in the United Republic of Tanzania) – see table 20. As was also the case for food and agro-based exports, outdated Standards, Quality assurance, Metrology and Testing (SQMT) measures contribute to these delays and create a climate suitable for bribes.

3.2.4. Technical requirements

Companies also reported cases of challenging technical requirements encountered when exporting manufactured products. A total of 4 such cases were reported, representing 9.5% of all NTM cases. Four groups of products were affected: wood in chips or particles and wood waste (2 cases), and 1 case each for perfumery, cosmetic or toilet preparation (excluding soaps) and cotton fabrics, woven (not including narrow or special fabrics) – see table 19.

The challenging technical requirements were applied by Angola (1 case), Kenya (1), Uganda (1) and Yemen (1). None of these cases were associated with additional POs – see table 20.

3.2.5. Other NTMs

The other burdensome NTMs encountered by companies exporting manufactured products were quantity control measures (e.g. non-automatic licences, quotas, prohibitions) (3 cases) and charges, taxes and other para-tariff measures (1 case) – see table 19. The countries involved were the Democratic Republic of the Congo (2 cases), Zambia (1) and Kenya (1) all of which have trade agreements with the United Republic of Tanzania within SADC and the EAC.

The findings also show that 2 of the 3 cases of quantity control measures were associated with delays related to reported regulation' which occurred in partner countries. No associated PO was reported for charges, taxes and other para-tariff measures – see table 20.

Table 19: Export of manufactured products: burdensome NTMs applied by partner countries

Products	Export value in 2012 (\$'000)	Share of exports	Technical requirements	Conformity assessment	Pre-shipment inspection and other entry formalities	Charges, taxes and other para-tariff measures	Quantity control measures	Rules of origin and related certificate of origin	Total
Wood in chips or particles and wood waste	22	0.0%	2						2
Medicinal and pharmaceutical products [...]	359	0.0%						2	2
Perfumery, cosmetic or toilet preparations (excluding soaps)	15,287	1.7%	1						1
Soap, cleansing and polishing preparations	20,778	2.3%			1				1
Tubes, pipes and hoses, and fittings therefor, of plastics	8,657	0.9%			1				1
Insecticides, rodenticides, fungicides, [...]	487	0.1%			2			1	3
Paper and paperboard	19,470	2.1%			1				1
Paper and paperboard, cut to size or shape, and articles of paper or paperboard	9,509	1.0%					1		1
Textile yarn	9,369	1.0%						2	2
Cotton fabrics, woven (not including narrow or special fabrics)	1,588	0.2%		1				1	2
Other textile fabrics, woven	116	0.0%						4	4
Tulles, lace, embroidery, ribbons, trimmings and other small wares	186	0.0%						2	2
Special yarns, special textile fabrics and related products	16,211	1.8%	1		1				2
Floor coverings, etc.	127	0.0%			1				1
Lime, cement, and fabricated construction materials [...]	46,359	5.1%			1				1
Clay construction materials and refractory construction materials	5,872	0.6%		3					3
Iron and steel bars, rods, angles, shapes and sections (including sheet piling)	11,351	1.2%			1				1

Products	Export value in 2012 (\$'000)	Share of Exports	Technical requirements	Conformity assessment	Pre-shipment inspection and other entry formalities	Charges, taxes and other para-tariff measures	Quantity control measures,	Rules of origin and related certificate of origin	Total
Tubes, pipes and hollow profiles, and tube or pipe fittings, of iron or steel	19,199	2.1%		1					1
Manufactures of base metal, n.e.s.	6,921	0.8%					2		2
Pumps for liquids [...]	1,453	0.2%			1			1	2
Taps, cocks, valves and similar appliances [...]	1,643	0.2%						1	1
Photographic and cinematographic supplies	19	0.0%			1				1
Articles of plastics n.e.s.	25,545	2.8%		2	2	1			5
Other Products	698,227	76%							0
Total	918,755	100.0%	4	7	13	1	3	14	42
Partner countries			Angola (1) Kenya (1) Uganda (1) Yemen (1)	China (1) Kenya (1) Malawi (1) Rwanda (1) South Africa (1) Uganda (1) Zambia (1)	Botswana (1) Burundi (1) Ethiopia (2) Malawi (2) Mozambique (1) Namibia (2) Rwanda (1) India (1) Zambia (2)	Kenya (1)	Democratic Republic of the Congo (2) Zambia (1)	Burundi (2) Italy (1) Kenya (2) Malawi (1) Portugal (1) Rwanda (1) India (2) South Africa (1) Swaziland (2) United States (1)	

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

Table 20: Export of manufactured products: burdensome NTMs applied by partner countries and reasons making them burdensome

Measures applied	NTM has POs / inefficiencies in the TBE	NTM without POs / inefficiencies in the TBE	Procedural obstacle	POs / inefficiencies in the TBE occur at home	POs / inefficiencies in the TBE occur in partner country	Total
Technical requirements		4				
Conformity assessment	6	1	Large number of different documents	1		1
			Delay related to reported regulation		5	5
			Informal payment		2	2
Pre-shipment inspection and other entry formalities	12	1	Delay related to reported regulation		11	11
			Informal payment		3	3
Charges, taxes and other para-tariff measures		1				
Quantity control measures (e.g. non-automatic licences, quotas, prohibitions)	2	1	Delay related to reported regulation		2	2
Rules of origin and related certificate of origin	14		Delay related to reported regulation	12	1	13
			Informal payment		2	2
			Total	34	8	24

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

3.3. Non-tariff measures applied by the United Republic of Tanzania affecting exports

Companies that participated in the face-to-face interviews reported experiencing 8 different types of NTMs in the United Republic of Tanzania affecting exports of manufactured products. The NTMs were the following: export inspection; certification required by the exporting country; export prohibitions; export quotas; licensing or permit to export; export registration; other export quantitative restrictions; and export taxes and charges – see table 21.

Exporting companies reported a total of 92 cases affecting 45 different product groups. This is more than twice the number of NTM cases recorded in partner countries (42) and indicates that more export regulation hurdles are imposed upon companies at home than in foreign export markets. This situation requires taking a closer look at some of the restrictive regulations applied in the United Republic of Tanzania.

When looking at the list of affected products it appears that a relatively large number of product groups face more than one type of NTM. Exports of wood in the rough, whether or not stripped of bark or sapwood, or roughly squared recorded the largest number with 7 cases, followed by medicinal and pharmaceutical products (5 cases). Ten product groups recorded 3 or 4 cases, while most products (26 out of the 45 listed) recorded 1 or 2 cases each. These findings show that exporting manufactured products is a relatively complicated business in the United Republic of Tanzania, as companies have to overcome thickets of NTMs and associated POs at home.

The subsequent sub-sections take a closer look at NTMs affecting exports of manufactured products, starting with the NTMs for which the largest number of cases was recorded.

3.3.1. Licensing or permit to export

To export cork to Kenya we are required to get an export permit from the Ministry of Industry and Trade, but there is a challenge here because the Ministry of Natural Resources and Tourism is also involved in the process, causing delays.

Exporter of natural corks and stoppers (ITC NTM survey in the United Republic of Tanzania)

Companies exporting manufactured products reported a total of 57 cases of burdensome licensing or permit to export representing a high proportion of 62% of all the NTM cases applied domestically. Out of the 45 different product groups listed in table 21, 35 were subject to this NTM, which demonstrates that difficulties with licensing or permit to export are almost inescapable for manufactured products. The largest number of cases (6) was recorded for wood in the rough, whether or not stripped of bark or sapwood, or roughly squared. Several other product groups recorded more than one case for this NTM.

Scratching beneath the surface it appears that exporters face a labyrinth of procedural obstacles that compound the burden of obtaining the licence or permit to export. Companies reported a total of 58 such cases across six different POs affecting almost all NTMs – see table 22. Of all POs, delay related to reported regulation was the most frequently encountered with a total of 44 cases, 42 of which occurred at home. This is the largest number of POs associated with a single NTM applied by Tanzanian authorities recorded in the survey. Other important POs impairing licensing or permit to export include: numerous administrative windows/organizations involved, redundant documents (5 cases); informal payment, e.g. bribes for reported certificate/regulation (3 cases); large number of different documents (3 cases); unusually high fees and charges for reported certificate/regulation (2 cases); and difficulties with translation of documents from or into other languages (1 case).

It is too difficult to get a permit to export timber because there is bureaucracy in the Ministry of Natural Resources and Tourism. It takes almost three months.

Exporter of wood in chips, non-coniferous. (ITC NTM survey in the United Republic of Tanzania)

The pervasiveness of the POs related to this NTM suggests that there are fundamental issues in the United Republic of Tanzania with issuing licences or permits to export. These cases clearly point to an NTM regime that is due for reform. While further efforts are needed to harmonise and consolidate

administration procedures, increased investment in capacity building is also required to enhance provision of trade regulatory services. Unusually high fees and charges should also be revised in line with the narrowing profit margins companies face in international export markets.

3.3.2. Export inspection

Inspection at the Tanzania-Kenya border takes a long time (2 to 3 days) because of the long queue of trucks to be inspected and the border officials are too slow.

Exporter of herbicides, anti-sprouting products and plant-growth regulators (ITC NTM survey in the United Republic of Tanzania)

Companies exporting manufactured products reported 11 cases of burdensome export inspection regulation affecting a total of nine different export product groups – see table 21. This is a far smaller number of cases compared to the number of cases reported for licensing or permit to export. However, relativity in frequency terms does not mean the burdens associated with meeting the export inspection obligation are negligible for the affected companies.

The only PO associated with export inspection was delays related to reported regulation – see table 22.

3.3.3. Export quotas

We need to export as much as we can as a company but the issue of export quotas leads us to export small amounts. This is a big problem for our business.

Exporter of twine, cordage, ropes and cables, of sisal textile fibres (ITC NTM survey in the United Republic of Tanzania)

Some manufactured export products were subject to export quotas that limited the quantities that could be exported during a given period of time. Export quotas are intended to encourage domestic value addition but sometimes the manner in which this is enforced can make it difficult for companies to comply. Companies in the face-to-face interviews reported a total of 8 cases of export quotas affecting seven product groups, mainly wood related products (3 cases); special yarns, special textile fabrics and related products; and jewellery, goldsmiths and silversmiths wares, and other articles of precious or semiprecious materials (2 cases each) – see table 21.

Most export quota cases were not associated with additional POs, except for 2 cases compounded with delays related to reported regulation applied by the Tanzanian authorities – see table 22.

3.3.4. Other NTMs

Other noteworthy NTMs applied by Tanzanian authorities were: export taxes and charges (6 cases); export registration (4 cases); certification required by the exporting authorities (4 cases); export prohibitions (1 case); and other export quantitative restrictions (1 case). These NTMs affected a total of 6 manufactured export products.

Unsurprisingly there was but one PO reported across all these NTMs, namely delays related to the reported regulation. The other frequently reported PO was numerous administrative windows/organizations involved redundant documents. Both these POs point to a lack of institutional capacity and poor inter-agency coordination.

Additional charges, apart from ordinary custom charges imposed by the government of Tanzania under TICTS, hinder us from exporting more produce due to fear of high export taxes. Also our consignments are delayed at the Tanzania Port Authority.

Exporter of twine, cordage, ropes and cables, of sisal textile fibres (ITC NTM survey in the United Republic of Tanzania)

Table 21: Export of manufactured products: burdensome NTMs applied by Tanzanian authorities

Products	Export value in 2012 (\$000)	Share of exports	Export inspection	Certification required by the exporting country	Export quotas and prohibitions	Licensing or permit to export	Export registration	Export taxes and charges	Total
Wood	1,120	0.12%			2	8	1		11
Medicinal and pharmaceutical products [...]	359	0.04%	2	1		2			5
Wood manufactures, n.e.s.	1,109	0.12%				3		1	4
Cotton fabrics, woven [...]	1,588	0.17%	2			2			4
Special yarns, special textile fabrics [...]	16,211	1.76%		1	2			1	4
Transmission shafts [...]	938	0.10%				4			4
Jewellery, goldsmiths' and silversmiths' wares [...]	5,402	0.59%			2	2			4
Soap, cleansing and polishing preparations	20,778	2.26%		1		1	1		3
Aluminium	8,738	0.95%		1			1	1	3
Agricultural machinery [...]	5,309	0.58%	1			2			3
Medicaments (including veterinary medicaments)	2,205	0.24%				2			2
Perfumery, cosmetic or toilet preparations [...]	15,287	1.66%	1			1			2
Textile yarn	9,369	1.02%				1	1		2
Lime, cement, and fabricated construction materials [...]	46,359	5.05%				2			2
Clay construction materials [...]	5,872	0.64%						2	2
Power-generating machinery and parts thereof, n.e.s.	882	0.10%	1			1			2
Heating and cooling equipment and parts thereof, n.e.s.	1,119	0.12%				2			2
Measuring, checking, analysing [...] instruments [...]	44,617	4.86%	1		1				2
Tubes, pipes and hoses, and fittings thereof, of plastics	8,657	0.94%				1			1
Insecticides, rodenticides, fungicides, herbicides [...]	487	0.05%	1						1

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Products	Export value in 2012 (\$000)	Share of exports	Export inspection	Certification required by the exporting country	Export quotas and prohibitions	Licensing or permit to export	Export registration	Export taxes and charges	Total
Materials of rubber [...]	495	0.05%				1			1
Veneers, plywood, particle board [...]	5,386	0.59%			1				1
Paper and paperboard	19,470	2.12%				1			1
Glassware	29,492	3.21%				1			1
Iron and steel bars, rods, angles [...]	11,351	1.24%				1			1
Structures and parts of structures [...]	3,865	0.42%	1						1
Nails, screws, nuts, bolts, rivets and the like [...]	485	0.05%				1			1
Tools for use in the hand or in machines	9,665	1.05%				1			1
Manufactures of base metal, n.e.s.	6,921	0.75%				1			1
Rotating electric plant and parts thereof, n.e.s.	6,482	0.71%				1			1
Ball- or roller bearings	663	0.07%				1			1
Non-electric parts and accessories of machinery, n.e.s.	720	0.08%	1						1
Sanitary, plumbing and heating fixtures and fittings, n.e.s.	2,786	0.30%			1				1
Instruments and appliances [...]	413	0.04%				1			1
Printed matter	4,373	0.48%				1			1
Baby carriages, toys, games and sporting goods	281	0.03%				1			1
Miscellaneous manufactured articles, n.e.s.	1,157	0.13%				1			1
Other Products	618,344	67.30%	0	0	1	10	0	1	12
Total	918,755	100%	11	4	10	57	4	6	92

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

Table 22: Export of manufactured products: NTMs applied by Tanzanian authorities and reasons making them burdensome

Measures applied	NTM has PO	NTM without PO	Procedural obstacle	PO occurs at home	PO occurs in partner country	Total
Export inspection	11		Delay related to reported regulation	11		11
Certification required by the exporting country	4		A4. Numerous administrative windows/organizations involved, redundant documents	3		3
Export prohibitions		1	Delay related to reported regulation	2		2
Export quotas	2	6	Delay related to reported regulation	2		2
Licensing or permit to export	54	3	Large number of different documents	3		3
			Difficulties with translation of documents from or into other languages	1		1
			Numerous administrative windows/organizations involved, redundant documents	5		5
			Delay related to reported regulation	42	2	44
			Unusually high fees and charges for reported certificate/regulation	2		2
			Informal payment	3		3
Export registration	4		Large number of different documents	2		2
			Numerous administrative windows/organizations involved, redundant documents	1		1
			Delay related to reported regulation	2		2
Other export quantitative restrictions		1				
Export taxes and charges	4	2	Numerous administrative windows/organizations involved, redundant documents	1		1
			Delay related to reported regulation	2		2
			Unusually high fees and charges for reported certificate/regulation	2		2
Total	79	13		84	2	86

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

3.4. Procedural obstacles and inefficiencies in the trade-related business environment affecting exports

This section looks at the frequency of the different POs encountered by companies exporting manufactured products, in Tanzanian agencies and in partner countries. Partner countries and Tanzanian agencies which record the highest frequency of PO cases are clear targets for the Tanzanian authorities to engage with both at home and in exporting markets.

Exporters of manufactured products that participated in the face-to-face interviews reported a total of 125 cases across 6 different types of POs. While 79.2% of these cases (99) involved Tanzanian agencies, only 26 cases (or 20.8%) occurred in partner countries.

Export licence or permit is valid for 1 year but it takes a long time to obtain it, up to three months.

Exporter of fishing rods, fish-hooks and other line fishing tackle; fish landing nets, butterfly nets and similar nets (ITC NTM survey in the United Republic of Tanzania)

Delay related to the reported regulation was by far the most frequently encountered PO in partner countries with a total of 21 cases reported. The other 5 cases were related to informal payment, e.g. bribes for reported certificate/regulation. Most partner countries involved were countries with which the United Republic of Tanzania has trade agreements. The country should take up these issues with trade partners either through existing regional trade agreements and relevant protocols, or bilaterally as deemed expedient.

When looking at the PO cases occurring in the United Republic of Tanzania, the findings show that a very large share of 73.3% (73 cases) concerned delays related to reported regulation as well. Most of these were attributed to the Tanzania Revenue Authority (TRA) for which 30 cases were reported (combining 18 cases at TRA and 12 cases at the Customs Office), followed by the Ministry of Natural Resources and Tourism (13 cases), and the Ministry of Industry and Trade (11 cases). Other agencies recorded relatively large number of cases as well.

Pre-shipment inspection takes a long time which causes delay in shipments. The inspection is supposed to take three days but it takes more than that, up to 2 to 3 weeks.

Exporter of wire, copper alloy (ITC NTM survey in the United Republic of Tanzania)

The other POs with noticeable numbers of cases were numerous administrative windows/organizations involved, redundant documents (10 cases); large number of different documents' (6 cases); and informal payment, e.g. bribes for reported certificate/regulation (5 cases).

Of all the agencies involved, the Tanzania Revenue Authority (TRA) was responsible for the largest number of PO cases, with a total of 39 cases accounting for 39.4% of all recorded cases. The Ministry of Natural Resources and Tourism (MNRT) and the Ministry of Industry and Trade recorded the second and third largest number of PO cases, with 19 and 18 cases respectively. As already noted, most PO cases involving these three institutions concerned delays relating to the regulations they enforce.

The large number of PO cases recorded in the survey show that institutional capacities to regulate exporting and foreign trade should be improved. In essence the country has the potential to export more than what it is currently achieving. The United Republic of Tanzania may wish to undertake a thorough review of the many institutions involved and further invest in building capacity to allow for export expansion. Such actions would be in line with the national development goals set out in 2010 in the Second National Strategy for Growth and Reduction of Poverty (NSGRP II)⁴⁰ which runs until 2015.

⁴⁰ NSGRP is locally known as *Mpango wa Pili wa Kukuza Uchumi na Kuondoa Umaskini Tanzania* or MKUKUTA II.

Table 23: Manufactured exports: procedural obstacles and inefficient trade-related business environment

Procedural obstacle	Where does the problem/obstacle occur?		Total
	Partner Country	United Republic of Tanzania	
Large number of different documents		6	6
		Customs Office (1)	
		Ministry of Industry and Trade (2)	
		Ministry of Natural Resources and Tourism (MNRT) (2)	
Difficulties with translation of documents from or into other languages		1	1
		Ministry of Industry and Trade (1)	
Numerous administrative windows/organizations involved, redundant documents		10	10
		Customs Office (3)	
		Ministry of Industry and Trade (3)	
		Tanzania Food and Drugs Authority (TFDA) (3)	
Delay related to reported regulation	21	73	94
		Botswana (1)	
		Burundi (1)	
		Democratic Republic of the Congo (2)	
		Ethiopia (2)	
		Kenya (1)	
		Malawi (3)	
		Namibia (2)	
		Rwanda (3)	
		India (1)	
		Uganda (1),Zambia (4)	
		NA (1)	
		Tanzania Bureau of Standards (TBS) (3)	
Tanzania Chamber of Commerce, Industry and Agriculture (3)			
Tanzania Food and Drugs Authority (TFDA) (6)			
Tanzania Ports Authority (TPA) (4)			
Tanzania Revenue Authority (TRA) (18)			
Unusually high fees and charges for reported certificate / regulation		4	4
		Ministry of Natural Resources and Tourism (MNRT) (3)	
Informal payment		5	10
		Customs Office (1)	
		Ministry of Industry and Trade (1)	
		Ministry of Natural Resources and Tourism (MNRT) (1)	
		Tanzania Chamber of Commerce, Industry and Agriculture (1)	
Tanzania Revenue Authority (TRA) (1)			
Total	26	99	125

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

3.5. Non-tariff measures and other obstacles affecting imports

3.5.1. Non-tariff measures, overview

Companies importing manufactured goods were also asked to describe their experiences with NTMs. The phone screen interview covered 162 companies of which 111 (or 68.5%) reported facing restrictive regulations when importing. Of these 162 companies, 84 (or 75.7%) agreed to take part in face-to-face interviews. The findings below are based on the responses provided by these 84 companies.

Companies reported a total of 101 cases of burdensome NTMs classified in eight different categories affecting 57 different groups of imported manufactured goods – see table 24. Most product groups recorded a small number of cases (3 or less) with the exception of four product groups: articles of plastics not elsewhere specified (8 cases); medicinal and pharmaceutical products (7 cases); lime, cement and fabricated construction materials (4 cases); and motorcycles (including mopeds) and cycles motorised and non-motorised (4 cases).

Delaying of products in the Port is a challenge and we are forced to pay for port storage while we are not the cause of the delay. Products can also be damaged.

Importer of fungicides (ITC NTM survey in the United Republic of Tanzania)

The two most frequently reported NTMs were conformity assessment (31 cases) and 'pre-shipment inspection and other entry formalities (30 cases). Other NTMs with relatively large number of cases were: charges, taxes and other para-tariff measures (14 cases); technical requirements (11 cases); and quantity control measures (e.g. non-automatic licences, quotas, prohibitions) (9 cases). Only 3 cases pertained to rules of origin and related certificate of origin.

In July 2012 importers in the United Republic of Tanzania sought government clarification on the conduct of pre-shipment inspection, adding credence to the ITC survey findings – see Box 1 below.

Box 1:

Pre-shipment inspections confusing traders/importers

Importers requested the Government of the United Republic of Tanzania to provide clarifications on the products requiring inspection before being shipped to Tanzania to remove confusion in their dealings with the supervising organ.

A half day seminar was convened by the Tanzania Bureau of Standards (TBS) in Dar es Salaam to educate traders and members of the Tanzania Private Sector Foundation (TPSF) on the new pre-inspection procedures established by the Government. During the awareness seminar, importing companies complained that some materials should not be submitted to prior inspection.

'I understand that raw materials do not need inspection. When I looked at the list of products I found that they are supposed to be inspected, so you have to tell us clearly what is needed,' a participant said. He added that there is a need to review all products requiring inspection in the country of origin before being shipped to Tanzania.

Source: <http://www.tccia.com/tccia/?p=2333#sthash.bpS2awaz.dpuf>

3.5.2. NTMs applied by the United Republic of Tanzania and associated POs

Almost all the NTMs applied by Tanzanian authorities were associated with POs and inefficiencies in the trade-related business environment. – see table 26. In total there were 106 cases of POs associated with the 101 NTM cases, of which 100 occurred at home while only 6 occurred in partner countries.

The most frequently reported PO affecting imports was delay related to the reported regulation (55 cases altogether). This PO affected NTMs across-the-board. For example, out of the 31 cases of burdensome conformity assessment, 27 were associated with 36 cases of POs of which 22 cases were 'delays related to this restrictive regulation'.

The pre-shipment inspection program was started without proper planning. The certificate of conformity causes delay and increases business cost. The Port staff is not well trained on the system; some do not even know what they are doing.

Importer of wooden furniture (ITC NTM survey in the United Republic of Tanzania)

Other important POs reported by companies were the following: large number of different documents; information on selected regulation is not adequately published and disseminated; limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks; numerous administrative windows/organizations involved, redundant documents; unusually high fees and charges for reported certificate/regulation; informal payment, e.g. bribes for reported certificate/regulation; and selected

regulation changes frequently and arbitrary behaviour of officials with regards to the reported regulation.

3.5.3. NTMs applied by partner countries and associated POs

Partner countries also applied NTMs that affected imports of manufactured products into the United Republic of Tanzania. Companies reported 3 NTM cases for export inspection; certification required by the exporting country; and licensing or permit to export – see table 25. These 3 NTMs were associated with 4 different types of POs which occurred in the partner countries: numerous administrative windows/organizations involved, redundant documents (1 case); large number of different documents (1 case); other procedural obstacles (1 case); and informal payment, e.g. bribes for reported certificate/regulation (1 case).

A lot of time is wasted in registering products. There are so many inspections at the Port which causes the goods to stay there for 3-4 weeks. Inspection by TFDA takes 4-5 days. We spend most of our time in checking and inspection processes.

Importer of spectacle lenses of glass (ITC NTM survey in the United Republic of Tanzania)

3.5.4. Procedural obstacles, overview

Altogether, the NTM survey recorded a total of 110 cases of POs affecting imports of manufactured goods spanning across 10 different categories. Out of the 110 cases, 100 involved Tanzanian agencies while the remainder 10 involved partner countries – see table 27.

Unsurprisingly, delay related to reported regulation recorded the highest frequency with a total of 60 cases, representing 54.5% of all the PO cases reported in this context. The other important POs were: large number of different documents used by the authorities (10 cases); unusually high fees and charges for reported certificate/regulation (8 cases); informal payment, e.g. bribes for reported certificate/regulation (8 cases); and other POs (13 cases).

Import registration is burdensome as it is accompanied by lots of documentation and high registration fees.

Importer of rodenticides and other plant protection products put up for retail sale (ITC NTM survey in the United Republic of Tanzania)

When looking more specifically at POs involving partner countries, delay related to reported regulation stands out with 5 of the 10 reported cases. Five different partner countries were involved, namely Indonesia, Kenya, Mozambique, South Africa, and United Arab Emirates (1 case each). While companies importing manufactured products from Germany and South Africa faced numerous administrative windows/organizations and redundant documents, those importing from India reported having to complete/fill a large number of different official documents to comply with the NTMs. Companies importing manufactured products from the Democratic Republic of the Congo were induced to making informal payment, e.g. bribes for reported certificate/regulation.

When looking at the PO cases that occurred in the United Republic of Tanzania, more than half (55 cases out of 100) concerned the long delays to which companies were subjected by Tanzanian agencies. Most cases were encountered at the Tanzania Ports Authority (TPA) (16 cases), followed by the Tanzania Bureau of Standards (TBS) (14 cases), and to a lesser extent at the Tanzania Revenue Authority (TRA) and the Tanzania Food and Drugs Authority (TFDA) (5 cases each).

The second most frequent PO reported in the United Republic of Tanzania was the large number of different official documents importing companies had to comply with. In this case three different agencies

were involved: the Tanzania Ports Authority (TPA) (5 cases); the Ministry of Industry and Trade (2 cases); and the Tanzania Food and Drugs Authority (TFDA) (1 case). Another 12 cases of other procedural obstacles were also reported. They were imputable to the Tanzania Revenue Authority (TRA) (7 cases, including the 2 reported for the Customs Office), the Tanzania Ports Authority (TPA) (4 cases), and the Ministry of Industry and Trade (1 case).

Table 24: Import of manufactured products: burdensome NTMs applied by the United Republic of Tanzania

Products	Import value in 2012 (\$000)	Share of imports	Technical requirements	Conformity assessment	Pre-shipment inspection and other entry formalities	Charges, taxes and other para-tariff measures	Quantity control measures	Other measures	Total
Articles, n.e.s., of plastics	85,453	1.3%	2	3	2	1			8
Medicinal and pharmaceutical products [...]	57,102	0.9%	3	3	1				7
Lime, cement, and fabricated construction materials [...]	86,146	1.3%			2		2		4
Motor cycles (including mopeds) and cycles [...]	105,116	1.6%			1		2	1	4
Pigments, paints, varnishes and related materials	26,838	0.4%			1		1	1	3
Insecticides, rodenticides, fungicides, herbicides [...]	44,228	0.7%	1			1		1	3
Tulles, lace, embroidery, ribbons [...]	13,409	0.2%		2	1				3
Mechanical handling equipment [...]	58,428	0.9%		1	1	1			3
Telecommunications equipment [...]	243,449	3.8%			2	1			3
Inorganic chemical elements, oxides and halogen salts	39,386	0.6%	1	1					2
Salts and peroxysalts, of inorganic acids and metals	72,102	1.1%		2					2
Wood manufactures, n.e.s.	4,605	0.1%		1	1				2
Paper and paperboard	77,096	1.2%		1		1			2
Clay construction materials [...]	59,154	0.9%		1	1				2
Copper	15,843	0.2%				1	1		2
Rotating electric plant and parts thereof, n.e.s.	125,878	1.9%	1			1			2
Heating and cooling equipment and parts thereof, n.e.s.	56,683	0.9%	1			1			2
Pumps for liquids [...]	49,830	0.8%			2				2
Office machines	27,068	0.4%		1		1			2
Pumps (other than pumps for liquids)	57,013	0.9%		1	1				2

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Products	Import value in 2012 (\$000)	Share of imports	Technical requirements	Conformity assessment	Pre-shipment inspection and other entry formalities	Charges, taxes and other para-tariff measures	Quantity control measures	Other measures	Total
Electrodiagnostic apparatus	17,342	0.3%			2				2
Electrical machinery and apparatus	78,867	1.2%		1				1	2
Furniture and parts thereof; bedding, mattresses [...]	49,981	0.8%		1	1				2
Instruments and appliances, n.e.s., for medical [...]	26,039	0.4%		2					2
Alcohols, phenols, phenol-alcohols[...]	36,554	0.6%	1						1
Carboxylic acids and their anhydrides [...]	8,324	0.1%					1		1
Soap, cleansing and polishing preparations	46,087	0.7%		1					1
Rubber tyres, interchangeable tyre treads [...]	176,537	2.7%				1			1
Flat-rolled products of iron or non-alloy steel [...]	220,871	3.4%			1				1
Aluminium	27,052	0.4%		1					1
Tools for use in the hand or in machines	46,636	0.7%		1					1
Manufactures of base metal, n.e.s.	92,798	1.4%			1				1
Civil engineering and contractors' plant	350,013	5.4%				1			1
Other machinery and equipment specialized [...]	128,385	2.0%	1						1
Non-electrical machinery, tools [...]	51,570	0.8%			1				1
Monitors and projectors [...]	26,427	0.4%		1					1
Reception apparatus for radio-broadcasting [...]	3,788	0.1%		1					1
Motor cars and other motor vehicles	302,425	4.7%				1			1
Motor vehicles for the transport of goods [...]	279,080	4.3%		1					1
Other Products	3,224,650	49.6%		4	8	2	2	2	18
Total	6,498,253	100.0%	11	31	30	14	9	6	101

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

Table 25: Import of manufactured products: NTMs applied by partner countries and reasons making them burdensome

Measures applied	NTM has POs	Procedural obstacles	POs occur in partner country
Export inspection	1	Numerous administrative windows/organizations involved, redundant documents	1
Certification required by the exporting country	1	Large number of different documents	1
		Other procedural obstacles	1
Licensing or permit to export	1	Informal payment	1
Total	3		4

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

Table 26: Import of manufactured products: NTMs applied by Tanzanian authorities and reasons making them burdensome

Measures applied	NTM has POs / inefficiencies in the TBE	NTM Without POs / inefficiencies in the TBE	Procedural obstacle / inefficiencies in the TBE	POs / inefficiencies in the TBE occur at home	POs / inefficiencies in the TBE occur in partner country	Total			
Technical requirements	10	1	Large number of different documents	2		2			
			Information on selected regulation is not adequately published and disseminated	1		1			
			Delay related to reported regulation	5		5			
			Limited/inappropriate facilities for sector-specific transport and storage	1		1			
			Other procedural obstacles	1		1			
Conformity assessment	27	4	Large number of different documents	2		2			
			Numerous administrative windows/organizations involved, redundant documents	4		4			
			Delay related to reported regulation	19	3	22			
			Unusually high fees and charges for reported certificate/regulation	2		2			
			Informal payment	2		2			
			Other procedural obstacles	1		1			
			Pre-shipment inspection and other entry formalities	30		Large number of different documents	1		1
						Selected regulation changes frequently	1		1
						Arbitrary behaviour of officials with regards to the reported regulation	2		2
						Delay related to reported regulation	23	2	25
Informal payment	2					2			
Other procedural obstacles	2					2			
Delay related to reported regulation	3					3			
Charges, taxes and other para-tariff measures	14		Unusually high fees and charges for reported certificate/regulation	6		6			
			Informal payment	3		3			
			Other procedural obstacles	6		6			

Measures applied	NTM has POs / inefficiencies in the TBE	NTM Without POs / inefficiencies in the TBE	Procedural obstacle / inefficiencies in the TBE	POs / inefficiencies in the TBE occur at home	POs / inefficiencies in the TBE occur in partner country	Total
Quantity control measures	9		Large number of different documents	4		4
			Delay related to reported regulation	5		5
			Other procedural obstacles	2		2
Finance Measures		2				
Price control measures		1				
Rules of origin and related certificate of origin	1	2	Numerous administrative windows/organizations involved, redundant documents		1	1
Total	91	10		100	6	106

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

Table 27: Procedural obstacles and inefficiencies in the trade-related business environment affecting imports

Procedural obstacle / inefficiencies in the TBE	Where do the problem / obstacles / inefficiencies in the TBE occur?		Total	
	Partner Country	United Republic of Tanzania		
Large number of different documents	1	India (1)	9	10
			Customs Office (1)	
			Ministry of Industry and Trade (2)	
			Tanzania Food and Drugs Authority (TFDA) (1) Tanzania Ports Authority (TPA) (5)	
Numerous administrative windows/organizations involved, redundant documents	2	Germany (1) South Africa (1)	4	6
			Customs Office (1) Tanzania Bureau of Standards (TBS) (1) Tanzania Food and Drugs Authority (TFDA) (2)	
Information on selected regulation is not adequately published and disseminated			1	1
Selected regulation changes frequently			1	1
Arbitrary behaviour of officials with regards to the reported regulation			2	2
Delay related to reported regulation	5	Indonesia (1) Kenya (1) Mozambique (1) South Africa (1) United Arab Emirates (1)	55	60
			Customs Office (10)	
			Fair Competition Commission (1)	
			Government Chemists Lab Agency(GCLA) (1)	
			Ministry of Agriculture (1)	
			Ministry of Health (2)	
			Tanzania Bureau of Standards (TBS) (14)	
			Tanzania Food and Drugs Authority (TFDA) (5)	
			Tanzania Ports Authority (TPA) (16)	
			Tanzania Revenue Authority (TRA) (5)	
Unusually high fees and charges for reported certificate / regulation			8	8
			Customs Office (1)	
			Tanzania Bureau of Standards (TBS) (2)	
			Tanzania Communications Regulatory Authority (1) Tanzania Ports Authority (TPA) (4)	

Procedural obstacle / inefficiencies in the TBE	Where do the problem / obstacles / inefficiencies in the TBE occur?		Total
	Partner Country	United Republic of Tanzania	
Informal payment	1	Democratic Republic of the Congo (1)	7
		Tanzania Bureau of Standards (TBS) (1)	
		Tanzania Food and Drugs Authority (TFDA) (1)	
		Tanzania Ports Authority (TPA) (3)	
Limited/inappropriate facilities for sector-specific transport and storage		Tanzania Revenue Authority (TRA) (2)	1
		Tanzania Ports Authority (TPA) (1)	
Other procedural obstacles	1	India (1)	12
		Customs Office (2)	
		Ministry of Industry and Trade (1)	
		Tanzania Ports Authority (TPA) (4)	
Total	10	Tanzania Revenue Authority (TRA) (5)	100
		110	

Source: ITC NTM Business Survey in the United Republic of Tanzania, 2012-2013.

3.6. Summary and policy options

3.6.1. Summary

The survey found relatively high proportions of manufacturing companies affected by NTMs. During the phone screening 77% of the 274 companies exporting manufactured products and 68.5% of the 162 importing companies reported encountering restrictive regulations. The detailed analysis presented in the section above is based on the experiences reported by the 112 (53.1%) companies exporting manufactured goods and the 84 (75.7%) of the importing companies that agreed to participate in face-to-face interviews.

Companies exporting and importing manufactured products reported facing five particularly cumbersome NTMs applied by trade partners. In order of importance these were: rules of origin and related certificate of origin (33.3% of 42 cases)⁴¹; pre-shipment inspection and other entry formalities (31%); conformity assessment (16.7%); technical requirements(9.5%); quantity control measures (e.g. non-automatic licences, quotas, prohibitions) (7.1%); and charges, taxes and other para-tariff measures (2.4%).

Exporting companies also reported being frustrated by restrictive NTMs and attendant POs applied at home (a total of 92 cases affecting 45 different product groups). This is more than twice the number of NTM cases recorded in partner countries (42) and indicates that more export regulation hurdles are imposed upon companies at home than in foreign export markets. This situation requires taking a closer look at some of the restrictive regulations applied in the United Republic of Tanzania.

In order of importance, the NTMs applied by the domestic trade regulatory authorities were the following: licensing or permit to export (57 cases); export inspection (11 cases); export quotas (8 cases); export taxes and charges (6 cases); export registration (4 cases); certification required by the exporting authorities (4 cases); export prohibitions (1 case); and other export quantitative restrictions (1 case).

In most cases the cost of complying with restrictive NTMs was escalated by POs and inefficiencies in the trade-related business environment. When looking at POs and TBE inefficiencies applied by partner countries, companies found the following to be particularly significant and costly hindrances to efficient exporting: delays related to reported (various) regulation(s), informal payment, e.g. bribes for reported certificate/ regulation, and large number of different documents.

Of all the POs applied by domestic authorities the most outstanding was delays related to the reported regulation, which affected all NTMs. The other two important POs and TBEs were numerous administrative windows/organizations involved, redundant documents, and the large number of different documents to be submitted. Companies complained that on top of these long delays and redundancies they had to pay unusually high fees and charges for reported certificate/regulation and were subjected to informal payments, e.g. bribes for reported certificate/regulation.

3.6.2. Policy options

Companies that export and import manufactured goods in the United Republic of Tanzania are required to comply with a large number of NTMs, most of which are exacerbated by the many procedural obstacles and inefficiencies in the TBE associated with their enforcement. By and large, the findings point to institutional capacity weaknesses in a large number of ministries, departments and agencies responsible for implementing these NTMs.

The report recommends that the country undertake a detailed review of the NTMs along with a thorough review of the roles, relevance and institutional capacities of the ministries, departments and agencies that ensure their monitoring and implementation. The review should also cover documentation requirements and the numerous forms companies have to submit to eliminate the many redundancies observed. The

⁴¹ Section 2.2.4 reports that in February 2014 (two years after the survey was conducted) the United Republic of Tanzania launched an online system for applying for certificates of origin. The potential benefits and challenges of the new system are provided in Section 2.2.4.

review should aim at streamlining processes, eliminating redundant and/or least beneficial NTMs to reduce unnecessary costs for businesses and further entrenching open market policies.

Some of the POs were attributed to inadequate staffing, equipment and other supporting institutional resources. To this end, the report recommends that the United Republic of Tanzania undertake a comprehensive capacity needs assessment to identify the capacity gaps that the country should address with the support of its development partners. One of the areas needing close attention in this regard is the capacity and equipment for testing or assessing standards, conformity and technical requirements which is largely outdated.

Other and more detailed policy options are considered in Chapter 4.

Chapter 4 Conclusions and policy options

1. The non-tariff measures survey in the United Republic of Tanzania

Across the world, trade tariffs are at an historical low and some would even argue that never before has trade been freer. But while there has been a dramatic increase in trade liberalization over the past few decades, there has been a rise in non-tariff measures (NTMs). To some extent these are offsetting the benefits that one normally would associate with freer trade.

Through bilateral, regional and multilateral trade agreements most of the high trade taxes and charges of equivalent effect and quotas have been addressed with countries choosing or trade partners agreeing to reduce or eliminate them altogether in pursuit of mutually beneficial trade liberalization. However, the situation with policy-induced invisible trade impediments, especially NTMs, is different as their relative significance to impeding free trade has sharply increased. This is partly due to the decrease in the incidence and weight of trade taxes and tariffs following successive trade liberalization undertakings but also to the greater variety of NTMs that are continuously being introduced.

NTMs often reflect the best policy intentions of consumer, animal and environment protection but they can also be a deliberate government strategy to protect import-competing domestic production and counterbalance the diluted or lost industry protection following tariff liberalization. Regardless of policy objectives, they impose real and avoidable compliance costs that have negative impacts on trade competitiveness, particularly for SMEs in emerging and developing countries.

To enhance trade competitiveness and better monitor and control the cost of complying for businesses, the multilateral agreements of the World Trade Organization and most recent regional and bilateral trade agreements include provisions on NTMs. In this context it has become imperative to undertake a systematic analysis of the adverse impact of NTMs on exporting and/or importing companies and to develop technical cooperation aimed at building the capacities of governments and businesses in developing countries to identify and address these hidden barriers to trade.

This NTM survey was carried out in the United Republic of Tanzania to identify and assess the burdensome NTMs and associated procedural obstacles (POs) and inefficiencies in the trade-related business environment (TBE) that companies face when exporting and importing products. The survey is based on the data reported and perspectives shared by participating companies with a view to increase the understanding of the frequency and implications of NTMs, POs and TBE inefficiencies on international trading activities in the country.

2. Main conclusions

The findings of the NTM and companies' perspectives survey carried out in the United Republic of Tanzania paint a picture of a trading environment where costs are escalated not only due to the many policy-induced NTMs affecting trade but also on account of a long list of procedural obstacles and inefficiencies in the business environment.

As revealed by the survey, NTMs are layered one on top of another and applied concurrently. They impose avoidable compliance costs that have negative impacts on trade competitiveness, particularly for SMEs which tend to have relatively low capital bases. These problems undermine the prospects for companies and, more broadly, for the country to confirm its potential for growth and to move up the international trade ladder to benefit fully from more profitable global value chains. Not only do these difficulties deny companies the opportunities to maximize production and their trading potential but they send unwanted messages to potential investors in the country.

The report suggests that the road to business expansion and development is made difficult for both exporting and importing companies in all sectors in the United Republic of Tanzania, due to the many NTMs that weigh down their trading activity and the numerous procedural obstacles they have to navigate through. In the course of this survey companies reported a long list of specific NTMs affecting exports which included: licensing or permit to export; export inspection; export quotas; export taxes and charges;

export registration; certification required by the exporting authorities; export prohibitions; and other export quantitative restrictions. Importing was made more cumbersome and costly due to specific NTMs as well, including: rules of origin and related certificate of origin; pre-shipment inspection and other entry formalities; conformity assessment; technical requirements; quantity control measures (e.g. non-automatic licences, quotas, prohibitions); and charges, taxes and other para-tariff measures.

Delay related to reported regulation was the single most dominant PO reported widely by companies and affecting almost all NTMs. There can be no doubt that the current exporting and importing regulatory requirements and the obstructive environment which underlie these delays are costing trading companies and the country time and resources as they tie up working capital in unplanned stock and generate net losses induced by perished or damaged goods, unplanned excess capacity and lost business opportunities.

The other obstacles reported by companies were: the large number of documents to be submitted and the multiplicity of agencies administering similar or related regulatory requirements; unusually high fees and charges for reported certificate/regulation; informal payments, e.g. bribes for reported certificate/ regulation and a number of inefficiencies in the trade-related business.

While many NTMs, POs and TBE inefficiencies were reported in partner countries, a relatively larger portion occurred within agencies regulating trade in the United Republic of Tanzania. It is therefore essential that the domestic regulatory authorities provide companies with a business environment that will enable them to better compete on international markets rather than one which weighs them down at home as they grapple with restrictive NTMs, procedural obstacles and inefficiencies.

This ITC survey recognizes the efforts undertaken by the United Republic of Tanzania with support from the business sector and development partners to eliminate non-tariff barriers with its trading partners. For example, partners in the East African Community have been operating an NTB Monitoring Mechanism developed jointly by the East African Business Council and the EAC with support from TradeMark East Africa.⁴² The objective is to facilitate the process of identifying, reporting and monitoring the elimination of existing and future NTBs within the EAC with a view to enhance regional economic integration.

At the partner state level the NTB Monitoring Mechanism brings together the trading community, including private sector traders and freighters and their respective associations that report the NTBs they encounter, and trade regulating ministries, departments and government agencies that analyse NTBs and take corrective actions to eliminate them. These trade regulating authorities submit periodic reports on identified, resolved and unresolved NTBs to the National Monitoring Committee. The NMC works closely with these authorities and businesses associations to eliminate or minimize the impact of the NTBs. The NMC in the United Republic of Tanzania meets at least once a month for this purpose. The EABC, together with the Chambers of Commerce, EAC Secretariat and trade government regulating authorities periodically disseminate information on progress made.

The EAC Secretariat with support from TMEA organizes quarterly regional forums of the NMCs to update the Time-Bound Programme for eliminating NTBs (TradeMark East Africa, 2012). Partner states engage in bilateral consultations aimed at eliminating NTBs reportedly impeding trade between them.

For example, on 20 June 2012 the East African Breweries Limited (EABL) of Kenya lodged a complaint stating that the Tanzanian Revenue Authority (TRA) had rejected the EAC Certificate of Origin it had presented and had subsequently imposed a 25% duty on EABL products exported to its subsidiary in Tanzania, Serengeti Breweries Limited.⁴³ This complaint was resolved nearly ten months later at the Tripartite NTBs Online Reporting, Monitoring and Eliminating Mechanism meeting held from 9-10 April 2013 in Lusaka (Zambia), where the United Republic of Tanzania reported that it had since started accepting the EAC Certificate of Origin for all EAC-originating products.

⁴² TMEA is a not-for-profit organisation financed by a range of development partners. TMEA's core mission is to promote regional trade and economic integration in East Africa by working closely with EAC institutions, national governments, and business and civil society organisations. More information about TMEA can be found at: www.trademarka.com

⁴³ See case "NTB-000-521" at http://www.tradebarriers.org/resolved_complaints accessed on 10 June 2014.

A similar finding of stringent rules of origin applied by a trade partner (Kenya) was also resolved by the regional NTB monitoring mechanism. According to the EAC Secretariat, rice and wheat flour originating from Tanzania and exported to Kenya through the Lungu border post was not being treated as wholly produced in the United Republic of Tanzania. The regional consultative meeting recommended that the products be offered preferential treatment as per EAC RoO and Kenya subsequently implemented the recommendation.

Also with support from TMEA, the United Republic of Tanzania pioneered an innovative Short Message Service (SMS) and computer-based system for reporting NTBs online through a registered account. Users send SMS to a designated NTB Centre number (15539) which automatically sends an acknowledgement message and a tracking code which enables them to check on the status of the reported NTB (whether and how it is resolved or outstanding). The system which was launched in 2012 is administered by the Tanzania Chamber of Commerce, Industry and Agriculture and is connected to all stakeholders including the business community, ministries and government agencies, civil society organizations, researchers, among others. The system ensures that NTB reports are sent and acted upon by the system coordinator who liaises with the responsible agencies to resolve the reported NTBs.

According to the stakeholders workshop held in Dar es Salaam to discuss the findings of this report, the main challenge facing the implementation of the online NTB reporting system is that a relatively large segment of the trading business community was not informed of its existence. This clearly points to the need for the United Republic of Tanzania to step up awareness and sensitization campaigns to market the NTB reporting and monitoring systems to all stakeholders.

Lastly, the United Republic of Tanzania is actively taking part in the Tripartite-level initiatives to institutionalize mechanisms for reporting, monitoring and eliminating NTBs (NTBS Focal Points/National Monitoring Committees, 2012). TradeMark Southern Africa (TMSA)⁴⁴ funded the preparatory groundwork in 2011, including orientation and training for the EAC, COMESA and SADC Secretariats.

3. Policy options

Based on the survey findings the report presents the following policy options.

Streamline and reduce the number of forms and documents in use

Companies complained that obtaining, filling and submitting a large number of official documents or forms when exporting and importing in the United Republic of Tanzania costs a considerable amount of resources which could otherwise be put to business development and expansion. In some cases the information businesses are to provide is common to more than one form and felt to be redundant.

The report recommends that a review of all documents and forms be undertaken with the aim of streamlining and reducing the number of documents used when exporting and importing, which in turn will save companies valuable resources. This would ensure that the country is in compliance with WTO regulations, specifically paragraph 1.(c) of Article VIII: 'The contracting parties also recognize the need for minimizing the incidence and complexity of import and export formalities and for decreasing and simplifying import and export documentation requirements.'

Related to this is the need to expedite moving to paperless (electronic) submission and processing of the required documentation and information, and also the need for the country to streamline the number of institutions involved in regulating international trade. These issues are further discussed in the ensuing paragraphs.

Streamline and reduce the number of institutions involved

Companies identified a total of 14 different institutions involved in the regulation of exporting food and agro-based products and manufactured products in the United Republic of Tanzania - see tables 18 and 23. While not all these institutions are involved in each export/import transaction, companies expressed

⁴⁴ TradeMark Southern Africa was discontinued in March 2014 following the Secretary of State of the UK's Department for International Development (DFID) terminating its financial contribution.

frustration as dealing with such a large number of ministries, departments and agencies was costing them valuable business resources in the course of complying with the NTMs.

The report recommends that the United Republic of Tanzania undertake a review of its trade policy institutional framework with the aim of streamlining and reducing the number of regulatory agencies involved to a manageable number. For example, the Tanzania Bureau of Standards (TBS) should be responsible for all activities pertaining to regulating trade in food stuffs (e.g. tests). Currently in addition to the TBS, the Tanzania Food and Drugs Authority (TFDA) and the Tanzania Atomic Energy Commission are also involved as product technical standards control bodies. The Tanzania Atomic Energy Commission regularly monitors radioactivity in imported and exported foodstuff. A suitably equipped and staffed TBS should fulfil this role thereby allowing traders to deal with a single technical body.

Further to the above, the country needs to strengthen institutional capacities in many respects some of which are highlighted as policy options and actions below.

Strengthen institutional capacities

One of the major problems companies faced when complying with NTMs is the excessively long time it takes trade and trade-related transport regulating institutions to administer them. The long durations and resultant delays to trade result from a lack of institutional capacity in terms of inadequate skilled staffing levels, underdeveloped inter-agency coordination and outdated equipment, facilities and systems required to handle increasing volumes of rapidly evolving trade. The growing clientele and the ever increasing variety of products induce a swelling of monitoring activity and of quality and authentication requirements that require additional resources and adequate management.

The institutional issues requiring strengthening are discussed further below:

a) Increase staffing levels and training

Empirical studies carried out in the United Republic of Tanzania show that part of the reason for technical skills shortages in trade regulatory institutions and agencies is high staff turnover in highly technically-demanding positions. The country should therefore not only hire more staff but also put in place strategies (for example, introducing competitive pay packages and allowances and other terms and conditions of service) to ensure high staff retention, particularly for staff with priority skills.

b) Increase investment in modern trade-supporting equipment and facilities

Companies reported that the United Republic of Tanzania has inadequate testing equipment and facilities. As most trade partners in EAC, Tanzanian trade regulatory institutions mostly use outdated Standards, Quality assurance, Metrology and Testing (SQMT) measures and technology.⁴⁵ The EAC has developed SQMT measures in line with international standards but member countries have yet to start implementing them for lack of resources.

The report recommends that the United Republic of Tanzania work with EAC and development partners to mobilize the support needed to keep pace with new developments, and update and expand national SQMT measures, equipment and facilities in line with international standards. Resources should also be applied towards building capacity in new SQMT measures and related technologies for officials from relevant institutions and border posts.

c) Improve inter-agency coordination and introduce a country-wide electronic single window system

The companies in the survey contended that some of the problems within the trade regulatory environment in the United Republic of Tanzania are also the result of weak inter-agency coordination where multiple agencies are involved in administering NTMs. Companies physically carry documents and/or seek information from one regulatory agency to the next costing them valuable time and resources (not all agencies place all information on the web). When asked for advice, companies' generally are of the view

⁴⁵ Zgovu, E., 2013. 'Trade Advocacy Fund (TAF) Advisory Mission to East African Community Secretariat and Partner states'. Advisory Mission report submitted to Trade Advocacy Fund Manager, Sanaa Consulting and Crown Agents, London. September, 2013.

that officials should modernize inter-agency coordination in the issuance of registrations, certificates and permits and payments thereof to save them time and resources.

In the first quarter of 2014, the United Republic of Tanzania introduced the Tanzania Customs Integrated System (TANCIS). TANCIS is a customized electronic single window system designed to simplify and speed-up the clearing of export and import of goods through customs and other trade regulatory ministries, departments and agencies – see Section 2.6. At the time of the survey companies did not benefit from such a system. Therefore the company experiences captured in 2012-2013 reflected the difficult trade clearing experiences encountered in the absence of a single window system.

At the time of writing this report, TANCIS had been introduced at Dar es Salaam ports only, with other ports of entry waiting to be connected in the near future. As TANCIS is not yet connected to all stakeholders the report recommends that the United Republic of Tanzania expedite its full implementation to improve on-time and real-time documentation, assessments and approvals in trade facilitation, including the administration of NTMs.

Setting up an electronic single window system with a single point of access for traders and all trade regulatory authorities will be most useful and cost effective. While traders will benefit from shorter delays, more predictable application of rules and more effective and efficient deployment of resources, the country will benefit through improved trade compliance and increased integrity and transparency.

Review the high fees and charges on trade

Companies complained about paying high fees and charges for some of the reported certificates, regulation and licences. These additional costs are specially felt by micro, small and medium-sized businesses which tend to have relatively low capital bases.⁴⁶ High fees and charges undermine the price competitiveness of products especially those that face thin price margins in highly competitive international markets.

The report recommends a systematic cost-benefit review of the relevance of the fees and charges applied by the United Republic of Tanzania. While fees and charges which do not add or add insignificant benefits relative to their administration costs should be eliminated, the remaining fees and charges should be lowered to a level commensurate with the cost of administering the concerned NTMs, in keeping with WTO Article VIII on Fees and Formalities connected with Importation and Exportation.⁴⁷

Address the problem of informal payments

Companies also lamented the persistence in some segments of trade regulatory agencies of conditions that compel companies to make informal payments (e.g. bribes) to clear regulatory requirements. This was said to be particularly common at border posts, testing centres and offices where licences, permits and certificates are issued. The problem of informal payment and bribes is symptomatic of the many inefficiencies encountered in the trade-related business environment. Its recurrence across different NTMs shows that it deserves more than cursory consideration.

While government efforts to combat these corrupt practices are ongoing and hereby commended, the report recommends that these efforts be intensified to root out the misconducts. It is expected that investments in automation and/or reduction in the volume of documentation required will contribute to minimize the incidence of informal payments.

Further engage trade partners to resolve non-tariff barriers (NTBs)

The report acknowledges the participation of the United Republic of Tanzania in bilateral, regional and EAC-COMESA-SADC Tripartite initiatives aimed at eliminating NTBs. The National Monitoring Committee on NTBs meets quarterly with its NMC counterparts in the EAC, COMESA and SADC to consider, review

⁴⁶ Business sizes are defined in Section 1.4.

⁴⁷ Paragraph 1.(a) of WTO Article VIII: 'All fees and charges of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by contracting parties on or in connection with importation or exportation shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes.'

and agree on a tripartite strategy to eliminate NTBs affecting trade between partner countries within and amongst these three regional groupings. The report recommends intensification of such discussions with partner states within the EAC, SADC, the EAC-COMESA-SADC Tripartite, and beyond to eliminate existing restrictive NTMs and NTBs and monitor and eliminate new ones as they surface.

The report also recognizes the country's NTB online reporting system (using a mobile Short Message Service) through which traders and freighters report NTBs to the trade-regulating authorities. However, according to the national stakeholder workshop held in Dar es Salaam in May 2014 where this report was validated, this system has yet to be widely known by the public and the trading community. In view of this the report recommends that the country step up public awareness campaigns to market this resourceful system for rapidly exposing and eliminating NTBs to all stakeholders.

The operations and meetings of the National Monitoring Committees (NMCs) on NTBs at both national and regional (EAC) level are funded courtesy of TradeMark East Africa (TMEA). Recognizing that TMEA's support has a finite lifespan the report recommends that the United Republic of Tanzania, in partnership with other states of the EAC-COMESA-SADC Tripartite, continue mobilizing resources both internally and from development partners to further develop and sustain the operations of NMCs and the NTB reporting system. The country should also step up resource mobilization efforts to further address weaknesses in the trade-related business environment and improve institutional capacity.

Annex I Rules of origin: definition, criteria and some practical challenges

To enhance or refresh understanding of the rule of origin the next paragraphs give an overview of the definitions of rules of origin, the criteria used to determine originating status of goods, and the practicalities and challenges of enforcing rules of origin.

Exported products must comply with rules of origin in the importing country for various reasons, for example, in order for the importing country to determine whether the products shall receive most-favoured-nation (MFN) treatment (granting immediate and unconditional MFN treatment to other WTO members with respect to tariffs and other trade-related measures) or preferential treatment according to the prevailing trade agreements between the exporting and importing countries, or preferential market access granted under the generalised system of preferences (GSP). Other reasons for requiring that products meet the rules of origin criteria are: to enable the importing country to determine whether to implement measures and instruments of commercial policy such as anti-dumping high duties and safeguard measures, quotas (limiting imports by country of origin); for the purpose of collecting trade statistics needed for economic policy making and market research by investors; for the application of labelling and marking requirements; to enforce health, safety and environmental protection (e.g. in the face of avian bird flu most countries issued a temporary ban on poultry from the Far East); and for supply-chain security issues (including control of narcotics and drugs depending on the country of origin of goods).

Relatively simple and transparent rules of origin and related certificate of origin maximize the gains from free trade between partners. On the contrary very detailed and specific, varied and somewhat purposely opaque (unclear) rules tend to confer protection to certain domestic producers within a particular country. Rules of origin (RoO) that contain a very restrictive definition of originating product can undermine the effects of trade liberalization between FTA partners by setting requirements that are too costly to comply with.⁴⁸ In this way rules of origin become an important policy instrument to influence trade flows with partners; this is a misuse of the rules of origin according to the WTO.

The RoO protocols are complex texts full of technicalities that lay down the conditions that a product must satisfy in order to be considered originating. RoO for individual products are called product-specific rules whereas RoO for all products are known as regime-wide rules. Product-specific rules are always complemented by a series of provisions that apply to all products (or to most of them, depending on exceptions).

Goods can be conferred originating status if they have been wholly obtained or if they have been substantially transformed in the partner country seeking preferential treatment. Wholly obtained rules apply to primary (raw) goods and products made solely thereof that have been obtained directly within the exporting country. Most unprocessed agricultural products would be considered wholly obtained. Substantial transformation requirement arises when some of the materials used in the manufacturing of a product are imported from countries that are not party to the FTA or some preferential treatment. Such imported materials must undergo substantial transformation/change in that member country. There are three main ways to define substantial transformation:

(1) Change in tariff classification. This rule demands that all the imported materials used in the production of a good have, by the end of the production process, a different tariff classification than they had when imported into the country that subsequently exports to other members of the agreement. In practice, preferential rules are negotiated ranging from change in Harmonized System (HS) chapters (2-digit level) to change in sub-headings (6-digit level). The broader the level at which the change is required (where chapter is the broadest) the greater the transformation typically required, hence the more stringent/trade restrictive the rule.

One of the drawbacks of this criterion is that some major manufacturing processes do not entail a change in tariff classification while some minor processes may. A quick example to show this is the case of coffee (ignoring husks and skins, i.e., 0901.90), where the HS assigns only four sub-headings, two

⁴⁸ See Zgovu, E. 'Rules of Origin Training for Senior Customs Officers at Seychelles Revenue Commission'. Mahe, Seychelles, August, 2012.

for roasted or not, two for decaffeinated or not. This means that any operation other than roasting and decaffeinating does not entail a change of tariff classification. Operations such as crushing, grinding or mixing cannot confer origin. Coffee producing countries argue that roasting should not confer origin. For example, roasting Tanzanian coffee in the EU should not mean that the coffee is European.

(2) Percentage rules or material content. These require that a certain agreed minimum share or percentage of total materials used must be sourced from the member(s) of the FTA or other preferential agreement in place. This rule is related to the value added rule which requires that the share of the value added in the course of producing a product in the member country, hence local, must be a certain minimum percentage of the ex-works cost of the finished product.

The disadvantage with this rule is that it can penalise low-cost and labour-intensive producers. A paradoxical situation can occur whereby the inefficient high-cost producer can achieve originating status (because they have high local costs) whereas a more efficient low cost producer does not. Furthermore, originating status can be hampered by external factors outside the control of domestic producers, such as exchange rates or world prices. If the price of the non-originating materials increases as a result of unfavourable exchange rates it may prevent the final good from obtaining originating status. In addition, **it is often difficult for customs authorities to ascertain the exact percentage of locally added value, as it includes all costs related to production. This is more complicated if countries have different definitions for each of the elements of the formula.** This difficulty for customs authorities underlies some of the delays that may be experienced by exporters and importers.

(3) Technical Test rules. These rules require some particular action or technical processing to take place on the final good in order to confer originating status. Rules that require (or prohibit) a particular process to be undertaken fall in this category and so do the rules that require (or prohibit) the final good to source from a specific input. For example, rules requiring that the materials used are not at a later stage of processing than the product are very common in textiles to take into account the different stages of production. For example: stage 1: fibre to yarn; stage 2: yarn to fabric; stage 3: fabric to apparel/clothing. **The greater the number of stages the rule requires the final good to undergo in the exporting country to become originating, the more stringent the rule is.** For example, if to gain originating status requires processing from stage 1, not from stage 3 in the Yarn example above.

Equipped or refreshed with the definitions and application of the rules of origin the next paragraphs continue presenting the findings on the experiences with burdensome rule of origin and related certificate of origin.

Regime-wide rules of origin deal with a whole range of issues, from the treatment received by parts or accessories to the penalty received by an exporter submitting a fraudulent proof of origin. Certain provisions of the regime-wide RoO have attracted most attention: *cumulation*, *de minimis*, certification procedures (to a lesser extent) and the absorption principle (to a lesser extent). Cumulation allows a country to source materials and/or processes in another member and the final good produced is considered originating in that country. The *de minimis* or tolerance is a provision in most origin protocols that permits final goods originating status even if they do not meet the specific RoO provided the non-originating materials do not represent more than a certain threshold of the total value of the product. SADC Protocol on RoO for example allows exceptions of minimum 10% value of a specific input in total value of the product.

Appendix I Global methodology of the non-tariff measure surveys

Non-tariff measure surveys

From 2008 to 2013,⁴⁹ ITC completed large-scale company-level surveys on burdensome non-tariff measures and other barriers to trade (NTM surveys hereafter) in 23 developing and least-developed countries on all continents.⁵⁰ The main objective of the survey is to capture how businesses perceive burdensome NTMs and other obstacles to trade at a most detailed level – by product and partner country.

All surveys are based on a global methodology consisting of a core part and a country-specific part. The core part of the NTM survey methodology described in this appendix is identical in all survey countries, enabling cross-country analyses and comparison. The country-specific part allows flexibility in addressing the requirements and needs of each participating country. The country-specific aspects and the particularities of the survey implementation in Kenya are covered in chapter 2 of this report.

Scope and coverage of the non-tariff measure surveys

The objective of the NTM survey requires a representative sample allowing for the extrapolation of the survey results to the country level. To achieve this objective, the survey covers at least 90% of the total export value of each participating country, excluding minerals and arms. The economy is divided into 13 sectors; all sectors with more than a 2% share in total exports are included in the survey.

The NTM survey sectors are defined as follows:

1. Fresh food and raw agro-based products
2. Processed food and agro-based products
3. Wood, wood products and paper
4. Yarn, fabrics and textiles
5. Chemicals
6. Leather
7. Metal and other basic manufacturing
8. Non-electric machinery
9. Computers, telecommunications; consumer electronics
10. Electronic components
11. Transport equipment
12. Clothing
13. Miscellaneous manufacturing

Companies trading arms and minerals are excluded. The export of minerals is generally not subject to trade barriers due to a high demand and the specificities of trade undertaken by large multinational companies.

⁴⁹ The work started in 2006, when the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) established the Group of Eminent Persons on Non-Tariff Barriers (GNTB). The main purpose of GNTB is to discuss definition, classification, collection and quantification of non-tariff barriers – to identify data requirements, and consequently advance understanding of NTMs and their impact on trade. To carry out the technical work of the GNTB, a Multi-Agency Support Team (MAST) was also set up. Since then, ITC is advancing the work on NTMs in three directions. First, ITC has contributed to the international classification of non-tariff measures (NTM classification) that was finalized in October 2009. Second, ITC undertakes NTMs Surveys in developing countries using the NTMs classification. Third, ITC, UNCTAD and the World Bank jointly collect and catalogue official regulations on NTMs applied by importing markets (developed and developing). This provides a complete picture of NTMs as official regulations serve as a baseline for the analysis, and the surveys identify the impact of the measures on enterprises, and consequently, on international trade.

⁵⁰ The first NTM surveys were carried out in cooperation with UNCTAD in 2008–2009 in Brazil, Chile, India, the Philippines, Thailand, Tunisia and Uganda. The pilot surveys provided a wealth of materials allowing for the significant improvement to both the NTMs classification and the NTMs survey methodology. Since then, ITC has implemented NTMs surveys based on the new methodology in Burkina Faso, Hong Kong SAR, Peru and Sri Lanka.

The NTM surveys are undertaken among companies exporting and importing goods. Companies trading services are excluded, as a survey on NTMs in services would require a different approach and methodology. Yet, the NTM survey includes companies specializing in the export-import process and services, such as agents, brokers, forwarding companies (referred to as 'trading agents' for brevity). These companies can be viewed as service companies as they provide trade logistics services. The answers provided by trading agents are in most cases analysed separately from the answers of the companies that export their own products.

The NTM surveys cover legally registered companies of all sizes and types of ownership. Depending on country size and geography, one to four geographic regions with high concentrations of economic activities (high number of firms) are included in the sample.

Two-step approach

The representatives of the surveyed companies, generally export/import specialists or senior-level managers, are asked to report trade-related problems experienced by their companies in the preceding year and representing a serious impediment for their operations. To identify companies that experience burdensome NTMs, the survey process consists of telephone interviews with all companies in the sample (step 1) and face-to-face interviews undertaken with the companies that reported difficulties with NTMs during the telephone interviews (step 2).

Step 1: Telephone interviews

The first step includes short telephone interviews. Telephone interviews consist of questions identifying the main sector of activity of the companies and the direction of trade (export or import). The respondents are then asked whether their companies have experienced burdensome NTMs. If a company does not report any issues with NTMs, the telephone interview is terminated. Companies that report difficulties with NTMs are invited to participate in an in-depth face-to-face interview, and the time and place for this interview is scheduled before ending the telephone interview.

Step 2: Face-to-face interviews

The face-to-face interviews are required to obtain all the details of burdensome NTMs and other obstacles at the product and partner country level. These interviews are conducted face-to-face due to the complexity of the issues related to NTMs. Face-to-face interactions with experienced interviewers help to ensure that respondents correctly understand the purpose and the coverage of the survey and accurately classify their responses in accordance with predefined categories.

The questionnaire used to structure the face-to-face interviews consists of three main parts. The first part covers the characteristics of the companies: number of employees, turnover and share of exports in total sales, whether the company exports their own products or represents a trading agent providing export services to domestic producers.

The second part is dedicated to exporting and importing activities of the company, with all trade products and partner countries recorded. During this process, the interviewer also identifies all products affected by burdensome regulations and countries applying these regulations.

During the third part of the interview, each problem is recorded in detail. A trained interviewer helps respondents identify the relevant government-imposed regulations, affected products (6-digit level of the Harmonized System – HS), the partner country exporting or importing these products, and the country applying the regulation (it can be partner, transit or home country).

Each burdensome measure (regulation) is classified according to the NTMs classification, an international taxonomy of NTMs consisting of more than 200 specific measures grouped into 16 categories (see appendix II). The NTMs classification is the core of the survey, making it possible to apply a uniform and systematic approach to recording and analysing burdensome NTMs in countries with very idiosyncratic trade policies and approaches to NTMs.

The face-to-face questionnaire captures not only the type of burdensome NTMs, but also the nature of the problem (so-called procedural obstacles [POs] explaining why measures represent an impediment), the place where each obstacle takes place, and the agencies involved, if any. For example an importing country can require the fumigation of containers (an NTM applied by the partner country), but fumigation facilities are expensive in the exporting country, resulting in a significant increase in export costs for the company (POs located in the home country). The companies can also report generic problems not related to any regulation, but affecting their export or import, such as corruption and lack of export infrastructure. These issues are referred to as problems related to business environment or TBE (see appendix III).

Local survey company

Both telephone and face-to-face interviews are carried out by a local partner selected through a competitive bidding procedure. The partner is most often a company specializing in surveys. Generally, the NTM surveys are undertaken in local languages. The telephone interviews are recorded either by a Computer Assisted Telephone Interview system, computer spreadsheets or on paper. The face-to-face interviews are initially captured using paper-based interviewer-led questionnaires that are then digitalized by the partner company using a spreadsheet-based system developed by ITC.

Open-ended discussions

During the surveys of companies and preparing the report, open-ended discussions are held with national experts and stakeholders, for example trade support institutions and sector/export associations. These discussions provide further insights, quality check and validation of the survey results. The participants review the main findings of the NTM survey and help to explain the reasons for the prevalence of the certain issues and their possible solutions.

The open-ended discussions are carried out by the survey company, a partner in another local organization or university or by graduate students participating in the special fellowship organized in cooperation with Columbia University in the United States.

Confidentiality

The NTM survey is confidential. Confidentiality of the data is paramount to ensure the greatest degree of participation, integrity and confidence in the quality of the data. The paper-based and electronically captured data is transmitted to ITC at the end of the survey.

Sampling technique

The selection of companies for the telephone interviews of the NTM survey is based on the stratified random sampling. In a stratified random sample, all population units are first clustered into homogeneous groups ('strata'), according to some predefined characteristics, chosen to be related to the major variables being studied. In the case of the NTM surveys, companies are stratified by sector, as the type and incidence of NTMs are often product-specific. Then simple random samples are selected within each sector.

The NTM surveys aim to be representative at the country level. A sufficiently large number of enterprises should be interviewed within each export sector to ensure that the share of enterprises experiencing burdensome NTMs is estimated correctly and can be extrapolated to the entire sector. To achieve this objective, a sample size for the telephone interviews with exporting companies is determined independently for each export sector.⁵¹

⁵¹ The sample size depends on the number of exporting companies per sector and on the assumptions regarding the share of exporting companies that are affected by NTMs in the actual population of this sector. The calculation of a sample size is based on the equation below (developed by Cochran, W. G. 1963. *Sampling Techniques*, 2nd Edition, New York: John Wiley and Sons, Inc) to yield a representative sample for proportions in large populations (based on the assumption of normal distribution).

For importing companies, the sample size is defined at the country level. The sample size for importing companies can be smaller than the sample size for exporters, mainly for two reasons. First, the interviewed exporting companies are often involved in the importation of intermediate products and provide reports on their experiences with NTMs as both exporters and importers. Second, problems experienced by importing companies are generally linked to domestic regulations required by the home country. Even with a small sample size for importing companies, the effort is made to obtain a representative sample by import sectors and the size of the companies.

Exporting companies have difficulties with both domestic regulations and regulations applied by partner countries that import their products. Although the sample size is not stratified by company export destinations, a large sample size permits a good selection of reports related to various export markets (regulations applied by partner countries). By design, large trading partners are mentioned more often during the survey, simply because it is more likely that the randomly selected company would be exporting to one of the major importing countries.

The sample size for face-to-face interviews depends on the results of the telephone interviews.

Average sample size

Based on the results of the NTM surveys in 10 countries, the number of successfully completed telephone interviews can range from 150 to 1,000, with subsequent 150 to 300 face-to-face interviews with exporting and importing companies. The number of telephone interviews is mainly driven by the size and the structure of the economy, availability and quality of the business register and the response rate. The sample size for the face-to-face interviews depends on the number of affected companies and their willingness to participate in the face-to-face interviews.

Survey data analysis

The analysis of the survey data consists of constructing frequency and coverage statistics along several dimensions, including product and sector, NTMs and their main NTM categories (e.g. technical measures, quantity control measures), and various characteristics of the surveyed companies (e.g. size and degree of foreign ownership).

The frequency and coverage statistics are based on 'cases'. A case is the most disaggregated data unit of the survey. By construction, each company participating in a face-to-face interview reports at least one case of burdensome NTMs, and, if relevant, related procedural obstacles and problems with business environment.

Each case of each company consists of one NTM (a government-mandated regulation, for example an SPS certificate), one product affected by this NTM, and partner country applying the reported NTM. For example, if there are three products affected by the same NTM applied by the same partner country and reported by one company, the results would include three cases. If two different companies report the same problem, it would be counted as two cases.

$$n_o = \frac{t^2 * p(1 - p)}{d^2}$$

Where

n_o : Sample size for large populations

t : t-value for selected margin of error (d). In the case of the NTM survey 95% confidence interval is accepted, so t-value is 1.96.

p : The estimated proportion of an attribute that is present in the population. In the case of the NTM survey, it is a proportion of companies that experience burdensome NTMs. As this proportion is not known prior to the survey, the most conservative estimate leading to a large sample size is employed, that is $p=0.5$.

d : Acceptable margin of error for the proportion being estimated. In other words, a margin of error that the researcher is willing to accept. In the case of NTM survey $d=0.1$.

Source: Cochran, W. G. 1963. *Sampling Techniques*, 2nd Edition, New York: John Wiley and Sons, Inc.

The scenario where several partner countries apply the same type of measure is recorded as several cases. The details of each case (e.g. the name of the government regulations and its strictness) can vary, as regulations mandated by different countries are likely to differ. However, if the home country of the interviewed companies applies an NTM to a product exported by a company to several countries, the scenario will be recorded as a single NTM case. Furthermore, when an interviewed company both exports and imports, and reports cases related to both activities, it is included in the analysis two times: once for the analysis of exports and once for the analysis of imports. The distinction is summarized in the table below.

Dimensions of an NTM case

Country applying the measure Dimensions	Home country (where survey is conducted)	Partner countries (where goods are exported to or imported from) and transit countries
Reporting company	X	X
Affected product (HS 6-digit code or national tariff line)	X	X
Applied NTM (measure-level code from the NTM classification)	X	X
Trade flow (export or import)	X	X
Partner country applying the measure		X

Cases of POs and problems with business environments are counted in the same way as NTM cases. The statistics are provided separately from NTMs, even though in certain instances they are closely related. For example, delays can be caused by PSI requirements. As many of the POs and problems with business environment are not product-specific, the statistics are constructed along two dimensions: type of obstacles and country where they occur, as well as agencies involved.

Enhancing local capacities

The NTM Surveys enhance national capacities by transmitting skills and knowledge to a local partner company. ITC does not implement the surveys, but guides and supports a local survey company and experts.

Before the start of the NTM survey, the local partner company, including project managers and interviewers, are fully trained on the different aspects of the NTMs, the international NTM classification, and the ITC NTM survey methodology. ITC representatives stay in the country for the launch of the survey and initial interviews and remain in contact with the local partner during the entire duration of the survey, usually around six months, to ensure a high quality of survey implementation. ITC experts closely follow the work of the partner company, providing a regular feedback on the quality of the captured data (including classification of NTMs) and the general development of the survey, helping the local partner to overcome any possible problems.

ITC also helps to construct a business register (list of exporting and importing companies with contact details), which remains at the disposal of the survey company and national stakeholders. The business register is a critical part of any company-level survey, but unfortunately it is often unavailable, even in the advanced developing countries. ITC puts much time, effort and resources into constructing a national business register of exporting and importing companies. The initial information is obtained with the help of

national authorities and other stakeholders (e.g. sectoral associations). In cases where it is not available from government sources or a sectoral association, ITC purchases information from third companies and in certain cases digitalizes it from paper sources. The information from various sources is then processed and merged into a comprehensive list of exporting and importing companies.

As a result, upon completion of the NTM survey, the local partner company is fully capable of independently implementing a follow-up survey or other company-level surveys as it is equipped with the business register and has received training on the survey, trade and NTM-related issues.

Caveats

The utmost effort is made to ensure the representativeness and the high quality of the survey results, yet several caveats must be kept in mind.

First, the NTM surveys generate perception data, as the respondents are asked to report burdensome regulations representing a serious impediment to their exports or imports. The respondents may have different scales for judging what constitutes an impediment. The differences may further intensify when the results of the surveys are compared across countries, stemming from cultural, political, social, economic and linguistic differences. Furthermore, some inconsistency may be possible among interviewers (e.g. related to matching reported measures against the codes of the NTM classification) due to the complex and idiosyncratic nature of NTMs.

Second, in many countries, a systematic business register covering all sectors is not available or incomplete. As a result, it may be difficult to ensure random sampling within each sector, and a sufficient rate of participation in smaller sectors. Whenever this is the case, the survey limitations are explicitly provided in the corresponding report.

Finally, certain NTM issues are not likely to be known by the exporting and importing companies. For example, exporters may not know the demand-side constraints behind the borders, e.g. 'buy domestic' campaigns. Furthermore, the scope of the survey is limited to legally operating companies, and does not include unrecorded trade, e.g. shuttle traders.

Survey findings

The findings of each NTM Survey are presented and discussed at a stakeholder workshop. The workshop brings together government officials, experts, companies, donors, non-governmental organizations (NGOs) and academics. It fosters a dialogue on NTM issues and helps identify possible solutions to the problems experienced by exporting and importing companies.

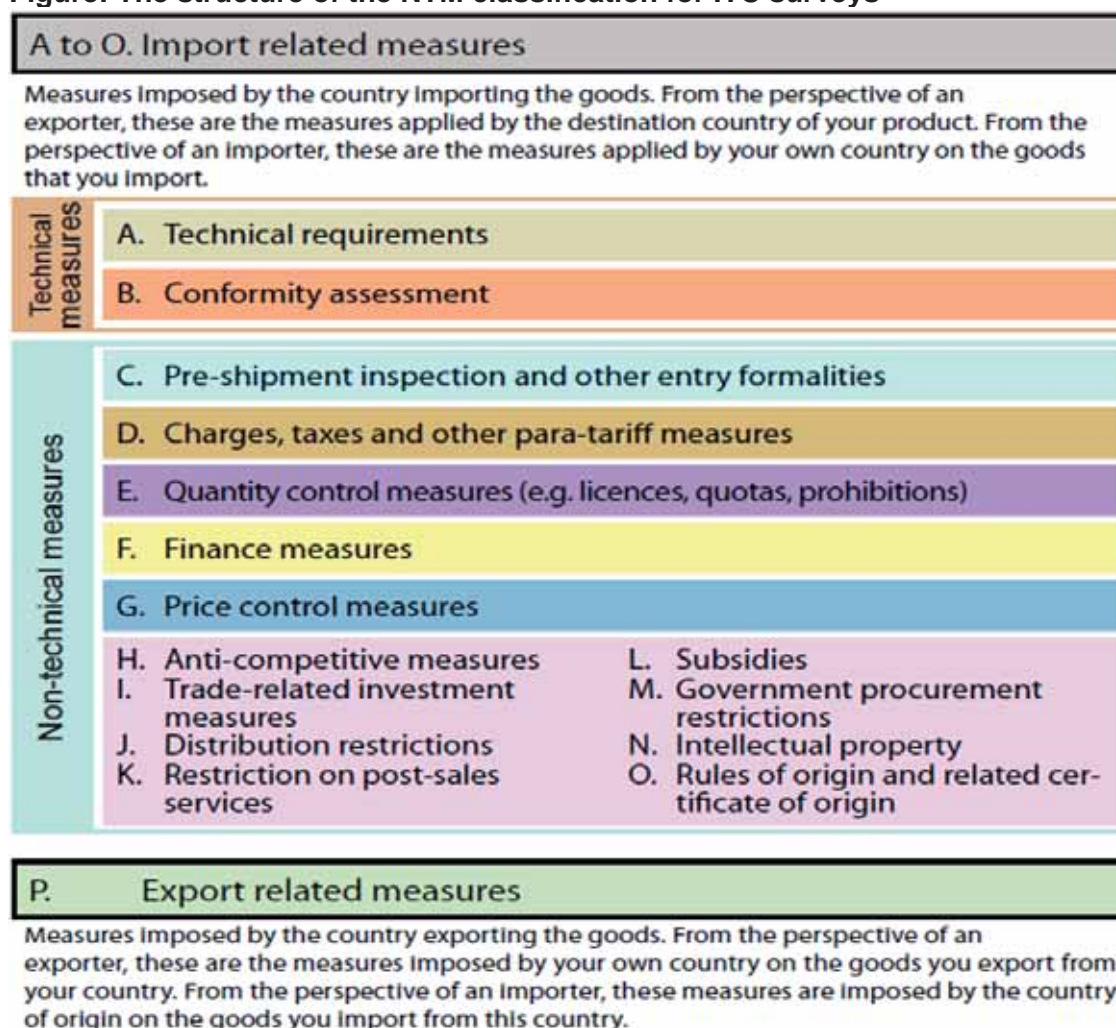
The NTM Survey results serve as a diagnostic tool for identifying and solving predominant problems. This can be realized at the national or international level. The survey findings can also serve as a basis for designing projects to

Appendix II Non-tariff measure classification

Importing countries are very idiosyncratic in the ways they apply non-tariff measures. This called for an international taxonomy of NTMs, which was prepared by a group of technical experts from eight international organizations, including the Food and Agriculture Organization, the International Monetary Fund, the International Trade Centre, the Organisation for Economic Co-operation and Development, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization, the World Bank and the World Trade Organization. This classification is used to collect, classify, analyse and disseminate information on NTMs received from official sources, e.g. government regulations; and for working with perception-based data, e.g. surveys of companies.

The NTM classification differentiates measures according to 16 chapters (denoted by alphabetical letters), each comprising 'sub-branches' (1-digit), 'twigs' (2-digits) and 'leaves' (3-digits). This classification drew upon the existing, but outdated, UNCTAD Coding System of Trade Control Measures, and has been modified and expanded by adding various categories of measures to reflect current trading conditions. The current NTM classification was finalized in November 2009.

Figure: The structure of the NTM classification for ITC surveys



Source: International Trade Center, NTM classification adapted for ITC surveys, January 2012 (unpublished document)

Chapter A on technical regulations refers to product-related requirements. They are legally binding and set by the country where the product is exported to (or imported from). They define the product characteristics, technical specification of a product or the production processes and post-production treatment and also include the applicable administrative provisions, with which compliance is mandatory.

Chapter B on conformity assessment refers to technical procedures – such as testing, inspection, certification and traceability – which confirms and controls that product, fulfils the requirements laid down in technical regulations. Conformity assessments are requirements determining that a process or a product meets the relevant regulation and fulfils the relevant requirements.

Chapter C on pre-shipment inspection and other entry formalities refers to the practice of checking, consigning, monitoring and controlling shipment of goods before or at entry into the destination country - i.e. inspection, quarantine, etc.

Chapter D on charges, taxes and other para-tariff measures refers to measures other than customs tariffs that increase the cost of imports in a similar manner, i.e. by a fixed percentage or by a fixed amount, calculated respectively on the basis on the value and the quantity. Five groups are distinguished: customs surcharges; service charges; additional taxes and charges; internal taxes and charges levied on imports; and customs valuation.

Chapter E on quantity control measures refers to measures restraining the quantity of imports of any particular good, from all sources or from specified sources of supply, either through restrictive licensing, fixing of a predetermined quota or through prohibitions.

Chapter F on finance measures refers to measures that are intended to regulate the access to and cost of foreign exchange for imports and define the terms of payment. They may increase import costs in the same manner as tariff measures.

Chapter G on price control measures includes measures implemented to control the prices of imported articles in order to: support the domestic price of certain products when the import price of these goods is lower; establish the domestic price of certain products because of price fluctuation in domestic markets, or price instability in a foreign market; and counteract the damage resulting from the occurrence of 'unfair' foreign trade practices.

Chapter H on anti-competitive measures refers to measures that are intended to grant exclusive or special preferences or privileges to one or more limited groups of economic operators.

Chapter I on trade-related investment measures refers to measures that restrict investment by requesting local content, or requesting that investment be related to export to balance imports.

Chapter J on distribution restrictions refers to restrictive measures related to the internal distribution of imported products.

Chapter K on restrictions on post-sales services refers to measures restricting the provision of post-sales services in the importing country by producers of exported goods.

Chapter L on subsidies includes measures related to financial contributions by a government or government body to a production structure, be it a particular industry or company, such as direct or potential transfer of funds (e.g. grants, loans, equity infusions), payments to a funding mechanism and income or price support.

Chapter M on government procurement restrictions refers to measures controlling the purchase of goods by government agencies, generally by preferring national providers.

Chapter N on intellectual property refers to measures related to intellectual property rights in trade. Intellectual property legislation covers patents, trademarks, industrial designs, lay-out designs of integrated circuits, copyright, geographical indications and trade secrets.

Chapter O on rules of origin covers laws, regulations and administrative determinations of general application applied by the governments of importing countries to determine the country of origin of goods.

Chapter P on export-related measures encompasses all measures that countries apply to their exports. It includes export taxes, export quotas or export prohibitions, among others.

Appendix III Procedural obstacles

List of procedural obstacles related to compliance with non-tariff measures and to inefficient business environment and infrastructure

A.	Administrative burdens	A1. Large number of different documents A2. Documentation is difficult to fill out A3. Difficulties with translation of documents from or into other languages A4. Large number of checks (e.g. inspections, checkpoints, weighbridges) A5. Numerous administrative windows/organizations involved
B.	Information/transparency issues	B1. Information is not adequately published and disseminated B2. No due notice for changes in procedure B3. Regulations change frequently B4. Requirements and processes differ from information published
C.	Inconsistent or discriminatory behaviour of officials	C1. Inconsistent classification of products C2. Inconsistent or arbitrary behaviour of officials
D.	Time constraints	D1. Delay in administrative procedures D2. Delay during transportation D3. Deadlines set for completion of requirements are too short
E.	Payment	E1. Unusually high fees and charges E2. Informal payment, e.g. bribes) E3. Need to hire a local customs agent to get shipment unblocked
F.	Infrastructural challenges	F1. Limited/inappropriate facilities (e.g. storage, cooling, testing, fumigation) F2. Inaccessible/limited transportation system (e.g. poor roads, road blocks) F3. Technological constraints, e.g. information and communications technology
G.	Security	G1. Low security level for persons and goods
H.	Legal constraints	H1. No advance binding ruling procedure H2. No dispute settlement procedure H3. No recourse to independent appeal procedure H4. Poor intellectual property rights protection, e.g. breach of copyright, patents, trademarks, etc. H5. Lack of recognition, e.g. of national certificates
I.	Other	I1. Other obstacles

Appendix IV Experts and stakeholders interviewed

Lucas N. Saronga, Minister Plenipotentiary, Tanzania Permanent Mission, Geneva

Mary Mwangisa, Acting Permanent Secretary, Ministry of Industry and Trade

Ernest Elias, Principal Trade Officer, Ministry of Industry and Trade

Prisca Mbagwa, Ministry of Industry and Trade

Jose Maciel, Director, Trade Facilitation, Non-Transport, TradeMark East Africa

Elibariki Shammy, NTBs Project Coordinator, Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)

Appendix V Results of face-to-face interviews

Table 28: Examples of time taken to obtain licensing or permit to export in the United Republic of Tanzania

Description of the burdensome regulation faced	Time taken, number of documents	Export product
Export permit given by Tea Board of Tanzania causes delay due to the number of procedures required to be followed in order to get permission to export.	more than 2 weeks	Green tea
It takes two days to obtain export permit from the Tea board in Tanzania. This is different with previous years where there was no delay.	2 days	Green tea
It is difficult to get the export permit from the Ministry of Trade and Industry because of too many documents required in the process.	7 documents	Fresh cut flowers and buds
When exporting cut roses from Tanzania to Spain our company is required to get an export permit from the Ministry of trade industry , but this permit takes up to three months to obtain it.	3 months	Plants live, n.e.s
It takes a long time to obtain the export permit	72 days	Cashew nuts
An export permit is required. The main challenge of exporting cut roses is that it takes long to obtain the export permit. This causes delay while the product is in high demand in Denmark.	up to 90 days	Plants live, n.e.s
Export permit is the major burden faced. It took four months to obtain the permit to export in May 2012. The permit is provided by the Ministry of Trade and Industry of Tanzania.	4 months	Coffee, roasted
It is too difficult to get export permit on food products especially when exporting to Kenya and South Sudan. There are also a lot of documents required. All this takes too long to accomplish (more than 2 weeks) which lead to damage of products.	more than 4 documents	Maize (corn) flour
Another regulation is the export permit from the Ministry of Industry and Trade.	3 weeks	Honey, natural
It takes time to obtain the Export Permit.		Cereals, hulled, pearled, sliced or kibbled, n.e.s
Long procedures in getting the Export permit		Buttermilk, curdled milk and cream, n.e.s
Long procedures in getting the Export permit		Cheese
Delays in issuance of export permit	60 days	Coffee, roasted, not decaffeinated
It takes long time to obtain the exporting licence from the Coffee board of Tanzania causing delay.	30 days	Coffee, roasted, not decaffeinated
The need to have a radiation certificate which is irrelevant in what we are exporting. Involvement of different departments that are not centralised.	7-14 days	Maize (corn) flour

Source: ITC - NTM survey data 2013

Appendix VI Agenda of stakeholder meeting

WEDNESDAY 21 MAY 2014, 9.00 A.M. – 4.30 P.M.

JB BELMONT HOTEL - TANZANIA

STAKEHOLDER MEETING ON NON-TARIFF MEASURES (NTMS) IN THE UNITED REPUBLIC OF TANZANIA

- 09:00** **Registration**
- 09:15** **Opening Remarks**
Mrs Mary Mwangisa, Acting Permanent Secretary, Ministry of Industry and Trade
Ms. Poonam Mohun, Market Analysis and Research, ITC
- 09:45** **Coffee Break**
- 10:00** **ITC Project on Non-Tariff Measures (NTMs) Overview**
Ms. Poonam Mohun, Market Analysis and Research, ITC
- 10:15** **Implementation of a large-scale company survey on NTMs in the United Republic of Tanzania**
Ipsos Synovate Limited
- 10:30** **Floor Discussions**
- 10:45** **Aggregate survey results: main trade barriers affecting Tanzanian companies**
Mr. Samidh Shrestha, Market Analysis and Research, ITC
- 11:30** **Floor Discussions**
- 12:30** **Lunch**
- 13.45** **Main trade barriers affecting specific sectors in the United Republic of Tanzania**
Ms. Poonam Mohun / Mr. Samidh Shrestha, Market Analysis and Research, ITC
- 14.15** **Floor Discussions**
- 14.45** **Overcoming challenges related to NTMs in Tanzania and final recommendations**
Ms. Poonam Mohun, Market Analysis and Research, ITC
- 15.15** **Open Discussion**
- 15:45** **Wrap up and Concluding Remarks**
Mr Ernest Elias, Principal Trade Officer, Ministry of Industry and Trade
Ms Poonam Mohun, Market Analysis and Research, ITC

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