National Stakeholder Meeting on Non-Tariff Measures

NTM Business Survey in Tanzania

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#EACMARKUP
Today’s objective

Present first results of the survey

Get inputs from the public and private sector institutions

Overcoming hurdles:
Discuss jointly with the public and private sector to identify and prioritize necessary action plan
Agenda

WEDNESDAY 10 March 2020, Dar-es-Salam, Tanzania

NATIONAL STAKEHOLDERS MEETING ON NON TARIFF MEASURES

Session 1 Background and overviews of results
• Overview of MARKUP Tanzania Window component on non-tariff measures (NTMs)
• Results of the survey: companies’ perception on NTMs

Session 2 Panel
• Public-sector perspectives
• Regulatory reforms in Tanzania

Session 2 Roundtables for forward looking solutions
• Enhancing export competitiveness of the agricultural sector by improving compliances with technical requirements, quality standards and conformity assessment.
• Simplifying domestic regulations and streamlining procedures to enhance Tanzania’s trade competitiveness
What are non-tariff measures (NTMs)?

**Official policy measures** on export and import, other than ordinary customs tariffs
May have an effect on international trade in goods, changing quantities traded, or prices or both.

**Mandatory requirements**
Rules or regulations legally set by the national authorities of the exporting, importing or transit country

**Can affect both export and import**
Include technical measures and standards, as well as regulations on customs procedures, para-tariff measures, financial measures, prohibition, etc.
### NTM Classification for Surveys

*International taxonomy used to classification different types of regulations related to trade in goods.*

Prepared in a multi-agency framework

<table>
<thead>
<tr>
<th>Technical measures (product related)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Technical requirements</td>
</tr>
<tr>
<td>B. Conformity assessment</td>
</tr>
<tr>
<td>C. Pre-shipment inspection and other entry formalities</td>
</tr>
<tr>
<td>D. Trade remedies (anti-dumping, countervailing and safeguards)</td>
</tr>
<tr>
<td>E. Quantity control measures (e.g. licences, quotas, prohibitions)</td>
</tr>
<tr>
<td>F. Charges, taxes and price control measures</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-technical measures (trade-related)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G. Finance measures</td>
</tr>
<tr>
<td>H. Anti-competitive measures</td>
</tr>
<tr>
<td>I. Trade-related investment measures</td>
</tr>
<tr>
<td>J. Distribution restrictions</td>
</tr>
<tr>
<td>K. Restriction on post-sales services</td>
</tr>
<tr>
<td>L. Subsidies</td>
</tr>
<tr>
<td>M. Government procurement restrictions</td>
</tr>
<tr>
<td>N. Intellectual property</td>
</tr>
<tr>
<td>O. Rules of origin and related certificate of origin</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>P. Export-related measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. – O. Import-related measures</td>
</tr>
</tbody>
</table>

Covers

- mandatory, government-imposed regulations:
- both import and export of goods
- technical and non-technical measures

Trade in services not covered
NTMs from a Company Perspective

• Information collected from the survey is perception data
  • Respondents may have different scale for judging what constitutes an impediments.
  • Perceptions across countries can differ due to cultural, political, social, economic and linguistic differences.
• Companies may not have full understanding of the purpose of the regulation
• Scope of the survey limited to legally operating companies
  • Informal trade not covered
NTMs can be a hurdle to trade

**NTMs**
Regulations on trade and products, other than tariffs, which may negatively affect the international trade of goods.

**Private Standards**
Additional voluntary, non-public standards demanded by buyers for a variety of purposes including quality, social, environmental and ethical reasons.

**Excessively strict/complex requirements**
The requirements are too strict or complex to comply with.

**Procedural Obstacles**
Practical challenges or administrative hurdles which make compliance to NTMs difficult.

**Business Environment**
Obstacles that are not related to NTMs but hinder international trade.
NTM Business Survey
Motivation, methodology and implementation
Why a survey on NTMs in Tanzania?

- Document the progress made by the country in solving trade-related issues
- Channel for reporting new obstacles exporters face in their daily business to raise awareness among other exporters and importers, trade support institutions and policy makers
- Understanding specific needs of business sector; better formulation of national and regional strategies and policies
- Removal of procedural obstacles \(\rightarrow\) Trade facilitation

Scope of the survey limited to legally operating companies. Informal trade not covered

The survey is confidential. The survey is about experience.
NTM Business Surveys – A Global Survey

70 Countries covered
33,572 Phone Interviews
10,133 Face-to-face interviews

Tanzania
2013/14
2019/20

In close collaboration with national and international partners

Consultation with most trade related public agencies and business associations

Survey managed by ITC
Interviews conducted by trained specialists
Analysis by ITC and national experts
## Survey Methodology

### Goods
- Covers companies involved in international trade in goods.
- Products from all sectors included except minerals and arms.
- Sectors with more than a 2% share in total exports are included.
- Cumulatively, sectors covered account for at least 90% of country’s total export value.

### Services
- The survey does not cover companies involved in cross-border trade in services such as tourism, banking, finance, telecommunication and BPO.
- A survey on trade in services requires a different methodology.

### NTM Survey covers the following sectors:

<table>
<thead>
<tr>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fresh food and raw agro-based products</td>
</tr>
<tr>
<td>2. Processed food and agro-based products</td>
</tr>
<tr>
<td>3. Wood, wood products and paper</td>
</tr>
<tr>
<td>4. Yarn, fabrics and textiles</td>
</tr>
<tr>
<td>5. Chemicals</td>
</tr>
<tr>
<td>6. Leather</td>
</tr>
<tr>
<td>7. Metal and other basic manufacturing</td>
</tr>
<tr>
<td>8. Non-electric machinery</td>
</tr>
<tr>
<td>9. Computers, telecommunications; consumer electronics</td>
</tr>
<tr>
<td>10. Electronic components</td>
</tr>
<tr>
<td>11. Transport equipment</td>
</tr>
<tr>
<td>12. Clothing</td>
</tr>
<tr>
<td>13. Miscellaneous manufacturing</td>
</tr>
</tbody>
</table>
Tanzanian Exports in 2018

- Agriculture, $1.3 Billion (36%)
  - Fresh food and raw agro-based products
  - Processed food and agro-based products

- Manufacturing, $745 Million (20%)
  - Wood, wood products and paper
  - Yarn, fabrics and textiles
  - Metal and other basic manufacturing
  - Chemicals
  - Textile and clothing
  - Non-electric machinery
  - Transport equipment
  - Non-woven manufacturing

- Minerals, Petroleum products, arms, $1.7 Billion (45%)

- Gold

Total: $3.8 Billion
Tanzanian Exports in 2018
(Only sectors relevant for the survey)

Agriculture, $1.3 Billion (64%)

Manufacturing, $745 Million (36%)

Fresh food and raw agro-based products

$2.1 Billion
Survey covered most export sector, focusing on priority agricultural commodities

As per the survey methodology companies trading in petroleum, precious metals and stones, arms and ammunitions, etc. were not interviewed.
NTM Survey in Tanzania: Sample

Sample size for Tanzania is based on the size of the export sector to ensure results are representative by sector.

Active exporters in Tanzania (2019): ~1400

Companies interviewed by phone (Stage 1): 613

Companies interviewed face-to-face (Stage 2): 240
Tanzania NTM Business Survey

- **613** Exporters and importers
- **34** Business associations
- **21** Public agencies

Number of companies interviewed:
- **353** Company exports
- **101** Company both exports and imports
- **152** Company imports
- **Ceased to export or import**
Survey covered companies from all over Tanzania. Surveyed companies were mostly small-sized.

Size of surveyed companies:
- Small: 65%
- Medium: 9%
- Micro: 11%
- Large: 15%

Location of surveyed companies:
Asia and EU are the main market for most agriculture exporters and EAC for manufacture exporters

Main markets for exporters of agriculture products:
- 33% Asia
- 30% Europe
- 24% EAC
- 9% Africa (ex. EAC)
- 5% North America

Main markets for exporters of manufactured products:
- 50% EAC
- 22% Africa (ex. EAC)
- 17% Asia
- 7% Europe
- 4% North America

Note: Figures refer to responses of individual Tanzanian exporters on their main export market, not the total national export value to these markets.
Women and Trade

36% Employees in Tanzanian trading companies are female

35% Companies led by women ( Owned or managed)

21% Companies employed less than 10% women

27% Companies with more female than male

Share of women-led companies:
- Managed by women
- Owned by women
- Owned and managed by men
Understanding companies’ difficulties with NTMs: Three aspects

**Affectededness**
How many and which companies face difficulties

**Type and Intensity**
Which NTMs are experienced as challenging

**Cause**
Why NTMs are burdensome

Insights on how to reduce NTM-related trade cost without undermining legitimate objectives that regulations serve
Many Tanzanian exporters face NTM related challenges

- **72%** Exporters

  Share of exporters affected by NTMs

- **76%** Affected exporters from agriculture sector

- **57%** Affected exporters from manufacturing sector

  Share of exporters affected across different product groups

  - Fresh food and raw agro-based products: 76%
  - Processed food and agro-based products: 78%
  - Metal and other basic manufacturing: 83%
  - Chemicals: 73%
  - Leather and leather products: 67%

Share of exporters affected by non-tariff measures by company size

- Large: 76%
- Medium: 82%
- Small: 71%
- Micro: 67%
Both domestic and foreign regulations are of concern.

Share of the reported burdensome NTMs that are applied by foreign countries and Tanzania:

- Foreign regulations: 53%
- Tanzanian regulations: 47%

Share of burdensome domestic export regulation, vis-à-vis other regions:

- Tanzania: 47%
- Pakistan: 45%
- East Africa: 35%
- West Africa: 27%
- Asia-Pacific: 20%
- Vietnam: 11%
Both domestic and foreign regulations are of concern

Share of the reported burdensome NTMs that are applied by foreign countries and Tanzania

Origin of burdensome foreign regulations, by applying region and country
Exporters face disproportionally high share of difficulties when exporting to Europe (also in EAC)

<table>
<thead>
<tr>
<th>Region</th>
<th>Share of Burdensome NTMs</th>
<th>Share of Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>EAC</td>
<td>22%</td>
<td>13%</td>
</tr>
<tr>
<td>Africa (Except EAC)</td>
<td>6%</td>
<td>29%</td>
</tr>
<tr>
<td>Europe</td>
<td>21%</td>
<td>41%</td>
</tr>
<tr>
<td>Asia</td>
<td>24%</td>
<td>35%</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>7%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Share of burdensome NTMs | Share of exports
Types of NTMs exporters find difficult

- Technical requirements
- Conformity assessment
- Pre-shipment inspection and other entry formalities
- Quantity control measures
- Charges, taxes and price control measures
- Rules of origin and related certificate of origin
- Export related measures (Tanzanian Export Regulations)
Types of NTMs applied by Tanzania (on exports)

Type of burdensome domestic regulations

- Licensing or permit to export: 39%
- Certification required by the exporting country: 24%
- Export inspection: 12%
- Export taxes and charges: 10%
- Export prohibitions: 2%
- Other export technical measures: 2%
- Other export related measures: 1%

47% of reported burdensome NTMs by exporters are Tanzanian regulations
Regulatory and procedural obstacles
Both regulatory and procedural obstacles make compliance with NTMs difficult

Regulatory obstacles
Regulations are too strict or difficult to comply with

Procedural obstacles
Procedural hinderances is a major concern to exporters that make compliance to regulations difficult

Why exporters find NTMs burdensome
Types of procedural obstacles exporters face in Tanzania and abroad

<table>
<thead>
<tr>
<th>Types of POs experienced by exporters</th>
<th>Tanzania</th>
<th>Partner country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delays</td>
<td>250</td>
<td>81</td>
</tr>
<tr>
<td>High fees</td>
<td>174</td>
<td>26</td>
</tr>
<tr>
<td>Limited/inappropriate facilities</td>
<td>166</td>
<td>8</td>
</tr>
<tr>
<td>Numerous administrative windows involved</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>Documentation difficulties</td>
<td>52</td>
<td>7</td>
</tr>
<tr>
<td>Information is not adequately published...</td>
<td>47</td>
<td>7</td>
</tr>
<tr>
<td>Problems with international recognition</td>
<td>32</td>
<td>8</td>
</tr>
<tr>
<td>Informal payments</td>
<td>235</td>
<td></td>
</tr>
<tr>
<td>Arbitrary behavior of officials</td>
<td>137</td>
<td></td>
</tr>
<tr>
<td>Other procedural obstacles</td>
<td>30</td>
<td>1</td>
</tr>
</tbody>
</table>
Why exporters find NTMs burdensome

For top two kinds of NTM that exports report as difficult

**Technical Regulations (Foreign)**
- 10% Strict or complex NTMs
- 50% Both NTMs & POs
- 40% Due to POs

**Most common procedural obstacles**
- Limited or inappropriate facilities
- High fees and charges
- Long processing time (delays)

**Tanzanian Export Regulations**
- 12% Strict or complex NTMs
- 12% Both NTMs & POs
- 76% POs

**Most common procedural obstacles**
- Long processing times (delays)
- Involvement of multiple agencies
- High fees and charges
- Too many documents required
Overview of priority sectors

**Avocado**
- Affected companies: 88% Exporters
- Top 3 burdensome NTMs:
  - Product certification: 40%
  - Packaging: 25%
  - Product characteristics: 11%

**Coffee**
- Affected companies: 64% Exporters
- Top 3 burdensome NTMs:
  - Export permits: 47%
  - Product certification: 9%
  - Others: 9%

**Tea**
- Affected companies: 63% Exporters
- Top 3 burdensome NTMs:
  - Product certification and testing: 33%
  - Export certification: 13%
  - Export permit: 13%

**Spices**
- Affected companies: 80% Exporters
- Top 3 burdensome NTMs:
  - Product certification and testing: 37%
  - Export certification: 19%
  - Export permits: 18%
Types of NTMs faced when exporting to major international export destinations

- **EAC**
  - Technical requirements: 21%
  - Conformity assessment: 38%
  - Pre-shipment inspection and other entry formalities: 10%
  - Rules of origin and related certificate of origin: 6%

- **Asia**
  - Technical requirements: 18%
  - Conformity assessment: 47%
  - Pre-shipment inspection and other entry formalities: 3%
  - Rules of origin and related certificate of origin: 2%

- **Europe**
  - Technical requirements: 14%
  - Conformity assessment: 38%
  - Pre-shipment inspection and other entry formalities: 0%
  - Rules of origin and related certificate of origin: 2%
  - Export related measures: 60%
Common issues related to quality

Some of the key issues that exporters find difficult include:

- Compliance to quality standards such as Global G.A.P and C.A.F.E practices
- Domestic quality certification not being recognized abroad, including some instances in the EAC regional market.
- Lack of reliable local accredited testing laboratories.
- Some Tanzanian quality standards not in line with international or EAC standards (e.g. in cases of Tea and spices)
- Impact on quality due to limited storage and post-harvesting facilities.
- Sourcing of packaging materials that meet the minimum requirement for exports.
- Unable to export pigeon peas to India due to import restriction
- Difficulties obtaining Halal certification to export meat to the middle-eastern countries.
- Dairy and meat exports to EU has largely remained unsuccessful due to companies unable to meet the minimum processing standards, lack or traceability.

The underlying factor behind these issues are in most case company’s inability to meet the requirements, high associated costs or charges, inadequate information, and limited or inappropriate facilities.
Common issues related to domestic regulations and procedures

Some of the key issues that exporters find difficult include:

• The need to obtain export permits and licenses. For companies across multiple sectors this was one of the most reported complaints. The time needed to issued the permits/licenses and having to visit multiple agencies for this purpose are the two main reason exporters find it a hurdle.

• Some requirement such as the need to obtain the radioactive analysis certificate from TAEC is deemed unnecessary by the business community, which requires extra time and cost.

• Infrastructural issues is hindering exports. Lack of sufficient cold storages or plugs for refrigeration at the ports have an impact on perishable exports.

• Availability of good and up-to-date market information and on procedures is still considered a problem by some. Information availability in Swahili is limited.

Cont...
Common issues related to domestic regulations and procedures

- Multiple municipal rules and fees is a hindrance.
- Some coffee exporters find the requirement to export via the auction restrictive.
- Export taxes on hides and skins have impacted several companies. The intent of the regulation was to promote processing in Tanzania and restrict export of raw materials.
- The VAT refund for companies takes a long time with some companies facing cash crunch.
- Multiple check points and weigh bridges within the country delays shipment process.
- Zanzibar trader taxed twice (in Zanzibar and Mainland) when exporting or importing via Dar-es-Salaam port (to verify)
- Dissemination of information to small business remains a problem.
- Certificate of Origin issued in Zanzibar not being accept abroad. Need to get the certificate from the mainland.
What has changed since 2014?

Regulatory reforms in Tanzania (selected)

- Cap on the produce cess
- Removal of the OSHA registration fees
- Removal of several fees
- Implementation of TANCIS
- Electronic certificate of origin
- Creation of the TBS client charter
- Merge of the TFDA and the TBS
- One-stop border posts
- BRELA online registration system
- Online business registration system - Zanzibar
- EAC elimination of non tariff barriers Act
- Tanzania business portal

The above reforms address priority issues and recommendation made by ITC in 2014

- Review the high fees and charges on trade
- Streamline and reduce the number of forms and documents in use
- Streamline and reduce the number of institutions involved
- Further engage trade partners to resolve non-tariff barriers
Changes in exporters’ perception

Share of exporters affected by NTMs

- 2013/14: 74%
- 2019/20: 72%

Follow up with exporters facing difficulties in 2013/14

Have the companies been able to overcome difficulties that they reported in 2013/14?

- Difficulty resolved:
  - Fully: 20%
  - Partially: 16%
  - 36%

- Difficulties unresolved: 49%

- Company no longer exporting: 14%
Difficulties with different types of NTMs reported in 2013/14 and 2019/20

**Most reported burdensome NTMs in 2013/14**

- Export related measures: 65%
- Rules of origin and related certificate of origin: 12%
- Conformity assessment: 10%
- Pre-shipment inspection and other formalities: 6%
- Technical requirements: 5%
- Other measures: 2%

**Most reported burdensome NTMs in 2019/20**

- Export related measures: 47%
- Conformity assessment: 29%
- Technical requirements: 17%
- Rules of origin and related certificate of origin: 4%
- Pre-shipment inspection and other formalities: 2%
- Other measures: 1%
Opinion of companies on changes to general business environment conditions in Tanzania

<table>
<thead>
<tr>
<th>Issue</th>
<th>Improved</th>
<th>Deteriorated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of electronic/computerized procedures</td>
<td>4%</td>
<td>50%</td>
</tr>
<tr>
<td>Need to hire a local customs agent to get shipment...</td>
<td>8%</td>
<td>44%</td>
</tr>
<tr>
<td>Other technological constraints</td>
<td>7%</td>
<td>41%</td>
</tr>
<tr>
<td>Lack of accessible business oriented legal support.</td>
<td>6%</td>
<td>40%</td>
</tr>
<tr>
<td>Lack of (well trained) staff in agencies</td>
<td>8%</td>
<td>38%</td>
</tr>
<tr>
<td>Low security level for persons and goods</td>
<td>5%</td>
<td>37%</td>
</tr>
<tr>
<td>Inconsistent/arbitrary behavior of officials</td>
<td>15%</td>
<td>34%</td>
</tr>
<tr>
<td>Corruption</td>
<td>10%</td>
<td>34%</td>
</tr>
<tr>
<td>Lack of access to information, no enquiry point</td>
<td>8%</td>
<td>34%</td>
</tr>
<tr>
<td>Improved</td>
<td>23%</td>
<td>15%</td>
</tr>
<tr>
<td>Deteriorated</td>
<td>23%</td>
<td>15%</td>
</tr>
<tr>
<td>Time delays</td>
<td>15%</td>
<td>23%</td>
</tr>
<tr>
<td>Limited or extremely expensive airline transportation</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>Lack of accredited testing laboratories</td>
<td>9%</td>
<td>19%</td>
</tr>
</tbody>
</table>
Private sector associations view the progress made positively...

Perception of business associations on the progress Tanzania has made in the last 5 years in relation to specific trade issues

- **Trade policy, agreements and rules of origin**
  - Excellent: 3%
  - Good: 44%
  - Satisfactory: 56%
  - Poor: 8%
- **Trade information and capacity building**
  - Excellent: 9%
  - Good: 29%
  - Satisfactory: 62%
  - Poor: 3%
- **Customs procedures**
  - Excellent: 21%
  - Good: 29%
  - Satisfactory: 50%
  - Poor: 3%
- **Standards and quality management**
  - Excellent: 3%
  - Good: 35%
  - Satisfactory: 56%
  - Poor: 9%
Overcoming regulatory and procedural obstacles to trade important for Tanzania to realize its true export potential.
Goal of (rest of) the day

Hear from the public and private sector organizations

Identify priority issues

Brainstorm potential action plan to overcome hurdles
Asante sana!

For further information:
www.ntmsurvey.org/TanzaniaNTM

ITC Programme on Non-Tariff Measures
Trade and Market Intelligence

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EU-EAC Market Access Upgrade Programme
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