Market Access begins at home: Simplifying domestic regulations and streamlining procedures to enhance Tanzania’s trade competitiveness

Background:

The NTM Business survey aims at giving MSMEs a voice and shedding light to the often invisible non-tariff obstacles to trade exporters face. Insights on the trade related hurdles of the private sector were drawn from interviews with over 600 companies in Tanzania.

Almost half of the burdensome NTM cases reported by exporters are due to Tanzanian regulations applied to their own exports. Export-related regulations affect both agricultural and manufacturing sectors in a similar manner.

Among the key domestic requirements that exporters find burdensome include obtaining the necessary export permits, licences and certifications. The main complains refer to involvement of multiple agencies for similar tasks, duplications of document requirements, and delays related to these procedures.

Furthermore, even in cases of difficulties involving foreign regulation, many of the underlying problems are due to procedural hindrances in Tanzania itself. Only 13% of all problems faced by exporters are burdensome exclusively because of the regulation itself. In contrast, 59% of NTMs are problematic because of the related procedural obstacles. The remaining 28% of the reported cases are difficult to the exporters due to both the regulation being strict and due to related procedural obstacles.

Exporters experience a large share of these procedural hurdles in Tanzania. Given that exporters find 87% of the NTMs burdensome due to procedural obstacles and because most of these procedural obstacles occur in Tanzania, many of the exporters’ difficulties can potentially be alleviated by streamlining domestic procedures and improving facilities.

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.
- 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 checkpoints 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.
- Dissemination of information to small business remains a problem.
- Certificate of Origin issued in Zanzibar not being accepted abroad. Need to get the certificate from the mainland.

Objective

- To hear from business association representatives the most pressing hurdles related to domestic regulations and procedures faced by their members, and from public sector agencies in their role in helping SMEs.
- To help define a set of recommendation/action plan aimed at alleviating the difficulties of Tanzanian exporters.

Key Questions

- The merging of responsibilities of TBS and TFDA is a positive and appreciated by the business community. How can Tanzania focus on similar initiatives?
- Simplification of procedures: Which additional steps or requirements (licenses/permits, certifications) can be relaxed?
- Do the introduction of Online Registration System (ORS), Electronic Single Window, as well as Tanzanian Customs Integrated System address most of the issues? What are the potential gaps?
- Given TAEC certificate of radioactive analysis is not required by buyers, can this export requirement be removed?
- What can be done to document and monitor traders' hurdles with NTMs? Would a trade obstacle reporting mechanism to report and track company complaints be beneficial?
- How can businesses be best informed about new or changes in regulations?
- What should be done to make the trade information portal relevant in the long run? How can its features and benefits be disseminated to small businesses?
- What kind of facilities in the port should be prioritized?

The round table will begin with interventions from representative of the public and private sector entities on domestic requirements and procedures (permits, licenses, procedures, etc.) and bring forward the needs of the sectors. This will be followed by consultations with participants on necessary follow up actions to alleviate these hurdles.