



Business perspectives on Non-Tariff Measures: Spices

NTM Business Survey in Tanzania 2019/20



Co-funded by the European Union



East African Community



Implemented by:



International Trade Centre

Mr. Samidh Shrestha (ITC)
Ms. Paula Castaneda (ITC)

20 March 2021

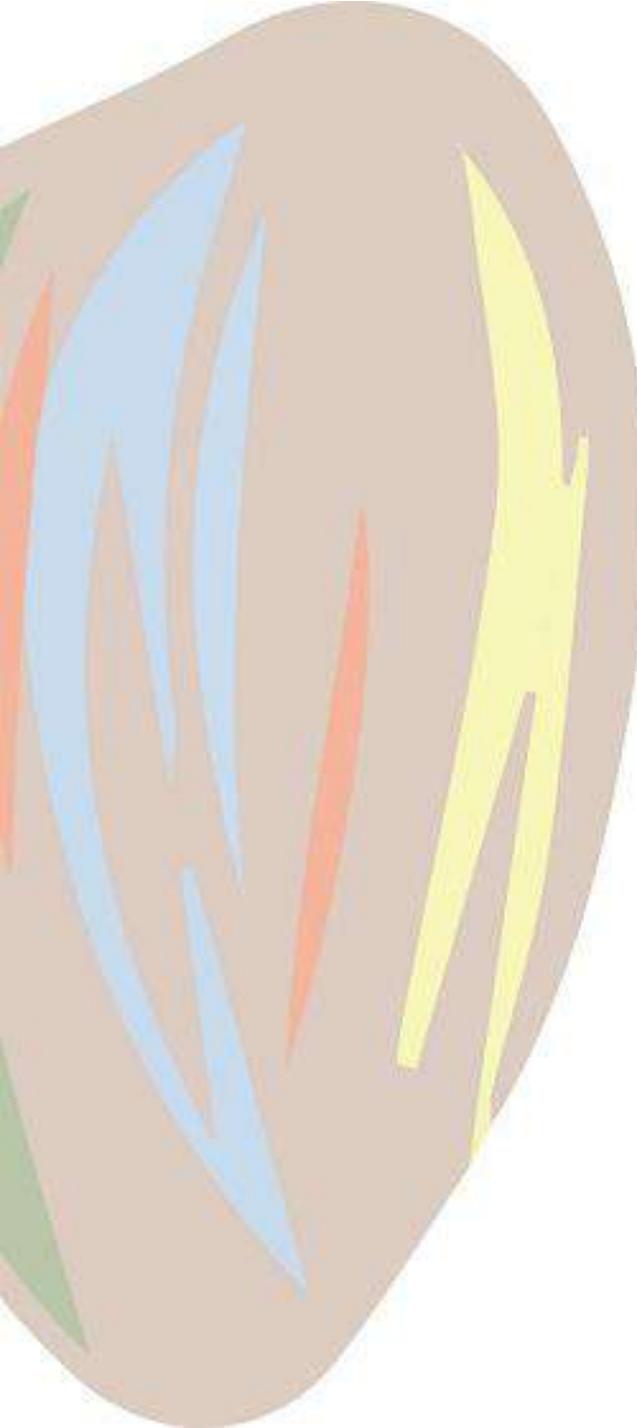
#EACMARKUP

This programme is co-funded by the European Union



Outline

1. Background
2. The Non-Tariff Measures Survey in Tanzania
3. Main survey results
4. Perspectives for spices exporters
5. Discussion



Outline

1. **Background**
2. The Non-Tariff Measures Survey in Tanzania
3. Main survey results
4. Perspectives for spices exporters
5. Discussion

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



Covers

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

Trade in services not covered

Technical measures
(product related)

Non-technical
measures
(trade- related)

A. – O. **Import**-related measures

A. Technical requirements

B. Conformity assessment

C. Pre-shipment inspection and other entry formalities

D. Trade remedies (anti-dumping, countervailing and safeguards)

E. Quantity control measures (e.g. licences, quotas, prohibitions)

F. Charges, taxes and price control measures

G. Finance measures

H. Anti-competitive measures

I. Trade-related investment measures

J. Distribution restrictions

K. Restriction on post-sales services

L. Subsidies

M. Government procurement restrictions

N. Intellectual property

O. Rules of origin and related certificate of origin

P. **Export**-related measures

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.

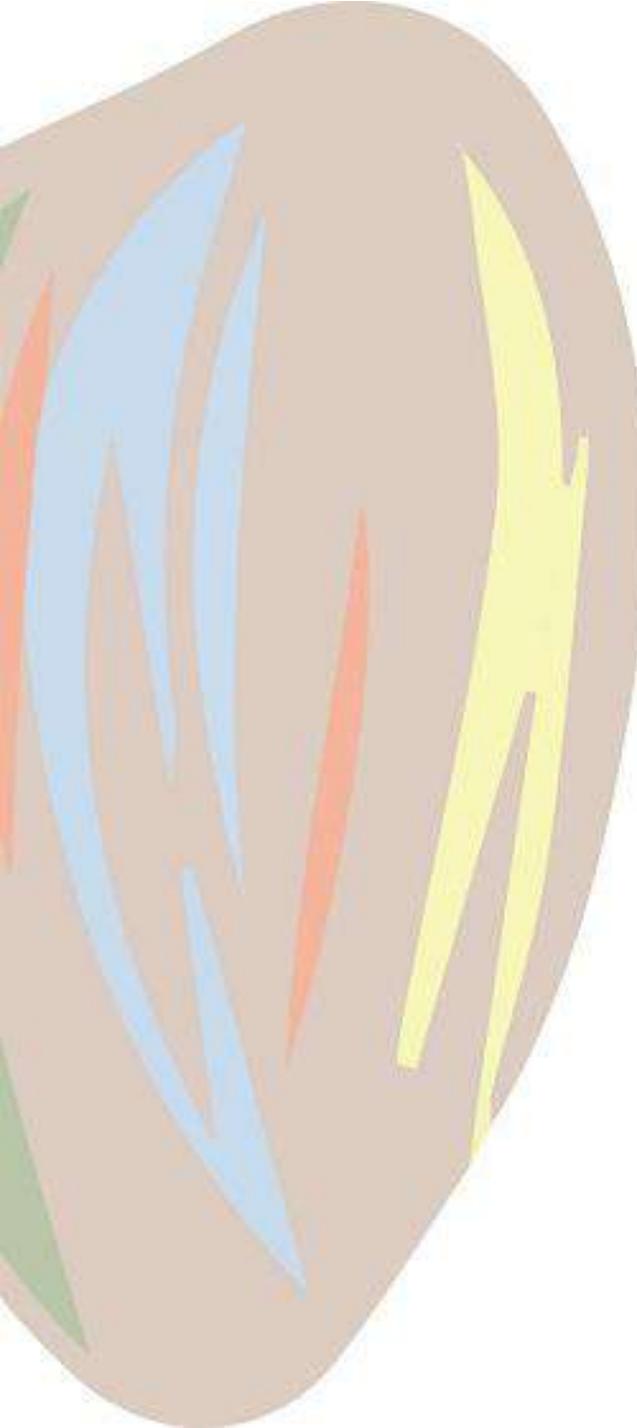
Procedural Obstacles

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

Business Environment

Obstacles that are not related to NTMs but hinder international trade.

Trade Obstacles



Outline

1. Background
- 2. The Non-Tariff Measures Survey in Tanzania**
3. Main survey results
4. Perspectives for spices exporters
5. Discussion

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 exports 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 → Trade facilitation



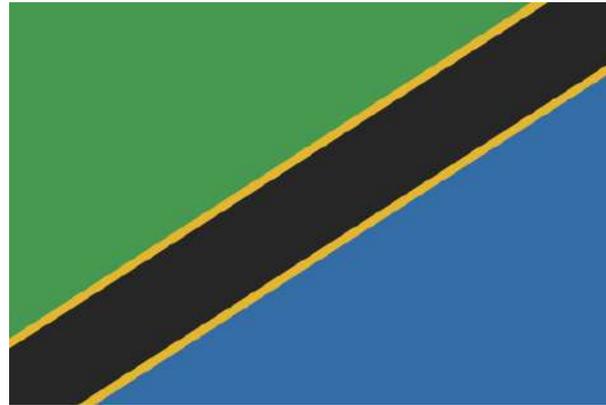
Scope of the survey limited to legally operating companies.
Informal trade not covered

The survey is confidential.

The survey is about *experience*.

Implementation of NTM Business Survey in Tanzania – 2019/20

In close collaboration with national and international partners



Ministry of Industry and Trade



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:

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

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



~1400

Active exporters
in Tanzania
(2019)



613

Companies
interviewed by phone
(Stage 1)



240

Companies interviewed
face-to-face
(Stage 2)

Tanzania NTM Business Survey

613 

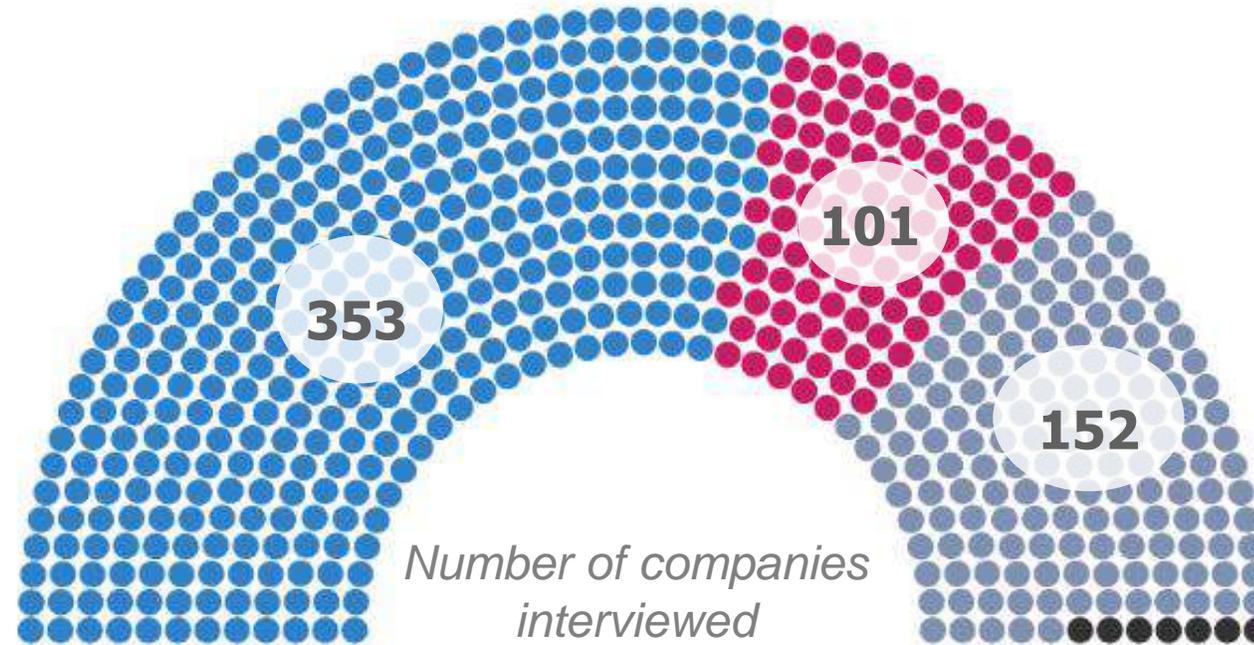
Exporters and importers

34 

Business associations

21 

Public agencies



● Company exports

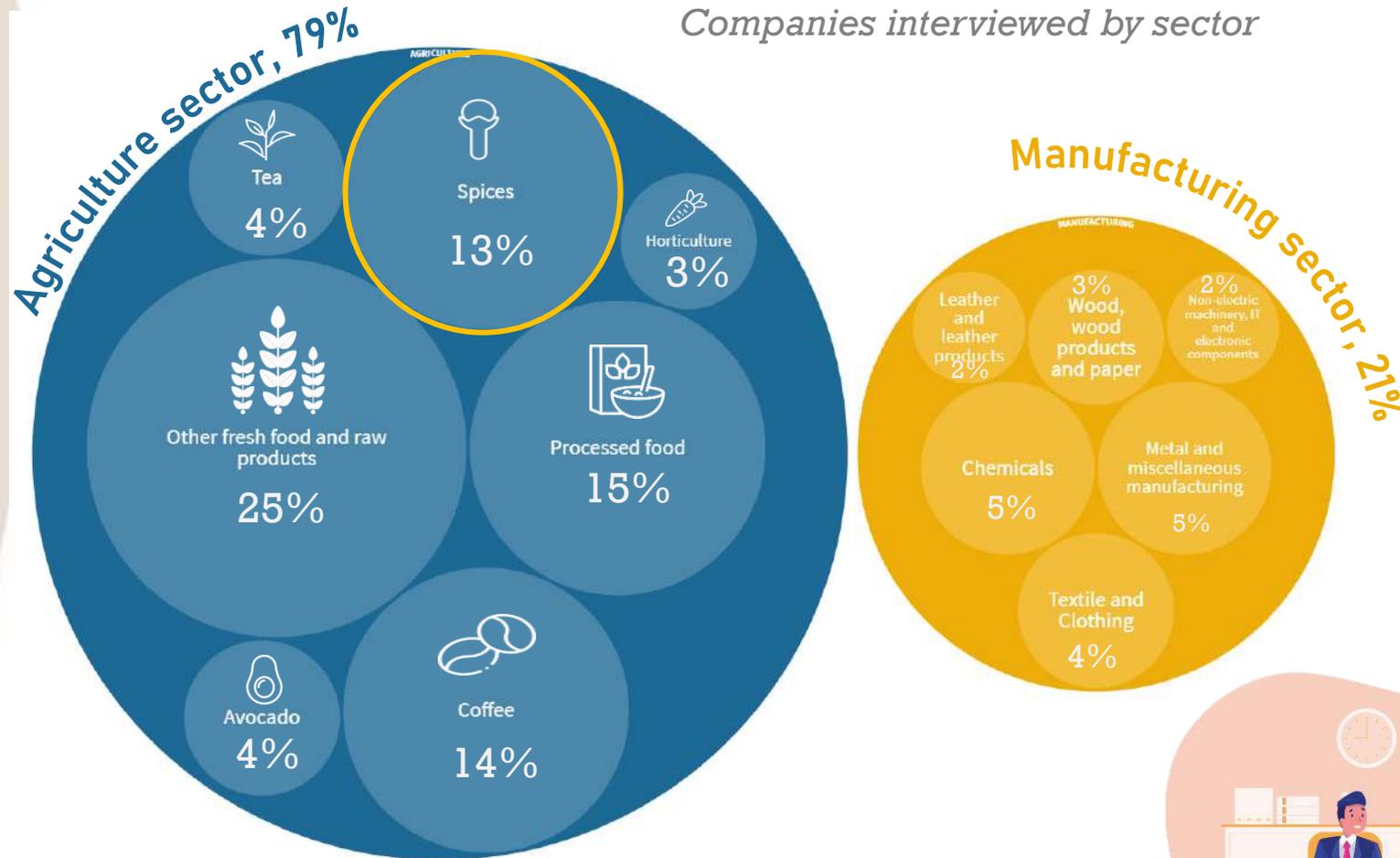
● Company both exports and imports

● Company imports

● Ceased to export or import

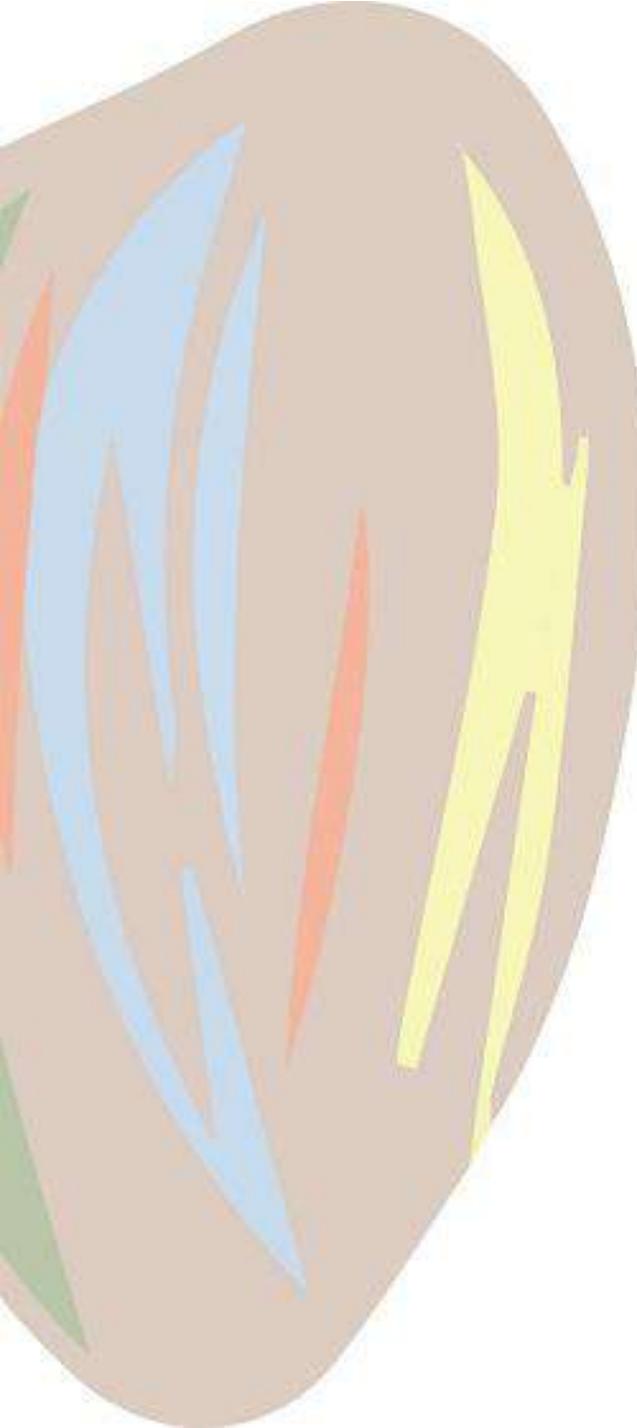
Survey covered most export sector, focusing on priority agricultural commodities

Companies interviewed by sector



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





Outline

1. Background
2. The Non-Tariff Measures Survey in Tanzania
- 3. Main survey results**
4. Perspectives for spices exporters
5. Discussion

Many Tanzanian exporters face NTM related challenges



Share of exporters affected by NTMs



76%

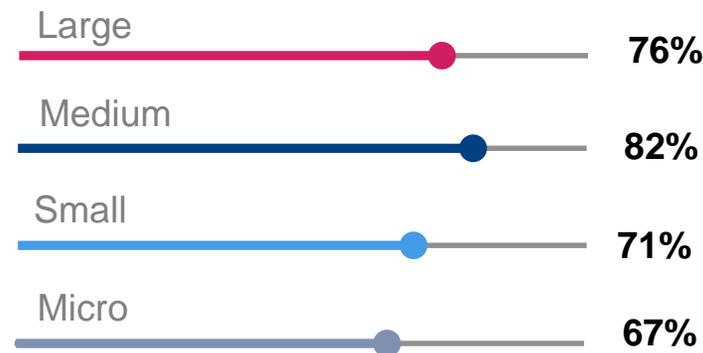
Affected exporters from agriculture sector



57%

Affected exporters from manufacturing sector

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

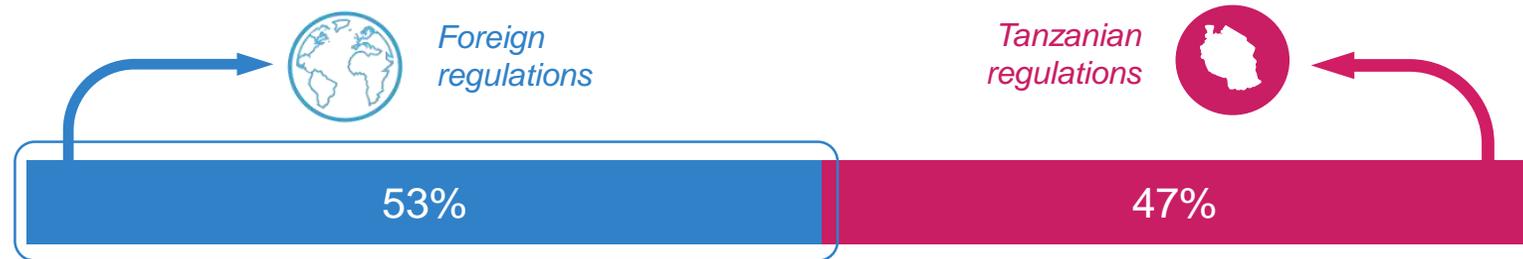


Share of exporters affected across different product groups

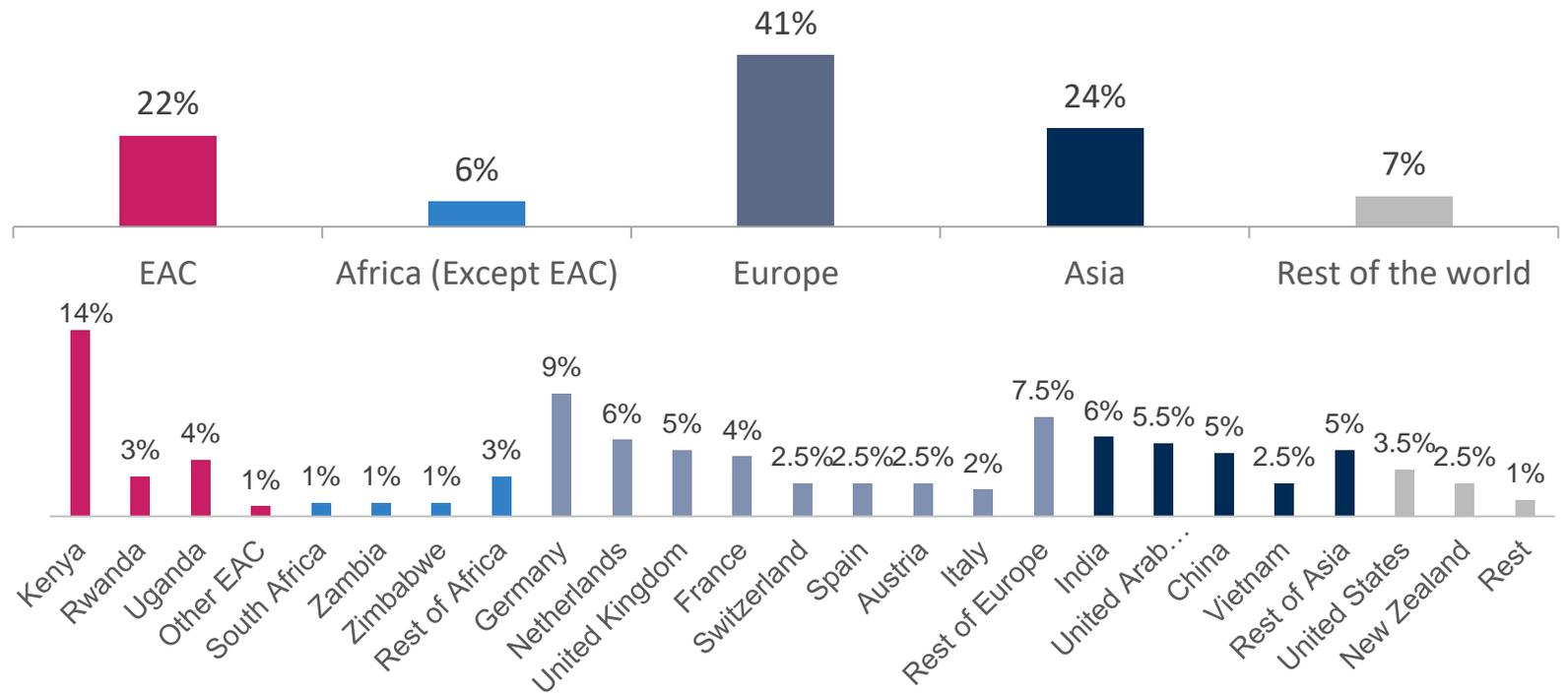


Both domestic and foreign regulations are of concern

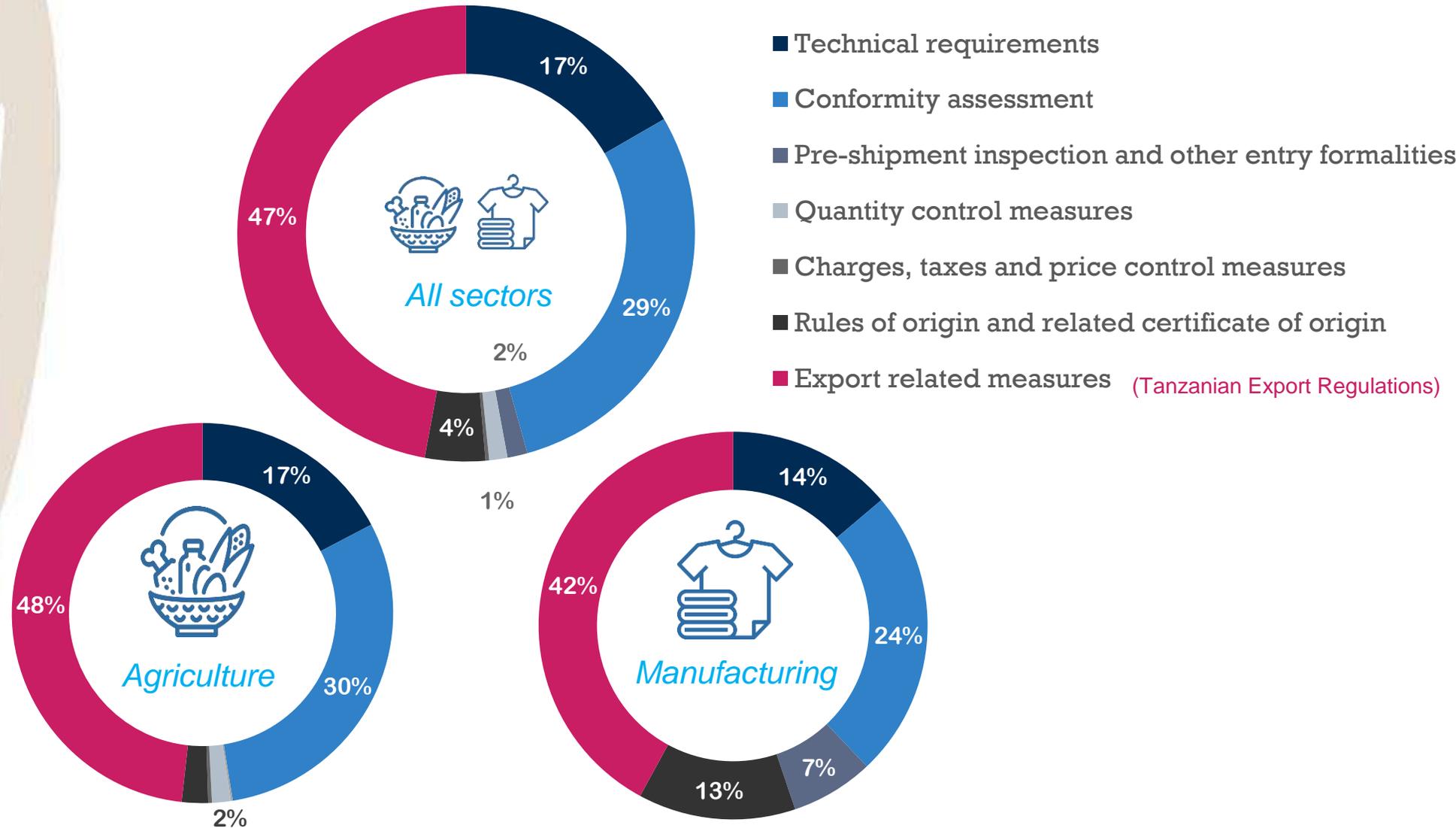
Share of the reported burdensome NTMs that are applied by foreign countries and Tanzania



Origin of burdensome foreign regulations, by applying region and country

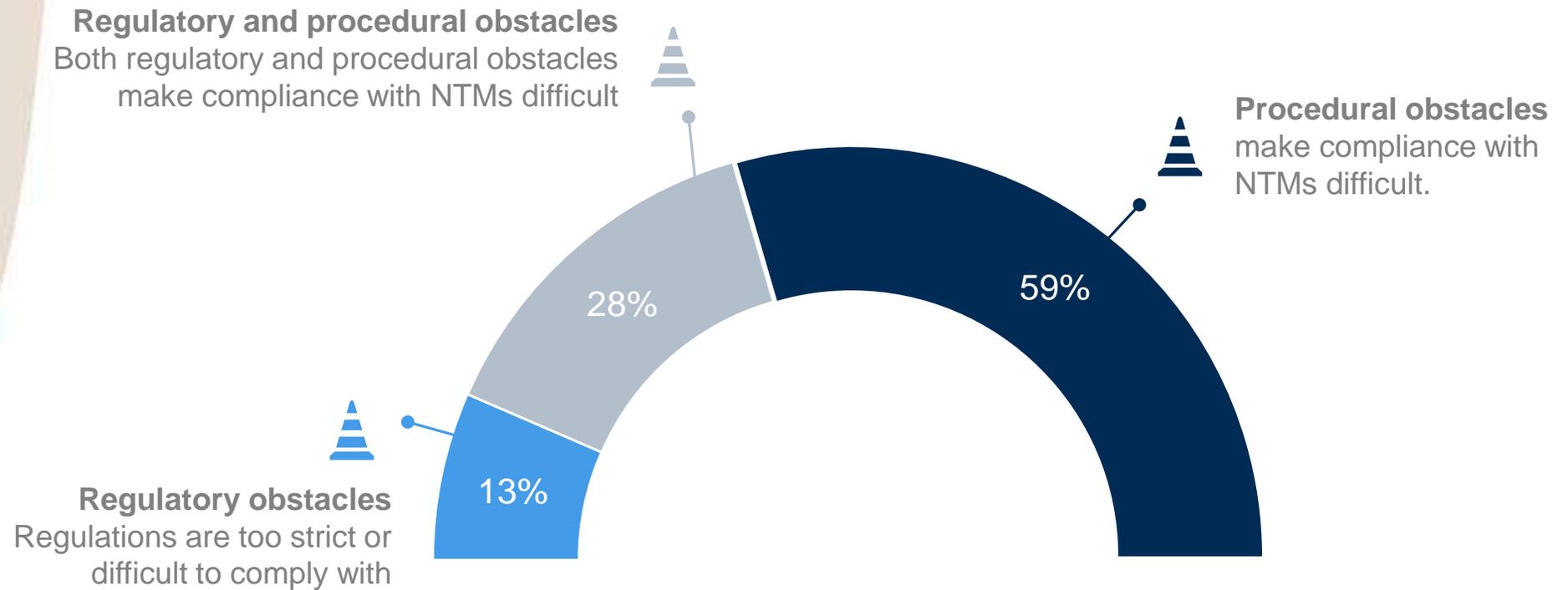


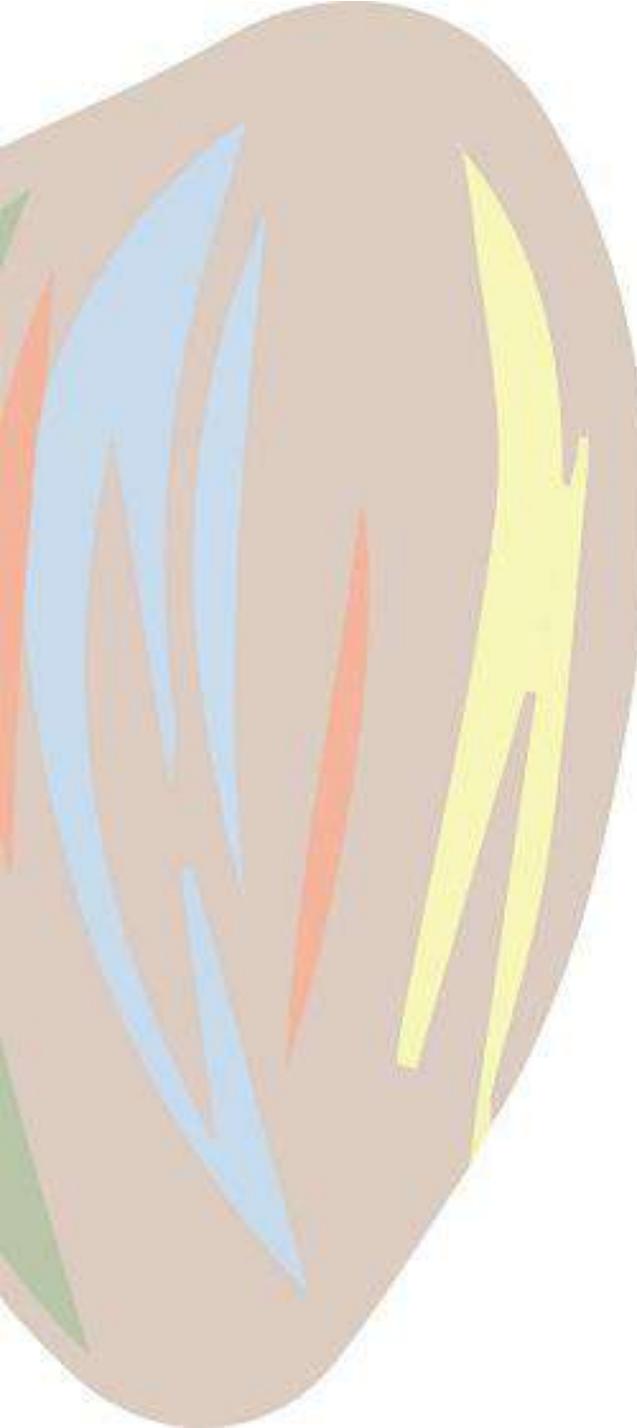
Types of NTMs exporters find difficult



Why exporters find NTMs burdensome

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





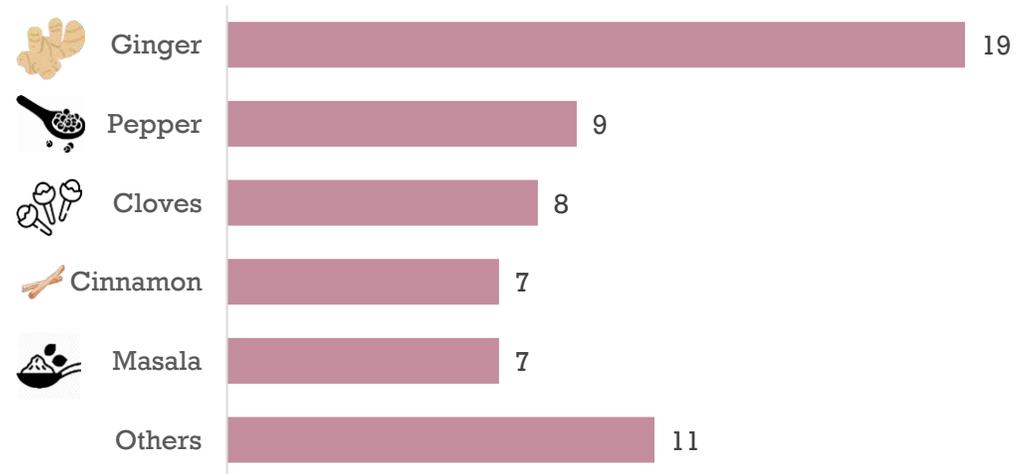
Outline

1. Background
2. The Non-Tariff Measures Survey in Tanzania
3. Main survey results
- 4. Perspectives for spices exporters**
5. Discussion

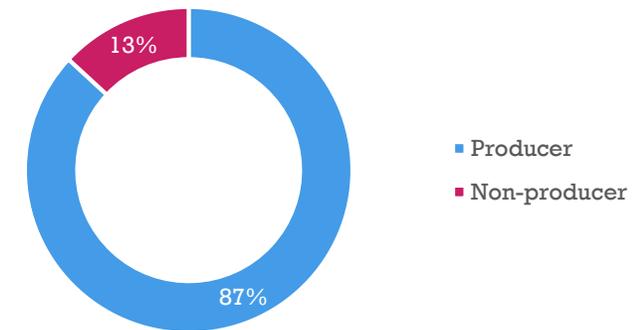
Companies characteristics

Spices' exporters interviewed: **61**

Main exported product

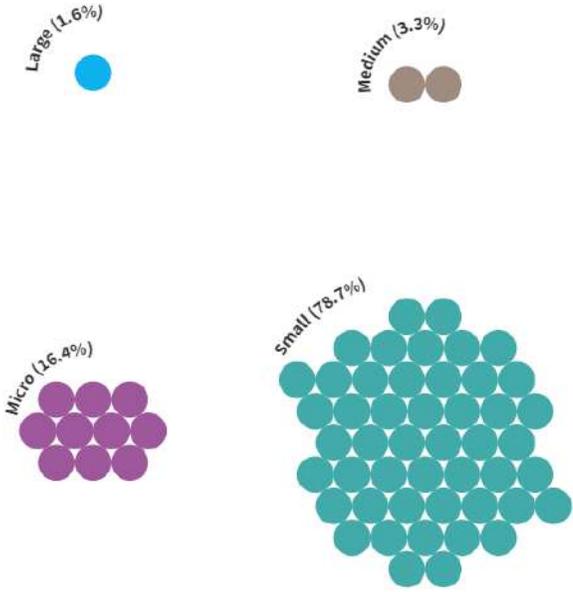


Most of exporters are also producers

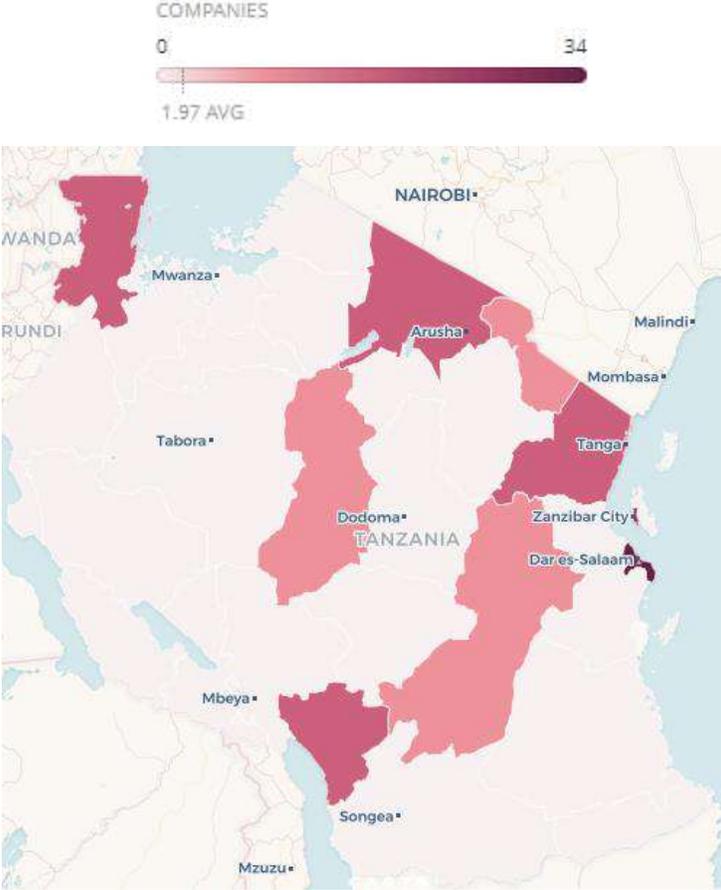


Surveyed companies were mostly small-sized and located in different regions

Size of surveyed companies



Location of surveyed companies



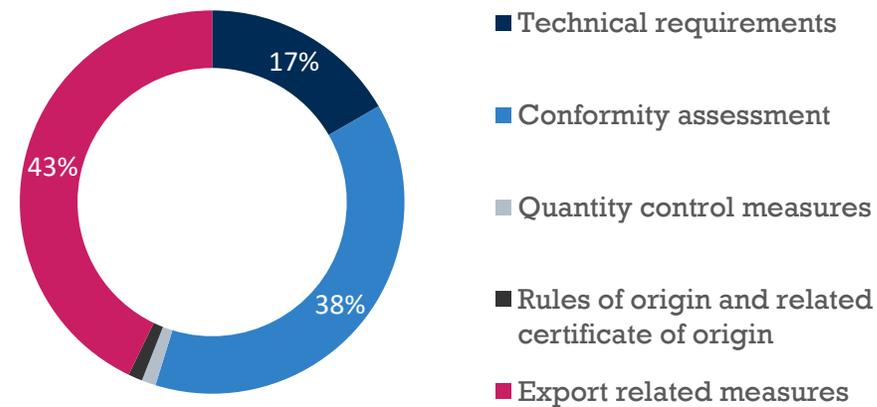
Spices exporters are more affected by burdensome NTMs than the survey average



Share of spices exporters facing burdensome NTMs

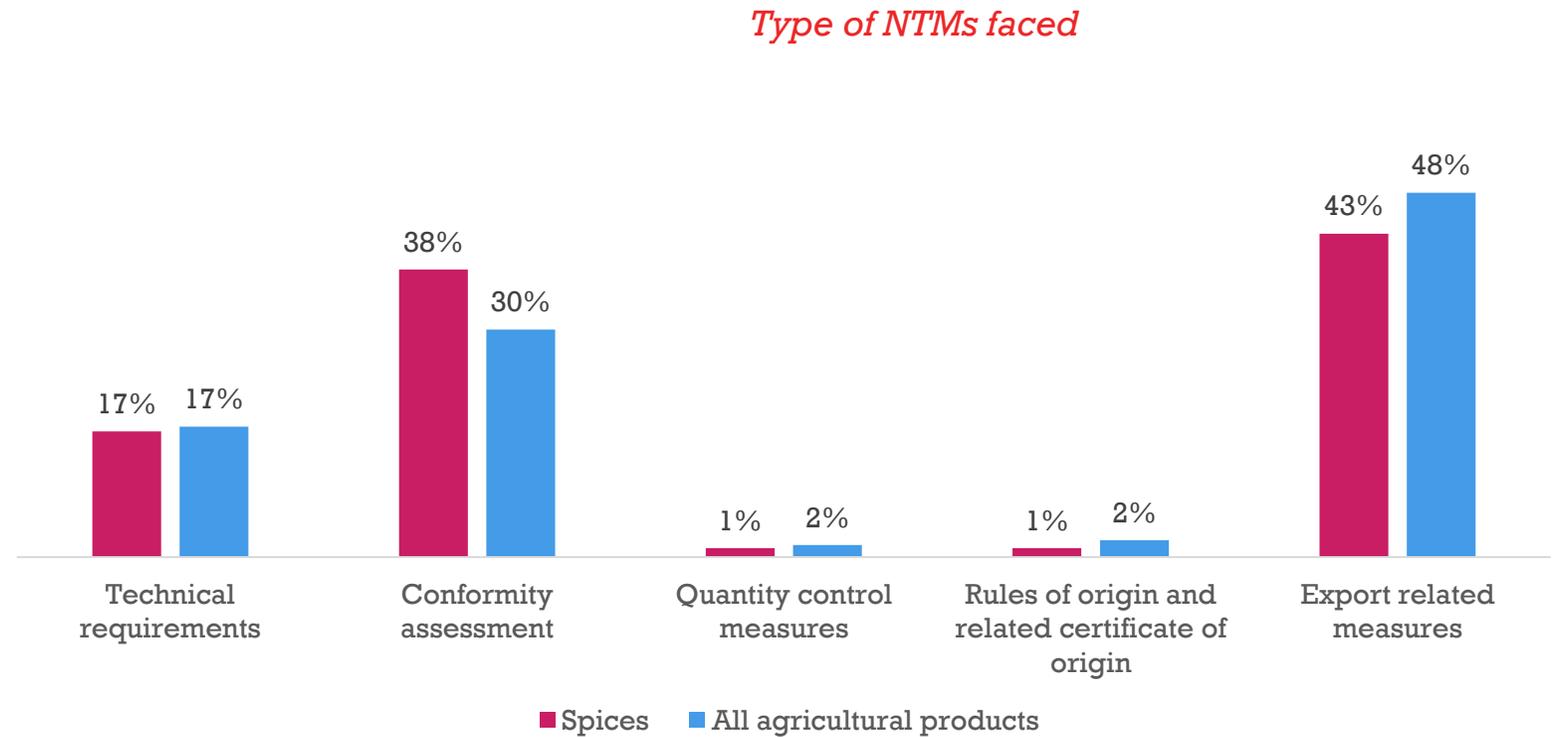


Type of NTMs faced in the spices sector





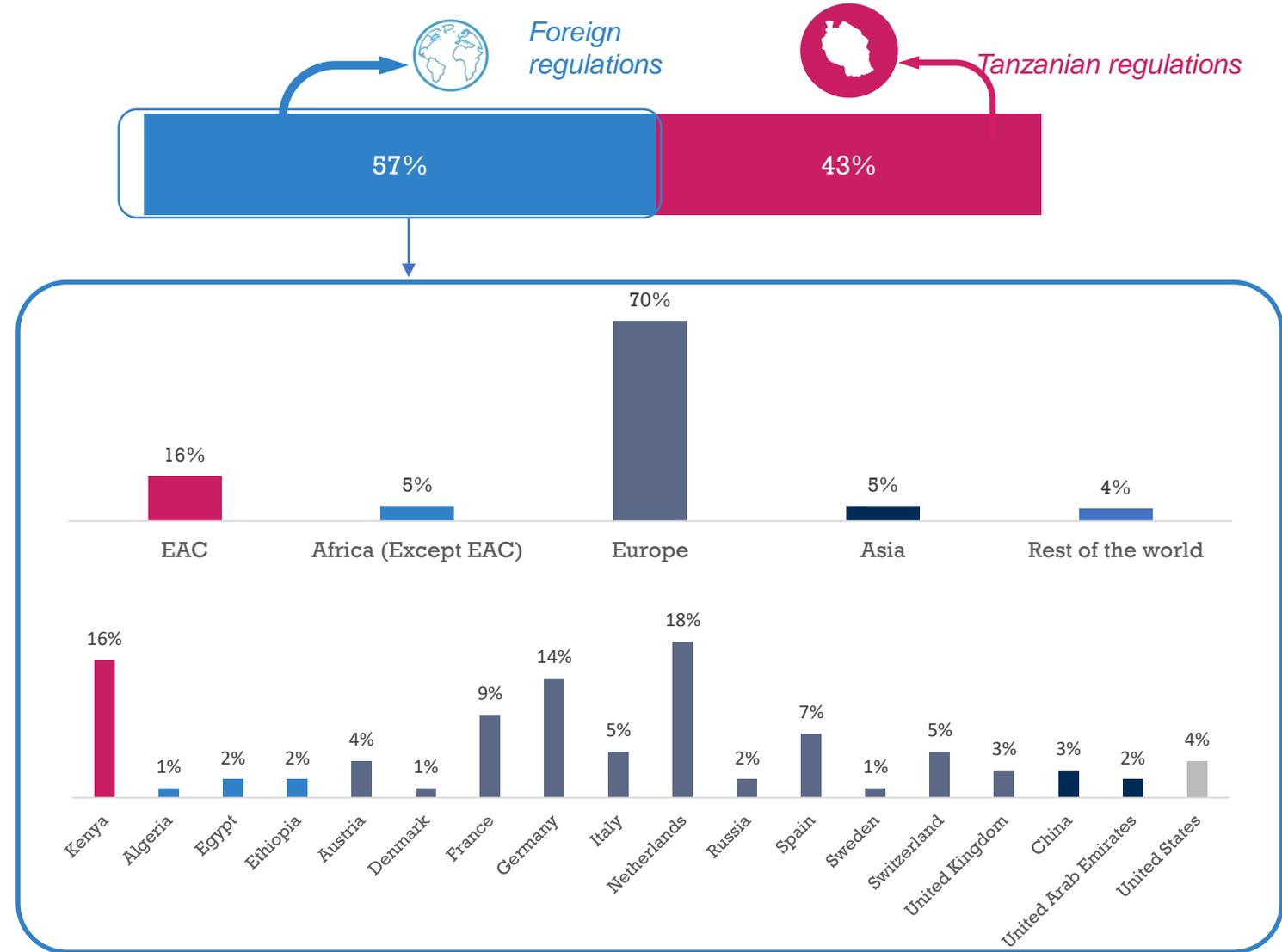
Conformity assessment is more burdensome in spices compared to all agricultural products



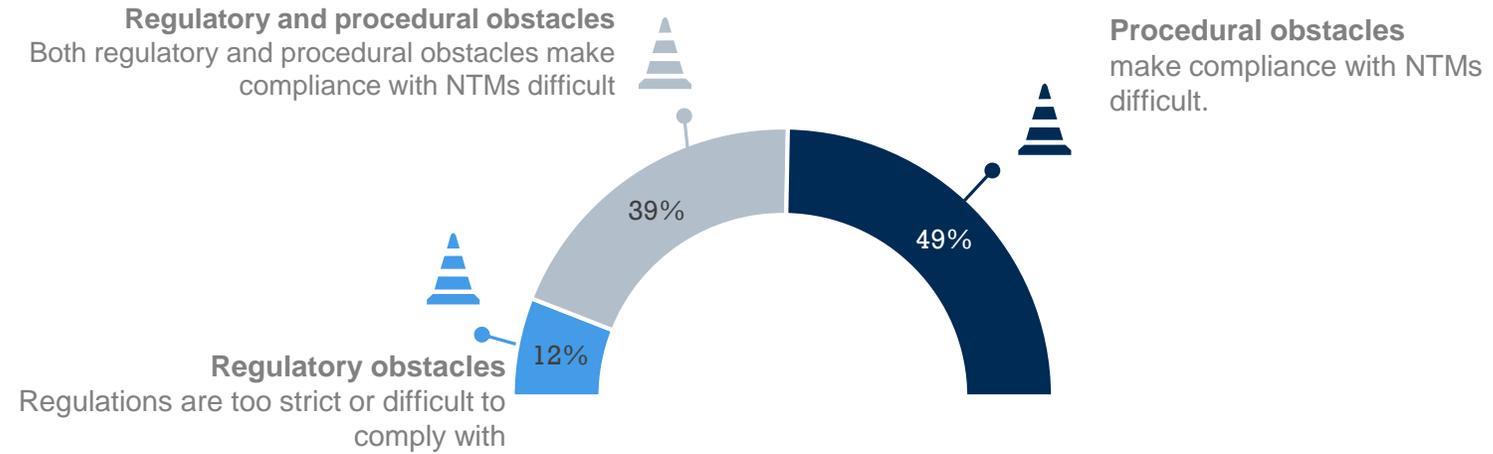
Netherlands and Kenya impose most of the foreign burdensome measures



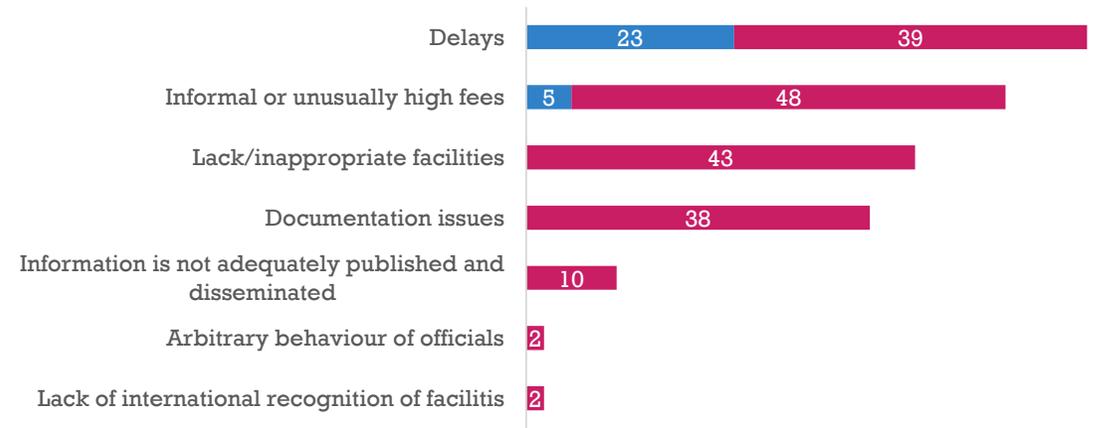
Share of the reported burdensome NTMs that are applied by foreign countries and Tanzania



Regulatory obstacles are more common among spices' exporters



Delays, high fees and inappropriate facilities affect spices' exporters

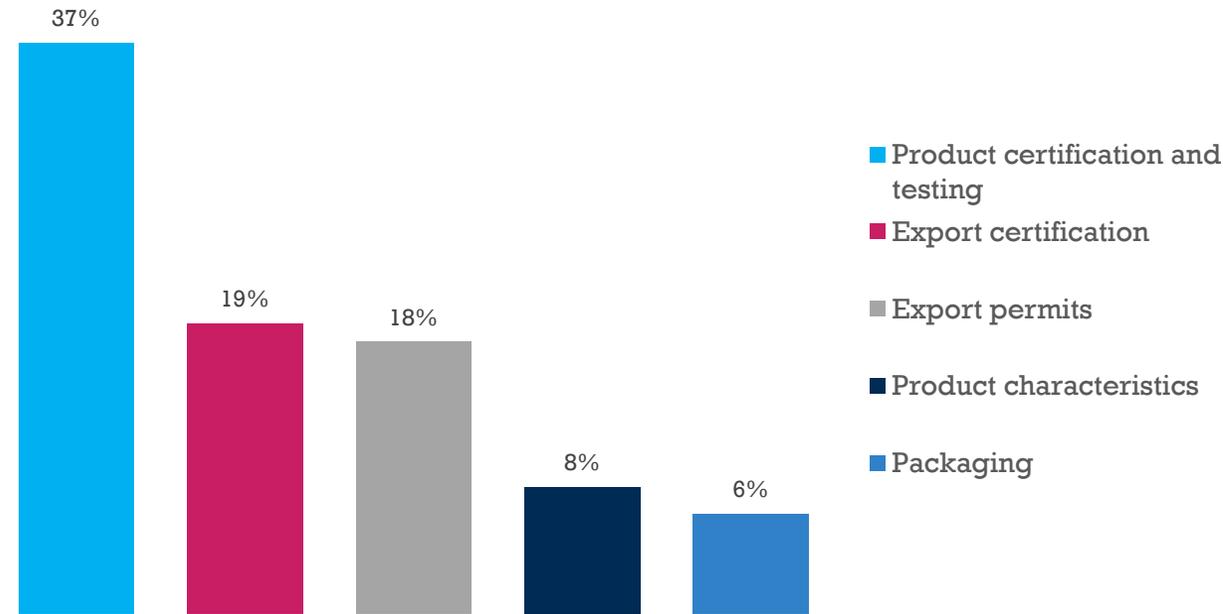


■ Partner country ■ Tanzania

Issues of spices exporters



Top 5 issues for spices' exporters





1

Lack of accredited laboratories for certifications and testing

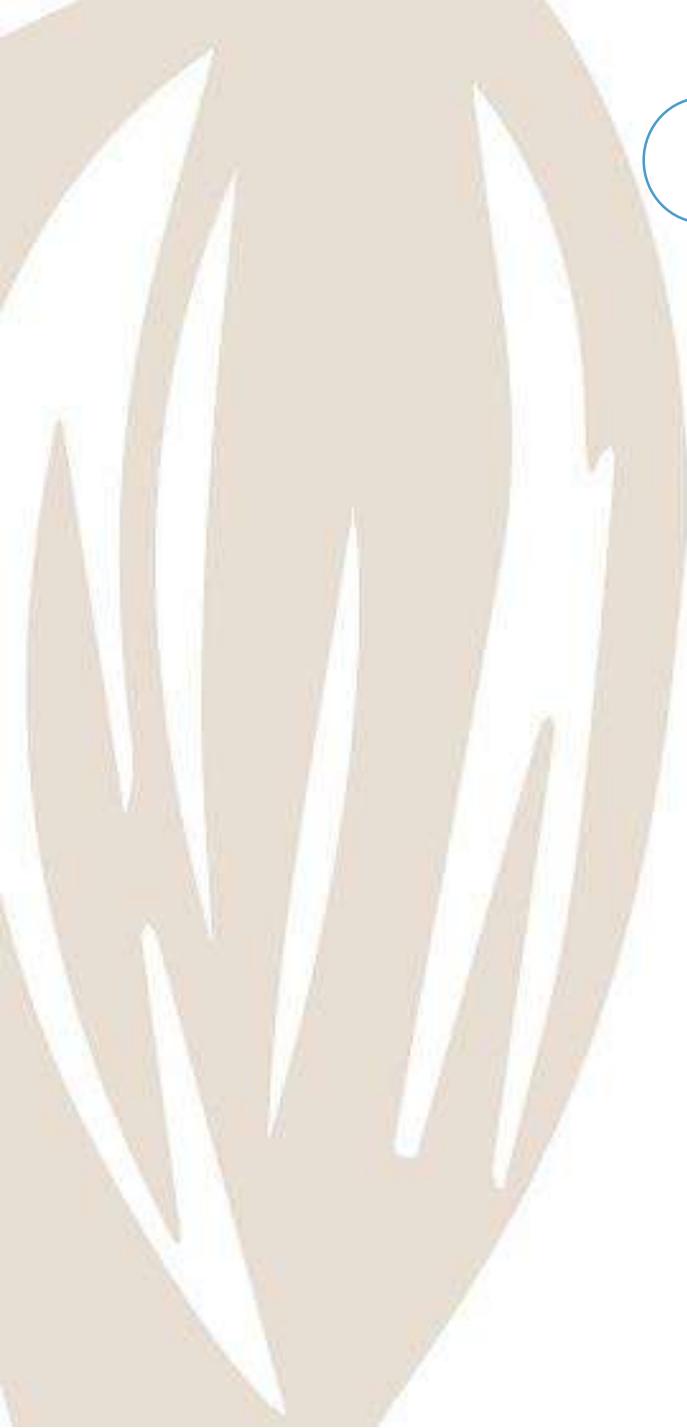
- Testing requirements performed in the country are not recognized in the European Union
- There are not accredited bodies for issuing certifications

“Even if our products are tested by the TBS, when they arrive to Europe they are tested again. Our products could be tested before by an European accredited laboratory. However there is not accredited laboratory in Tanzania for agriculture spices This process delays the exports up to one month. “

Exporter of pepper

“We need the Global G.A.P certificate for exporting to Germany. However, there is not a body in Tanzania that issues the certificate. We must go to international accreditation bodies, which are expensive”

Exporter of ginger



2

Companies require exports certificates and permits from different institutions

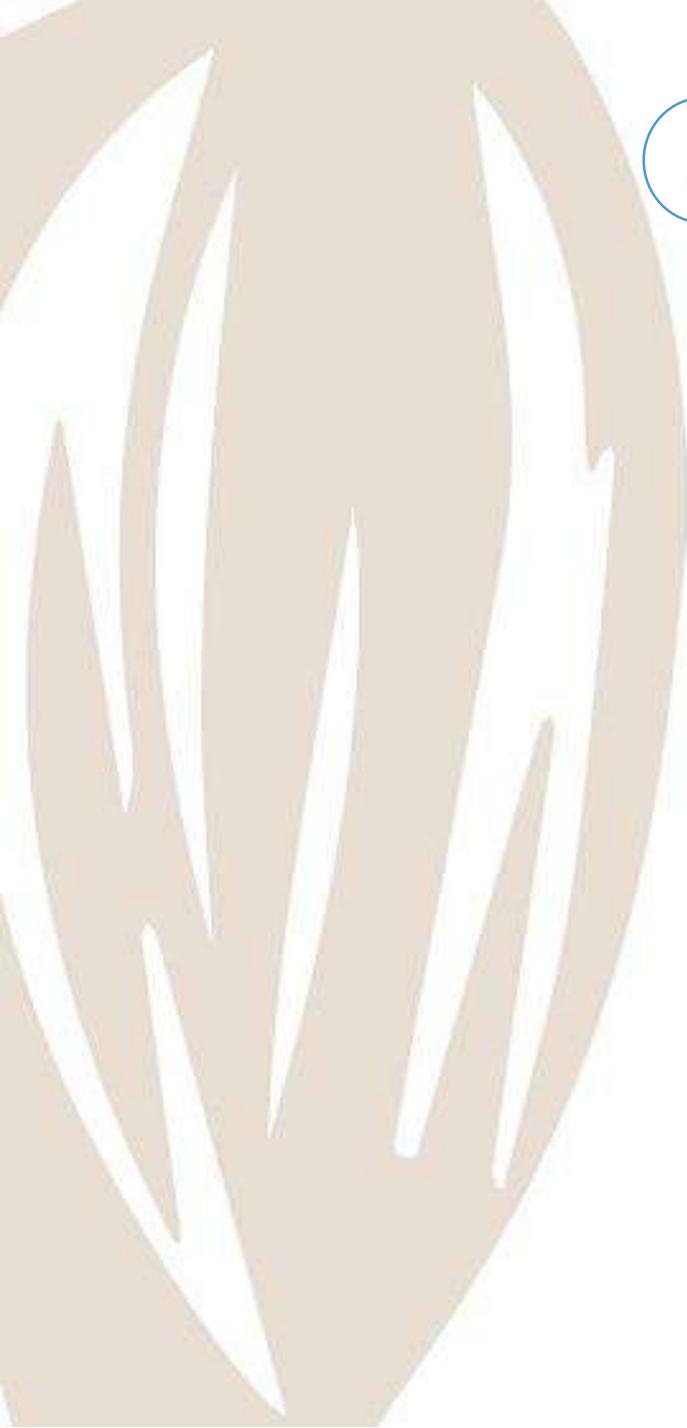
- Companies require several export permits and certifications, delaying the export process
- Exporters find the certificate of radioactive analysis unnecessary

“To export black pepper to Denmark the company requires export certificates from different institutions”

Exporter of pepper

“There are delays for obtaining some of the certifications especially radiation certificate which is not required by the buyer”

Exporter of cloves



3

Product characteristics are difficult to meet

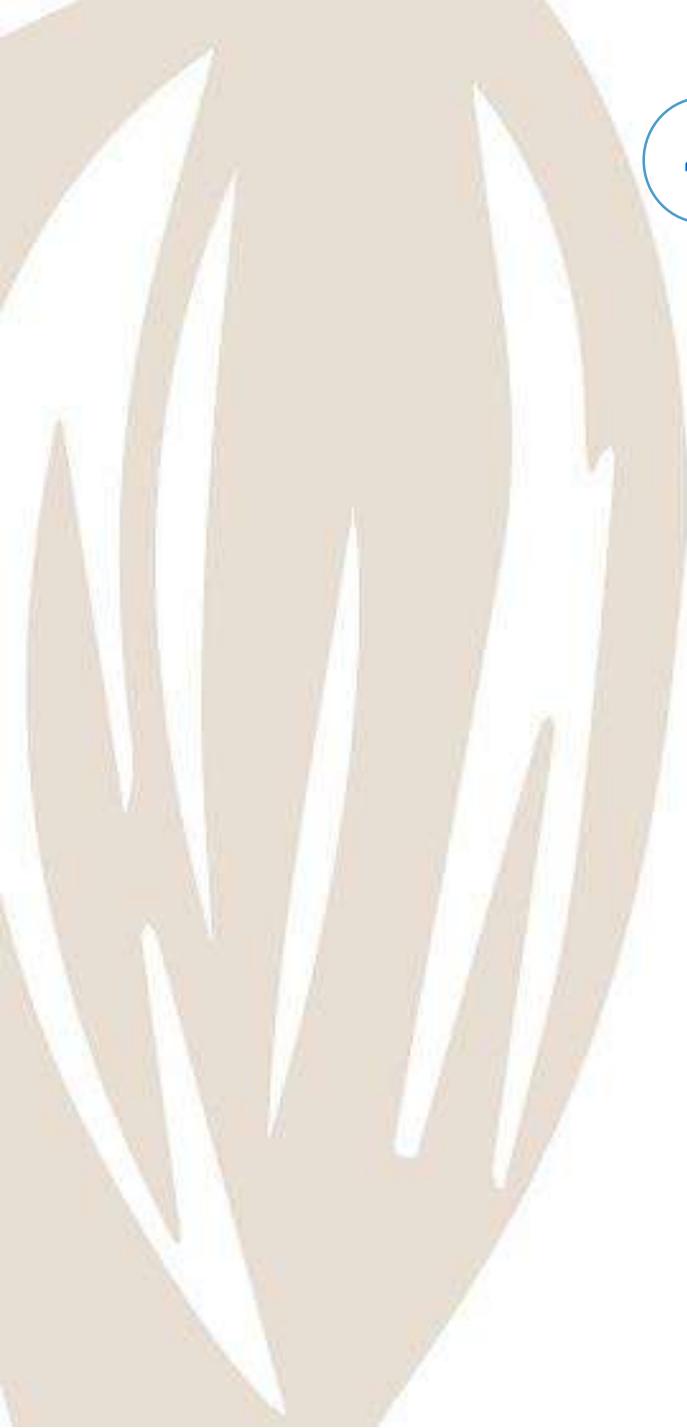
- Companies struggle to comply with product characteristics (i.e. moisture, dryness levels, etc).
- Companies do not have the proper infrastructure or facilities for maintaining properly the product characteristics
- Companies do not implement spices standards, either national or international. Without the implementation of standards, companies struggle to enter to international markets

“It is difficult to obtain the required humidity for our ginger. We use solar machines, but sometimes ginger does not achieve the required dry level”

Exporter of ginger

“Farmers do not have proper storage facilities or post-harvest handling facilities to ensure the quality requirements of the product”

Exporter of ginger

4

Packaging

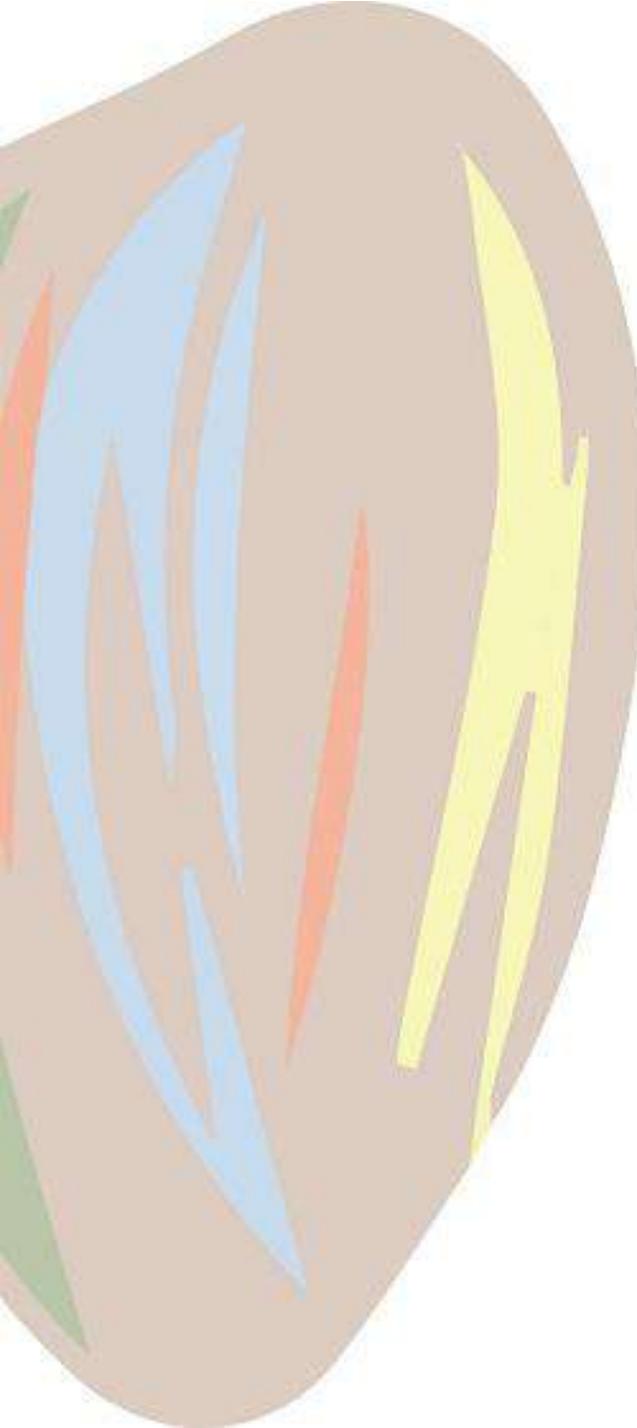
- Companies struggle complying with packaging requirements from foreign markets, especially from the E.U.
- Exporters do not know where proper packaging materials for exporting can be found in the local market. Many of them end up importing packaging, increasing their production costs.

“The packaging material required by the Netherlands is not available in Tanzania. We need to import it, which affects the price of the product”

Exporter of black pepper

“Companies in Tanzania are still behind when it comes to making packaging materials accepted internationally.”

Exporter of ginger



Outline

1. Background
2. The Non-Tariff Measures Survey in Tanzania
3. Main survey results
4. Perspectives for spices exporters
5. **Discussion**

Discussion questions



- How to improve the availability of accredited laboratories for spices in the country? What should be the role of the national government here?
- How to improve the adoption of national and international standards by exporters (TBS quality mark, ISO standards) ?
- Are national standards aligned with international best practices?
- How to improve the quality standards for spices produced in Tanzania?
- Which would be the benefits of the “Tanzania spices” label?
- What is the recommendation for improving companies’ experiences with packaging for exports?



Asante sana!

For further information:

www.ntmsurvey.org/TanzaniaNTM

ITC Programme on Non-Tariff Measures
Trade and Market Intelligence

International Trade Centre

ntm@intracen.org



ITCmarketanalysisistools



@ITC_MktAnalysis



eacmarkup



@eacmarkup

EU-EAC Market Access Upgrade Programme

International Trade Centre

markup@intracen.org

www.eacmarkup.org/

