Business perspectives on Non-Tariff Measures: Spices

NTM Business Survey in Tanzania 2019/20

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Outline

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

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

Non-technical measures (trade-related)

Technical measures (product related)
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.
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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.

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:**

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

Number of companies interviewed:
- Exporters and importers: 353
- Business associations: 101
- Public agencies: 152

Company exports: 613
Company both exports and imports: 34
Company imports: 21
Ceased to export or import: 21
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.
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Many Tanzanian exporters face NTM related challenges

72% Exporters

Affected exporters from agriculture sector 76%

Affected exporters from manufacturing sector 57%

Share of exporters affected by NTMs

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

Large - 76%
Medium - 82%
Small - 71%
Micro - 67%

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%
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%

**Origin of burdensome foreign regulations, by applying region and country**:

- **EAC**: 22%
- **Africa (Except EAC)**: 6%
- **Europe**: 41%
- **Asia**: 24%
- **Rest of the world**: 7%

These percentages indicate the distribution of burdensome regulations according to their origin, either from foreign countries or within Tanzania. The diagram provides a visual representation of these statistics, showing the proportion of regulations by region and country.
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)
Why exporters find NTMs burdensome

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

**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**
make compliance with NTMs difficult.
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Companies characteristics

Spices’ exporters interviewed: 61

Main exported product

- Ginger: 19
- Pepper: 9
- Cloves: 8
- Cinnamon: 7
- Masala: 7
- Others: 11

Most of exporters are also producers

- Producer: 87%
- Non-producer: 13%
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

- Technical requirements
- Conformity assessment
- Quantity control measures
- Rules of origin and related certificate of origin
- Export related measures

80% Exporters

43% 17% 38%
Conformity assessment is more burdensome in spices compared to all agricultural products

Type of NTMs faced

- Technical requirements: 17% Spices, 17% All agricultural products
- Conformity assessment: 38% Spices, 30% All agricultural products
- Quantity control measures: 1% Spices, 2% All agricultural products
- Rules of origin and related certificate of origin: 1% Spices, 2% All agricultural products
- Export related measures: 43% Spices, 48% All agricultural products

Spices | 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

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
make compliance with NTMs difficult.

Delays, high fees and inappropriate facilities affect spices’ exporters

Delays
39
Informal or unusually high fees
48
Lack/inappropriate facilities
43
Documentation issues
38
Information is not adequately published and disseminated
10
Arbitrary behaviour of officials
2
Lack of international recognition of facilities
2

Partner country
Tanzania
Issues of spices exporters

Top 5 issues for spices’ exporters

- Product certification and testing: 37%
- Export certification: 19%
- Export permits: 18%
- Product characteristics: 8%
- Packaging: 6%
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.”

“...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 pepper
Exporter of ginger
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
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
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
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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

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