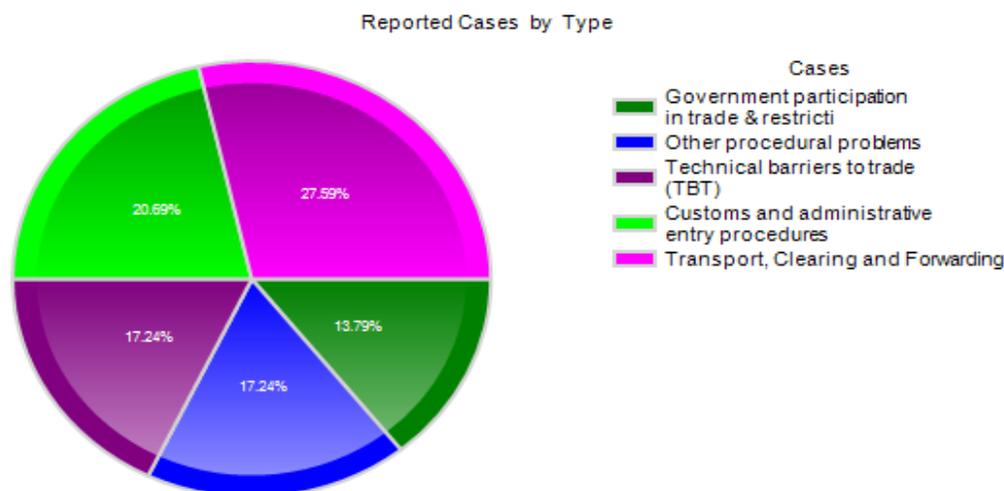


TANZANIA CHAMBER OF COMMERCE INDUSTRY AND AGRICULTURE

TOP 5 NON TARIFF BARRIERS IN TANZANIA (ORIGINATING FROM TANZANIA OR OTHER EAC COUNTRIES BUT AFFECTING TANZANIA)



Transport, clearing and Forwarding (27.59% of the reported NTBs)

In this category, the most serious NTBs relates to the border administrative procedures administrative such as Border Operating Hours and delays at border posts.

This has an impact on the cost of doing business emanating from wasted time in abiding with borders operating hours and other delays. Such delays lead to the late arrival of the goods to the destination and additional costs borne by the transporter to keep the truck at the border for extra days.

Customs and Administrative procedures (20.69% of the reported NTBs)

In some incidences, customs officers from other EAC countries have stopped to process goods from Tanzania due to issues related to the rules of origin by doubting the originality of the certificates of origin. Sometimes the customs officers from other EAC countries intentionally rejects the Certificates of origin from Tanzania, a typical example would be the Isaka Commercial agency Tanzania Ltd and AgroCom Kahama L.t.d companies. The exporters of Rice to Rwanda, despite having authenticated Certificates of origin for the rice grown in Kahama, the goods were not allowed to enter in the Rwanda market by Rwanda's customs officers at Rusumo border. The exporters were forced to pay duties/tariffs for the goods which are actually originating from Tanzania. The justification of the Rwanda in doing this is that, Tanzania's responsible Ministry for agriculture and food had written the letter to them claiming that there is hunger in Tanzania and therefore no excess food including rice. Such communication made the customs officers from Rwanda to doubt the originality of the rice from Tanzania.

Such actions have a negative impact to the doing business environment in the EAC region as some countries are restricting companies from other member countries from accessing their local markets. Such actions are going against the spirit of EAC Integration and the signed protocols.

This story also tells us that, food protection policy which has been common in Tanzania is negatively affecting the flow of trade in the region and discourages the production of food as farmers are restricted to access the market that could give them competitive prices.

Technical barriers to trade (17.24% of the reported NTBs)

The technical barriers to trade that have been realized in the reported NTBs includes Standards disparities, Inadequate or unreasonable testing and certification arrangements and Restrictive technical regulations and standards not based on international standards

Standards bodies' requirements in the EAC countries are not yet harmonized. This has led to a big problem to the producers and exporters within the region including Tanzania. A product produced in Tanzania and meets the standards required by Tanzania Bureau of Standards (TBS) can be rejected by Uganda Bureau of Standards (UBS) once exported to Uganda. The typical example is the A to Z company in Arusha which produces mosquito nets and certified by TBS and ISO by the product is not allowed to enter in the Uganda market as its standards does not comply with UBS.

Other procedural problems (17.24 of the reported NTBs)

This includes, Costly procedures, Lengthy procedures, lack of information on procedures, complex variety of documentation required, Immigration Issues and Inadequate trade related infrastructure.

Government participation in trade & restrictive practices tolerated by governments (13.79% of the reported NTBs)

The most common problem that has been realized is lack of coordination between government institutions. The coordination of the government institutions in dealing with trade is important. For example, an exporter of honey or any other forest products has to go through local government procedures, Ministry of tourism and natural resources and lastly Ministry of Industry and Trade to get an export license. Each of these institutions work independently and there is no harmonization in their work. The procedures of getting the required certifications and licenses are not even transparent.

Lack of coordination between government institutions has led to additional time and cost in terms of money due to the fact that, business companies/exporters have to move from one institution to another collecting information that could be obtained under one roof.

Another typical example of the government participation in trade is the NTB reported by the Ath-Watt&Nick company in Njombe which produces wattle. Initially the company used to export to Kenya and of recent the Ministry of Tourism and Natural Resources in Tanzania has stopped the company from exporting to Kenya. The Ministry wants the company to supply wattle to Simba factory in Tanga which is a local company. According to Ath-Watt&Nick company, Simba factory's absorption capacity is low and the price paid is relatively low as compared to what the company was getting from Kenya market. The

company is incurring loss from the decayed wattle that was harvested and could not be absorbed by Simba factory and low prices paid that do not compare with the investment made in farms.

Important

- According to the study conducted by *tralac* in COMESA-EAC-SADC, Tripartite region the cost of transport, in particular road transport (which accounts for about 95% of the volume of cargo transported in the region), is directly related to the time taken for the journey.
- The typical charge for a stationary truck is between US\$ 200 to US\$ 400 a day.
- Therefore, if a truck takes three days to clear a border the transporter will pass on additional cost of between US \$600 to US\$1200 for the cost of the truck sitting idle at the border to the importer. This in turn will be passed on to the importer's client and ultimately to the consumer.
- This means that, if we improve the efficiency at our borders in terms of operating hours, unnecessary delays, unqualified customs officers, inadequate or unreasonable customs procedures the ultimate impact will be on the people's welfare.
- The multiplier effect coming from improved business environment is so big in terms of improving the people's welfare and that's what we are all up to.