

# Country Update

## Towards the 11th WTO Ministerial Conference: Stakeholders' Perspectives in Tanzania

Provided by



Economic and Social Research Foundation (ESRF)  
[www.esrftz.org](http://www.esrftz.org)

### Introduction

Tanzania has maintained reasonably high annual economic growth averaged 7% over the past five years making it among the top twenty fastest growing economies in the world and thrashing the Sub-Saharan Africa average annual growth rate of about 4.4% during the same period (World Bank, 2017). Tanzanian economy is greatly dependent on agriculture and highly dominated by smallholder farmers (about 90% of all farmers). The country is among the key members in bilateral and multilateral trade negotiations as the multilateral trading system is developing at rapid pace. Tanzania is a founding affiliate of the World Trade Organization (WTO) and it actively participates in this multilateral trade initiative which brings new opportunities and challenges to development. The benefits accruing from WTO negotiations depend on how well the country is prepared for and

effectively participate in the negotiation process to express and defend its national interests. Trade negotiations may to the have different content and framework but in often cases multilateral negotiations depend on the nature of the economy of the member states. Tanzania, like many other LDCs, is branching away from relying solely on traditional exports (cotton and tobacco export) to also exploiting opportunities from markets for the non-traditional exports. The WTO negotiation is of vast importance as far as this growth and development objective is concerned. Another objective of the country's participation in WTO negotiations is to obtain the mutual support from the member states on the technical and financial aspects necessary to meet export market requirements and to thereby conforming to the standards as well as other international markets' entry requirements in the multilateral trade. Also, Tanzania view WTO negotiations as a room to address its production and supply

constraints, so as to develop fully and increase its production potential for both domestic and export markets.

Tanzania has realized a number of achievements in national priority areas through its participation in the WTO negotiations. Some of these achievements are the following;

## Trade Liberalization

As part of the ongoing WTO negotiations, the government of Tanzania has embraced trade liberalisation through opening up of the economy to the external markets as way to improve on international trade, investment and, to some extent, capital flows. The 2003 and the subsequent National Trade Policies acknowledged openness to trade as a precondition for economic growth and hence development (URT, 2015). Success can be seen in the form of reduced import restrictions, liberalised foreign exchange transactions as well as easy export tariff structure through elimination of a number of exports taxes. This has contributed to the growth of export as indicated in figure 1.

**Figure1: Tanzania Major Exports Trend**



Source: BOT, 2017

Despite significant trade liberalisation that has been undertaken to keep the economy more open, the country and is facing an increased trade deficit and hence remained to be a net importer due to uneven increase in imports relative to exports as shown in Table1.

**Table1: Tanzania Balance of Trade for year 2016/2017**

Tanzania Trade	Last	Previous	Highest	Lowest
Balance of Trade	-132.8	-88.4	139.4	-767.5
Exports	608.2	583.5	956.5	228.7
Imports	741	672	1399.3	89.3

In implementing the Doha round agreements, Tanzania has established an Agricultural Trade Information Centre (ATIC) as a part of the implementation programme of MAFC and FAO project on supporting National Capacity in Agri-trade and Trade Negotiations under different bilateral and multilateral trading partnerships within which the country is. The ATIC will serve as an essential information and resource centre for all agricultural trade stakeholders. It will also supply the stakeholders with information and analyses on contemporary subjects on agricultural trade and food security including important matters of interest to its regional and other international trading partners for better decision making and policy reforms. As part of awareness creation on matters of agricultural trade, the ATIC prepares monthly trade briefs on contemporary matters pertaining to Agricultural Trade as well as National Food Security. These briefs are shared to the stakeholders through Centre's website that.

## Food and Nutrition Security

As an attempt to increase food security in implementing the WTO Nairobi packages

agreement, the government has made serious commitments to agricultural policy reform and improvements such as strengthening the Strategic Grain Reserves Program, National Food Reserve Agency and Green Revolution Program, Incorporation of climate change and resilience issues on ASDP, CAADP, SDGs and FYDPs. A significant share of the country's budget is being allocated to agricultural sector, while agribusiness management is also promoted under such agricultural development programs as the Southern Agricultural Growth Corridor of Tanzania (SAGCOT). Due to these commitments made by Tanzania, the National food self-sufficiency has hit to about 111 percent over the past decade (IFPR, 2014). Despite this achievement, there is a significant localized food shortage and about 42 percent of young children under five are stunted and encounter malnutrition problems (WFP, 2016). Also, low Agricultural productivity is persistent which in turn presents a significant challenge to national food security and poverty eradication. Currently, Tanzania's agriculture is encountering a number of challenges ranging from poor adoption of modern agricultural technologies, infrastructural impediments and high costs of transport, inadequate access to key agricultural factor and product markets, and remarkably high tariff and non-tariff barriers to trade.

## **Trade Facilitation**

Tanzania has made a number of commitments in facilitation of regional and international trade integration five East African countries (Kenya, Uganda, Rwanda and Burundi and Southern Sudan) through strengthening the East African Community (EAC). This is continuation of 2010's launching of the East African Common Market Protocol by the Kenya, Mwai Kibaki as an expansion of the existing customs union that entered into effect in 2005. The protocol led to the free movement of goods and services as well as labour and capital across borders of EAC member states. This demanded members

of the EAC to amend their national laws and policies to allow full functioning of the trade integration agreement under the Common EAC Market. The EAC trading partners seem to be more positive about the benefits of EAC trade integration and seek to expand and strengthening their regional integration through Common Market for Southern African States (COMESA). Tanzanian firms have successfully implemented the lower protection afforded by the EAC country export tariff and doubts that firms wouldn't regulate to a quarter maximum country export tariff. Trade in merchandises and services have surged as service provision to Tanzanians and Kenyans is already important for Uganda, Sudan, Rwanda and Burundi in the education and in health sectors. The clearing and forwarding of goods for regional traders at ports in Mombasa, Dar es salaam and Tanga has been accelerated through online processing. Tanzania has also removed the cross-border capital flow restrictions so that its people can easily move their resources and invest outside the country.

## **Stakeholder's perspectives**

Tanzania has implemented a number of policy reforms such as privatisation, private sector development, macroeconomic stabilization and a number of institutional reforms which are keys to multilateral trade performance. A number of reforms on different economic sectors have been undertaken. This resulted into remarkable growth rates in the last decade. However, this growth has produced a very little impact on poverty reduction as about 34% Tanzanian still live below poverty line (HBS, 2015).

Also, as a founding member of the WTO, Tanzania has been implementing the agreements of the WTO Ministerial Conferences (MCs) and the country is involved in a number of ongoing WTO negotiations. However, like other least developed countries, Tanzania is currently encountering severe

challenges in fully participation in the WTO negotiation process which leads to the country to not fully realizing the benefits of participation in the negotiation process. Tanzania is highly technically and financially constrained which limits its fully participation in the negotiation process. The understanding of the contemporary issues in the WTO and other multilateral trade negotiations and Agreements in both public and private sectors is extremely limited. Also, the country is lacking a well consolidated agricultural trade policy. However, significant commitments have been done to comprehend the sectoral trade policies with a national trade policy document. In general, in view of stakeholders' perspective, the effective participation in WTO negotiations and successful implementation of the WTO commitments by Tanzania is still constrained by inadequate financial, technological, technical and institutional capabilities, and this would aggravate the country's limited participation in forth-coming 11<sup>th</sup> WTO Ministerial Conference and other future WTO negotiations.

### **Possible strategies to achieve favourable decisions at the WTO**

One of the stakeholder from the Government under the Ministry of Industries, Trade and Investment argued that “our major priorities in the implementation framework of the trade policy is the critical need to build analytical capacity to both the private and public sector stakeholders' on the issues related trade and trade negotiations as well as developing effective trade support programs and network to circulate relevant information to the major economic sectors” .

Despite the above challenges, the key issue under consideration for Tanzania should not be centred to whether trade liberalisation and facilitation has significantly reduce poverty, but how to increase the its efficiency in multilateral trade integration as a way of sustaining its

economic growth while incorporating poverty reduction strategies.

### **Recommendations to WTO delegates**

Mr. Ombeni Mwashu from Ministry of Industries, Trade and Investment in Tanzania contended that “Our EAC WTO delegates should keep themselves highly updated with the contemporary issues in their region as well as their multilateral trading partners such as SADC and COMESA in order to centre their view towards the interests and priorities of their region as well as their integrating partners” . This would easier negotiation process between EAC and its trade integration partners (COMESA and SADC) which will in turn lead to effective implementation of the arrived decisions.

Towards the forth-coming 11<sup>th</sup> WTO Ministerial Conference, the EAC WTO delegates are argued to actively participate in various negotiation process while calling upon other WTO negotiators to consider the country' s level of economic status and levels of development in order to arrive at an agreement that will mutually benefit the member states relative to the current agreements where some member states could not be able to fully implement some the agreements and therefore not realizing their potentials of taking part in the WTO negotiation process.



## CUTS International, Geneva

CUTS International, Geneva is a non-profit NGO that catalyses the pro-trade, pro-equity voices of the Global South in international trade and development debates in Geneva. We and our sister CUTS organizations in India, Kenya, Zambia, Vietnam, and Ghana have made our footprints in the realm of economic governance across the developing world.

© 2017. CUTS International, Geneva.

This country update note is authored by ESRF, Tanzania. CUTS' country updates aim to inform negotiators and policy makers about stakeholders' perspectives on the ground related to a particular issue. Readers are encouraged to quote or reproduce material from this paper for their own use, provided due acknowledgement of the source is made.

37-39, Rue de Vermont, 1202 Geneva, Switzerland

[geneva@cuts.org](mailto:geneva@cuts.org) • [www.cuts-geneva.org](http://www.cuts-geneva.org)

Ph: +41 (0) 22 734 60 80 | Fax:+41 (0) 22 734 39 14 | Skype: cuts.grc

PROMOTING AGRICULTURE, CLIMATE AND TRADE LINKAGES IN THE EAST AFRICAN COMMUNITY – PHASE 2  
The PACT EAC2 project builds capacities of East African stakeholders for climate-aware, trade-driven and food security-enhancing agro-processing in their region. Web: [www.cuts-geneva.org/pactec2](http://www.cuts-geneva.org/pactec2)



The PACT EAC2 project is undertaken with funding support from the Swedish International Development Cooperation Agency (Sida).