

**TANZANIA EXPORTERS ASSOCIATION
(TANEXA)**

“The Bridge to Exporters”

**PROBLEMS OF OFFICIAL FOOD EXPORT PERMITS TO
EAST AFRICA COMMUNITY (EAC) AND SOUTHERN
AFRICA DEVELOPMENT COMMUNITY (SADC)
THE CASE OF TANZANIA**

PRAXIS

APRIL, 2012

ACRONYMS AND ABBREVIATION

CET	Common External Tariffs
DAS	District Administrative Secretary
DRC	The Democratic Republic of Congo
EAC	East Africa Community
EPZA	Export Processing Zone Authority
FTA	Free Trade Area
HS	Harmonised System
IFSNAS	Integrated Food Security and Nutrition Assessment System
ISO	International Standards Organisation
LGAs	Local Government Authorities
MDCs	Government Ministries, Departments and Agencies
MoAC	Ministry of Agriculture and Food Cooperatives
MoF	Ministry of Finance
NBS	National Bureau of Statistics
NTBs	Non Trade Barriers
PTA	Preferential Trade Areas
RAS	Regional Administrative Secretary
SADC	Southern African Development Cooperation
SANAS	South African National Accreditation System
TANEXA	Tanzania Exporters Association
TBS	Tanzania Bureau of Standard
TCCIA	Tanzania Chamber of Commerce Industry and Agriculture
TFDA	Tanzania Food and Drug Authority
TIN	Taxpayer Identification Numbers
TRA	Tanzania Revenue Authority
WCU	World Customs Union
WR	Warehouse Receipts

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EXECUTIVE SUMMARY

This report presents findings of the study on problems caused by requirements for obtaining a letter of authorisation to export staple cereal foodstuff from Tanzania. The study has, in-short, established the practice causes several problems to Tanzanian food exporters, small cross-border food traders and smallholder farmers.

The study has established that the requirement to obtain a letter authorising export of food only applies to staple foodstuffs, mainly maize, rice, sorghum and millet. It does not apply to fruits.

Export businesses of 61.1 percent of food exporters who were interviewed reported to be highly constrained by the food permit system. 19.1 percent were severely and 38.1 percent significantly negatively affected. 56 percent, more than half of those interviewed said food export permits have caused their businesses to incur loss of profit. This calls for urgent measures to improve the cost of doing business and/or the business climate for exporting food commodities to EAC and SADC

Lack of awareness, transparency and clarity on what is required in relation to the letter of authorization to export food is not clear. As a result, even when these letters are not required, they continue to be issued.

Integrated Food Security and Nutrition Assessment System (IFSNAS) which is more famously known in Kiswahili as “Mfumo wa Uchambuzi wa Uhakika wa Chakula na Lishe” (MUCHALI) is responsible for triggering the notice which necessitates the need to obtain letters of authorization to export staple cereal foodstuff.

The problem with the way the MUCHALI operates is its assessment is not based at district-level. As a result, it gives a notice of generalized food insecurity when, in-fact, there is only localized food deficits. This makes the system to impose quotas and/or bans even in areas where there is food sufficiency

The process of issuing letters of authority to export food is top-heavy. A prospective food export trader has to go through 5 different steps in-order to obtain a letter of

authorization. This may take 2-4 weeks and needs traveling to district, regional and the Ministry of Agriculture, Food Security and Cooperatives (MoAFSC) in Dar-es-Salaam.

This top-heavy process has excluded the poor from participation in food trade. Food trade is instead dominated by specialised “clearing and forwarding” agents who know how to obtain all letters of authorization to export food. They re-use them for people to export their cereal foodstuff at a fee.

There is no evidence to suggest the letter of authorization to export staple cereal crop has in-fact reduced the amount of food outflows. This is because corruption is persistent, and allows food to flow, especially if there is a quota/ban.

Overall, **these letters of authorisation to export food have contributed to high cost of doing food export business**, delays, loss of income/profit and lack of competitiveness, in-terms of time and reliability of delivery time of Tanzania staple cereal food products in neighbouring countries.

1. BACKGROUND TO THE STUDY

The Tanzania Exporters Association (TANEXA) is a non-profit organization which was formed by Tanzanian exporters to serve as a focal point for the exporting industry, providing technical and marketing information and to conduct active lobbying and advocacy to enhance exporters competitiveness. The Association has conducted various activities since it was registered in 1994. The activities include undertaking various diagnostic studies and conducting advocacy activities aimed at improving the business climate for undertaking exports from Tanzania.

For this purpose TANEXA has been taking close interest on the growing trend and prospects for exporting foodstuffs in the East Africa Community (EAC) and the Southern Africa Development Community (SADC). TANEXA has however been concerned with the continued trend of requiring a letter of authorisation to export foodstuffs to serve as a permit for exporting food. This type of food export permit is being issued by the Ministry of Agriculture, Food Security and Cooperatives (MoAFSC) in collaboration with regional and district administrations.

The main aim of these letters of authorisation for exporting foodstuffs is to regulate quantities being exported. The underlying reason for this measure is to ensure there is food sufficiency in the districts and across the country. The study is underpinned on a counter-argument that this measure may, in fact, contribute to declining trends in food productions. Tanzania has specific comparative advantage in food export trade to the two regional economic blocks. Tanzania's peace, security and tranquillity; as well as the fact that it has more than 80 percent of its landmass as arable land and 80 percent of its population employed in the rural agricultural sector makes it as a potential bread basket for production and sales of food to the two regions, most notably Kenya, Malawi, Zambia, DRC, Uganda, Rwanda, Burundi, Mozambique and South Africa. Contrary to fears that food exports could cause food insufficiency, increased exports of agricultural food products through increased regional integration is on the contrary likely to serve as a major boost to increased yields and productivity of food crops, stimulate rural economic growth, employment and poverty reduction efforts as stipulated in the Rural Development Strategy (2001), Agriculture

Development Strategy (2002), the Five Year Development Plan (2010) and the more recently the private sector-led Kilimo Kwanza Initiative.

It is however a concern on the part of TANEXA and its members that requirements for letters of authorisations to export food will militate against prospects of Tanzania to become a major exporter of food to the two economic communities. This study provides examples on how these letters of authorisations to export food have affected food export businesses and operations, and contributes to high cost of doing business, loss of business competitiveness and effectiveness, and loss of profit. These factors go against the government of Tanzania's policy objectives to improve the climate for doing business including reducing the cost of doing business. Based on these examples and evidence from the field, this study recommends removal of requirements for letters of authorisation as export permits.

1.1. METHODOLOGY FOR UNDERTAKING THE STUDY

This sub-section presents the methodology for undertaking this study. The sub-section has five sections on objectives of the study, data collection techniques, description of the research instrument, sampling techniques, field protocol and procedures and data processing and analysis methodology.

1.1.1 OBJECTIVES OF THE STUDY

The overall aim of the study was to conduct research and document case studies and obtain information on the effects of the letter of authorization for food export permit to food export businesses and smallholder farmers. The specific objectives of the study were to:

- (i) Document the processes involved in terms of costs, time, and all other obstacles related to official permits for exporting agricultural food products from the pre-selected food export regions of Tanzania i.e. Arusha, Kagera, Mbeya, Morogoro, Mwanza, Ruvuma and Tanga
- (ii) Obtain comprehensive understanding of the impacts and implications of Government permits on Tanzanian food exports to other regional countries through in-depth research
- (iii) Identify existing gaps and opportunities to reduce exports barriers that are caused by official permits on food exports

- (iv) Document findings which will serve as shared consensus for advocacy on elimination of non-essential barriers that are caused by official permits on food exports
- (v) To draw relevant case lessons from the region for best practices in the exportation of agricultural food produce

1.1.2 SAMPLING METHODOLOGY

The sample of the study was based on a clustered sampling technique which involved a purposive sample at regional and district-level and simple random sampling at sub-district export business level.

The sampling methodology for regions that were selected to participate in the study was done through purposive judgmental sampling procedure. The procedure was based on the following pre-defined criteria as follows:

- Proximity to borders of either EAC or SADC partner states,
- Potential for food surplus production of export foodstuffs, and
- Major transport corridors of food exports

This procedure was purposive since it aimed at obtaining views of respondents who were actively involved in cross-border food trade. This has enabled the study to obtain first-hand experience on the problems that active cross-border food exporters experience from the requirement to obtain letters of authorization to export food. The sample was also purposively chosen to take into consideration diversities of regions related to export destination by economic communities. Arusha and Tanga for example trade mostly with Kenya while Mwanza and Kagera with Uganda, Rwanda, Burundi and DRC. The destination of food crops from Mbeya on the other hand leads to the SADC countries of Malawi, Zambia and DRC while Ruvuma, in addition to Malawi and Zambia is also exporting food to Mozambique, another SADC country. Morogoro is centrally located and has high potential for surplus export food production and export to both economic communities.

The selection of respondents to the study within the regions was also done through a clustered sampling technique. This involved purposive identification of clusters which were active in exports of maize, rice and fruits; and then selection of respondents within those

clusters through simple random selection. The respondents included food exporters to/in border areas, cooperatives, farmer associations, food market centres, production areas and export associations.

1.1.3 RESEARCH INSTRUMENT

A structured questionnaire was developed to serve as a research instrument for collection of primary data. The research instrument is attached as appendix 3 of this report. The research instrument had 31 questions which were divided into three sections. Section one was on background of the respondent and type of food export business, section two was on main problems caused by requirements for a letter of authorization to export food, and section three on cross-cutting issues. The design of key research questions under the respective sections were informed by the review of literature and other secondary sources as well as in-depth interviews with key actors. Discussions with key actors was conducted through open-ended unstructured in-depth discussions which did not require a pre-designed research instrument.

1.1.4 FIELD PROTOCOL

Data collection was conducted by research assistants who went into sampled regions and had face to face interviews with food exporters on their experience over the requirement to obtain letters of authorization to export foodstuffs. A training session to introduce the research assistants to the objectives and focus of the study as well as the survey instrument was conducted prior to data collection in the field. The research assistants practiced on how to use the questionnaire by conducting mock interviews. Feedback on clarity of specific questions was received and used in finalizing the questionnaire.

TANEXA collaborated with the Tanzania Chamber of Commerce, Industries and Agriculture (TCCIA) network of offices in the regions where the study was undertaken. Research assistants reported to TCCIA offices in the regions and districts and worked closely with guidance and support from TCCIA's regional/district coordinators. The research assistants then contacted food exporters directly from contacts obtained from TCCIA regional/district offices, export clusters and/or production areas.

1.1.5 DATA COLLECTION TECHNIQUES

The study obtained and triangulated data and information from three main sources, namely the review of key secondary data sources and literature concerning food export

permits in Tanzania, consultations with key actors on the letter of authority to export food, and primary data collection from Tanzanian exporters in seven Regions (Arusha, Kagera, Mbeya, Morogoro, Mwanza, Ruvuma and Tanga).

1.1.5.1 Secondary Data Sources

The study consulted various secondary data sources on agricultural food exports in Tanzania. These sources included previous research reports, official publications and documentations, and official government statistics. Secondary data sources which were reviewed to inform this study are listed under section 7 on bibliography.

Secondary data and literature review assisted the study to build-upon preceding studies, identify areas of focus, gaps, remaining obstacles and opportunities for change. It also helped in developing both in-depth discussion questions for conducting interviews with key actors and primary data collection from food crop exporters in designated regions. Secondary data sources and literature review was instrumental in enabling the overall design of the study.

1.1.5.2 Consultation with Key Actors

The study conducted consultation with several relevant key actors and informants who are knowledgeable on current standing and situation regarding requirements for a letter of authorization to export food. Consultations with key actors were instrumental in informing the research design for primary data collection among food crop exporters in the regions. A complete list of key actors who were consulted as part of this study is provided under section 7 on list of people met.

1.1.5.3 Primary Data Collection

Primary data was collected from agricultural food exporters to EAC and SADC in seven of Tanzania namely Arusha, Kagera, Mbeya, Morogoro, Mwanza, Ruvuma and Tanga. Overall 164 respondents were interviewed. The respondents provided valuable information as they are active food crop exporters who are on the ground and experiencing problems associated with the requirement to obtain the letter for authorization to export food, which is the subject being investigated by this study.

The information from the foregoing data collection methods was triangulated and synthesized to provide findings which are documented in this report.

1.1.6 PRIMARY DATA PROCESSING AND ANALYSIS

Primary data that was collected through the structured questionnaire was analysed by using two statistical analysis softwares. Quantitative data was analysed by the SPSS software. This software was used to produce statistical tables on trends, associations, correlation and central tendency between key variables. The survey instruments had also contained a number of open-ended questions. The open ended-questions were analysed by MVIVO software for qualitative data analysis. The software categorized qualitative information and quantified them to determine frequencies, associations and trends.

Qualitative information that was obtained from consultation with key actors was analysed by using the taxonomic domain analysis technique. This technique is used to classify qualitative data into different domains, and then categorises the data into cause and effect relationships.

2. CURRENT PRACTICE OF ISSUING A LETTER OF PERMISSION TO EXPORT FOOD

The Government of Tanzania has instituted a practice that requires a letter of authorization to export foodstuff be obtained prior to purchasing, transporting and exporting a consignment of food. This practice is founded from the Food Security Act of 1991. This requirement can however be traced back to the 1980s when Tanzania had a centralized, closed economy that discouraged trade with neighbouring countries. Also, agricultural trade policies at the time discouraged private traders and middlemen, who were at best labeled as competitors to the now defunct state owned National Milling Corporation (NMC) and worst, as economic saboteurs. In fact, an imperative to check against the foregoing is the prime reason why check-points are being established along highways leading to border points.

Another, more recent justification for issuing the letter of authorization to export food has been the need to safeguard national food security. National food security is in Tanzania monitored through the Integrated Food Security and Nutrition Assessment System (IFSNAS) which is more famously known in Kiswahili as "*Mfumo wa Uchambuzi wa Uhakika wa Chakula na Lishe*" (MUCHALI). This system makes an assessment and projections of food in all districts in Tanzania, and for every season. Tanzania has a bi-modal rain season which allow up to two planting seasons in most parts of the Country. The MUCHALI system, which is located in MoAFSC, informs the Disaster Prevention Division of the Prime Minister's Office on the general

situation of food availability, access and forecast in the country. The MUCHALI system does this by conducting a vulnerability assessment and issuing an early warning report on food scarcity, which then triggers a national notice to impose either a food export quota or recommends for an imposition of a total presidential food export ban. A food export quota therefore necessitates issuance of a letter of authorization to regulate the quantity, and place from which food exports are allowed to be done. Even when there is a total presidential food export ban, letters of authorization to export a specified quantity of food are still being issued.

The letter of authorization to export food is being initiated by District Administrative Secretaries and has to be endorsed/validated by Regional Administrative Secretaries before it is submitted to the Department of Food Security at MoAFSC. The role of district and regional authorities is to certify that there is sufficient amount of food in their particular district and at that particular time that can be exported. Given the sensitive nature of availability food, the current requirement is the final letter of authority to export food is issued centrally by the Department of Food Security in MoAFSC. In order to control against forgery, abuse and dishonesty, the same letter of authority to export food has to pass through the Regional Administrative Secretary and District Administrative Secretary to be endorsed and validated. Table 1 below shows a summary of steps that a Tanzania food exporter has to go through to obtain a letter of authorization to export food:

Table 1: Steps Needed to be followed in-order to obtain a Letter of Authority to Export Staple Food

S/n	Type of Permit	Issuing Authority	Timeframe of Validity	Place of Issuance	Cost per issuance in TShs	Estimated no. of days taken
I) District-level						
1.	Letter of request for recommendation to be issued a National Food Export Permit	District DAS	Every instance (quota ceiling on 10 tonnes per permit)	districts	-	0.5 - 7
2.	Letter of validation of National Food Export Permit	Originating District DAS	Every instance (quota ceiling on 10 tonnes per permit)	districts	-	0.5 - 7
II) Regional-level						
3.	Forwarding letter for district-level recommendation for being issued a National Food Export Permit	Originating District RAS	Every instance (quota ceiling on 10 tonnes per permit)	Regions	-	0.5 - 7
4.	Letter of validation of National Food Export Permit	Originating District RAS	Every instance (quota ceiling on 10 tonnes per permit)	Regions	-	0.5 - 7
III) National-level						
5.	National Export Permit	Directorate of National Food Security, Ministry of Agriculture and Food Security	Every instance (quota ceiling on 10 tonnes per permit)	Dar-es-Salaam	-	2-7

Source: Compiled from interviews with Ministries, Departments and Agencies and key actors

As it can be seen from Table 1 above, a Tanzanian exporter has to obtain five (05) different letters of authorization to export staple foods. The steps are:

- Letter of request by the District Administrative Secretary for recommendations to be issued a National Food Export Permit
- Forwarding letter by the Regional Administrative Secretary of the district-level recommendations for being issued a National Food Export Permit
- National Export Permit issued by MoAFSC
- Letter of validation of National Food Export Permit by the Regional Administrative Secretary
- Letter of validation of National Food Export Permit by the District Administrative Secretary

As it has already been mentioned above, the main objective of the letter of authorization to export food is to ensure exporting food to neighbouring countries does not create localized food insecurity/deficit. It can further be noted from Table 1 above that these letters of authorization to export have to be obtained at three different levels, which is district, regional and national. This top-heavy process creates high transaction costs for Tanzania exporters to conduct their business of trade in foodstuffs in EAC and SADC. This is especially true when it is taken into consideration that a single letter of authorization to export food has a ceiling of only 10 tonnes.

Review of literature and consultation with key actors has revealed that the letter of authorization to export food is needed for all types of cereal staple foods such as maize, rice, sorghum and millet, and in rare cases beans). Table 2 below summarises the requirement for a letter of authorization to export food for the three case study foodstuffs of the study:

Table 2: Requirements for a Letter of Authorisation to Export Food by Type of Food Crop

Type of Food	Requirement for Letter of Authorisation	
	Yes	No
Maize	X	
Rice	X	
Fruits		X

It can be seen from Table 2 above that the letter of authorization to export food is not required for all types of food. Among the three case study foods for this study, it was found-out that a letter of authorization was only needed for maize and rice. No letter of authorization was needed for fruits. The foregoing information confirms that the letter of authorization to regulate the quantity of food exports applies to all types of staple cereal foodstuffs. A primary reason for this being the imperative to ensure national food security. Note should therefore be taken that the analysis being made in this report refers to all types of staple cereal food exports.

3. IMPLICATIONS OF REQUIREMENTS FOR LETTER OF PERMISSION TO EXPORT FOOD

The study on problems caused by letters of authorization to export food as permits has collected evidence and experiences of food exports from seven regions of Tanzania. As an overview, the study has found-out that the requirements for this letter of authorization is causing a lot of problems to smallholder producers and food traders who produce, purchase, transport and sell food produce at borders or engage in cross-border food trade. This section presents evidence of the problems explained as follows.

3.1. CONSTRAINS IN GROWTH OF FOOD EXPORT BUSINESSES

One evidence of the negative impact of the letters of authorizations to export food is the declining trend in growth of small businesses who are engaging in food exports. This declining number is an indication of the restrictively high transaction costs caused by the necessity to obtain the above-mentioned five letters of authorization to export food from three administrative levels (district, regional and national). The business constraining factor of the letters of authority is shown by Table 3 below which shows the proportion of food exporters who were interviewed as part of this study had increased when Tanzania first liberalized trade with neighbouring countries around 1995 but declined between 1995 and 2000, arguably, after food

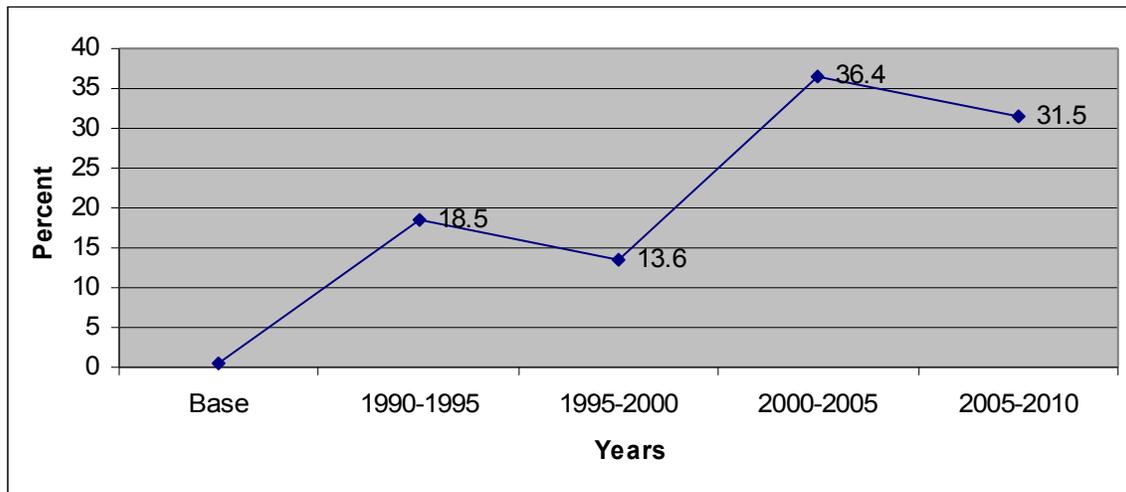
export business operators found the requirement to obtain this letter of authorization to export food as a permit to be too restrictive. It can be further noticed that there was another surge of food export businesses that were started between 10 to 5 years ago, coinciding with the start of the SADC trade protocol, EAC customs union and common market. However, given the requirement for obtaining the letter for authorizing food exports still remains, the proportion of business which were started recently (under five years) also declined.

Table 3: Distribution of Respondents by Duration of Food Exports to EAC and SADC

Duration of Export	Frequency	Percent	Cumulative Percent
Under 5 years	51	31.5	31.5
Between 5-10 years	59	36.4	67.9
Between 10-15 years	22	13.6	81.5
More than 15 years	30	18.5	100
Total	162	100	

The information on Table 3 is figuratively presented by figure 1 below:

Figure 1: Fluctuation in Proportion of Respondents who started export trade by duration



food exporters who were interviewed started doing business in this area 15 years ago, this proportion shrunk to 13.6 percent of respondents who started business between 5 to 10 years ago. This can be explained to be a result of two factors. First, traders in food products had taken advantage of economic liberalisation that allowed cross-border trade with neighbouring countries. As a result, farmers and small-scale traders

invested in undertaking food trade business operations. After participating in the food trade however, they began to realize that the cost of doing business was still very restrictive since they had to obtain letters of authorization to export staple cereal foodstuffs. This requirement has retarded the number of new domestic traders who were willing to invest in the new food export trade. What followed is the traders began to network and conducted advocacy for trade conditions to be improved. This culminated with re-introduction of improved trade agreements such as the SADC FTA in 2008 and EAC in the year 2000. The study findings show this was followed by a drastic surge in the number of respondents who had confidence in these new types of regional economic integration and invested and began their export trade. 36.4 percent of food export businesses that were interviewed started their food export operations during this time. This surge was prompted by statements driven by popular notions that trade agreement partner states have entered into new unprecedented levels of free flow of trade. When these businesses started operations in order to take advantage of the new situation, they still found they had to obtain letters of authorization to export food crops. This, as the previous cycle showed, was followed by a decline in the growth of food export businesses from by 4.9 percentage points from 36.4 to 31.5 percent. This decline explains the actual practice of issuing letters of authorization to export food did match expectations of Tanzanian food export businesses.

3.2. CONSTRAINTS CAUSED BY THE LETTER OF AUTHORISATION TO EXPORT FOOD TO BUSINESSES OWNED BY TANZANIAN FOOD EXPORTERS

The majority of staple cereal food exporters who were interviewed as part of this study said their business operation have been highly constrained by the necessity of obtaining a letter of authority to export staple cereal foodstuff. It can be seen from figure 2 below that 61.1 percent of respondents to the study said their business operations were *highly constrained*. This is compared to 19.1 percent of respondents who said the requirement to obtain a letter of authorization has *severely constrained* their export business operations. Those who have been highly and severely constrained reported that their businesses had to either close due to incurring significant loss in profit and business deals, loss of profit due to high fines and

confiscation of consignment, and simply being unable to cope with the high transaction costs of obtaining letters of authorization to export food. The proportion of export business operations by degree of being constrained is presented by figure 2 below.

Figure 2: Proportion of business being constrained by degree of constrains

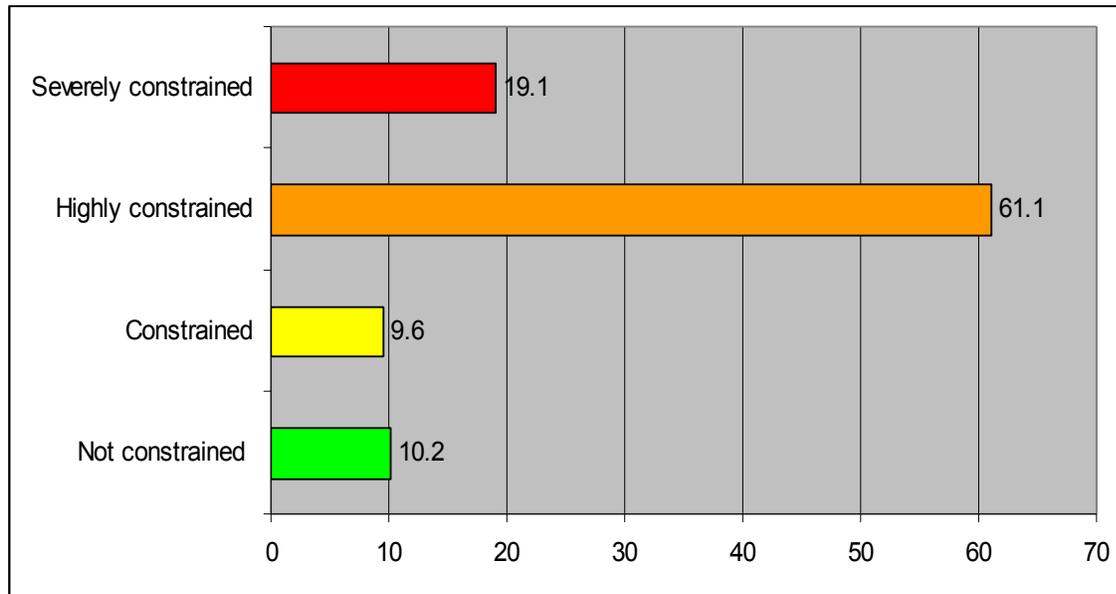


Figure 2 above provides evidence that this letter of authorization to export food has proportionally constrained more businesses that are undertaking trade in export of staple cereal foods by both proportions and levels of severity. It can further be noted that 9.6 percent of businesses which were interviewed said they were ordinarily constrained while 10.2 percent said they were not constrained.

Different degrees of being constrained explain coping mechanisms which export businesses have adapted to circumvent problems caused by the letter of authority to export staple cereal foodstuffs. This has included a number of measures such as the use of parallel cross-border food trade, the use of “clearing and forwarding” agents who specialize in circumventing check-points and/or ports and borders, and/or they do not sell their food for export beyond the farm-gate or villages.

3.3. LONG DISTANCES USED TO OBTAIN LETTER OF AUTHORITY TO EXPORT FOOD

It has already seen above that the letter of authority to export staple cereal foodstuffs is obtained at three administrative levels i.e district, regional and national. In-depth discussions with some exporters also revealed there is a fourth level that is sometimes demanded, and that is a letter from a Village Executive Officer (VEO) from a village where the food consignment is planned to be purchased from. The degree of Tanzanian export businesses to be highly and/or severely constrained is also founded on the fact that these letters of authorization are not decentralized to district-level. As a result, export business operators have to travel long distances from their places of operations to districts, regions and national in Dar-es-Salaam to obtain the said permits. Table 4 below presents findings on the proportion of food export business operators who were interviewed by administrative level which they have to go to obtain a letter of authorization to export food.

Table 4: Administrative levels where letters of authority to export food are obtained

Level of administration	Frequency	Percent	Cumulative Percent
District	19	13.2	13.2
Region	19	13.2	26.4
National (Dar-es-Salaam)	9	6.2	32.6
2 of the above-mentioned	47	32.5	65.3
3 out of the-mentioned	49	33.3	98.4
Other	2	1.4	100
Total	144	100	

As it can be seen from Table 4 above, 32.5 percent of staple food export business operators responded that they had to go to at least two (district and regional) administrative levels to obtain the letter of authority to export food while 33.3 percent of respondents said they had to go up to three administrative levels (district, region headquarter and Dar-es-Salaam). This is in addition to 13.2 percent of business operators who said they obtain their letters of authority from district-level and another 13.2 percent regional level only. This information shows two interesting points. First, the study findings provide evidence that the majority of staple cereal

food exports are requirement to travel to regional and national-level to obtain a letter of authorization to export food. Secondly, evidence from the study shows whereas the letter of authorization to export food is only needed when either long and/or short rains have failed, in practice, they remain to be issued by district and regional authorities through-out the year and irrespective of food availability. This is evidenced by some traders in staple cereal food exports who said they continue to obtain permits at district and/or regional-level. This shows these administrative levels continue to issue these letters of authorization at times when they are not required to be issued at national-level. But because the system of letters of authorization to export food has now been institutionalized in the mind-set of law enforcement agents, they have to be issued otherwise food traders will be harassed at check-points since people who run them do not understand the timing related to letters of authority to export. District and regional authorities through defense and security committees have also institutionalized the food export letter of authorization system. It creates patronage and favors from the lucrative food export business operators and/or clearing and forwarding agents. The system has, as it turns-out, created an environment for solicitation of bribes, favors and exercise patronage, all the year round, contrary to what it was originally intended for. Information presented by Table 4 above is figuratively presented by figure 3 below.

Figure 3: Administrative level where letters of authorization to export

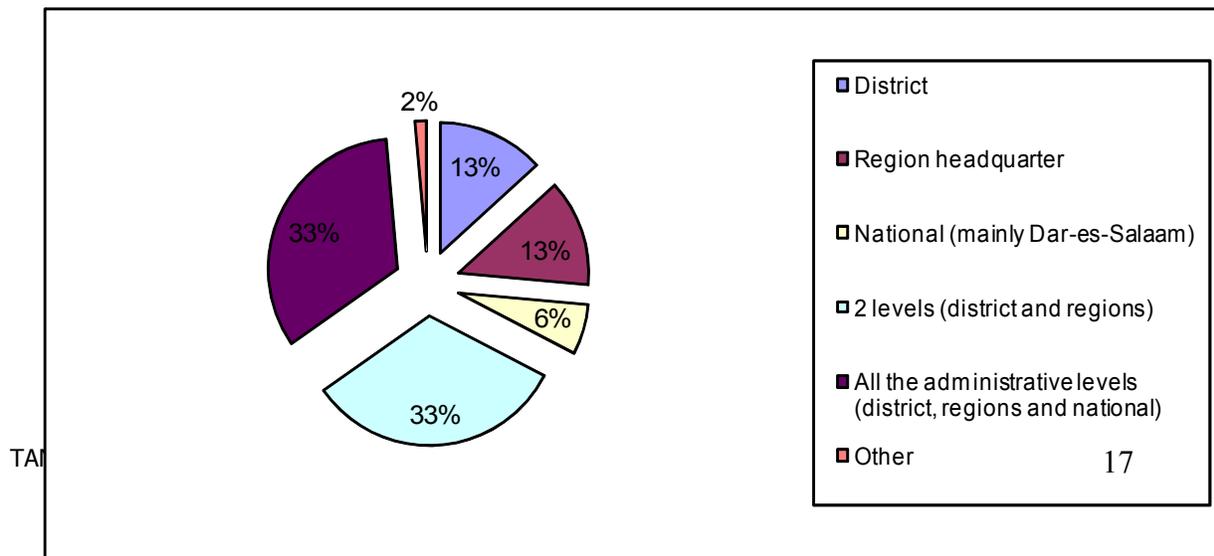


Figure 3 above shows the burden in terms of time, costs and resources that Tanzanian staple cereal food exporters have to bear in-order to obtain the letter of authority to export food is high. This is because the distance of travel to regional administrative headquarters is far in some regions. Taking for example, traveling from Mbinga to Songea, or Mtukula to Bukoba. Traveling to national level in Dar-es-Salaam is also expensive and prohibitive, especially for many small and medium-sized staple cereal food exporters. It takes time, money and energy. Yet 39 percent of respondents to the study said they had to obtain their letters of authorisation to export food at national level in Dar-es-Salaam. These costs, time and resources could have been greatly minimized, if not eliminated by eliminating the requirement to obtain export staple cereal foods.

A trade official informed the study that there were 900 illegal and informal "clearing and forwarding" agents with letters of authorization to export staple cereal food crops. After a crack-down that was conducted by officials of the Ministry of Trade, this number has now been reduced to 400. Clearing and forwarding agents abuse the letter of authorisation to export food mechanism and serve to defeat its purpose since they re-cycle it, in collusion with responsible law enforcement agents, for multiple use.

The study findings show apart from contributing to the cost of doing business in terms of cost, time and resources, they do not add any value. The system is subjected to a lot of flaws and is highly abused. There are "clearing and forwarding" agents who circumvent the system to obtain letters of authority to export staple cereal foodstuff even though they do not have any consignment for export. They re-cycle these permits to "pass-through" hundreds of thousands of tonnes. Secondly, the system encourages parallel trade routes which are not regulated. This is because traders prefer to use the route than to go through the rigorous process of obtaining the letters of authorization. Third the system encourages corruption since food export traders find it cheaper to sell make under the table payments at check-points than to comply with the rigorous

and cumbersome process of obtaining the letters of authority to export staple cereal food stuffs.

All these factors qualify these letters of authorisation to export food to be labeled as nuisance administrative levels and therefore abolish them. They can be termed as nuisance because, although they create high transaction costs, they do not achieve their objectives.

3.4. HOW THE LETTER OF PERMISSION TO EXPORT FOOD PERMIT NEGATIVELY AFFECTS BUSINESS OPERATIONS AND PROFITS OF TANZANIAN EXPORT OPERATORS

The majority of export business operators who were interviewed as part of this study confirmed that the requirement to obtain the letter of authorization to export food had negative implications on their business performance as shown by data by Table 5 below.

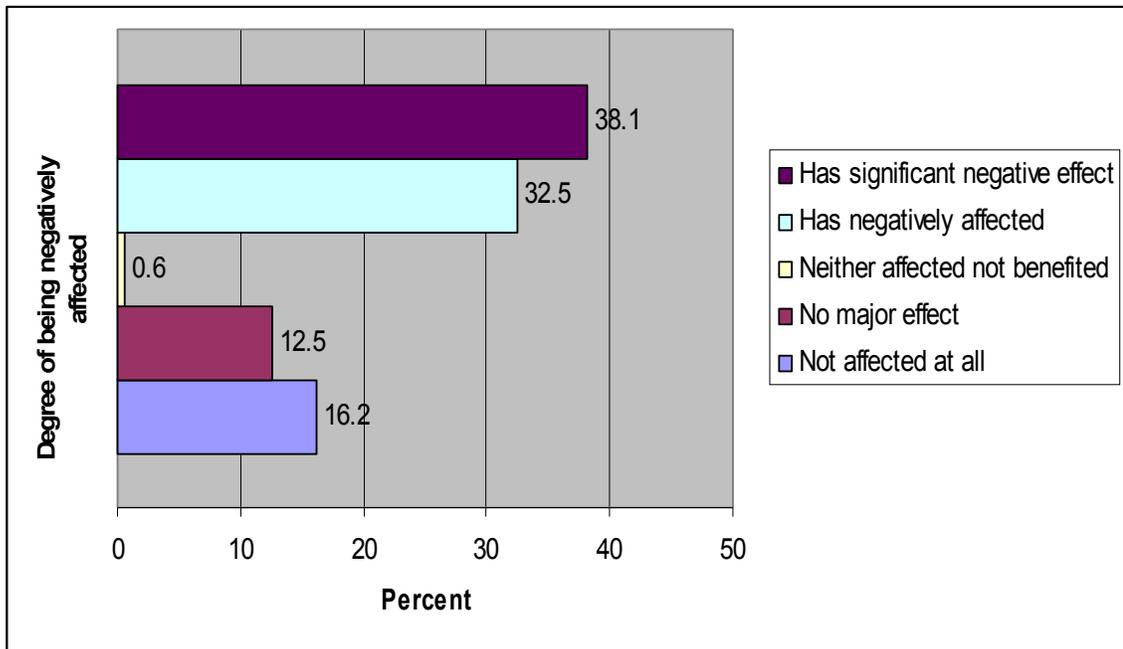
Table 5: Degree of being negatively affected by Requirements for a Letter of Authority to export food

Degree of impact on business	Frequency	Percent	Cumulative Percent
Not affected at all	26	16.2	16.2
No major effect	20	12.5	28.8
Neither affected not benefited	1	0.6	29.4
Has negatively affected	52	32.5	61.9
Has significant negative effect	61	38.1	100
Total	160	100	

As it can be seen from Table 5 above, the majority of food exporters who participated in the study confirmed that their export business operations were negatively affected by the current system that requires a letter of authority to permit food export to be obtained before a consignment of staple cereal food can be purchased, stored, packed and/or transported. This premise is evidenced by the study findings that showed 32.5 percent of staple cereal food exporters said they were negatively affected while 38.1 percent said they were significantly negatively affected. Key areas of being negatively affected were in terms of loss of profit, loss of business

orders due to late delivery and loss of competitiveness of Tanzania staple cereal foods in the export market due to high price. High price of Tanzania staple cereal food products in the export market is caused by high transaction costs associated with processing letters of authorizations from district, regional and national-levels, and high costs and/or risk, in-terms of kick-backs, from transporting export staple cereal crops without the letter of authorization and/or through parallel trade routes. Together, 70.6 percent of staple food exporters who were interviewed by this study said their export operations have been negatively affected by the current export regime. This same information is presented by figure 4 below:

Figure 4: Degree of being negatively affected by Requirements for a Letter of Authority to export food



As it can be seen from figure 4 above, the proportion of affected export businesses correspond to the proportion of businesses that reported to be severely burdened/constrained by high demands created by the requirement to obtain a letter of authorization to export food such as those who had to travel 2-3 administrative levels (district, regional headquarters and to the MoAFSC). These findings point to one

fact. Low growth of the small and medium-sized food export businesses, and by extension, export-led food production is contributed by two key variables, high costs of obtaining the letter of authorization to export and duplication of administrative-levels where exporters are required to travel to in-order to obtain the said letter of authorisation. Those who responded that they were not affected at all correspond to those who use the phased food export supply chain approach. These type of exporters do not seek letters of authorization to export food since they sell their products at farm gate of village warehouses. The downside for them is they get less money for their food crops as they do not participate to higher levels of the export supply chain, and therefore get higher returns. It can be argued that they would have liked to participate in a greater share of supply-chain but remain severely constrained, as shown by figure 2 of section 3.2 above. As a result, they are excluded from participation in trade of exports in staple cereal foods by this simple restrictive letter of authorization to export food.

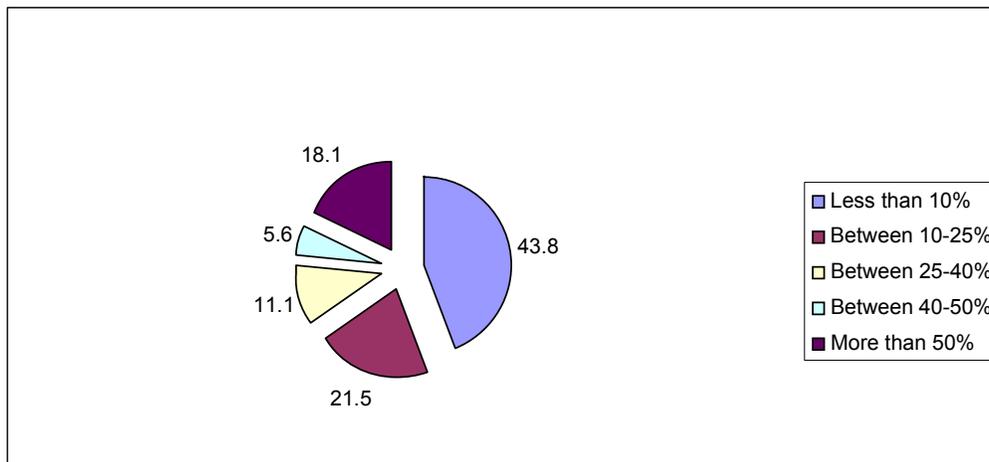
3.5. HOW THE LETTER OF AUTHORISATION TO EXPORT FOOD PERMIT CONTRIBUTES TO DELAYS IN DOING BUSINESS

Export businesses in the regions where this study took place went further and provided evidence on types of negative effects that they experienced as a result of the current restrictive and duplicative requirement for obtaining a letter of authorization to export staple cereal food to EAC and SADC partner states. The majority of food export business owners who were interviewed as part of this study, 65.3 percent said transactions related to obtaining the letter of authorization to export staple cereal food have delayed their business operations up to 5-25 percent of the time that would have otherwise been used to complete an export cycle, while 11.1 percent said the letter of authorization to export food delayed their export cycle by 25-40 percent. While delays in the process of exporting

An export cycle begins when an exporter receives an order to supply a certain commodity. This effective demand is in most cases time-bound. Tanzanian exporters commit themselves to tight delivery timelines in order to maintain credibility vis food being imported outside the region such as rice from Pakistan. The exporters say their business operations are being delayed up to 10-50 percent of the time that would have been taken to deliver their orders due to the long process of obtaining a letter of authority to export staple cereal food. This means if the complete export cycle takes 2 weeks, the process may take up to 1 month just because of time needed to process the letter of authority to export food. Tanzania exporters said this has led to some of their orders to be cancelled, loss in profit and competitiveness of food products from Tanzania.

by 10-40 percent of the time that it would have otherwise taken is already too high, there is a group of food export business operators whose their business operations were severely delayed. 5.6 percent of export business operators who were interviewed as part of this study said the requirement to obtain the letter of authorization to export food delayed their export cycle operation by 40-50 percent and 18.1 percent more than 50 percent. The distribution of respondents to the study by extent to delay is presented by figure 5 below.

Figure 5: Extent of delay caused by requirement to obtain a letter of authorization to export staple cereal food



It can be seen from figure 5 above that the requirements to obtain letters of authorization to export staple cereal food significantly contributed to delays on the part of Tanzania's exporters to supply and/or deliver and meeting commitment of orders in export markets. It is important to put the issue of delays in export cycle that has been mentioned above. Critical to note is the finding that 18.1 percent of food export business owners who were interviewed as part of this study said the requirement for obtaining a letter of authorization to export food contributed to delay of more than 50 percent of the expected time of delivery. This is evidence that this requirement severely constraints Tanzanian food exporters to undertake the trade in

export of staple cereal foods. These delays, no doubt contribute to loss of income and profit, resulting from delays, losses of orders or due to perishable food products rotting away.

3.6. HOW LETTER OF PERMISSION TO EXPORT FOOD PERMIT IS CONTRIBUTING TO LOSS IN PROFIT TO FOOD EXPORT BUSINESSES AND COMPETITIVENESS IN EXPORT MARKETS

The evidence that has been collected from interviews with export business operators in the field is that the requirement for the letter of authorization to export staple cereal food has contributed to actual loss in their business. This naturally proceeds from evidence of the problems caused by the requirement of obtaining a letter of authorization to export food. The problems that lead to loss of profit include being severely constrained in terms of time, cost and resources to pursue the letter of authorisation to export staple cereal foodstuff at 2-3 administrative levels, delays in the export cycle and some other hidden costs such as under the table payments as bribes or simply to fast-track issuance of the letter of authorization.

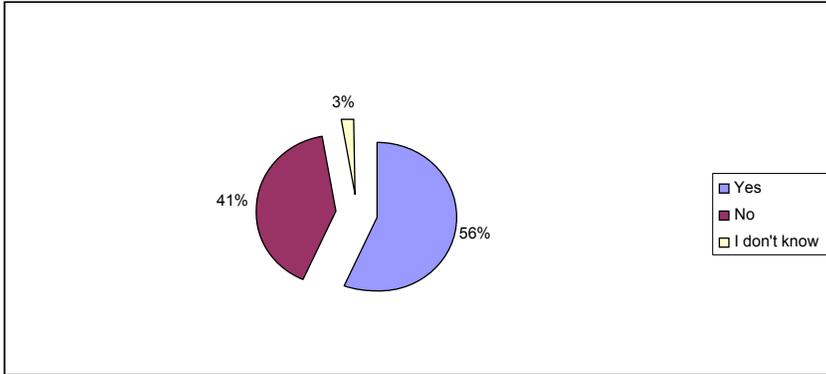
It should also be taken into cognizance that the letter of authorization to export staple cereal food does not only affect export business operators, it also affects smallholder farmers. This is because food export traders, part of this study said they enter into contract farming in order to produce for the export market. Contract farming is acclaimed by the ASDP and MKUKUTA as an efficient way to increase productivity and boost rural agricultural growth. What has happened is that they enter into agreement with smallholder farmers where the farmer does contract farming, with an understanding that food export traders will buy the crop is harvested. It needs to be noted that contract farming is not contract farming, and not farming which is produced entirely for export stocks.

What has been happening, after farmers and traders have entered into contract farming, invested costs and at the time of harvest the application of requirements for obtaining letters of authorization to export these staple cereal foods. This

RUDI has been working with rice growers in Morogoro in-order to produce for the export market in EAC and SADC. Rice grower groups and RUDI had invested heavily on equipment, time and resources in-order to produce sufficient amounts for the export destination markets. It turned-out however when they had harvested and were ready to export, they were faced with a total ban to export staple cereal foods. Even when the ban was relaxed, they have had to undergo a lot of difficulties in-terms of time, cost and resources to obtain letters of authorization to export rice. This has discouraged a lot of farmers who had previously joined the rice producer groups with a lot of enthusiasm. As a result of this, the project has now not progressed as it was previously anticipated.

requirement has been *ad hoc* in that it is not clear to traders and smallholder contract farmers when, and in which year the letter of authorization is required. They cannot therefore plan their cultivation with a certain export market in-mind. Moreover, even if they obtain this letter of authorization to export, they have to travel to district and regional headquarters, and Dar-es-Salaam, and this is to obtain a permit that has only got a ceiling of exporting 10 tonnes of maize or rice. Moreover, they have to incur a number of hidden costs in-order to service the bureaucratic red-tape associated with the process of obtaining these letters of authorizations to export staple cereal food. In some cases, export traders in the regions said they are told to wait until a committee meets to approve several applications to export food. Sometimes they are told there are no funds to convene a meeting. This contributes to severe delays in meeting their commitments to deliver consignments against orders in the food export market. Delays have also contributed to post-harvest losses in store houses, which contribute to loss in projected profits. As a result, this has caused great misery, inconvenience, loss in profit and abandonment of contract farming on the part of smallholder farmers and trade in food export by export business operators. This premise is evidenced by the figure 6 below which shows there was a high proportion of respondents to the study who have confirmed the requirement to obtain a letter of authorization to export staple cereal food has caused them loss in income/profit.

Figure 6: Level of experience of loss of business income/profit



It can be seen from figure 6 above that 56 percent, more than half, of respondents to the study said the requirement to obtain the letter of authorization to export food has made them to experience losses in business income/profit. This trend has made smallholder

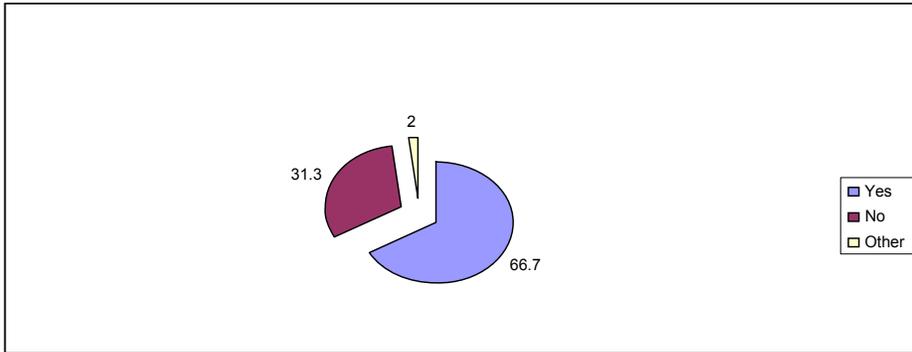
farmers to abandon surplus food production, and has either made food export traders to close their businesses, lay-off employees or increase the price of their products in-order to compensate for losses. This has contributed to make Tanzanian food exports less competitive in price in export destination markets.

The high costs associated with the requirement to obtain a letter of authorization to export food in export destination markets contributes to loss of competitiveness of food exports

Members of the rice traders association in Mbeya said high costs of doing business such as the need to obtain the letter of authorization to export rice contributes to high price of rice from Tanzania. In DRC for example, although rice from Mbeya is preferred, but rice from Pakistan is cheaper than that from Mbeya, and its supply more constant

comparison with food products from other countries outside the EAC/SADC economic communities which may have successfully undertaken domestic reforms to liberalise trade and remove unnecessary export permit. This was confirmed by 66.7 percent of Tanzanian food exporters who were interviewed as part of this study who said the letter of authorization to export staple cereal foodstuffs has contributed to loss of competitiveness of Tanzania staple food products in export destination markets due to high costs, unreliable supply and poor quality (due to damages caused by post-harvest pests) caused by time delays as shown by figure 7 below.

Figure 7: Loss of competitiveness of Tanzanian food export product in export destination markets

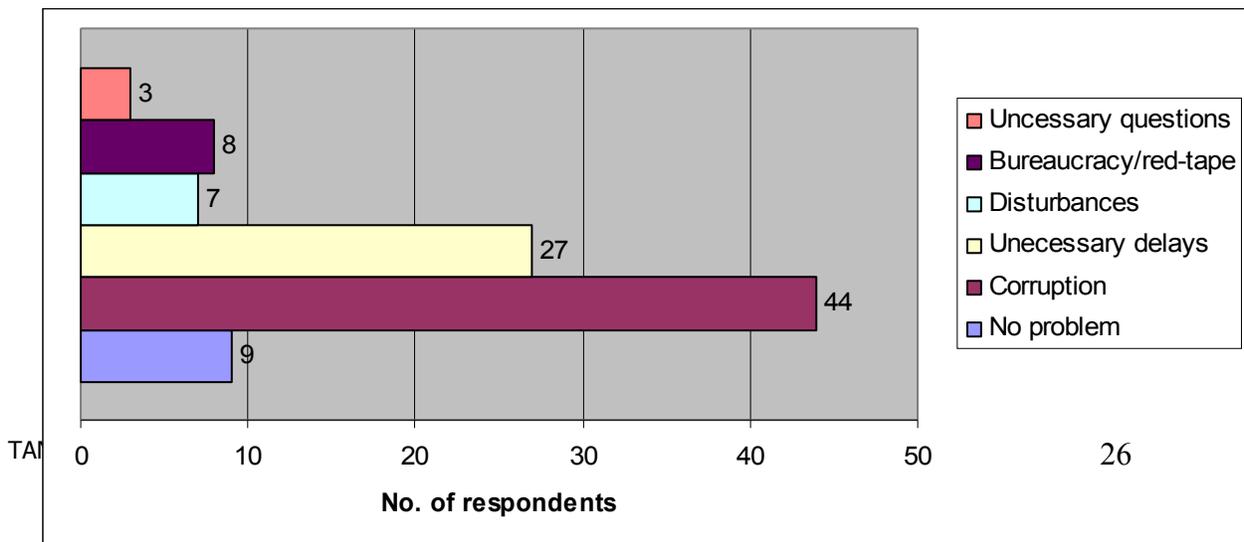


3.7.HOW THE LETTER FOR PERMITTING FOOD EXPORT PERMIT CONTRIBUTES TO CORRUPTION AND OTHER PROBLEMS TO FOOD EXPORT BUSINESSES

Evidence that has been obtained from interviews with food export traders in the regions has shown that the system that is being set-up to monitor the compliance of traders to requirements for the letter to authorization to export staple cereal foodstuff causes even more problems than those caused by the process of obtaining it. Moreover, these problems are experienced by food export traders who have the letter of authorization and those who do not have the letter of authorization.

The study has established that lack of clear understanding on when these letters of authorization are needed, for which type of crop and by who contributes a lot to problems which food export traders face as a result of this requirement. Figure 8 below present the study findings on problems that food export business operators face as a result of the requirement to have letters of authorization to export food.

Figure 8: Problems that Tanzanian food exporters to EAC/SADC face at Tanzania-side Police Road Block/Check-points as a result of the requirement to obtain a letter of authorization to export food permit



As it can be seen from Figure 8 above, food export business operators who were interviewed by this study in the regions reported that corruption is the single most important problem that is caused by the requirement for obtaining a letter

of authorization to export staple cereal food. It was further reported that letter of authorization to export triggered corruption typically happens at police check-points and/or road blocks. It was also further reported that imposition of

A food exporter in Mbeya said “it is unclear what food crop needs a letter of authorisation for food export. Even if you have the said letter, it may still be rejected at a check-point. Sometimes we are allowed to pass with food export crop at one check-point, and then get stopped at another, only to be told to return to the formed check-point. Also, it takes a long-term to process the letter of authorization at district, regional and national-level. Sometimes the letter of authorization for food export is not obtained in-time, thus disrupting our operations. This contributes to delays in undertaking our food export business.”

the requirement to obtain a letter of authorization to export food causes even those who have gone through the labourous process of obtaining the letter of authorization to face constraints, disturbances and harassment at police check-points such that they are bent to yield to solicitation of bribes in order for their trade to flow smoothly.

Tanzanian exporters that were interviewed as part of this study said they often face solicitation for bribes at check-points even to export food. If a trader does not succumb to corruption while doing physical verification to ensure if the food is authorized by the letter of authorization to export, the procedures followed to record and certify the food in form of annoying questions while verifying the food. The whole process becomes harassment. The fact that policemen and customs officials at the check point are themselves not aware on what is required. There is no clarity and/or

Small food product traders in Mtukula in Kagera Region transport to sell small quantities (5-30kgs) of maize, beans and bananas. For lack of a letter of authorization to export staple food crops, these small food traders complained they meet a lot of harassment at check-points. The small traders said “we cannot afford to go through the long procedure of obtaining district, regional and national letters of authorisation to export”. They cited the time taken and costs of travel as factors that prohibit them from obtain letters of authorisation. As a result, their small quantities of produce, which were only destined to the food market on the Tanzanian side of the border, are ordered to be taken-off the bus and confiscated. They say “this causes loss of our business and contributes to our growing poverty.”

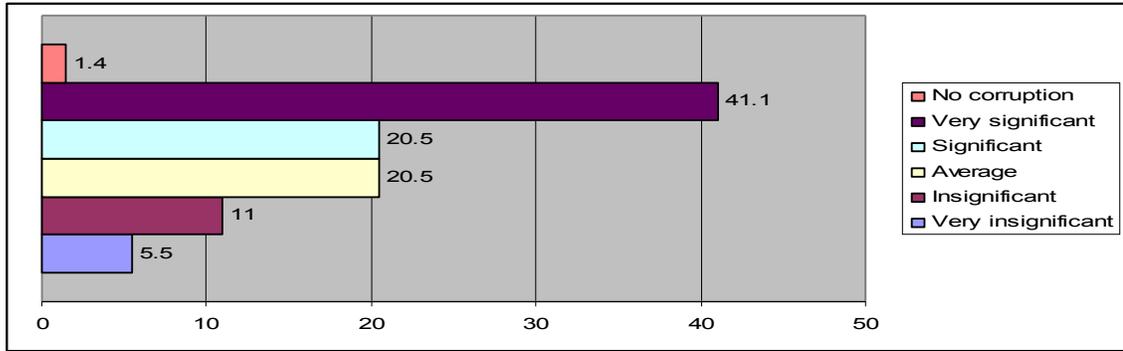
transparency on what is needed, when, by whom and for what. They still have a mind-set that can be historically traced to the days of closed economy where all export business was regarded as “smuggling.” Furthermore, they continue to ask for letters of authorization to export staple cereal foodstuff even when an export quota /ban has been lifted. There is simply no clear information and/or what needs to be done at these check-points. As a result, exporters face delays, fail to meet supply commitments and incur losses, particularly of perishable foodstuffs. Cereals are also perishable as they can rot if exposed to rain or humidity, and pests can damage the consignment if it is impounded. It is however noted that if the requirement for letters of authorization were removed, the police check-point system would not be necessary. This is because the police check-point system is set-up to verify whether movements of goods are permitted or not.

3.8. HOW CORRUPTION THAT IS TRIGGERED BY THE REQUIREMENT TO OBTAIN A LETTER OF AUTHRISATION TO EXPORT FOOD AFFECTS EXPORT BUSINESS OPERATIONS

Food exporters who were interviewed by the study cited that, apart from costs in terms of travel time and costs, corruption is one of the main problems caused by the requirement for letters of authorization to export staple cereal foodstuff. Food exporters further said corruption significantly affects their business operations in terms of high costs which leads to loss of competitiveness of their products in the export destination markets. As it can be seen in figure 9 below, the majority of food export traders who were interviewed by the study said corruption related to the letters of authorization significantly affected their business operations.

Figure 9: Extent to which Letter of Authorisation to Export Food Related Corruption affects efficiency of undertaking of export operations to EAC/SADC

The Case of Tanzania



As it can be seen from figure 9 above, the majority of Tanzania food exporters to EAC and SADC (41.1 percent) said food export related corruption during the time when there is a requirement to obtain a letter of authorisation to export foodstuff very significantly affected the efficiency of conducting their export business operations to EAC and SADC. This is closely followed by those who said it affects significantly (20.5 percent) and at an average level (20.5 percent), compared to those who said it has insignificant and very insignificant effect on their business (11 percent and 5.5 percent respectively). It can be seen from the foregoing data that the majority of food export business (81.2 percent) said corruption affected their food export business operations in one way or another during the time when letters of authorization to export food are required.

Those who said corruption at this time affects their business operations at an average level tolerate corruption at check-points and borders as it is used as a means to avoid heavy fines associated with default in having a letter of authorization to export staple cereal foods. It is regarded as “a lesser evil” of the two. Under the table payments become a relief since, because of lack of transparency, supply and demand-side information and knowledge, fines are normally inflated to coerce bribes. This explains why very few food exporters who were interviewed said they had to pay fine for default in having permits as shown by Figure 10 below.

Figure 10: Experience of paying fines as a result of missing official export permits

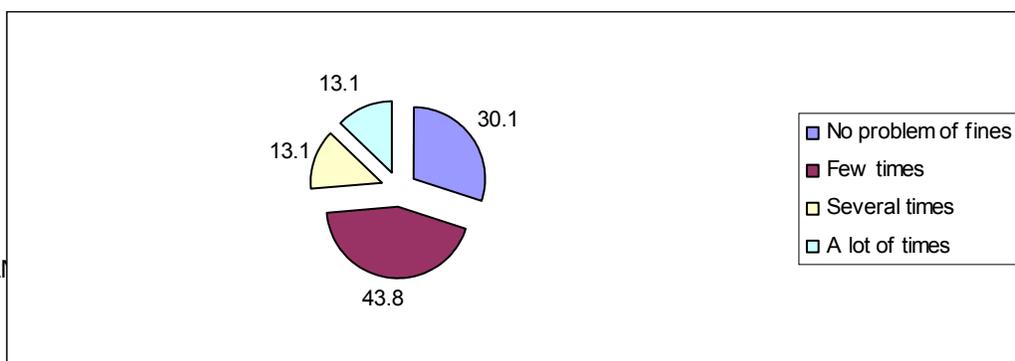


Figure 10 above shows most staple food export trade continues without necessarily having letters of authorization to export staple cereal foodstuff. It continues to either happens through the parallel market to avoid corruption and harassment, or through normal existing channels but facilitated by corruption and/or specialised clearing and forwarding agents. Since corruption facilitates unauthorised export trade in staple cereal foodstuffs, this suggests the total effect of the letters of authority to regulate the quantity of exports of staple cereal food is ineffective in terms of controlling food outflows and maintaining national food-security.

3.9. HOW LETTERS OF AUTHORISATION TO EXPORT STAPLE CEREAL FOODSTUFF CONTRAIN FOOD PRODUCERS PARTICIPATE THROUGH-OUT THE EXPORT SUPPLY-CHAIN

The foregoing problems that are created by the letters of authorization to export staple cereal food makes it extremely restrictive for food producers and lower-end food exporters to participate throughout the food export chain. This is because

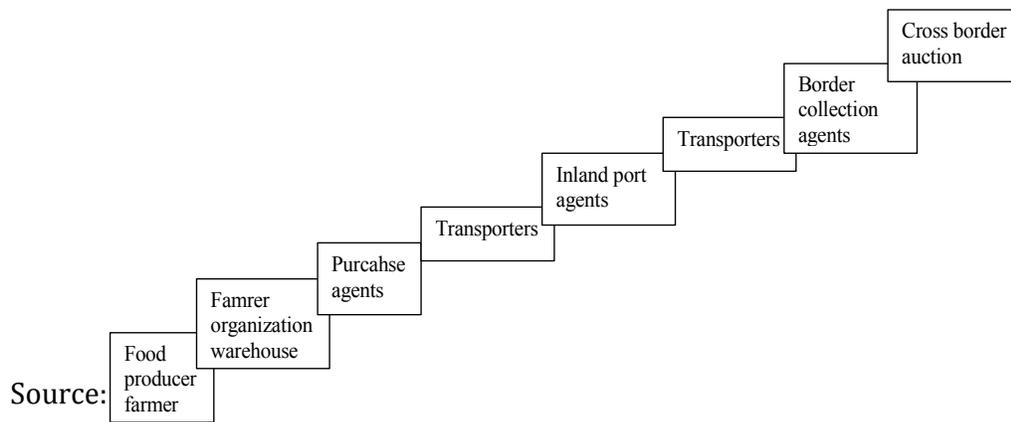
the cost of obtaining letters of authority to export food are not only expensive and time consuming, but they need someone who is networked and wields a certain-

level of influence. This excludes poor farmers. Because of the restrictive nature of obtaining letters of authorization to export food, specialised centres around key junctures of barriers emerge. As a result, specialized cadre of people who have full-time letters authorizing them to export staple cereal food and have rapport with law enforcement agents and can do insider

Rice exporters from Mbeya said “the cost of obtaining letters of authorization to export food permits is high. Smallholder food farmers and traders like ourselves cannot obtain them. This has resulted in the rise of people called “clearing and forwarding” agents who specialize in obtaining letters of authorization to export staple food and use, and re-use them to export staple food for people at a very high price. This is how rice importers from DRC, Kenya, Malawi and Zambia get a chance to come to Mbeya and buy rice directly from farmers and then transport it themselves to their countries. This business would have been done by Tanzanians if these letters of authorization were eliminated.

trading emerge. This system creates a chain along the food export supply chain, from the farm-gate to the border. It involves agents buying from farmers, then selling to transporters, who sell at inland ports, where agents re-buy, sell to other transporters, who transport and re-sell at border collection points, where “clearing and forwarding” specialised agents with all necessary permits re-buy and then cross the boarder and re-sell at cross-border auction markets. This phased supply chain is schematically illustrated by figure 11 as follows:

Figure 11: Stages and Actors of Export Market Supply Chain in Tanzania



As figure 11 above shows, there are many actors between the actual producers and the high-end cross border food export auctions. This fragmentation in the structure of food exports is not by design, it suggests the requirement for a letter of authorization to export staple cereal food exports has created restrictive barriers along the supply chain, such that, as a necessity, food traders have had to adapt to circumstances along the supply chain. One of the barriers junctures is possession of a letter of authority to export food that will help someone to move from one district and/or region and/or one agro-ecological zone area to another. In fact, this issue

becomes a barrier even for those who transport even if a food consignment is being transported would suspect it is trying to find its destination to a neighbouring country. An letter of

An association of crop buyers in Ruvuma claimed the process of obtain letters of authorization is marred by corrupt practices. Moreover, the letters of authorization only apply for a single district. If they go from one district to another, they have to show a letter of authorization to export a food crop even if they are just on transit in that district. As a result, we are forced to use the parallel trade routest to sell food crops to Mozambique across the Ruvuma river. These letters of authorisation to export affect poor traders

authorization to export food is therefore needed even for moving staple cereal food around the country. Lack of proper understanding of the logic behind the food export quota/ban often leads to wrong punitive actions being taken even to Tanzanian domestic food distributors. This ambiguity, which remains even if one possesses a letter of authorisation, is one of the barriers that explains why food is not being distributed from food surplus to food deficit areas within Tanzania. It also forms a prime source of solicitation for bribes.

The restrictive and non-transparent mechanism for issuing and controlling letters of authority to export staple cereal food and the control mechanism to monitor compliance is the primary reason why the above specialised food exports “clearing and forwarding” centres are being created along the supply chain. These centres typically form around key barrier junctures that are so restrictive for an outsider to pass, with or without letters of authorisation. As a result, insider trading takes over, with or without export permits.

4. OTHER FOOD EXPORT PERMITS AND THE BURDEN THE CAUSE IN ADDITION TO THE LETTER OF AUTHORISATION TO EXPORT FOOD

Although this study is focused on letters of authorization to export staple cereal food crops, it is however important to note that there are other official food export permits that food export business operators have to obtain. These export permits are presented under this section. It is however emphasized that these other export permits are presented solely for the benefit of making the reader of this report to appreciate the effort that food exporters have already got to go through, and that in-addition to this, they still have to seek the letter of authorisation to regulate the quantity of export to staple cereal foodstuff. A discussion of these other export permit should therefore not confuse the focus and advocacy thrust towards elimination of letters of authorization to export staple cereal foodstuff.

4.1. OFFICIAL PERMITS RELATED TO SURVEILLANCE AND CONTROL OF FOOD CONTAMINATION, DISEASES AND PUBLIC HEALTH HYGIENE

The study findings show there is another category of official export permits that relate to surveillance and control of trans-border movements of contaminated foods, as well as surveillance and control of food borne diseases. Table 6 below outlines public health related official food export permits that the study has come across.

Table 6: Permits for Assurance of Public Health Compliance of Agricultural Food Exports

S / n	Type of Permit	Issuing Authority	Timeframe of Validity	Place of Issuance	Cost per issuance in TShs	Estimated no. of days taken
1.	Public Health Compliance Permit	Plants and Health Services Unit, Ministry of Agriculture and Food Security	(Periodic inspection of storage facilities) – When products are ready for export	Dar-es-Salaam	USD 15 for less than one tonne and USD 2 for more than one tonne	2-14
2.	Certificate of Condition and Standards for Warehouse	Warehouse Receipt System Authority	(Periodic inspection of storage facilities) – When products are ready for export	Dar-es-Salaam	Tshs 200,000	14-21 (contingent on inspection visit)
3.	Certificate of Quality	The Cereal and Other Produce Board	(Periodic submission and certification of samples) -- Determined by consignment of export	Dar-es-Salaam		
4.	Letter of Food Safety and Quality Assurance	TFDA	Renewable on yearly basis Periodic Inspection	Dar-es-Salaam	Tshs 20,000 per consignment and laboratory charges	14-21
5.	Certificate of Registration of Food and Safety Quality	TFDA	Renewable after 5 years	Dar-es-Salaam	Tshs 1,200,000 for registration of a product Renewal fee is 10US\$	14-21
6.	Certificate of Hazard Analysis, Good Hygienic Practice and Board Manufacturing	Ministry of Livestock and Fisheries	Annually	Dar-es-Salaam	Not specified	14-21
7.	SANAS Certificate of Fish Quality	SANAS Certified Laboratory in South Africa (recently at Nyegezi, Mwanza)	Periodic submission and certification of samples) --- After every 3 months	South Africa/ Mwanza	Not specified	14-30
8.	Atomic and radio-active safety compliance certificate	Tanzania Atomic Energy Commission	Periodic submission	Arusha	Depends on consignment	14-30

Source: Compiled from interviews with Ministries, Departments and Agencies and key actors

It can be seen from Table 6 above that there are seven different authorities dealing with public health certification of food exports. While it is recognized that, due to its importance, certification of food safety and quality cannot be completely eliminated, cognizance should be taken on the fact that a staple cereal food exporter has to obtain some of the foregoing food export permits in-addition to the letter of authorization to export food.

4.2. OFFICIAL PERMITS RELATED TO NON-HEALTH ASSURANCE OF COMPLIANCE TO REQUIREMENTS OF COUNTRY OF DESTINATION

The study findings have shown there is another category of official export permits which seek to provide non-health assurance and compliance in order to ensure exported goods are accepted in a country of destination. Table 7 below has listed other export permits and certificates which fall under this category.

Table 7: Non-health export permits

S/n	Type of Permit	Issuing Authority	Timeframe of Validity	Place of Issuance	Cost per issuance in TShs	Estimated no. of days taken
1.	Certificate of Origin	TCCIA/TRA	Every instance	TCCIA Hq in Dar-es-Salaam through TCCIA network of Regional Offices	USD 15 for SADC and USD 5 for EAC countries	2-7
2.	Physical Assurance Inspection Report	TBS	Periodic submission and certification of samples (Supposed to be done every 3 months depending on risk of product)	Dar-es-Salaam and through EPZA Zonal Offices Dar-es-Salaam	Tshs 200,000	Within 60 days
3.	Laboratory Assurance Report	TBS	Periodic submission and certification of samples) ---	Dar-es-Salaam and through EPZA Zonal Offices	The two 200, 000 paid for physical inspection caters for other procedures i.e. cover note, certificate of compliance for international standards etc	Within 14 days. In actual sense it takes 5-7 days only
4.	Cover Note	TBS	Periodic submission and certification of samples)	Dar-es-Salaam and through EPZA Zonal Offices	Free	5-7 days
5.	Certificate of Compliance to International Standards	TBS	Every 5 years	Dar-es-Salaam and through EPZA Zonal Offices	Free	14-21
6.	Certificate of Purchase through the Warehouse Receipt System	Warehouse Registered by WRS Authority	Every instance of export	In village warehouses	-	1
7.	Certificate of Assurance of Constant Supply	MDAs	Annually	Dar-es-Salaam		14-21

Source: Compiled from interviews with Ministries, Departments and Agencies and key actors

As it can be seen from Table 7 above that the number of export permits that fall under this category are many and diverse. As a result, business operations of most exporters are severely constrained as a result of adhering to the culture of issuing export permits. As a result, the requirement of obtaining a letter of authorization to export food becomes a big burden to exporters and their businesses. As a result, most of these permits become inaccessible to most food exporters, especially the small and medium sized ones, who dominate the unprocessed food export trade. Instead, they prefer to use parallel trade routes and cushion any risk with corruption. Specialised insider trading agents and solicitation of under the table payments increase the cost of exports, at times making Tanzania foodstuffs less competitive in trade agreement territorial countries compared to those which originate from outside. This scenario defeats the whole purpose of trade integration, which is to promote free flow of trade within countries that are party to trade agreement zones.

1. RECOMMENDATIONS OF THE STUDY

4.3. PROCESS OF DEVELOPING RECOMMENDATIONS OF THE STUDY FORWARD

This section presents the process that was used by the study to develop a multi-stakeholder consensus on recommendations of the study. A careful approach was used to develop a consensus on the way forward as there are divergent views between private sector operators and government on how to deal with the question of letters of authorization to export staple grain food permits. This process was accomplished through a stakeholder workshop held in 24 March, 2012. The workshop involved Exporters of agricultural products to the EAC and SADC, Representatives from key Government ministries including the MoEAC, MITM, MoAC and MoFEA. A full list of those who participated is found in the list of people met which can be found on Section 7 of this report. In addition to this workshop, a one to one meeting was held with key government Ministries on 21 March, 2012.

5.1.1 STAKEHOLDERS WORKSHOP

The stakeholder workshop gathered actors from different areas which included TANEXA, representatives from key government ministries, exporters of agricultural products and members from farmers association. Participants were introduced to TANEXA as private sector association grouping Tanzania's exporters. The existence of letters of authorization to export staple grains was discussed as well as lengthily time as well as overlapping and

duplicative arrangements surrounding the issuance of these letters of authorization to export staple grain foodstuffs.

Participants to the workshop showed deep understanding on the challenges facing agricultural exports. Workshop participants generally endorsed the findings of the study and expressed their confidence that they will provide a sound basis for developing a road map towards improving the business climate for undertaking food exports. They further argued that the government should take note that by eliminating the letter of authorization to export staple grain food crops will translate into increased productivity by farmers. There was a generally observation that these letters of authorization to export food contributes to deny Tanzanian exporters with the ability to successfully compete in the EAC and SADC.

Workshop participants further argued that these letters of authorization to export food have got a gender dimension. Women in cross border trade are disproportionately affected compared to men, as they get exposed to sexual harassment.

It was further argued that low agriculture production is the prime factor that underlies food export quotas/bans. The need is therefore to increase productivity in order to have surplus for export market. Participants at the workshop underscored the need for the government to understand that traditional export crops such as coffee, sisal, cashew nuts and cotton are no longer beneficial to farmers leading them to opt for food crop production as cash crops. Food production is generally low across EAC and SADC and its market is readily available. The government was therefore argued to support KILIMO KWANZA initiative in order to achieve this goal. The major challenges mentioned related to agricultural exports include low productivity, inadequate inputs and the continued practice of having letters of authorization to export foodstuffs. The views of workshop participants are succinctly echoed by ESRF (2009) which says:

During the harvest season normally the government will discourage farmers from selling their produce as the future season is unpredictable. This situation poses disincentives to local producers and denial of lucrative market opportunities which may be available in neighbouring countries. Despite the situation, a parallel market has been operating using unofficial routes. This is through the Malawi, Zambia and Kenya border, particularly when there is a food shortage in one of these countries. However, the government does not favour this and thus has been responding with an ad hoc ban. Failure to facilitate expansion of national and regional trade in food staples risks stalling growth and private investment in agriculture (ESRF, 2009).

5.1.2 ONE TO ONE MEETING WITH KEY GOVERNMENT MINISTRIES

A one to one meeting with key government Ministries, namely MoAC, MITM and MoEAC was held. The representatives for the above Ministries acknowledged that exporters use a lot of effort in terms of time, cost and resources to obtain trade permits from relevant permit issuing authorities. It was realized that the process of obtaining the permits is lengthily. It was agreed that a meeting should be held at the Prime Minister's Office to explore the possibility of eliminating the letter of authorization to export grains. It was argued that this measure will reduce the costs of doing trade and relief to exporters of agricultural products, including the burden of traveling from one administrative level to another (district/regional/national) in search of these permits. It was also agreed that a pilot programme to pilot decentralized food export permits to Kilimanjaro (covering Himo Food Export Market) and Mbeya (Makambako) market should be undertaken under the leadership of MoAC and PMO (RALG).

4.4. KEY AREAS OF FOCUS GOING FORWARD

Having carefully reviewed the data and information obtained by the study, the study has come-up with the following seven recommendations.

RECOMMEDATION No.1: The Requirement for a Letter of Authorisation to regulate the quantity of staple cereal foodstuff should be abolished

The study findings and case studies have shown the suffering and misery that smallholder farmers along borders and food traders go through just because of the requirement for this letter of authority which is being issued by district and regional administrative officials. The benefits of the system, if any, cannot justify the kind of suffering that people have to go through. The study has shown evidence that this requirement, in itself, has caused businesses to be constrained, exports to delay, businesses to incur losses and close, and contributed to make Tanzanian food products less competitive in countries of destination. Moreover, the practice contributes to corruption, and despite all these problems that it causes, it does not limit the flow of staple cereal products because corrupt practices allow crops to pass without letters of authorization and resort to the use of parallel trade routes.

This study argues for abolishment of this practice since the requirement to issue a letter of authorization to export staple cereal foodstuff amount to nuisance administrative procedure. A nuisance administrative procedure is one that has very high transaction costs but does not

achieve its intended objectives. This study recommends abolishment of this practice during the 2012/13 budget speech of MoAFSC.

RECOMMENDATION No.2: MoAFS should explore alternative, and more effective ways to address national food security

There are alternative known means of maintaining national food security that should be explored as a measure to compensate for abolishment of the letter of authorization to export food. It is important to MoAFS to spend time and explore these modalities. One of them, which is an elephant in the room that is largely being ignored, is post-harvest losses. Studies have shown that farmers lose up to 50 percent of their harvest through post-harvest losses. There is therefore a need for MoAFS to intensify information, education and communication (IEC) to create a knowledge base and awareness of post-harvest pest-control and storage mechanisms. This, it is the view of this study, will be a much more effective means to guard against national food insecurity/deficit.

RECOMMENDATION No.3: Abolishment of the Letter of Authorisation to export should be followed-up with an initiative to change entrenched mind-set, attitudes and related patronage relations

Evidence that has been collected by the study shows it will not be easy to change the mind-set and entrenched attitudes of district, regional and even MoAFS officials have been used to issuing these letters of authorization to export staple cereal foodstuff. It is safe to assume that there will be entrenched attitudes and resistance to change. This is particularly the case since there are different cadres of people who are involved in the follow-up and control of the letter of authorization system. These range from regional and district officials, police, security organs, people militia and customs officials. Evidence from the field has also shown that money changes hands when handling the follow-up and control mechanism. All this suggest it is not going to be easy for them to give this-up. Therefore, a concerted effort needs to be done to follow-up the abolishment of the requirement for a letter of authorization to export food so there is knowledge, awareness and change in attitudes among targeted key actors.

RECOMMENDATION No.4: Control Food Security Commercially through the Strategic Grain Reserve Agency

One option that the Government's concern on food security can be addressed is to control it through using the Strategic Grain Reserve agency (SGR). What SGR can do is to

purchase staple grain at commercial price and store it so it can be released into the market during food scarce months or in case rains fail. This is an effective way to control food security since it will not distort market operations. Moreover, the SGR can be an effective way to re-allocate food from food surplus to food deficit areas, thus controlling overall national food security, and domestic price of staple cereal food.

RECOMMENDATION No.5 Put in-place measures to ensure SGR food is not sold for export

If the foregoing recommendation No. 4 is implemented, special measures can be taken to ensure SGR grains are not exported. This can be done through careful coordination with local government authorities. This measure will further ensure SGR grains reach targeted food insecure households and at a controlled price.

RECOMMENDATION No.6: Ensure Market Principles apply to farmer products

The best way to ensure to food farmers invest in the farms to increase yields and productivity is to ensure free market principles guide their farm enterprise. It is also reasonable to work from the premise that farmers are rational, and that they do not sell all their food-stock during harvest only to purchase the same food at higher price. It is recommended that a study needs to be done to study the calculations that farmers make when they sell their farm products. One can be because of high post-harvest losses from pests. Another can be because farmers need the money, not for consumption, but rational investment in non-farm activities. These non-farm activities in-turn provide farm households with income, from which they can purchase food from the open market.

RECOMMENDATION No.7: Discuss the report with Parliament committee and the media

There is a need to take the findings of this study to political stakeholders. This should be done to the Prime Minister's Office and the Parliament select committee that is responsible for agriculture. It is this level where a political decision can be made to consider eliminating the letter of authorisation to export staple grain in light of available evidence provided by this report.

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6. LIST OF PEOPLE MET

S/n	Name	Institution
1.	Issac Dallushi	TANEXA/TCCIA
2.	Mtemi Naluyaga	Executive Director of TANEXA
3.	Mr. Boniface A.N. Michael	Principal Trade Officer, Ministry of Industry, Trade and Marketing, Directorate of Regional Integration
4.	Evans D. Siangicha	Foreign Service Officer, Ministry of Foreign Affairs and International Cooperation, Department of Regional Integration
5.	Dr. Abdallah Makame	Assistant Director – Productive Sectors, Productive Sectors Unit Ministry of East Africa Cooperation
6.	Abel Lymo	Manager Rural Development Initiatives (RUDI)
7.	Agness Namughisa	Director of Cooperation Development
8.	Alex Mkindi	USAID Senior Agriculture Policy Advisor
9.	Debora Charwe	Tanzania Food and Nutrition Commission (TFNC)
10.	Didas Clemence	Ministry of Livestock and Fisheries Development
11.	Fwalo	Tanzania Trade Authority Development
12.	Happy Brown	Quality Assurance Officer Tanzania Bureau of Standards (TBS)
13.	Louis Kasara	Export Processing Zone Authority (EPZA)
14.	Mr. Mtambo	Ministry of Agriculture, Food and Cooperatives
15.	Rhoda Kidolezi	Tanzania Food and Drug Authority (TFDA)
16.	Said Mpombo	Marketing Officer Ministry of Agriculture, Food and Cooperatives
17.	Sura Ngatuni	Licensing and Warehousing Board
18.	Upendo Minja	Tanzania Chamber of Commerce Industry and Agriculture (TCCIA)

19.	Kissa F. Mjejwa	TWINS RAYOL BAKERY
20.	Sira Ashura	PRAXIS
21.	Cheka Omary	PRAXIS
22.	Dismas Hiza	ODTECH
23.	John Kaijage	TABECO INT. LTD
24.	Alex Mkindi	SERA/USAID
25.	Parit Ole Savuni	PRAXIS
26.	Anzuani A. Diwani	NATURIPE KILIMANJARO LTD
27.	Erica Mathias Kissa	TWCC
28.	Maria Goretti Mfuse	PRAXIS
29.	Joyce Saidumu	BOT
30.	Katrine Plesner	NAFAKA
31.	Hamisi Nneka	HAZALINE INVESTMENT
32.	Said S. Said	ACT
33.	Stella Lugongo	MIT
34.	Leonatus K. Mgya	PRAXIS
35.	Imani B. Kundeme	PRAXIS
36.	Lauri P. Temba	PRAXIS
37.	Gwantwa A. Mwaijande	PRAXIS
38.	Dina Bina	DINA FLOWERS
39.	Chibole Manumbu	MIT
40.	Julitha Tibanyenda	TBS

41.	Ahimidiwe J. Asseni	MIT
42.	Specioza Mashauri	INVITED GUEST
43.	Monica Mihigo	MIT
44.	Hellen Sinyangwe	HELLENIC FASHION
45.	Mary Gihinji	BEST-AC
46.	Renatus K. Theobald	MIT
47.	Lestey Reader	BEST-AC
48.	Mtemi Lawrence Naluyaga	TANEXA
49.	Candy Kapaya	TANEXA
50.	Susan Mwanjoba	TANEXA
51.	Elida Makenge	MIT
52.	Isaac Dallushi	TANEXA
53.	Mr. Peter Lanya	TANEXA
54.	John Chambai	MIT
55.	Mwasenga	MIT
56.	Masatu Lububu	MIT
57.	Yahaya Selemani	MIT
58.	Mohamed Mocher	MIT
59.	Abdulrahman A. Konje	EXPORTER
60.	Ibrahim A. Maalim	EXPORTER
61.	Geofrey Ngulumbi	KILICAFE

62.	Elizabeth D. Mwemezi	EXPORTER
63.	Henryco Watson	EXPORTER
64.	Martha J.N. Bitwale	VISSION SACCOS LTD
65.	Saidi Abdallah Mtenda	IFAKARA
66.	Clara A. Ibihya	KIBAHA
67.	Lameck Kikoka	MOROGORO
68.	Khamis Issa Mohammed	ZANZIBAR EXPORTERS ASSOCIATION (ZEXA)
69.	Adah Mdesa Mwashwa	MAFO
70.	Othman Seif	MEAC
71.	Andrew C. Shirima	MIT
72.	Iddi Alfani	MAFO
73.	Christopher Awinia	PRAXIS

APPENDIX I: NOTES ON OVERVIEW OF EAC/SADC TRADE PROTOCOLS

It is important to take note of the fact that both the EAC and SADC integration processes are following regional integration phases that are internationally established and recognised by the World Trade Organization (WTO) and the World Customs Union (WCU). It is therefore important to present this international structure for regional integration. This will enable the reader of the report to understand where EAC and SADC integration processes have come from, where they are going, and what implications does all this have in respect to the question of food

export permits in Tanzania. International phases for regional trade integration are divided into six key steps as follows:

Table 1: WTO/WCU Phases of Regional Economic Integration

1	PREFERENTIAL TRADE AREA (PTA)
2	FREE TRADE AREA(FTA)
3	CUSTOMS UNION
4	COMMON MARKET
5	MONETARY UNION
6	POLITICAL FEDERATION

It is important to note that trade operations or the extent of free flow of trade in goods and services differs at these different levels of integration. According to the model, the highest form of trade integration is experienced upon ascending to a political union/federation among partner states of a particular regional economic integration zone. According to internationally accepted terms, the first stage of trade integration is a preferential trade area. A “preferential trade area” (PTA) is formed when at least two free states agree (at bilateral level) to have preferential terms on certain agreed custom tariffs within their territories/border areas. This is a bilateral agreement that does not cover all aspects of trade. A “free trade area” (FTA) on the other hand is a more advanced stage. An FTA is formed when at least two states partially or fully abolish custom tariffs on their inner border/territorial areas. In order to exclude unfair advantage of zero tariffs terms within a PTA or FTA there is a rule that requires Certificates of Origin to prove that goods which are being traded within the free trade territory are indeed originating from that particular FTA territory.

The next stage of trade integration is the formation of a customs union. A "customs union" takes the trade integration process to a next high level by introducing unified tariffs on the exterior borders of the trade agreement territory i.e Common External Tariffs (CET) system. This measure enables trade agreement parties to make various trade policies together. The trade policies can include common external tariffs to eliminate unfair tax advantage of trade of imported goods by one member states over another, as well as harmonization and elimination of internal tariffs. A "monetary union" on the other hand introduces a shared

currency. This move makes transactions related to movement of goods between member states easier, eliminates problems related to exchange rate differentials and promotes macro-economic convergence by using a common monetary policy. A "common market" takes trade integration to another level by introducing free movement of services, capital and labor. It also creates a capital market that allows free flow of capital and investments. A political federation is an advanced level of integration which typically involves unification of economic and other policies (tax, social welfare benefits, security, economic, monetary, fiscal etc). This, and only this is the stage where total removal of trade barriers can be expected. This is because a political federation introduces supranational bodies to regulate trade across the entire trade agreement territory. WTO and WCU model for regional trade integration is illustrated by Table 2 below:

Table 2: World Trade Organisation and World Customs Union Standard Stages of Trade Integration

World Trade Organisation/World Customs Union Stages of Economic Integration												
Type of Trade Pact	Activities inside the trade bloc							Common barriers in external relations				
	Eliminating <u>barriers for exchange of</u>					Shared policies		<u>Goods</u>		Services	Capital	<u>Labour</u>
	<u>Goods (tariffs)</u>	<u>Goods (non-tariff)</u>	Services	Capital	<u>Labour</u>	Monetary	Fiscal	Tariff	Non-tariff			
Preferential trade agreement												
Free trade agreement												
Customs union												
Common market												
Monetary union												
Fiscal union												
Complete Political federation												

Key: [partial] — [substantial] — [none or not applicable]

Source: http://en.wikipedia.org/wiki/Economic_integration

The foregoing information brings forth several issues which need to be noted in order to develop an effective advocacy positions and/or messages for removal/harmonisation of food export permits. First, it is important to note that the EAC and SADC have only begun the process of trade integration. They still have a long way to go before there is a total free flow of goods, services, labour and capital. EAC's Customs Union and Common Market were launched in 10 January, 2010 and 01 June, 2010 respectively. SADC on the other hand does not have a functioning Customs Union as yet. It is still at the stage of a Free Trade Area (FTA), which was launched on August, 2008 (Paulina Elago and Paul Kelenga, 2008). Secondly, EAC is currently still working on elimination of tariffs for goods that are exported from one member state to another. Third, EAC and SADC only provide zero tariff to exports of raw goods. Free movement of services, labour and capital are still under negotiation. 10 percent tariff is being charged on semi-finished goods and 25 percent finished goods. Much as this information may sound surprising to some readers, it needs to be notes that is what was negotiated during trade discussions that led to the establishment of EAC and SADC trade protocols. Moreover, it is consistent with the expected level of tariff elimination as specified by WTO/WCU given the stages attained by EAC and SADC.

APPENDIX 2: NOTES ON OVERVIEW OF TANZANIA'S FOOD EXPORTS TO EAC/SADC

The situational analysis shows food exports dominate Tanzania's export trade in EAC and SADC countries. Export of food crops to the two Regional blocks is, and remains to have high prospects in the foreseeable future. The trends of Tanzania's food exports to the two regional blocks are shown by Table 1 below:

Table 1: Tanzania's Food Exports to EAC and SADC Partner States by SITC Commodities Codes (in TShs Millions)¹

Community/Type of crop	2003	2004	2005	2006	2007	2008	2009	2003-09 (%Δ)
East Africa Community								
Live animal	5	4	15	114	327	113	504	9,980
Food stuff	74,182	75,777	61,980	43,542	83,061	93,571	96,516	30.1
Animal and vegetables oils	48	99	2,119	6,761	11,544	9,195	1,276	2,558
Southern Africa Development Community								
Live animal	18	14	90	26	300	626	32	77.8
Food stuff	26,074	8,572	15,467	38,571	53,251	61,015	71,915	175.9
Animal and vegetables oils	2,411	2,207	2,293	1,623	8,546	21,509	8,021	232.7

Source: National Bureau of Statistics and Ministry of Finance. Foreign Trade Statistics 2009: December, 2010

Table 1 above shows Tanzania food exports to both EAC and SADC are dominated by foodstuffs followed by animal and finally vegetable oils. The same Table also shows there was a sharp increase in exports of food crops to the two economic blocks over the last decade although a slight decline is noticed in between 2008 and 2009. Whereas foodstuff exports still dominate by far, a significantly sharp overall increase in exports of live animals to SADC and animal and vegetable oils to both regions is also noticed.

For lack of available data, the study was unable to determine the amount of food being exported to the different individual EAC and SADC countries. This is because official foreign trade statistics do not report exports of non-traditional food crops by countries to which they are exported. This remains a key advocacy issue for TANEXA to take forward in order to influence the way the Government computes and reports official trade statistics. This is important given the fact that Tanzania's cross-border trade to EAC and SADC is dominated by non-traditional crops, and in-particular foodstuffs. In the absence of disaggregated data, and taking into cognizance Tanzania's growing comparative advantage of selling foodstuff to the two economic communities, this study has taken available data on total exports to individual countries of the two economic communities as an indicative proxy for exports of food crops. Table 2 below provides a trend analysis of Tanzania's total exports to individual EAC and SADC partner states.

Table 2: Total Exports to EAC and SADC Partner States by Country – both agricultural and non-agricultural commodities (in USD Millions)

Community/	2009-2010
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¹ - means there is no data

The Case of Tanzania

Country	2006	2007	2008	2009	2010	(% Change)
East Africa Community						
Burundi	-	41.5	19.5	23.6	51	116.1
Kenya	97.2	101.1	235	112.4	297.3	67.6
Rwanda	-	11.2	20.6	15.1	55	264.2
Uganda	20.5	19.3	40.5	47.7	46.8	-1.9
Total	117.7	173.1	315.5	263.8	450	70.6
Southern Africa Development Community						
DRC	18.3	58.9	124	79.9	137.1	71.6
Mozambique	10.6	19.1	31.4	20.3	17.7	-12.8
South Africa	268.9	176.1	232.5	170.9	416.8	143.9
Swaziland	1.9	0.2	0.6	20.8	-	-
Zambia	18.5	22.4	36.6	44.3	53.5	20.8
Zimbabwe	1.2	0.7	1.2	5.7	-	-
Other	21.7	23.7	17.1	32.3	-	-
Total	341.1	300.8	443.4	374.2	625.1	67

Source: Ministry of Finance. Macro-economic Policy Framework for Five Year Development Plan/Budget 2011/12-2015/16: May, 2011

As data shows in Table 2 above that South Africa and Kenya account for the largest share of exports from Tanzania. However, caution needs to be taken when interpreting Tanzania's total exports to South Africa. This is because total exports include high value commodities such as minerals and precious metals which are exported by mining companies to South Africa for auctioning at international mineral action markets. Minerals, for example, accounted for 44.40 percent of Tanzania exports to SADC (close to half) compared to only 0.16 to EAC countries (NBS and MoF, 2010: 35-38). Taking South Africa aside, Table 4 above shows Tanzania's exports to Rwanda, Burundi, DRC and Kenya have significantly increased with exports to Zambia also showing steady growth. Findings from the field suggest most of these increments are associated with food exports and increased awareness among Tanzania's exporters on the trade benefits being brought about by regional economic trade agreements under the auspices of EAC and SADC.

This being said, it should be taken into consideration that a lot of trade in foodstuffs is done through unofficial channels, basically as a measure to avoid repressive approaches used to regulate cross-border trade. As a result, small and medium sized exporters prefer to use the parallel market. It is estimated the real value of exports to the two regions can be as high as twice the amount indicated in Table 2 above. The study further notes restrictive regulations and parallel channels can be a reason to explain why the data in Table 2 above shows there has been a decline of exports to Mozambique and Uganda. This is because the border with Mozambique has not been traditionally handling a lot of trade before the Mtambaswala bridge

over Ruvuma river which joins southern Tanzanian and north Mozambique was opened. The borders of Mozambique and Uganda are also, generally speaking, quite porous, especially along Ruvuma river and Lake Victoria respectively, making them susceptible to parallel trading routes. This study finds parallel trans-border food trade routes are likely to be eliminated with total elimination or significant reduction of official food export permits. This is an important message for TANEXA to secure Government support in harmonizing and simplifying the current food export permit regime.

APPENDIX 3: SURVEY INSTRUMENT

**TANZANIA ASSOCIATION OF EXPORTERS
TANEXA**

[QUESTIONNAIRE]

**RESEARCH TO ADVOCATE FOR REMOVAL OF OFFICIAL PERMITS AND
NON-TARIFF BARRIERS ON AGRICULTURAL PRODUCE EXPORTS TO EAC
AND SADC REGIONS**

Interviewer No.

Questionnaire No.

Hello. My name is TANEXA is the Tanzania Exporters Association which represents a growing number of exporters of Tanzania products. Over the last 15 years, the share of the association members who export agricultural produce has increased. The development of the East Africa Community (EAC) Common Market and Customs Union in 2010 and preferential trading terms in SADC has presented TANEXA members with an immediate opportunity to take advantage to increase exports into the Regions. Despite ratification of relevant regional integration and trade protocols, actual national policy and legislative changes have not been taken. TANEXA is undertaking this study to collect information on existing practices of official permit requirement and other non-tariff barriers which should have been eliminated by economic and trade integration measures taken by the two regional economic blocs. The questionnaire focuses on agricultural related products. These include cash and food crops, livestock and fish products, horticulture and agricultural processed industrial products. If the respondent is not an exporter of agricultural products then stop the interview.

I. BACKGROUND

1. How long have you been a member of TANEXA

1.

- 1. Less than 5 years
- 2. Between 5-10 years
- 3. 10-15 years
- 4. More than 15 years

2. What type of Agricultural Product do you export

2.

- 1. Traditional Cash Crop (and products)
- 2. Cereals and legumes
- 3. Dairy and livestock products
- 4. Fish
- 5. Fruits and vegetables products
- 6. Other (mention)

3. Which EAC or SADC country(s) does your company export to?²(Write name (s))

.....

.....

[Check]

- 1. EAC
- 2. SADC
- 3. Both

3.

4. How long have you been exporting to the Region(s)?

² EAC member countries are Kenya, Uganda, Rwanda and Burundi. SADC member countries are Malawi, Democratic Republic of Congo (DRC), Zambia, Mozambique, Zimbabwe, South Africa, Swaziland, Lesotho, Namibia, Botswana, Angola, Madagascar and Mauritius

1. Less than 5 years
2. Between 5-10 years
3. 10-15 years
4. More than 15 years

4.

II. BARRIERS ASSOCIATED WITH OFFICIAL PERMITS

5. How many export related permits do you have to obtain per single incidence of export?

5.

1. None
2. 1
3. 2-5
4. 5 and above

7. Are you required to obtain a Certificate of Origin in order to prove the products originate from Tanzania?

6.

1. Yes
2. No

8. Please list export permits that you have to obtain for single incidence of export

7.

.....
.....
.....
.....

9. How many export related permits do you have to obtain annually?

- 1. None
- 2. 1
- 3. 2-5
- 4. 5 and above

8.

10. Please list the annual permits that you have to obtain

.....
.....
.....
.....

11. How many special business registration related permits do you have to obtain in order to be able to export into the Region(s)?

10.

- 1. None
- 2. 1
- 3. 2-5
- 4. 5 and above

12. Please mention these business registration permits

.....
.....
.....

13. Where are all of the above-mentioned permits obtained? (You can choose more than one)

1. At district level
2. At regional level
3. At national level
4. At border post
5. 2 of the above
6. 3 of the above
7. All of the above
8. Other (please specify)

12.

14. How significantly does the permit issue affect your export operations?

13.

(1)	(2)	(3)	(4)	(5)
Very insignificant	Insignificant	Neither significant nor insignificant	Significant	Very significantly

15. What is the estimated direct and indirect costs of obtaining these permits per year? (Please write)

.....

.....

.....

Apart from permits, there are other several other non-tariff barriers which face Tanzania exporters into the EAC and SADC regions. The following section asks about your experience regarding these non-tariff barriers.

16. Do you face export bans for certain agricultural products into EAC/SADC Regions?

15.

- 1. Yes
- 2. No
- 3. Other (Please specify)

17. Please mention which agricultural products that you would have wanted to export to the Regions but are banned?

16.

.....

.....

.....

18. Are you faced with export quotas on agricultural products into the EAC/SADC Regions?

17.

- 1. Yes
- 2. No
- 3. Other (Please specify)

19. Please mention which agricultural products that you would have wanted to export to the Regions are faced with quota systems?

.....
.....
.....

20. Are there specified standards that need to be certified (for example by Tanzania Bureau of Standards (TBS)/Tanzania Foods and Drugs Authority (TBA) before you can export your products into the Regions?

19.

- 1. Yes
- 2. No
- 3. Other (Please specify)

21. Please mention which agricultural products have to obtain a standards certificate before exporting into the Regions

.....
.....
.....

22. Does your business have to obtain cash/insurance bonds to export agricultural products into the Regions?

21.

- 1. Yes
- 2. No
- 3. Other (Please specify)

23. Please mention which agricultural products have to obtain a standards certificate before exporting into the Regions

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.....
.....

24. What problems do you operations face from police roadblocks? Please mention

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.....

25. What problems do your operations face from weigh-bridges? Please mention

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.....
.....

26. What is the cumulative estimated direct and indirect costs of the above-mentioned non-tariff barriers to your export operations per year?

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.....
.....

III. CROSS-CUTTING ISSUES

27. How big is the problem of corruption across the entire export cycle?

26.

(1)	(2)	(3)	(4)	(5)
Very small	Small	Average	Big	Very Big

28. To what extent does your business face penalties related to non-compliance to permits and non-tariff barriers?

27.

(1)	(2)	(3)	(4)
Have not faced penalties	Rarely	Often	Very often

29. Which permit and non-tariff barriers does your export business face at port and border stations? (Mention)

.....

.....

.....

30. Have all the above permit and non-tariff barriers caused loss of business to your company in the past?

29.

1. Yes
2. No
3. Other (specify)

31. Have the above permit and non-tariff barriers increased the cost of doing business and therefore made your products less competitive in the EAC/SADC Regions?

- 1. Yes
- 2. No
- 3. Other (specify)

30.

32. What proportion of the export cycle time do permits and non-tariff delays cause?

- 1. Below 10%
- 2. 10-25%
- 3. 25-40%
- 4. 40-50%
- 5. Above 50%

31.

This is the end of the interview. We thank you for participation. The findings of these study will assist TANEXA to advocate for changes to improve conditions for exporting agricultural products into EAC and SADC. If you have any comment that you want to make because it was not asked in the questions this is the time to do so. You are welcomed

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End of Interview. Thank you!