Country Profile of the United Republic of Tanzania
(Agricultural Trade)

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TANZANIA PROFILE

Executive Summary

The agricultural trade profile of the United Republic of Tanzania has been compiled because of her importance in terms of agricultural production and trade in Southern Africa. Tanzania is one of the fast-growing members of Southern African Development Community (SADC), and is the second largest economy of the East African Community (EAC) after Kenya. The EAC is gaining more importance for South Africa as the possibility of a free trade arrangement between Southern African Customs Union (SACU) and the EAC was placed on the agenda of SACU by the Council of Ministers for consideration in 2006/7. Studies of other economies of the EAC are underway. The aim is to assist the Department and the agriculture sector in assessing the impact of the envisaged FTA between EAC and SACU on the South African Agriculture.

Tanzania is a least developed country, heavily dependent on agriculture and predominantly small scale or subsistence agriculture. Politically, it is a stable and peaceful country with regular free and fair elections every five years. Tanzania's exports are made up of agricultural goods (about 80% of total) and diamonds and other gemstones and minerals. The principal imports are consumer goods, machinery, transportation equipment, foodstuffs, fuel and chemicals.

The country has achieved economic and financial reforms, i.e. privatization of state-owned enterprises, reform of banking and financial institutions, trade and investment policies and anti-corruption measures. The result is highlighted by the fact that it has contained inflation rate from a high of 30%, ten years ago, to a single digit of 4.7 in 2004, its external debt was written off in 2005, and there is a steady inflow of FDI to the country.

Trade balance between SACU and Tanzania is strongly in favor of SACU mainly as a result of low supply of the commodities that have potential in SACU market as well as the lack of quality and diversity.

Tanzania produces food crops for local consumption, including maize, rice, sorghum, wheat, beans, cassava, potatoes and sugar cane. The country has the third largest number of livestock in Africa and is a significant producer of dairy products. Major cash (export) crops are coffee, cotton, sisal, tobacco and pyrethrum. Other agricultural products exported are cowpeas, sunflower seeds, soybeans, wine grapes, palm seed, copra, cut flowers, fruits and vegetables. Animal and dairy products do not qualify for export for health and quality reasons.

Tanzania, being strongly an agriculture-based economy, is to a large extent self sufficient in terms of basic foods. Its market for processed food and agricultural products is not adequately developed mainly because of general low level of income. However this condition is changing with her economic development and the open market policy of the government. Based on empirical analysis and the current trade, South Africa has the

opportunity to expand its exports of fruit juices, wine and non-alcoholic beverages, semi-prepared grains products, and cigarettes. In future new markets may be created in Tanzania for variety of cheeses and other dairy products, pastries, snacks, and food preparations.

Agricultural trade in general between the two countries can increase with intensified cooperation in technological, marketing and management aspects of agriculture, better market access and trade facilitation on both sides, and investment in agro-processing joint ventures in Tanzania. SA can be instrumental in expanding Tanzania's export market in the rest of Africa and beyond.

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LIST OF ABBREVIATIONS

ACP	African, Caribbean and Pacific Island Countries
ACV	Agreement on Customs Valuation
AOA	Agreement on Agriculture
AU	African Union
ASYCUDA	Automated System for Customs Data and Management
COMESA	Common Market for Eastern African States
CIF	Cost, Insurance and Freight
EAC	East Africa Community
EU	European Union
FOB	Free on Board
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Countries
HS	Harmonized System of Tariff Classification
IMF	International Monetary Fund
ITC	International Trade Center
ISO	International Organization for Standardization
MDV	Minimum Dutiable Values
MFN	Most Favored Nation
NFCC	National Food Control Commission
SACU	Southern African Customs Union
SADC	Southern African Development Community
TANROADS	Tanzania Roads Agency

TAZARA	Tanzania-Zambia Railway Authority
TBS	Tanzanian Bureau of Standards
TCD	Tanzania Customs Department
TRC	Tanzania Railways Corporation
TPRI	Tanzania Pesticide Research Institute
UN	United Nations
WTO	World Trade Organization

COUNTRY PROFILE OF TANZANIA

1. INTRODUCTION

The United Republic of Tanzania constitutes of the union between the former Tanganyika and Zanzibar. Tanganyika gained its independence in 1961 while Zanzibar, comprising of the islands of Zanzibar and Pemba, gained independence in 1964, and the two nations united to form the union with two governments in 1964.

Tanzania is a country with a mix of densely populated cities and areas with high agricultural productivity, and vast unpopulated areas. Population pressures have had a deleterious effect upon the country's natural resources, ecology and growth rate. Urbanization is also a significant factor in the environmental challenges facing Tanzania. Widely practiced subsistence agriculture entails overgrazing and slash-and-burn techniques, both of which contribute to land and soil degradation, deforestation, desertification, and eventually contamination of water supplies by run-off topsoil and fertilizers. Timber exploitation exacerbates these already-pressing environmental challenges. Threats to natural habitats have caused decreasing biodiversity.

Significant measures have been taken to liberalize the Tanzanian economy with respect to market activities and encourage both foreign and domestic private investments. The government of Tanzania has embarked on an adjustment program to dismantle state economic controls and encourage more active participation of the private sector in the economy.

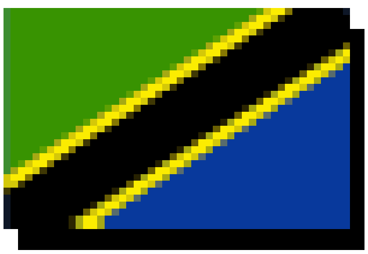
Tanzania also embarked on a major restructuring of state-owned enterprises. The program has so far divested 335 out of about 425 parastatal entities. Overall, real economic growth for Tanzania in 2003 was 4%, much better than the previous 20 years, but not enough to improve the lives of average Tanzanians. Also, the economy remains largely donor-dependent. Despite Tanzania's past record of political stability, an unattractive investment climate has discouraged foreign investment. Government efforts to improve the investment climate include reviewing tax codes, floating the exchange rate, licensing foreign banks and creating an investment promotion center to remove the red tapes. Moreover, in 2004, Tanzania's external debt amounted to an estimated $7.3 billion (World Fact Book). The servicing of this debt absorbs about 40% of total government expenditures. Tanzania has qualified for debt relief under the enhanced Highly Indebted Poor Countries (HIPC) initiative. Debts worth over $6 billion were canceled following implementation of the Paris Club VII Agreement.

The agricultural sector plays a crucial role in the economy of Tanzania contributing more than 40% to the GDP. The sector accounts for the majority of export earnings. Accounting for only 10% of GDP, Tanzania's industrial sector is the smallest sector in the country. It was hit hard during the 2002-2003 drought years that resulted in persistent power shortages as low hydroelectric power was generated by the dams. The main industrial activities are processed agricultural products, semi-processed raw materials and clothing and textile.

2. COUNTRY FACTS

Tanzania is in East Africa on the Indian Ocean. To the north are Uganda and Kenya; to the west, Burundi, Rwanda, and Congo; and to the south, Mozambique, Zambia, and Malawi. Tanzania contains three of Africa's best-known lakes—Victoria in the north, Tanganyika in the west, and Nyasa in the south. Mount Kilimanjaro in the north, 19,340 ft (5,895 m), is the highest point on the continent. The island of Zanzibar is separated from the mainland by a 22-mile channel. Dar-es-Salam is the former capital city and the largest city of the republic. Dodoma, located in the center of Tanzania, has been designated the new capital, although action to move the capital has stalled. The government type is republic. The country has 27 administrative divisions of which 21 are in the mainland, 3 on Zanzibar and 2 on Pemba.

The Tanzanian Flag.



The climatic conditions of Tanzania vary with geographical zone. The climate varies from the tropical along the coast to temperate in highlands. Rainfall varies from an average of 1,250 mm in the wettest 3 percent of the land area and 600mm in the central area of the country.

There are different languages used for communication in Tanzania. There are approximately 130 ethnic groups. Each ethnic group has its own language, but the national language is Swahlili, a Bantu-based tongue with strong Arabic borrowings. Swahlili and English are both official languages and Arabic is widely spoken in Zanzibar.

The population distribution in Tanzania is extremely uneven. Tanzania has a population of 36,766,365 (July 2005) with a population growth rate of 1,83%. More than 80% of the population is rural. About 45% of the mainland population is Christian, while 35% is Muslim and about 20% follow traditional religious beliefs. The total area including inland water and Zanzibar is 945.234 sq. km (365, 00 sq. miles), of which 886,040 sq. km is land and 62,050 sq. km is water. Tanzania is one of the poorest countries in the world. Per capita income in 2005 is estimated to be at about US$ 270 per year. Life expectancy at birth dropped from 50 years in 1990 to only 43 years in 2002, but increased again to 47 years in 2004. Infant mortality remains relatively high with 85 per 1,000 in 2004 (102 in 1990). Poverty remains a major problem in rural areas where 80% of the poor population lives and is the highest among households who depend on agriculture.

Tanzania Map

3. HISTORICAL OVERVIEW

The modern Tanzanian state is formed from the former colony of Tanganyika, on the mainland, and the former Protectorate of Zanzibar. Tanganyika was first a German colony, then a League of Nations mandated territory under British administration and later a UN trust territory, remaining under British control. Tanganyika became independent in 1961, Zanzibar in 1963. In 1964 the two nations merged into the United Republic of Tanganyika and Zanzibar. The name was changed to Tanzania after six months to United Republic of Tanzania.

The political situation of Tanzania is peaceful and stable with few tribal or regional divisions. Politically, it is one of the most stable countries in Africa. Benjamin Mkapa the president of Tanzania was elected with 62% of the vote in Tanzania's first multi party elections in 1995. He was reelected in 2000 and, in October 2005, the current president **Jakaya Mrisho Kikwete** took office. The President is the Head of State for a maximum of two terms in office. Zanzibar and Dar-es-Salam are the main cities in Tanzania. Zanzibar has its own president and parliament, and is located 35 kilometers from Tanzania Mainland.

4. ECONOMIC OVERVIEW

Tanzania is one of the Least Developed Countries. In 2004 the country's nominal per capita GDP was $270 (SADC review) equivalent to purchasing power parity of $700 (The World Fact-Book 2005). The Tanzania economy depends on agriculture, which accounts for 43% of GDP, provides 85% of exports, and employs 80% of the total work force. Other contributors include manufacturing (8.6 percent), internal trade (16.6 percent), transport and communication (5.5 percent), mining and quarrying (17 percent) (SADC review) and other sectors contribute the rest. In 2004, electricity and water grew by 4.9 percent, financial and business services sector grew by 4.4 percent, while public administration grew by 4.1 percent. Real growth for the year 2005 was 5.8 percent, which is relatively high in Africa. The monetary unit used in the country is Tanzanian shilling.

The industries produce agricultural inputs (fertilizer, farm tools), processed agricultural products (cigarettes, canned meat, beer, pyrethrum and shelled cashews) or aim at import substitution (textiles and garments). Gold, diamonds and gemstones are the most important minerals. Mining is also attracting new foreign investors. Tanzania's exports are made up of agricultural goods and diamonds and other gemstones. The principal imports are consumer goods, machinery, transportation equipment, foodstuffs, refined petroleum, and chemicals. Region-wise, Europe supplies about 30%. African countries supply about 20%, Asian countries 15% while USA and the rest of the world supply about 35% of all Tanzania's imports. The leading trade partners are the European Union countries, Japan, Kenya, India, and the United States.

Tanzania has achieved significant progress in reforming the banking and financial institutions, which is highlighted by the fact that it has contained inflation rate from a high of 30%, ten years ago, to a single digit of 4.7 in 2004.

4.1 Economic Indicators

The table below compares Tanzania and South Africa with respect to macro-economic and demographic indicators (Data is for 2004, unless otherwise stated)

Table 1: Macro-economic and demographic indicators

Indicator	Tanzania	South Africa
GDP-purchasing power parity	$23.71 billion	$491.4 billion
GDP-real growth rate, 2003	5.7%	3.5%
GDP- composition by sector Agriculture Industry Services	 43.2% 17.2% 39.6%	 3.6% 31.2% 65.2%
Population below poverty line	36% (2002)	50%
Population	36,766,356 (July 2005 est)	44,344,136 (July 2005 est)
Population growth rate	1.83% (2005 est)	-0.31% (2005)

Labour force	19 million (2004 est)	16.63 million economically active
Labour force by occupation Agriculture Industry and service	 80% (2002 est) 20% (2002 est)	 30% (1999) 70% (1999)
Unemployment %	NA	26.2%
Household income or composition by percentage share lowest 10% Highest 10%	 2.8% 30.1% (1993)	 1.1% 45.9% (1994)
Inflation rate (Consumer price)	5.4% (2004 est)	3,5% (2004)
Electricity production	2.727 billion kWh (2002)	202.6 billion kWh (2002)
Electricity consumption	2.566 billion kWh (2002)	189.4 billion kWh (2002)
Exports	$1.248 billion f.o.b	$41.97 billion f.o.b
Imports	$1.972 billion f.o.b	$39.42 billion f.o.b

Source: The World Bank Group; The CIA World fact book 2004
: World development indicators database August 2004

5. INFRASTRUCTURE

5.1 Transportation

Highways:
Tanzania has a total of 88,200 km of road of which 3,704 km are already paved and 84,496 are not paved (1999 est). The island of Zanzibar has 619 km of roads, of which 442 are bituminized, and Pemba has 363 km of which 130 km are bituminized. The formation of Tanzania Roads Agency (TANROADS) has improved road maintenance in Tanzania.

Railways:
Tanzania has about 3,690 kilometers of railway lines (1999 est). There are two railway systems, running on different gauges, which are Tanzania Railways Corporation (TRC) and Tanzania-Zambia Railway Authority (TAZARA). The One links Dar-es-Salam with northern Tanzania and Kenya. The other links Dar-es-Salam to Zambia.

Air Ports:
Tanzania has a total of 123 airports (2004 est). There are 11 airports with paved runways and 112 airports with unpaved runways. There are three international airports situated at Dar-es-Salam, Kilimanjaro and Zanzibar.

Waterways:
Lake Tanganyika, Lake Victoria and Lake Nyasa are principal avenues of commerce with neighboring countries

Sea and Inland water:
Tanzania's main ports are at Dar-es-Salaam, Mtwara, Tanga and Zanzibar. They are managed by Tanzania Harbour Authority. Dar es Salaam is a natural deepwater harbour and is the largest in the country.

5.2 Communication

Telephone lines in use (2003):	149,100(2003)
Mobile Cellular (2003):	891,200 (2003)
Telephone line –domestic:	trunk service provided by open-wire, microwave radio relay, tropospheric scatter, and fibre-orptic cable
Telephone system-international:	country code – 255; Satellite earth stations -2 Intelsat (1 Indian Ocean and 1 Atlantic Ocean Region)
Radio broadcast stations:	AM12, FM 11, shortwave 2 (1998)
Television broadcast stations:	3(1999)
Internet country code:	.tz
Internet host:	5,534 (2003)
Internet users:	250,000

6. MEMBERSHIP OF INTERNATIONAL ORGANIZATIONS

Tanzania is a member of

- Southern African Development Community (SADC)
- Is a founder member of East Africa Community (EAC)
- Commonwealth of Nations
- World Trade Organization (WTO)
- African Union (AU)
- United Nations (UN)
- and Africa Caribbean Pacific (ACP) states of the Cotonou Agreement.

6.1 Regional initiatives and integration

Tanzania is a former member of the Common Market for Eastern and Southern Africa (COMESA), from which it withdrew in 2000. Prior to this date, Tanzania participated actively in the COMESA programs and had reduced its preferential tariff rates offering 80% reduction of duty for COMESA imports. It is however still a member of the East

Africa Community (EAC) and the Southern African Development Community (SADC). East Africa Community is a regional organization comprised of Kenya, Uganda and Tanzania. The trade policy agenda of the EAC aims at turning the three partner countries into a single investment and trade area, in order to increase the volume of trade among them and with the rest of the world. The ultimate goal is to promote rapid economic growth and development, generate employment and uplift the standard of living of the East African people.

6.2 Bilateral Agreements

At a bilateral level, Tanzania has concluded bilateral agreements with Germany, Netherlands, Switzerland and the United Kingdom in order to promote and protect foreign direct investment. It has also signed treaties with Denmark, India, Italy, Norway, Sweden and Zambia to avoid double taxation. Tanzania is a participating member of the June 2000 partnership between African, Caribbean and Pacific States and the European Union. Under this agreement, the two parties are expected to conclude WTO compatible trading arrangements to take effect no later than 1 of January 2008. The partnership is valid for 20 years and subject to review once every five years.

6.3 Multilateral Agreements

At the multilateral level, Tanzania is committed to the multilateral trading system since January 1995 when Tanzania became a member of the World Trade Organization. As a least developed country, Tanzania benefits from a transition period to implement a number of its commitments under various WTO Agreements.

7. TANZANIA AGRICULTURE PROFILE

7.1 General

Agriculture is the major economic activity in Tanzania. The economy of Tanzania depends largely on agriculture. The country's GDP was US$ 9.9 billion in 2003, and the value added in agriculture was 43.4% of GDP.

The agricultural sector continues to lead the economic growth, in spite of the recent emergence of new high-growth sectors of mining and tourism, and it continues to have the highest impact on the levels of employment and poverty. Small-scale subsistence farmers comprise more than 90% of the farming population, with medium and large-scale farmers accounting for the other 10%. Agriculture is the main source of food supply and raw materials for the industrial sector, as well as the major market for industrial goods and services. The sector produces and exports value added products such as textiles and yarn, processed coffee and tea, sisal twine and ropes, paper and chemical products. It has linkages to agro-processing, consumption and exports.

The major constraint facing the agriculture sector is the falling labour and land productivity due to application of poor technology and dependence on irregular weather conditions. Both crops and livestock are adversely affected by periodic droughts. Irrigation holds the key to stabilizing agricultural production in Tanzania and improves food security, increases farmer's production and incomes, and also allows production of higher value crops such as vegetables and flowers.

Farmers are free to sell their crops to cooperatives or private traders. Due to competition among input suppliers, normal producer prices for food and export crops have decreased, as such, farmers can now sell their produce much faster. Farmers are no longer confined to a single source for their essential inputs for crops and livestock. However, poor farm-gate pricing and unreliable cash flow among farmers continue to frustrate the agricultural sector. The government recognizes the pivotal role of the agricultural sector both in terms of economic growth and poverty reduction.

7.2 Main Agricultural Products - Crops

There are two product categories namely food and cash crops. Major food crops include maize, paddy (rice), sorghum, wheat, beans, cassava, potatoes and sugar cane. Maize is the dominant crop with a planted area of over 1.5 million ha during recent years, followed by paddy with more than 0.5 million ha over recent years. The main agricultural products imported are wheat and palm oil. Major cash (export) crops are coffee, cotton, sisal, tobacco and pyrethrum. In 2001 they represented 41% of all agricultural exports. Other agricultural products exported are cowpeas, sunflower seeds, soybeans, wine grapes, palm seed oil, copra, cut flowers, fruits and vegetables.

7.3 Livestock

Tanzania is among the top three African countries having the largest livestock population. Other two are Ethiopia and Sudan. Livestock keeping contributes an average of 7% of the country's GDP and about 16% of the country's agricultural produce. Its annual growth stands at an average of 2.4%. Tanzania has a large number of livestock although exports of animal products such as meat and animal fat are insignificant. This is due to lack of meat canning and packaging industries as well as quality and sanitary standards.

Tanzania's figures of livestock for 2003 and 2004 are summarized below:

Table 3: Tanzania's Livestock Figures

Livestock	Number of heads (2003)	Number of heads (2004)
Cattle	17,704,000	17,800,000
chicken	30,000	30,000
Goats	12,556,240	12,556,240
Ducks	1,320	1,320
Pigs	455,000	455,000
Sheep	3,521,231	3,521,000

Data source: FAO stats

7.4 Agricultural Production Factors

7.4.1 General

Tanzania has an estimated 43 million hectares of land suitable for agriculture. It is well endowed with a variety of crops farmed under various climatic and agro-ecological conditions. A large population of Tanzanians practice agricultural activities on a small-scale basis. Twenty percent of the land is suitable for agriculture but not cultivated. Shifting agriculture is the most frequent method of farming. Fifty percent of the land is used for grazing, and conflicts between pastoralists and cultivators are common. Forests and woodland make up 43 percent of the land area. In the medium and long-term, Agriculture will continue to play a central role in Tanzanian's economy.

There are a number of constraints, however, that are hampering the production and growth of the agricultural sector in Tanzania. Some of the constraints are:

- **Technological development and transfer** includes: poor crop management, old fashion animal husbandry practices, continued use of hand tools (80-85%), continued dependence on rainfall for agriculture, high/unaffordable cost of modern technology, high production cost and unreliable supply of inputs caused by infrastructure bottlenecks.
- **Agricultural research** is not well organized and is poorly financed. It includes weak linkages between agents of research and development and potential users. However, the government makes an effort to work closely with the farmers. Research in agriculture still has a low priority at the national level.
- **Infrastructure** includes transportation, storage, etc. Transportation systems are poor and storage system is also inadequate. So the marketability of crops is low.
- **The gender** aspects involve inequality of labor supply. Women do most of agricultural activities in rural areas.
- **Marketing and pricing policy** are very poor leading to non-or very little profit to farmers; there is also weak market infrastructure (market information, i.e. prices and input costs, availability of transport and storage facilities).
- **Macroeconomic policy** related to taxes is said to be excessive and budgets are unrealistic. Rural credits are not readily available. There is a lack of information on available resources and a lack of incentive for innovation.

7.4.2 Water Resources and Use

Tanzania's total renewable water resource amounts to 93 km^3/yr, of which 84 km^3/yr is internally produced and 9 km^3/yr is the accounted flow of the Ruvuma River, which flows on the border between Tanzania and Mozambique. Renewable groundwater resources are estimated at 30 km^3/yr, of which 26 km^3/yr is considered to be an overlap between surface water and groundwater. The three lakes of Tanzania also form borders with the neighboring countries and therefore they are shared water sources. Total water withdrawal in mainland Tanzania was estimated for the year 2002 to be 5,2 km^3.

Agriculture consumes the largest share with 4,6 km^3 (almost 90% of total) of which 4,4 km^3 for irrigation and 0,207 km^3 for livestock, while the domestic sector uses 0,6 km^3.

7.4.3 Land

Tanzania has a surface area of 945 090 km² of which 7 percent is water. In 2001, 4.7 million ha of land were used for cultivation and 38 million ha were either grazing land or under forestry. Of the 43 million hectares of arable land, between five and ten percent is permanently cultivated.

The following table is a summary of land use in 2001 and 2002.

Table 2: Tanzania's Land Use

Land Uses	Year		Percentage
	2001	2002	2001 & 2002
Total area (1000ha)	94,509	94,509	100
Land Area (1000ha)	88,359	88,359	93
Arable & Permanent Crops (100ha)	5,100	5,100	6
Arable Land (1000ha)	4,000	4,000	5
Permanent Crops (1000ha)	1,100	1,100	1
Permanent Pasture (1000ha)	35,000	35,000	40
Agricultural area (1000ha)	40,100	40,100	45

Data source: FAO stats

7.5 Agricultural Policy

For many years, Tanzania's agricultural policies were based on government control of trade and production. Insufficient state funds to back up centralized and interventionist policies caused a decline in agricultural output. The sector has been substantially liberalized and market forces have been allowed to prevail. The government has withdrawn from direct involvement in production, processing and marketing and has retained only its role in setting policies. The government will continue to act as a coordinator and adviser to donors, but developmental assistance will increasingly be channeled through non-governmental organizations or direct to the beneficiaries.

The overall agricultural policy of Tanzania recognizes the need to improve agricultural Technologies and practices to enhance productivity. Therefore labor-augmenting technology is a key to agricultural development. As a policy, the government will establish an information system on farm implements, machinery and equipment. Tanzania's main agricultural policy objectives are:

- To ensure basic food security for the nation and increase nutritional standards.
- To improve standards of living in rural areas through increased income from Agriculture and livestock.

- To increase foreign exchange earnings for the nation by increased production and exportation of cash crops.
- To produce and supply raw materials required by the local Industries both from crops and livestock.
- To develop and introduce new technologies to increase the productivity of labour and land.
- To promote integrated and sustainable use and management of natural resources.
- To develop human resources within the sector in order to increase the productivity of labour.
- To provide support services to agricultural sector.
- To promote specifically the access of women and youth to land, credit, education and information.

7.5.1 Sanitary and Phytosanitary Standards

Technical barriers to trade, such as Sanitary and Phytosanitary measures and other standards are used as instruments of trade policy to authenticate the quality and specification of imports and exports in conformity with safety requirements and regulations that largely aim at consumer protection. In Tanzania, the Ministry of Agriculture and Cooperatives is responsible for the inspection and certification of all plants and plant products. The Plant Protection Division is charged with enforcement of the Plant Protection act of 1997. Domestic products are not subject to phytosanitary certification unless there is a localized pest outbreak in certain region. All imports are subject to inspection and certification.

The Ministry of Agriculture and Cooperative's Zoo-Sanitary Inspector is responsible for inspection and certification procedure relating to heath and sanitary regulations under the Animal Ordinance Cap 156. Under this accord, domestic and imported products are treated identically, although importers must receive an import permit and an international zoosanitary certificate. The regulations apply to animals (domestic and wild), fish, bees and animal products. The following products are affected by these regulations:

- Products destined for human consumption such as
  -Egg products, milk products and honey.
- Products destined for use in animal feed such as
  - Meat meal, fish meal, liver meal, bone meal and others intended for use in animal feed.
- Products destined for industrial use
  -Raw hides, skins, hooves for fertilizer of animal origin and other products intended for industrial use.

8. TRADE AND TARIFF POLICIES

The most recent WTO trade policy review of Tanzania on its own took place in 2002. In 2006 another trade policy review was conducted together with other EAC members, Kenya and Uganda. The content of this section is largely based on the reports submitted by the Tanzanian Government and the WTO Secretariat in these two reviews.

Trade policy in Tanzania is primarily mandated to the Union Government. International trade agreements responding to development at the regional level and in the multilateral trading system are, therefore, binding on the Union as well as the Zanzibar governments. However, Zanzibar has a large degree of autonomy in deciding on specific export promotion and development measures that do not impinge on trade policy obligations resulting from international agreements.

Politically, Tanzania has enjoyed democratic elections and change of government over the past 45 years of its independence. The fourth successive change in government led to the inauguration of a new government in January 2006. The current government was elected on the premises of deepening socio-economic and political reforms, reiterating commitment to liberalisation of trade and policies affecting business and investment. Measures to entrench good governance and tackle corruption are under way. The investment climate is improving steadily, resulting in a steady increase in investment flows. Foreign Direct Investment (FDI) increased from US$ 172 million in 1998 to US$ 260 million in 2004.

Economic reforms under IMF created an increase in GDP growth crucial for the realization of poverty reduction goals. The country's report to the WTO indicates a GDP growth rate of 6.7% in real terms for 2004 compared to 5.7% in the preceding year. Tanzania needs 8% GDP growth rate to achieve its Millennium Development Goals. Agriculture remains the backbone of the economy with 80% of the population depending on the sector for their livelihood. The sector accounts for 46% of GDP, and grew by 6% in 2004.

The agricultural export sector has shown improving performance based on growth of non-traditional exports over the past six years. Involvement in regional trading arrangements and simplified tariff and customs procedures, in general, is leading to increased trade flows. Exports of merchandise goods experienced a larger growth of 18% in 2004. Imports are also increasing in line with the demands of rapid growth, especially in the mining and tourism services sectors.

The first market oriented national trade policy was adopted by the Government in 2003. The policy addresses all elements of trade development and growth. It focuses on stimulating a process of export led growth based on structural transformation and production as well as market diversification, bearing in mind the importance of inclusiveness of the poor and the disadvantaged in mainstream economic activity. The approach is that of strategic trade liberalization combined with export development. The policy also emphasizes the importance of proactive engagement in multilateral and bilateral trade negotiations.

Extensive reforms over the past 20 years have focused on the systematic removal of restrictions. The Board of External Trade (BET) and the Ministry of Industry, Trade and Marketing are the key public institutions spear-heading the export-development, promotion and facilitation process. The Tanzania Bureau of Standards is building capacity for conformity to international standards through accredited laboratories on SPS requirements and other quality standards. BET advises and supports exporters in responding to product and market development issues in line with objectives for economic diversification and export expansion.

The Export Processing Zone (EPZ) and Special Economic Zones are the primary policy instruments for the realization of export development objectives. Key features of the EPZ programme include a corporate tax rate of 0% for 10 years and exemptions from withholding local taxes as well as exemption from pre-shipment inspection. Sectors that are particularly encouraged are: agro-processing; fish processing; leather and wood.

A large proportion of Tanzania's exports face no customs duties, either because the products exported do not incur tariffs or because of the preferences. In 2003, 82.7% of Tanzania's exports went to OECD countries, two thirds of which faced no tariffs. OECD countries provide significant preferences to Tanzania. Key markets are the EU (under GSP, Cotonou, or EBA), USA (under GSP and AGOA) and Japan (under GSP). In 2003 Tanzania exported from all sectors US$ 465.3 million duty free to the EU, US$ 13.8 million to the US and US$ 92.4 million to Japan. These exports constitute about 50% of total exports. Virtually, all exports to Japan were eligible to preferential treatment. Therefore, preference erosion is a matter of concern for Tanzania.

Tanzania was a party to the GATT, is a founding member of the WTO and plays an active role in ongoing negotiations, and is implementing the obligations arising thereof. Tanzania has bound 755 tariff lines at 120% predominantly agriculture. However, the actual applied rates are considerably lower. As an LDC, Tanzania is exempt from tariff reduction commitments and is eligible for concessions made to this group for capacity building necessary for the country to participate effectively in the multilateral trading system. All agricultural tariffs are currently bound at 120%. Average agricultural tariffs consequent to tariff harmonization under EAC is at 22%. Tanzania provides very little domestic support and there are no export subsidies.

Tanzania, together with Kenya and Uganda are founding members of the East African Customs Union (EAC), which entered into force in January 2005 and will become fully effective within five years. Its primary purpose is simplification and harmonization of import policies and tariffs as the community moves towards a common external tariff.

The internal tariff structure comprises of three band structure: 0% tariff for raw materials, 10% for intermediate goods and 25% for finished goods. All tariffs are ad valorem. There is a provision for asymmetry in tariff reductions among EAC members, over the transition period of five years, to take into account the different levels of development among the three states. Implementation of EAC has resulted in reduction of the average tariff rates to 12.3%. In addition, all quantitative restrictions, suspended duties and minimum dutiable values have been removed.

The average tariff on agricultural goods (WTO definition) remains relatively high (19.7%), against 11.9% on non-agricultural products. Using the ISIC (Revision 2) definition of sectors, agriculture, hunting, forestry, and fishing is the sector with the highest tariffs (17.3% on average), followed by manufacturing (12.8%), and mining and quarrying (5.8%). About 99% of all tariff lines carry rates of 0%, 10%, or 25%. Some 58 tariff lines carry higher rates, mainly on dairy goods, wheat, and sugar. For eleven lines, applied tariffs are compound and could exceed bound ad valorem rates, depending on the unit import price of the product.

In aggregate, the EAC's tariff shows a pattern of mixed escalation, negative from the first stage of processing (with an average tariff of 13.5%), to semi-finished products (with an average of 10.1%), and then positive to fully processed goods, on which tariffs average 14.4%. This structure reflects the relatively high tariff protection for agricultural commodities in particular. Further simplification of the tariff structure through, inter alia, reduction of rates on agricultural commodities, should reduce the need for concessions, introduce more transparency in the tariff regime, and make it more neutral, and hence less distorting[1]. In addition to tariffs, Tanzania charges a destination inspection fee of 1.2% and a customs processing fee of US$10. There is 20% VAT applicable to all purchases.

Memberships in overlapping preferential arrangements, notably the combination of free-trade area (e.g. SADC) and customs unions (e.g. EAC), makes the Tanzania's trade regime complex. EAC rules allow each member to sign bilateral agreements, subject to notification to the other members. However, implementation of such agreements seems to be a problem for Tanzania. Six years past the implementation of SADC Trade Protocol, Tanzania has not yet started with tariff phase down. Initially the problem was membership in COMESA from which she withdrew, and presently, tariff reduction under EAC is not compatible with the SADC requirements.

8.1 Trade Regulations

8.1.1 Measures directly affecting imports

a) Registration and documents

Tanzanian importers must be registered according to the requirements of the Automated System for Customs Data and Management (ASYCUDA), which has been implemented by Tanzania. Currently Tanzania's importers are using importers' tax identification number for this purpose. An entity can obtain an importer registration if it has a business license from the Registrar of Companies. Occasional importers can also be issued an identification number.

8.1.2 Inspection, customs valuation and customs clearance

a) Pre-Shipment Inspection

The Government of Tanzania introduced the PSI program in current format during October 1992. The Tanzania Revenue Authority administers the program. Under this program only one inspection company, COTECNA INSPECTION S.A. is authorized to

[1] WTO Report on EAC - 2006

take this responsibility for all countries exporting to Tanzania. The PSI program requires that all goods imported into Tanzania be subject to pre-shipment inspection, except those specifically exempted.

Some goods, however, such as rice, crude or refined cooking oil, sugar, wheat flour and other goods of any value, may be subjected to compulsory pre-shipment inspection from time to time upon the instructions of the Government. To mention a few, the following goods are exempted from pre-shipment inspection: live animals, fresh, chilled or frozen fruits and vegetables, fish or meat or eggs, household and personal effects, parcel posts and commercial samples.

COTECNA is responsible for inspecting all imports of an f.o.b value of over US$5,000. It conducts quality and quantity inspections, determines customs valuation and classification , as well as import eligibility (checking for proper labeling and expiration date, and ensuring that an item is not a prohibited good) and payable duty and tax.

b) Customs Valuation

Customs valuation in Tanzania is based on the findings of the inspecting firm (COTECNA) which is required to undertake pre-shipment inspections on all imported goods whose value exceeds USD 5,000.00. Consistent with the rules of the World Trade Organization (WTO) of which Tanzania is a member, the procedure for valuation of goods for taxation purposes has changed effectively from January 2001.

The procedure currently in use is known as "Agreement on Customs Valuation (ACV). This procedure has replaced the Minimum Dutiable Values (MDV) which was used previously in Tanzania except for Sugar, which is governed by a special agreement between the government and the investors. The ACV lays down six methods of Customs Valuation including the transaction value of imported goods; the transaction value of identical goods; the transaction value of similar goods; the deductive value; the computed value and the fall-back method. The transaction value method is used whenever possible. The alternate methods are only used when the conditions set for the transaction value method are not met.

ACV provides for a new system of valuing goods for customs purposes which is fair, uniform, neutral and conforms to commercial realities. It prohibits the use of arbitrary or fictitious customs values.

8.1.3 Tariffs, Other Levies and Charges

a) Nature and Level of MFN Duties

Tanzania applies an eight digit tariff nomenclature based on the harmonized commodity description and coding system. The import duty reform undertaken in the Finance Act of 1999 has led to a simplified structure of four bands. Import duties and value added tax (VAT) are levied on all Tanzanian imports, unless otherwise exempted. *Ad valorem* import duties are levied on the c.i.f. (cost, insurance and freight) value of goods imported into the country.

The current tariff structure has four tariff bands: 0%, 10 percent, 15 percent and 25 percent. The zero rate applies to agricultural tractors, inputs for agriculture, animal husbandry and fishing, and livestock. It also applies to raw materials, capital goods and replacement parts. Ten percent is charged on semi-processed inputs and spare parts other than for motor vehicles. The 15 percent rate is charged on fully processed inputs. The 25 percent rate is charged on final consumer goods.

Tanzania grants at least most–favored-nation (MFN) treatment to all countries. She does not apply any seasonal duties, tariff quotas, or variable levies. Domestic taxes (VAT and excise taxes) are also levied on imports.

b) Tariff Preferences

Under EAC framework, Kenya and Uganda benefit from tariff preferences on exporting to Tanzania.

Members of Southern African Development Community will benefit from preferential tariff treatment, when Tanzania starts implementing SADC Trade Protocol.

8.1.4 Contingency Trade Remedies

a) Anti-dumping, Countervailing and Safeguard Measures

Tanzania has no legislation in respect of anti-dumping, countervailing, and safeguard measures although efforts are under way to expand the legislative infrastructure dealing with these trade issues. The government of Tanzania intends to introduce these measures in future.

8.1.5 Standards and Other Technical Requirements

a) Standardization, Testing and Certification

The Tanzanian Bureau of Standards (TBS) is the agency responsible for standards, labeling and certification issues. The TBS is a parastatal entity operating under the Ministry of Industry and Trade. TBS is a member of the International Organization for Standardization (ISO) as well as the Codex Alimantarius of the United Nations Food and Agricultural Organization.

There are 572 published Tanzanian standards. Of these, 105 are adopted from ISO/IEC standards and approximately 400 are voluntary standards. Tanzanian standards requirements do not distinguish between imported and domestically produced goods. Domestic products and imported products must meet Tanzanian standards of conformity. Upon conformity, Tanzanian products are issued a TBS mark certificate, and imports are issued a batch certificate. A certificate of conformity must accompany every import consignment. The certificate fee is 0.2% of the cost and freight. If there is no certificate, the TRA will hold the goods until they have been tested and conformity is confirmed.

TBS fully recognizes the testing procedure performed by its counterpart organizations in exporting countries. TBS generally does not test exports unless specifically requested by the exporter.

Labeling and packaging requirements are not harmonized in Tanzania. Regulating entities include TBS, the Tanzania Pesticide Research Institute, the Pharmacy Board and the National Standard Mark of Quality to foreign and the National Food Control Commission.

8.1.6 Prohibitions, quantitative restrictions and licensing

Tanzania maintains a very limited number of import restrictions. The restrictions currently in force are retained for health, security, or moral reasons, and concern products such as arms and ammunitions, explosives, military equipment and narcotic drugs. Items that require a specific import license for health reasons, from the Ministry of Agriculture include livestock, meat and edible offal, live trees and other plants, edible fruits, nuts and vegetables, roots and tubers.

8.1.7 Other Trade Barriers

Previously, Tanzania used non-tariff trade barriers to protect local industries and its internal market. However, after liberalization of trade, tariff barriers have been adjusted to serve this purpose.

Despite the existence of regulations and laws, the Customs Department and the port authorities are the greatest hindrance to importers throughout Tanzania. Clearance delays and extra-legal levies are commonplace when dealing with the Tanzanian Customs Department. According to the information received from the websites (startegis.ic.gc.ca) corruption is also a serious concern that can be a deterrent for investors. These hindrances can also cause unpredictable delays when importing goods into the country.

9. TRADE STRUCTURE AND PRODUCT ANALYSIS

9.1 SOUTH AFRICA'S AGRICULTURAL EXPORTS TO TANZANIA

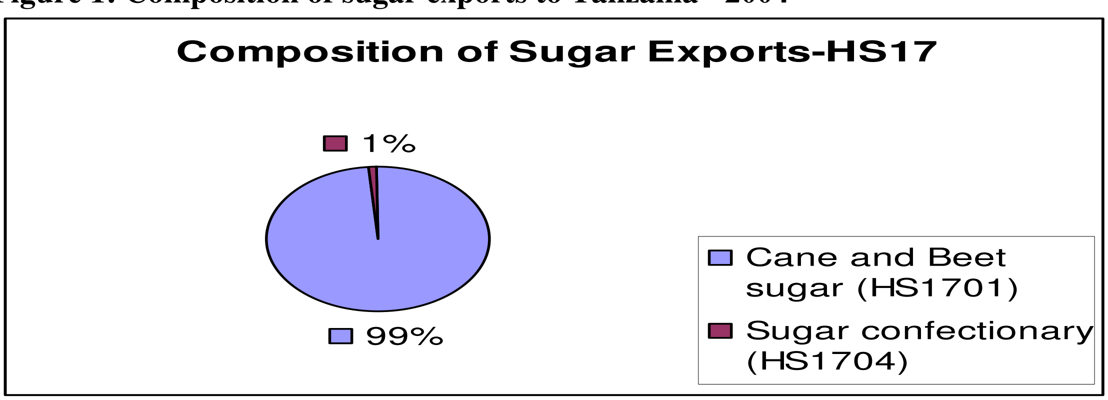
The data used in this analysis is obtained from the World Trade Atlas (2005). The International Trade Center is also used to complement the data used in this study. The analysis shows three leading agricultural products from South Africa exported to Tanzania's market. These products are *Sugar and Sugar Confectionary (HS17), Beverages, Spirits and Vinegars (HS22) and Cereals (HS10).* Table A of Annex 1 shows a complete list of the agricultural exports, including their HS codes, product description and a corresponding Rand Value of the exports for the year 2004. The products are ranked in order of trade value. Table A (Annex 1) shows that an estimated total value of R155,1 million was generated from the exports of agricultural products in 2004. The product selection is based on the definition of agricultural products covered by the WTO Agreement on Agriculture. The three leading agricultural products exported to Tanzania which serve as the basis for export analysis are discussed in detail below.

9.1.1 Sugar and sugar confectionary (HS17)

In 2004 sugar and sugar confectionary (*HS17*), represented the largest category of agricultural exports to Tanzania. An estimated total of about 36 million kilograms of sugar and sugar confectionary were exported to Tanzania at an average price of R1.61/kg. These products generated an estimated R58 million worth of revenue to South Africa's exporters. Comparing the trade data of 2004 with that of 2002 to 2003 indicates that exports of sugar and sugar confectionary to Tanzania has declined by 45% from 2002 to 2003 and grew by 146% from the year 2003 to 2004.

Within the category of sugar and sugar confectionary (HS17), the leading export products at *HS4* are cane sugar (HS1701) and sugar confectionary (HS 1704). Cane sugar (HS1701) accounts for 99% of South Africa's total exports to Tanzania. The two leading products which provide the basis for trade analysis within this category are explained in detail below. The composition of sugar exports is shown in the figure 1 below.

Figure 1: Composition of sugar exports to Tanzania - 2004



(a) Cane and beet sugar (HS1701)

Cane sugar represents approximately 99% of Tanzania's total imports of sugar from South Africa. Trade data of cane and beet sugar for the year 2001 to 2004 indicates that trade between the two countries is not stable. In 2002 an estimated 17 million kilograms of this product was exported and only 13 million kilograms were exported in 2003. The exports of these products rose to 35 million kilograms in 2004.

Further analysis at HS 6 digit level shows that this category is dominated by exports of refined sugar (HS170199) in solid form, raw sugar cane (HS170111) and refined sugar, in solid form, containing added flavor or color matter (HS170191). Within these products, the dominating product is refined sugar (HS170199) and it accounts for approximately 80% of the total Tanzania's imports.

Table 4: South Africa's export performance of product code *HS170199*

	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004
Value of Trade (millions of Rand)	35.345	17.898	46.698
Quantity Traded (kilograms)	14,707,917	11,252,833	29,508,189
Average Price (Rand per kilogram)	2.4	1.59	1.58
Growth/decline in Value traded (relative to the previous year)	-4.1%	-49%	160%

Source: world Trade Atlas-2005

As it is shown in Table 4 above, the export growth of sugar in 2004 may be correlated to the decline in price of sugar from R2.4/kg to R1.58/kg.

Trade map analysis shows that South Africa has the capacity to supply an estimated 350 000t of refined sugar (HS170199) to the world. Tanzania import demand for this product during the same period amounted to 100 000t. Of this demand South Africa supplied approximately 30 000t of refined sugar. This data indicates that the potential trade between Tanzania and South Africa is quite significant at an estimated 70 000t. The data reveals further that at the same period there were no imports of this product from Tanzania to South Africa.

A trade map analysis shows that South Africa is the largest exporter of cane sugar to Tanzania, accounting for approximately 28% of Tanzania's total imports. South Africa's competitor in Tanzania's market for refined sugar is Thailand. In 2004 Thailand accounted for 13% of Tanzania's market share.

Exporters face the following trade barriers for this product (HS17019910) to Tanzania:

- MFN duties (Applied) -100%
- Preferential tariff for Kenya-0%
- Regional tariff preference (COMESA) for Uganda-0%
- Preferential tariff for SADC countries-15%
- Preferential tariff for South Africa-20%

(b) Sugar Confectionary, No cocoa added (HS1704)

In 2004, sugar confectionary represented the second largest category of exports within the sugars nomenclature. Even though sugar confectionary was ranked the second products exported to Tanzania, their export figures to Tanzania are very small. The trade data indicates that an estimated 37 000 kilograms of these products were exported to Tanzania at an average price of R15.17/kg. In value terms, R565 000 worth of revenue were generated from this products and it accounts for approximately 1% of Tanzania's imports of sugar (HS 17). The trade data for the past three years (2002 to 2004) indicates that the exports of sugar confectionary to Tanzania are declining. In 2002 an estimated 223 000 kilograms of sugar confectionary was exported and only 156 000 kilograms in 2003. The 2004 decline in exports to Tanzania is attributed to the sharp rise in price. The price of sugar was three times higher in 2004 than in 2003.

A trade map analysis at HS 6 digit level indicates that this category is dominated by the exports of Sugar confectionery (including white chocolate), not containing cocoa (HS170490). This product accounts for approximately 98% of Tanzania's total imports within this subcategory from South Africa. The table below shows the export performance of this product for the period 2002 to 2004. Trade between the two countries declined in value by 45% in 2002 and grew by 41% in 2003. The decline in value in 2004 is correlated to a rise in price from R4.34/kg in 2003 to R15.49/kg in 2004.

Table 5: Export performance of product code (HS170490)

	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004
Value of Trade *(millions of Rand)*	0.469	0.66	0.555
Quantity Traded *(kilograms)*	74,672	151,939	35,852
Average Price *(Rand per kilogram)*	6.28	4.34	15.49
Growth/decline in Value traded (relative to the previous year)	-45%	41%	-16%

Source: world Trade Atlas-2005

Trade map analysis also confirms that South Africa has the capacity to export a total amount of 3500t of sugar confectionary (HS170490) to the world. In 2004, Tanzania's import demand of this product totaled 295t and South Africa has been able to supply about 40t. The difference which amounts to 255t indicates the potential trade between the two countries. Over the same period in 2004, Tanzania's exports of this product to South Africa amounted to 15t.

Kenya and Pakistan are South Africa's biggest competitors in Tanzania's sugar confectionary market. In 2004, Kenya exported an estimated amount of 75t to Tanzania, and Pakistan exported about 60t. South Africa is ranked the third exporter of this product to Tanzania and has a market share of about 14%.

Exporters face the following trade barriers for this product (HS17049000) to Tanzania:

- MFN duties (Applied) -25% ad valorem tariff
- Regional tariff preference (COMESA and EAC) for Uganda-0%

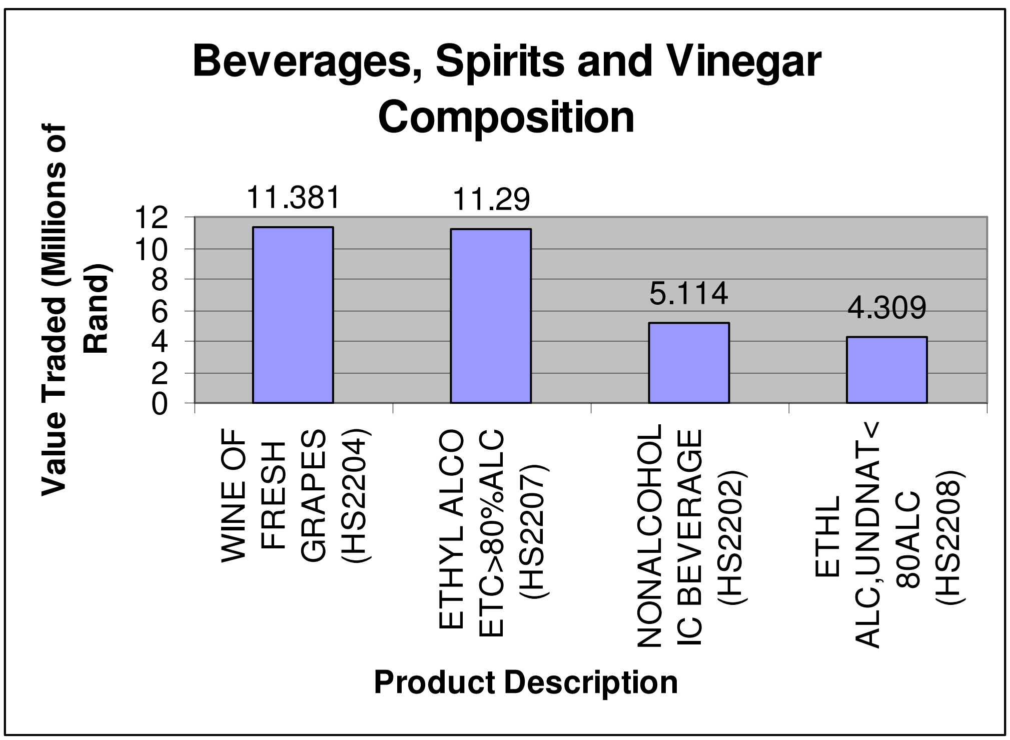
- Preferential tariff for SADC countries-15%
- Preferential tariff for South Africa-20%

9.1.2 Beverages, spirits and vinegars (HS22)

In 2004 beverages, spirits and vinegar (HS22) represented the second largest exports to Tanzania. South Africa exported an estimated 5 million liters of beverages to Tanzania at an average price of R6.88/L. In value terms, this generated an estimated R34 million worth of revenue to South African exporters. Comparing the trade data of 2004 with those of 2002 and 2003 reveal that exports of beverages, spirits and vinegar to Tanzania have been growing. Over a period of 2003 to 2004 the exports of beverages, spirits and vinegar grew by an estimated 54%. Within this category, the leading export products in 2004 are wine of fresh grapes (HS2204) and Ethyl Alcohol (HS2207). These two categories of products provide the basis for trade analysis that follows.

The composition of the export profile of beverages, spirits and vinegar is represented in the figure 2 below at HS4 digit level. The figure shows the four leading products exported to Tanzania in 2004.

Figure 2: Composition of beverages exports to Tanzania-2004



(a) Wine of fresh grapes (HS2204)

Within the category of beverages, spirits and vinegars; wine of fresh grapes (HS2204) represented the largest agricultural products exported to Tanzania. In 2004 South Africa exported an estimated 794 000 liters of these products to Tanzania at an average price of R14.32/l generating an estimated R11 million. This product accounts for approximately 35% of trade within this category. Disaggregated to the HS6 digit level reveals that exports of grape wines (HS220421) dominants in this subcategory. This product accounts for approximately 80% of Tanzania's total imports within this subcategory from South Africa. The export performance of this product is shown in the table below for the period 2002 until 2004. Table 6 below shows that South Africa's exports of wine to Tanzania declined in 2003 by an estimated 33% and grew by 83% in 2004. Trade map data for the past five years (2000 to 2004) indicates that South Africa's exports to Tanzania in value terms grew on average by an estimated 40% per annum.

Table 6: Export performance of product code (HS220421)

	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004
Value of Trade (millions of Rand)	7,441	4.995	9,127
Quantity Traded (liters)	425,311	281,682	568,347
Average Price (Rand per liter)	17.50	17.73	16.06
Growth/decline in Value traded (relative to the previous year)	104%	-33%	83%

Source: world Trade Atlas-2005

Trade map analysis reveals further that South Africa has the capacity to export $ 432 million worth of grape wines (HS220421) to the world. During the same period Tanzania's import demand of this product from the world amounted to $ 1.3 million. Of this demand, South Africa has supplied an estimated $1.1 million. South Africa is the largest supplier of this product to Tanzania where it enjoys 85% market share. Spain is the second supplier of the product to Tanzania.

The following trade barriers exist for wine exports to Tanzania:

- MFN duties (Applied) -25% ad valorem
- Preferential tariff for Kenya-5 %
- Regional tariff preference (COME SA) for Uganda-0%
- Preferential tariff for other SADC countries-15%
- Preferential tariff for South Africa-20%

(b) Ethyl Alcohol etc. >80% (HS2207)

Within the category of beverages, spirits and vinegars, Ethyl Alcohol etc. >80% (HS2207) is ranked the second leading product exported to Tanzania. South Africa exported an estimated 2.4 million liters of this product to Tanzania at an average price of R4, 66/L. This product generated an estimated R11 million for South African exporters and represents approximately 34% of trade within this category. The trade data for 2002 to 2004 reveals that trade of Ethyl Alcohol etc. >80% (HS2207) between the two countries has been growing. An improvement in trade between the two countries is attributed to a decline in price of the product over the period.

Trade map analysis shows that undenatured ethyl alcohol (HS220710) is the dominant product in this subcategory and it accounts for approximately 96% of Tanzania's total imports from South Africa. The export performance of this product is shown in the table below for the period 2002 to 2004. The trade data indicates that trade between the two countries has declined in 2003 by an estimated 15% and grew in 2004 by an estimated 123%.

Table 6: Export performance of product code (HS220710)

	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004
Value of Trade (millions of Rand)	5.724	4.832	10.798
Quantity Traded (liters)	1,160,473	1,381,788	2,249,042
Average Price (Rand per liter)	4.93	3.5	4.8
Growth/decline in Value (relative to the previous year)	34%	-15%	123%

Source: world Trade Atlas-2005

A trade map analysis for 2004 indicates further that South Africa has the capacity to export an estimated value of $59 million of undenatured ethyl alcohol (HS220710) to the world. During the same period in 2004, Tanzania's import demand of this product from the world totaled $ 2.3 million and South Africa has supplied an estimated $1.6 million of this product to Tanzania. The difference which amounted to $ 0.7 million indicates the potential trade between the two countries.

Trade map confirms that South Africa is the largest exporter of this product in Tanzania's market. Kenya and Malawi are South Africa's competitors in Tanzania's market.

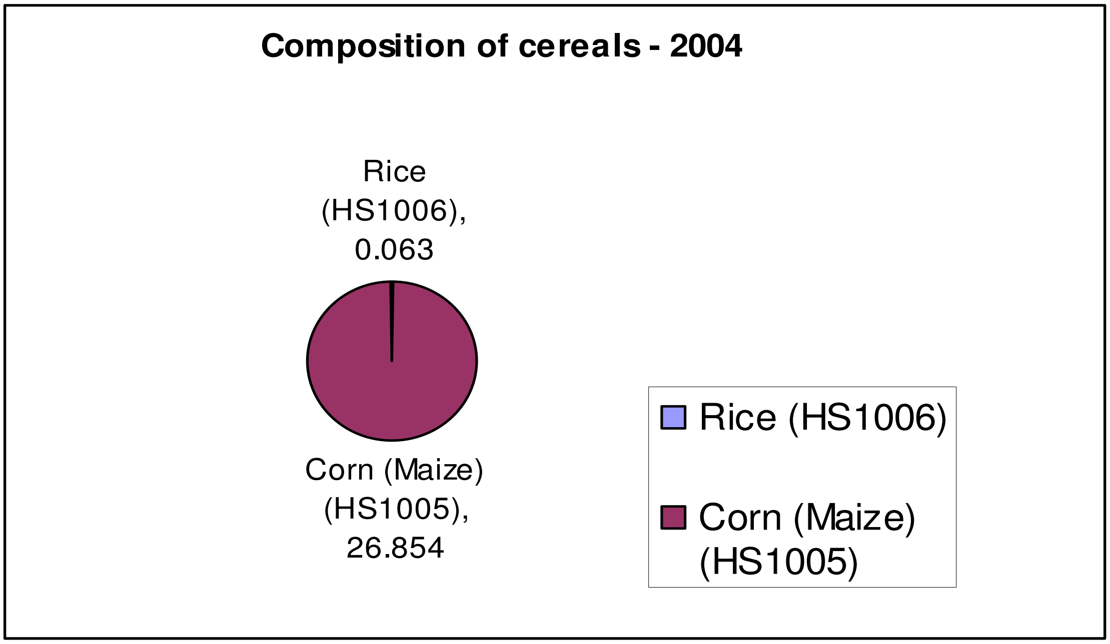
The following trade barriers for this product at HS8 digit level (HS220171000) are applicable to the exporter of this product to Tanzania:

- MFN duties (Applied) -25% ad valorem
- Preferential tariff for Kenya-0%
- Regional tariff preference (COMESA) for Uganda-0%
- Preferential tariff for SADC countries-15%
- Preferential tariff for South Africa-20%

9.1.3 Cereals (HS10)

In 2004 cereals were the third largest agricultural products exported to Tanzania. South Africa exported 18 million kilograms at an average price of R1.45/kg. This generated revenue of approximately R26.1 million for South Africa's exporters. Cereals account for 17% of total agricultural exports to Tanzania. Comparing the trade data of 2004 with the data of 2002 and 2003 reveal that exports of cereals to Tanzania have been declining. Figure 3 below shows the composition of cereals exports to Tanzania.

Composition of Cereals exports to Tanzania - 2004



Within the category of cereals, the leading products in order of trade value were corn (maize), rice, wheat and meslin, other cereals, oats and grain sorghum. In 2004 only two products were traded between the two countries which are corn (maize) (HS 1005) and rice (HS1006). These two products provide the basis for trade analysis in this category.

(a) Corn maize (HS1005)

In 2004 corn maize represented the largest agricultural products exported to Tanzania. South Africa exported an estimated 18 million kilograms of this product to Tanzania at an average price of R1.45/kg. In value terms this generated an estimated value of R26 million rand for South African exporters. Corn maize accounts for almost 97% of total exports within this category. Trade data for the year 2002 to 2004 indicate that exports of corn maize to Tanzania have been declining. The exports of this product to Tanzania declined by 16% between the year 2003 and 2004.

Trade data of corn maize for the period from 2002 to 2004 reveals that trade between the two countries has been declining. An estimated 22 million kilograms of maize (corn) was exported to Tanzania in 2003 generating R30 million and 18 million kilograms exported in 2004 which generated an estimated R26 million to South African exporters. The export performance of this product is shown in table 8 below for the year 2002 to 2004.

Table 8: Export performance of product code (HS100590)

	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004
Value of Trade (millions of Rand)	0	30.646	26.018
Quantity Traded (kilograms)	1	22,912,699	18,365,548
Average Price (Rand per kilogram)	135	1.34	1.42
Growth/decline in Value (relative to the previous year)	-100%	0%	-15%

Source: World Trade Atlas-2005

Trade map analysis reveals that in 2004, South Africa's exports of maize (corn) to the world amounted to an estimated value of $84 million. At the same period Tanzania import demand from the world amounted to approximately $17 million. Of this demand South Africa exported an estimated $4 million of maize to Tanzania. The difference which amounted to $13 million indicates the trade potential between the two countries. Annual export growth of this product for the year 1999 and 2003 shows that trade between the two countries has declined by 6 percent. The data further shows that over a period of three years (2002-2004) there were no imports of this product from Tanzania to South Africa.

India is the largest supplier of maize to Tanzania's market. India's exports of this product amounted to $8 million in 2004. Uganda is the second supplier of maize to Tanzania followed by the United States of America. Uganda and USA's exports to Tanzania were estimated at $ 4 million and $ 2 million respectively.

The following trade barriers for this product at HS8 digit level are applicable to the exporter of this product to Tanzania:

- MFN Tariff (applied rate) – 50% ad valorem tariff
- Preferential Tariff for Kenya-0%
- Regional tariff preference (COMESA) for Uganda -0%

9.2 SOUTH AFRICA'S AGRICULTURAL IMPORTS FROM TANZANIA

The trade data used in this analysis is obtained from the World Trade Atlas. The data in Annex 1 of Table B shows that in 2004, the leading agricultural imports from Tanzania at HS 2 digit level were *Tobacco and manufactured tobacco substitutes, and Edible fruit & nuts; Citrus fruit or melon peel*. The table shows a complete list of the agricultural imports, including the Rand Value of the imports for the period 2004. The products are ranked in order of trade value for the year 2004. The table indicates that in 2004 South Africa imported agricultural products from Tanzania to the value of R68.643 million. The product selection is based on the definition of agricultural products covered by the WTO Agreement on Agriculture. The two leading products imported from Tanzania serve as the basis for import analysis. The International Trade Center (ITC) is also used to complement the data used in this analysis.

9.2.1 Tobacco

In 2004, *tobacco and manufactured tobacco* represented the largest category of agricultural imports from Tanzania. South Africa imported an estimated 1.8 million kilograms of these products at an average price of R21.7 /kg. This cost South Africa's importers an estimated R39 million. Tobacco and manufactured tobacco (HS24) accounts for approximately 98% of total agricultural imports from Tanzania. Comparing the trade data of tobacco from the year 2001 to 2004 indicates that South Africa's imports of tobacco from Tanzania were not stable. From 2003 to 2004 the quantity traded in this category grew by 528% while in previous period it had declined by 68%.

Trade map analysis at HS6 digit level indicates that this category is dominated by the imports of stemmed/stripped tobacco (HS240120). The imports performance of this product is depicted in the table below.

Table 10: Tanzania's Tobacco Exports to South Africa- Product code (HS240120)

	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004
Value of Trade (millions of Rand)	19.752	0.467	30.424
Quantity Traded (kilograms)	677,200	219,170	1,377,452
Average Price (Rand per kilogram)	29.17	2.13	22.09
Growth/decline in Value (relative to the previous year)	181%	-98%	6342%

Source: World Trade Atlas-2005

The table shows that imports of stripped tobacco declined in 2003 by an estimated 98% and grew in 2004 by 6342%.

The trade map data indicates that in 2004 Tanzania exported an estimated $55 million of tobacco to the world. During the same period, South Africa's imports demand for tobacco totaled $102 million. Of this demand Tanzania supplied an estimated $2.1 million. The potential trade between South Africa and Tanzania is estimated at $47 million. The trade data reveals further that during the same period there were no exports of tobacco from South Africa to Tanzania.

Tanzania is ranked the fifth exporter of tobacco to South Africa's market and it accounts for 5% of South Africa's market share. The biggest exporters of tobacco to South Africa's market are Brazil, Zimbabwe, Argentina and Malawi. Brazil is the largest exporter of tobacco and it accounts for approximately 37% of South Africa market share. This is followed by Zimbabwe and Argentina with 10% each.

Table 11: Trade Barriers for exporters of tobacco to South Africa's market are as follows.

Tariffs and non-tariff measures	Tariff ad-valorem	Tariff specific
MFN duties (Applied)		15% or 860c/kg less 85%
Preferential tariff for SADC countries	0%	
Preferential tariff for European Union countries		15% or 860c/kg less 85%

9.2.2 Edible fruits and nuts, citrus fruit (HS08)

In 2004 edible fruits and nuts represented the second largest category of agricultural imports from Tanzania. The trade data shows that an estimated 469 thousand kilogram of these products were imported from Tanzania at an average price of R26.07/kg. This cost South Africa's importers an estimated R12 million. Imports of this products accounts for approximately 18 % of total agricultural imports from Tanzania. Contrasting the trade data of 2004 with that of 2002 and 2003 indicates that the import of these products has been growing.

Trade map analysis at HS6 digit level shows that the dominating import product is cashew nuts, fresh/dry shelled (HS 080132) which account for approximately 85% of total trade within this subcategory. Tanzania's export performance of edible fruits to South Africa is shown in the table below. The table shows that South Africa's imports of cashew nuts from Tanzania declined in 2002 by an estimated 42% and grew in 2004 by 82%. In 2004, South Africa's imports of cashew nuts from Tanzania grew by a lower percentage as compared to the growth in 2003.

Table 12: Tanzania Export performance to South Africa - Product code (HS080132)

	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004
Value of Trade (millions of Rand)	4.08	7.445	10.379
Quantity Traded (kilograms)	120,702	465,726	380,688
Average Price (Rand per kilogram)	33,8	15.99	27.26
Growth/decline in Value (relative to the previous year)	-42%	82%	39%

Source: World Trade Atlas-2005

According to Trade Map analysis, in 2004 Tanzania exported an estimated $2.3 million of edible fruits and nuts to the world. South Africa's import demand of this product during the same period amounted to $8 million. Of this demand, Tanzania supplied an estimated value of $901 thousands to South Africa's market. The trade potential between South Africa and Tanzania is estimated at $1.1 million.

Brazil is Tanzania's biggest competitor in South Africa's market for cashew nut. Brazil exported an estimated value of $2 million to South Africa in 2004 while Tanzania's exports to South Africa were approximately $ 1,6 million. Brazil and Tanzania's market share in South Africa is approximately 36% and 21% respectively.

Table 13: Trade Barriers for exporters of Cashew Nuts to South Africa's market are as follows

Tariffs and non-tariff measures	Tariff ad-valorem	Tariff specific
MFN duties (Applied)		4c/kg
Preferential tariff for SADC countries	0%	
Preferential tariff for European Union countries		4c/kg

10. TRADE OPPORTUNITIES

The identification of potential trade opportunities between Tanzania and SACU was conducted using the ITC's Trade Maps and in particular the Trade Map estimates of "indicative trade potential". A trade potential index shown in table A and B of Annex 2 was developed at the HS6 digit level to assist in identifying agricultural products that have the greatest potential for future trade. In terms of the index, some of the products providing the greatest potential for trade between the two countries are identified below.

Current SACU agreement allows Member States to negotiate trade agreements as a group not as individual; this necessitated a widening of the research to include all SACU members in determining trade potential. Since South Africa is the leading trading nation in SACU and only limited data is available on bilateral flows between South Africa and Tanzania these tables are taken as an indication of the nature of trade flows between the countries. The values contained therein will therefore overestimate trade values. The product specific discussion that follows will, however, focus almost entirely on South Africa's exports, since this data is also available through the World Trade Atlas.

10.1 Potential for South African exporters

Trade potential index shown in Annex 2 reveals a number of products that represent valuable export opportunities to Tanzania's market. Table A of Annex 1 displays agricultural products at HS 2. A total of 50 leading export potential products are identified in annex 2. The three leading products that have the greatest export potential are S*ugar and Sugar Confectionary HS17, Beverages, Spirits and Vinegars HS22, and Cereals HS10.* These products are analyzed on the basis of existing trade flows and subsequently disaggregated to their relevant HS6 to identify specific products within the categories that hold the greatest export potential. The three leading products at HS6 digit level are then discussed.

10.1.1 Sugar and sugar confectionary (HS17)

The World Trade Atlas data shows that the export performance of sugar and sugar confectionary has been declining in Tanzania's market over the years 2000 to 2003, and subsequently improved in 2004. Disaggregated at HS6, trade potential index reveals that sugar confectionary, not containing cocoa (HS170490), sugar, including invert sugar (HS170290), and lactose and lactose syrup, 99% lactose on dry matter (HS170219) have the greatest potential for South African exporters.

(a) Sugar Confectionary, not containing cocoa (HS170490)

The trade potential index shows that sugar confectionary, not containing cocoa has the greatest potential for SACU exporters. Exports of this product grew by an average of 58% over 2000 to 2004, which is significantly higher than 7 percent growth in Tanzania's import demand from the world. In 2004, Tanzania imported 940 tons of sugar confectionary, and SACU has been able to supply 32 tons of this product. The Trade Map data for 2002 to 2004 indicates that exports of sugar confectionary to Tanzania are relatively stable. The indicative potential trade between the two countries grew from $512 in 2003 to $913 in 2004.

According to Trade Map data for 2004, South Africa provides 1% of Tanzania's total imports of sugar confectionary. Kenya is the largest exporter of sugar confectionary (HS170490) to Tanzania with a market share of 38% and Pakistan with a market share of 2%.

(b) Sugar, Fructose (HS170290)

Trade potential index shows that fructose sugar represent the second most valuable trade opportunity within this category of products. In 2004, SACU exported an estimated amount of 192 tons of this product to Tanzania's market. Tanzania's import demand of fructose sugar from the world in 2004 was approximately 194 tons. The SACU export of this product to Tanzania has grown by an estimated 80% over a period of five years since 1999 to 2004.

Within SACU, Swaziland is the largest exporter of this product to Tanzania. South Africa is ranked the fourth exporter of fructose sugar to Tanzania and its exports account for approximately 17% of Tanzania's total imports of this products. Trade data for the year 2002 to 2004 indicate that South Africa's exports of this product to Tanzania are declining. The exports of this product to Tanzania declined by 9% between the year 2003 and 2004.

10.1.2 Beverages, spirits and vinegar (HS22)

(a) Non-alcoholic beverages (HS220290)

Trade potential index reveals that non-alcoholic beverages (HS220290) have the greatest trade potential for SACU exporters. The trade map analysis shows that over a period of five years (2000 to 2004) exports of non-alcoholic beverages to Tanzania have grown by 43% outstripping the growth in Tanzania's import demand of 17%. According to World Trade Atlas data for 2005, South Africa exported an estimated 24 million liters of beverages in 2004 at an average price of R7.01/L. In value terms this generated an estimated R168 mil revenue for South African exporters. The trade map analysis shows that the export performance of this product to Tanzania is relatively constant from the year 2003 to 2004.

Austria is South Africa's largest competitor in Tanzania market which provides 60% of Tanzania's total imports of this product. South Africa is the second largest exporter of this product to Tanzania. It provides 36% of Tanzania's total imports of soft beverages and it has a market share of 2%.

(b) Grape wines, sparkling (HS220410)

Trade potential index shows that wine and sparkling wines (HS220410) represent the second most valuable trade opportunity for SACU exporters. The trade map data indicates that Tanzania has imported 202 tons of wines from the world of which SACU has supplied 33 tons to Tanzania market. The difference which amounts to 169 tons indicates the potential trade between the two countries. The trade map data reveals further that exports of grape wines to Tanzania have grown by 40% between 2000 and 2004 which is lower than the growth in Tanzania's import demand of 50% during the same period.

South Africa is the dominant exporter of this product to Tanzania within SACU. South Africa provides 36% of Tanzanians total imports of wine and sparkling wine. In 2004, South Africa exported 87 tons of these products to Tanzania. Italy is South Africa's biggest competitor in Tanzania market for grape wines. In 2004, Italy's export of grape wines to Tanzania was approximately 45 tons higher than South Africa's exports to Tanzania.

10.1.3 Cereals (HS10)

(a) Maize (corn), (HS100590)

The trade potential index shows that maize (HS100590) has the greatest potential for SACU exporters and it has the highest indicative potential. Exports have grown by an average of 129% over a period of five years from 1999 to 2004 which is significantly higher than 47 percent growth in Tanzania import demand. The data indicates that South Africa has the ability to supply 423 520 tons of maize (corn) to the world. In 2004

Tanzania's import demand for this product amounted to 82,288 tons from the world and SACU has been able to supply 18,666 tons of these products to Tanzania's market. The data indicates that Tanzania is importing large quantities of this product from the world and South Africa has the opportunity to expand its market in Tanzania as both countries are members of SADC. The difference of 63,622 indicates the export opportunity for SACU exporters.

Within SACU, South Africa is the largest exporter of maize to Tanzania. South Africa on average has supplied 5% of total imports of maize in Tanzania's market. In 2004, South Africa exported 18,666 tons to Tanzania. India, Uganda, United States of America and Ethiopia are South Africa's biggest competitors in Tanzanian market for maize. Within SADC, South Africa is competing with Zambia and Mozambique. In 2004, Zambia's exports to Tanzania totaled 3,603 tons and exports from Mozambique totaled 2,185 tons

(b) Maize (corn) seed (HS100510)

The trade potential index shows that maize (corn) seed (HS100510) represents the second most valuable trade opportunity for SACU exporters and scores high on the trade potential index. Exports have grown by an average 43% over a period of five years from 2000 to 2004 which is significantly higher than 15% growth in Tanzania's import demand for this product. In 2004 Tanzania's imports from the world amounted to 46,087 tons and SACU has been able to supply 12,147 tons of maize to Tanzania's market. Tanzania's import growth in value terms between the year 2003 and 2004 from SACU declined by 42%. The trade data for the past three years (2002-2004) indicate that the exports of maize seed to Tanzania have remained constant.

South Africa is the second largest exporter of maize seed to Tanzania after United States of America. In 2004, U.S. maize seed export to Tanzania amounted to 22 920 tons. South Africa's market share is approximately 22% which is lower than United States of 38%. Zambia is the biggest African country competing with South Africa in Tanzania's market for maize seed. Zambia provides 20% of Tanzania's total imports for maize seed.

10.2 Potential for Tanzania Exporters

As was previously mentioned, Tanzania's economy depends largely on agriculture. The agricultural sector in Tanzania provides the bulk of the country's exports earnings. The development of this sector will improve agricultural trade and the living standards of the majority of the people in Tanzania. This section explores products that have greatest export potential for Tanzania. The trade potential index which is depicted in Annex 2 identifies tobacco (HS24), cotton (HS23) and grain residue (HS230230) as the products with high trade potential in South Africa's market. These are the products which have a score of 4 and more. The discussion will be limited to these three products.

10.2.1 Tobacco (HS24)

(a) Tobacco, unmanufactured, (HS240120)

The trade potential index shows that tobacco (HS240120) has the greatest potential for Tanzania's exports to SACU. In 2004, SACU's import demand for tobacco amounted to 29,264 tons and Tanzania has been able to supply only 1,384 tons. The difference which amounts to 27 880 tons indicates the potential trade between the two countries. Tanzania's exports of tobacco to SACU market has grown by an average 158% over a period of five years from 2000 to 2004 which is higher than 49 percent growth in SACU's import demand.

The trade map data for the past three years ranging from 2002-2004 indicates that exports of tobacco to SACU market have been growing. Tanzania has a market share of 4% in SACU. Within SACU, South Africa is the largest importer of this product from Tanzania. Zimbabwe and Malawi are Tanzania's biggest competitors in South Africa's market for tobacco. In 2004, Zimbabwe and Malawi have exported 3,313 tons and 1,847 tons of tobacco to South Africa market respectively.

(b) Cigarettes containing tobacco (HS240220)

Trade potential index shows that cigarettes containing tobacco (HS240220) represent the second most valuable trade opportunity within this category of products. In 2004, SACU's import demand for cigarettes amounted to 976 tons and there were no exports of these products from Tanzania. Trade map analysis further shows that SACU's import demand of this product from the world for the past five years (2000 to 2004) have grown by an estimated 17%. The trade map data for the past three years indicates that Tanzania is not exporting cigarettes to SACU market. Democratic Republic of Congo is the largest importer of cigarettes from Tanzania. In 2004, Tanzania exported 240 tons of cigarettes to Democratic Republic of Congo, holding 66% share in that market.

10.2.2 Cotton (HS23)

(a) Cotton seed oil-cake & other solid residues (HS230610)

The trade potential index shows that cotton seed oil-cake & other solid residues, whether or not ground or pellet (HS230610) have a strong potential for Tanzania's exports to SACU. Over a period of five years (2000 to 2004) exports have grown by an average of 13% which is lower than 16% percent growth in SACU's import demand. In 2004 SACU's import demand for cotton seed amounted to 89,785 tons and Tanzania has been able to supply 5,926 tons. Tanzania's total exports of cotton seed to the world totaled 29,073 tons which is lower than SACU's demand of cotton seed. The trade map data for the past three years (2002-2004) indicates that exports of cotton seed to South Africa has been growing. Over the period of five years ranging from 2000 to 2004 the exports of cotton seeds to South Africa grew by 10%.

Zimbabwe is Tanzania's biggest competitor in SACU market for cotton seed. In 2004 South Africa's imports of cotton seed from Zimbabwe amounted to 27,747 tons. Tanzania is ranked the third largest exporter of this product to South Africa's market and it provides approximately 6,6% of South Africa's total imports of this product.

10.2.3 Wheat bran, sharps and other residues, pelleted or not (HS230230)

Wheat bran, sharps and other residues (HS230230) represent the second most valuable trade opportunity for Tanzania exporters. In 2004, SACU's import demand of wheat bran and other residues amounted to an estimated 48 588 tons and there were no significant exports from Tanzania. Trade map analysis further reveals that SACU's import demand of this product from the world for the past five years (2000 to 2004) have grown by an estimated 33%. Trade data for the past three years from 2002 to 2004 reveals that there were no exports of wheat bran from Tanzania to South Africa's market. Tanzania is the second exporter of this product to Kenya after Uganda. In 2004, Tanzania exported 971 tons of wheat bran to Kenya.

11. CONCLUSION

The study reveals that trade between South Africa and Tanzania is strongly in favour of South Africa. However, there is potential for increasing trade in a more equitable manner through increased production and better market access. South Africa's exports to Tanzania are dominated by processed agricultural products. The bulk of agricultural exports to Tanzania are refined sugar, beverages and value added cereals. South Africa's strength in commercial agriculture and the use of technology can be utilized in Tanzania where natural agricultural resources, i.e. water and fertile land are available to produce higher quality products at lower costs. South Africa's agricultural sector is advanced technologically and this creates an opportunity for South African farmers and producers to compete internationally and export a variety of value added agricultural products to other African countries.

Tanzania being a least developed country, its economy is largely dependant on agriculture. The data reveals that Tanzania's exports to South Africa and other African countries are dominated by unprocessed agricultural products, therefore, the benefit from trade to the economy is nominal. Tanzania's exports to other countries are mainly raw products such as tobacco, cotton, edible fruits and nuts. There are a number of reasons that hamper productivity in Tanzania's agricultural sector. These include infrastructure, poor technological development, and low level of investment in the sector.

In order to overcome trade disparities, Tanzania should introduce measures that encourage foreign investment in the country. Tanzania is one of the three countries that have the largest livestock in Africa and due to lack of investment; there are no significant exports of live animals and animal products to Southern African countries.

12. CONTACT DETAILS

INFORMATION AND DATA:

1. http://www.fco.gov.uk:
2. http://www.cia.gov/cia/publications/factbook
3. http://www.fao.org/statistics

USEFUL WEBSITES:

4. http://www.comesa.int
5. http://www.cotecna.com
6. http://www.eac.int
7. http://www.google.co.za
9. http://www.heritage.org
10. http://www.infoplease.com
11. http://www.southafrica.info
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13. http://www.strategis.gc.ca
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16. http://www.tccia.co.tz
17. http://www.tanzania.go.tz
18. http://www.tips.org.za
19. http://www.wto.org/english
20. http://www.worldbank.org

13. ANNEXES

13.1 Annex 1

Table A: South Africa's Agricultural Exports to Tanzania-2004 (Millions of Rand)

HS CODE	Product description	Value
17	Sugars and sugar confectionary	58.231
22	Beverages, spirits and vinegar	32.928
10	Cereals	26.918
21	Miscellaneous edible preparations	9.583
04	Dairy products	4.989
20	Preparations of vegetables	4.845
12	Oil seeds and oleaginous fruits	4.051
19	Preparations of cereals	4.036
08	Edible fruit and nuts	3.618
18	Cocoa and cocoa preparations	0.937
16	Edible preparations of meat	0.902
15	Animal or vegetable fats	0.847
02	Meat and edible meat offal	0.623
23	Preparations of animal feed	0.605
11	Milling products	0.408
09	Coffee and tea	0.372
07	Edible vegetables	0.356
01	Live animals	0.287
3301	Essential oils	0.197
05	Products of animal origin	0.068
13	Lac; Gums, Resins & Other Vegetable Sap & Extract	0.054
06	Live trees and other plants	0.03

HS CODE	Product description	Value
5202	Cotton waste	0.014
14	Vegetable plaiting materials	0.003
24	Tobacco	0.001
Total Agricultural Exports		154.903

Source: world Trade Atlas-2005

Table B: South Africa's Agricultural Imports from Tanzania-2004 (Millions of Rand)

HS CODE	Product description	Value
24	Tobacco	39.371
08	Edible Fruit and Nuts	12.232
12	Oil Seeds	5.426
09	Coffee and Tea	4.121
23	Preparations of Animal Feed	3.666
4103	Raw Hides And Skins	0.918
5202	Cotton Waste	0.77
13	Lac; Gums, Resins & Other Vegetable Sap & Extract	0.525
07	Edible Vegetables	0.486
4101	Raw Hides & Skins Of Bovine	0.416
01	Live Animals	0.229
17	Sugar	0.163
22	Beverages, Spirits and Vinegar	0.082
04	Dairy Products	0.073
15	Animal or Vegetable Fats	0.066
06	Live trees and other plants	0.063
05	Products Of Animal Origin	0.036
	Total Agricultural Imports	68.643

Source: world Trade Atlas-2005

14. TRADE POTENTIAL INDEX

The trade potential Index uses a scoring system based on data obtained from the Trade Map database. This allows the analysis to focus on trade potential whilst taking cognizance of import demand, import trends, growth rates and unit values rather than focusing solely on trade potential values. A score of either 1 or 0 is assigned to five of the trade indicators contained in the database. This score is aggregated to give a total score, which is measured against a final score of 5. A score of 1 would therefore represent the lowest end of the scale and the least trade potential whilst a score of 5 would indicate the greatest trade potential (the first column on the right).

For the tariff lines that there is a (0) value of exports/imports for 2004, there have been some trade in the past that makes it worthwhile to analyze the future potential.

14.1 Annex 2

Table A: SACU's Export Potential To Tanzania Based on 2004 Trade Data

Product Code	Product Description	SACU's exports to Tanzania		Growth in Tanzania imports from the World 2000-2004	Growth in SACU's exports to the rest of the World 2000-2004,	Unit Price (P/Q)	Indicative potential trade (US$ thousand)	Trade Potential Index Final Scoring
		Value 2004 (US$ Thousand)	Annual Growth (2000-2004)					
170199	Refined sugar, in solid form,	6,841	-8%	-9%	-5%	3.702	17,431	2
100590	Maize (corn)	4,049	129%	47%	8%	5.044	13,353	5
100190	Wheat	0		36%	112%	4.205	13,141	3
100510	Maize (corn) seed	130	43%	15%	65%	0.928	8,150	5
240120	Tobacco, unmanufactured	0		40%	19%	0.348	3,577	3
110812	Maize (corn) starch	10	-43%	10%	3%	2.982	2,890	3
220300	Beer made from mal	244	-47%	-15%	26%	1.243	2,226	3
100630	Rice, semi-milled or wholly milled	0		-6%	-4%	3.307	2,200	1
220830	Whiskies	16	-3%	26%	-8%	1.137	2,015	3
220290	Non-alcoholic beverages	25	43%	17%	1%	0	1,958	5
100640	Rice, broken	0		11%	37%	3.138	1,801	3
170230	Glucose & glucose syrup	0		62%	36%	2.146	1,416	3
151590	Vegetable fats & oils	0		-3%	11%	0.512	1,288	2
160100	Sausage & similar products	0		47%	1%	0.385	910	3
190190	Other food preparations	0		137%	24%	0.474	906	3
230990	Animal feed preparations	0		20%	1%	1.009	844	3
151790	Edible preparations of animal and vegetable fats	17		43%	30%	0.87	781	4

Product Code	Product Description	SACU's exports to Tanzania		Growth in Tanzania imports from the World 2000-2004	Growth in SACU's exports to the rest of the World 2000-2004,	Unit Price (P/Q)	Indicative potential trade (US$ thousand)	Trade Potential Index Final Scoring
		Value 2004 (US$ Thousand)	Annual Growth (2000-2004)					
190530	Sweet biscuits, waffles and wafers	49	17%	10%	9%	0.465	777	5
151190	Palm oil and its fractions	0		-9%	11%	0.873	734	2
120100	Soya beans	0		-1%	26%	1.796	716	2
151219	Sunflower-seed, oil and their fractions	48	-1%	31%	-1%	0.954	684	3
220710	Undenatured ethyl alcohol	1,661	28%	43%	7%	0	653	5
170490	Sugar confectionery	87	58%	7%	-17%	0.425	628	4
190219	Uncooked pasta	10		31%	4%	0.762	621	4
210210	Yeasts, active	20		-4%	22%	0.583	609	3
110710	Malt, not roasted	0		16%	20%	1.828	565	3
120991	Seeds, vegetables	54	54%	14%	-8%	0.124	563	4
120810	Soya bean flour and meals	0		4%	45%	1.675	504	3
240110	Tobacco, unmanufactured	0		-9%	-25%	0.427	382	1
240220	Cigarettes containing tobacco	0		11%	-17%	0.35	371	2
151620	Vegetable fats and oils	0		-33%%	13%	0.573	331	2
190410	Food Preparations	116		47%	27%	0.411	318	4
121020	Hop cones, ground, powdered or pelleted	0		-8%	107%	0.137	314	2
200980	Fruit & vegetable juice	116	37%	32%	34%	1.099	314	5
210220	Inactive yeasts	0		55%	30%	2.196	274	3
110100	Wheat or meslin flour	22		-32%	-14%	2.988	251	2
220410	Grape wines, sparkling	103	40%	50%	21%	0.295	246	5

Product Code	Product Description	SACU's exports to Tanzania		Growth in Tanzania imports from the World 2000-2004	Growth in SACU's exports to the rest of the World 2000-2004,	Unit Price (P/Q)	Indicative potential trade (US$ thousand)	Trade Potential Index Final Scoring
		Value 2004 (US$ Thousand)	Annual Growth (2000-2004)					
180690	Chocolate and other food preparations	17	25%	-6%	36%	0.231	226	4
220720	Ethyl alcohol	74		45%	-6%	2.571	223	3
190230	Pasta	0		35%	-6%	0.546	216	2
200290	Tomatoes prepared or preserved	0		16%	7%	0.682	211	3
200990	Mixtures of juices	150	-13%	12%	6%	1.77	198	4
220429	Grape wines	248	38%	7%	38%	0.983	185	5
210320	Tomato ketchup and other tomato sauces	14		-13%	7%	0.902	181	3
330123	Essential oils of lavender	0			84%	0	173	2
170219	Lactose and lactose syrup	173		206%	43%	3.009	172	4
151110	Palm oil, crude	0		274%	-29%	0.813	171	2
120890	Flours and meals of oil seeds	527	-16%	552%	2%	2.637	161	4
220870	Liqueurs and cordials	234	16%	2%	18%	0.258	160	5
170290	Sugar including invert sugar	32	80%	57%	18%	1.086	91	5

Table B: Tanzania's Export Potential To SACU Based on 2004 Trade Data

Product code	Product Description	Tanzania exports to SACU		Growth in SACU's Imports from the World 2000-2004	Growth in Tanzania exports to the rest of the World 2000-2004	Unit Value (P/Q)	Indicative Potential Trade (US$ Thousand)	Trade Potential Index Final Scoring
		Value 2004 (US$ Thousand)	Annual Growth 2000-2004					
240120	Tobacco, unmanufactured	2,243	158%	49%	42%	0.503	53,205	5
100190	Wheat and meslin	0		33%	782%	3.578	33,992	3
170191	Refined sugar	0				2.783	8,032	1
100590	Maize (corn)	0		53%	80%	6.556	7,480	3
180100	Cocoa beans, raw or roasted	0		9%	32%	0.664	4,840	3
240220	Cigarettes containing tobacco	0		17%	207%	0.128	3,362	4
230230	Wheat bran, and other residues	0		33%	21%	19.979	2,432	3
240130	Tobacco refuse	89		55%		0.795	2,106	3
151190	Palm oil and its fractions	0		30%	105%	1.192	1,943	3
220300	Beer made from malt	35		51%	367%	1.511	1,644	4
230610	Cotton seed	727	13%	16%	52%	12.272	1,642	5
121220	Seaweeds and other algae	0		65%	-10%	4.744	1,603	2
170410	Chewing gum containing sugar,	138		29%		0.944	1,596	3
120740	Sesamum seeds	0		19%	22%	1.419	1,463	3
100110	Durum wheat	0		-2%	76%	3.057	1,325	2
220890	Undenatured ethyl alcohol	0		0%	706%	1.087	1,253	2
120220	Ground-nuts shelled,	405		23%	208%	2.452	1,216	4
240110	Tobacco, unmanufactured	530	-10%	-15%	-43%	0.797	1,153	2

Product code	Product Description	Tanzania exports to SACU		Growth in SACU's Imports from the World 2000-2004	Growth in Tanzania exports to the rest of the World 2000-2004	Unit Value (P/Q)	Indicative Potential Trade (US$ Thousand)	Trade Potential Index Final Scoring
		Value 2004 (US$ Thousand)	Annual Growth 2000-2004					
130120	Gum Arabic	0		24%	19%	1.554	876	3
110100	Wheat and meslin flour	17		69%	77%	3.284	755	4
100510	Maize (corn) seed	0			47%	7.034	669	2
120600	Sunflower seeds,	0		78 %	235%	7.309	599	3
120991	Seeds and vegetable seeds	0		14 %	152%	2.759	557	3
110210	Rye flour	0		30 %		3.073	478	2
210130	Chicory & other coffee substitutes	0		117 %	-8%	0.221	475	2
151620	Vegetable fats & oils	0		0 %	243%	2.898	472	2
100640	Rice, broken	0		-15 %		3.698	461	1
120720	Cotton seeds	0		3 %	30%	9.947	375	3
120210	Ground-nuts	0		37 %	19%	2.854	350	3
100820	Millet	0		79 %	36%	5.751	349	3
121190	Plants &parts of plants	22	-65%	2 %	-43%	1.058	337	3
150100	Lard; pig fat and poultry fat	0		156 %		0.632	315	2
230630	Sunflower seed and oil-cake	47		-54 %	-6%	24.345	286	2
10519	Poultry, live except domestic fowls	12	-20%	56 %	-14%	0.065	282	3
151710	Margarine, excluding liquid margarine	0		35 %		0.853	279	2
240310	Smoking tobacco	0		28 %		0.572	276	2
120929	Seeds of forage plants	0		13%	110%	0.555	218	3

Product code	Product Description	Tanzania exports to SACU		Growth in SACU's Imports from the World 2000-2004	Growth in Tanzania exports to the rest of the World 2000-2004	Unit Value (P/Q)	Indicative Potential Trade (US$ Thousand)	Trade Potential Index Final Scoring
		Value 2004 (US$ Thousand)	Annual Growth 2000-2004					
230120	Flour, meal and pellet of fish	0		-41%	11%	1.161	217	3
170310	Cane molasses	0		99%	20%	0.154	175	3
120930	Seeds flower	0		19%	27%	0.281	153	3
230330	Brewing or distilling dregs and waste	0		60%		28.731	147	2
190530	Sweet biscuits, waffles and wafers	20		24%	-12%	1.228	138	3
120999	Seeds, fruit and spores for sowing	32		1%	50%	0.921	133	4
110419	Cereals, rolled or flaked grains	0		2%	-56%	3.916	131	2
110319	Groats and meal of other cereals	0				3.947	114	1
170490	Sugar confectionery	13		49%	82%	0.661	105	4
210690	Food preparations	0		10%	146%	0.5	94	3
220830	Whiskies	0		20%		0.035	86	2
230110	Flours, meals & pellets of meat	0		9%	47%	12.169	83	3