

## EABC REPORT OF THE MEETING WITH TRADE FACILITATION AGENCIES IN TANZANIA, JULY 5<sup>TH</sup> 2013 SERENA HOTEL

The EABC Networking and Sensitization meeting was held on 5<sup>th</sup> July 2013 at the Serena Hotel in Dar es Salaam as part of implementation of the EABC work plan for 2013. Among the Trade Facilitation Agencies present at the meeting were Tanzania Revenue Authority, Tanzania Bureau of Standards, Tanzania Food and Drugs Authority, Tanzania Chief Government Chemist Laboratory. Among the agencies invited but did not participate due to other meetings arranged earlier are the Tanzania Ports Authority and the Fair Competition Commission.

The breakfast meeting had the following objectives:-

1. To engage the Officials of the Tanzania Revenue authority on various requirements and tax issues for trading in Tanzania.
2. To engage with the Tanzania Chief Government Chemist,
3. To engage the officials of the Tanzania Bureau of Standards on various requirements and standards regulations within Tanzania.
4. To engage the officials of Tanzania Food and Drug Authority on various requirements for entry of food and other products into Tanzania. All forms will be explained in details.
5. To engage Tanzania Energy, Water and Utilities regulatory authority on issues to related to Energy.
6. Update members on EABC activities and programmes and areas where members' participation is key;
7. Provide an interactive session with members to also meet and engage the EABC management-receive and respond to questions and clarifications from members;

**Key issues and Recommendations raised at the EABC meeting with Trade facilitation agencies:-**

### **General and cross cutting issues**

- **Overregulation increasing costs to doing Business:-**Business community raised concern that currently businesses are overregulated, there are overlapping roles for the same regulatory act. There are too many licenses to apply for and pay for, too many company audits- up to five within a short period. Transporters have to apply for a cargo license, transit license, etc while those traders importing finished goods are not subjected to the same. This escalates costs to businesses.
- **Lack of Coordination between Agencies causing delays :-**Government regulatory agencies seem not to be coordinated hence a lot of duplication of efforts eg between TFDA and TBS. The same products are subjected to the laboratory testing,

certification and licensing for the two different bodies. Some agencies are charging regulatory fees in dollars hence increasing the cost of doing business.

- **Harmonization at EAC Level** :-There is urgent need for harmonization of regulation systems at EAC level. Also need for an effective system of cascading decisions made at the EAC level to the real business people
- **Lack of Dialogue on New Policies**  
Participants raised concerns over lack of dialogue between businesses and regulators on new policies. There is need for continuous dialogue between regulators and stakeholders to avoid unnecessary complaints.
- **Lack of Trust**  
Participants raised concerns over continuous lack of trust between regulators and their clients. There is need to be transparent and share information more frequently.
- **Irresponsible Actions by Some Business People**
- Most regulators raised concerns delays in verifying products or issuing is caused business people declaring wrong information. There is need for business people to cooperate fully with regulators by providing accurate information, avoiding importing sub standard and counterfeit goods.
- **Free movement of Persons and Provisions under the EAC common Market Protocol are not yet a reality in Tanzania**
- **Protection of Local Industries**  
Participants raised the issue of protection of local industries and urged the Government to come up with policies that promote local industries.
- **Under capacity of many regulators**  
It was observed that most of the regulators lack capacity in terms personnel to be able to provide services on time and efficiently. Ther is urgent need to address this concern by investing more in the capacity of these regulators.

### Issues and Recommendations to Tanzania Food and Drug Authority

	ISSUE	RECOMMENDATION
1.	Inadequate Equipment and human capital, particularly inspectors leading to:- <ul style="list-style-type: none"> <li>• Delays in issuing of registration certificates and licences.</li> <li>• Inadequate officers to carry out inspection from time to time</li> </ul>	<ul style="list-style-type: none"> <li>• Government of Tanzania to support TFDA with more equipment and Human resources for them to be able to facilitate businesses better</li> <li>• Businesses or public to assist TFDA by reporting any substandard products noticed in the country or products that have expired on the shelves of shops and supermarkets</li> </ul>
2.	Need to TFDA to provide analysis reports after rejection of products	<ul style="list-style-type: none"> <li>• TFDA, on rejecting a product after analysis should give a detailed explanation to the customer and provide the method of analysis so that</li> </ul>

		the customers can compare the results in other laboratories.
3.	Inadequate finances	<ul style="list-style-type: none"> <li>• There is need for the government to finance the agencies to be able to perform their roles professionally by having more personnel on board and better equipment.</li> </ul>
4.	Inadequate Information	<ul style="list-style-type: none"> <li>• TFDA should provide more information to the business community on processes, regulations and changes in the procedures</li> </ul>
5.	Harmonization of standards	<ul style="list-style-type: none"> <li>• There is need to harmonize standards in Tanzania with those in the region.</li> </ul>
6.	Substandard Goods Businesses feel there are several substandard goods in the country which are not impounded yet those industries exporting into Tanzania are required to maintain very high standards. Some companies are required to bring to Tanzania products that have shelf life of not less than 60 days.	<ul style="list-style-type: none"> <li>• TFDA Needs to apply equal treatment to both local and regional companies on the standards requirements</li> </ul>
7.	Inspection	<ul style="list-style-type: none"> <li>• Participants recommended that TFDA Should have inspectors at the port of entry and at the market level to be able to oversee of goods into the country and ensure there that substandard and counterfeit goods are not taking over the market.</li> </ul>

### Issues and Recommendations to the Tanzania Bureau of Standards

	ISSUE	RECOMMENDATION
1.	Inadequate Equipment and human capital, particularly inspectors leading to:- <ul style="list-style-type: none"> <li>• Delays in issuing of registration certificates and licenses.</li> <li>• Inadequate officers to carry</li> </ul>	<ul style="list-style-type: none"> <li>• Government of Tanzania to support TBS with more equipment and Human resources for them to be able to facilitate businesses better</li> <li>• Businesses or public to assist TBS by reporting any substandard products noticed in the country or products that</li> </ul>

	out inspection from of goods and services	have expired on the shelves of shops and supermarkets
2.	Businesses feel that the TBS does not recognize the Mark of quality from other bureaus of Standards like UBS, KEBS RBS	<ul style="list-style-type: none"> <li>Harmonization of standards and technical regulations should be expedited ease business operations across the region.</li> </ul>
3.	Duplication of effort: Products are subjected to testing by TBS and then Testing by TFDA	<ul style="list-style-type: none"> <li>Business community would like TBS and TFDA to harmonize their regulatory processes so that companies can take their products through the testing processes only once. TFDA and TBS can also recognize products that have already been tested by either of the agencies and shorten the process. (TBS should recognize TFDA Certificate)</li> </ul>
4.	Harmonization of standards	<ul style="list-style-type: none"> <li>There is need to harmonize standards in Tanzania with those in the region.</li> </ul>
5.	Inadequate information	<ul style="list-style-type: none"> <li>TBS should provide more information to the business community on processes, regulations and changes in the procedures.</li> </ul>

### Recommendations to Energy Water and Utilities Regulatory Authority (EWURA)

	Issue	Recommendations
1.	Inadequate information	<ul style="list-style-type: none"> <li>EWURA needs to create awareness on their roles/activities to business community and available opportunities eg. In Renewable Energy</li> </ul>
2.	Power supply and interruptions	<ul style="list-style-type: none"> <li>The business community requires power that is available and regular. It is costly for businesses when the supply is inadequate and irregular.</li> </ul>
3.	Power surges leading to losses	<ul style="list-style-type: none"> <li>Can Ewura provide compensation or reimbursement if an equipment is burnt due to power surges?</li> <li>DG responded to this issue as follows:- <ul style="list-style-type: none"> <li>Businesses need to follow the regulations have evidence to get compensation. During wiring at the point of construction, businesses</li> </ul> </li> </ul>

		and individuals should use approved wiremen.
4.	Natural Gas	<ul style="list-style-type: none"> <li>Participants raised the issue of pricing for natural gas and requested EWURA to move quickly to provide price controls in this sector.</li> </ul>
5.	Information on use of Renewable Energy	<ul style="list-style-type: none"> <li>Participants requested for more information in the area of renewable energy:- -DG Responded:- The Small Power Projects Program provides an avenue for those interested in production of Renewable energy both for business, home use of sale to the grid. There is funding Under TIB and the Rural Electrification Authority (REA) which oversees a World Bank funded Project. REA provides technical assistance in this case.</li> </ul>
6.	Substandard Products in the country	<ul style="list-style-type: none"> <li>Participants raised the issue of having substandard oils and lubricants in the country</li> <li>There is need for regulation of trade in lubricants in the country and protection of industries that have invested in the business against substandard products by importers.</li> </ul>

### Issues and Recommendations to the Tanzania Revenue Authority

	Issue	Recommendations
1.	Information on Tariff Changes	<ul style="list-style-type: none"> <li>TRA and EABC should endeavor to provide information on Tariff Changes to importers and Exporters.</li> </ul>
7.	24 hours operations	<ul style="list-style-type: none"> <li>Being a complementary agency to Tanzania Ports Authority, TRA should consider working for 24hours.</li> <li>Monies have to be banked and documents approved before goods move from the port. Closing business on Friday thus delays some services until Monday which is very costly.</li> </ul>

8.	Inadequate information	<ul style="list-style-type: none"> <li>TRA needs to proactively provide information and warn business community on their new regulations and new developments.</li> </ul>
9.	Protection of local Investors	<ul style="list-style-type: none"> <li>There should be clear protection and better treatment for Industries that have invested in Tanzania compared to companies importing goods from outside the region. Consideration should be given to the fact that they contribute to economic growth and provide employment to citizens.</li> </ul>
10.	Product value enhancement	<ul style="list-style-type: none"> <li>When TRA enhances the value of a product an explanation should be given to the businesses to ensure they understand the procedures taken and be able to comply in future.</li> </ul>
11.	Duty charged on companies under TREO	<ul style="list-style-type: none"> <li>Companies that have been under the duty remission scheme are charged 25% CET while TREO was meant to facilitate manufacturing. EAC Council of ministers has provided the way forward.</li> </ul>
12.	Deficit of trust	<ul style="list-style-type: none"> <li>There is a serious deficit of trust between the Revenue authority and the Importers.</li> </ul>
13.	Harmonization of Duty on <ul style="list-style-type: none"> <li>Paper products</li> <li>Textiles materials</li> </ul> to support growth of the local textile and paper industries.	<ul style="list-style-type: none"> <li>EAC countries should harmonize duty of paper products and textiles. Tanzania due to multiple memberships has varied approaches to tax issues.</li> <li>Kenya is charging 10% and Uganda is charging 10%</li> <li>TRA should consider reducing duty on fabric and raw materials for paper production</li> </ul>
14.	Lack of Clarity, consistency and transparency.	<ul style="list-style-type: none"> <li>Clarity, consistency and transparency need to be enhanced to ensure that businesses can work in harmony with government</li> </ul>

### Issues and Recommendations to the Tanzania Chief Government Chemist

	Issue	Recommendations
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1.	Export Transit Cargo Lincencing	<ul style="list-style-type: none"> <li>Participants raised the issue of multiple licenses for businesses in the Oil Sector. Businesses established and manufacturing in Tanzania are subjected to Transit license and Cargo license. Other players who don't manufacture but import are not subjected to the same. This is costly for industries based in Tanzania.</li> <li>GCLA –Mr. Ben Mallya will advice the minister to make amendments accordingly.</li> </ul>
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**Issues raised by Government Agencies for the Business Community to note:-**

- **Undervaluation (TRA):** Undervaluation of any commodity will now be treated by TRA as a criminal offence.
- **Information (TRA) :**TRA will take steps to inform the concerned business people when, why and how the Tariff changes have been effected.
- **Rules of Origin (TRA)-** change of tariff heading criteria; according to 2<sup>nd</sup> schedule it outlines the procedure for Change of Tariff Heading. The certificate of origin should accompany the product being imported into Tanzania. Preferential treatment is not automatic.
- **Duty Remission (TRA):** Companies that have been gazetted and are enjoying duty remission will not have preferential treatment. Only those companies whose commodities have been classified as essential commodities in EAC region will be allowed to enjoy preferential treatment. Any company that is experiencing problems with the regulations under the duty remission scheme should consider theirs a specific case and not a general case.
- **Protectionism (TRA):** The most important factor is to have products that have of right quality and a quantity that can meet the demand. It is impossible to institute protectionist measures to a small industry that cannot meet the demands of the product and shield it against competition from the external competition.
- **Licencing (TFDA) :** TFDA office is working on improving services to ensure that business flow is uninterrupted and regulations are promoting business growth.
- **Standards (TFDA) :** To resolve the issues with Standards, it is important to first harmonize the standards across the five countries, but ALSO most importantly – HARMONIZE THE PRODUCT CONTROL SYSTEMS as the two are complimentary.
- **Regulation (TBS):** the certificate of compliance is an important document put in place to facilitate businesses cross the borders. They must ensure to obtain it.
- **Standards (TBS) :** harmonization of standars

Overall, the meeting was very interactive. Members of the business community participated very effectively.

## Next steps and follow:-

The issues raised by the business community will now be presented to the EAC Secretary General with a cover letter requesting him to present the same report to the council of ministers for discussion. The council of ministers is expected to provide direction the implementation of the recommendations and resolution of the issues affecting business growth and productivity in the region and particularly for businesses operating within Tanzania.

A follow up meeting will be held in the coming months to include the relevant ministries and the various stakeholders and will be a one day meeting. Business community are requested to expect this information from EABC before the end of the year.

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