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THE PROCESS OF TRADE MAINSTREAMING INTO NATIONAL DEVELOPMENT STRATEGIES IN TANZANIA

Prof. Samuel M. Wangwe and Godwill G. Wanga

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with financial support of the Canada Fund for Africa

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List of Abbreviation

CSO	Civil Society Organization
CTI	Confederation of Tanzania Industries
EDS	Export Development Strategy
EPZ	Export Processing Zones
FGD	Focus Group Discussions
GOT	Government of the United Republic of Tanzania
IITC	Inter-Institutional Trade Committee
IMTC	Inter-Ministerial Technical Committee
JAS	Joint Assistance Strategy
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania
MOF	Ministry of Finance
MPEE	Ministry of Planning, Economy and Empowerment
MTEF	Medium Term Expenditure Framework
MTS	Multilateral Trade System
NETT	National EPA Technical Committee
NGO	Non-Governmental Organization
NSGPR	National Strategy on Growth and Poverty Reduction
NTP	National Trade Policy
NTPBP	National Trade Policy Background Papers
PER	Public Expenditure Reviews
PSI	Pre-Shipment Inspection
RoO	Rules of Origin

RTA	Regional Trade Arrangements
RTD	Round Table Discussions
SMART	Specific, Measurable, Achievable, Realizable and Time-bound
SWOC	Strengths, Weaknesses, Opportunities and Challenges
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TMTP	Tanzania Mini-Tiger Plan
TNBC	Tanzania National Business Council
TPSF	Tanzania Private Sector Foundation
UNDP	United Nations Development Programme
WTO	World Trade Organization
ZPRP	Zanzibar Poverty Reduction Plan

I. Background

The process of trade mainstreaming has evolved into distinct trade policy regimes since Tanzania attained independence in 1961. These trade policy regimes and the accompanying institutions have been influenced by the extent to which the general economic policies that were followed were outward looking or inward-looking. Inward looking policy regimes were primarily focused on administrative controls and regulations and by extension, trade controls while outward-looking policies were more associated with facilitation of the workings of a market economy and these were associated with trade liberalization.

Tanzania's trade policy has thus evolved and been shaped by changes in its socio-economic regime and political philosophy over the past four decades. The first 5-6 years after independence were essentially a continuation of the private-sector-led mixed market economy and the trade policies that were pursued were fairly liberal. The post-independence trade regime mirrored the relationships inherited from the colonial regime, whereby trade flows and relations rested on continued increased production of agricultural commodities and raw materials for export, largely in unprocessed form. Domestic trade relations reflected the predominance of a subsistence economy in which policies and laws encouraged commercial activity based on export commodities and the discouragement of commercialization of the production of food-crops. The export-import trade was dominated by foreigners and Tanzanians of Asian origin, which means that the major means of production and trade in the economy were in alien hands. This phenomenon posed a politico-economic challenge which was to be addressed through the formation of cooperatives to handle crop marketing in selected areas and through nationalization in 1967.

In 1967 the Arusha Declaration was introduced with a policy focus on promoting public ownership of commanding heights of the economy covering production and distribution. In terms of trade policy, it can be pointed out that import trade was controlled following the logic of inward looking state-led import substitution industrialization and large-scale domestic and foreign trade was controlled through the policy of confinement (whereby trade of key products was placed under the monopoly of state trading companies). The policy of confinement continued to be implemented through the mid-1980s placing domestic and foreign trade under public sector control and management. Eventually direct Government intervention in all operational aspects and the common use of instruments such as administrative resources allocation, price controls, import quotas, rationing and use of permits to control the internal movement of goods and services became the primary policy instruments. As the economic crisis deepened with production stagnating or declining the shortages of goods to be traded became more acute in the early 1980s. The government policy response was more intensified controls including control of trade and greater confinement. These developments culminated in the emergence of parallel markets in the financial and goods markets, with the larger proportion of transactions taking place in unofficial channels leading to worsening of the balance of payments, position, shortages of goods and

widening fiscal deficits. By mid-80s the prevalence of controls in a situation of increasing shortages made it clear that there was need to make a major policy shift.

The change in policy started with partial trade liberalization which was introduced in 1984, targeting at first a few selected products but later extended to cover more product categories. With the adoption of the Economic Recovery Programme under the structural adjustment programmes, (1986-1989), the policy of trade liberalization was practically generalized and formalized. This new policy change was characterized by the extension of the liberalization of internal as well as foreign trade in keeping with the policy of economic liberalization. The trade liberalization policy regime was complemented by a set of policies which were essentially designed to achieve macroeconomic stability and to “get the prices right” (freeing prices of goods, capital and foreign exchange). Trade liberalization at national level was consistent with the efforts which were being made to formalize the liberalization of trade at the global level. The formation of the World Trade Organization and the deepening process of globalization provided the impetus for trade liberalization at the global level.

As from the 1990s, reforms entered the second generation whereby the major concern has been institutional reforms and evolution of efforts to integrate trade issues into broader development concerns. By the 1990s, it was increasingly becoming clear that the institutions that existed had been essentially better suited to function in an earlier regime of a centrally controlled economy rather than in the market oriented system. The legacy of the past continued to hamper the functioning of trade-related and other institutions in the new policy and trade regime. The inappropriateness of the existing institutions coupled with developments at the global level necessitated a fresh spurt of institutional reform. It was becoming imperative to build a competitive market economy to withstand competitive pressures in the domestic market. Participation in regional trading arrangements (RTAs) and in the Multilateral Trading System (MTS) had to be enhanced. It is against this background that Tanzania's trade policy concerns from the late 1990s to date actually go beyond the traditional focus on tariffs, quantitative restrictions or changes in relative prices, to embrace deeper transformational and production issues. The concerns of that were underpinned by broadened participatory development and modernized rules on increased international competitiveness have gained ground. These concerns were the driving force behind the current National Trade Policy whose formulation was finalized in 2003.

The new trade policy concerns are beginning to address the critical issues facing the Tanzanian economy such as:

- Consolidating consensus on trade development measures that will entrench the continuing policy shift from a protected and controlled economy towards a competitive market economy;
- Highlighting the central role and contribution of the trade function and aligning it with the national development goals as stipulated in Development Vision 2025;
- Aligning the national development agenda with regional and international trade obligations and maximizing the benefits of participation in regional and international trade arrangements;

- Adopting an appropriate framework of measures for the interim to provisionally safeguard those areas of domestic industry and economic activity that might be threatened by liberalization and identifying the sectors to be protected, the rationale and costs of protection, and the maximum duration for protection; and
- Addressing the supply-side constraints that inhibit trade expansion and competitiveness as a prerequisite for rapid economic growth, and exploring ODA options in the trade sector.

II. Mainstreaming Trade in Development Strategies

2.1 The Concept of Mainstreaming Trade

Trade policy refers to the whole framework of laws, regulations, judicial decisions and administrative rulings setting out the general applications pertaining to trade in goods and services, as well as international agreements and negotiation stances adopted by governments to achieve legally binding market access for domestic firms. It seeks to develop rules providing predictability and security for firms. It represents the international dimension of national policies adapted for domestic reasons.

The trade policy-making process involves four distinct stages: situation analysis to identify constraints and opportunities; formulation of policy strategies and measures; actual implementation; and monitoring and evaluation. Realization of the objectives of trade policy calls for close inter-linkages between these stages. Often, missing links have revolved around provision of effective leadership, institutional capacity, stakeholder inclusiveness and mainstreaming trade into national development strategies.

Effective leadership in the development process means that the Government has to take trade-related issues as paramount in its overall economic development strategy and ensure that trade is mainstreamed into national development plans by key sector ministries and institutions. According to Raghavan (2001)¹ mainstreaming trade involves the process and methods of identifying and integrating trade priority areas of action into the overall framework of country development plans and poverty reduction strategies. Mainstreaming trade should be understood in the broad context of trade reform and the appropriate complementary policies, including macroeconomic framework, fiscal policy, regulatory and institutional issues, and safety nets (UNECA, 2004)². This concept of mainstreaming trade flows from the fact that that international trade is an important source of external finance for sustainable growth and poverty reduction. Mainstreaming trade policies in national development strategies involves the systematic promotion of mutually reinforcing policy actions across government departments and agencies with a view to creating synergies in support of agreed development goals. Trade policies can complement and reinforce policy actions across the board and so boost development performance (UNECA, 2004).

All the same, it is now being increasingly recognized that the routing from trade policy to trade performance is complex. There are complex linkages between trade liberalization, poverty reduction and income inequality. International trade cannot work for poverty reduction if export performance is weak. Increased exports enable increased imports which in turn enable increased investment in the domestic economy and higher growth rates. The link between export growth and growth of output and incomes

1 Raghavan, Chakravarthy: Integrated Framework for LDCs and Mainstreaming Trade. North-South Development Dialogue, 2001.

2 UNECA. Mainstreaming Trade in National Development Strategies- An Issues Paper. E/ECA/CM.37/2 8th April 2004.

is not automatic. This link has been found to be stronger in some economies than in others (UNCTAD, 2004)³. The link is influenced by the strength of export growth, wide participation in exporting activity, the content of investment goods in imports and the level of efficiency of investments. The contribution of trade to poverty reduction has been recognized in the National Trade Policy (2003) and articulated further in several papers contributed in the context of the Tanzania Trade and Poverty Programme (2003-2004). It has been elaborated most clearly in the Tanzania Report on Diagnostic Integrated Trade Study (November 2005).

Mainstreaming trade into the development strategies presupposes that development itself is back on the agenda after having been marginalized during the period of structural adjustments especially in Africa since the 1980s. The introduction of the Comprehensive Development Framework on which poverty reduction strategies have been based is a first step towards bringing development issues back onto the agenda. The first generation of poverty reduction strategies (PRSs) is giving way to the second generation of PRSs which are more conspicuously incorporating issues of growth and trade. The opportunity for mainstreaming trade has been enhanced by the developments that are being made to articulate growth and trade issues in the second generation of poverty reduction strategies.

Participatory development processes call for effective coordination and consultative processes and bringing on board such stakeholders as: government ministries and agencies, the business community and private sector, civil society and development cooperation partners. Mainstreaming trade in development strategies presupposes that the era of trade liberalization is being replaced by the era of trade policy and managing trade for development.

Successful implementation of trade policy is dependent on the thrust of complementary policies in the form of macroeconomic and sector policies in key economic sectors. The institutional framework for trade policy formulation and management needs to be in place. It is the role of public-sector institutions to regulate and facilitate the spectrum of trade activities and so build international competitiveness.

2.2 Trade Institutions

Institutions and stakeholders involved at national and regional governmental levels are indispensable to the success of the policy of mainstreaming trade. Effective trade policy implementation requires harnessing of resources from all stakeholders, i.e. the government as implementers, the private sector as partners and NGOs/ civic society as supporters and active participants. It also requires recognition of the fundamental role of the private sector as the generator of wealth and engine of growth on the one hand and on the other, that of the government as a facilitator of the economic activities that generate wealth

3 UNCTAD: The Least Developed Countries Report 2004: Linking International Trade with Poverty Reduction. United Nations, New York and Geneva, 2004.

and lead to growth. Both the public sector institutions and the private sector have an important role to play in trade policy formulation and implementation.

There are various institutions, which are involved in the formulation of trade policy processes. They include:

2.2.1 Public Trade Policy Related Institutions

The role of public institutions in the trade function is largely in the formulation and management of macroeconomic and sectoral policies that define and provide the guidelines and rules governing the activities of players in the economy. The public sector institutions comprise Government Ministries, departments and specialized institutions.

Several Government ministries are involved, to different extents, in trade policy formulation, monitoring and evaluation. These include: the Ministry of Industry, Trade and Marketing (MITM), the Ministry of Finance (MF); Ministry of Planning, Economy and Empowerment, the Ministry of Foreign Affairs and International Co-operation (MFAIC), the Ministry of Agriculture and Cooperatives, the Ministry of Livestock Development, the Ministry of Energy and Minerals (MEM), the Ministry of Natural Resources and Tourism (MNRT), and the Ministry of Infrastructure Development. The lead role on the side of the public sector rests with the Ministry of Industry, Trade and Marketing, which has the functional mandate for the trade portfolio. MITM is basically responsible for coordinating and managing trade policy formulation and its implementation.

After the National Technical Committee had submitted the draft National Trade Policy in 2001, the Permanent secretary of MITM and the directors (Head of Departments) and other technical staff held three extensive sessions to discuss and adopt the draft policy. The outcome of the process was a two-pronged product comprising the National Trade Policy (NTP) and National Trade Policy Background Papers (NTPBP). These were presented to higher-level institutions for approval.

The Ministry of Industry, Trade and Marketing is the official coordinator of matters of trade policy formulation and negotiations. In practice, however, several ministries seem to assume the mandate of coordinating specific aspects of trade. For instance, the Ministry of Planning, Economy and Empowerment (MPEE) has the responsibility for providing overall policy guidance in all areas (including trade). Its perception of its own responsibility for trade policy is centred on the macro level and it views the role of MITM as that of an executing body. The Ministry of Finance takes the lead in fiscal-related matters and in the EU-ACP matters, the Ministry of Foreign Affairs and International Cooperation assumes responsibility for regional trading arrangements in the East African Community and SADC.

The government is organized in such a way that coordination between all ministries is managed through the Inter-ministerial Technical Committee (IMTC) consisting of all Permanent Secretaries. The IMTC

has undertaken a review of the draft trade policy before its submission to the Cabinet. The Permanent Secretary of the Ministry responsible for Trade presented the draft NTP and NTPBP to the IMTC and their comments helped improve both the documents. The Cabinet secretariat reviewed the policy in order to advise Cabinet. Cabinet approved the policy and took it through Parliament for final discussion and approval.

There are specialized public agencies and institutions which play specific roles in trade policy and related issues. These include the Tanzania Revenue Authority, the Tanzania Bureau of Standards, the Bank of Tanzania, the Tanzania Investment Centre, the Weights and Measures Agency, the Fair Competition Commission, the Business Regulations and Licensing Authority, the National Development Corporation and the Board of External Trade. These institutions specialize in different aspects of trade policy and development.

Public-sector capacity in trade policy-making functions is reported to be weakest at the level of field offices in the embassies abroad as well as in the regional and district offices within the country. These levels are supposed to provide the needed link to both international and internal trade so their weakness causes considerable concern.

National EPA Technical Committee and Inter-Institutional Technical Committee (NETT/IITC) was formed by MITM in 2000 to work on the Trade Policy and completed its work in 2003. The committee comprised representatives from all the key stakeholders in other related government ministries and departments as well as the civil society and the private sector.

2.2.2 Non-State Institutions

In a market economy, the participation of the non-state institutions have an important role to play. The private sector is recognized as the main engine of growth by virtue of its role in the production and distribution of goods and services. As such it is also recognized as the public sector's partner in the formulation and implementation of trade policy. The emergence of a vibrant private sector as well as the civil society is of paramount importance for this reason.

Public sector institutions interact with the private sector in the policy-making process on national, regional as well as global issues. The highest-level body for policy dialogue between the government and the private sector is the recently established (2001) National Business Council (NBC) comprising 40 members, 20 representing government and 20 representing the private sector. The private sector members are drawn from the Private Sector Foundation (PSF) which coordinates private-sector representation. PSF has more than 100 member associations, the most prominent being the Confederation of Tanzania Industries (CTI), the Tanzania Exporters Association (TANEXA) and the Tanzania Chamber of Commerce Industry and Agriculture (TCCIA). The NBC meets twice a year but at the operational level it has five Working

Committees including one on investment and trade issues. The committees are coordinated by the PSF in undertaking analysis of specific policy areas. The last National Business Council meeting in 2002 discussed trade and competitiveness among other policy issues. The analysis of most such issues is carried out largely with the help of local research institutions which are commissioned by the PSE, usually with financial support from the development partners.

The private sector in Tanzania is still at an embryonic stage, owing to the history of official hostility, whereby the national policy was committed to socialism and public sector driven development. Hence, the emergence of private sector organizations and their participation in policy dialogue is a recent phenomenon. For instance, TCCIA was established in 1988 and CTI was established in 1990. Their lobbying and advocacy roles have grown recently to a level which is recognized by government and is now more or less institutionalized. These institutions have been engaged in building the capacities of their secretariats and in seeking analytical support from various consultants with substantial financial support from development partners.

At the regional level, it is apparent that where regional-level industry associations exist and are functioning, they tend to be important players in regional-level negotiations. The East African Business Council is one such organization whose inputs have been solicited in the various East African subregional trade negotiations. However, concern has been expressed to the effect that its capacity needs to be enhanced.

Considering the long history of underdevelopment of the private sector in Tanzania, coupled with a hostile official stance on private sector development, it is encouraging to note that there is now a change in the official stance on the role of the private sector in the economy and on its development. However, there is a need to enhance all deliberate efforts to toward private-sector development. To this end, a Private Sector Development Strategy is in the final stages of formulation.

Civil society entities, including NGOs, academia and the media have a role to play in trade development by supporting initiatives for guarding various societal interests, assisting in market development and facilitating domestic market linkages, not to mention export markets. The main categories of civil society that play various roles in trade-related matters include policy advocacy organizations, organizations supporting self-help groups dealing with trade aspects, academic and research organizations, microfinance institutions and business support providers.

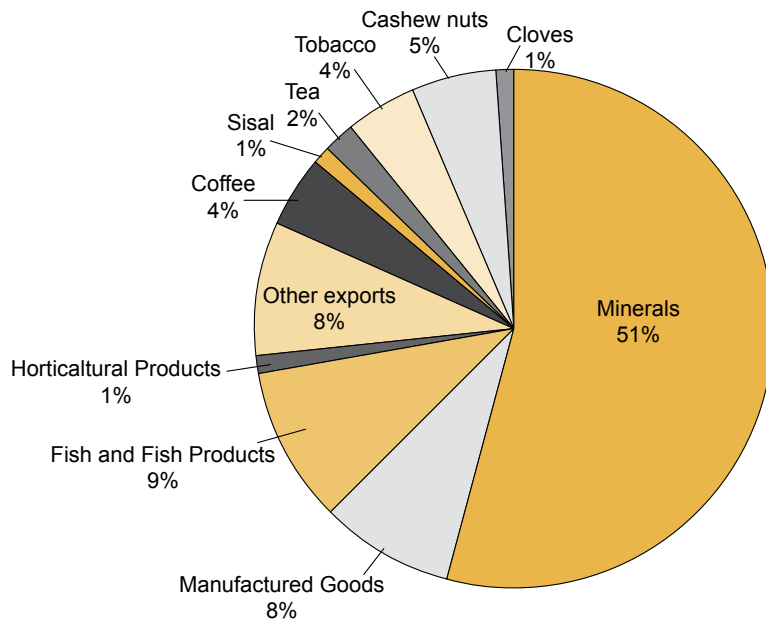
2.3 Trade Situation Analysis

In order to assess the current situation, a good deal of information has to be collected and analyzed. This involves conducting various studies and surveys. It also involves the preparation of presentations as a way of disseminating and sharing these results with stakeholders. The analysis establishes critical issues, to be considered during the formulation of trade policy.

2.3.1 Review of Trade Sector Performance and Relevant Information

During 2004, exports of goods increased by 18.0per cent, from US\$ 1,129.2 million in 2003 to US\$ 1,333.2 million. The structure of exports has changed dramatically with minerals exports playing a leading role. Minerals exports increased to US\$ 685.1 million in 2004 while exports of manufactures reached US\$ 110.6 million in 2004. The structure of exports is shown in figure 1.

Figure 1: Composition of Exports in 2004



Source: Bank of Tanzania

Total merchandize imports (fob) reached US\$ 2,280.8 million during 2004, with capital goods accounting for the largest share of total imports at 42per cent, followed by consumer goods and intermediate goods, which accounted for 36.1per cent and 31.8per cent, respectively.

During the year to December 2004, the trade balance account registered a deficit of US\$ 948.2 million, compared to a deficit of US\$ 804.2 million in 2003.

The review of existing information helps to establish the current status and identify lessons that are relevant to the formulation and management of trade policy. The trade sector performance reviews have been undertaken annually. The sector reviews are covered in annual economic surveys, public expenditure reviews (PERs), commissioned or consultancy studies, sector or Programme reviews, and monitoring and evaluation in annual reports.⁴

Trade policy reviews carried out through various surveys have been indispensable to the process. They have engaged perceptions, opinions and ideas from various stakeholders in workshops, round table discussions (focus group discussions)⁵, and also through surveys (questionnaires) administered by either consultants (who generate more independent results) or more cheaply, in-house staff (who build the capacities). The performance review results, in written form (summarizing the main points), as simple matrices and/or analyses, constitute crucial inputs to the trade policy process.

2.3.2 Strengths, Weaknesses, Opportunities and Challenges (SWOC) Analysis

SWOC analysis is carried out through brainstorming sessions involving the Government (especially MITM) and key stakeholders (traders, businessmen and business associations) during meetings such as Tanzania National Business Council (TNBC) and round tables discussions, among others. Strengths and weaknesses are internal to the Trade Policy, while opportunities and challenges are external (i.e. beyond the trade policy mandate). Answering a series of leading questions that aim at reaching general agreement and developing potential targets facilitates the development of SWOC. Generally, the clusters of questions for facilitating the process include: What advantages does the trade policy have? What could be improved? What opportunities does the trade policy offer? What obstacles are faced by the trade policy? Could any of the trade policy's weaknesses seriously threaten trade? The SWOC analysis has proved very instrumental in the trade policy process.

2.3.3 Causality Analysis

The trade policy process has employed problem analysis to identify the negative aspects of an existing situation in the trade sector and establishes the 'cause and effect' relationships between the problems in existence.

The trade policy formulation process develops key issues through "visioning", which focuses on the positive aspects. Generally, the problem analysis involves four main steps:

- Identification of the stakeholders affected by the trade policy;

⁴ In some cases this may involve a good deal of research into secondary sources.

⁵ A focus group is a type of qualitative research in which groups of people are brought together to informally discuss specific topics under the guidance of a moderator. The group process tends to elicit more information than individual interviews because people express different views and engage in a dialogue with each other. The moderator is able to facilitate the dialogue as well as explore their reasons and feelings behind those differences. The conversation is often not linear; participants may bring up information or different perspectives at any time.

- Identification of the major problems faced by beneficiaries;
- Analysis of cause-effects (causality) relationship; and
- Derivation of objectives by inverting (negating) the identified problems.

A causality approach poses problems in a hierarchical order. That is, a starter problem is selected, and a second problem related to it, etc. For example, the trade policy process addresses how the trade (import and export) policy reforms have influenced the overall price trends, which in turn impacted on the supply response and incomes of traders. A cause might be reform in trade policy, while effects might be change in price trends, sugar supply response and outgrowers' incomes.

Thus, the trade policy formulation process is expected to focus on the root cause of the problem, identify the factors that are possibly contributing to it, and to prioritize the problems. The identified problems represent a comprehensive picture of the existing negative situation with regard to trade policy processes.

While problem analysis presents the negative aspects of an existing situation, analysis of objectives presents the positive aspects of a desired future situation. This involves the reformulation of problems into objectives. The objective therefore is the positive mirror image of the problem in the context of the trade policy.

2.4 Formulation of Vision and Mission and Objectives of the Trade Policy

2.4.1 Trade Sector Mission/ Vision Statements

The mission and vision are addressed in the trade policy process. The formulation of Trade Policy process states the mission and visions of the trade sector. On the one hand, the mission explains why the trade sector exists and tells what it does as well as its key clients. The Mission Statement articulates the direction and scope of work of the trade sector. It serves a two-pronged purpose, namely to influence both the formulation of objectives and the activities of the trade sector. For instance, the current mission of Tanzania's trade sector is to *"stimulate the development and growth of trade through greater competitiveness aiming at rapid socio-economic development"*.

On the other hand, a vision describes where the sector intends to be in the future. It represents a shared sense of direction or belief. For instance, Tanzania's Trade Policy Vision is: *"to transform the economy from a supply-constrained one into a competitive export-led entity responsible for enhanced domestic integration and wider participation in the global economy through national trade liberalization"*.

The Government of Tanzania, and especially the MITM, develops mission and vision statements in the trade policy formulation process. In general, when developing mission and vision statements, the trade

policy processes reviews key mandates and statutory requirements of the trade sector; identifies the most important stakeholders and takes into account the core values and national visions. Once approved, mission and vision statements are documented in the trade policy. Revision or improvement should only occur during the trade policy review.

2.4.2 Trade Sector Objectives

Trade sector objectives relate to broad statements of what is to be achieved and the improvements to be made. An objective describes an intended outcome or impact and summarizes why a series of actions have been undertaken. For instance, the objectives of Tanzania's trade sector include:

- Intensifying competition within the domestic market;
- Economic transformation for effective participation in the MTS;
- Stimulation of value-adding activities on exports;
- Stimulation of investment flows into export-oriented areas that can engender comparative advantages; and
- The attainment and maintenance of long-term current-account balances and balance-of-payment targets.

In the formulation of trade policy, the process ensures that a good objective has the following attributes:

- Describes a broad achievement, which is shared and accepted by key stakeholders;
- Is outcome- or impact-oriented and not output-oriented: Outcomes are the effect or the change resulting from the intervention. For example, reform measures in import-trade policy has influenced the decline in the price of sugar, reduction in area of production of sugar-cane (intermediate effect in terms of supply response), which is associated with the outcome of a drop in employment and income levels, food insecurity and increased poverty. Thus, impacts are the longer-term consequence of the intervention. For example, the outcome of producing more crops is to increase farmer income. There often is a chain of outcomes, more immediate ones ultimately leading to more distant impacts;
- An objective describes an end-state;
- Takes into account and is consistent with higher-level frameworks, policies, and cross-cutting issues such as poverty reduction through MKUKUTA, or MDGs;
- Be expressed in simple, clear, non-technical and SMART⁶ language; and
- Covers the key issues identified during the trade situation analysis.

Trade policy objectives are developed in a workshop setting which brings on board the MITM, NETT/IITC and stakeholders such as TPSE, TCCIA, CTI, TNBC secretariat, and so on. This phase comes just

⁶ SMART defined as follows: S for Specific, explicitly stated and leaving no room for differing interpretation (not too vague); M for Measurable: quantifiable, often in terms of quantity, quality, timeliness, or cost (not subjective); A for Achievable: relevant to problems, strategies and resources (not too ambitious); R for realistic: challenging and meaningful (important) and T for Time bound: specifies a date by which it is to be achieved.

after the presentation of results from the situation analysis. At this point, MTIM have completed the situation analysis and established the mission and vision statements. Briefly, the process comprises the following major steps:

- Review the results of the situation analysis, together with the mission and vision statements. Brief presentations are prepared together with relevant handouts;
- Review the definitions and criteria for a good objective;
- Using brainstorming techniques to develop and agree upon a set of draft objectives to meet technical specifications; and
- Document the objectives developed in the trade policy.

2.4.3 Trade Strategies

Trade strategies are broad statements about how trade or trade objectives are achieved. In this context, they describe how the trade sector will achieve its objectives. In general, trade strategies link trade objectives to trade targets. Each objective will have its own set of unique strategies which describe the broad approach to effect change. Strategies may be of two general categories: some are contained in the national development processes such as MKUKUTA (and are called cluster strategies) while others are derived independently by the sector policy (in this context, trade policy).

A single strategy may result in the derivation of several targets. The formulation of trade policy process has brought to the fore the following strategies:

- Establishing and enabling business environment (*through improved good governance, macroeconomic policy, legal and regulatory framework, and competition policy and law*);
- Building supply capacity (*through private sector development, human skills development, institutional capacity-building, and transformation of production capacity*);
- Infrastructure development (*Developing both hard and soft infrastructure for sustainable economic growth*); and
- Building capacities to cope with emerging trade issues (*address other pertinent trade development issues such as the issue of demographic transition and the incidence of HIV/AIDS; labour and environmental issues, and the question of gender*).

Tanzania has adopted these strategies to influence the development of trade policy targets, as documented below.

2.4.4 Trade Policy Targets

Trade sector targets relate to final goods or services produced over a given period of time in order to achieve the objective. Thus, a trade sector target corresponds to output, in terms of goods or services. In the formulation of trade policy process, trade targets are set with aim at removing causes or drivers of

problems mainly clustered under tariff-based instruments (tariff, taxation, and duty draw-back schemes); non-tariff measures (*quotas, import licensing and registration pre-shipment inspection (PSI), custom valuation, local content requirements; standards; state trading operations, government procurement, and administrative barriers*); trade defense mechanisms (*subsidies, safeguards, anti-dumping and RoOs*); trade development policy instruments (*investment code and rules; EPZ, export promotion measures, and export facilitation measures*) and international trade policy instruments (*bilateral cooperation initiatives, RTAs, and WTO agreements*).

In sum, the trade policy process for Tanzania has specified the following targets:

- Raising per capita income to levels targeted in national development vision 2025;
- Trade development measures to stimulate and expand domestic demand through product and market diversification;
- Limited interim safeguards of domestic economic activity threatened by liberalization while building economic competitiveness;
- Achieving and sustaining a rate of growth in trade of not less than 14 per cent; long-run share of export in GDP of about 25 per cent and reversal of declining trends in the import-coverage ratio;
- Attainment of a two-fold increase in manufactured exports for every ten-year interval, and a two-fold increase in trade in services at intervals of 6 years; and
- Raising the value of merchandise export earnings in absolute terms to US\$ 1,700 million within five years as envisaged in the Export Development Strategy (EDS).

These targets are reviewed in the formulation of the trade policy process to ensure that they are SMART. Also, since the trade targets are SMART, they serve as assessment indicators especially when they have baseline values, are collected quarterly and annually.

III. Challenges and Policy Implications

3.1 Trade Policy

Trade related and economic policies are changed frequently in an ad hoc manner, mainly because of political pressures, with detrimental effects on the transparency and predictability of the country's trade policy regime. Changing them in an ad hoc manner, for instance, by effecting tariff exemptions and waivers to benefit different groups at different points in time, lead to loss of policy credibility and market confidence. Such policies not only discourage investment but lead to a wasteful use of resources.

3.2 Trade Institutions

One of the major challenges facing trade ministries in general, including Tanzania's, is that issues pertaining to mainstreaming trade in the national development strategy go beyond the confines of trade policy to include all aspects of the development agenda, including physical and social infrastructure. The large number of ministries, departments and agencies contributes to overlapping of jurisdictions in trade and trade-related policies, resulting in a certain lack of coherence in their formulation and implementation. This tends to undermine the cost-effective implementation of policy measures and vitiates delivery of government programmes. Consequently, the ministry responsible for trade and trade policy by itself cannot be solely charged with the task of trade integration, and so there needs to be an effective inter-ministerial mechanism involving non-state actors in the private sector as well as in the civil society.

Tanzania has already taken positive steps in this direction with the establishment of a broad-based consultative mechanism in the preparation of the National Trade Policy (2003) and in the formation of the National EPA Technical Team (NETT) for the purpose of the economic policy agreements (EPA) negotiations. These initiatives have brought together representatives from public and private sector organizations, researchers and academics, and the relevant mechanisms could be made permanent, and even broadened, to cover all matters of trade policy.

Trade policy and trade development is incorporated in various cluster strategies of GOT's National Strategy for Growth and Poverty Reduction (NSGPR). Six of these cluster strategies specifically refer to trade and/or exports. However, more permanent institutional structures need to be set up as the current coordination between institutions on the NSGPR does not appear to be based on a continuing institutional structure, and in light of the cross-sectoral focus of the NSGPR (DTIS, 2005).

The restructuring of the Board of External Trade (BET) has been approved but its operationalization needs to be expedited, alongside capacity-building of the restructured entity.

There have been positive contributions and relatively high impacts of the consultation mechanisms on trade policy decision-making generally and on effective participation in the regional negotiations. The level of awareness of the issues involved is reported to have improved in recent years in particular. Analytical support from local research institutions in terms of studies and working papers has been acknowledged.

The main constraints that have been hindering more effective operation of consultation and coordination mechanisms include non-institutionalized consultative mechanisms and inadequate skill level and skill mix at the MITM factors that are essential in coping with demands for coordination in trade policy and negotiations.

3.3 Adapting to Changes in Broad Policy Frameworks and Strategies

While the Mission statement should remain unchanged over a three-year period, circumstances may prompt a need to review and improve the objectives. Further, the objectives of the trade sector should not change drastically over the planning period. It is noteworthy that developing good objectives may be very challenging, especially for institutions that do not provide direct services and are instead involved in coordination, governance, and policymaking. However, there may be several reasons to review objectives.

Trade policy formulation has often taken the form of ad hoc policy changes that are made in response to various imperatives at the operational stage or may be done in the context of a comprehensive policy document. For a long time, Tanzania has been carrying out trade policy formulations in the sense of the former whereby policy changes have been coming as reactive responses or to meet exigencies. In this respect, many trade policies have been made sectorally, presidential circulars have on occasion been issued on specific trade policy issues, and sometimes ex post facto legislation has been enacted when circumstances so dictated. The approach taken in formulating the National Trade Policy of 2003 was a major departure from that past practice.

The main guiding policy document on the strategic goals of social and economic development in the country is the Vision 2025 (URT, 2000). In Vision 2025 it is envisaged that by 2025, ‘Tanzania should have eradicated abject poverty, improved the quality of life and should have created a strong, diversified, resilient and competitive economy, which can effectively cope with the challenges of development, and which can also easily and confidently adapt to the changing market and technological conditions in the regional and global economy’. The type of economy envisioned can only be the result of a more robust, more diversified and more inclusive fast growing economy (at 8 per cent per annum), with strong domestic supply and demand and greater capacity to add value. Such an economy would be capable of driving broad-based growth and generate sufficient revenue for meeting development needs of the Tanzanian society. The key principles of development here include high and shared growth;

competitiveness; increased productivity and social well-being. The National Trade Policy of 2003 reflected Vision 2025. The challenge now is to make sure that policy formulation and management in the area of trade continues to be adapted to changes in national development policies and strategies.

MKUKUTA is a product of a year-long participative process of reviewing the experience with the first poverty reduction strategy paper (PRSP). That process was associated with wider and deeper consultation with various stakeholders drawn from members of government, civil society, and development partner representatives. In terms of content it has added the dimensions of growth and governance and accountability. The MKUKUTA framework is based on three main clusters which are interlinked. The identified three clusters of poverty reduction outcomes were:

- Growth and reduction of income poverty;
- Improvement of quality of life and social well being; and
- Good governance and accountability.

There is a strong relationship between the three clusters. Growth leads to higher incomes, thus reducing income poverty, and more so when incomes and wealth distributions are reasonably equitable. Higher incomes enable households to improve human capabilities through improvements in education, health, nutrition and shelter (in other words,) social well-being. Human capability is, in turn, one of the critical sources of long-term growth. Growth also provides the potential for the government to collect revenue for provision of public services such as health, education, administration and infrastructure. Governance, on the other hand, influences conditions for growth, well-being and poverty reduction. A conducive socio-political environment is required to ensure improved access to productive resources, social services and human rights. Equity applies to all the three major clusters. Now that MKUKUTA is in place (since 2005), its trade policy implications should be addressed accordingly and where needed, the National Trade Policy of 2003 could be adapted to the new national development policy and strategy paradigm.

The challenge of making trade policy consistent with the National Strategy for Growth and Poverty Reduction (NSGPR or MKUKUTA), needs to be addressed. International trade cannot work for poverty reduction if export performance is weak. Increased exports enable increased imports which in turn enable increased investment in the domestic economy, resulting in higher growth. The link between export growth and growth of output and incomes, which has been found to be stronger in some economies than in others (UNCTAD, 2004)⁷, is influenced by the strength of export growth; wide participation in exporting activity; the content of investments in imports; and the level of efficiency of investments. The contribution of trade to poverty reduction has been recognized in the National Trade Policy (2003)

⁷ UNCTAD: The Least Developed Countries Report 2004: Linking International Trade with Poverty Reduction.. United Nations, New York and Geneva, 2004.

and articulated further in several papers drawn up in the context of the Tanzania Trade and Poverty Programme (2003-2004). These insights and inputs have come up in the course of implementing the poverty reduction strategies (PRS) and should now be incorporated in the PRS review.

The investment-growth relationship is more likely to be consistent with poverty reduction if it is associated with domestic resource mobilization, promotion of a domestic entrepreneurial class oriented towards productive activities, and effectiveness of aid in creating the capacity to produce and export. Trade is more likely to reduce poverty through export growth if there is a balanced pattern of economic growth broad based participation in exporting activity involving diverse enterprises (including small and medium sized enterprises). The strategy should be to facilitate and expand the participation of a wider range of enterprises, especially SMEs, in exporting activity. The development of exports must give priority to greater export diversification, the benefits of which include wider and more inclusive participation in the exporting activity fostering linkages which diffuse those more widely and help promote specialization in dynamic exports (e.g. high value agricultural exports, manufactures and tourism) and encouraging increased competitiveness. Export growth therefore should become an important component of the poverty reduction strategy in which an open-economy trade regime is implemented, incentives for exporting and support services to exporters are provided.

3.4 Trade Policy and Economic Diversification

Diversification can be conceptualized in terms of a strategy for improving the stability and earning capacity of exports or in terms of increasing the range of high productivity activities in the economy. Diversification has often been accompanied by the process of industrialization in the sense of the production of high-value goods and local processing of raw materials with a view to adding value and therefore incomes. The strategy of diversification has therefore been pegged to the problem of instability of incomes or exports, overconcentration and overdependence.

The strategy of diversification can be three-fold. First, it may involve diversification within a given sector such as agriculture by shifting to high-value products or attain higher levels of productivity for the same products. Secondly, it may involve processing of low- value primary products with a view to increasing value; this relates to industrialization involving utilization of improved technology in the production of manufactures and processed goods. Finally, it may involve export diversification. In all the three strategies, diversification would require that the right conditions be created for local initiative and enterprise to flourish. This may require substantial resources but considerable progress can be achieved through policy changes.

The underpinning of economic diversification as a development strategy is the expected role of diversified industries in bringing more resources into the economy, widening the tax base and increasing avenues of support for development projects and programmes such as roads, schools, community services and small-

and medium-size businesses. There is a case for formulating an appropriate economic diversification strategy which is consistent with a high level of economic growth, poverty reduction and reduced inequalities. The proposed strategy is supposed to identify channels and instruments which can be appropriately used to manage economic growth in such a way that the pattern of growth incorporates poverty reduction and income distribution in the economy in a dynamic context. The implication is that economic diversification should be consistent with the growth of the sectors and activities in which the poor are actively engaged such that income inequalities diminish as the economy grows.

The investment-growth relationship is more likely to be consistent with poverty reduction if it is associated with domestic resource mobilization, promotion of a domestic entrepreneurial class oriented towards productive activities and effectiveness of aid in creating the capacity to produce and export. Trade is more likely to reduce poverty through export growth if there is a balanced pattern of economic growth based on broad participation in exporting activity involving diverse enterprises, including small- and medium-size enterprises. The strategy should be to adopt a concept of diversification which entails facilitating and expanding the participation of a wider range of enterprises especially SMEs in diverse and dynamic exporting activities. The development of exports must give priority to greater export diversification associated with wider and more inclusive participation in the exporting activity and fostering linkages which diffuse more widely the benefits from exporting, promoting specialization in dynamic exports (e.g. high-value agricultural exports, manufactures and tourism) and encouraging increased competitiveness. Export growth therefore should become an important component of the poverty reduction strategy in which an open-economy trade regime is implemented, incentives for exporting are provided, support services made available to exporters, and the balance between domestic demand and export expansion ensures that broad-based domestic production translates into broad-based export development.

3.5 Trade Policy and Competitiveness

Tanzania has climbed eleven places up in the global competitiveness ranking compared to last year, according to *The Global Competitiveness Report 2005-2006* released by the World Economic Forum. Tanzania ranks 71 among the 117 countries comprised in the rankings. Neighbouring Kenya and Uganda were ranked 92 and 87, respectively. In the preceding year, Tanzania ranked 82 while Kenya ranked 78 and Uganda 79. Scores differed for individual competitiveness indicators. Tanzania performed best in the quality of public institutions, where which it ranked 60; its ranking in terms of macroeconomic stability and technological readiness, Tanzania 72 and 86, respectively. The area where Tanzania performed relatively poorly was in technological readiness. The degree of competitiveness in this dimension is still low and needs to be addressed.

In a competitive environment, the process of diversification must take account of the competitiveness of the new diversified activities. Economic diversification strategy must take into account comparative advantages but its main thrust is to create new comparative advantages. Consistent with the principles

of competitiveness, the basic development strategy will aim at developing enterprises that can compete in the domestic and regional spheres and seize opportunities offered by the globalization process while also withstanding its threats. Given that the country has resources which are not fully utilized, the strategy will initially identify existing resource endowments and comparative advantages as a basis for which can stimulate an investment-driven economy and progressively evolve into a technology-driven economy. As the national economy exploits the comparative advantages which flow from its resource endowments, its structural base for competitiveness should be changing towards investment-driven economic growth and proceed further into technology-based economic growth. The strategy of economic diversification is therefore not inconsistent with comparative advantages; indeed it must make use of existing comparative advantages as a stepping stone towards creating new comparative advantages driven by investments and technology adoption in new areas.

A first step in the formulation of an economic diversification programme would therefore consist in the preparation of sector profiles in which structural constraints to the development of the sectors would be identified and the supply conditions examined. The sector profiles should also establish the extent to which the poor are or can be engaged in the activities of the sector, understand the market conditions and establish requirements for developing the respective sector with a thrust on tackling exclusion of the poor.

Industrialization has played a very important role in facilitating the transformation of the structure of economies from predominantly agricultural economies to modern industrial economies and has been instrumental in enhancing productivity and its continued growth. In addition, industrialization has provided dynamism in the economy as a result of its contribution to technological development. In the external sector, industrialization has brought about restructuring of the export sector, which relies primarily on primary commodities, to a more diversified export sector in which exports of industrial products play increasingly an important role. Industrial exports are associated with a dynamic product mix in which specialization and technological learning is attained. The main challenge is to link trade policy and industrialization policy.

On the understanding of what industrialization is capable of achieving and had actually achieved in many developed and more advanced developing economies, Tanzania decided to make industrialization an integral part of the post-independence development strategies. Industrial development was expected to lead to the transformation of low-productivity and low-growth economies into dynamic and 'modern' ones. The development of manufacturing activity would, it was thought, bring modern technology and new skills to production and management and transform the structure of comparative advantage: it would, as in many other regions, result in structural change and sustained income growth. In spite of the setbacks experienced from the late 1970s into the 1980s, these expectations are by no means extinguished. Vision 2025 envisages realizing a semi-industrial economy, a modernized agricultural sector and a high-productivity economy which is also robust and competitive. By 2025, it is expected that

the share of manufacturing in GDP will have reached 25 per cent. However, Tanzanian manufacturing firms have been faced with many constraints. The major ones have to do with access to finance, the market situation, infrastructure constraints, governance (inadequate legal and regulatory regime), human resource constraints and low technological development.

The objective of increasing the contribution of manufacturing output in the GDP and effectively harnessing modernization of agriculture can be realized in a sustainable way if a competitive industrial sector is developed, because industry will then not only cater for a competitive domestic market but will also be capable of penetrating regional and international markets. This poses challenges of dynamics and competitiveness in three dimensions, i.e. the national level, the industry level and the enterprise level.

3.6 Trade Policy and Supply Capacity

Static analysis of gains from trade tends to focus on gains arising from trade creation (Viner, 1950). However, economies, which have a very low production capacity is faced with a major challenge when it comes to creating the requisite supply capacity. This would be done to capture economies of scale arising from a larger regional market. Consideration of scale economies and interactions with imperfectly competitive market structures are absent from the trade creation and trade diversion approach which is based on the perfect competition and constant returns to scale paradigm of traditional trade theory. Yet these dynamic considerations should be a major consideration in Tanzania. The conditions for facilitating the rise of more efficient firms over time need to be put in place.

The reality is that development in Tanzania is still characterized by relatively weak productive capacities. A major hindrance to taking advantage of trade opportunities and concessions that have been offered in the context of the EU-ACP framework, AGOA and other systems of preferences is the limited capacity to supply competitively to those markets. The implication is that emphasis needs to be placed on putting in place conditions which are conducive to enhancing exploitation of the development potential and developing competitively supply-side capacities.

The strategy will need to support firms to acquire the capacity to compete by making appropriate investments. Investments will be more effective in achieving economic growth and social equity if investors are able to build the capacity to formulate effective strategies for development of their enterprises, with effective organizational structures to support those strategies. To assist firms in achieving these goals, effective support services comprising training, consultancy and advisory services, marketing services, technological services, information dissemination and promotion of business linkages are critical. The main reason for using supportive services is to build the capacity of enterprises by fostering learning processes. In this regard, the capacity for technological innovations and technological upgrading will receive top priority to the extent that technological innovation and upgrading has come to occupy a central position in determining the capacity to compete. Technological innovation and upgrading

emanates from any, or a combination of the three sources, namely, developing new technologies in-house by investing in R&D; acquiring new technologies from sources outside the firm within the country, region or globally; or by relying on the natural process of technology diffusion. The strategy to be adopted is that of taking policy actions that leverage these modes of technological innovation and upgrading at the level of the enterprise. The strategy to be adopted will be two pronged. The first element is to remove obstacles to learning processes by enterprises. This can be done by taking actions such as relaxing restrictive practices that inhibit the flow of information from the rest of the world. The second element is to actively support enterprises to undertake investments in training and R&D activities through mechanisms such as matching grants, tax deductibility and partial refund of costs incurred on training and business travel.

3.7 Trade Policy and Regional Integration

Tanzania's trade policies are increasingly coming under the influence of regional trade agreements (RTA), and especially the East African Community (EAC), given that, and all the more so as Tanzania is a member of its customs union since January 2005. The EAC trade policy objective is to reduce the maximum tariff of the Common External Tariff (CET). This will help reduce the dispersion of protection and the risk of trade diversion.

Tanzania also faces complications arising from being a member of more than one **regional trade arrangement** (EAC and the Southern Africa Development Community (SADC)), while its EAC partners are members of yet another RTA (the Common Market for Eastern and Southern Africa (COMESA)) but not SADC. Such an asymmetric configuration has the potential to create confusion and conflicting situations which are bound to intensify over time as the respective integration agendas of EAC, SADC, and COMESA deepen (DTIS, 2005)⁸.

Although most of Tanzania's exports face zero most-favoured-nations, (MFN) tariffs, or the eligible for trade preferences, Tanzania does face barriers for some products in some markets in both developed and developing countries. This problem needs to be addressed in the context of Economic Partnership Agreements (EPA) negotiations and the WTO to enhance market access so that supply capacity expansion does not face the limits of market access. However, greater effort should be directed to developing a competitive supply capacity.

The strategy for enhanced productivity at the national level should be complemented by the integration of markets on a regional basis. Regional integration can pool several similarly sized economies into a larger market that can tap economies of scale more effectively. The intensification of competition would squeeze profits and put pressure on firms to accelerate productivity growth. As a result, the number of firms in specific sub-sectors will decline and the average size of remaining firms will increase, enabling these firms

⁸ Diagnostic Trade Integrated Study. Report on Tanzania, November 2005.

to achieve greater economies of scale and increased productivity growth. In addition, a regional approach to the provision of critical services for development such as those related to standards, can help create viable and internationally competitive quality systems. Regional co-operation in R&D is particularly attractive when local conditions are important in determining the most appropriate technology. There are examples of opportunities in the regional markets which have been tapped by some firms on the basis of product quality and appropriateness to the specific local conditions (Wangwe, 1995).

Regional cooperation may also be useful in importing technology. The collection of information on sources of equipment and technology is expensive, and institutions serving a group of countries could marshal more resources than those confined to the smaller individual economies. Once imported, the technology could be adapted to local needs by regional technology institutes. This would be a highly skill-intensive task, where regional sharing of the cost and benefit would clearly make economic sense.

The regional strategies will seek to improve access to markets and essential inputs, as well as to foster increased investment, market development and technology transfer.

The challenge for these regional co-operation arrangements is to realize the potential gains outlined above. They should accord high priority to promoting the expansion of both exports and imports by removing obstacles to trade, avoiding the duplication of large investments, and reducing transaction costs (e.g. by trading arrangements which guarantee market access, regional marketing intelligence and improvements in the marketing infrastructure) and redirecting trade flows. Regional integration can be a basis for developing the capacity to compete globally.

IV. Conclusions and Recommendations

The National Trade Policy was finalized before the five-year national development strategy was concluded. The trade policy dimensions of MKUKUTA (which has been in place since 2005) should be addressed appropriately and where needed the National Trade Policy of 2003 could be adapted to the new national development paradigm. The challenge of making trade policy consistent with the National Strategy for Growth and Poverty Reduction (NSPR or MKUKUTA) needs to be addressed. International trade cannot complement poverty reduction if export performance is weak.

The investment-growth relationship is more likely to be consistent with poverty reduction if it is associated with domestic resource mobilization, promotion of a domestic entrepreneurial class oriented towards productive activities and effectiveness of aid in creating the capacity to produce and export. Trade is more likely to reduce poverty through export growth if there is a balanced pattern of economic growth based on broad participation in exporting activity involving diverse enterprises including small- and medium-size enterprises. The strategy should be to facilitate and expand the participation of a wider range of enterprises, and especially SMEs, in exporting activity. The development of exports must give priority to greater export diversification associated with wider and more inclusive participation in the exporting activity while at the same time fostering linkages which diffuse more widely the benefits from exporting, promoting specialization in dynamic exports (e.g. high value agricultural exports, manufactures and tourism) and encouraging increased competitiveness.

Given that development in Tanzania is still characterized by relatively weak productive capacities, emphasis needs to be placed on putting in place conditions which are conducive to enhancing exploitation of the development potential and boosting supply-side competitiveness. Trade policy needs to integrate both industrial policy and the private sector development strategy. The strategy will need to support firms to acquire the capacity to compete by making appropriate investments and to assist firms in achieving the necessary level of competitiveness.

It will also be imperative to undertake capacity-building skills training especially within government and private sector associations in order to better prepare them for effective participation in the consultative arrangements and in mainstreaming trade in the national development strategy and adapting to changes as they warrant such change and adaptations. Trade negotiation skills, other capacities and capacity can be enhanced through extensive in-house training, to optimize the ability to appreciate issues being put forward for negotiations and identify strategic priority issues as a basis for formulating national positions in the negotiation at regional and multilateral trading arrangements. Capacity-building programmes based on capacity needs assessments should be updated regularly to adapt to changing situations. There

is need to undertake capacity-building skills training especially within government and private-sector associations in order to better prepare them for effective participation in the consultative arrangements.

The MITM should be restructured such that it is more adapted to the new role of coordination of trade policy and negotiation matters in the light of the national strategic trade policy.

Consultations and coordination mechanisms should be institutionalized. A standing ministerial committee on trade policy should be established which should coordinate policy implementation, review and monitoring.

The national trade policy should be disseminated as a basis of evolving a more institutionalized system of consultations at the implementation and monitoring and review stages. The National Trade Policy should extensively be publicized so as to raise public awareness among all stakeholders. The policy should be disseminated as a basis of evolving a more institutionalized system of consultations at any of the stages of implementation, monitoring and review.

Trade Policy Implementation should be coordinated and systematized in terms of assessing and reviewing performance and monitoring progress of implementing and updating the national trade policy. Trade policy assessment review and monitoring on an informal basis has been the norm, but this must yield place to a well articulated mechanism with systematic review and monitoring. There should be regular feedback and follow-up.

Annex

Main Institutions Involved in Trade Policy Formulation and Implementation, 2003

Department/ Organization	Trade Related Function
MIT	Trade representation abroad, trade information and export promotion, trade relations at bilateral, regional and multilateral level, administration of import and export controls, competition policy, consumer protection, regulation of internal trade
BRELA	Registrar of companies, patents and trade marks, copyrights and other marks, and licensing agency
TBS	Development of standards and technical regulations. The national standards and technical regulations follow international guidelines whenever possible
MOF	Formulation and implementation of fiscal policies, tariff policies (including tariff concessions, surcharges, and refunds, export credit schemes
TRA	Collection of import/ export duties, VAT
BOT	Monetary and exchange rate policy (including exchange controls)
SBT	Promotion of sugar trade (export/import) quota
TIC	Investment policies, promotion and facilitation
BET	Export promotion
MAFS	Agriculture policies, administration of plant protection ordinance and animal quarantine and inspection services, monitoring of fertilizer supply and administration of fertilizer subsidy
Crop Boards	Promotion and development of crop industry, including export promotion
MPEE	Formulation of economic plans, empowerment of people

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