

# TANZANIA TRADE & TARIFF UPDATE (2021)



Tanzania is a member of the East African Community (EAC), the Southern Africa Development Community (SADC) and the Intergovernmental Authority on Development (IGAD)

The African Continental Free Trade Agreement (AfCFTA) entered into force on 30 May 2019

Tanzania ratified the AfCFTA, however countries have not started trading under the AfCFTA regime

## Intra-Africa total trade (imports & exports) 2021

### 22%

### US\$3.8 bn

Tanzania's intra-Africa trade as share of its Global trade

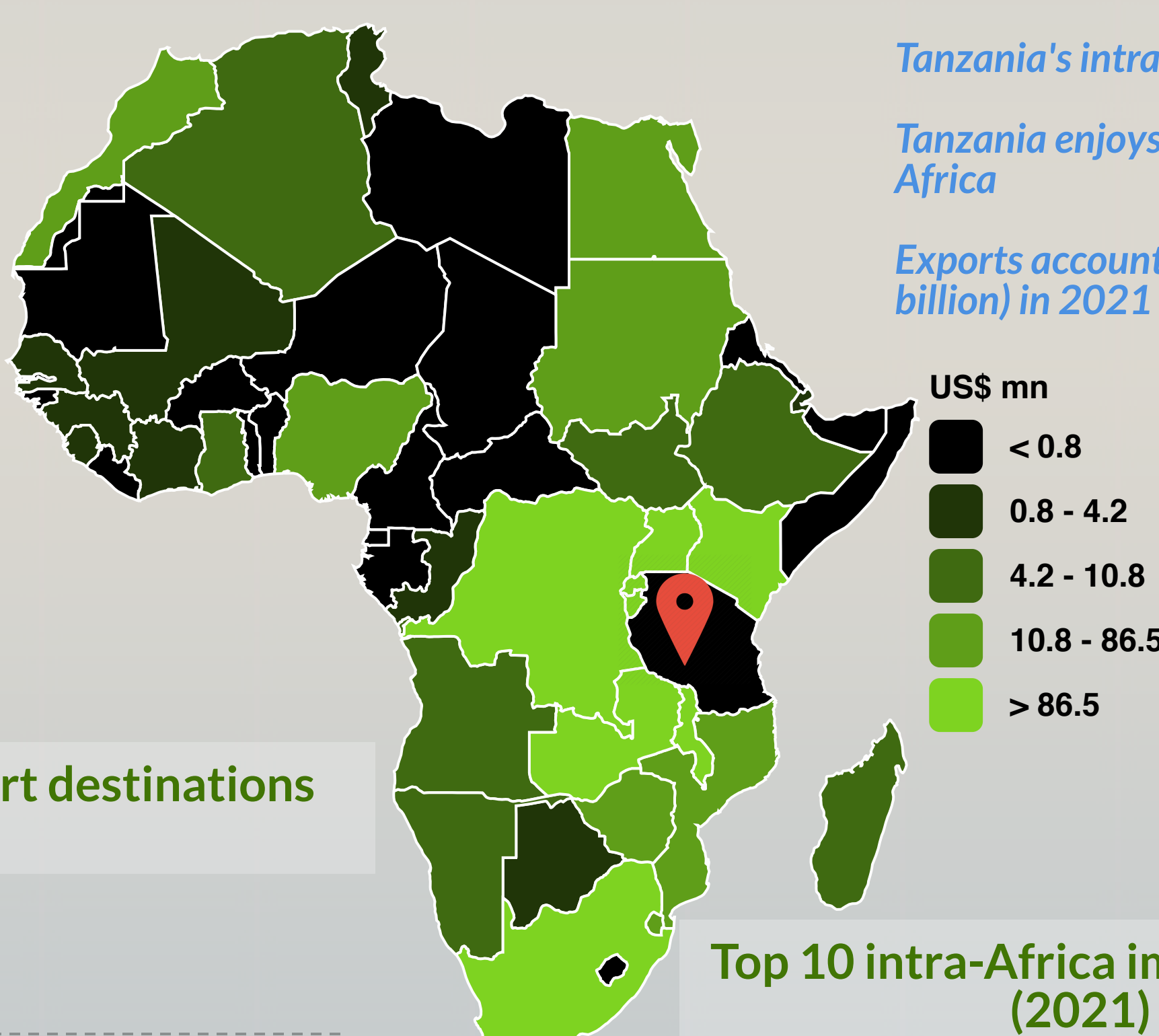
Tanzania's intra-Africa trade in 2021

Tanzania enjoys a trade surplus with Africa

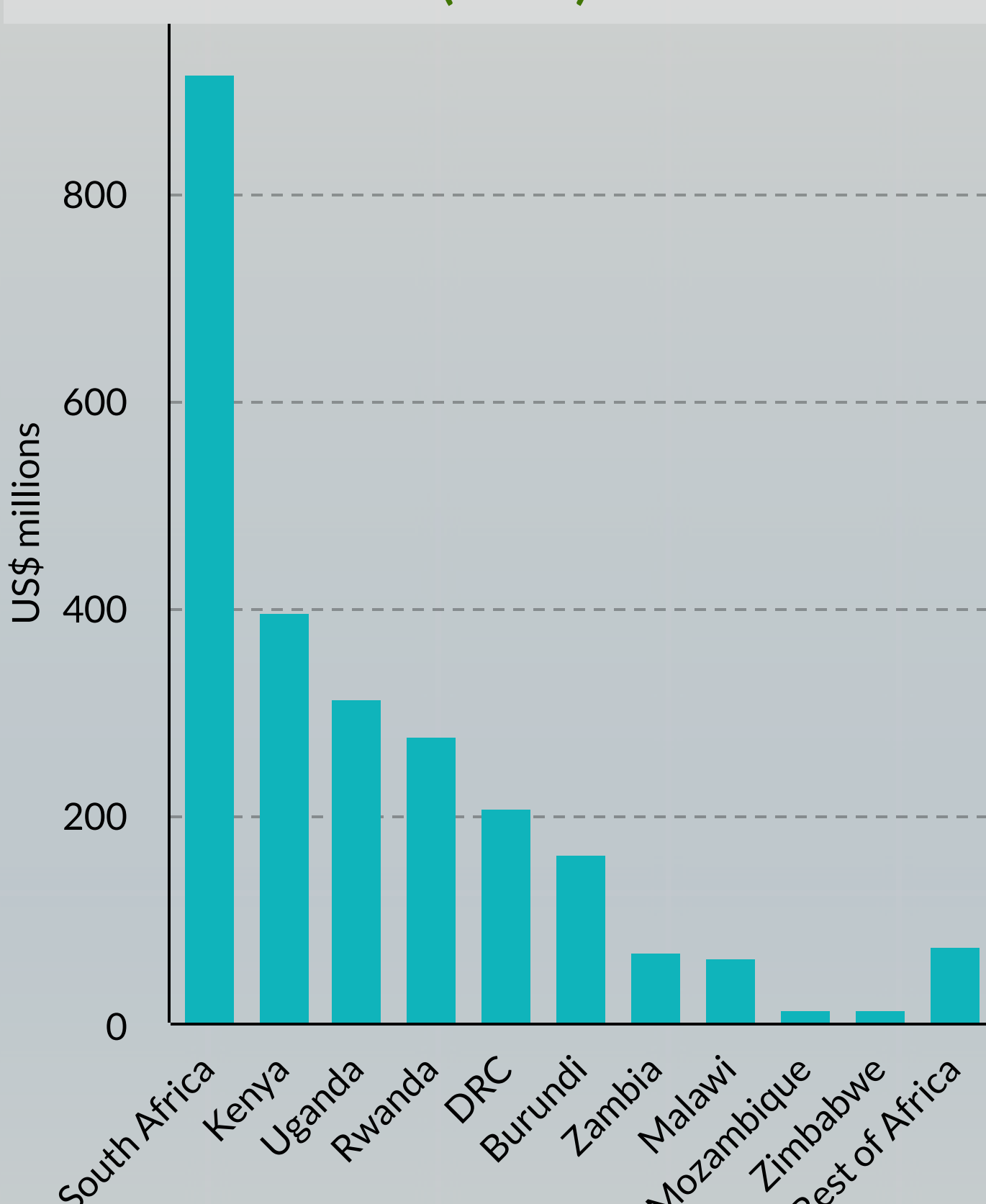
Exports accounted for 67% (US\$2.5 billion) in 2021

### 20%

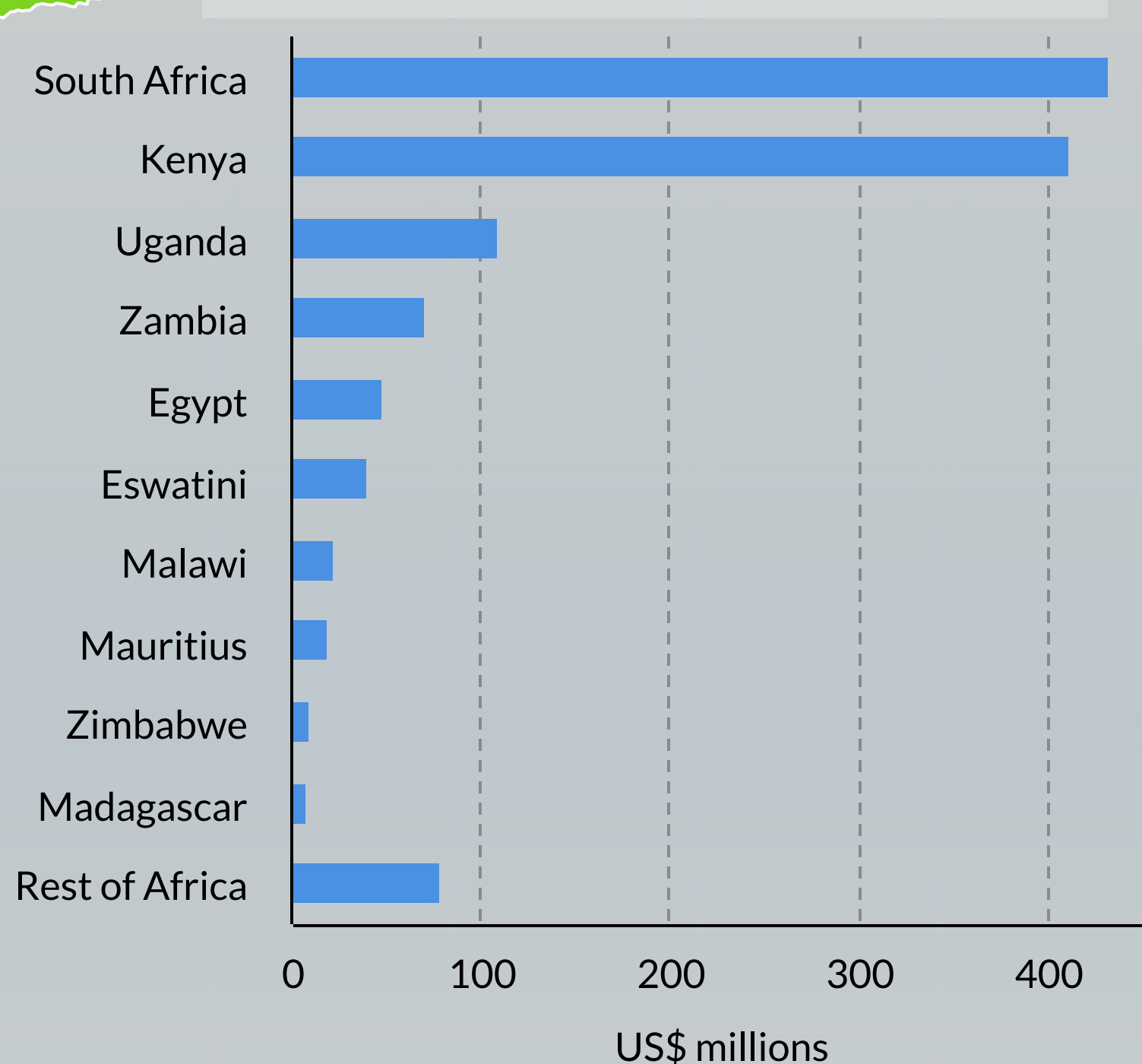
Between 2020 and 2021 intra-Africa trade has increased following a decline in 2020 caused by the Covid-19 pandemic. Intra-Africa trade in 2021 has exceeded the 2019 levels



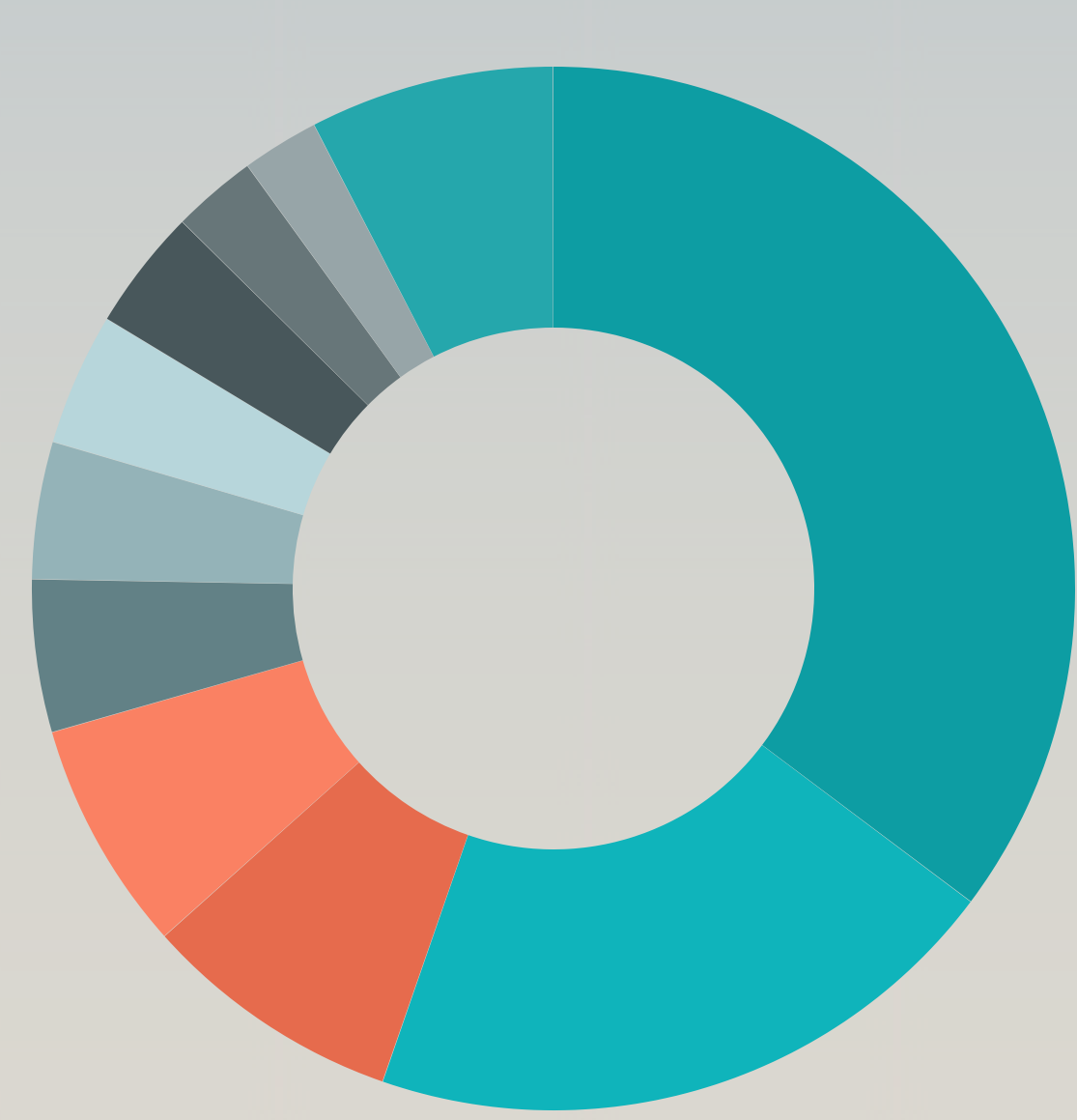
### Top 10 intra-Africa export destinations (2021)



### Top 10 intra-Africa import sources (2021)



## Tanzania's intra-Africa exports by product group (2021)

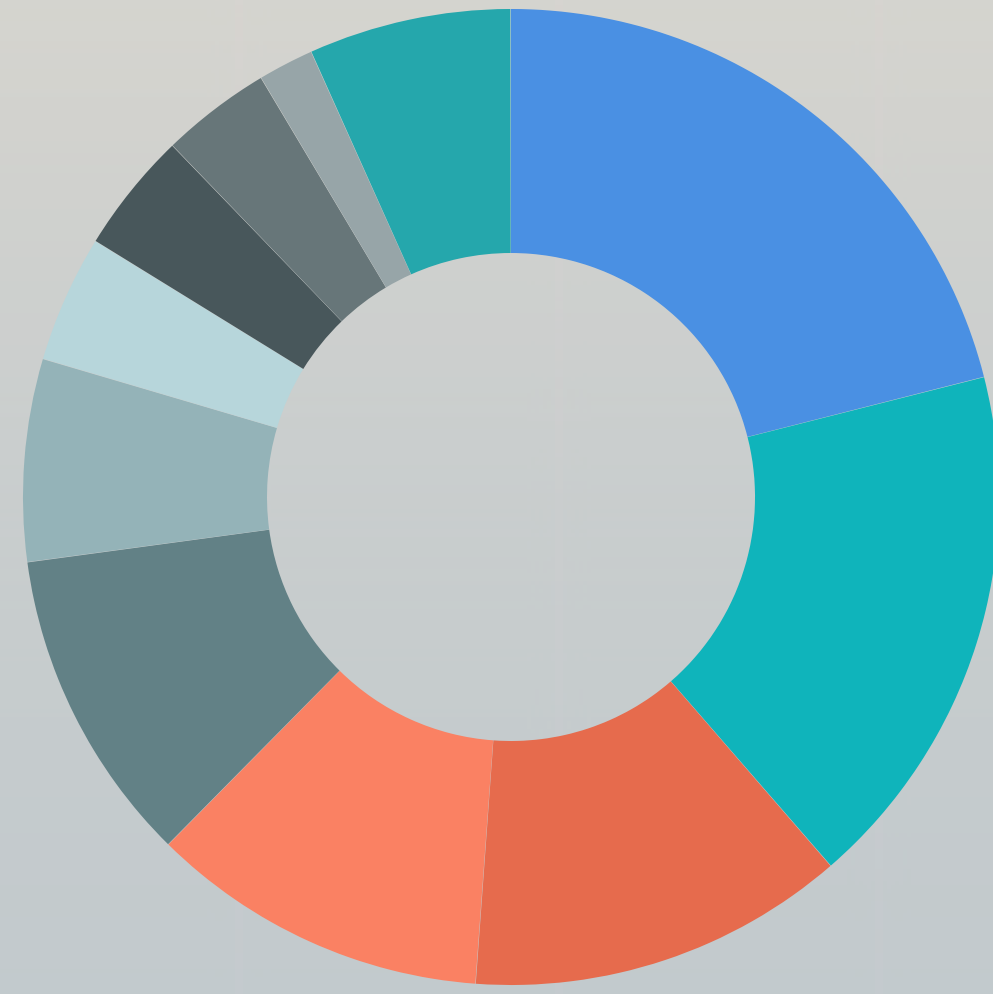


- Precious stones and metals (35.25%)
- Vegetable products (20.06%)
- Chemical products (8.08%)
- Mineral products (7.17%)
- Food, beverages & tobacco (4.73%)
- Textiles & clothing (4.23%)
- Base metals (4.11%)
- Non-metallic minerals (3.76%)
- Paper products (2.63%)
- Plastic products (2.39%)
- Other (7.58%)

- Precious stones and metals dominate Tanzania's intra-Africa exports
- Top 10 product groups account for about 92% of Tanzania's total intra-Africa exports
- Top 10 intra-Africa export destinations account for 97% of Tanzania's intra-Africa exports
- Over 50% of Tanzania's intra-Africa exports are destined to the EAC.
- SADC members - South Africa, Zambia, Malawi, Mozambique and Zimbabwe account for an additional 43% share of Tanzania's intra-Africa exports

## Tanzania's intra-Africa imports by product group (2021)

- Chemical products, Base metals and Mineral products dominate Tanzania's intra-Africa imports.
- Top 10 product groups account for about 93% of Tanzania's total intra-Africa imports
- Tanzania's intra-Africa imports are concentrated in few countries (South Africa, Kenya, Uganda)
- 94% of Tanzania's intra-Africa imports are accounted for by the top 10 intra-Africa import sources
- South Africa and Kenya are Tanzania's top intra-Africa import sources with a combined market share of 68% in 2021



- Chemical products (21.06%)
- Base metals (17.59%)
- Mineral products (12.52%)
- Food, beverages & tobacco (11.24%)
- Machinery (10.47%)
- Transport equipment (6.69%)
- Plastic products (4.23%)
- Vegetable products (4.01%)
- Paper products (3.64%)
- Animal or vegetable fats & oils (1.85%)
- Other (6.7%)

### 5 year growth performance (exports)

Tanzania's intra-Africa exports grew by 16% (CAGR) over review period 2017 - 2021

Exports to top destinations South Africa, Kenya & Uganda grew by 7%; 19% & 80% (CAGR) respectively over review period 2017 - 2021

Wood products, footwear and vegetable products recorded the highest growth rates of 133%; 92%; & 63% (CAGR) respectively, over review period 2017 - 2021

### 5 year growth performance (imports)

Tanzania's intra-Africa imports grew by 9% (CAGR) over review period 2017 - 2021.

Imports from top suppliers South Africa & Kenya grew by 1% & 20% respectively, over the review period (2017-2021)

Mineral products recorded the highest growth rate of 44% (CAGR) over review period 2017 - 2021

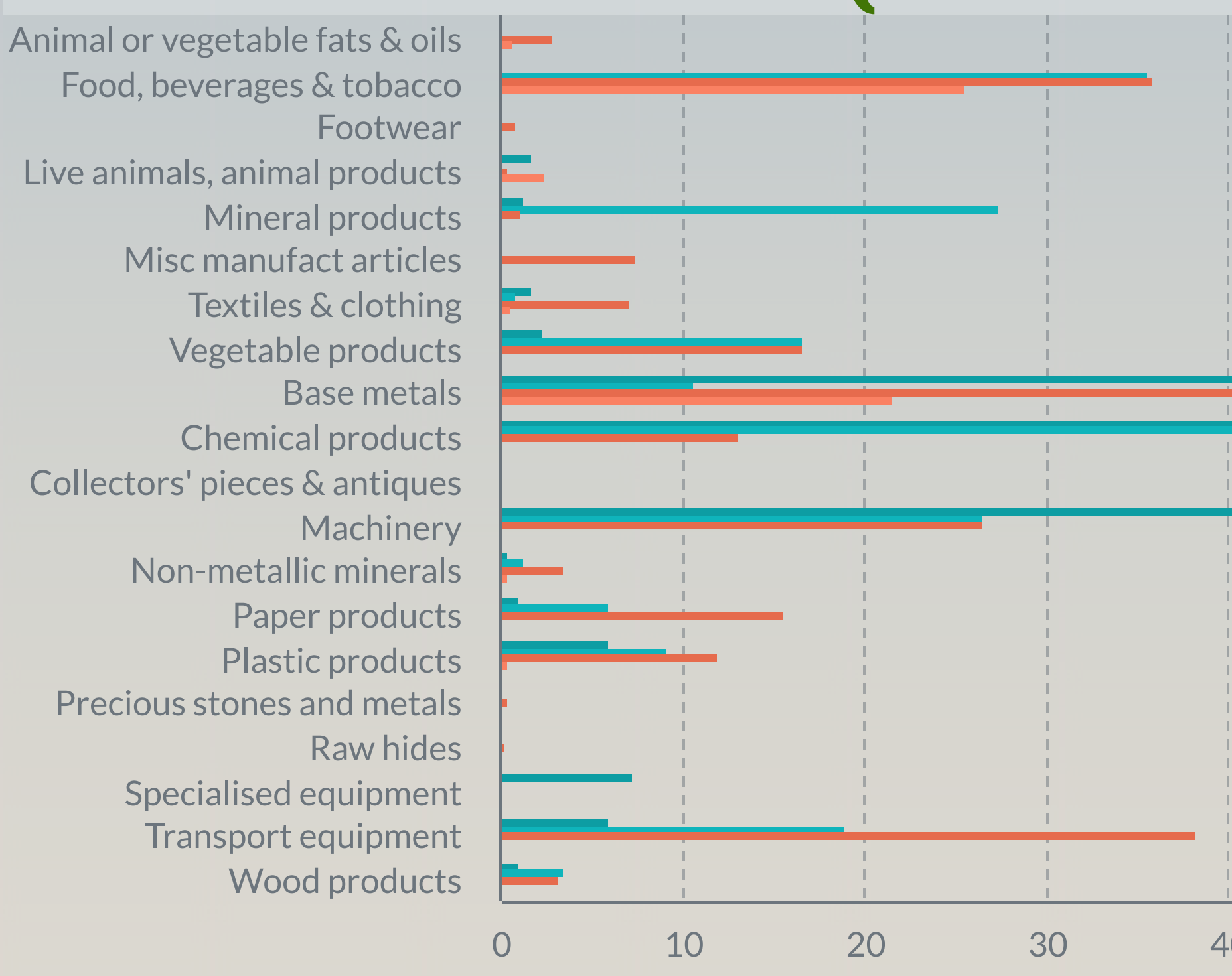
### Export markets showing significant growth

Tanzania's exports to Uganda, Namibia, and Burkina Faso, showed significant growth of 80%; 77%; & 74% (CAGR), respectively, over period 2017-2021.

Tanzania should aim to diversify its export product composition beyond primary based products into value addition and manufacturing to benefit intra-Africa trade

Implementation of the AfCFTA has the potential to increase Tanzania's intra-Africa exports significantly beyond EAC and SADC

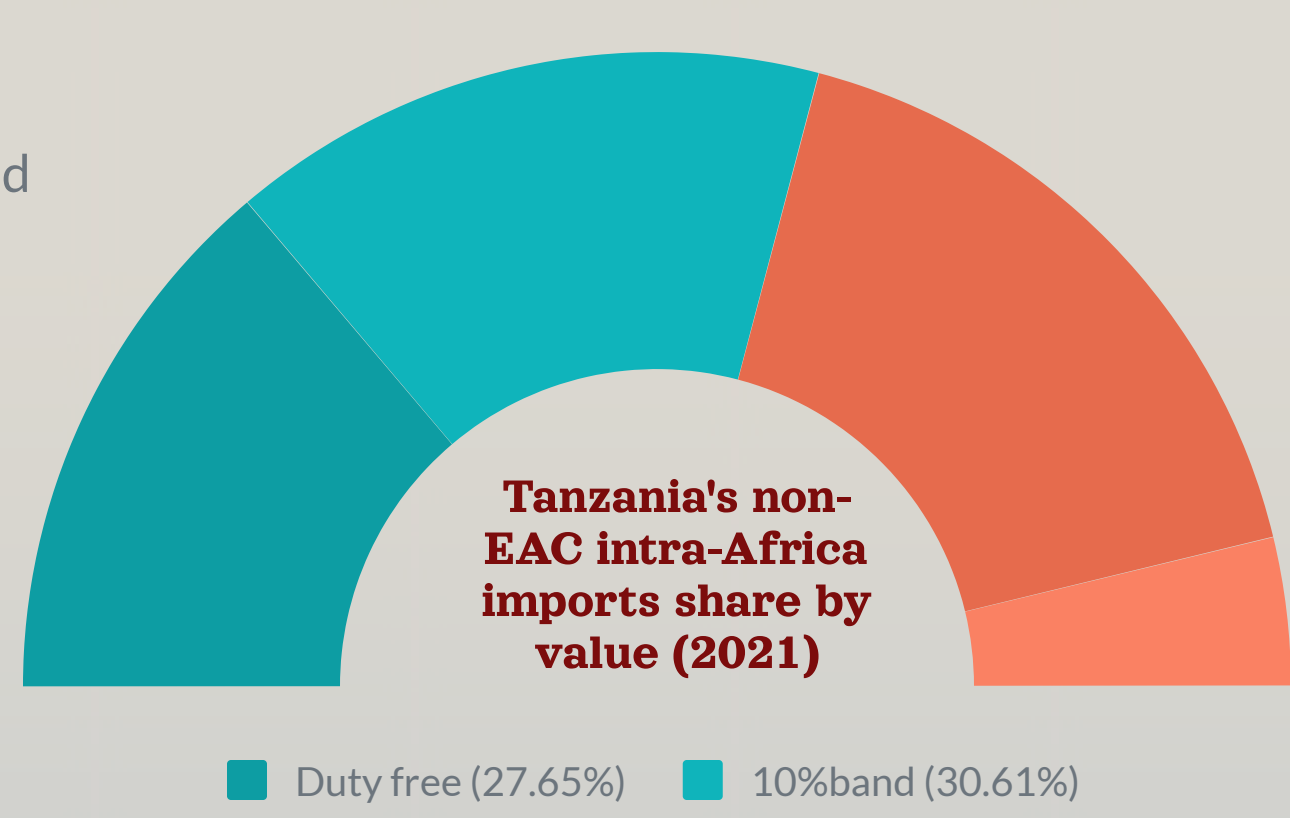
## MARKET ACCESS - Tanzania's tariff regime (EAC CET)



- For the period 2021, the EAC Customs union common external tariff had a 3 tariff bands
- A 4th band has been adopted which carries a maximum import duty of 35% and is being implemented as of June 2022
- Non-EAC imports constitute about 58% of Tanzania's intra-Africa imports (about US\$687 million in 2021)
- About 60% of Tanzania's non-EAC intra-Africa imports attract duties less than 10% of which 28% are duty free

### 2022 additional tariff band ALERT

- The East African Community (EAC) Council of Ministers, on 5th May 2022, adopted a maximum import duty rate of 35% as the 4th band of the EAC Common External Tariff (CET)
- Products covered under the 35% tariff band include: dairy and meat products, cereals, cotton and textiles, iron and steel, edible oils, beverages & spirits, furniture, leather products, fresh-cut flowers, fruits and nuts, sugar and confectionery, coffee, tea and spices, textiles and garments, head gears, ceramic products and paints, among others



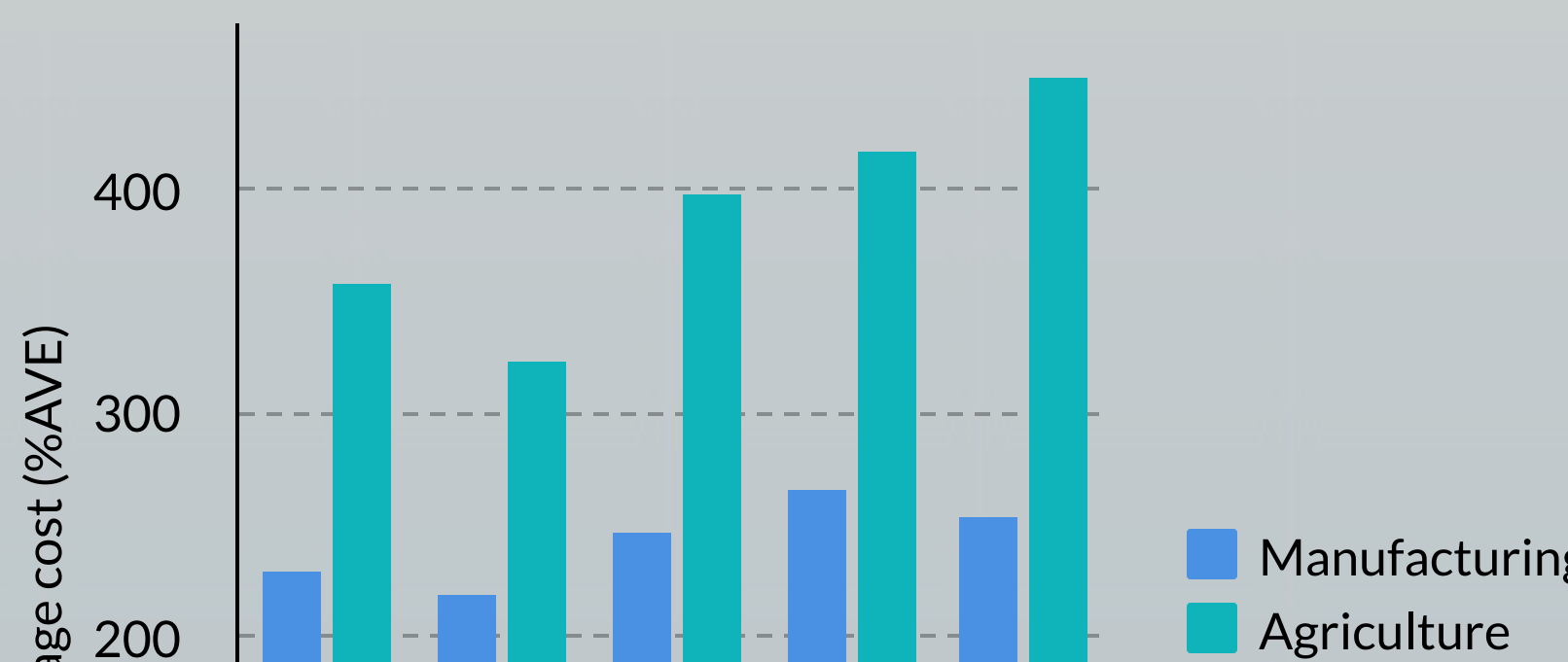
## Tanzania's average intra-Africa non-tariff trade costs for manufactured & agricultural goods (2013-2017)

### TANZANIA'S MANUFACTURED PRODUCTS NON-TARIFF TRADE COSTS (2017) AD VALOREM EQUIVALENT

- Highest average non-tariff trade cost countries: Benin - 743%, Sudan - 646%, Chad - 328%
- Lowest average non-tariff trade cost countries: South Africa - 79%, Malawi - 83%, Mozambique - 111%

### TANZANIA'S AGRICULTURAL PRODUCTS NON-TARIFF TRADE COSTS (2017) AD VALOREM EQUIVALENT

- Highest average non-tariff trade cost countries: Ethiopia - 1556%, Botswana - 751%, Ghana - 664%
- Lowest average non-tariff trade cost countries: South Africa - 186%, Kenya - 186%, Zambia - 211%



Sources: ITC TradeMap; World Bank WITS (TRAINS); World Bank ESCAP Trade Cost databases

