

The Non-Tariff Barriers and Impacts on Trade Performance in Tanzania: A Case of Selected Check-Points

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Abstract: *The notions of Non Tariff Barriers (NTBs) are considered as the most important problem facing trade development in both the developed and Least Developed Countries. This particular concept needs were addressed and solved, lest it continue to threaten international trade around the world. In this paper, modest and valid efforts were made to objectively assess the chronic problem of NTBs in the Least Developed Countries, Tanzania in particular. The study findings showed the possibility of reducing road blocks in Tanzania from eight to three favouring the landlocked countries, as the roadblocks hinders trade performance.*

Keywords: Non Tariffs Barriers, Police Road Blocks and Central Corridor

1. Background Information

Over the years the world in general has been struggling to stamp out the Non Tariff Barriers (NTBs) for the aim of trade development consequently increasing peoples' welfare. It is well acclaimed that over four billion people, approximately two-thirds of the world's population, have joined the world economy over the past twenty-five years as part of the increasing integration of ever more countries into the world trading system (Milner, and Kubota, 2004). In this regard, the effort calls for the specialization in goods and services tapping the advantages of comparative advantage. Significantly, the developed world has moved from depending tariffs to NTBs as their economies are of good sound. Notably, this means developed countries have sources of income other than tariffs [https://en.wikipedia.org/wiki/Non-tariff_barriers_to_trade accessed on 09/07/2016] as compared to the Least Developed Countries (LDCs).

1.1 Problem Statement and Justification for the Study

Coughlin [Cletus C. Coughlin is a senior economist at the Federal Reserve Bank of St. Louis], and Wood [Geoffrey E. Wood is a professor of economics at City University, London] (UD) asserted that, the increased use of protectionist trade policies raises national as well as international issues. As many scholars have noted, international trade restrictions generally have costly national consequences. The net benefits received by protected domestic producers tend to be outweighed by the losses associated with excessive production and restricted consumption of the protected goods.

Notably the NTBs are unfavorable to regional trade; it hinders to realize the notion of free trade. The widespread use of NTBs in Developing Countries and LDCs created particularly serious problems both for managing trade policies, and for the quality of governance in general (Martin, 2001). The NTBs among others include; quotas, weighbridges, stop border and police road blocks. Disappointedly, some police road blocks are not gazetted by the respective governments. As a matter of fact, they are only supposed to stop vehicles based on more than 52%

proof that goods being transported are suspicious (Ihiga, 2007). The police road blocks consume time and cost of business when using transport mode in the central corridor.

1.2 Objectives of the study

1.2.1 General Objective

The current study assessed the impact of the existing Non-Tariff Barriers specifically the check points in the road mode.

1.2.2 Specific Objectives

Specifically the study intended to;

- 1) To examine the structure and characteristics of Tanzanian Police Road blocks/check points and their efficacy in conducting EAC (Rwanda and Tanzania) cross border trade.
- 2) To identify NTBs that affect transport highway used by trucks to carry goods from Dar-es-Salaam port to Rusumo - Rwanda in conducting trade in the EAC market.
- 3) To analyze the effect and potential impact of the identified NTBs on the Tanzania-Rwanda goods trading in the EAC market segment.
- 4) To assess the impact of the change of government regime on NTBs in goods trading in EAC market.

2. Literature Review

2.1 Organization of the Chapter

This chapter provides intensive literature review on Non-Tariffs Barriers, by starting with the working definitions that were used in this study, then it goes further by stretching the theoretical underpinning of the study, overview process of NTBs and Empirical review of non-tariff barriers.

2.2 Working Definitions

2.2.1 Definitions of Non-Tariff Barriers

The term „Non-Tariff Barriers“ is defined as an import targeted public policy intervention intended to protect domestic industries, national health, safety and security, as well as revenue sources (Okumu, and Nyankori, 2010).

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2.2.2 Theoretical Review of the Study

The economic theoretical framework on NTBs hinges on the assumption that transport cost accentuated by Police roadblocks hampers trade performance as transaction costs appear as observable and non-observable costs and are the embodiment of access barriers to market participation by EAC members (Maziku, *et al.*, 2005). Aspects like costs resulted from road blocks, corruption and bargaining procedures are connoted as NTBs to total market transfer costs of the study. The study focused specifically on the NTBs-Police Roadblocks as the functional theory for the whole study.

2.2.3 Empirical Review of Non-Tariff Barriers

Over time the EAC members made an effort to reduce the check points along the corridor through use of Blackberry ICT services, the Tanzania Police has reduced Police [http://www.lldc2conference.org/custom-content/uploads/2013/08/lldc2013_dar-port-corridors-16-07-13.pdf accessed on 08/07/2016] road blocks along the Central Corridor from over 50 to the current 15 and targeted at 3 by 2015. The reduced transit time, accompanied by faster turnarounds and thus more journeys per month, will eventually be translated into a transport cost reduction, which must impact on the price of goods. Safari (UD) stresses "Almost 30% of the price of goods in Rwanda is for transport he concludes, as he makes his way back to the Central Corridor member states" meeting, "that if the costs of transport go down, it will have a huge impact on the man in the street."

3. Methodology

3.1 Scope of the Study

The study is proposed to be conducted in Dar es Salaam City by selecting one route of trade from „Central Corridor“ Dar es Salaam port -Tanzania to Rusumo - Rwanda.

3.1.1 Source of Data Collection

This study intends to collect secondary data from the selected sources from books, journals and other publication like EAC statistical database, World Bank and trade related data and research observation.

3.1.2 Data Analysis and Interpretation

The secondary data will be analyzed through the aid of Computer software- Microsoft Excel.

4. Findings and Discussion

4.1 Findings Presentation

4.1.1 Introduction

This chapter presents various findings from the study on the NTBs focused on TRA, Police road blocks, weighbridges and natural resources agency.

4.1.2 Structure and characteristics of Tanzanian Police Road blocks

The study observed that one of the major obstacles to regional economic integration in Tanzania and Rwanda is NTBs. It was also found that, there were two kinds of Police

roadblocks, the warranted and unwarranted where the former is physical roadblocks and the latter is not physical. It was noted that police roadblocks were 46 followed by weighbridges as shown in the table 1 below.

Table 1: Structure and characteristics of Tanzanian Police Road blocks

NTBs Type	Frequency	Percentage
TRA	4	6.7
Police road blocks	46	79.31
Weighbridge stop	7	12.069
Natural Resource Agency	1	1.72
Total	58	100

Source: Investment Climate Facility, 2010

4.1.3 NTBs affect transport highway used by trucks to carry goods from Dar Es Salaam port to Rusumo - Rwanda.

According to statistics, Tanzania was Rwanda's seventh largest trading partner in 2011 with total trade between the two countries accounting for 4% of Rwanda's trade with the world and 17% of Rwanda's intra-EAC trade. The study found that, NTBs often limit market access, transaction cost, corruption and time consumed on the route.

4.1.4 The effect and potential impact of the identified NTBs on the Tanzania-Rwanda goods trading in the EAC market segment.

In fact, according to the available literature of the study, 24 per cent of manufactured goods are being affected by NTBs. Notably; the study revealed that, the police road blocks were identified as the leading agency in stoppages in the route.

4.1.5 The impact of the change of government regime on NTBs in goods trading in EAC market

EAC went through different presidential phases from its members states. All these presidents had a role to play as politicians because politics moulds power as opposed to economic reasons. The paper observed that regime changes have an impact on NTBs; by weakening or improving relations amongst member states.

4.2 Discussion

4.2.1 Introduction and discussion

Beyond doubt one would conclude that, the time spent on transport and logistics in Tanzania is relatively longer compared to other countries in the region, making Tanzania uncompetitive in the global market. The central corridor route has 1,200 kms long from Rusumo to Dar-es-Salaam, Tanzania, yet along the way, as noted earlier, one faces NTBs hurdles. These NTBs among others consume time, transportation cost as well as corruption thriving seen reigning on the way.

The structure and characteristics of NTBs were fairly presented and it was found that police road-blocks remained the most impeding issue to movement of goods and service. In spite of the efforts made on bilateral level for Rwanda and Tanzania to reduce roadblocks in order to speed up trade performance. Nevertheless, the Tanzanian side seems to be reluctant to enforce the same recording 58 barriers (ICF,

2012) police roadblocks led by 46 (79%) followed by weighbridges as shown in the figure 1 below.

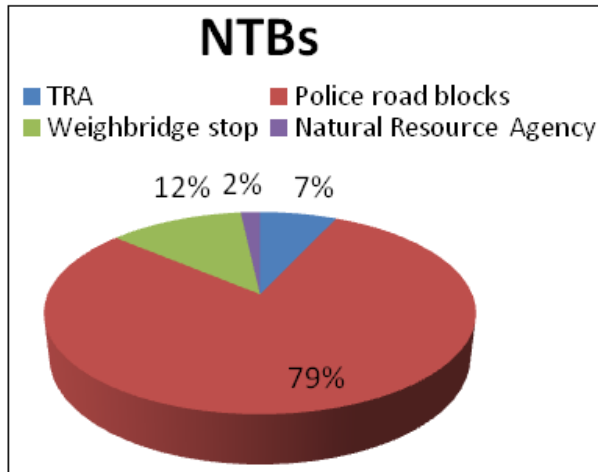


Figure 1: NTBs Chart

Source: Investment Climate Facility, 2010

The NTBs affect the transport highway from Dar Es Salaam port to Rusumo. The study revealed that, corruption tendencies were rampant as shown in the table 2 below. In each police check point police officers in Tanzania received bribed ranging from TZs 2000 to TZs5000. The roadblocks were found around 13 km to 20 km for inspection by traffic police shown in figure 2.

Table 2: Police Roadblocks summary

Country	Amount of bribe paid	Average distance between one police checkpoint to another
Tanzania	2000Tshs to 5000Tshs	13 km to 20 km

Source: Mkuna, (2014)

In the table above it shows that the truck drivers pay around TZs 2000 to TZs5000 at every police checks.



Figure 2: Traffic Police on Duty (Inspecting Truck)

Source: ICF 2012

The figure above shows the Traffic Police inspecting the truck on transit to Rusumo.

On the effect and potential impact of the identified NTBs, the study revealed that, truck drivers were stopped 10 times in a single trip along the Dar es Salaam –Rusumo transit

routes and only stopped once in Rwanda, thus adding to amount of time spent on the road. In this regard Tanzania has more roadblocks as compared to Rwandan side.

The change of government regime has a great impact on the trade development in EAC and across the globe. There is anecdotal evidence that, the new government of Tanzania under the presidency of Dr. John Pombe Magufuli (JPM) has coincided with that of Rwandan government to revitalize the deteriorated relations under the former Tanzanian regime. Consequently, JPM has slashed the present police roadblocks from 7 down to a mere 3 of them.

5. Conclusion

The study presented in this brief shows that trucks experience considerable delays, due to several stops they face along the transit routes perpetuated by the police roadblocks comparably to the other stops, such as Tanzania Revenue Authority (TRA), Weighbridges and Natural Resources Agency. Before Hon. JPM intervention, each driver spent 960 minutes (16hrs) per trip, on average. This had enormous contribution to the increase in the cost of logistics. Noticeably, in comparison to Rwanda, Tanzania has more road impediment.

5.1 Policy Recommendations

The government and trade specialists should step boldly to abolish the present NTBs (roadblocks and corruption) in the route. The government should adhere to the EAC signed protocols on issues of trade development.

The implementation of the signed protocols shared by various stakeholders should be taken on board from the beginning. Tanzania should consider streamlining all enforced stops and enforce online query system.

5.1.1 Objectives achievement

At last, every objective has been proved correct on NTBs impediments to trade performance.

5.1.2 Lessons from the findings

The study found that, there was also a police traffic stopping the trucks arbitrary just for taking bribes.

5.1.3 What to be done in future

The EAC monitoring machinery should be intensified and create good personal relations among the leaders of the bloc.

5.1.4 Limitation of paper

The paper dwelled much on desk research, statistical data, and personal observation because of the limited time.

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