

# Remove hurdles, agro traders say

**FARMING.** Though the government has high regard towards agriculture, experts say the country lacks coherence towards policy harmonisation and enforcement of legislation

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The Citizen Reporter

**Dar es Salaam.** As the Tanzanian currency has continued to depreciate, exporters are calling for the removal of challenges for farmers and traders so as to boost exports.

By so doing, the country will earn more foreign currencies to enable the shilling to appreciate.

Despite the fact that Tanzania's business farmers and traders have immense opportunities to trade in the East African Common Market (EACM) and other international markets the business environment in the country doesn't support them to smoothly do business.

Though the government has high regard towards agriculture, experts say the country lacks coherence towards policy harmonisation, enforcement of legislation and streamlining administrative procedures.

"It is difficult for Tanzanians to compete in the EACM because the country has not prepared itself to do business with other countries. Instead, it concentrates on internal business," said Tanzania Exporters Association Executive Director Mtemi Naluyaga recently.

He said Tanzania had not identified its competitive advantage to the East African Community thus lacks proper plans on how to compete in the EACM.

According to Mr Naluyaga, if Tanzania uses effectively its existing productive land it will be able to increase its exports.

"But currently there are many restrictions that discourage farmers from cultivating more. For a person to export anything he needs an export permit which is not easy to obtain," said Mr Naluyaga.

According to him, while locals are denied export permits many foreigners come and buy cheaply our agriculture produce and cross the border unnoticed.

The Executive Officer of the Tanzania Chamber of Commerce, Industry and Agriculture in Singida Region, Mr Calvest Nkuru, recently called on the government to formulate strategies for farmers to get agricultural inputs in a given time.



A tobacco farmer works in her farm in Mpanda District. Tobacco is Tanzania's leading traditional export crop. Others include cashew nuts, coffee, cotton, tea, cloves and sisal. PHOTO | FILE

"Every now and then the government announces budgets for agricultural inputs, but to our surprise we rarely see those inputs. The situation hinders agriculture expansion in the regions," said Mr Nkuru in a phone interview.

He also urged the government to set aside funds that will help expand agro-processing to add value for crops for export.

"It is clearly known that the locals can't open processing industries due to limited capital. If the government helps locals secure capital there will be more processing industries which in turn will encourage farmers to cultivate more sunflower and increase earnings," said Mr Nkuru.

The TIB Development Bank has little funds to finance huge development projects. Tanzania Private Sector Foundation Executive Director Godfrey Simbeye told *The Citizen* recently that if the government was keen enough to source funds to recapitalise the bank it could be possible for the private sector to borrow funds for development projects.

"Our President has been travelling to

different parts of the world. He could attract foreign countries and companies to inject funds into TIB. This could give locals a source of capital which in turn will spur the country's economic development," said Mr Simbeye.

Due to locals' capital woes to invest in their own country, foreigners have been flooding the country, most of them intending to partner with locals. "But for sure there is no Tanzanian who can be able to partner," said Mr Simbeye.

He said that even if foreign investors demand only \$20 million (Sh40 billion) for partnership "I am telling you there is no financial institution that can offer such a loan."

The Vice Chairman of the Tanzania Association of Microfinance Institutions, Mr Joel Mwakitalu, said recently that it takes up to a year for one to obtain a loan from a bank.

"Apart from the long period one is supposed to wait before getting a loan, still the process is characterised by many challenges," said Mr Mwakitalu.

Among the challenges he said is to bring many letters from local authorities who demand to be paid thus increasing unnecessary costs.

"A bank will never give you a loan without having a letter from the local government. Even when you present your passport it will never accept it. The bad thing is that local government leaders demand money to release the letter, especially when they see the amount one is going to borrow," he said.

Mr Geoffrey Kalugendo, an investment, trade and environment management consultant, told *BusinessWeek* over phone that Tanzania's manufacturing sector could have a major impact to the country's economy had the government put in place new measures and restructured its policies.

He said lack of entrepreneurship skills among government officials was

## WHAT TANEXA SAYS

■ Food crop exports present one of the best ways for economic growth that will have far-reaching positive effects on the largest segment of the populace.

■ Unfavourable business environment hampers Tanzania's ability to position itself to take advantage of available export opportunities

■ Failure to facilitate expansion of national and regional trade in food staples can hinder growth and private investment in agriculture

■ The Agricultural Products Control of Movement Act and the Exports Control Act Cap 381 R.E. 2002 need to be reviewed to align to the needs of smallholder farmers' transformation into traders and making Tanzania a net exporter of food crops.

one of the biggest problems afflicting manufacturing.

According to him government officials have been regarding themselves as bosses who cannot interact with traders and farmers.

"Government officials must change. They must be trained on entrepreneurship and its importance to the country's economic growth. They should understand that being in offices alone cannot bring a significant impact to the country's economy," said Mr Kalugendo.

According to him, even the 'Big Results Now' initiative cannot reach anywhere if government officials don't want to interact with businesspeople and agriculturalists.

"The altitude of government officials towards business and the private sector in general ought to change since it is only through manufacturing and trade that the country can create decent employment for youth," said Mr Kalugendo.

He said staff skills in institutions involved in regulation and enforcement of policies, legislation and standards should be enhanced and oriented to cater for competitive business settings that shall enable agricultural produce trade to thrive.

For years the manufacturing sector has been facing many challenges such as unreliable power supply.

Despite being key for the manufacturing sector, Tanzanian factories have been affected by unreliable supply of electricity and skyrocketing prices of gas and oil.

Overdependence on roads has made manufacturing business accumulate unnecessary costs.

Infrastructure is an important factor in determining the location of economic activity and the kinds of activities or sectors that can develop in a particular instance.

The road transport mode has focused mainly on the trunk and regional roads. The rural roads that reach producers are impassable during the rainy season. This is even critical for dairy farmers when delivering milk to processing plants and collection centres.

In most cases this has prompted transporters to manoeuvre by using single axle pick-up trucks that are costly and unfortunately attract bribes because they are usually overloaded and subjected to numerous roadblocks.

The current practice of using heavy trucks as an alternative to railways is costly in terms of fuel and spare parts and the depreciation of the road surface. All these costs are passed on to producers, manufacturers, traders and finally consumers, thus affecting the competitiveness of the sector.

Food processors urge the government to reform the regulatory process and simplify compliance in food processing so as to improve business environment.

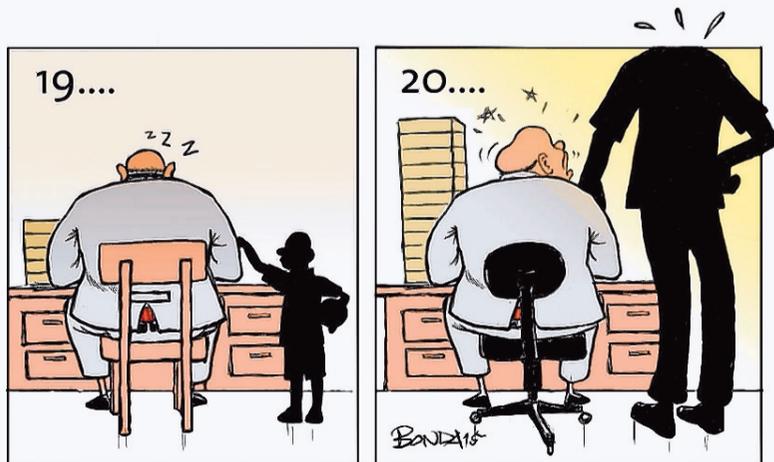
Food processors say regulations governing food processing are amenable and have a number of benefits such as ensuring public safety, protecting the environment, correcting market failures and promoting fairness.

However, they say, excessive regulations increase the costs of food processors, mainly due to duplication of the regulatory functions and fees charged by the regulators.

"The government must rationalise the regulations affecting food processors as too many regulations act like a burden to private sector," said Kym's Enterprise Director Magessa Munna over phone.

She said many regulations increase the cost of doing business due to multiple fees which in turn increase corruption and bureaucracy and discourages businesses to formalise.

"We are required to pay many fees, but even as you pay the fees you still encounter unnecessary delays and bureaucracy."



This is a Calendar of Youth unemployment problem

