



POLICY BRIEF



ENHANCING TANZANIA'S EXPORT COMPETITIVENESS UNDER AFCFTA.

PROGRESS, CHALLENGES, AND STRATEGIC INTERVENTIONS"

MAY 2025

PREAMBLE:

The African Continental Free Trade Agreement (**AfCFTA**) entered into force in May 2019, with intra-African trading under it beginning 1 January 2021. On 9 September 2021, the Parliament of Tanzania ratified **AfCFTA** and subsequently reviewed its National Trade Policy to align with the agreement's objectives. The revised policy focuses on enhancing market access, reducing trade barriers, and promoting digital trade. It also emphasizes the development of trade infrastructure and the protection of consumers and competition.

Tanzania has been negotiating the agreement through the EAC bloc and has finalized submission of its tariff offers in both Phase 1 and 2 which encompasses the Protocols Trade in Goods, Trade in Services, Rules and Procedures on the Settlement of Disputes, for Phase 2 negotiations included Protocols on Investment, Competition policy and Intellectual Property Rights (IPRs).

Since then Tanzania has been actively engaging in the African Continental Free Trade Area (**AfCFTA**), making significant strides in implementation while addressing challenges to fully capitalize on the opportunities it presents.

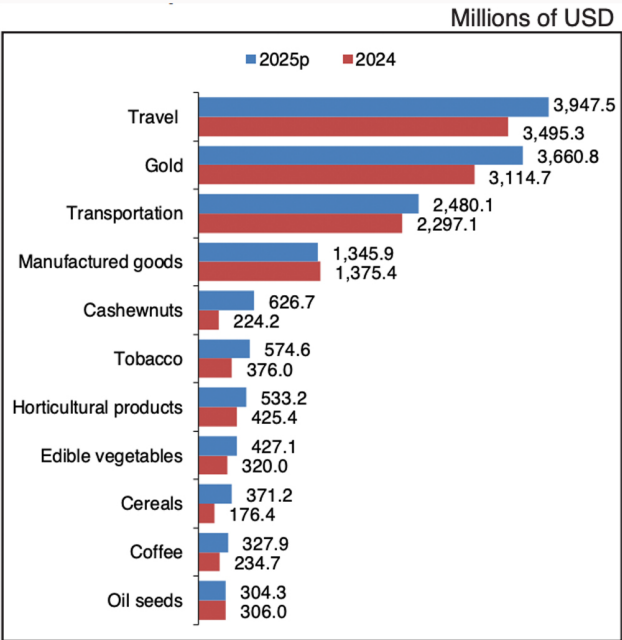
Tanzania is one of eight countries involved in the **AfCFTA's** Guide Trade Initiative (GTI) which commenced on October 7, 2022. The Guided Trade Initiative (GTI), an initiative aims at stimulating intra-African Trade by linking nations that have fully approved and published their tariffs under **AfCFTA** rules, the implementation of GTI has significantly expanded participation from seven to 39 countries, this rise signals growing commitment across the continent, with an increasing number of small-scale traders, including women, benefiting from new market opportunities. According to Afreximbank data, intra-African trade grew by 3.2% in 2023, reaching \$192.2 billion, reflecting the resilience and promise of the agreement even amid global economic challenges.

Since then, Products such as ceramic tiles, tea, coffee, processed meat, corn starch, sugar, and dried fruits are already being traded under this initiative. The **AfCFTA** Secretariat has engaged the Tanzanian Chamber of Commerce, Industry, and Agriculture (**TCCIA**) to assess the progress and challenges faced by Tanzanian businesses under the GTI. **TCCIA** is the Private Sector Association representing the voice of more than **30,000** businesses across the country mandated in Issuing Certificate of Origin being among the mandatory documents for eligible products to qualify for preferential tariff treatment when they are traded within the **AfCFTA**.



TANZANIA'S GLOBAL EXPORT PROGRESS:

During the year ending March 2025, exports of goods and services grew by 17.2 percent to **USD 16,506.8** million from **USD 14,083.2** million in the corresponding period in 2024. The increase was mainly driven by exports of gold, travel (tourism), agricultural products, and transportation services. Exports of goods, which account for 58 percent of the total exports of goods and services, rose to **USD 9,583.4** million from **USD 7,701.8** million during the year ending March 2024. The increase in exports was notable for gold, cashew nuts, tobacco, coffee, and horticultural products. (Source BOT, Monthly Economic Review – April 2025)



This positive performance reflects Tanzania's successful integration into regional markets, particularly within the **EAC** and **SADC**, while also indicating an emerging focus on broader African markets under **AfCFTA**. Sustaining this momentum will require continued enhancement of production capacity, value addition, and infrastructural improvements to capitalize on new market opportunities.

TRADING WITHIN THE AfCFTA:

The commencement in the usage of Certificate of Origin under the **AfCFTA** in May 2023 contributed into exportation of about 21 commodities by March 2025 and open up 18 new African markets that Tanzania had no trade relations, further to this it has encouraged traders to take advantage of the opportunities available in the market. In the period of four (4) years, the achievements from the ratification of the agreement include the issuance of 315 certificates of origin by the April 2025 (Source TCCIA).



Fig1. Percentage of exported products highlighting dominant sisal fiber contribution of **78.41%** - Source TCCIA

The certificates issued encompasses products such as 6,150 tons of sisal fibre products to Nigeria, Ghana, Morocco and Egypt; 1,433 tons of float glasses to Egypt; **433** tons of rice to Burkina Faso and Ivory Coast; and 273 tons of coffee to Algeria. Furthermore, since the first shipment of goods using the **AfCFTA** rules of origin in May 2023, the country has made significant progress, with by March 2025 we have successfully exported 21 different products and expanded our market reach to 18 African countries with which we had no previous trade relations. (Source 2025/26 Budget speech: Ministry of Industry and Trade)

Overall, Tanzania has had a good trend in sales to African countries, with sales in 2024 reaching **US\$3,946.76** million compared to **US\$2,447.63** million in 2021, an increase of 61.2 percent. The increase was due to the expansion of new markets under the **AfCFTA**, which includes Morocco, Nigeria, Senegal, Ghana, Egypt, Ethiopia, Algeria, Djibouti, Somalia and Guinea. Products that contributed to these sales included coffee, tobacco, glass, grains, spices and sisal fibers. (Source 2025/26 Budget speech: *Ministry of Industry and Trade*)

The data reflects Tanzania's success in penetrating diverse African markets and introducing high-demand commodities. While sisal fibre remains a dominant export contributing 78.41% of products exported, recent trade figures also indicate a strategic shift toward manufactured goods. Notably, the export of float glass to Egypt, Ivory coast, Cameroon, Ghana and Senegal increased by 9.5%, marking a significant development in the country's export diversification efforts. The shift from a primarily agro-based export economy to one that incorporates manufactured products highlights the importance of continuing to develop Tanzania's industrial capacity.

CHALLENGES:

Despite these strides that Tanzania is making as far as trading under **AfCFTA** is concerned the country needs to address key bottlenecks hindering its performance in these market, such bottlenecks including;

Limited Awareness Among Businesses:

Despite the government's efforts, many businesses across Tanzania are not fully aware of the benefits and operational mechanisms of the **AfCFTA**. A collaborative approach between the Public and Private sector is needed to sensitize and build the capacity of businesses to take full advantage of the opportunities presented by the market. It is noted, there are Exported who are exporting to the **AfCFTA** without obtaining the **AfCFTA** CoO which results into being charged maximum import duty even for products that are already listed in the tariff offer.

Cost of Doing Business:

The cost of doing business for Tanzanian producers, especially compared to other countries in the East Africa region and compared to some of the major players on the continent. This has been a major concern for the private/business sector in Tanzania, where the relatively high costs of utilities (power, water and transport) and regulatory charges that reduce the competitiveness of Tanzanian products have been key.

Literatures from the Confederation of Tanzania Industry (CTI) suggests that, the high cost of production makes Tanzanian products less competitive, leading to a loss in their existing market shares and failure to penetrate the new markets emerging from the AfCFTA. For example: The cost of shipping in Tanzania renders exporters less competitive, even in areas where Tanzania has an edge in this regard. In particular, the wharfrage cost in Dar port is charged at 1.6% of the free on board (FOB) value, while other countries/ports' charges are based on volume/weight or on container size (20ft or 40ft).

Logistical and Bureaucratic Hurdles

Transport costs within the African continent remain prohibitively high, averaging up to five times more than in Europe or North America. This disparity is exacerbated by the lack of direct flight connections between many African countries, forcing travelers and goods to transit through Europe or Asia to reach neighboring African markets. Such logistical challenges not only inflate costs but also delay trade operations, undermining the competitiveness of African products in both regional and global markets. Divergent customs procedures and border regulations across African countries contribute to significant delays in cross-border trade. Lengthy clearance processes, inconsistent documentation requirements, and varying standards can result in goods being held up at borders, increasing storage costs and reducing the shelf life of perishable items.

Non-Tariff Barriers (NTBs)

Beyond tariffs, non-tariff barriers such as complex licensing requirements, differing product standards, and bureaucratic red tape continue to hinder the free flow of goods and services. These NTBs add to the logistical burden and can discourage businesses from engaging in regional trade. For example a sisal producer with Certificate of Conformity issued by the Tanzania Bureau of Standard will be required to obtain another Certificate of Conformity in Nigeria. This adds to the cost of doing of business



WHAT NEEDS TO BE DONE FOR TANZANIA TO TAKE FULL ADVANTAGE OF AfCFTA?

Key Recommendations for the Government:

1. **Strengthen Export Diversification Initiatives:** The government should invest in capacity-building programs aimed at enhancing the production of value-added and manufactured goods, particularly targeting sectors like glass, ceramic tiles, Steel products, textiles, and agro-processing. This would reduce overreliance on primary commodities like sisal fiber and increase the share of manufactured products in Tanzania's AfCFTA export portfolio.
2. **Enhance Market Access through Trade Agreements:** To sustain and build on the gains made under the AfCFTA, the government should actively negotiate bilateral agreements within the framework to eliminate non-tariff barriers, thereby ensuring that Tanzanian products maintain competitive access to emerging African markets.

WHAT DOES THE TCCIA DO CURRENTLY?

1. **Comprehensive Training on AfCFTA Rules of Origin:** TCCIA is implementing targeted training programs for exporters on the AfCFTA rules of origin to improve compliance and reduce logistical challenges related to cross-border trade. These sessions focus on practical aspects, including documentation and verification processes. TCCIA is working hand in hand with TradeMark Africa, UNDP, Foundation for Civil Society, CRDB foundation, Tanzania Women Chamber of Commerce and the Ministry of Industry and Trade to unleash the required potential especially by raising the participation of SMEs, Women and Youth.
2. **Facilitate Access to Certificates of Origin and Awareness Campaigns:** TCCIA has streamlined the process for issuing Certificates of Origin and is currently setting up a digital platform for application and processing. Additionally, it is conducting sensitization campaigns to educate exporters about the importance and benefits of obtaining these certificates particularly through enjoying import duty relief, thereby promoting legal and streamlined trade practices.



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