

Proceedings for the World Bank *Consultation on Trade Strategy in Tanzania*

Dar-es-Salaam, June 21, 2010: 2pm – 5pm

Dar-es-Salaam International Conference Centre, PPF Tower

Opening Session: The opening session started by Mr. Kweka thanking participants for responding to the invitation to attend the consultative process aimed at getting inputs and views on the draft strategy. Mr. Kweka also noted that the strategy is being prepared against a background of long-term changes in international trade, increasingly complex trade agreements, and the global economic crisis with the aim to better support effort to help countries meet their trade competitiveness needs in a sustainable manner. He finally recognised the presence of key government officials including the Permanent Secretary from the Ministry of Industry, Trade and Marketing (MITM) and informed participants that the Country Director is keen on the strategy and would have wished to be there in person but he had another equally important meeting with the Government.

Following these opening remarks, the facilitator (Prof Moshi) noted the importance of this consultative process and the need to keep time so as to have as many contributions as possible within the scheduled time. He welcomed the Permanent Secretary to officially open the consultative meeting.

Permanent Secretary Opening Remarks:

The Permanent Secretary started by noting that due importance has been given to the trade strategy such that she could not miss this important consultative process. She noted, beyond MITM written comments to be submitted later, she would make her own contribution and share her views that would take the strategy forward. She also thanked the World Bank for coming up with a strategy and insisted that this consultative process should be a first step towards broader consultative process for the strategy. She also noted the need for past unfavorable experience the government has had with the World Bank support and advice to serve a lesson in formulating and implementing the new strategy. Specifically, the Permanent Secretary noted the following:

1. The consultative process should involve more stakeholders and hence more time is required
2. The strategy should broadly aim at addressing enormous challenges that domestic, regional and international trade face from the perspective of developing countries

3. Observed that, lots have been done by governments but income poverty remains pervasive and increasing. There is a need to bridge the gap through appropriate strategies that echo trade as a means with which to alleviate poverty. She stressed the need to avoid using Aid for Trade as a forum for exchanging views and progressive studies but rather ensure proper linkage with global initiatives and much work seen on the ground happening in terms of addressing poverty.

She thanked the World Bank for being a long standing partner to Tanzania. She also noted that the strategy has come up at the right time as the government through various initiatives is revising its medium term development policy including the on going review of the Strategy for Growth and Poverty Reduction. She concluded by a plead for more financial support on projects and programmes which are trade related but also address the broader poverty agenda.

Facilitator:

Further to Permanent Secretary opening remarks, the facilitator thanked the PS for constructive comments and noted the key message from PS statement that there is a need to correct the past mistakes. The facilitator also highlighted the guideline for the presentation and consultation. The guideline covers five main issues namely; (a) Trade Competitiveness: Incentive framework, policies to support trade (e.g., special economic zones), reducing input costs (e.g., infrastructure and related services), improving value chains, (b) Trade Finance: IFC facilities, export credit agencies, trade insurance, support for small and medium size enterprises, (c) Trade Facilitation and Logistics: Border management institution building, logistics services providers, regional transit corridors, trade transport infrastructure, (d) Trade Cooperation: Regional integration, global/Doha negotiations, analysis-based, pro-development advocacy, participation in the Aid for Trade initiative and (e) Trade Data, Indicators, and Information Systems: These support data requirements of the poorest developing countries, trade analysis and accountability in Aid for Trade and he finally invited the presenter to make the presentation.

Presentation:

The presenter started by noting that, the World Bank Trade Strategy is broad and appeals to different stakeholders; it is therefore the role of government(s) to contextualize by refining and defining its priorities through domestic TTIS. Following the presentation, the presenter invited stakeholders for comments and contributions. He specifically requested participants to make their contribution while observing the following key issues/questions:

1. What are opportunities for closer collaboration?
2. How much to focus on supporting regional integration? Adequacy of existing WBG instruments
3. Balance between global analysis and public goods (data, indicators) vs. engagement and implementation of country/regional program
4. Balance between sector level engagement vs. focus on enabling environment
5. How to better engage with/leverage support for the private sector- Capacity-building; technical assistance

Contribution and Discussion from the Floor

Following the presentation, the facilitator invited the flow to make their contributions. The following were the inputs from the flow:

Government and Public Representative

The public sector representatives noted the need to ensure that the strategy addresses infrastructural constraints that suffocate Tanzania trade competitiveness such as railways and airways. They stressed need for additional resources from international organization such as World Bank and IMF to support infrastructure development. They also noted the challenge between policy space and policy predictability for ensuring FDI concession are revisited in order to attract more government revenue that would contribute to infrastructure developments.

They also noted that, while the strategy links well with Aid for Trade agenda, coordination among different agency should be enhanced and market entry requirements for SMEs be articulated further to expedite more support to producers. They also noted that such exclusive economic zones as EPZ should be closer to rural population and such tangible programme like incubators and other growth oriented programmes stand to bring more impact than short term in-class training.

The government also noted the need to ensure domestic market is well integrated and commercial farming management skills are strengthened during implementation of the new trade strategy. They also observed that is only commercial farming that stands a high chance of making KILIMO KWANZA agenda a success. Moreover, in all trade related matters gender mainstreaming and building local competencies are important.

Finally government representatives suggested that it is the role of the government to design and implement development strategies and international

institution such as World Bank should only complement domestic initiatives. They stressed that it is due time for our governments to undertake own assessment on way forward relative to other countries. It is also important for the strategy to support building capacities for addressing remnants of NTBs and negotiating for effective market access conditions.

Academia

Academia and research participants noted the need to redress the imbalance between technical assistance and capacity building versus direct support on improving and building productive capacities. They also noted the need to strengthen regional support which serves a stepping stone towards far reaching international and more competitive markets.

Private Sector

Private sector participants noted that for Tanzania traders to be competitive, upgrade of hardware infrastructure such as rail and other utilities such as energy and water is inevitable. Moreover, ongoing efforts by government and development partners to rehabilitate roads are encouraged, but dilapidated railways make road transport unsustainable.

They also stressed the need to enhance human resource developments to take advantage of the deepening regionalization, including extensive vocational training for selected cadres of competencies.

Private sector representative also noted the critical need to address rural productivity. They noted that rural productivity is far below what one would imagine; hence trade strategy should articulate mechanism to improve rural productivity. They also noted the need for capacity building and technical assistance in the area of product development for SMEs to improve their productive capabilities.

International organization

International organization representative suggested that, it is important for the strategy to pay attention to the conditions and challenges on the ground. They stress that the strategy should be translated into country context and address unique characteristics and constraints for Tanzania. They argue that, as it stands the strategy looks too general and a model for all developing countries.

They also observed the risk of cheap imports on Tanzanian livelihood and suggested the need for special incentives to local producers citing oilseeds as an example.

They finally noted the need for the strategy to see how best could the revealed comparative advantages in local resources that is capital intensive and foreign owned would be translated into other productive sectors.

Closing Remarks

Following stakeholders contribution, the facilitator invited the presenter to make clarification and possibly response to questions raised. The presenter thanked participants and acknowledged that, coming with a strategy is a process and this is another important milestone. He further noted that monitoring and evaluation is a multi-level process therefore assessment of aid effectiveness will be based on the outcome which will not necessary be on one specific project. He also noted that the strategy will certainly reflect issues linked to integration of domestic trade, competitiveness support and more analysis on the impact of non tariff measures.

Prior to formal closing remarks, the facilitator invited convener to say few words. Mr Kweka thanked again participants for their comments and noted that consultations for the country's assistance strategy are underway and the Bank is continuously supporting the government in many other areas including on trade and competitiveness agenda. He mentioned few on going works such as development of market information system strategy that would assist integration of domestic and international markets, service sector reforms and EPZ program.

Finally the representative from the Ministry of Industry, Trade and Marketing was invited to make formal closing remarks. The representative thanked again the World Bank for supporting the government, in particular the MITM through various interventions. She also reiterated the government position to submit written comments on the strategy. She then closed the workshop by wishing every one all the best in their respective role to help improve trade competitiveness for Tanzania.