BLACK PEPPER EXPORTS FROM TANZANIA

BUSINESS PROCESS ANALYSIS FOR ENHANCED EXPORT COMPETITIVENESS
Acknowledgments

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1.2 Eliminate radiation-free certificate

1.3 Remove the need for phytosanitary certificates for samples

1.4 Improve the current pre-shipment inspection scheme

1.5 Delegation of signature authority

1.6 Enhance trade information by providing trade information online

1.7 Enable mobile and e-payments (including electronic payment receipts)

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### Acronyms and abbreviations

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<th>Full Form</th>
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<tbody>
<tr>
<td>ASTA</td>
<td>American Spice Trade Association</td>
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<tr>
<td>BoL</td>
<td>Bill of Lading</td>
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<td>BPA</td>
<td>Business Process Analysis</td>
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<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
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<td>CFA</td>
<td>Clearing and Forwarding Agent</td>
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<tr>
<td>CIF</td>
<td>Cost Insurance and Freight</td>
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<tr>
<td>CoO</td>
<td>Certificate of Origin</td>
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<tr>
<td>CRDB</td>
<td>Commercial Bank</td>
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<tr>
<td>ESA</td>
<td>European Spice Association</td>
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<tr>
<td>ESI</td>
<td>Electronic Submission of Information</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FCL</td>
<td>Full Container Load</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GSP</td>
<td>Generalised System of Preferences</td>
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<tr>
<td>HS-Code</td>
<td>Harmonised System Code</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>INCONTERMs</td>
<td>International Commercial Terms</td>
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<tr>
<td>ITC</td>
<td>International Trade Centre</td>
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<tr>
<td>LGA</td>
<td>Local Government Authority</td>
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<td>MAFS</td>
<td>Ministry of Agriculture and Food Security</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>MIT</td>
<td>Ministry of Industry and Trade</td>
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<tr>
<td>MoH</td>
<td>Ministry of Health</td>
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<tr>
<td>NSGRP</td>
<td>National Strategy for Growth and Reduction of Poverty</td>
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<tr>
<td>OBL</td>
<td>Original Bill of Lading</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PACCIAPACT</td>
<td>Programme for building African Capacity for Trade</td>
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<td>PPP</td>
<td>Public-Private Partnership</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>SIDO</td>
<td>Small Industries Development Organisation</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>TANCIS</td>
<td>Tanzania Customs Integrated System</td>
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<tr>
<td>TANTRADE</td>
<td>Tanzania Trade Development</td>
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<tr>
<td>TCCIA</td>
<td>Tanzania Chamber of Commerce, Industry and Agriculture</td>
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<tr>
<td>TDR</td>
<td>Terminal Departure Report</td>
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<tr>
<td>TEU</td>
<td>Twenty foot Equivalent Unit</td>
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<td>TFDA</td>
<td>Tanzania Food and Drugs Authority</td>
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<td>TIN</td>
<td>Tax Identification Number</td>
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<tr>
<td>TPA</td>
<td>Tanzania Ports Authority</td>
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<td>TRA</td>
<td>Tanzania Revenue Authority</td>
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<tr>
<td>UN CEFACT</td>
<td>United Nations Centre for Trade Facilitation and Electronic Business</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNECE</td>
<td>United Nations Economic Commission for Europe</td>
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<tr>
<td>UNESCAP</td>
<td>United Nations Economic and Social Commission for Asia and the Pacific</td>
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<tr>
<td>UNNEExT</td>
<td>United Nations Network of Experts for the paperless Trade in Asia</td>
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<tr>
<td>URT</td>
<td>United Republic of Tanzania</td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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Exchange Rate Used

1 US$ = 2,000 TZS
Background

The Promoting Intra-regional Trade in Eastern Africa Project

The International Trade Centre (ITC) is a joint agency of the United Nations and the World Trade Organization, focusing in particular on developing the export capabilities of small and medium-sized businesses in developing and transition economies. ITC is a 100% "Aid for Trade" organization, supporting trade that delivers inclusive and sustainable development results.

ITC is currently implementing the Project “Promoting Intra-regional trade in Eastern Africa”, which aims to contribute to inclusive and sustainable export-led growth. Funded by Finland, the Project is working with local partners to promote participation of small and medium sized enterprises (SMEs) in selected agri-food sectors in regional and global value chains. Besides Tanzania, the Project is also being implemented since 2014 in Kenya and Zambia.

The Promoting Intra-regional Trade in Eastern Africa Project aims to respond to:

- Value chain weaknesses that hinder export competitiveness of producers and SMEs in selected agro-value chains (mango, honey, spices);
- Deficiencies of TSIs to provide the required support to enable SMEs to upgrade their competitiveness and successfully engage in export development.

The two expected outcomes of the Project are as follows:

i. Outcome 1: Increased export competitiveness of SMEs in selected agro-food value chains

ii. Outcome 2: Enhanced performance for trade and business support service providers in selected agri-food value chains at national and regional levels

In Tanzania, the project is pursuing the following activities:

i. Developed Sector Roadmaps for honey, spices and mango sectors and the development of appropriate response strategies to enable those sectors engage in export development;

ii. Providing advisory services in Quality Compliance and Food Standards and Supply Chain Management;

iii. Expanding SIDO’s packaging services to SMEs through setting up of a Packaging Services Centre. The upgrading of existing packaging capabilities will also be coupled with the implementation of branding strategies;

iv. Upgrading the service delivery of other TSIs such as Tanzania Honey Council (THC), Tanzania Forestry Services (TFS), SIDO, and Association of Mango Growers (AMAGRO).

v. Enabling National apex trade promotion bodies and business associations to advocate business interests and to influence business and trade policies affecting regional trade.

The principle ITC partner in Tanzania for the implementation of this project is the Small Industries Development Organisation (SIDO).
Business Process Analysis of black pepper in Tanzania

As part of the activity to enable national apex trade promotion bodies and business associations to advocate business interests and to influence business and trade policies affecting regional trade, ITC has carried out a Business Process Analysis (BPA) study. This also follows on from the Sector Development Roadmap for spices by specifically addressing export processes in the black pepper sector in Tanzania. ITC also organized a stakeholder workshop on 23 February 2016. The workshop “Enhancing Business Processes for Export Competitiveness” discussed the preliminary findings of the study, including the recommendations for simplifying and streamlining business procedures.

The BPA study provides the basis for advocacy, public private dialogue (PPD), and trade policy reform, including intra-regional trade policies. In particular, the BPA study includes a simple methodology to elicit, document, and analyze the existing “as-is” business processes involved in international trade, as well as aid in developing recommendations for further improvement. It suggests a set of practical steps and activities, from setting the scope of the business process analysis project, planning its implementation, collecting relevant data, and presenting it in an easily understandable manner; to analyzing the captured data in order to identify bottlenecks and develop recommendations for improvement.

As a result, the TPOs and business associations will be able to use the BPA study to advocate their business interests and to influence business and trade policies affecting regional trade. Where appropriate, sectoral associations in Tanzania could also work with regional apex bodies in the region to address certain obstacles, including those which could be addressed in the context of the Tripartite FTA. Furthermore, businesses will also benefit, through enhanced trade performance, from a better understanding of their value chains.

Overview of black pepper in Tanzania

The spices sector has a number of socio-economic advantages over other sub sectors. These advantages include:

- Production of spices has a better opportunity cost and an excellent cost benefit ratio.
- Spices have a greater potential in contributing to poverty reduction through job creation, as the production techniques employed are labour intensive, more unemployed groups who are mainly youths and women will have greater opportunity of being employed.
- Unlike traditional crops, spices do not require a massive amount of land. The crop also allows repeated harvests during the year which ensures maximum use of land.
- Tanzania has abundant places with excellent weather conditions for the sector which guarantees benefits to more rural people.
- Global demand for spices has been robust with an annual growth rate of 3% year-on-year. This growth is fuelled by both an increased demand for convenience food products as well as local demand. In fact, “traditional” spice-producing countries such as India and the Far East see their exports diminishing due to increased demand locally. Therefore, importers in the EU and the Americas are actively looking for new sources to cover their spice demand. Tanzania is geographically well located to service those import markets.

The Pepper Crop Report (Gulick, 2014) highlights that global consumption is growing by 2-3 % per annum, of which emerging markets take the lion’s share. The report assumes a conservative 2% growth due to economic sluggishness of emerging markets. By taking the 2% growth, consumption will increase by almost 8,000 tons per year, which means that the world requires approximately 33,000 tons of pepper per month to satisfy demand. At the same time the price of pepper (and of spices in general) shows a rising trend, which is best illustrated by the figure below.
Even though spices have clear standards set by export institutions like the Indian Spices Board or by importers association like ESA and ASTA,\(^1\) strict vigilance on post-harvest treatment is required to achieve export quality. In the case of black pepper or cloves, post-harvest drying must be done immediately after harvesting by the smallholders themselves; later, professional equipment is used for cleaning and sorting the black peppers or cloves. In any case, it is advisable to process close to the growing field, thereby offering labour opportunities to the rural population (i.e. harvesting mainly by men, cleaning & selection mainly by women).

**Figure 1: Monthly pepper prices CFR NY**

As an example, the figures below, show the increasing gap between world demand and production of pepper (piper nigrum). Figure 1 below shows a growing trend for the consumption of pepper globally, while Figure 2 shows production in major producing countries.

**Figure 2: Global pepper production**

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\(^1\) ESA = European Spice Association; ASTA = American Spice Trade Association
In view of the above, it is clear that simplified and more efficient export processes would enhance the capabilities of black pepper/spices exporters to tap into global markets. Much of the untapped potential would be unlocked when costs, time and other bottlenecks of doing business are kept at a minimum.
Methodology of the study

UN/CEFACT International Supply Chain Model

The objective of the current study is to apply the BPA methodology to review and evaluate present business processes and procedures, their rationale, the time required to complete them, and the associated costs for the export of dried black pepper corns to the European Union (EU) major ports.

To conduct this BPA exercise, the Business Process Analysis Guide to simplify Trade Procedures, updated September 2012, has been used (ESCAP, 2012). This guide was jointly developed by the United Nations Network of Experts for the paperless Trade in Asia and the Pacific (UNNExT), UNESCAP, as well as the United Nations Economic Commission for Europe (UNECE).

The BPA employs the UN/CEFACT International Supply Chain Model. Every Business process is categorized and analysed through this framework (Keretho and Naklada, 2011). This model comprises of three process areas: (1) Buy, (2) Ship and (3) Pay.

(1) Buy – Activities concerning the conclusion of trade terms up to a point where sales contract is established.

(2) Ship – Activities concerning the arrangement of transportation and other actions necessary to meet regulatory requirements, such as:

1. Obtain crop purchase permit
2. Pay crop levy
3. Obtain Phytosanitary certificate
4. Obtain health certificate
5. Obtain radiation certificate
6. Arrange for shipping (Maritime)
7. Arrange transport (Land)
8. Arrange pre-shipment inspection
9. Stuff cargo onto container
10. Customs declaration
11. Pay port dues
12. Obtain certificate of origin
13. Obtain insurance
14. Arrange port clearance
15. Load cargo into vessel
16. Prepare documents
17. Pay service fee

(3) Pay – Activities concerning claims for payment of goods (Keretho and Naklada, 2011)
This is the first time to apply a BPA methodology (as part of a series of BPA studies) to analyse trade processes for spices in Tanzania.

This study documents the details on the “as is” (or current) trade process for black pepper corns. Based on the findings, the study develops policy recommendations to simplify and harmonize trade processes in Tanzania. Spices provide income to many households in Tanzania and contribute to national economic growth. These are key reasons why this sector was selected for this BPA. A detailed overview of the sector is provided in Appendix 1: Sector overview.

**Figure 4: Map showing the black pepper export route**

**Study approach**

The BPA for exporting black pepper corns is based on research and extensive interviews with key stakeholders such as government agencies, exporters, traders, farmers and transporters. In addition, some key sites have been visited to better understand the trade. The objective of the field visits and interviews was not only to obtain information on business processes but also to explain this assignment, its objectives, how it can be used to influence policy to facilitate trade and contribute to national development objectives. This process of building ownership took place both at higher levels of government as well as with technical officers.

Based on the interviews and site visits, the BPA has been illustrated with the aid of UN/CEFACT unified modelling language and complemented by tables to provide greater details on each process. The details provided in the tables give an indication of the time needed to complete each process and the costs that have to be borne by an exporter. The diagrams reveal all stakeholders and process participants for each single business process as well as their relationship to each other. Further, the analysis covers all areas of the trade, including the commercial, transport, regulatory and financial procedures.

To validate the findings of this BPA, the study team carried out several rounds of interviews with various process participants. In addition, a stakeholder consultation meeting was held in February 2016 drawing participants from the private and public sector including from most stakeholders involved in the black pepper trade.
**Study limitations**

During the assignment, the study team was confronted with various challenges such as:

a. Data unavailability and inconsistency: In a number of areas information was largely inconsistent between different sources while in other areas data was simply not available. This is partly due to the confidentiality drive on the exporter’s side but, in addition, some government officials were sometimes too busy to help on time.

b. One exporter syndrome: the black pepper corns are exported from Tanzania by maritime transport through Tanga port by only one company. In this case, the study is based on the data provided by only one exporter. However, much of the information gathered from the key actors in the export process is also likely to be relevant for other exporters.
Business process analysis in Tanzania – black pepper to major EU ports

Overview

This BPA is an overview of the present “as is” process for dried black pepper corns, exported by sea from Tanzania to Hamburg with Austria as the final market destination.

In Tanzania, black pepper is produced in Morogoro, Kilimanjaro and Tanga. In Muheza (Tanga area), farmers are organized in groups practicing and monitoring each other on organic farming. The farmers decided to take the “organic” line of production as a strategy to capture stringent export markets such as EU and Asia but also for the high-health-concerned domestic consumers. The assumption was also that in organic lines, prices will be higher than the usual conventional ones. There are many other producers who use local practices. Local production is said to be organic by default as there are no fertilizers or pesticides currently applied in farms.

As the difference between the ‘organic-by default’ and certified organic spice production is not recognized by most conventional local spice buyers, small scale traders often trade on conventional prices. These traders often buy lower quality, for example unripe, products at low prices. Both channels do not pay an organic premium and the spices lose their formal organic status. Farmers also engage in side-selling, because it offers them instant cash (BTC Trade for Development, 2012).

Harvesting and post harvesting activities include picking berries and drying them into corns over five days. The drying process has to achieve moisture content of 10% or less. The corns are usually sold to middlemen or to the exporter agents of the processors. Though farmers expect to receive a premium price on organic products they sometimes sell their produce to conventional buyers that do not provide a price premium. For farmers, shortage of working capital is a permanent challenge and oftentimes a cash payment today is more important than a promise for a premium price paid in the future.

Around 45% of spices are shipped by sea and the remaining 55% by land. There are no spices shipped by air for commercial purposes because of the high airfreight charges. Only small amounts declared as gifts and souvenirs are sometimes sent by air. The value of a typical shipment for black pepper ranges from TZS 130,000,000 (US$65,000) to TZS 260,000,000 (US$130,000). An exporter is usually paid between 2-6 weeks after delivery of the goods.

In existing business relationships, the exporter and importer often agree on a “Cash Against Documents” payment. This means that the importer pays the exporter full amount after having received shipping documents. With the incoterm-2010 “Free On Board” (FOB), which is typically used for exports to the Middle East and Africa, the risk of loss and damage to the goods passes from the exporter to the buyer when the goods have been delivered into the charge of the carrier at Tanga Port (ITC; PACCIA/PACT, 2005). Most commonly used Incoterms-2010 for spices in the EU and Americas are CIF and “Cost and Freight” (CFR) where the exporter pays for the freight and the buyer pays for the insurance up to port of destination. The buyer gets paid against the original set of documents, once the goods arrive at destination.

However, in some cases the payment is also split in two: the first payment (i.e. 50%) is due after receiving the original shipping documents and the second payment is paid upon full satisfactory delivery of the goods (quantity and quality). The exporter’s responsibility starts from buying the product at the farm gate and ends with the handover of all cargo and shipping documents to the buyer at the port of destination. For new business partners it is common that the buyer pays 100% after receiving the goods and a quality analysis has been made by the buyer to ensure the pepper corns meet the agreed quality standards. In such a case, the seller carries the risk of spoilage and quality deterioration and also
weight loss (due to lost moisture content) during transport. The buyer reserves the right to discount the price for any shortages in quality or quantity.

The most common Incoterms used for spices are CFR and CIF. In the CIF terms, the exporter is responsible for arranging the carriage and paying the freight and insurance to port of destination. Within this term, the risk of loss of, and damage to the goods passes from the exporter to the buyer when the goods have arrived at the port of destination. In CFR the seller must pay the costs and freight to bring the goods to the port of destination. However, risk is transferred to the buyer once the goods are loaded on the vessel. Insurance for the goods is on the account of buyer.

A health certificate is required by the buyers in the European market. This is to guarantee that black pepper corns imported in their countries are good for human consumption. Tanzania regulations also require food dealers and exporters to register and obtain health certificates. This registration is obtained from the Ministry of Health (MoH), through the Tanzania Food and Drugs Authority (TFDA). The exporter in Tanga lodges his registration request in Arusha or Dar es Salaam. Both Arusha and Dar es Salaam are located a long distance from Tanga. Arusha is 430 km away, while the TFDA Headquarter offices are in Dar es Salaam, about 350 km away. A fee of TZS 60,000 (US$ 30) is charged annually for registration renewal.

An exporter may travel to either office with a sample of the black pepper for testing. When TFDA is satisfied with quality of the product, an officer is sent to inspect the production area, management, layout and cleanliness. This inspection is done to be sure of the hygienic conditions of the premises, products and processes, facilities, tools and the humanware. On satisfaction with hygienic standards and the black pepper quality, TFDA issues the registration certificate. The inspection takes a few days but one can wait for months before an officer is available to visit his/her business.

The buyer hires a 3rd party inspector who inspects the goods, on his behalf before shipment. The inspector is an internationally recognised party, certified by the organic certificate board in the EU. The inspector visits the farmers during production, assesses and verifies pepper trees. He advises farmers on measures to be taken to obtain best organic products and reports to the buyer possible harvest quantities. This is done seasonally and the exporter pays TZS 18,000,000 (US$ 9,000) for 600 organic farmers registration and setting up an internal control system. The exporter also pays TZS 270,000 (US$ 135) per each twenty-feet container load.

The following scope and assumptions for this BPA have been set:

- The product covered in this BPA is dried black pepper corns (piper nigrum, HS Code 09041140);
- The pepper is exported from Tanga port via Germany to Austria (European Union) by maritime transport;
- The consignee is a spices processor who uses the corns as raw materials/input for further processing;
- The black pepper corns shipment is a full container load (FCL) of a 20 foot equivalent unit (TEU) with a weight of 10 tons;
- The cargo is packed at the point of origin in 25 kg polypropylene bags;
- The exporter purchases the black pepper from different villages. The farmgate price is assumed to be TZS 13,000 (US$ 6.50). For this BPA, the cargo originates from a black pepper farm in Amani, Bombambili.
- After payment, the pepper is collected and transported to the exporter’s depot in Kwa Mhosi village for further cleaning and sorting. The cargo is then packed and transported by road transport to Tanga port;

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2 To avoid claims of weight loss during transport, exporters are advised to fill 25.2 kg in 25 kg bags.
The cargo is determined for only one consignee and there is no consolidation with other shipments;

The exporter in Tanga has an existing business relationship with a buyer in Europe;

The sales contract specifies the Incoterms as CIF (Cost, Insurance and Freight), whereby the exporter is responsible for arranging the carriage and paying the freight and insurance up to port of destination;

The payment schedule for this particular BPA is arranged in two payments: The first payment is made when the sales contract is concluded, the cargo is loaded on ship and the buyer has received export documents including the Bill of Lading from the seller. The final payment is made when the buyer gets the cargo at destination and verifies the quality by undertaking further testing; and

It is further assumed that all stakeholders comply with existing regulatory requirements.

Before exporting, an exporter is required to obtain the following documents:

- Business license from the Ministry of Industry and Trade;
- Health certificate from Tanzania Food and Drug Authority; and,
- Tax Identification Number (TIN).

Figure 3 below shows the supply chain and all the steps the exporter takes to export black pepper from Tanzania to Austria by sea.
Figure 5: Use case diagram for the spice black pepper exports from Tanzania to European market:

The supply chain of exporting black pepper corns have three main processes, within which several steps are carried out. There are also several parties involved in the exporting process. Different parties have different roles and decisions to make in order to proceed with the export process. In each of the processes and decision making points, there are documents to be reviewed or product samples to be checked before decisions are made on whether to start afresh or to proceed to the next step in the export process line. Each of such points are detailed below.

1. **The Buy Process**

   1.1 **Conclude sales contract**

   Parties in this step include the exporter, the importer, courier service and the Ministry of Agriculture and Food Security (MAFS).

   For new exporters the process starts with the exporter identifying potential buyers through international trade fairs or other sources such as google. In existing business relationships, which is the case in this BPA, the importer starts with requesting a sample and price quotation from the exporter. It must be
BLACK PEPPER EXPORTS FROM TANZANIA

noted that, in order to send the sample the exporter must first obtain a phytosanitary certificate. The exporter then negotiates the sales terms. The exporter prepares a pro forma invoice and a draft sales contract. S/he sends them to the potential importer or buyer. The importer reviews the price quotation and sales terms including the Incoterms and payment schedule. If the quoted terms are not acceptable, there are two options: either the importer renegotiates with the exporter regarding the price and sales terms or ends the process. If all the sales terms are acceptable, the importer signs the sales contract and sends it to the exporter with a purchase order. The exporter produces a commercial invoice and sends it to the buyer.

On average the process of concluding the sales contract takes a period of seven days. The costs involved in this step include courier fee TZS 60,000 (US$ 30) and phytosanitary charges amounting to TZS 35,000 (US$ 17.50). The documents produced in the process are the pro-forma invoice, purchase order, sales contract and commercial invoice.

As mentioned in the overview of the supply chains, the most common Incoterms used are CFR and CIF. The sales terms for Tanzanian exporters are usually dictated by the buyers leaving Tanzanian exporters little choice other than accepting or declining it. The sales terms have quite large implications on the payment schedule and therefore on how, when and under what conditions payments are made. For this BPA the contract of sale takes CIF.

It is also worthwhile to note that in Tanzania a phytosanitary certificate is needed for the sample shipment. This is rather unusual in international trade. In most countries the phytosanitary certificate is only needed for the actual shipment. The process map and additional information for the process step “Obtain phytosanitary certificate” can be found in the ship process under process step 2.3.

2. The Ship Process

In the ship process, there are seventeen steps to be carried out (as shown in the Use Case Diagram, see Figure 3). There are also seventeen parties involved including the exporter, courier, Ministry of Agriculture and Food Security (MAFS), Tanzania Food and Drugs Authority (TFDA), Tanzania Atomic Energy Commission (TAEC), Local Government Authority (LGA), bank, insurance, transporter, container yard, 3rd party inspector, the Tanzania Revenue Authority (TRA)/Customs department, National Security, the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA), shipping line, port terminal operator and Tanzania port authority.

2.1 Obtain spices purchase permit

A permit is required for every ward that an exporter intends to purchase from. Together with other objectives, the permit is required for statistical purposes. Therefore, exporters are obligated to declare purchased quantities to the LGA local office. If the actual collected quantity is more than what was indicated in the permit, the exporter needs to declare it. The exporter is required to obtain the purchase permit every time s/he wants to collect cargo.

This step includes two parties: the exporter and the LGA.

The step starts with the exporter visiting LGA offices to apply for black pepper purchase permit. A verbal application is normally done and the agricultural officer at local government authority offices prepares the permit by filling in information about the exporter's business, type of spice, tonnage required and the wards from which the exporter intends to purchase the black pepper. The LGA officer then signs and issues a stamped permit to the exporter.

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3 The process step for obtaining the phyto-sanitary certificate is not depicted in this process step because it is separately drawn in the ship process (see process step 2.3).
4 The commercial invoice shows details of the product, address of the buyer, quantity, quality, cargo value, INCOTERMs and destination.
At this point no payment is made. The step takes one day and the document produced in this process step is the spices purchase permit.

This step is interrelated with process step 2.2 Pay the crop levy and process step 2.17 Pay service levy. Though these steps are separately done in this BPA, they are all done at the LGA as part of local government revenue collection.

### 2.2 Pay the crop levy

The exporter then visits the LGA (Ward Executive Officer in this case) and presents the spices purchase permit. The Ward Executive Officer then allows the exporter to purchase black pepper according to the presented permit, which designates amount (note that the exporter can collect more than what is stipulated in the permit but he has to declare and pay for any extra amount collected).

After the exporter has completed collection of spices, he reports on the tonnage purchased and returns the permit to the Ward Executive Officer. The Ward Executive Officer verifies the tonnage purchased and computes the crop levy. The crop levy is charged at 5% of the farm gate price.

In the case of this BPA, the crop levy is based on a TEU (20 ft. container) with 10 tons of black pepper at a price of TZS 13,000 (US$ 6.50) per kilogram. The LGA requests for payment and the exporter makes cash payment. The LGA is supposed to collect the crop levy at the farm, but in practice this happens in the local gate.

This process takes 1 day. The crop levy itself amounts to TZS 6,500,000 (US$ 3,250). There are other non-process costs including transport cost from the depot to the LGA.

The crop levy cannot be administered centrally because it differs from district to district. A challenge is that the officers are often not at the gate and therefore, the exporter is forced to pay at one of the next gates with sometimes heavy penalty. For example, in one incident an exporter had to pay for an export shipment of four trucks TZS 2,500,000 (US$ 1,250) per truck or a total of US$ 5,000. It was not taken into account that the exporter was not able to pay due to a lacking of personnel at the previous ward gates. This makes exports considerably more expensive (and in some cases not competitive anymore).

### 2.3 Obtain phytosanitary certificate

This step involves two parties: the exporter and the MAFS.

It starts by the exporter paying the application fees to MAFS in order to receive the phytosanitary certificate. Once MAFS has received the payment, MAFS issues a receipt to the exporter. Having received the receipt from the MAFS, the exporter lodges an application together with the required documents and a sample for inspection to MAFS. The documents that are attached include:

- Application form,
- Business license (copy),
- Payment receipt
- Tax identification Number (TIN) number (copy),
- Commercial invoice,
- Packing list, and
- Cover letter.

The cover letter indicates information on the origin of the product, the producer and location. This information helps later in any traceability inquiry. The letter is freely formulated.
Once the MAFS receives the documents and the sample, MAFS conducts a physical examination. If the documents and sample are satisfactory, MAFS issues a phytosanitary certificate. The exporter collects the phytosanitary certificate from MAFS and that marks the end of this process. If the sample and documents are not accepted, MAFS refuses to issue the phytosanitary certificates and the process is terminated.

This step takes 3 days and costs TZS 35,000 (US$ 17.50).

There are also a few bottlenecks observed by exporters in this process. For example, the MAFS office is open Monday to Friday from 7.30am to 3pm. Officers are not always present during office hours. In some cases, they are simply late; in others they are away (i.e. on field visits or attending to other duties if it is not a full-time position). In such cases there is no officer that can fill in. Exporters must wait until the officer gets back to the office which can be several days in case of a field visit and could be prolonged if a weekend is in between. Additionally, officers do not arrive on time when the office should be open. According to exporters, it is advisable to arrange with the phyto-officer in advance to avoid these issues.

2.4 Obtain health certificate

There are two parties involved in obtaining the health certificate, namely the exporter and the TFDA.

The process step starts by the exporter lodging the completed application form to TFDA. Once the TFDA receives the application, it requests cash payment from the exporter. Meanwhile, the exporter presents the sample to the TFDA for testing. The TFDA receives payment, collects the sample from the exporter and undertake the lab test. It then prepares a lab test report with experts reviewing it. The report explains the moisture content of black pepper and if there is any foreign matter in the corns. If the lab test report is acceptable, the TFDA approves issuance of the health certificate and proceeds with issuance of the health certificate to the exporter. The exporter then collects it from TFDA. If the sample does not meet the requirements (i.e. in terms of moisture content or if there are dangerous foreign objects in the corns), the TFDA denies issuance of a health certificate.

This step takes on average three days (one day for sending the sample, one day for carrying out the test and one day for sending back the report and certificate) and may cost up to TZS 364,000 (US$ 182). This step can take up to fourteen days depending on whether delays occur and the parameters tested. The charges may also be less accordingly.

2.5 Obtain radiation certificate

There are 2 parties involved in this step: the exporter and the Tanzania Atomic Energy Commission (TAEC).

To obtain a radiation certificate, the exporter requests for the certificate from TAEC. The exporter attaches a copy of commercial invoice and submits it with a sample to the Arusha or Dar es Salaam offices. The TAEC receives the request and issues a payment order. The exporter pays TZS 306,942 (US$ 153) through the bank, the bank receives the payment and issues payment receipt. The exporter submits the payment receipt and the TAEC conducts radioactivity analysis. If the results of conducted analysis are not acceptable, the TAEC does not issue the certificate and the step is terminated. In that case, TAEC monitors the destruction of the cargo. The TAEC issues the radiation certificate only when the results of the analysis are acceptable. The exporter collects the certificate from TAEC offices in Arusha or Dar es Salaam.

This step takes one day for those in Arusha and four days for those in Dar es Salaam and elsewhere.

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6 The fee is computed on these categories: TZS 35,000 (US$ 17.50) for a shipment value between TZS 10,000,000 (US$ 5,000) to 20,000,000 (US$ 10,000); 0.2% of invoice value for a shipment value between TZS 20,000,000 (US$ 10,000) and less than TZS 1 billion (US$ 500,000); and TZS 2,000,000 (US$ 1,000) for shipment above 1 billion (US$ 500,000).
The legal basis for the “radiation-free certificate” is “the Protection from Radiation Act” of 1983, published in Government Notice No. 63 published on 20 February 1998 in the Gazette of the United Republic of Tanzania No. 8 Volume 79.

**2.6 Arrange for shipping (maritime)**

This step involves four parties: the exporter, the shipping line, the port terminal operator and the container yard.

This step starts by the exporter booking a vessel with the shipping line. The exporter sends an electronic vessel booking application to the shipping line. The exporter attaches copies of the packing list and commercial invoice describing the product, quantity, consignee, consigner, port of exit, port of destination, container size (full or need for consolidation, instruction on special container conditions).

Once the shipping line receives the booking application, they send a quotation to the exporter, indicating loading and discharging port, prepaid and collected charges. The exporter reviews the quotation. If it is not acceptable, s/he declines the offer. If it is acceptable s/he accepts the service contract from the shipping line and proceeds to create an online booking. The exporter signs the service contract and sends it to the shipping line.

Unless the vessel is full, the shipping line confirms the booking. Occasionally the vessel is full and the shipping line requests the exporter to re-book for another date. Once the space is reserved, the exporter completes the application form and sends the booking document to the shipping line. The shipping line provides the booking number which becomes the shipping number; seal number; and later, the original bill of lading number.

The shipping line produces shipping order and disseminates it to the port terminal operator, the exporter and the container yard. The terminal operators then determine when and where the stuffing will take place, i.e. at the port or outside the port. In this study the exporter stuffs the cargo in the port. Meanwhile, the exporter selects a suitable container once notified by the shipping line to do so. However, in practice exporters first select a suitable container at the container yard because it is usually difficult to find an appropriate FEU container. The container yard cleans it, works on lining and releases it with the carrier seal to the port terminal operator. The port terminal operator moves the container to the stuffing area marking the end of this step.

This step takes two days and costs are charged with other terminal handling charges.

There are a few bottlenecks identified by various stakeholders in this step. For example, in practice there are usually delays when stuffing is conducted in the port because relevant officers must be present to observe the loading process. Although the officers are located inside the port, it is difficult to coordinate all officers to the same location at the same time.

Also, exporters reported that it is difficult to obtain a 40 foot container (FEU), especially one that is clean and can be used for food stuff exports.

**2.7 Arrange transport (land)**

This step involves four parties: the exporter, the transporter, the bank and the port terminal operator.

The step starts by the exporter preparing shipment instructions and identifying a suitable transport operator. The exporter negotiates the price and contract terms with the land transport operator who reviews the terms. If the terms are not acceptable, the transport operator informs the exporter who goes back to identify a new suitable transport operator. However, if the terms are acceptable then the

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7 Prepaid charges are those charges the exporter needs to pay before the vessel departs, while collect charges are those which may be collected at even a letter stage.
8 Generally, it is also possible that the stuffing can take place at the exporter’s premises but in such a case the exporter is responsible to bring all relevant officers to that location.
transport operator informs the exporter to prepare a transport contract. The exporter sends the contract to the transport operator to sign and return a copy to the exporter, requesting for advance payment for the transport service. Meanwhile, the truck operator prepares to load cargo at the exporter's depot.

The exporter makes advance payment for the transport services. The exporter also makes the payment for the truck port access charges to the port authority through the bank. The payment is done at least one day before entry to the port to ensure the gate pass is ready in time and to avoid port entry delays. The gate pass must be obtained for every truck and for every consignment. The exporter takes the bank payment receipt to the port authority, who in turn, receives the payment receipt from the bank and issues a port own receipt to the exporter. The exporter receives the fee receipt and takes it to the port gate for registration. At the gate, port officers record the truck number and truck driver license. The exporter hands a copy of the payment receipt over to the transport operator/truck driver.

Once the transport operator receives the port access fee receipt and moves the cargo from the exporter's depot to the port stuffing area. At the port gate, the port terminal operator checks the cargo and port access fee receipt. If the documents are not in order with the registered information, the port terminal operator denies port entry but if the documents are in order, the terminal operator grants access to the port. The transport operator moves the cargo to the stuffing area where cargo is directly9 stuffed into the container. After this the transport operators must wait for pre-shipment inspection.

This step is not concluded until two other steps (step 2.8 Pre shipment inspection and step 2.9 Stuffing) are conducted. The exporter pays the final balance to the transport operator by cash or check. The transport operator receives the payment which ends this step.

This step takes on average four days and the process-related costs are TZS 40,000 (US$ 20) per truck for the gate pass. The transport costs only are TZS 640,000 (US$ 320) for a distance of 50km. The transport costs include also waiting times. However, if delays extend to the next day, the transport costs also increase.

The truck dispatched is usually a box truck.

In the case of this BPA, the cargo originates from black pepper farms in Amani, Bombambili and is transported to the exporter’s depot in Kwa Mhosi village before it is transferred to Tanga port. On this way there are at least four random checkpoints where the driver must submit driving license, packing list and delivery note for verification. The checkpoints occur usually in the following locations:

- Amani (natural resource and agriculture product check point): trucks passing by this point will submit the crop purchase permit and the local government levy payment receipt;
- Muheza (levy check point); and
- Kange (weigh bridge): all trucks must stop there for maximum 15 minutes to verify whether the trucks are overweight. The weighbridges are operated by TANROAD, the Tanzanian road agency. No payment or any charge occurs at this point unless the trucks are overweight.

A challenge reported by stakeholders was that payments have to be made physically at the bank which is located outside the port. In the bank, there are also always long queues which lengthens the process. There are no mobile payment or online payment options available.

### 2.8 Arrange pre-shipment inspection

In this step there are seven parties involved: the exporter, TFDA, TRA, MAFS, TAEC, National Security and the 3rd party inspector. The step contains a number of activities, as follows:

9 Direct from truck to container: Because of unhygienic warehouse at the port, plus, stringent organic standards and buyer’s specifications, the cargo is never offloaded from the truck but exporter does direct stuffing. When delays on allocation of containers happen, the exporter has to incur extra cost as s/he has to retain the truck(s) at the port until the stuffing area and container(s) are available.
The exporter prepares the documents to request for a pre-shipment inspection. The documents include

- A cover letter;
- Commercial invoice (copy);
- Business license (copy); and,
- TIN number (copy).

The exporter distributes the documents to all the other five parties including TFDA, TRA, MAFS, National Security and the 3rd party inspector for inspection. The concerned parties receive the request and documents from the exporter. Each of the parties attends the inspection on the date and time requested. The inspections usually happen at the port yard but could also take place at the exporter’s premises if the exporter arranges all officers and organizes transport to the exporter’s site. The inspecting agencies review the request and documents according to their concerned areas as follows:

- TFDA reviews the request from exporter on the health standards, and verifies whether the goods are fit for human consumption. If the cargo does not meet the health standards then the TFDA officer rejects the cargo. If the goods meet the health standards s/he confirms the cargo to be okay.

- The objective of MAFS is to assess plant health. MAFS inspects the cargo to verify that it is free from pests. If it meets the standards the cargo is confirmed and the MAFS officer endorses, otherwise the cargo is rejected.

- The objective of TRA is to verify quantity and value of export for corporate income tax purposes. The documents are compared with actual tonnage in the shipment. If the documents and the actual tonnage are not consistent, the customs officer rejects, and asks the exporter to rectify the file accordingly. If they are consistent, the customs officer confirms the cargo.

- An officer of National Security, a government agency that oversees safety and security of people and their properties determines whether the cargo has met the safety standards. If it does not conform to the standards, s/he rejects the cargo but if it meets the safety standards s/he confirms the cargo.

- The TAEC inspects to make sure there are no radiation elements in the shipment. If the cargo is contaminated with radiation, TAEC officer rejects the cargo but if it free from radiation, the officer confirms the cargo to be okay.

- The 3rd party inspector reviews the cargo against stipulated quality by the buyer. S/he verifies the quality of product with regard to organic standards, packaging materials, the container in which the goods are shipped and general hygiene. If everything is okay, the 3rd party inspector confirms and endorses the cargo. If the cargo does not conform to the standards, the 3rd party inspector rejects it. This step has no bearing on the legal approvals from the other stakeholders in this process.

All agencies involved physically come to the inspection site and sign the documentation, whether they participate in the physical inspection or not. Once the cargo is confirmed as acceptable by all the parties, the cargo will be ready for stuffing into container.

This step takes one day and there are no costs involved.

Within the port, the following agencies maintain a physical office: TRA, TFDA, MAFS, and National Security. The 3rd party inspector does not have a physical location in the port and comes from outside. Communication between the different agencies is still manual and has been reported to not work well.

A big challenge for exporters is coordinating the various inspection agencies. Most of the time there are long delays of on average 5 hours because the concerned parties do not arrive on time. Even after
calling the respective parties, they do not come. Consequently, the stuffing of the container is also delayed (see process step 2.9).

In Tanga Port, there is an x-ray scanner but this is not utilized for exports (only imports). A risk assessment is performed only by TRA and not from other agencies. This means that 100% of cargo is physically inspected. However, with limited resources it is difficult to inspect all outgoing cargo. For example, in Dar es Salaam Port a single officer may handle 100 containers per day. In addition, there is also a lack of equipment to help in the assessment process so manual labour is used to screen the cargo.

2.9 Stuff goods into clean container

There are four parties involved in this step: the exporter, the port terminal operator, the TRA and the shipping line.

This step is done in parallel with the previous one (2.8 Arrange pre-shipment inspection). The exporter reminds the port terminal operator to provide the container on the agreed date and stuffing place as per shipping order. After the pre-shipment inspection has been done, the port terminal operator starts the loading exercise. After the loading exercise is complete, the container is sealed with two different seals, one from the shipping line and one from TRA.

The port terminal operator moves the container alongside the quay waiting to be loaded onto the vessel. This point marks the end of this step. The step takes one day and costs TZS 300,000 (US$ 150).

The private sector reported that the current loading facilities in Tanga Port do not meet international hygiene standards. Also, delays of 1-2 days occur in the loading process during the rainy season because the shed does not protect the cargo properly from getting wet. For the exporter, this means that the truck has to be rented for additional days, which could easily amount to several hundred dollars, until the loading process is completed.

2.10 Customs declaration

This step is interrelated with process step 2.8 and 2.9 and involves three participants including the clearing and forwarding agent (CFA), the TRA and the exporter.

The step begins with the CFA uploading copies of the following documents to the Tanzanian electronic Customs Integrated System (TANCIS):

- Commercial invoice (copy),
- Packing list (copy) and
- Business license (copy).

TRA checks if all the required documents are uploaded, or, if not, TRA informs the CFA. If all required documents are uploaded, TRA officer checks the accuracy and completeness of the documents. If the documents are not accurately completed, the documents are returned to the CFA. Otherwise, TRA assesses for tax exemption, records trade volume for statistical purposes. The TRA sends the document to the exporter for acknowledgement. The exporter acknowledges by signing the document. The TRA then closes and seals the file.

This step takes on average 2 hours and there are no costs incurred.

TANCIS is presently not operational at all border stations as it is still being rolled out. The private sector reported that there are frequent system downtimes attributable to actual system downtime, power cuts and failing internet connection. Also the generators do not offer a reliable power source.
2.11 Pay port dues

This step has six parties, the clearing and forwarding agent (CFA), Tanzania Revenue Authority (TRA), the Tanzania port authority (TPA), the port terminal operator, the shipping line and the bank.

The step starts with the CFA requesting the port authority to compute all the charges. The TPA computes all port charges\(^\text{10}\) and request for payment. The CFA makes bank deposit and the bank issues a payment receipt. All payments (for port, customs etc.) are done in one visit at the bank. The CFA then submits the payment receipt to the TPA at the TPA accounting department. The TPA accounting department acknowledges the payment by issuing a receipt. The CFA receives the receipt from the port accounting department, makes a copy and takes it (with all other shipping documents\(^\text{11}\)) to the TPA export operations department. The TPA export operations department registers the payment made for each container separately. The CFA signs the register to mark the handing over of the container to the port management.

The port export operation department prepares and sends the loading declaration to TRA. The TRA reviews the loading declaration, compares with its own loading list. The TRA prepares the release order and a pre-loading list and disseminates them to port terminal operator, shipping line and TPA. The step ends here and marks the end of CFA’s involvement.

The step takes one day. The costs involved are wharfage (1% of CIF value with its 18% VAT) amounting to TZS 1,713,607 (US$ 856.80) and port charges amounting to TZS 434,000 (US$ 217). Documents produced in this step include the pre-load list and customs release order which are disseminated electronically to parties. At this stage the exporter also pays freight charges amounting to TZS 5,600,000 (US$ 2,800).

Currently, there are no e-payments possible. All payments must be made at the bank, which is located outside the port. While exporters do not view this as a substantial bottleneck, it still takes time to complete the payment because there are usually very long queues in some banks.

2.12 Obtain certification of origin and GSP certificate

The TCCIA issues two kinds of certificate of origins: preferential and non-preferential ones. It is up to the buyer and importing country to decide on which ones are required. For example, in order to enjoy preferential duty rates and market access, usually a preferential CoO is required. A buyer may ask for a non-preferential certificate. This can be a stand-alone certificate or in addition to the preferential one. The non-preferential certificate only certifies the origin of a country. Further, there are different certificates for different markets/countries such as for the SADC region, EU, US or China.

This step involves two parties including the exporter and Tanzania Chamber of Commerce, Industries and Agriculture (TCCIA).

This step starts by the exporter obtaining all forms for the CoO and generalised system of preferences (GSP). The exporter completes the forms and physically takes them to the TCCIA. The exporter pays the required fees there. Once the TCCIA receives the payment, it requests the exporter to lodge the application forms attaching:

- Commercial invoice (copy),
- Release order (copy) and
- Business license (copy).

Then the exporter visits TCCIA offices, obtains the blank forms, completes them and sends them back to TCCIA for signature. TCCIA receives the completed forms from the exporter and verifies them against the documents. If the request is genuine as supported by the documents, TCCIA issues the two certificates.

\(^{10}\) Port Charges: include container movement, handling and terminal movement.

\(^{11}\) Commercial invoice, packing list, phyosanitary certificate
certificates which include a CoO and a GSP certificate to the exporter. The exporter collects the certificates and proceeds to the next step in the ship process.

The step takes one hour and costs TZS 110,000 (US$ 55) per consignment.

It should also be noted that in Tanzania it is the TCCIA that is mainly responsible for issuing both the preferential and non-preferential CoO and there is only a “simplified CoO” available from TRA for goods destined for the East African region and below the value of US$ 2,000. Tanzania is somewhat unusual for an East African country because in most other countries it is the respective Customs authority that issues preferential certificates of origin while the non-preferential ones are issued by the Chamber of Commerce.

Then the exporter visits TCCIA offices, obtains the blank forms, completes them and sends them back to TCCIA for signature. TCCIA receives the completed forms from the exporter and verifies them against the documents. If the request is genuine as supported by the documents, TCCIA issues the two certificates which include a CoO and a GSP certificate to the exporter. The exporter collects the certificates and proceeds to the next step in the ship process.

The step takes one hour and costs TZS 110,000 (US$ 55) per consignment.

It should also be noted that in Tanzania it is the TCCIA that is mainly responsible for issuing both the preferential and non-preferential CoO and there is only a “simplified CoO” available from TRA for goods destined for the East African region and below the value of US$ 2,000. Tanzania is somewhat unusual for an East African country because in most other countries it is the respective Customs authority that issues preferential certificates of origin while the non-preferential ones are issued by the Chamber of Commerce.

2.13 Obtain marine insurance

When the sales contract is CIF, the exporter pays the insurance but when they agree on CnF, the buyer bears the insurance cost.

This step has two parties involved including the exporter and the marine insurance broker.

This step starts by the exporter requesting for marine insurance and submitting the following documents to the insurance broker:

- Commercial invoice (copy);
- Packing list; and
- Release order.

The documents can be sent via email. The insurance broker computes the costs of the insurance and request for the payment from the exporter. The exporter receives the payment request and makes cash payment at their office. Once the insurance broker has received the payment, an insurance policy document is issued to the exporter.

This process step is very fast and takes only one hour. There are no process costs but the insurance premium is 0.5% of invoice value TZS 722,492 (US$ 361.25).

While this process is not seen as an obstacle for exporters, there are only few marine insurance providers.

2.14 Arrange port clearance

There are two parties involved in this step: the shipping line and the port terminal operator.
The step starts with the shipping line comparing its own pre-loading list with the one received from TRA. The shipping line then prepares vessel planning.

The shipping line requests the release order issued by TRA from the port authority. The port authority receives the request with the necessary documents. The port authority provides the release order to its export department who forwards it to the shipping line.

The step takes three days and the costs are part of the terminal handling charges computed and paid for in step 2.11.

### 2.15 Load cargo into vessel for departure

This step has four parties involved: the shipping line, the port terminal operator, the bank and the exporter.

The step starts with the port terminal operator loading the cargo onto the vessel. The shipping line tallies the loaded cargo and develops a tally report with the captain’s signature. The shipping line sends a payment alert to the port terminal operator through electronic submission of information (ESI). The alert is to make sure that costs that are due at port of origin, have been settled before the vessel’s departure. The payment alert is electronically forwarded to the exporter.

The shipping line uploads the Terminal Departure Report (TDR), produces the draft bill of lading (BoL) and sends it to the exporter. The exporter reviews the draft BoL. If there are any errors in the draft BoL, the exporter may amend it within 30 days, up to 5 days before arrival of the vessel. If the draft BoL is okay, the exporter endorses and sends it back to the shipping line. The shipping line proceeds and releases the vessel. The shipping line completes the task by finalizing the BoL and printing the original BoL as well as three copies.

This step takes one day and the costs from this step are included in the wharfage and terminal handling charges from step 2.14.

### 2.16 Prepare and Send Shipping Documents

There are three actors in this step namely the exporter, the shipping line and the importer.

This step starts by the exporter requesting for the issuance of BOL (original) from the shipping line. The shipping line issues the original BOL and sends it to the exporter who in return acknowledges receipt. The exporter then prepares the following shipping documents for the importer:

- BOL (original)
- packing list (original),
- commercial invoice (original),
- phytosanitary certificate (original),
- certificate of the origin (original),
- GSP certificate (original).

All the shipping documents are sent to the importer. The importer acknowledges the receipt of these documents.

This step takes two days and the costs are limited to the courier fees. The courier fees can vary widely depending on the service provider from TZS 70,000 – 300,000 (US$ 35-150).

### 2.17 Pay service levy

This step involves the exporter, LGA and TRA.
After the exporter has shipped the cargo, the local government authority requests the quantity of tonnage shipped from the TRA. The TRA releases the information. The LGA uses the information to compute the service levy which is 0.3% of the CIF value. The local government authority requests for payment and this step ends when the local government authority receives payment for service levy from the exporter.

This step takes 1 day and the service levy costs TZS 435,663 (US$ 217.83).\(^\text{12}\)

The service levy, just like crop levy in Step 2.2, is charged at local government level for local revenue purposes. While the crop levy is charged to all traders, the service levy is only charged to those exporting through Tanga borders. The LGA also tracks volume and value of export at their locality.

### 3. The Pay Process

#### 3.1 Make advance payment

This step has five parties including the exporter, the importer, the importer’s bank, the exporter’s bank and the courier. The step starts with the exporter writing to the exporter’s bank to inform the bank of expected payment from a foreign bank. The exporter gives the exporter’s bank details of the importer’s bank and provides the shipping documents. The documents include:

- Commercial invoice (original);
- BoL (original);
- Marine insurance (original);
- Phytosanitary certificate (original);
- CoO (original);
- GSP certificate (original); and,
- Packing list (original).

The exporter’s bank receives the documents and sends them to the importer’s bank by courier. Upon receipt of the documents, the importer’s bank informs the importer who acknowledges arrival of documents. The importer’s bank makes the payment via telegraphic transfer to the exporter’s bank. The exporter’s bank receives the payment, credits it on the exporter’s account and notifies the exporter. This step ends with the exporter having received the funds on his account.

On average, the make advance payment step takes a period of 7 days.

A challenge for exporters located outside of major urban areas is that the documents have to be submitted to the bank in i.e. Arusha. Thus, exporters must physically travel to the bank to submit the documents in person.

Furthermore, there is no bank-internal document-transfer system. From the location where the documents have been submitted by the exporter, they are then physically brought by a bank courier to the head office in Dar es Salaam where the documents are eventually processed. As the physical movement and processing of documents takes time, there are occasions where the container reaches the destination before the documents.

Another bottleneck is the time it takes from when the importer makes the payment and until the payment is credited in the account. According to various stakeholders involved, this step can take up to 7 days. The long processing time is because of the need for an intermediary bank as local banks are

\(^{12}\) This amount is computed from: CIF TZS 145,220,941 x 0.3% = TZS 435,663 (US$ 218)
not operating overseas, and thus require an international bank for international transfers. Another common problem occurring in payment process is on the errors in filling bank forms. The banks will send the forms back and therefore more time will elapse before the problem is sorted out.

3.2 Make Final Payment

This step involves the exporter, the exporter's bank, the importer and the importer's bank.

The step starts by the exporter requesting for final payment. Once the importer receives the cargo and payment request, the importer undertakes a crop analysis. If the cargo does not meet the standards agreed, the importer and exporter may enter price negotiations. If the cargo meets the agreed standard, the importer orders the importer's bank to make the final payment via telegraphic transfer. The importer's bank notifies the exporter's bank about the payment. The exporter's bank receives the payment and notifies the exporter. The exporter receives the payment.

This step takes 7 days and costs approximately TZS 350,000 (US$ 175).

The total step of making final payment can take much longer (i.e. until the seller receives the money) because of the Incoterms (CIF, CFR, FOB, etc.) and payment schedule (when, how and condition of payment) agreed in the sales contract. For example, if the payment is made only after the buyer received the goods, the payment period will also cover the time the cargo spends in transit (i.e. on the ship). Hence it is not uncommon that it takes 50-60 days until the exporter is credited with the amount.

Summary of findings

A graphical illustration of the time required at each process is described in the following Figure 4:

Figure 6: As is time chart for the export of black pepper beans (corns) from Tanga, Tanzania to Europe

<table>
<thead>
<tr>
<th>Process</th>
<th>Time in days</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Conclude sales contract</td>
<td>7 days</td>
</tr>
<tr>
<td>3.1 Make advance payment</td>
<td>7 days</td>
</tr>
<tr>
<td>2.1 Obtain spices purchase permit</td>
<td>1 day</td>
</tr>
<tr>
<td>2.2 Pay the crop levy</td>
<td>1 day</td>
</tr>
<tr>
<td>2.3 Obtain phytosanitary certificate</td>
<td>3 days</td>
</tr>
<tr>
<td>2.4 Obtain health certificate</td>
<td>3 days</td>
</tr>
<tr>
<td>2.5 Obtain radiation certificate</td>
<td>4 days</td>
</tr>
<tr>
<td>2.6 Arrange for shipping (maritime)</td>
<td>2 days</td>
</tr>
<tr>
<td>2.7 Arrange transport (land)</td>
<td>4 days</td>
</tr>
<tr>
<td>2.8 Arrange pre-shipment inspection</td>
<td>1 day</td>
</tr>
<tr>
<td>2.9 Stuff goods into clean container</td>
<td>1 day</td>
</tr>
<tr>
<td>2.10 Pay port dues</td>
<td>1 day</td>
</tr>
<tr>
<td>2.11 Pay service levy</td>
<td>2 days</td>
</tr>
<tr>
<td>2.12 Obtain certification of origin and GSP certificate</td>
<td>1 day</td>
</tr>
<tr>
<td>2.13 Obtain marine insurance</td>
<td>1 day</td>
</tr>
<tr>
<td>2.14 Arrange port clearance</td>
<td>3 days</td>
</tr>
<tr>
<td>2.15 Load cargo into vessel for departure</td>
<td>1 day</td>
</tr>
<tr>
<td>2.16 Prepare and Send Shipping Documents</td>
<td>2 days</td>
</tr>
<tr>
<td>2.17 Pay service levy</td>
<td>2 days</td>
</tr>
</tbody>
</table>

This scenario assumes that the exporter obtains the spices purchase permit immediately after concluding the sales contract. It is further assumed that the payment is made immediately after the service levy has been paid (not taking into account the time the cargo spends on the ship).

Note:
- This summary assumes that the exporter obtains the spices purchase permit immediately after concluding the sales contract. It is further assumed that the payment is made immediately after the service levy has been paid (not taking into account the time the cargo spends on the ship).
## Recommendations

The following section provides process-specific recommendations to facilitate trade by simplifying processes and procedures, and strengthening the supply chain. This objective is to increase Tanzania’s participation in the global pepper market, improve business opportunities and employment in the pepper sector, as well as to help reduce Tanzania’s trade imbalance.

The recommendations respond directly to the specific business processes and, where possible, provide information on streamlining the processes and other benefits regarding the number of documents required, time (in days) and costs. It should be noted that not all recommendations have a direct impact on the aforementioned three indicators. Rather, these recommendations are broadly intended to reduce uncertainties, increase reliability or reduce risks within the supply chain.

### 1. Facilitate Trade by Simplifying Processes and Procedures

<table>
<thead>
<tr>
<th>Process/Steps</th>
<th>Recommendation</th>
<th>Benefits/Reduction of Docs</th>
<th>Time (Days)</th>
<th>Cost (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Buy process</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-1 Conclude sales Contract</td>
<td>Remove phytosanitary certificate for samples</td>
<td>9</td>
<td>3</td>
<td>17.50</td>
</tr>
<tr>
<td>2-Ship Process</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Obtain spices purchase permit</td>
<td>Remove spices purchase permit</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>2.2 Pay crop levy</td>
<td>Remove crop levy</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2.3 Obtain Phytosanitary certificate</td>
<td>Make contact details of MAFS officers available in offices and on websites</td>
<td></td>
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<tr>
<td></td>
<td>Introduce delegation of signature authority within offices</td>
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<tr>
<td></td>
<td>Make forms and submission of forms accessible online</td>
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<tr>
<td>2.4 Obtain health Certificate</td>
<td></td>
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</tr>
<tr>
<td>2.5 Obtain radiation certificate</td>
<td>Eliminate radiation-free certificate (as an export requirement)</td>
<td>2</td>
<td>1-4</td>
<td>153.00</td>
</tr>
<tr>
<td>2.6 Arrange for shipping (maritime)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.7 Arrange for Transport (land)</td>
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<tr>
<td>2.8 Arrange pre-shipment inspection</td>
<td>Establish a border committee</td>
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<td></td>
<td>Introduce risk management by all border agencies</td>
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<tr>
<td></td>
<td>Introduce service level agreements for inspections</td>
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</tr>
<tr>
<td>2.9 Stuff cargo into container</td>
<td>Upgrading the current stuffing area in the port</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process</td>
<td>Description</td>
<td></td>
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<td>---------</td>
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<td></td>
<td></td>
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<tr>
<td>2.10 Declare customs Declaration</td>
<td>Enhance TANCIS system operability&lt;br&gt;Roll-out of TANCIS to all border stations</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2.11 Pay Port Dues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.12 Obtain certificate of origin and GSP certificate</td>
<td>Document to be submitted electronically through email or a specific designed electronic application (and possibly the online submission of the CoO/GSP certificate)&lt;br&gt;Allow online or mobile payments&lt;br&gt;CoO and GSP be provided electronically (including ensure all documents and information is available online on TCCIA website)</td>
<td></td>
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</tr>
<tr>
<td>2.13 Obtain Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.14 Arrange port clearance for departure</td>
<td>Allow online or mobile payments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.15 Load cargo onto vessels for departure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.16 Prepare shipping documents</td>
<td>Introduce delegation of signature authority within TRA offices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.17 Pay service levy</td>
<td>Remove service levy</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Pay Process

**3.1 Make advance payment**

**3.2 Make final payment**

### Explanatory notes on the recommendations:

#### 1.1 Eliminate spices purchase permit, crop and service levy

Presently, the LGA requires exporters to obtain a spices purchase permit (for statistical purposes, process 2.1) and to pay a crop levy (process 2.2) and service levy (process 2.17). Those three processes are believed to serve the collection of statistics (i.e. volume and value traded on LGA level) as well as to financially support the LGA. A key challenge in paying the crop levy is that officers are often not at the gate and paying at one of the next gates results in heavy penalties.

From a trade-facilitation perspective, the spices purchase permit in addition to both the crop and service levy should all be eliminated. Statistical information on volumes and values could be obtained through TRA’s customs data. At the same time, the authors understand that the removal of the crop and service levy may be difficult as it is an important source of revenues for LGAs and it is beyond the scope of this study to discuss revenue sources and distribution of government revenues.
The impact of this measure is significant as the export process could be 4 days faster. This would require 2 fewer documents with process costs ultimately being reduced by US$ 217.83, or total costs of US$ 3,467.83 (US$ 217.83 service levy, US$ 3,250 crop levy). It should be noted that the crop levy is not mentioned in the above table as it is treated as a tariff or tax (which is not process-related).

1.2 Eliminate radiation-free certificate

Currently all exporters and importers must obtain a “radiation-free” certificate from TAEC to ensure that the goods exported or imported are not contaminated (or below allowed levels) with radioactive radiation. This process takes between 1-4 days (depending on the location of the exporter and laboratory).

It is recommended that this process be eliminated in the export process unless it is required by the importing country. For imports, it should be restricted to high-risk areas of cargo origin (i.e. Japan, Ukraine, and others). The impact of this measure is to reduce the time taken in the export process between 1-4 days, remove 2 documents from the process and cut costs up to US$ 153. In addition, it has been reported by many exporters that this process is associated with high uncertainty as delays occasionally occur.

1.3 Remove the need for phytosanitary certificates for samples

The government of Tanzania requires phytosanitary certificates for all products, including for samples (i.e. to conclude the sales contract). In international trade this is unusual and prolongs the process of concluding a sales contract – adding 8 documents, 3 days and US$ 17.50 to the process.

Considering samples are small and not for consumption in the destination country, the need for phytosanitary certificates for exports should be eliminated (unless required by the importing country).

1.4 Improve the current pre-shipment inspection scheme

In Tanga Port, there is an x-ray scanner but this is not utilized for exports (only imports). A risk assessment is performed only by TRA and not from other agencies. This means that 100% of cargo is physically inspected. The inspection itself is carried out simultaneously by all 6 agencies. Yet, long delays of several hours occur because:

- Communication between the different border agencies is perceived as not working well;
- It is difficult to coordinate the inspectors from all agencies at the same time; and,
- Due to the lack of equipment all inspections are carried out with the help of manual labor.

In order to address the above issues, the following recommendations are suggested:

- Apply a risk management system by all border agencies. The risk management system will help using each agency’s resources in a more efficient way (and avoid 100% of cargo being inspected).
- Introduce service-level agreements by all inspection agencies. The service level agreements should provide a “deadline” by when inspections must be finished once declared by exporters (inspection windows). This would limit the maximum time spent by an exporter on completing this process step. The consignment would be considered as “cleared” if the inspection is not carried out within this window. In case an agency would need more time, it needs to inform the exporter in advance. A service level agreement will also reinforce the introduction of risk management systems in the respective border agencies because of the pressure to clear all cargo within a given time.
- Establish a border committee at Tanga Port and possibly also other locations, similar to the one at the Kabanga border between Tanzania and Rwanda. At the Kabanga border the committee
Black Pepper Exports from Tanzania

comprises of representatives of all border agencies (TRA, Immigration, Police, TCCIA, representative from the general public, and a women leader) and meets regularly to resolve any issues arising at the border. A similar structure could be applied at the Tanga Port, where a border committee could help improve the communication between border agencies, coordinate cargo inspections and resolve other issues as they arise. Inspections could be coordinated by introducing regular meetings where agencies map out a (daily) schedule of inspections with fixed inspection windows (which then will fit with the above proposed service-level agreements).

Introducing risk management systems in the various agencies can be a challenging task as it does not only require putting different systems in place with a capacity building component but also requires agencies to alter their mind-set from a “control”-driven to a “trade-facilitation”-driven mentality.

1.5 Delegation of signature authority

At times there is no officer with signing authority in TRA offices and MAFS. Delays could be minimized if agencies establish clear hierarchies for signing relevant documents for trading firms. If the signing officer is away on other duties, another officer should be designated/nominated to sign on their behalf. While this sounds easy, it also requires an investment in human capacity building to enable those officers to make rule-based decisions on what documents can be signed and which ones not (and what the conditions for signing are).

1.6 Enhance trade information by providing trade information online

Making government services, forms and related trade information available online and potentially even transmit certificates via secure connections will minimize exporters’ time spent away from work. This not only helps increase transparency and information sharing (i.e. communicating more effectively updates to the trading community or informing about changes), it also helps introduce new online services. At the same time, this could be the first stepping stone for introducing e-services as electronic systems may also contribute to reducing administrative costs.

Additionally, exporters experience delays of up to several days in obtaining the phytosanitary certificate. According to respondents this is because they are simply late or they are away (i.e. on field visits or attending to other duties if it is not a full-time position). Currently, in such cases there is no officer that can fill in. Consequently, exporters must wait until the officer gets back to the office. Experienced exporters therefore arrange meetings in advance to ensure the necessary officers are present at the requested time. However, contact details of the officers are not publically available. In addition, forms must be obtained physically at a MAFS office and submitted in person (no online submission of documents possible). To make this process easier for exporters the recommendation is to publish the contact details of relevant MAFS officers so that exporters can conveniently arrange meetings in advance. Alternatively, a single contact number should be established and available publically so that necessary meetings between MAFS officers and exporters may be easily coordinated.

1.7 Enable mobile and e-payments (including electronic payment receipts)

Exporters lose a lot of time making payments at various stages of the export process, including payments to Customs. Banks are in many cases not located near government offices and queues in banks are often long. Both issues prevent exporters from using their time productively. Enabling mobile or e-payments to TRA, the port operator, or TCCIA could reduce the time exporters spend outside their office and make them more productive overall. The stakeholder workshop held in February 2016 revealed that TRA is in the planning stages of introducing e-payments within the TANCIS system. Other agencies should also consider e-payment options, especially as introducing additional payment options is not a large challenge in the country (from a technical perspective) and many companies already offer this.

The border committee also includes Rwandan officials to resolve bilateral issues.
In addition, banks could be encouraged to establish express lanes for quick services (i.e. issuing payment receipts for money transfers) in order to reduce waiting times. Electronic banking may further streamline this effort because electronic payment receipts should already be available in electronic payment systems. This recommendation should receive priority because this issue has repeatedly and specifically been reported by the private sector as a bottleneck.

The impact of this measure is difficult to quantify as how much time such a measure will save would depend on the individual branch offices of the bank. However, it is estimated that around 0.5 to 1 day could be saved throughout the export process.

1.8 Enhance product quality and supply chains

The price exporters can receive from their products/exports is directly related to the quality of the pepper corns. Examples of quality aspects include wholeness, moisture content, size of the spice seeds, bulk density, colour, lack of foreign & extraneous matter, content of essential oil and (for black pepper) piperine (Ksoll, Myint, & Lwin, 2013).

The exporter is not paid until a final analysis is carried out. This extra analysis is done because there are some doubts concerning the handling of the corns along the supply chain. The quality of the pepper can be affected at any time throughout the supply chain. Therefore, it is crucial to strengthen the supply chain as a whole because the weakest link determines product quality and eventually market price.

The following section provides some recommendations on how the product quality can be strengthened to achieve higher quality of pepper corns and higher export competitiveness.

1.9 Training of actors involved in the handling of black pepper

Many of the stakeholders are not aware of the strict quality and quantity requirements in the black pepper sector and handling of the cargo does not meet the quality standards necessary to maintain the quality from farm to importer. For example, on-time, in-full (OTIF) deliveries are critical parameters for European buyers in order for them to meet contractual obligations. Tolerance for failure to meet OTIF is usually very low. Training of all stakeholders involved in the supply chain is necessary in order to establish Tanzania as a reliable supplier to European importers.

Capacity building of stakeholders is required in the following areas:

- Packaging of the cargo: Packaging should take place at a central location and exporters must learn the effect of further drying of the pepper (during the journey to the buyer) where they need to package slightly more goods than agreed (i.e. 25.2 kg in a 25 kg bag). This will avoid later claims of the buyer that too little cargo has been delivered (which results in price discounts and unhappy customers). The goods should also be packed in corrugated cartons. FEU’s (40 ft. containers) are not readily available in Tanzania including in Tanga port. Exporters should therefore use TEU’s (20 ft. containers) in the meantime which are sufficient to load pepper corns.

- Understanding supply chain requirements: including the concepts of OTIF, reliability of supply, quality management within supply chains, the importance of speed to market and other topics.

- Extension services for farmers to enhance production quality (not to harvest too early, not too late) and other techniques and skills.

- The importance of sorting and grading for price differentiation in order for the Tanzanian suppliers to reap the full benefits of high-quality produce. In the case of absence of such sorting and grading all products are priced uniformly, which is usually at the low-end.

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14 Many buyers are not aware of some of the difficulties that Tanzanian (and other) suppliers face.
1.10 Upgrading pepper processing facilities

Currently, black pepper corns are dried on the floor or on mats and exposed to outside influences. This increases risks of disqualification for sanitary and phytosanitary reasons. A clean and hygienic alternative would be to use drying tables as with the post-harvest drying of coffee. Also, foreign and extraneous matters must be removed and pepper corns be sorted by bulk density or size. For example, pinheads and light berries must be removed (these can be sold to grinders at a lower price). Doing this by hand is tedious and the private sector (i.e. via associations) may want to consider installing a mechanical selecting construction (spiral rejector). Since this is relatively costly investment (in excess of US$ 500,000), it is likely too high for an individual firm. Thus, this equipment could be purchased collectively by a large number of firms or an association (that could recoup the money through user charges).

1.11 Improve feeder roads

The infrastructure is critical for the efficiency and easy movement of goods. It takes a longer time just to arrange for the transport simply because road infrastructure does not support the movement from farm to exporter’s depot. Feeder roads from farms are not passable throughout the year (seasonal roads) and conditions worsen significantly during the rainy seasons. For example, the Amani–Muheza route is muddy and impassable most of the time. To date, maintenance work and upgrading of feeder roads is lagging behind. Therefore, it is recommended that some feeder roads to the main agricultural products producing areas are upgraded by local governments to a level where transport is possible throughout the year.

1.12 Upgrading the current stuffing area in the port

The private sector reported that the current loading facilities in Tanga Port do not meet international hygiene standards. Also, delays of 1-2 days occur in the loading process during the rainy season because the shed does not protect the cargo properly from getting wet, subsequently causing damage and spoilage. For the exporter, this means that the truck has to be rented for additional days, which could easily amount to several hundred dollars in extra expenses, until the loading process is completed.

It is therefore recommended that the stuffing area in Tanga Port is upgraded to an hygienic, all-weather facility. This will reduce potential costly delays, i.e. paying transporters for extra days etc. by allowing loading operations to continue independent of the weather conditions. Upgrading the shed would not be a complex operation but it would require a capital investment. The impact of this recommendation is substantial for individual exporters (that currently regularly experience delays), especially considering that the establishment of clean, roofed facilities could be done at reasonable costs.

1.13 Facilitate access to export finance

Although there are some working capital loans available from the commercial banks in Tanzania from Government-owned banks and selected private banks, investment loans still require land and/or real estate collateral. Consequently, the value of the land/real estate determines the extent of access to finance. In addition, the process to obtain loans from banks is long and cumbersome. This can be a significant impediment for firms that aim to participate in supply and/or value chains as these firms are often expected to make significant investments (investment finance) and to accept contract terms that require higher working capital. In more sophisticated banking systems, money can be borrowed against a wide array of assets, including the balance sheet of firms or standing orders and is relatively fast available. Therefore, strengthening the banking system to include a wider array of assets should be considered.

A possible solution could be a “revolving fund”, whereby exporters receive a short-term loan against a signed purchase order, which serves as collateral to the lender. It might even be considered to pass the ownership of the cargo at the time of departure, to the revolving fund, whereby the revolving fund will

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15 Moisture content must be below the level of 12%.
receive the payment “cash against documents” at arrival of the goods. Financing of the revolving fund could be done through a very low interest or alternatively by allowing a rebate in the amount of the interest to the lender.

2. General recommendations:

2.1 Introducing a trade portal

Trade facilitation happens when information is available to all stakeholders involved (Ksoll 2012). Making such information available e.g. via a trade portal, can significantly enhance transparency of processes and procedures as well as reduce the “search-costs” for the private sector. A clear advantage of such a trade portal is the versatility. For example, the portal could be used to:

(1) Timely disseminate laws, rules, and regulations.

(2) Inform about processes and procedures including the costs and time required to complete them and thereby improve transparency and predictability for the private sector.

(3) Enhance communication between the public and private sector – the Government could make registration to portal mandatory before the above information can be accessed (even with just minimal information such as name, company name, email). With that, the Government could build an active trade community and better target the dissemination of trade information.

(4) Eventually issue licenses and permits.

Similar trade portals have already been established in Asia and Africa such as in Lao PDR, Botswana and other countries to great effect. The key challenge of such a portal is to maintain the information up to date because of the large number of agencies and stakeholders involved. Additionally, many pieces of legislation are relevant for trade although their main objectives are not and agencies do “forget” to publish such information. Unfortunately, such a portal is only useful if its information is always up to date. In Lao PDR, this challenge was met by making the publication of any legislation in the Lao trade portal, in addition to the official gazette, mandatory. If legislation is not published in both the gazette and the portal then it does not officially become law. Thus, all agencies are required to maintain an updated account while the private sector has access to updated and useful information.

Although it is understood that a trade portal this accurate would require a serious and continual effort by all stakeholders, experience from other countries shows that it is feasible and greatly benefits the private sector long-term. The expected impact of establishing a trade portal in Tanzania is difficult to anticipate but the experience from other countries has shown that the private sector benefitted from much reduced “administrative cost” due to a more transparent trade environment, simpler access to and easier compliance with legislation.

2.2 Improve the current TANCIS infrastructure

During stakeholder consultations it became apparent that many users of the TANCIS experience frequent inaccessibility of the system. This can be attributed to downtime of the system and is exacerbated by power cuts and internet downtime. In such cases, no documents can be submitted and declarations uploaded. At many border stations, there are back-up generators, but still this causes many delays and introduces uncertainty in the supply chain. At the same time, TANCIS is currently not operational at all border stations and instead trade is still carried out manually.

It is recommended that the network operability as well as the supporting power infrastructure is strengthened to ensure that critical systems such as TANCIS are online and available 24/7. In addition, the roll-out of the TANCIS system to all border stations should be expedited.
2.3 Establish one-stop shops

Currently, exporters cover large distances between various government offices and logistics service providers to complete the different export steps as exemplified in the use case diagram in Figure 3. Government offices and logistics service providers are located across several locations. Getting from one office to the next is often challenging with the increased traffic congestion in major urban areas in Tanzania. The schedule must be carefully planned in order to manage the opening hours of different offices. Currently, overtime is not possible in most cases and forms and other materials are not available online or specifically require physical visits.

Physical one-stop shops (OSS) could be a solution in order to minimize the time wasted in traffic and reduce the distances travelled by exporters. Such OSS could be located in major industrial areas or key logistics services knots such as dry ports, the airport or in the town centre. Physical OSS can be implemented quickly and at relatively low cost. For example, in Burkina Faso the costs totalled only US$ 200,000 while in Azerbaijan it amounted to US$ 5 million. The reform in Azerbaijan took less than a year, setting up the OSS less than 6 months and it continues saving businesses millions of US$ annually (World Bank and IFC, 2009).

The OSS should include all relevant stakeholders in order to fully reap the benefits. Although not conclusive, the use case diagram (Figure 3) provides an initial list of stakeholders that could be included. The impact of a functioning OSS is that it essentially eliminates most travel. Office hours can be streamlined to ensure availability of all services during regular business hours. In addition, an overtime policy should be considered because global trading operations do not necessarily stop when businesses in Tanzania close. Other countries have benefited from offering this service for an additional "overtime fee" if requested a certain time in advance. For the implementation of such an OSS, the Ministry of Industry and Trade (possibly together with the TCCIA) should take the lead. However, other agencies, as appropriate, could take this role. In addition, the input and cooperation of all stakeholders would be required to fully take advantage of establishing an OSS.

3. Prioritization and Options for Implementation

The overarching objective of any trade facilitation program should be the reduction of cost and time to trade and increase the predictability of trade processes for the business community. Particularly, the time to market becomes increasingly important and should not exceed 3 months (from ordering to delivering the goods at the importer’s premises) in the black pepper trade. Within the current export process, this is extremely challenging because it takes already 24 days to complete the ship process (not taking into account the time the cargo spends on the ship nor for the exporter to purchase/collect the goods from the farmers).

Implementing trade facilitation reforms can be challenging because of the large number of stakeholders involved and the different objectives of each stakeholder. High ownership among all stakeholders and support from highest political levels is often identified as the key to making a national trade facilitation reform project a success.

The following section provides a possible road map for the implementation of the above recommendations. It should be noted that these steps and necessary actions are not complete but represent an integral step towards a national, electronic single window. The approach consists of two distinct steps which are in brief described below:

3.1 Basic simplification of processes and procedures

The objective of the first step is to eliminate redundant procedures and simplify trade processes. The analysis of every process in this paper offers an ideal platform for discussion among policy makers, government agencies, and the private sector to identify and eliminate unnecessary steps. In addition, preliminary measures to introduce basic automation could help reduce the number of office visits required (i.e. via the submission of electronic documents, via making online or mobile payments), the
number of days and/or costs it takes for processes to be completed (i.e. by carrying out processes in parallel rather than sequential).

As part of this step, the following recommendations should be implemented:

- Eliminate spices purchase permit, crop and service levy;
- Eliminate radiation-free certificate;
- Remove the need for phytosanitary certificates for samples;
- Delegation of signature authority;
- Enhance trade information by providing forms and documents online; and
- Enable mobile and e-payments (including electronic payment receipts).

These efforts do not require much technical expertise but rather the will of each organization to adapt and better serve its “customers”. Most measures can be obtained by reviewing the processes and procedures within only one agency. Some others may require the cooperation of several stakeholders (i.e. to enhance border agency cooperation; to carry out joint inspections at the border). The above recommendations proposed under Step 1 aim to reap the benefits of “low-hanging fruits” and thereby create a momentum for more advanced trade facilitation reforms (see Step 2).

### 3.2 Reduce inspection delays by applying a risk management system

The TRA already applies simple risk management but none of the other border agencies do. This is one of the reasons why physical inspection rates still remain high.

Modern risk management assesses risk based on knowledge of the individual trader as well as the individual risk of the cargo. High risk or unknown risk cargo (red channel) is still 100% physically inspected. For medium risk and low risk cargo inspection rates are much lower. Also, depending on the risk level, different levels of Government officers should have the approving authority. For example, low-risk cargo should be approved by technical officers, medium risk by e.g. a Department Director, and high-risk goods should involve a high-level Government staff. In order to facilitate trade in the long-run, a well-functioning risk management system is indispensable. This system would require:

- An advanced IT system;
- Changes in business processes;
- Capacity building to prepare staff involved in risk management at all Government levels as well as the private sector.

The needs of the private sector should not be underestimated. Private firms must be made aware of new risk management system as well as provided with training so that firms know how to comply with existing regulations.

### 3.3 Advanced delivery of government services

The third step aims to improve trade processes by enhancing existing systems or the introduction of new ones. Therefore, system integration (i.e. combining the different risk management systems of border agencies) should be considered. Those systems will enable better delivery of government services, increasing transparency in processes as well as making trade information more accessible. In addition, the proposed measures below have a significant human capacity building component which will require inter-agency cooperation across different levels.

- Introducing a trade portal;
- Improving the current TANCIS infrastructure; and,
• Establishing one-stop shops.

The time graph below provides an overview how the implementation of the above measures may affect the time it takes to complete the export process. It should be noted that many of the recommendations made throughout the report will have an impact on the number of documents, the time or cost it takes to export black pepper from Tanzania. However, in many cases it is difficult to exactly quantify the impact (which may be underestimated in the time graph).

### 3.4 Steps to strengthen the black pepper supply chain

Strengthening the black pepper supply chain should complement the trade facilitation efforts. The recommendations below are not directly related to trade-facilitation but will have a significant impact on strengthening export competitiveness by i.e. reducing the costs of transport and logistics, the costs of finance or training stakeholders to apply good practices for better quality products:

- Training of actors involved in the handling of black pepper
- Upgrading the current stuffing area in the port
- Upgrading pepper processing facilities
- Improve feeder roads
- Facilitate access to export finance

These recommendations mostly require investments in infrastructure and/or human capacity and are therefore longer-term endeavours. Since many have a longer time-horizon to take effect, implementation should complement trade facilitation efforts by the government and should be rolled-out simultaneously.

Figure 7: To be time chart for the export of black pepper beans (corns) from Tanga, Tanzania to Europe

Note
- This scenario assumes that the exporter obtains the phytosanitary certificate immediately after concluding the sales contract. It is further assumed that the final payment is made immediately after the shipping documents have been sent (not taking into account the time the cargo spends on the ship).
Appendices

Appendix I: spices sub sector overview

At the global level, production of spices is estimated at 6,000,000 tons more than 2/3 of this amount is consumed at origin (captive use) (ITC, 2014). The spices sub-sector in Tanzania has the following crops: chilli pepper, cardamom, cinnamon, cloves, safflower and many more. The market for spice is projected to exceed US$10 billion by 2019 at a CAGR of about 5% (Markets and Markets, 2013). The spice market is growing in accordance with the advancement of the processed food industry. The rise in demand from industries such as bakery, confectionery, and prepared food is driving the spice market growth. An increase in consumer spending on bakery, dairy, and fried food is also estimated to be driving the market for spice.

Major producing countries are shown in the table below

Table: Spices largest producing countries

<table>
<thead>
<tr>
<th>Spice</th>
<th>Largest Producer</th>
<th>Second Largest Producer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black pepper</td>
<td>Vietnam</td>
<td>India</td>
</tr>
<tr>
<td>Chili pepper</td>
<td>India</td>
<td>China</td>
</tr>
<tr>
<td>Cinnamon</td>
<td>Indonesia</td>
<td>China</td>
</tr>
<tr>
<td>Cloves</td>
<td>Indonesia</td>
<td>Madagascar</td>
</tr>
<tr>
<td>Ginger</td>
<td>India</td>
<td>China</td>
</tr>
<tr>
<td>Nutmeg</td>
<td>Guatemala</td>
<td>Indonesia</td>
</tr>
<tr>
<td>Saffron</td>
<td>Iran</td>
<td>Spain</td>
</tr>
<tr>
<td>Vanilla</td>
<td>Indonesia</td>
<td>Madagascar</td>
</tr>
</tbody>
</table>

Source: FAOSTAT 2013, Food and Agriculture Organization of the United Nations

Black pepper corns are among the most widely traded spice in the world, accounting for 20 percent of all spice imports. As of 2013, Vietnam was the world’s largest producer and exporter of black pepper corns, producing 163,000 tons or 34% of the world total of 473,000 tons. Other major producers include Indonesia (19%), India (11%) and Brazil (9%). Global pepper production and output varies according to crop management, disease and weather. Vietnam dominates the export market, using almost none of its production domestically (FAOSTAT 2013).

Global pepper consumption is estimated at around 400,000 tons and has been increasing steadily. The growth in North America and Europe has been limited but growth in consumption is mainly from countries like India and China, which are estimated to consume 59,000mt and 49,000mt in 2014 respectively. Population growth and per capita income has increased, triggering a shift in consumption to protein based foods, like meat. Although China is a producing country their domestic demand has exceeded their production ability over the past ten years; hence, they are viewed as a net consuming country. Occasionally, India needs to import pepper to cover their domestic needs as well. However, with favourable weather, India can usually cover local demand and still have surplus to export (NEDSPICE, 2015)

Black pepper and white pepper fall under horticulture, spices subsector, a perennial and non-self-supporting vine. Therefore, they require appropriate supporting materials to be established prior to planting. It takes 2-3 years to get first fruits but the vine gives its yields for 5-7 years (ITC, 2014). Black pepper is ground from mature dried, whole unripe fruit while; white pepper is ground from mature dried, ripe fruit that has had the outer layer removed.

Between 1995 and 1999, Tanzania ranked third by exporting 5% of LDCs’ total spice exports. During that period, the General Agricultural Foods Exporting Company (GAPEX) conducted spice crops marketing and export. Since 2000s, after the company was dissolved, Tanzania’s share in the global spice trade was only 0.36% and it is estimated to have dropped further (URT, 2002).
Despite the fall in global trade share, Tanzania is still endowed with excellent climatic conditions for the production of a wide range of spices. It is in this manner that the government of Tanzania embarks on strategic initiatives, aiming at converting the existing comparative advantages the country enjoys to competitive advantages. A spice road map was developed in the country in December 2014. The map was used to plot strategies that will boost spice sub sector and hence create more employment and relieve Tanzanian from stringent poverty.

Black pepper is one of the major traded spices in Tanzania. The vine is grown mainly in Morogoro and Tanga. Smallholder farmers add the vine into their ordinary shade trees and so, to many; it is a crop that will carry family when their financial support dwindles. There are others who take production of black pepper as a business and have joined in groups to produce organic pepper. They abide with GAP (Good Agricultural Practices) and are trained in HACCP (Hazard Analysis Critical Point) and other organic requirements. They do all of this to capture an EU market.

Many others around black pepper producers take things for granted, as the vine is considered organic by default. Organically produced corns fetch higher prices than conventionally grown corns. Many of the other farmers do not understand the difference and so the market for conventional and organic corns has always been mixed up.

Most of the pepper grown in Tanzania is mainly transported to Mombasa, a spice market in east Africa. From there it is exported to India, the Middle East, Egypt, Sudan, Ethiopia etc. Another route is Kariakoo Market in Dar es Salaam, where buyers buy in large quantities and then transport to other big towns and processors. The domestic market is not keen on the quality and so, immature corns are noted in large quantities in the traded cargo. Generally in the domestic market there is no grading of the corns and so farmers are lazy during harvesting and in the post-harvest handling. On the other hand, Buyers negotiate on what they find in the market. The only quality control measure done by final consumer is a physical appearance, which will only tell so little on phytosanitary state.

Exporters to neighbouring country act like domestic buyers. They also do not receive enough organic corns, as farmers need immediate cash, which they may not have while buying. A promise of a premium price paid at a later date is difficult to secure for ordinary farmers and therefore the latter sales black pepper corns to conventional buyers. There is a vicious cycle that needs to be solved to promote a higher income standard at households’ level and to exporters as well.

\[\text{16 Those farmer that are not in association}\]
Appendix II: “As-is” Business processing mapping

1.1) Conclude Sales Contract

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Conclude Sales Contract</td>
<td>7 days</td>
<td>TSH 95,000 (US$ 47.50)</td>
</tr>
</tbody>
</table>

Related laws, rules, and regulations:
- Incoterms ®2010
- Plant health regulations

Process participants:
- Exporter
- Ministry of Agriculture and Food Security (MAFS)
- Importer
- Courier

Input and criteria to enter/begin the business process:
- Exporter has a list of potential buyers.
- Importer has a list of potential exporters
**Activities and associated documentary requirements**

1.1.1 The importer contact the exporter.
1.1.2 The importer requests for a product sample.
1.1.3 The exporter prepares a product sample.
1.1.4 The exporter applies for plant health check from the MAFS Plant Health Service department and pays fee in cash.
1.1.5 The MAFS receives and tests the sample.
1.1.6 The MAFS releases the plant health results.
1.1.7 The exporter reviews the results.
   - If the results do not meet the requirements of the importer, the exporter prepares for a new sample.
   - If the results are acceptable, then
1.1.8 The exporter pays for courier fees and sends the sample via courier to the importer.
1.1.9 The courier delivers the sample to the importer.
1.1.10 The importer analyzes the sample.
   - If not acceptable, the importer contacts the exporter.
   - If acceptable, then
1.1.11 The exporter prepares proforma invoice and sales contract and sends it to the importer.
1.1.12 The importer reviews the proforma invoice and sales contract.
   - If the invoice and sales contract are not acceptable, the importer negotiates anew with the exporter.
   - If the terms are acceptable, then
1.1.13 The importer signs the sales contract.
1.1.14 The importer sends a signed sales contract and a purchase order.
1.1.15 The exporter acknowledges the receipt of the purchase order and confirms the by sending the importer a commercial invoice.
1.1.16 The importer receives the commercial invoice.

**Phytosanitary certificate test fees**
- Phytosanitary certificate test fees
  - TSH 35,000
  - (US$ 17.50) per annum

**Couriers services**
- Couriers services
  - TSH 60,000
  - (US$ 30)

**Output criteria to exit the business process**
- Concluded sales contract
- Importer received commercial invoice
- Phytosanitary certificate for the sample

**Average time required to complete this business process**
- 7 days
2.1 Obtain spices purchase permit

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>2.1 Obtain Spices Purchase Permit</th>
<th>1 day</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related laws, rules, and regulations</td>
<td>Local Government Act, Local government by-laws</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Process participants | • Exporter  
• Local Government Authority |       |   |
| Input and criteria to enter/begin the business process |       |       |   |
| Activities and associated documentary requirements | 2.1.1 The exporter applies for black pepper purchase permit.  
2.1.2 The local government authority prepares and issues the black pepper purchase permit.  
2.1.3 The receives the purchase permit. |       |   |
| Output criteria to exit the business process | Black pepper purchase permit |       |   |
| Average time required to complete this business process | 1 day |       |   |
## 2.2 Pay crop levy

### Table

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2 Pay crop levy</td>
<td>1 day</td>
<td>TSH 6,500,000 (US$ 3,250)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Related laws, rules, and regulations</th>
<th>Local Government Act</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Process participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exporter</td>
</tr>
<tr>
<td>Local Government Authority</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Input and criteria to enter/begin the business process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black pepper purchase permit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activities and associated documentary requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2.1 The exporter reports to Ward Executive Officer.</td>
</tr>
<tr>
<td>2.2.2 The local government authority allows purchases.</td>
</tr>
<tr>
<td>2.2.3 The exporter makes purchases.</td>
</tr>
<tr>
<td>2.2.4 The exporter report tonnage purchased.</td>
</tr>
<tr>
<td>2.2.5 The local government authority verifies tonnage purchased and compute crop levy.</td>
</tr>
<tr>
<td>2.2.6 The local government authority requests for payment.</td>
</tr>
<tr>
<td>2.2.7 The exporter/makes cash payment.</td>
</tr>
<tr>
<td>2.2.8 The local government authority receives crop levy fee.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output criteria to exit the business process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black pepper purchased from farmers.</td>
</tr>
<tr>
<td>Crop levy paid</td>
</tr>
<tr>
<td>Average time required to complete this business process</td>
</tr>
</tbody>
</table>
## 2.3 Obtain Phytosanitary Certificate

<table>
<thead>
<tr>
<th>2. Ship (Name of business process)</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3 Obtain phytosanitary certificate</td>
<td>3 days</td>
<td>TSH 35,000 (US$ 17.50)</td>
</tr>
</tbody>
</table>

- **Related laws, rules, and regulations**: Plant health service regulations

- **Process participants**
  - Exporter
  - Ministry of Agriculture Food Security and Cooperatives (MAFSC)

- **Input and criteria to enter/begin the business process**
  - Commercial invoice
  - Packing list
  - TIN certificate
  - Business license

- **Activities and associated documentary requirements**
  1. The exporter pays the fee for physical examination and certificate
  2. The MAFSC receives the payment and issues a receipt.
  3. The exporter lodges the application to MAFS with required documents.
  4. The MAFSC receives the
application letter with other documents.
2.3.5 The MAFSC conducts physical check.
- If not satisfactory, MAFSC rejects to issue the phytosanitary certificate and the process is terminated.
- If satisfactory,
2.3.6 MAFSC issues the phytosanitary certificate.
2.3.7 Exporter collects phytosanitary certificate from MAFSC.

| Output criteria to exit the business process | Phytosanitary certificate |
| Average time required to complete this business process | 3 days |
2.4 Obtain Health Certificate

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.4 Obtain health certificate</td>
<td>3 days</td>
<td>UTZS 364,000 (US$ 182)</td>
</tr>
</tbody>
</table>

Related laws, rules, and regulations
- Tanzania Food, Drugs and Cosmetics Regulations, 2006

Process participants
- Exporter
- Tanzania Food and Drug Authority (TFDA)

Input and criteria to enter/begin the business process
- Exporter has the goods ready for shipment
- Sample

Activities and associated documentary requirements
- 2.4.1 The exporter lodges the application for a health certificate to TFDA.
- 2.4.2 The TFDA receives the application form.
- 2.4.3 The TFDA requests the exporter to make a cash payment.
- 2.4.4 The exporter makes the cash payment to TFDA.
- 2.4.4 The exporter submits a sample.
- 2.4.5 The TFDA collects a sample.
- 2.4.6 The TFDA undertakes lab test.
- 2.4.7 The TFDA reports lab test results
- 2.4.8 Review lab test report
- 2.4.9 Issue health certificate

Test charges
- TZS 364,000 (US$ 182)
<table>
<thead>
<tr>
<th>Output criteria to exit the business process</th>
<th>Health certificate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average time required to complete this business process</td>
<td>3 days</td>
</tr>
</tbody>
</table>
2. Ship

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5 Obtain radiation certificate</td>
<td>4 day</td>
<td>TZS 306,942 (US$ 153)</td>
</tr>
</tbody>
</table>

**Related laws, rules, and regulations**
- Atomic Energy Act no.7,2003
- Protection from Radiation Act, 1983
- Control of radioactivity contaminated foodstuffs regulation 1998

**Process participants**
- Exporter
- Tanzania Atomic Energy Commission (TAEC)

**Input and criteria to enter/begin the business process**
- Tax Identification Number (TIN)
- Business license

**Activities and associated documentary requirements**

2.5.1 The exporter requests a radiation certificate.
2.5.2 The TAEC receives the request.
2.5.3 The TAEC issues a payment order.
2.5.4 The exporter pays in cash.
2.5.5 The TAEC receives the payment and conducts radioactivity analysis.
If the analysis results are not acceptable, the TAEC does not issue the certificate and the process is terminated.
If analysis results are acceptable, then
2.5.6 The TAEC issues the Radiation certificate.
2.5.7 The exporter collects the radiation certificate.

0.2% of invoice value plus TZS 16,500 for courier service
TZS (145,220,941 x 0.2%) = 290,442
+ 16,500 = 306,942 (US$ 153)
<table>
<thead>
<tr>
<th>Output criteria to exit the business process</th>
<th>Radiation certificate is obtained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average time required to complete this business process</td>
<td>4 days</td>
</tr>
</tbody>
</table>
### 2.6 Arrange for Shipping (Maritime)

**Name of business process:** 2.6 Arrange for Shipping (maritime)

**Lead Time (Max-Min):** 2 days

**Cost:**

- **Related laws, rules, and regulations:**
  - Shipping line guidelines
  - Tanzania Ports Authority regulations

- **Process participants:**
  - Exporter
  - Shipping line
  - Container yard
  - Port terminal operator

- **Input and criteria to enter/begin the business process:** Commercial invoice

- **Activities and associated documentary requirements:**
  2.6.1 Exporter request for vessel availability with the shipping line.
  2.6.2 Shipping line receives request and sends quotation indicating loading and discharging port; pre paid and collect charges.
  2.6.3 Exporter reviews the quotation (price and terms).
  - If it is not acceptable, the process is terminated.
- If it is acceptable,
2.6.4 The shipping line prepares the service contract and sends it to the exporter.
2.6.5 The exporter creates the booking and signs the service contract.
2.6.6 Shipping line confirms the booking as requested or asks the exporter to book on another date (in the event the vessel is fully booked).
2.6.7 Exporter completes the booking application form and sends it back to the shipping line (hard copy or online).
2.6.8 Shipping line provides the booking number.
2.6.9 Shipping line releases container and allocates container’s seal (Carrier seal indicating container number).
2.6.10 Shipping line produces shipping order.
2.6.11 Shipping line disseminates shipping order
2.6.12
- The exporter receives shipping order.
- The TPA receives shipping order.
- The TRA receives shipping order.
2.6.13 The TPA distributes the shipping order to other departments (export, operations, container yard departments)
2.6.14 The exporter picks a suitable container.
2.6.15 The TPA through the container yard department cleans the container for the exporter.
2.6.16 The container yard releases container with carrier seal.
2.6.17 The TPA through the port terminal operator moves empty container to stuffing area.

<table>
<thead>
<tr>
<th>Output criteria to exit the business process</th>
<th>Container at the stuffing area ready to load the cargo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average time required to complete this business process</td>
<td>2 days</td>
</tr>
</tbody>
</table>
2.7 Arrange Transport (Land)

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.7 Arrange transport (Land)</td>
<td>4 days</td>
<td>TSH 340,000 (US$ 170)</td>
</tr>
</tbody>
</table>

Related laws, rules, and regulations:
- Commercial contract law
- Food handling guidelines

Process participants:
- Exporter
- Transporter
- Port terminal operator

Input and criteria to enter/begin the business process:
- Exporter has a list of potential transporters
<table>
<thead>
<tr>
<th>Activities and associated documentary requirements</th>
<th>2.7.1 Exporter prepares shipping instructions.</th>
<th>2.7.2 Exporter identifies a suitable land transport operator.</th>
<th>2.7.3 The exporter negotiates the price and transport terms.</th>
<th>2.7.4 Transporter scrutinizes the price and other transport terms.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- If the transporter disagrees with the exporter, the exporter either re-negotiates or identifies another transporter.</td>
<td>If the transporter agrees, then</td>
<td>2.7.5 The exporter makes an advance payment for the transport service.</td>
<td>requests for port entry permit.</td>
</tr>
<tr>
<td></td>
<td>- The transporter receives advance payment.</td>
<td>The port terminal operator makes payment request for port entry permit.</td>
<td>2.7.6 The transport operator loads cargo at the exporter’s depot.</td>
<td>The exporter makes bank payment for port entry permit.</td>
</tr>
<tr>
<td></td>
<td>The transporter receives advance payment.</td>
<td>The port terminal operator makes payment request for port entry permit.</td>
<td>2.7.7 The transport operator loads cargo at the exporter’s depot.</td>
<td>The exporter makes bank payment for port entry permit.</td>
</tr>
<tr>
<td></td>
<td>The exporter makes bank payment for port entry permit.</td>
<td>2.7.8 the bank receives payment and issue pay-slip.</td>
<td>2.7.9 The exporter receives pay-slip and submit it to port main office.</td>
<td>2.7.10 The port main office registers information and truck numbers</td>
</tr>
<tr>
<td></td>
<td>2.7.11 The exporter report at security office.</td>
<td>2.7.12 Port security office record truck numbers.</td>
<td>2.7.13 The exporter report at the gate with drivers present.</td>
<td>2.7.14 Record information and drivers’ license.</td>
</tr>
<tr>
<td></td>
<td>2.7.15 Port gate security, offers gate entry permit.</td>
<td>2.7.16 The exporter receives gate entry permit, delivers it to transport operator.</td>
<td>2.7.17 the transport operator receives gate entry permit.</td>
<td>2.7.18 The transport operator moves cargo to the port gate.</td>
</tr>
<tr>
<td></td>
<td>2.7.19 Port gate security verifies cargo and document.</td>
<td>If all is not right, the gate security officer denies entry.</td>
<td>If all is okay, the truck is allowed to pass in.</td>
<td>2.7.20 The transport operator moves cargo to stuffing area.</td>
</tr>
<tr>
<td></td>
<td>2.7.21 The transport operator waits for pre-shipment inspection.</td>
<td>2.7.22 the transport operator off-loads cargo into container.</td>
<td>2.7.23 The exporter pays final transport costs.</td>
<td>2.7.24 The transport operator receives final</td>
</tr>
</tbody>
</table>

Port access charges: TSH 40,000 per truck (US$ 20) Truck hire TKS 300,000 (US$ 150)
| Output criteria to exit the business process | Cargo reached at cargo deck  
Transporter received payment |
| Average time required to complete this business process | 4 days |
2.8 Arrange Pre-shipment Inspection

| 2.8 Arrange pre-shipment inspection | 1 day |

**Related laws, rules, and regulations**
- Food Quality Standards
- Plant Health Regulations
- International Security Regulations
- Trade Policy - Conformity to consumer protection

**Process participants**
- Exporter
- Ministry of Agriculture and Food Security (MAFS)
- Tanzania Food and Drug Agency (TFDA)
- Tanzania Revenue Authority (TRA)
- National Security
- Tanzania Atomic Energy Commission (TAEC)
| Input and criteria to enter/begin the business process | • Cargo is at loading dock  
• Commercial invoice (copy)  
• Business license (copy)  
• TIN number (copy) |
| Activities and associated documentary requirements | 2.8.1 The exporter prepares all necessary documents.  
2.8.2 The exporter sends the documents to MAFS, TFDA, National Security, TRA, TAEC and a 3rd party inspector.  
2.8.3 Parties receive the requests and supporting documents  
- The MAFS.  
- The TFDA.  
- The National Security.  
- The TRA.  
- The TAEC.  
- The 3rd party inspector.  
2.8.4 The MAFS, TFDA, National Security, TRA, TAEC and 3rd Party Inspector inspect cargo.  
2.8.5 The MAFS, TFDA, National Security, TRA, TAEC and 3rd Party Inspector independently, verify cargo for compliance  
If not okay, they independently, deny.  
If okay, then  
2.8.6 The exporter receives inspection endorsement.  
| 3rd party inspection fees TZS 270,000 (US$ 135) |
| Output criteria to exit the business process | Exporter has gotten endorsement from MAFSC, TFDA, National Security and Customs, and 3rd Party Inspector |
| Average time required to complete this business process | 1 day |
2.9 Stuff cargo into clean container

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9 Stuff cargo into clean container</td>
<td>1 day</td>
<td>TZS 300,000 (US$ 150)</td>
</tr>
</tbody>
</table>

**Related laws, rules, and regulations**

- Exporter
- TRA
- Shipping line
- Port Terminal

**Process participants**

**Input and criteria to enter/begin the business process**

- Cargo inspected
- Container moved to stuffing area

**Activities and associated documentary requirements**

2.9.1 The exporter reminds on stuffing.
2.9.2 The port terminal operator avails the selected container.
2.9.3 The port terminal operation stuff cargo into container.
2.9.4 The TRA seals the container.
2.9.5 The shipping line seals the container.
2.9.6 The port terminal operator moves container alongside quay.

**Output criteria to exit the business process**

Cargo transferred alongside quay waiting to be loaded into vessel

**Average time required to complete this business process**

1 day
### 2.10 Customs Declaration

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.10 Customs Declaration</td>
<td>1 day</td>
<td></td>
</tr>
</tbody>
</table>

#### Related laws, rules, and regulations
- Tax administration act 2015

#### Process participants
- Exporter
- Tanzania Revenue Authority (TRA)
- Port terminal operator
- Shipping line

#### Input and criteria to enter/begin the business process

#### Activities and associated documentary requirements
- 2.10.1 The exporter uploads all necessary documents in TANCIIS.
- 2.10.2 The TRA scrutinizes the documents.
  - If some documents are missing, the exporter is notified and has to re-submit.
  - If all the documents have been submitted, then
- 2.10.3 The TRA checks accuracy and completeness of the documents.
  - If the documents are not accurate and complete, the exporter is notified and has to make corrections and re-submit.
  - If the documents are accurate and complete, then
- 2.10.4 The TRA assesses for agriculture products tax and custom exemption.
2.10.5 The TRA records trade volume for statistical purposes.
2.10.6 The TRA sends the document for exporter’s acknowledgement.
2.10.7 The exporter acknowledges by signing the document
2.10.8 The TRA closes and seals the document.

<table>
<thead>
<tr>
<th>Output criteria to exit the business process</th>
<th>TRA and Exporter acknowledged and signed tax exemption for agricultural products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average time required to complete this business process</td>
<td>2 hours</td>
</tr>
</tbody>
</table>
2.11 Port Process

<table>
<thead>
<tr>
<th>2. Ship</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of business process</td>
<td>2.11 Port Process</td>
<td>1 day</td>
</tr>
</tbody>
</table>

| Related laws, rules, and regulations | Tanzania Port Authority Regulations |

<table>
<thead>
<tr>
<th>Process participants</th>
<th>Clearing and forwarding agent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tanzania Revenue Authority (TRA)</td>
</tr>
<tr>
<td></td>
<td>Port terminal operator</td>
</tr>
<tr>
<td></td>
<td>Shipping line</td>
</tr>
<tr>
<td></td>
<td>Bank</td>
</tr>
<tr>
<td>Input and criteria to enter/begin the business process</td>
<td>Release order obtained</td>
</tr>
</tbody>
</table><p>ight) \times (1.18) = TZS 1,713,607 (US$ 857) freight = TZS 5,600,000 (US$ 2,800) |
| --- | --- | --- |</p>
| **Activities and associated documentary requirements** | **22.11.1** The Clearing and forwarding agent requests for amount to be paid for port charges.  
**2.11.2** The port authority computes port charges and request for payment.  
**2.11.3** The Clearing and forwarding agent makes bank deposit.  
**2.11.4** The bank receives payment  
**2.11.5** The bank issues payment receipt.  
**2.11.6** The Clearing and forwarding agent submits payment receipt to port accounts department.  
**2.11.7** The port accounts department issues acknowledging receipt.  
**2.11.8** The Clearing and forwarding agent receives port payment receipt and makes a copy.  
**2.11.9** The Clearing and forwarding agent submits the receipt to port export operation department.  
**2.11.10** The port export operation department receives payment receipt.  
**2.11.11** The port export operation department registers payment made for each container.  
**2.11.12** The Clearing and forwarding agent signs the register to handover container to port management.  
**2.11.13** The port export operation department prepares/ reviews loading declaration and sends it to TRA.  
**2.11.14** The TRA verifies loading declaration If not okay, the TRA sends it back to port export operation department for review If okay, then  
**2.11.15** The TRA prepares and disseminates electronically the pre-loading list and release order to port terminal operator and shipping line  
**2.11.16** The TPA, Shipping line and port Terminal Operator receive pre loading list and release order. |  |
| **Output criteria to exit the business process** | Shipment recorded in the terminal loading list |  |
| **Average time required to complete this business process** | 4 hours |  |
2.12 Obtain certificate of origin and GSP certificate

**Table:**

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.12 Obtain certificate of origin and GSP certificate</td>
<td>1 hour</td>
<td>TSH 110,000 (US$ 55)</td>
</tr>
</tbody>
</table>

**Related laws, rules, and regulations:**
International rules of origin

**Process participants:**
- Exporter
- Tanzania Chamber of Commerce Industry and Agriculture (TCCIA)

**Input and criteria to enter/begin the business process:**
Goods cleared at Customs

**Activities and associated documentary requirements:**
2.12.1 The exporter completes the application form.
2.12.2 The exporter pays the application fees.
2.12.3 The TCCIA receives the payment.
2.12.4 The exporter lodges the application form and attaches necessary documents.
2.12.5 The TCCIA receives the application.
2.12.6 The TCCIA verifies the application against documents.
- If the documents are not satisfactory, the TCCIA sends back to the exporter to rectify and re-lodge.
2.12.7 Print and issue certificates

- Certificate of origin
- GSP certificate
- If the documents are satisfactory, then
  2.12.7 The TCCIA prints and issues the certificates.
  2.12.8 The exporter collects the certificates.

<table>
<thead>
<tr>
<th>Output criteria to exit the business process</th>
<th>CoO</th>
<th>GSP certificate</th>
</tr>
</thead>
</table>

| Average time required to complete this business process | 1 hour |
### 2.13 Obtain Marine Insurance

**2. Ship**

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.13 Obtain Insurance</td>
<td>1 hour</td>
<td>TZS 722,492 (US$ 361)</td>
</tr>
</tbody>
</table>

**Related laws, rules, and regulations**

Export Insurance guidelines.

**Process participants**

- Exporter.
- Insurance company.

**Input and criteria to enter/begin the business process**

Exporter has commercial invoice.

**Activities and associated documentary requirements**

2.13.1 The exporter fills-in a proposal form and submits to insurance company.
2.13.2 The insurance company computes insurance cost and send quotation to exporter.
2.13.3 The exporter reviews quotation if not acceptable, the exporter declines. If acceptable, then
2.13.4 The exporter makes cash payment.
2.13.5 The insurance company issues insurance policy document.
2.13.6 The exporter collects insurance policy document.

**Output criteria to exit the business process**

Insurance policy obtained.

**Average time required to complete this business process**

1 hour.
2.14 Arrange port clearance for departure

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>2. Ship</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of business process</td>
<td>2.14 Arrange port clearance for departure</td>
<td>3 days</td>
<td></td>
</tr>
<tr>
<td>Related laws, rules, and regulations</td>
<td>Tanzania ports regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process participants</td>
<td>• Port terminal authority • Shipping line</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Input and criteria to enter/begin the business process</td>
<td>Customs clearance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities and associated documentary requirements</td>
<td>2.14.1 The shipping line receives pre-loading list from TRA. 2.14.2 The shipping line compares pre loading list with its own list 2.14.3 The shipping line prepares vessel planning. 2.14.4 The shipping line request cargo release order. 2.14.5 The port terminal operator receives the request with the necessary documents. 2.14.6 The port terminal operator issues the release order to its export department. 2.14.7 The shipping line receives vessel release note</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Output criteria to exit the business process</td>
<td>The vessel is released</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average time required to complete this business process</td>
<td>3 days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.15 Load cargo onto the vessel

<table>
<thead>
<tr>
<th>2. Ship</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of business process</td>
<td>2.15 Load cargo onto the vessel</td>
<td>1 day</td>
</tr>
<tr>
<td>Related laws, rules, and regulations</td>
<td>Tanzania ports authority regulations</td>
<td></td>
</tr>
<tr>
<td>Process participants</td>
<td>• Port terminal operator</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Shipping line</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Exporter</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Bank</td>
<td></td>
</tr>
<tr>
<td>Input and criteria to enter/begin the business process</td>
<td>Cargo in the vessel loading plan</td>
<td></td>
</tr>
</tbody>
</table>
| Activities and associated documentary requirements | 2.15.1 The port terminal operator loads the cargo onto vessel.  
2.15.2 The shipping line tallies loaded cargo against pre-load list.  
2.15.3 The shipping line creates tally report with the captain’s signature.  
2.15.4 The shipping line creates the final load list.  
2.15.5 The shipping line sends payment reminder to parties (exporter, port terminal operator) to notify about payments via the electronic submission information (ESI) system based on the commercial invoice and incoterm.  
2.15.6 The exporter receives the payment reminder via ESI. If payment was not done, prepares for payments as per commercial invoice.  
2.15.6 Port terminal operator receives the payment reminder notification.  
2.15.7 The shipping line uploads the terminal departure report (TDR).  
2.15.8 The shipping line creates a draft bill of lading and delivers it to the exporter.  
2.15.9 The exporter receives the draft bill of lading. If it is not okay, errors are electronically amended.  
2.15.10 Shipping line ensures that exporter has paid for costs due at original port (Handling, stuffing, wharfage, freight and insurance).  
If paid then 2.15.14  
If not paid then,  
2.15.11 Exporter pays all pre payments.  
2.15.12 Bank receives payment and offer bank slip.  
2.15.13 Shipping line acknowledges receipt of payment.  
2.15.14 Shipping line releases the vessel.  
2.15.15 Shipping line closed the task by printing 3 copies of original bill of lading. |
|---|---|
| Output criteria to exit the business process | Vessel departed  
3 original copies of Bill of lading printed |
| Average time required to complete this business process | 1 days |
2.16 Prepare shipping documents

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.16 Prepare shipping documents</td>
<td>2 days</td>
<td></td>
</tr>
</tbody>
</table>

**Related laws, rules, and regulations**
- Tanzania Ports Authority regulation
- Tanzania export regulations

**Process participants**
- Exporter
- Importer
- Shipping line

**Input and criteria to enter/begin the business process**
- Vessel departed
- Local charges, freight and insurance paid

**Activities and associated documentary requirements**
- 2.16.1 The exporter requests the original bill of lading.
- 2.16.2 The shipping line issues the original bill of lading.
- 2.16.3 The exporter receives the bill of lading.
- 2.16.4 The exporter compiles and prepares all necessary shipping documents.
- 2.16.5 The exporter sends all shipping documents to the importer.
- 2.16.6 The importer acknowledges the receipt of the shipping documents.

**Output criteria to exit the business process**
- Importer received shipping documents from the exporter

**Average time required to complete this business process**
- 2 days
### 2.17 Pay Service Levy

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.17 Pay Service Levy</td>
<td>1 day</td>
<td>TZS 435,663 (US$218)</td>
</tr>
</tbody>
</table>

#### Related laws, rules, and regulations
- Local Government Act

#### Process participants
- Exporter
- Local Government Authority
- Tanzania Revenue Authority

#### Input and criteria to enter/begin the business process
- Exporter has a business license

#### Activities and associated documentary requirements
- 2.17.1 The local government authority requests for tonnage shipped.
- 2.17.2 The Tanzania revenue authority releases information on tonnage shipped.
- 2.17.3 The local government authority computes service levy.
- 2.17.4 The local government authority requests for payment.
- 2.17.5 The Exporter makes cash payment.
- 2.17.6 The local government authority receives service levy payment.

#### Output criteria to exit the business process
- Service levy paid

#### Average time required to complete this business process
- 1 day

#### Cost Calculation
- Service Levy 0.3% CIF (0.3%*145,220,942) = TZS 435,663 (US$218)
## 3) Make advance payment

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Make advance payment</td>
<td>7 days</td>
<td>TZS 350,000 (US$ 135)</td>
</tr>
</tbody>
</table>

### Related laws, rules, and regulations

- Exporter
- Exporter’s bank
- Importer
- Importer’s bank

### Process participants

- Exporter
- Exporter’s bank
- Importer
- Importer’s bank

### Input and criteria to enter/begin the business process

- Contract of sales is agreed upon. Pays 50% of Value

### Activities and associated documentary requirements

- 3.1.1 The exporter hands over export documents to exporter’s bank giving out importer’s bank contacts.
- 3.1.2 The exporter’s bank receives documents and sends to importer’s bank by courier.
- 3.1.3 The courier ships the documents to the importer’s bank.
- 3.1.4 The importer’s bank receives the documents and informs the importer.
- 3.1.5 The importer receives bank information on document arrival.
<table>
<thead>
<tr>
<th>Output criteria to exit the business process</th>
<th>Received payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average time required to complete this business process</td>
<td>7 days</td>
</tr>
</tbody>
</table>

3.1.6 The importer grants permission to pay.
3.1.7 The importer’s bank effect payment via telegraphic transfer.
3.1.8 The importer’s bank notifies the exporter’s bank about the payment.
3.1.9 The exporter’s bank receives payment and notifies the exporter.
3.1.10 The exporter receives payment.

Transaction fee
TZS 350,000 (US$ 135)
3.2) Make Final payment

### 3. Pay

<table>
<thead>
<tr>
<th>Name of business process</th>
<th>Lead Time (Max-Min)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2 Make final payment</td>
<td>7 days</td>
<td>TZS 350,000 (US$ 175)</td>
</tr>
</tbody>
</table>

### Related laws, rules, and regulations

### Process participants

- Exporter
- Exporter’s bank
- Importer
- Importer’s bank

### Input and criteria to enter/begin the business process

Goods are received and analysis Made. Final pay 60%

### Activities and associated documentary requirements

3.2.1 The exporter requests for final payment.
3.2.2 The importer receives request.
3.2.3 The importer receives cargo.
3.2.4 The exporter undertakes crop analysis,
- if cargo does not meet acceptable standards, the importer denies payment.
- if cargo meet acceptable standard, then
3.2.5 The importer grants permission to pay.
3.2.6 The importer’s bank effect payment via telegraphic transfer.

Transaction fee TZS 350,000 (US$ 175)
3.2.7 The importer’s bank notifies the exporter’s bank about the payment.
3.2.8 The exporter’s bank receives payment and notifies the exporter.
3.2.9 The exporter receives payment.

Output criteria to exit the business process

Average time required to complete this business process

<table>
<thead>
<tr>
<th>Table 1: Tanzania Spices Export Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exchange Rate</strong></td>
</tr>
<tr>
<td>Farm gate price (TZS 13,000 x 10,000 kg)</td>
</tr>
<tr>
<td>Export parking</td>
</tr>
<tr>
<td>Transporting on land to deport to port</td>
</tr>
<tr>
<td>Stuffing</td>
</tr>
<tr>
<td><strong>FOB</strong></td>
</tr>
<tr>
<td>Regulatory requirement</td>
</tr>
<tr>
<td>Phytosanitary</td>
</tr>
<tr>
<td>Health certificate</td>
</tr>
<tr>
<td>Crop levy 5% of farm gate price</td>
</tr>
<tr>
<td>Certificate of original</td>
</tr>
<tr>
<td>Port charges: terminal movement, container movement, handling charges</td>
</tr>
<tr>
<td><strong>FCA</strong></td>
</tr>
<tr>
<td>Sea freight</td>
</tr>
<tr>
<td><strong>CPT</strong></td>
</tr>
<tr>
<td>Insurance – 0.5% CPT</td>
</tr>
<tr>
<td><strong>CIF</strong></td>
</tr>
<tr>
<td>Radiation certificate (0.2% of CIF) + 16,500 transport fee per sample</td>
</tr>
<tr>
<td>Wharfage – 1% CIF invoice value with 18% VAT</td>
</tr>
<tr>
<td>Service levy – 0.3% invoice value</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Bibliography


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