

REPOA Brief



Tanzanians have mixed views on free cross-border trade but support government autonomy in handling its internal affairs

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Key messages

- Tanzanians are evenly divided on trade with the rest of the world, including opening up borders to foreign imports.
- Despite large support for cross border trading, two thirds of Tanzanians call for stronger protection of local producers from foreign competition.
- There is strong support for foreigners and foreign corporations to set up businesses in the country.

Introduction and Background

In recent years free trade agreements (FTAs) have become an important and permanent part of the international trade system. The number of FTAs notified to the World Trade Organization increased from 19 in 1990 to 292 as of January 2019 (Athukorala, 2020). However, the debate about the economic case for pursuing an FTA as an alternative to multilateral and unilateral trade liberalization remains unresolved (Athukorala, 2020), (Shirata & Okada, 2021).

With reference to UNDP (2022), Africa is intending to integrate African economies through the formation of the African Continental Free Trade Area (AfCFTA). The agreement has the potential to unlock a market of 1.3 billion people and is an important step toward Africa's economic transformation. Removing barriers to intra-continental trade is critical for incentivizing the production of goods and services and creating market opportunities and much-needed jobs for the African population.

The growing rhetoric about imposing tariffs and limiting freedom to trade internationally reflects a resurgence of arguments that stay alive in large part because the benefits of free international trade are often diffuse and hard to see, while the benefits of shielding specific groups from foreign competition are often immediate and visible (Boudreaux & Ghei, 2017).

East African countries re-established the East Africa Community (EAC) in 1999 which was disbanded in 1977 and officially came into operation on July 7, 2000. The EAC is currently progressing towards a single market

that would allow free movement of goods, persons, services, labour, and capital and guarantee rights to residence and establishment. However, member states are currently benefitting from several bilateral trade agreements including the African Growth Opportunity Act (AGOA) with the U.S.A, the Everything but Arms and the Economic Partnership Agreement treaties with the EU, as well as multiple regional trading agreements with the SADC and COMESA including its own regional customs union.

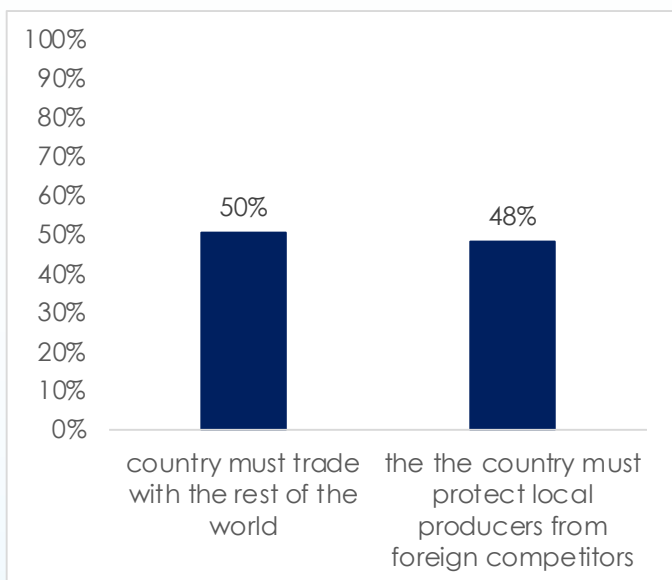
Round 8 of the Afrobarometer survey conducted in March and April 2021 shows that Tanzanians are divided on supporting free trade, they, however, value the need of having controlled foreign traders in the country.

Findings

Supporting open trade over protection for domestic producers

Tanzanians are almost evenly divided on free trade and the need to protect local producers. Half of Tanzania's citizens (50%) say that for the country to develop, it must rely on trade with the rest of the world, including opening up the borders to foreign imports. However, slightly less than half of the citizens interviewed (48%) say that in order for the country to develop, the Government should protect local producers from foreign competition.

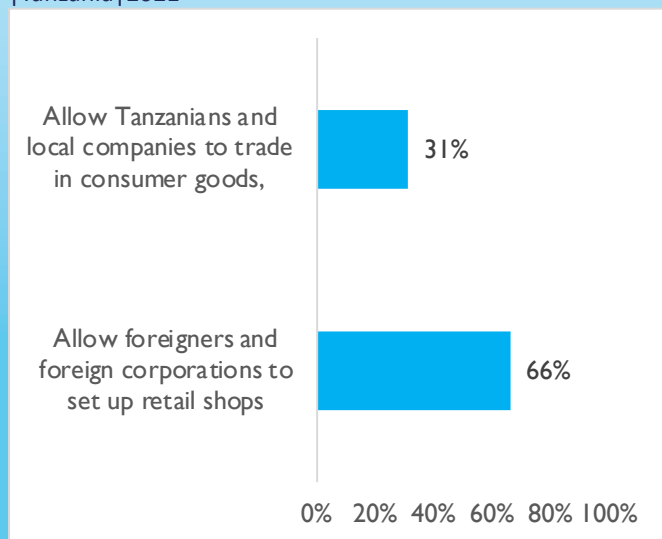
Figure 1: country to rely on open trade or protect local producers |Tanzania| 2021



Support for cross border trade

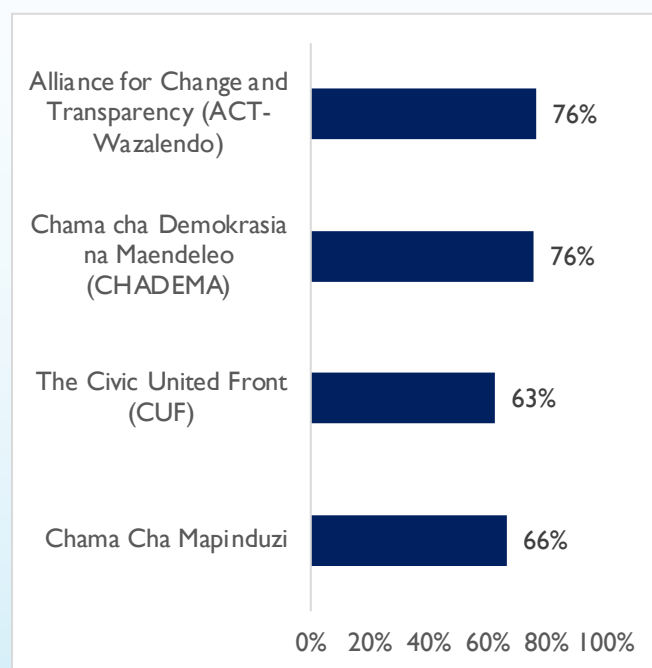
Despite expressing mixed support for free trade, Tanzanians value the need of having foreign traders in the country. Nearly two-thirds (66%) of respondents say that the Government should continue to permit foreigners and foreign corporations to set up retail shops in the country to ensure that citizens have a wider choice of low-cost consumer goods. This is supportive of improvements to the business environment for enhanced consumer choice. Support for inward protectionism is echoed by 3 out of 10 respondents (31%) who are of the opinion that the Government should only allow the citizens and local companies to trade in consumer goods and services in the country, even if it will lead to having fewer goods available for sale or higher commodity prices (other countries).

Figure 2: Permit foreigners to trade or permit only local traders |Tanzania| 2021



Support for FDI and foreign trade also showed some bipartisan support. Nearly eight in ten citizens (76%) affiliated with CHADEMA and ACT support the Government to permit foreigners and foreign corporations to set up their businesses in the country, while seven in ten citizens affiliated with CCM (66%) and more than six in ten citizens affiliated with CUF support the idea, respectively.

Figure 3. Citizens across the political divide are supporting cross border trade |Tanzania| 2021



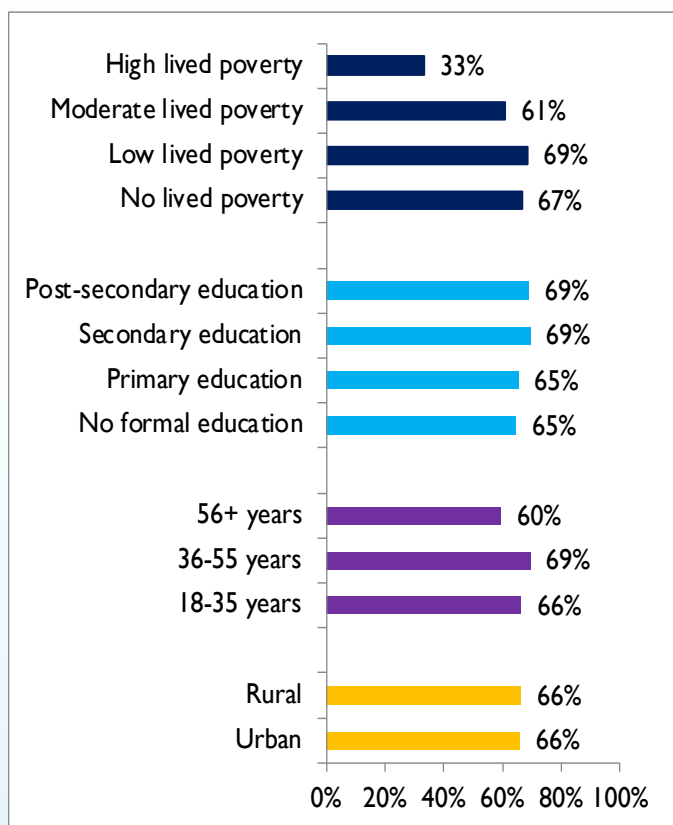
(% of citizens who support that “The Government should continue to permit foreigners and foreign corporations to set up retail shops in this country to ensure we have a wider choice of low-cost consumer goods”).

Permit foreigners and foreign corporations to set up their businesses in the country

Except for 33% of citizens in high lived poverty, six to seven out of ten citizens (60% to 69%) across the socio-demographic divide support their government to permit foreigners and foreign corporations to set up their businesses in the country to enable a wider choice of low-cost consumer goods in the country.

Specifically, 66% of residents in urban and rural are equally likely to support permitting foreigners and foreign corporations to set up their business in the country. Nearly seven out of ten citizens (69%) with low-lived poverty and citizens with secondary education and above are likely to support this approach. This view also finds more takers among middle-aged citizens (69%) than either the youth (66%) or the elder (60%).

Figure 4: The Government should permit foreigners to trade | by socio-demographic | Tanzania | 2021

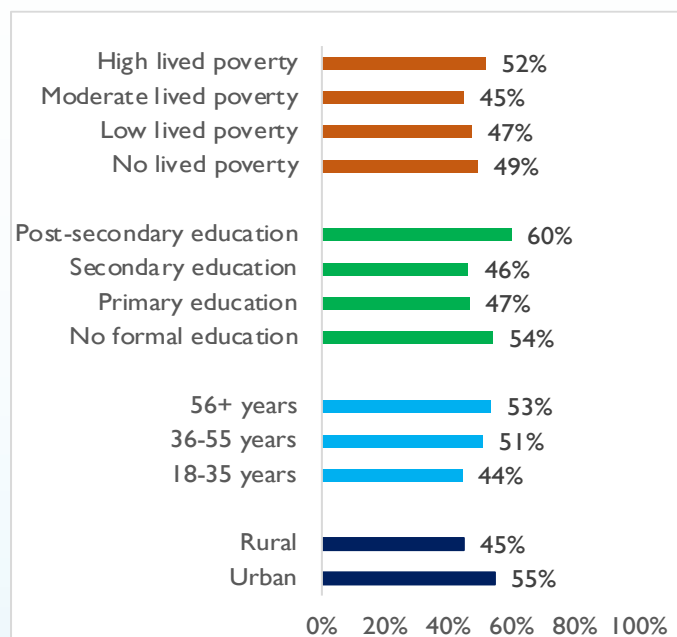


(% who “agree” or “agree very strongly” that the Government should continue to permit foreigners and foreign corporations to set up retail shops in this country to ensure a wider choice of low-cost consumer goods).countries)

Tanzanians support protecting local producers

Although half of Tanzanians support cross border trade for development, a small majority with more education (60%) urge the Government to protect local producers against foreign competition, similarly, about five citizens out of ten of middle-ages and older support protectionism.

Figure 5: Protect local producers from foreign competition | by socio-demographic | Tanzania | 2021



(% who of citizens who said “In order to develop, our country must rely on local production and protect local producers from foreign competition”)

Conclusions and policy recommendations

Tanzanians want to have their cake and eat it. On the one hand, two thirds of the population are receptive to increased trade with and investment from abroad. One the other hand, a sizeable proportion call for increased protection of local producers from foreign competition. Based on these findings, the following recommendations are made with respect to the delicate balancing act needed for improved cross-border trading and producer protection:

- The Government should promote the establishment and application of national quality management framework for enhanced consumer protection and competitiveness of domestic production necessary for regional quality benchmarks.
- The Government should raise awareness about the importance of regional trade integration to different groups of society by among others highlighting the pros and cons of integration, the inevitability of integration as future development path, and the need for Tanzanians to adequately prepare themselves to capitalize on the gains from increased integration.
- The Government needs to step up its investment promotion efforts to attract more foreign capital and businesses for improved consumer welfare.

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Afrobarometer surveys

Afrobarometer is a pan-African, nonpartisan survey research network that provides reliable data on African experiences and evaluations of democracy, governance, and quality of life. Eight rounds of surveys have been completed in up to 39 countries since 1999. Round 8 surveys (2019/2021) cover 34 countries. Afrobarometer conducts face-to-face interviews in the language of the respondent's choice.

The Afrobarometer team in Tanzania, led by REPOA, interviewed a nationally representative, random, stratified probability sample of 2,398 adults in March-April 2021. A sample of this size yields country-level results with a margin of error of +/-2 percentage points at a 95% confidence level. Previous surveys were conducted in Tanzania in 2001, 2003, 2005, 2008, 2012, 2014, and 2017.

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