

THE AFRICAN CONTINENTAL FREE TRADE AREA ON : TANZANIA PERSPECTIVES

RESEARCH PROPOSAL

**Presented to
JRC/FARA**

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Objectives of the study

- **The proposed main objective of the study is:**

To evaluate the possible economic and social and environmental effects of the AfCFTA on the Tanzania's economy in general and on their agri-food sectors at the national, regional, and farm household level.

- **Specifically, the study aims to:**

- To analyse the impact of the AfCFTA on the benefits and costs of the agreement to businesses in all sectors and the overall macroeconomic spectrum.
- Assess the impact of AfCFTA on employment (male and female) agri-food sectors in this cross-border trade.
- To determine the potential impacts of AfCFTA in fostering agriculture exports by Agri-food firms both at national and household level in Tanzania.
- Identify any economic issues that need to be addressed to align the AfCFTA to the national development objectives/ programs.

- **In this study, we will develop the 2019 gender-oriented Social accounting Matrix for Tanzania Mainland and Zanzibar based on the 2015 Supply and Use Tables**
- **For the purpose of this study, we will introduce a several modification to the 2015 SAM for Tanzania.**
 - (i) The factor of production - labour will be disaggregated by gender. 2015 Integrated Labour Force Survey provides data that introduce proportions of male and female in different sectors.
 - (ii) Households will be disaggregated by male and female headed households. For this purposes, we will use the 2012 Household Budget Survey and the 2015 Integrated Labour Force Survey.
 - (iii) To adequately deal with the AfCFTA, the Rest of the World (ROW) account will be disaggregated into AfCFTA countries and the ROW.
- **UNCTAD statistics, World Development Indicators, World integrated trade solution, and Import and export of goods and services; Government Finance Statistics (GFS) and Tax Statistics report data will be used.**

Simulation Scenarios

Scenario 1 – Tariff liberalisation scenario in line with AfCFTA modalities:

- **Effect of the abolition of the tariffs on all imports from the AfCFTA countries (or selected countries)**

Scenario 2 – Increase in world demand for agricultural products:

- **AfCFTA demand growth of 2% and 4% extra per year compared to the baseline**

Scenario 3 – Abolish all agricultural protection (tariffs and quotas) between Tanzania and AfCFTA countries and leave the tariffs unchanged for the ROW:

- **Under this scenario all programs supporting agriculture sector such as input subsidies, tax incentives for food processors are left in place. This entails total trade liberalisation of Tanzania agriculture sector**

Scenario 4 – Abolish all agricultural protection (tariffs and quotas) between Tanzania and AfCFTA countries in major export crops sub sectors (tea, coffee, tobacco, cotton and cashewnuts) and leave the tariffs unchanged for the ROW:

- **These scenario will reveal the competitiveness of these sub sectors such that effective measures to improve them will be devised**