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Economic effects of non-tariff barriers on small and medium Agro-enterprises in the East Africa community cross border trade in Tanzania

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Abstract
The study was conducted to assess the economic effects of the non-tariff barriers on small and medium agro-enterprises involved in the East African Community cross border trade in Tanzania. It was compared by small and medium agro-enterprises who trade locally similar products within Tanzania. Simple random technique was used to select 210 respondents both trading locally within the country and those engaged in the cross border trade. Agricultural goods selected were maize, beans and rice as major crops traded within the East African Community region. Costs Benefit Analysis method was used to ascertain the projected Net Present Value between exporting agricultural products and trading similar products within the country, and to analyze the effect of non-tariff barriers. The results indicate that small and medium agro-enterprises engaged in East African Community cross border trade are affected by 26% of additional transport costs resulting from non-tariff barriers. However, there are potential benefits to be earned by small and medium agro-enterprises engaged in cross border trade if non-tariff barriers are reduced. It is recommended that the government and private institutions should decentralize to help in registering and monitoring agribusiness sector at regional and district level and help to abolish non-tariff barriers.

Keywords: Agricultural goods, non-tariff barriers, enterprises, effects, cost benefit analysis

Introduction
Regional integration is a major development strategy for reducing market fragmentation. The concept of regional economic integration implies that nations of a geographic region come together in some type of partnership to promote trade and development (African Union, 2014) [1]. More technically, in this arrangement, the countries agree to reduce and ultimately remove tariff-and non-tariff barriers to the free flow of goods or services and factors of production among each other (Hangi, 2017) [4]. In other words, regional integration is a type of arrangement in which countries agree to coordinate their trade, fiscal, and/or monetary policies. There are various levels of integration and, to that extent, regional integration agreements come in many shapes and sizes. They vary in income levels, in openness to trade and in the share of trade that takes place in them. The East African Community (EAC) is one of the types of integration. It is one of eight Regional Economic Communities recognized by the African Union (AU) (African Union 2014) [1].

The East Africa Community (EAC) is an intergovernmental regional body comprising of six countries: Tanzania, Kenya, Uganda, Rwanda, Burundi and South Sudan with a combined population of more than 130 million and average annual growth rate of 2.6% according to the facts and figures of the East Africa Community Secretariat (EAC, 2018) [6]. The main agenda of EAC is attainment of economic, social and political integration, this market provides the opportunity for the countries of Eastern African region to exchange their locally produced goods and services so as to scale up regional development and alleviate poverty. A study by TCCIA (2017) [8] identified non-tariff barriers (NTB's) related to administrative and bureaucratic inefficient, standards and technical requirements as the major impediments to trade within the region; other factors include poor infrastructure and communication networks. As for trade restrictions, the EAC committed itself to promoting projects and strategies that would lead to the elimination of these obstacles to trade (Hangi, 2017) [4].

As part of the process of realizing full benefits of economic integration, in 2005, the EAC became a customs union, a free trade area with common external tariffs, but allowing member countries to use different import quotas.

The main instrument for trade liberalization provided under the customs union is the elimination of Tariffs and Non-Tariff Barriers (NTB), within the partner states in order to increase economic efficiency and create political and cultural relationships among the partner states (Okumu *et al.*, 2016) [6]. However Africa has the lowest levels of formalized intra-regional trade in the world, estimated at only 10%. Addressing this by building on current regional integration agendas to facilitate cross-border trade, develop regional infrastructure is important to build a sustainable Agri-food sector that is responsive to regional demand (Tanzania Integrated Business Survey, 2017) [7].

Problem statement

Economists generally agree that NTBs are detrimental to regional trade. The NTBs diminish the potential benefits that could be derived from the trade preferences offered through regional trading arrangements. These trade preference benefits include better access to partner country markets, increased export volumes and prices, improved economic welfare, creation of more jobs, and attainment of higher rapid economic growth. Moreover, NTBs are a serious impediment to the growth of intra-regional trade and the associated benefits (Karugia *et al.*, 2018) [5]. East African Business Council (EABC) (2005) identified a number of NTBs that exist and restrict trade among member countries. According to the EABC study, NTBs were widely prevalent among business enterprises in the region and within the government departments in all the EAC countries. NTBs and other business climatic factors that act as impediments towards the realization of smooth trade (and investment) in the region is the manifestation of the absence of free trade environment in the EAC region, notwithstanding the existence of Custom Union protocols signed by member states (Hangi, 2017) [4]. The EAC in realizing the effects of these barriers has attempted to remove NTBs; however, as Okumu *et al.* (2016) [6] point out there are other NTBs that still exist in the EAC member states which include: un-standardized weighbridges, several road blocks, lack of recognition of individual country's standards, and the existence of several un-harmonized standards. Nevertheless, Tanzania with the National Strategy for Growth and Reduction of Poverty (NSGRP) commonly known as MKUKUTA, has assigned SMEs a major role of scaling up participation of the informal sector in the growth and reduction of poverty. Accordingly, SMEs have been strengthened through various interventions and strategies such as SMEs development policy and plan, export credit Guarantee Fund for Cooperatives and other organizations handling farmers produce, Cooperatives Development Policy of 2003, microfinance, promotion/ establishment of incubator systems in helping the sustainable management of SMEs. Also putting in the high priority list the promotion and participation of SMEs in the growth and reduction of poverty (URT, 2016) [10]. Through SME policy and strategies, Tanzania aims at promoting SME in building capacity of exporting SME's commodities to other neighbouring countries. However, despite these efforts, little has been done to assess the economic effect of the existing NTBs on Small and Medium Agro-Enterprises which are engaged in EAC cross border trade to inform policy making by government and private sector in promoting Agribusiness trade in East Africa Community region. The study sought to assess the economic effects of Non-Tariffs Barriers on small and medium agro-enterprises involved in the East African Community cross border trade in Tanzania. Specifically, to conduct a comparative costs and benefits of the NTBs on SMAEs exporting agricultural goods to the EAC partner states and those SMAEs trading similar crops within the country. In this respect, the following research questions is raised: How do the costs and benefits of exporting agricultural goods to EAC cross border trade differ from trading similar crops within the country?

Methodology

Study area

The study area included two regions of Arusha and Mwanza. Arusha is located in 3.3667° S, 36.6833° E in North of Tanzania, and Mwanza is located 2.5167° S, 32.9000° E. These regions account for a large number of Small and Medium Agro-Enterprises (SMAEs) engaging in East Africa Community (EAC) cross border trade. This is particularly because these regions are in close proximity with the other EAC trading partners such as Uganda and Kenya. Furthermore, these regions had the most well established business enterprises (Tanzania Integrated Business Survey (2017) [7].

In Arusha Tanzania most Small and Medium Agro-Enterprises (SMAEs) are trading various agricultural commodities such as maize, horticultural, beans and pigeon pea. The major local markets for the SMAEs engaged in EAC cross border trade in Arusha city are Mbauda, Kisongo, Crocon (NMC), Ngaramtoni, and Mirongoine Majengo. In most cases, the SMAEs owners depend on seasonal variations of different commodities in a year. Based on the baseline survey, from these identified markets, SMAEs in Arusha use the route to Namanga border and then direct to some of the major markets for Maize and Beans in Nairobi Kenya such as Nyamakima, Marikiti and Thika. Maize and beans were studied in Arusha Region as these are the most widely exported agricultural goods in Arusha to Nairobi Kenya (as field survey revealed), SMAEs purchase the crops within the region because many farmers in the region grow these crops.

The volume of agricultural goods exported to Uganda from Mwanza is very low as compared to volume of agricultural goods exported to Kenya from Arusha. However, Mwanza trades mostly on rice which is brought from the neighbouring regions of Shinyanga and Tabora. Few of the SMAEs owners interviewed reported to be exporting to Uganda through either by Lake Victoria via South Port harbour in Mwanza and directly to Uganda, or by road which passes through Kagera Region to Mutukula Border between Tanzania and Uganda. Rice as a case study was studied in Mwanza Region because the region is greatest rice traders. SMAEs purchase the rice from Kahama, Shinyanga, Geita, and Sengerema and export it to Uganda.

Research design

This study adopted Cross-Sectional research design by which data were gathered from the study area in two different rounds, the first round was done from February to March 2018 as a pre survey, and the second round was done from March to May 2018. The two rounds Baseline survey was adopted due to the nature of agricultural trade in the study area whereby it was difficult to find SMAEs owners as their availability was seasonal depending on the availability of different agricultural goods to be traded.

Sampling procedure and sample size

A purposive sampling technique was used to select specific markets for Small and Medium Agro-Enterprises (SMAEs) in the study area. This was followed by simple random sampling to obtain the number of respondents who own SMAEs after pre survey of the study area. The targeted population included Small and Medium Agro-enterprises in Arusha and who trade with member countries in EAC and Small and Medium Agro-enterprises who trade locally within the country. The latter group was selected for comparison purposes. The sample size was 210, comprising 105 of Small and Medium Agro-enterprises engaged in EAC cross border Trade, and 105 Small and Medium Agro-enterprises who trade the same agricultural goods locally within the country. The sample was chosen basing on convenience and representativeness of the population. This is because it was difficult to get the population of all SMAEs dealing with Agricultural goods trade so as to select the sample size as majority are not registered.

Data collection

Small and Medium Agro-enterprises who export agricultural goods to EAC market were randomly selected in each of the markets visited in Mwanza and Arusha. Other sources of data accessed include TCCIA list in both Mwanza and Arusha, Truck drivers, Clearing Agents who were selected from border points, Government and private institutions which are involved in EAC cross border trade from Tanzania.

Methods of data collection

Primary data were collected through detailed field survey interviews of small and medium agro-enterprises owners. Different questionnaires were used for different sets of respondents which included SMAEs owners, truck drivers, clearing agents, and customs officers. The data collected were based on the characteristics, quantity, value, and mode of transportation of the exports. Additional information collected includes financial charges and unrelated procedural practices which were therefore considered as NTBs to trade. Secondary data were collected from several sources including East Africa Business Council (EABC) office in Arusha; Tanzania Chamber of Commerce Industry and Trade (TCCIA) in Arusha, Mwanza, and Dar es Salaam; Trade Mark office in Arusha; Tanzania Commission for Atomic Energy headquarter in Arusha which is issuing certificates of radioactivity analysis.

Data analysis

Costs benefit analysis

There are various methods in analyzing the effects of Non-Tariff barriers in cross border trade. The most widely used methods in measuring and analyzing the effects of NTBs on agricultural trade are Cost-Benefit Analysis, Effective Protection, Game Theory, General Equilibrium Model, Gravity-Equation Techniques, Inventory-Based Frequency Measures Survey based Approach, and Partial Equilibrium Models. Others include Price-Wedge Method, Quota-Auction Price Measures, Risk Assessment, Spatial Equilibrium Models, and Tariff Equivalent (Okumu *et al*., 2016) [6].

However there is no one common method which is perfect in analyzing any kind of NTBs in any commodities. Every method identified depends on the nature of data which are used. Many of these methods require an extensive time series and aggregate data for analysis; this study has adopted Cost Benefit Analysis due to data availability and time constraints on the field survey. Cost-Benefit Analysis (CBA) is an economic appraisal tool for the comparison of costs and benefits associated with alternative approaches. The CBA provides a useful basis for decision-making and assists in the systematic appraisal and management of capital and current projects (Central Expenditure Evaluation Unit (CEEU), 2014). The use of cost-benefit analysis and alternative methods in quantifying the economic effects of non-tariff measures can be addressed as a systematic assessment of costs and benefits of a hypothetical policy change. Cost and Benefit Analysis approach normally seeks to quantify costs and benefits from changing the current policy. The current policy may be a situation of no regulation or no interference with the market (do-nothing). The typical problem facing such an assessment is that some of the relevant cost and benefit items cannot be estimated with great precision simply because the policy change is hypothetical and there are no empirical observations available that could reveal reactions of consumers and producers to the new policy set (Tongeren, 2018) [9].

The study analyzed the Costs and Benefit analysis by comparing the Net Present Values (NPV) of Small and Medium Agro-Enterprises trading to EAC partner states and the Net Present Values (NPV) of Small and Medium Agro-Enterprises trading locally within the country so as to establish the difference between the two groups. However, the analysis went further into analyzing the differences in terms of transport costs and additional transport costs accounted for NTBs which were incurred as a proxy for Non-Tariff Barriers (NTBs) to SMAEs exporting to EAC countries. This is because SMAEs only face the NTBs indirectly through the costs they incur in transport their agricultural goods to EAC countries.

The choice of years to be included were based on the correlation between the experiences (measured in terms of years) of Small and Medium Agro-Enterprises (SMAEs) exporting to EAC countries and the current capital. The correlation in Table 1 below was significant at 0.001 and the sign for the correlation was positive meaning that experience has a positive relationship with the current capital of SMAEs exporting to EAC partner states. This means that the more experienced the SMAEs engaged in EAC cross border trade becomes the higher their capital becomes. Thus, the study projected the Net Present value (NPV) for the next ten years and discounted the net returns for the period of ten years to obtain the future Net Present Value (NPV) at the present using CBA analysis. The same procedure was followed to project the Net Present Value (NPV) of those trading within the country based on the same criteria of ten years' time horizon.

Table 1: Correlations analysis between experience and current capital

		Current capital	Experience in agribusiness trade
Current capital	Pearson correlation	1	0.313**
	Sig. (2-tailed)		0.001
	N	104	102
Experience in Agribusiness trade	Pearson Correlation	0.313**	1
	Sig. (2-tailed)	0.001	
	N	102	103

**. Correlation is significant at the 0.01 level (2-ailed)

Thus, the average experience of SMAEs was 9.9 years (10 years) and the average current capital stood at TZS

30,006,000 Millions the SMAEs exporting to EAC country, and TZS 25,845,238 Millions for the SMAEs trading locally within the country. The same procedure was followed to determine the correlation between experience and current capital for those SMAEs traded locally within the country. The Net Present Value formula used was as follow:

$$NPV = \left[\frac{B_0}{(1+r)^0} + \frac{B_1}{(1+r)^1} + \cdots + \frac{B_{10}}{(1+r)^{10}} - \frac{C_0}{(1+r)^0}\right] + \left[\frac{C_1}{(1+r)^1} + \cdots + \frac{C_{10}}{(1+r)^{10}}\right]$$

Where
NPV = Net present value
B = Benefits at time t
C = Costs at time t
t = Time
r = Discount rate

The choice of the discount rate was taken from the monthly economic review of March 2018 from the Bank of Tanzania (BOT) which was 16% and this was used to discount the net returns of maize, beans and rice which are both exported by Small and Medium Agro-Enterprises (SMAEs) to East Africa Community (EAC) countries and traded locally within the country. The net returns were calculated on the basis of trading activities observed per week whereby SMAEs were found to export agricultural goods on average of once per week and travel to EAC countries to sell the commodities. It normally takes an average of three days to sell all agricultural goods exported. The returns for each agricultural goods were calculated on the basis of net returns per week (per one trip), and then the values were aggregated on average of 30 weeks in a year. Other weeks in a year were omitted because of seasonal variation of each agricultural goods traded, the supply and demand shifting as well as other activities carried out by SMAEs owners; this includes for example spending time with families as majority of SMAEs owners are married.

Computation of transport costs attributed by NTBs in EAC cross border trade by SMAEs

The study used additional transport costs caused by Non-Tariff Barriers (NTBs) as a proxy for NTBs. The additional transport costs involved in the East Africa Community (EAC) cross border trade was based on observations and interviews with truck drivers, clearing and forwarding agents and calculations of the specific added costs on transport in EAC cross border trade as compared to trading locally within the country. These calculations involved determining the costs per bag in EAC cross border trade using a truck of 16 Tons with the capacity of 160 bags of either maize or beans of 100Kg each.

Results and Discussion

Costs and benefit analysis

The SMAEs exporting agricultural goods to EAC partner states, maize was found to have the greatest NPV at TZS 1,493,742, 170.68 followed by rice at TZS 1,120,132, 841.95 and then beans at TZS 690,569,747.07 (Table 2). This is because maize is the main staple food in the region and maize is a major source of food in the region therefore most of the farmers grow the crop since it requires short period of time to mature compared to other food crops, also its constant demand in the EAC market encourage many farmers to grow the crop for cash and for food.

Table 2: Estimated average costs and benefits exported to EAC partner states (n = 105)

Costs and benefits	Agricultural crops and their net present values		
	Maize	Beans	Rice
	Monetary value (TZS)	Monetary value (TZS)	Monetary value (TZS)
Costs			
Quantity purchased	304.24	147.58	252.50
Buying price (TZS/bag, 1 bag = 100Kg)	51,743.67	117,019.23	56,750
Total Costs of Buying	15,773,601.27	17,206,346.15	14,450,000
Labour costs to pack and unload	325,696.20	161,961.54	202,500
Transport costs/hiring a truck	2,018,911.40**	1,209,865.39**	855,000**
Information costs	40,405.06	23,211.54	25,000
Accommodation and Meals	75,000	75,000	70,000
Travelling Costs	38,000	38,000	32,000
Total costs	18,271,613.92	18,831,551.42	15,634,500
Benefits/Returns			
Quantity sold (per bags, 1 bag =100Kg)	305.9390	149.10	284.82
Selling price (TZS)	94,072.5190	159,519.23	84,000
Total revenue	28,780,452.15	23,784,038.46	23,925,000
Net returns/benefits	10,508,838.23	4,969,596.75	8,322,500
Net present value (NPV)*	1,493,742,170.68*	690,569,747.07*	1,120,132,841.99

*NPV are for ten years' time horizon using discount rate of 16%

This study observed that maize attracts maize intra-trade activities in the region as it offers good price in the market and it is convenience in the production process by Tanzania SMAEs exporting to Kenya. Therefore most of the SMAEs trade large quantities of maize as opposed to the quantities of beans and rice exported to Kenya and Uganda which in turn gives them greater profit and eventually greater Net Present value. Moreover NPV for maize for SMAEs exporting to EAC partner states is higher than the NPV of the crop for SMAEs who trade locally within the country and particularly in the Arusha Region (Table 3). Rice is the second highest traded agricultural product after maize. Although there is low level of exports of agricultural products to Uganda by Tanzania's SMAEs, given the presence of few SMAEs exporting rice to Uganda, they (SMAEs) basically enjoy higher returns obtained, especially because they buy from several places at lower prices in Mwanza and Shinyanga and sell the product at higher price in Uganda. On the other hand, the NPV for SMAEs who export rice to Uganda (Table 2) is TZS 1,120,132,841.95

higher than the NPV for SMAEs who trade locally (Table 3). It means that exporting rice to Uganda is more profitable than selling the product locally and this might be due to the fact that in Mwanza there is a surplus of rice as the product is brought from various neighbouring regions which make the price to go down.

Table 3: Estimated average costs and benefits traded within the country (n = 105)

Costs and benefits	Agricultural crops and their net present values		
	Maize	Beans	Rice
	Monetary value (TZS)	Monetary value (TZS)	Monetary value (TZS)
Costs			
Quantity purchased	390.88	118.08	53
Buying price (TZS/bags, 1bag = 100Kg)	47,849.40	108,940.51	92,000
Total Costs of Buying	18,787,145.83	13,028,051.28	5,200,000
Labour costs to pack and unload	390,445.24	118,076.92	186,400
Transport costs/hiring a truck	1,197,261.91**	356,564.10**	125,700
Information costs	16,333.33	10,820.51	8,000
Accommodation and Meals	16,333.33	11,461.54	10,000
Travelling Costs	16,714.29	11,307.69	10,000
Municipal Council tariffs			121,000
Total costs	20,424,233.93	13,536,282.05	5,661,100
Benefits/returns			
Quantity sold per bags (1 bag = 100 Kg)	145.82	1,211.96	2,098.11
Selling price (TZS)	390.88	118.08	53
Total revenue	57,000	143,107.69	111,200
Net returns/benefits	22,347,750	17,119,384.62	6,344,000
Net present value (NPV)*	254,003,722*	494,638,493.10*	74,118,331.35*

*NPV are for ten years' time horizon using discount rate of 16%

Beans is another agricultural product exported to the EAC countries; despite its NPV being the lowest among the three, beans still offers higher NPV especially for those who export the product to the EAC countries (Table 2). The reasons for this is that beans is not the main food like maize, which means there is an alternative for beans such as different types of peas including pigeon peas (*Cajanus cajan*), cowpeas (*Vigna unguiculata*) and a variety of vegetables which consumers in East Africa may use as a substitute of beans. Beans has higher NPV for SMAEs trading locally within the country (Table 3) followed by maize and rice and the reasons could be due to the fact that at least every farmer in Tanzania for one reason or another grows maize for food security; beans is grown but in smaller scale than is the case with maize which make the price of beans to be higher than that of maize. Moreover, rice is highly grown in Tanzania and as a result it is in abundant supply in different regions making its price to go down and eventually leading to low NPV.

Additional transport costs by SMAEs exporting to EAC countries

It was observed that a truck with a capacity of 16 tons is capable of carrying 160 bags of maize and beans; the total average costs which is charged for either beans or maize is TZS 10,000/= per bag. The costs cover everything including clearing fee and police roadblocks (Bribe) up to the country of destination particularly Kenya because these are the main NTBs which SMAEs face in the EAC cross border trade. The average total clearance fee for both Kenya and Tanzania is TZS 250,000, which involve the costs of all documentation required by the Tanzania's SMAEs to export their agricultural goods to EAC countries as well as other charges such as Municipal council tariffs. The average police roadblocks from Arusha to Nairobi were 10 and a maximum of TZS 5000 is paid at each police roadblock in Tanzania and a maximum of KSH 100, which is equal to TZS 2,000 (Exchange rate of 1Kshs = 20 TZS) is paid at each police roadblock in Kenya (Table 4) which make the total costs resulting from payments in bribes at police roadblocks per trip to reach an averagely of TZS 80 000.

Table 4: Computation of additional transport costs attributed by NTBs for SMAEs exporting to EAC countries

Costs (Per trip)	Maize (TZS/bag)	Beans (TZS/bag)
Actual Transport costs	7,937.5	7,937.5
Additional transport costs		
Police Bribe	500	500
Clearing and Forwarding fee (Kenya & Tanzania)	1,562.5	1,562.5
Total additional Transport costs	2,062.5	2,062.5
Total additional Transport costs (In percentage)	25.98*	25.98*
Total Transport cost per bag	10,000	10,000

All these costs were aggregated per 16 tons truck of 160 bags, and the total costs were divided per each bag as summarize in Table 4. The transport costs for rice was not computed because of the small number SMAEs interviewed in this study since there is low volume of exports of rice to Uganda as compared to Kenya. Thus there was no statistically significant difference in the transport costs between those who export and those who trade locally. Therefore, the analysis of the effect of NTBs could not be realistic.

Effects of additional transport costs contributed by non-tariff barriers on net present value

The results show that when additional transport costs of 25.98% resulting from Non-Tariff Barriers for maize is reduced, the Net Present Value (NPV) will increase by 5.09%, which implies that the current additional transport costs resulting from Non-Tariff Barriers (NTBs) affect the NPV of SMAEs who export agricultural products to the East Africa Community (EAC) partner states by 5.09% (Table 5). Thus, the reduction of barriers would lead to an increase the SMAEs profit for exporting maize to EAC country. This is because maize is most widely traded in the region and its demand increases time to time. Tanzania exports large

amount of maize to Kenya followed by Uganda, thus the reduction of Non-Tariff Barriers would favour Tanzania SMAEs doing business in these countries.

Table 5: Effects of reduction of additional transport costs on SMAEs exporting to EAC countries

NPV	Maize	Beans
NPV before reduction of additional transport costs	1,493,742.68	690,569,747.07
NPV after reduction of additional transport costs	1,569,794,916*	750,653,548.99*
Differences in transport costs (Effects)	76,052,745	60,083,801.92
Differences in transport costs (Percentage)	5.09	8.0

*Reduced by 25.98%

In a study by Karugia *et al.* (2018) [5] on the effects of the impact of Non-tariff Barriers on maize and beef trade in East Africa, it was pointed out that the cost of NTBs for maize trade in Kenya accounted for approximately 35% of the total maize transfer cost. The situation is much worse in Uganda where the NTBs accounted for over 50% of the total maize transfer cost. However, in Tanzania, only 12% of the total maize transfer costs were attributed to NTBs. The findings from Karugia *et al*. (2018) [5] conclude that NTBs are an important component of the transfer costs of both maize and beef cattle trade within the EAC; this indicates that the NTBs faced by agricultural trade of cereals crops result to an increase of the transport costs which eventually affect the returns and profit of SMAEs who export to the EAC partner states. In other words, the reduction on the additional transport costs resulting from NTBs and NPV for beans increase by 8.0%; and this implies that these additional transport costs affect the NPV of SMAEs exporting beans to Kenya by 8.0%.

Conclusion and Recommendations

The main objective of the study was to assess the economic effects of non-trade barriers on small and medium agro-enterprises (SMAE'S) doing EAC cross border trade in Tanzania. The main aim was to provide policy recommendations which would improve trade performance which would increase profits to SMAEs doing EAC cross border trade. The study focused on the Non-Tariff Barriers specifically affecting the Tanzania's SMAEs engaged in the EAC cross border trade. The study observed that Non-Tariff Barriers affect negatively the Small and Medium Agro-Enterprises doing Cross border trade, the negative effects are mainly through additional costs resulting from NTBs. Therefore, it can be concluded that the negative effects of NTBs reduce profits earned from the trade by around 26% through the costs of transport. The analysis shows that there is potential profit from trade of agricultural commodities to EAC countries by Tanzania SMAEs which is yet to be taped. In all the comparative analyses done in this study using Cost and Benefit Analysis to compare the Net Present value of the three agricultural commodities namely maize, beans and rice traded to EAC countries and similar commodities traded locally within the country, have shown that in all three agricultural commodities, the Net Present Values for EAC Cross Border Trade were bigger than the Net Present Values of the commodities traded locally within the country.

The study recommends that the EAC must strengthen a mechanism put forward in eliminating the Non-Tariff Barriers (NTBs) within the region and create competitive environment for every member of East Africa Community (EAC) to do business. This can be realized through establishment of one custom single border point project in all the borders in the region, so as to reduce the time loss and procedures for cargo clearing at the border. This project is now under way, and what is needed is speeding up of the construction of the building. However, the reporting mechanism of NTBS by Small and Medium Agro-Enterprises (SMAEs) to EAC must be reviewed and monitored carefully so as to help SMAEs engaged in EAC cross border trade to report any NTB regarding time wastage. The EAC need to create a mechanism of acknowledging SMAEs contribution and formulate policies which are geared at improving performance of SMAEs sector and safeguard SMAEs interests. Also the EAC need to formulate Agribusiness trade platform to enable trading activities within the region Cross border trade run smoothly.

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