



THE REVOLUTIONARY GOVERNMENT OF ZANZIBAR

Ministry of Trade and Industrial Development



ZANZIBAR TRADE POLICY

2024

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PREFACE



The Zanzibar Trade Policy 2024 is developed as a milestone in implementing the Zanzibar Vision 2050, which envisages a dynamic trade policy framework that regularly reviews targeted industries and their export and investment incentives based on emerging sectors and international market trends and shifting comparative advantage. The Policy seeks to play a role to trade in reducing poverty and raising people's income, thus increasing their well-being and prosperity. The Policy articulates provisions geared towards promoting efficiency in the growth of domestic, regional and international trade through transformational measures that address the existing trade situation and constraints impeding the development of the trade.

This Policy provides guidelines that regulate trade development in the provision for the legal and regulatory frameworks to govern the trade in goods with a specific focus on fair competition as well as maintaining a level playing field for farmers, manufacturers, service providers, creators and innovators to compete. This Policy works together with several other sectors such as agriculture, industry, services sector, blue economy, infrastructure and Information Communication Technology (ICT). It creates opportunities for trade-led sector policy formulation to achieve sector-specific trade targets. For instance, agricultural and industrial policies must be geared towards increasing market share in existing markets and market diversification. Similarly, energy and infrastructure policies promote the trade sector's competitiveness. Moreover, ICT will encourage the global experience, where e-commerce is taking over traditional trade because the low cost of trading through e-commerce can be achieved.

The Policy provides a dynamic relationship for the country's efforts in trade promotion and also extends the national treatment to all imports. It focuses on new measures to promote exports to International markets and adds impetus to the robust trade policy reforms that the country follows in regional and multilateral trade arrangements. The Policy also concentrates on key issues crucial to its implementation, such as the improvement of trade in services through the diversification of new services sectors and utilization of new and preferential markets. The Ministry Responsible for Trade facilitates trade domestically and externally to ensure the smooth flow of trade in Zanzibar. The Policy will also ensure that Zanzibar has

access to Regional and International trade, focusing on increasing exports, especially agriculture and sea products and the transfer of specially imported goods.

Zanzibar, through the United Republic of Tanzania, implements various Regional and International agreements, such as World Trade Organization (WTO), Southern Africa Development Community (SADC), East Africa Community (EAC) and African Continental Free Trade Area (AfCFTA). The trade policy designs a tool for coordination and management structure for maximize cooperation and collaborative implementation with all parties involved.

The Policy is prepared together with its implementation strategy, Monitoring and Evaluation (M&E) framework and the Communication Strategy, which guide the operationalization to deliver the intended results. The effective implementation of the Policy is expected to transform Zanzibar to become a competitive and prosperous trading hub. The prospects for this transformative impact lie with opportunities in the domestic market, as well as in the regional, continental and global markets, where Zanzibar has immense unexploited trade potential. I, therefore, call upon the full commitment and cooperation of all stakeholders to ensure successful implementation of this Policy.

Omar Said Shaaban,
Minister of Trade and Industrial Development,
Zanzibar.

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The Zanzibar Trade Policy 2024 could not have been prepared without the helpful contributions and substantial support of various stakeholders from the Government, the private sector and civil societies. I, on behalf of the entire team would like to express our sincere appreciation to all who collectively assisted in formulating this Policy by their advice and directives. Throughout its preparation, we have benefited from the critical comments, suggestions and directions of the technical people found time not only to read but also to guide us.

I, on behalf of the Ministry express my gratitude to the technical team of the Ministry of Trade and Industrial Development (MTID) for their expertise and dedication in completing this work with the assistance of Trademark Africa (TMA). Given the magnitude and scope of the assignment, as well as the number of people and institutions involved, we are unable to individually name every individual who assisted us in completing this assignment; nonetheless, please know that your assistance is most treasured and appreciated.

We believe that the implementation of this trade policy will pursue trade opportunities through stimulating investments and production which result in exports and help to improve the way of doing business in Zanzibar.

**Fatma Mabrouk Khamis,
Principal Secretary,
Ministry of Trade and Industrial Development,
Zanzibar.**

LIST OF ABBREVIATIONS AND ACRONYMS

AfCFTA	African Continental Free Trade Area
AI	Artificial Intelligence
CET	Common External Tariff
COMESA	Common Market for Eastern and Southern Africa
COVID-19	Corona Virus Disease – 2019
EAC	East African Community
EEZ	Exclusive Economic Zone
EPZ	Export Processing Zone
FDIs	Foreign Direct Investments
GATT	General Agreement on Tariffs and Trade
ICD	Internal Container Depot
ICT	Information Communication Technology
IORA	Indian Ocean Rim Association
LGAs	Local Government Authorities
MSMEs	Micro, Small and Medium Enterprises
MTID	Ministry of Trade and Industrial Development
NGOs	Non-Governmental Organisations
NTBs	Non-Tariff Barriers
NTMs	Non-Tariff Measures
OCGS	Office of Chief Government Statistician
PPP	Public-Private Partnership
RGoZ	The Revolutionary Government of Zanzibar
RoO	Rules of Origin
RTA	Regional Trade Arrangements
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SEZ	Special Economic Zone
TANCIS	Tanzania Customs Integrated System
TFA	Trade Facilitation Agreement
TRA	Tanzania Revenue Authority
UNCTAD	United Nations Conference on Trade and Development
URT	United Republic of Tanzania
USA	United States of America
WTO	World Trade Organization
ZRA	Zanzibar Revenue Authority
ZPC	Zanzibar Port Corporation

DEFINITION OF KEY TERMS

Bilateral Trade	A trade arrangement between two Nations.
Duty Exemption Schemes	Facilitates duty free import of inputs requirement for export production.
Enterprise Formalization	Means to officialise businesses, through registration and licensing with responsible authorities; access to social security by the business owner(s) and employees, and compliance with a legal framework.
Free Trade Agreement (FTA)	Is a treaty entered between two or more countries or Regions to form a free trade area.
Free Trade Area (FTA)	Is an area that adopt free trade regimes (with low or zero tariffs and other relaxed policy restrictions) among themselves while not necessarily changing the trade criteria that each member country has with third parties.
Foreign Direct Investment (FDI)	An investment made by a firm or business entity from another country into business interests in another country.
Intellectual Property	Intellectual property means the legal rights which encourage innovation and creativity of industrial, scientific, literary and artistic fields and ensure investors and creators gain benefits from their inventions and creations.
Intra-Trade	Means exchange of goods or services between Zanzibar and Tanzania Mainland.
International Trade	Means the exchange of capital, goods or services across international borders or territories.
Market Access (MA)	Means the condition, tariff and nontariff measures agreed by members for the entry of specific goods into the market.
Multilateral Trade Agreement	Occurs between three or more nation and are treated equally no one gets a most favor status.
Non-Tariff Barrier (NTB)	Measures other than tariffs, such as quantitative restrictions and import licensing that restrict trade flows.
Non-Tariff Measures (NTMs)	Market access requirements and procedures that Countries apply to products that are imported or exported, including health regulations on food safety and quality, rules about packaging, and minimum safety standards for manufactured products.

Sanitary and Phyto-Sanitary Measures (SPS)	Decrees, laws, regulations, requirements, standards and procedures applied by Countries in trade to protect human, animal or plant life or health from certain risks such as the establishment or spread of pests, diseases, disease-carrying/ causing organisms, risks from food/ chemical additives, contaminants and toxins among others.
Trade Facilitation	The simplification, standardization and harmonization of trade procedures, including activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the clearance for movement of goods in international trade.
World Trade Organization (WTO)	A membership-based organisation created for discussing, negotiating and resolving trade issues covering goods, services and intellectual property.
Trade in Services	Means services through four supply modes: Cross-border supply, Consumption abroad, Commercial presence and Presence of natural persons.
Dumping	In relation to goods means the situation where by a product is introduced into the commerce of the United Republic of Tanzania at less than its normal value, if the export price of the products exported from one country to URT is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country.
Anti-Dumping	Means any measure the imposition of which leads to the equalization of export price and normal value.

CHAPTER ONE: INTRODUCTION

1.1. Background

Zanzibar is an archipelago which consists of two main islands of Unguja and Pemba, and about 50 islets. It is located about 35 km of the coast of mainland Tanzania with a total area of 2,654 square kilometers. Zanzibar population is estimated to be 1,889,773 people, growing at a rate of 3.7 percent annually and population density of 603 persons per square kilometer (Tanzania Population Census, 2022).

In the early 1980s, Zanzibar and other countries started an open economy from a closed one due to the transformation and economic changes in trade, finance, and transportation worldwide. The government moved away from its inward-looking economic policies by liberalizing trade and investment in order to allow private sector participation to the country development. The government responded to those global economic changes by implementing various reforms based on free market principles. The reforms aimed to establish a robust economy that would create growth and development and increase transparency, whereby private sectors were permitted to engage in trade and investments activities.

The main initiatives undertaken under the various economic reform programmes in the country during this period included the enactment of The Investments Protection Act No. 2 of 1986 for promotion and protection of investment and Zanzibar Investment Promotion Agency (ZIPA) was established. Other initiatives were the enactment of the Zanzibar Free Economic Zones Act No. 16 of 1992, establishment of Free Economic Zones Authority (ZAFREZA) by the Act No. 17 of 1992 and the establishment of the Free Port Authority by the Act No. 8 of 1998 to facilitate export value added through EPZ and transit trade. In 2004 the Government enacted the Zanzibar Investment Promotion and Protection Act No. 11 of 2004, which repealed Act No. 2 of 1986, Act Nos. 16 and 17 of 1992 and Act No 8 of 1998 to establish Zanzibar Investment Promotion Authority (ZIPA).

The Act No. 17 of 2004 was repealed by the Zanzibar Investment Promotion and Protection Authority Act No. 14 of 2018 to provide more facilitation and after care services for investments, currently the act that used by ZIPA to carryout its duties is the Zanzibar Investment Act of 2023 which emphasise the engament of local participaton in investment procedures. Other reforms were the establishment of Zanzibar Port Corporation (ZPC) under

the Act of 1998, currently ZPC implementing its duties under the amended Act which is Zanzibar Ports Corporation Act of 2013.

In the 2000s, the Government formulated Vision 2020, as long-term blueprint that guided policy formulation and implementation for all sectors in the country and envisaged eradicating poverty in Zanzibar. The 2006 Trade Policy was among the policies formulated to support the implementation of Vision 2020, by providing guidelines and strategies to govern the trade sector. The 2006 Trade Policy led to the establishment of various trade facilitating institutions including the Zanzibar Bureau of Standards (ZBS) in 2011 for standardisation and Zanzibar Business and Property Registration Agency (BPRA) in 2012 to replace functions of the Registers General's Office which was responsible for registration of commercial/business entities as well as Properties.

The establishment of Business Licensing Regulatory Council (BLRC) in 2013 and Zanzibar Fair Competition Commission (ZFCC) in 2018 were also facilitating trade for undertaking regulating business licenses and fair competition. Other institutions are Small and Medium Industries Development Agency (SMIDA) in 2018 to promote and develop micro, small and medium industries; The Zanzibar National Business Council (ZNBC) in 2020 are part of the Trade facilitating agencies to enhance public-private dialogue and Zanzibar Weight and Measures Agency (ZAWEMA) in 2020 for verification of weighing instruments.

The trade is liberalised, and the market forces continue largely to govern the sector while the Government only takes intervention measures when there are market imperfections to reduce or threaten consumer welfare or discourage competition. It is believed that competition in the domestic market promotes fair trading and better value-added productivity, thus placing domestic firms in a better position to serve domestic, regional and international markets. To make domestic trade vibrant, various elements must be considered, including infrastructure, electricity, water, transport, and supply quantity and quality. Other issues to be considered are the productive capacities of trained human capital; distribution channels; market; diversifying export products; and agro-processing and light manufacturing.

Zanzibar Development Vision 2050 provides strategic direction for Developing National industrial and trade potential through a focus on targeted export-oriented sectors for greater value addition. Hence, The Zanzibar Trade Policy (2024) is formulated to align with the direction of the Vision 2050 framework which articulates the existence of dynamic trade

based on emerging sectors, International market trends and shifting comparative advantage. The Zanzibar Trade Policy provides complements on the findings and recommendations from various stakeholders aiming to achieve business prosperity and provides significant guidance for trade development over the next decades.

This Policy acknowledges the National Trade Policy (2023) of the United Republic of Tanzania (URT), which serves as a backbone that determines major export and import regulations and operations of International Trade. This Policy also articulates import and export procedures, Rules of Origin and the Tanzania Customs Integrated System (TANCIS) which raise efficiency and widening linkages in domestic production and building a diversified competitive export sector.

The Policy contributes towards achieving the overall Government goal of economic development and social transformation, to which trade is an important driver. The Policy is built upon the foreseen complementary roles of creating an enabling environment geared towards promoting the competitiveness of the trade sector in the Domestic and International markets.

1.2. Scope of the Policy

The Trade Policy (2024) covers Domestic, Regional and International trade which are the key components in trade sector. In domestic trade, the Policy emphasises on business enabling environment, business formalization, domestic production, distribution, fair competition and consumer protection. In Regional and International trade, the Policy puts emphasis on export and imports, market access, standardization and trading between Zanzibar and other Nation in Regional and International trade. The strategic also heightened in this Policy are trade in services, e-commerce, trade remedies against dumping, trade facilitation and cross cutting issue. Other issues included in this Policy are promoting innovation and technology transfer in value addition and packaging as major components in export promotion. The Policy provides vision , mission and strategies towards Zanzibar becoming a competitive export-oriented economy on both goods and services.

1.3. Policy Linkage to International, Regional and National Policy Frameworks

Zanzibar is implementing several International, Regional, National and Sectoral policies and strategies to achieve economic growth and trade sector development. The International,

Regional, National and Sectoral policies directly or indirectly concerned with the Trade sector development have been considered.

1.3.1. International and Regional Policy Linkages

1.3.1.1. Sustainable Development Goals (SDGs) 2030 Agenda

The Sustainable Development Goals (SDGs) provides an evidence-based framework for sustainable development planning and programming up to 2030. There are Seventeen sustainable development goals, whereby trade and industry issues fall under Goal 9. The Goal emphasizes building resilient infrastructures, promoting sustainable industrialization and fostering innovation which are the vital components of trade.

1.3.1.2. Agenda 2063 for Africa Union

Africa Union Agenda 2063, state the policy measures need to be put in place to ensure Africa's industrial development and growth of manufacturing and private sector development, are Industrialization and commodity diversification. The Agenda advocates this goal should be done through building capacities in several fronts such as overcome market and institutional failures and pursue sustainable business practices, strengthen and expand innovation capabilities and value chains to be regionally and globally competitive, and promote effective involvement in areas traditionally in the public domain, for example, investment in infrastructure markets including Information Communication Technology (ICT), transport (road, air and maritime) and power, which are vital to trade sector.

1.3.1.3. Southern African Development Community (SADC) Vision 2050

SADC vision focuses on three pillars where first pillar expresses on industrialized and market integrated, where citizens equitably benefit from the opportunities of a stable regional market by 2050. This is corresponding with the (Accelerated Industrial Development for Africa (AIDA), Science, Technology, and Innovation Strategy for Africa, Africa Mining Vision, Boosting Intra – African Trade and Comprehensive Africa Agriculture Development Programme; and is well integrated into the broader African Continental Free Trade Area (AfCFTA).

1.3.1.4. East African Community (EAC) Vision 2050

EAC is to be a prosperous, competitive, secure, stable and politically united East Africa. By envision to reach an upper-middle income region within a secure and politically united East Africa based on principles of inclusiveness and accountability. EAC Vision 2050 is an

instrument that will drive the means to improve the quality of life of the people in the region through increased competitiveness, value added production, trade and investment. The vision link to trade sector based on market access on foreseen that the EAC Vision will form the basis for defining strategies, policies and programmes to achieve and sustain the key pillars of the EAC integration process as stipulated in the Treaty for the establishment of the EAC and to facilitate the realization of the African Economic Community.

1.3.2. National Policies and Strategies

1.3.2.1. Zanzibar Development Vision 2050

The main objective of Vision 2050 is to attain upper-middle-income status by 2050 through sustainable and inclusive human development. The Vision prioritized six areas as strategic directions, of which industrialization and trade are among the priorities to attain the Vision. Thus, the strategic direction on this priority specifically link to trade and industrial sector, that through developing national industrial and trade potential by focusing on targeted export-oriented sectors for greater value addition. Moreover, Vision 2050 aspirations on industrialization and trade emphasize a well-developed and competitive industrial base, increasing export volume and manufacturing value added (MVA) and competitive private sector.

1.3.2.2. Zanzibar Development Plan (ZADEP) 2021-2026

ZADEP recognises the pivotal roles of trade and industrialization sector that can play in fostering economic development. The current plan is to adopt the Long-Term Perspective Plan, which advocates for industry to drive the socio-economic transformation envisioned by ZDV 2050, and this confirms that the Government conceives trade and industrialization as the main catalyst to transform the economy, generate sustainable growth, and reduce poverty through employment generation and wealth creation.

In order to archive the vision 2050 aspirations on trade and industrial sector, the key targets of ZADEP in trade and industrial sector are to increase share of manufacturing to GDP from 7.7 percent in 2020 to 10 percent in 2025; increase ratio of trade to GDP from 19.5 percent in 2019 to 25 percent in 2025; and increase ratio of export to GDP from 8.3 percent in 2019 to 14 percent in 2025.

1.3.2.3. CCM Manifesto (2020-2025)

The CCM party's Manifesto pointed out that Trade and Industrial sector plays important role to stimulate the economic growth. The Manifesto emphasizes on the strategies to strengthen the increase of export from the strategic products and decrease trade deficit. It emphasizes on the strengthening of Small and Medium Industries that enable to compete in Domestic and International market. The Manifesto highlighted the establishment of Zanzibar Branding, development of Convention Center and participate in Regional and International trade. The Manifesto also focusses on strengthening online business registration and coordinate National and International Trade fairs.

1.3.2.4. Zanzibar Youth Development Policy (2023)

The Youth Development Policy aims to empower youth economically through business formalization, access to capital and market of their products. The Policy emphases on vocational training programs which basically focuses on helping youth in business administration, business planning, financial record management and benefits of business formulation. These programs are more important components for youth development.

1.3.2.5. Zanzibar Blue Economy Policy (2022)

The Zanzibar Blue Economy Policy emphasizes promoting sustainable economic growth, environmental stewardship and improved livelihood through sustainable utilization of the sea and other blue resources. The trade-related issues recognized in this Policy are maritime transport for facilitating international trade as a key component in realizing the Zanzibar trading hub and transshipment hub ambitions. The Policy further acknowledges the importance of commercializing deep-sea fishing and aquaculture, artisan fishing, and oil and gas, the most prominent sector in trade and investment.

1.3.2.6. Zanzibar Micro, Small and Medium Enterprises Policy (2020)

The vision of the MSME Policy of 2020 is to have a vibrant and dynamic competitive MSMEs sector that will effectively transform national endowment into national wealth. Most entrepreneurs are micro, small and medium engaged in agriculture, fishing and seaweed farming, tourism, manufacturing and livestock keeping, wholesale and retail trade, these entrepreneurs create base for trade and industrial sector by improving production and exportation.

1.3.2.7. Zanzibar Private Sector Development Policy (2020)

The Private Sector Policy aims to achieve a vibrant, entrepreneurial, innovative, and competitive private sector that plays a significant role in sustainable economic development. The policy addresses the private sector issues, such as quality business services, financing and market access, PPP awareness and business formalization. The Policy provides more opportunities for Private Sector to engage in trade and investments as well as to maximize export.

1.3.2.8. Zanzibar Industrial Policy (2019)

Zanzibar Industrial Policy focus among others the targeted industries including agro-processing, livestock, essential oils and spices, fish and anchovy, oil and gas, and other light manufacturing. These industries will produce products for Domestic and International trade.

1.3.2.9. The National Land Policy of Zanzibar (2018)

This Policy aims to ensure a rational and sustainable usage of the scarce land resource in Zanzibar by incorporating options for allowing the use of such land as a commercial resource for various investments. The Policy emphasizes facilitating and guiding private sector investment and trade activities with sustainability, including providing for the best long-term sustainable use of Zanzibar's terrestrial and marine resources.

1.3.2.10. Zanzibar Policy for People with Disabilities (2018)

This Policy aims to ensure that the well-being, rights and accessibility of facilities and services to people with disabilities are inclusive to society. This Policy also recognizes disability issues by enhancing advocacy and facilitating mainstreaming disability issues into plans, policies and programmes and access by people with disabilities to basic facilities and services whereby trade is among the services.

1.3.2.11. Zanzibar Sports Policy (2018)

The policy emphasizes commercialization of sports as a source of income and reduce poverty, the policy strategizes various sports infrastructures in order to improve the sports trade also allows private sectors to establish sports clubs, academy and exchange of players from one team to another.

1.3.2.12. Zanzibar Tourism Policy (2017)

The overall goal of the Zanzibar tourism policy is to scale up the development and promotion of the tourism sector to optimize its contribution to national income, employment and foreign exchange earnings. This Policy recognizes that tourism sector is a trade in services and also it enhances the quality and diversity of Zanzibar products to be utilized in tourism markets.

1.3.2.13. The National Microfinance policy (2017)

This policy provides the provision of the financial services to household, small holder farmers and small and micro enterprises in rural areas as well as in the urban sector. It covers a range of financial services including savings, credit, payment and other services. The Policy emphasis on various financial services of small and micro enterprises in focusing on agriculture and production capacity that is fundamental to a sustainable domestic and international trade.

1.3.2.14. The Diaspora Policy of Zanzibar (2017)

This Policy emphasizes that Zanzibar immigrants and diaspora returnees can promote trade and investment between their countries of residence and countries of origin. The policy recognizes trade and investment potentials that motivate diasporas to utilize them for their benefits and Zanzibar's development.

1.3.2.15. Zanzibar Public-Private Partnership Policy (2014)

Among the goal of this Policy is the delivery of more efficient and modern infrastructures and technology that promotes trade growth through the improved enabling trade environment. Public services with the participation of the private sector including transport (ports, airports, rail and roads), telecom, energy, and water/waste water and can also include social sectors such as health, housing, and education, whereby these services are vital for trade development.

1.3.2.16. The Agricultural Marketing Policy (2013)

The main objective of the Policy is to diversify crops and promote the export of non-traditional crops that will apply improved farming methods for a high level of agricultural production and productivity as well as quality produce. The improved farming methods play an important role in trade development in transforming large subsistent into a modernized and commercial agricultural sector that can cater to the local market, hotels and tourist facilities and enhance domestic and international markets.

1.3.2.17. Zanzibar ICT Policy (2013)

The Policy envisions Zanzibar becoming a global competitive information-based society with goal of realizing the effective integration of quality ICT throughout all sectors of the economy. The Policy has emphasized modernizing trade by effectively utilizing ICT as a tool in business and facilitating the growth of ICT entrepreneurs.

1.3.2.18. Zanzibar Environmental Policy (2013)

The overall objective of the Zanzibar Environmental Policy (ZEP) is to pave the way for the protection, conservation, restoration and management of Zanzibar's environmental resources, such that their capacity to sustain development and maintain the rich environmental endowment for the present and future generations is not impaired. This Policy emphasizes green technologies and increasing public awareness about proper environment management practices and to produce and import nonpolluting products as a way of protection of environment as well trade.

1.3.2.19. Zanzibar Good Governance Policy (2011)

This Policy provide strategies of good governance that prevails by creating a culture of anti-corruption, transparency, and efficiency pertaining to the public and private sector. The Policy require both local and international business entities to adopt codes of conduct in accordance with international standards. Good governance practices help to create a conducive environment for trade.

1.3.2.20. Zanzibar Livestock Policy (2011)

The Zanzibar Livestock Policy emphasizes adopting recent innovations in livestock sector and development by providing better extension services. The Policy also provide strategies to improve sanitary and phytosanitary (SPS) standards and strengthen livestock research and extension services towards increased production and productivity. The improved business-oriented livestock sector is very important in increasing the value addition of livestock products for local industry and trade in general.

1.3.2.21. Zanzibar Energy Policy (2009)

This Policy emphasizes the development and sustainable energy utilization for domestic and commercial purposes. Adequate, affordable and accessible energy are essential for rapid economic development and competitive production of goods and services, which will be greater assistance to trade and industrial sector.

1.3.2.22. Zanzibar Food Security and Nutrition Policy (2008)

This Policy address issues of conducive environment that enables all Zanzibaris to have equitable access to safe, nutritious and culturally acceptable food in sufficient quantities for an active and healthy life. It also, emphasizes the improvement of food availability, improve utilization of adequate, nutrition's, safe and high quality food and to reduce vulnerability to food insecurity. Trade should play a significant role in ensuring food safety and security by improving access to diverse standard foods, balancing food deficit and contributing to price stability.

1.3.2.23. The Zanzibar National Transport Policy (2008)

This Policy addresses transport demands to provide transport services including the development of transport systems and infrastructure such as expanding port services and road networks facilities. The improved transportation system and facilities are important for developing trade sector.

1.3.2.24. Zanzibar Employment Policy (2008)

The Policy aims to stimulate national productivity, attain fully and freely chosen productive employment to reduce unemployment and underemployment rates and enhance labour productivity. It acknowledges the role of trade and manufacturing as important sources of employment for the community, especially women and youths.

1.3.2.25. Zanzibar Health Policy (2006)

The Policy allows private sectors to invest in health services, including hospitals, diagnostic centers, pharmacy and research centers. Those investment opportunities are among the trade in services in health sector.

1.3.2.26. Zanzibar Education Policy (2006)

This Policy emphasizes the existence of a conducive environment for the establishment and expansion of private institutions of higher education and encouraging and facilitating private sector investment in education at all levels. Since education services are among the subsector of trade in services it improves trade activities in the country.

1.3.2.27. Zanzibar Investment Policy (2005)

The overall policy objective is to attract and optimize FDI to complement local private sector efforts and develop a transparent legal framework that facilitates and guarantees investment

protection. The Policy provides strategies to improve an enabling environment for investment and business promotion and administration of investments activities. The policy also acknowledges the areas for private sector investments include financial and business services, tourism, manufacturing, especially with export orientation, agro-processing, fish and marine activities as they complement trade sector.

1.3.2.28. National Water Policy (2004)

The Policy provides strategies that emphasis water supply and distribution to cope with increasing demand for domestic and commercial use. Trade development requires the availability of sufficient water resources to smoothen the production of goods and services as well as to increase the volume of production. Also, the policy allows private investment to establish soft drinks industries where water is the main resource.

1.3.2.29. Zanzibar Gender Policy (2003)

The general objective of this Policy is to attain gender equity, equality and women empowerment in all spheres of life. The Policy emphasizes the enhancement of gender mainstreaming in policy formulation in all sectors of the economy including trade sector.

1.3.2.30. Zanzibar Agricultural Sector Policy (2002)

The Policy emphasizes agricultural modernization and commercialization to increase productivity, export, and promoting agro-processing industries. The Policy also encourages institutional capacities to specifically provide services related to quality assurance, inspection and certification and to enhance knowledge and information sharing amongst the relevant stakeholders on agro-processing and value addition. The increased productivity in agricultural sector will promotes trade activities.

Apart from the above mentioned International, Regional and National frameworks, there other laws, regulations and guidelines which have linkage to trade and industrial sectors. These include laws relating to investment, fisheries, tourisms, livestock and transport.

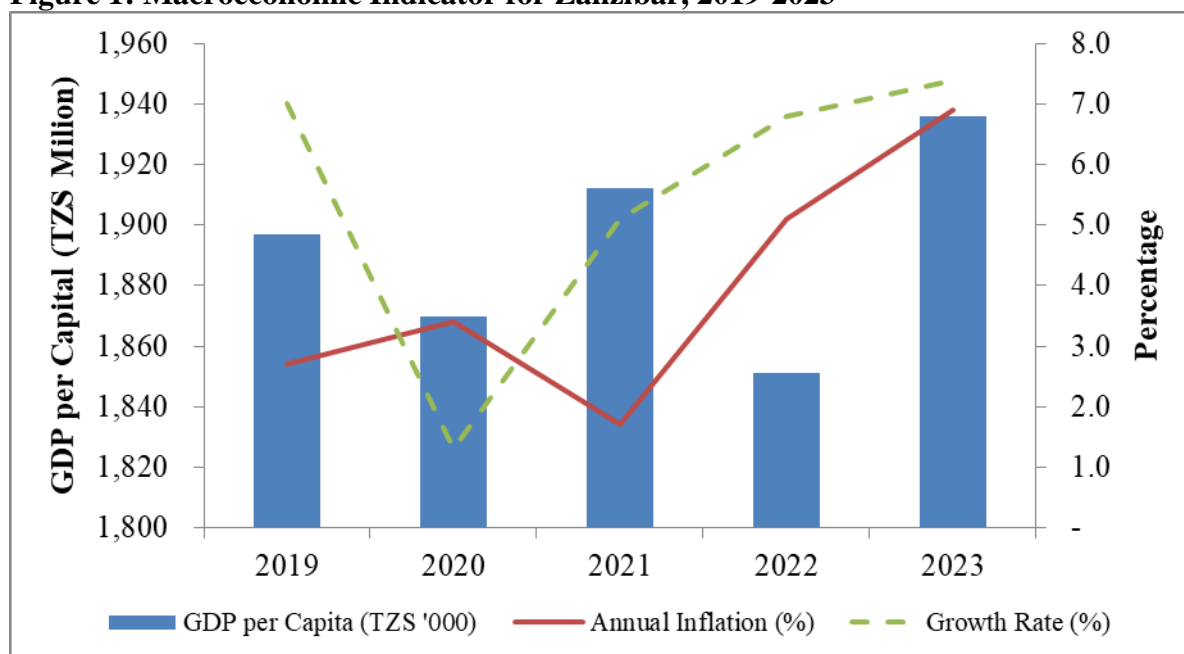
CHAPTER TWO: SITUATION ANALYSIS

2.1. Economic Performance

The government has undertaken various reforms in order to speed up the country development and economy as a whole which resulted an increase of GDP. For the year 2023 GDP at constant prices, increased to TZS 3,758.6 billion compared to TZS 3,538 billion observed in 2022. Zanzibar economy for 2023 grew by 7.4 percent, this growth has been contributed by increased number of tourists arrival from 548,503 in 2022 to 638,498 for 2023 which resulted to surge in Accommodation and Food Services subsector from 11.7 percent for 2022 to 8.2 percent for 2023. The service sector in general also showed a significant growth of 9.9 percent for 2023 from 7.7 percent for 2022. Meanwhile, the growth of industries sector increased from 9.3 percent in 2022 to 6.6 percent 2023. The growth of Agriculture, Forestry and Fishing sector increased from 4.0 percent for 2022 to 2.3 percent for 2023. Agriculture and fisheries are the main economic activity of the rural population who depends directly or indirectly in these sectors for their livelihood.

The average inflation rate of Zanzibar for the last five years from 2019 to 2023 remains at single digits of 3.96 percent. The annual inflation rate for 2023 is 6.9 percent, while indices for food and non-food are 11.1 percent and 4.0 percent, respectively. (Zanzibar Statistical Abstract, 2023). Figure 1 present the trend of the GDP growth rate, GDP per Capita and inflation rate as the three macroeconomic indicators that have the impact to the trade sector.

Figure 1: Macroeconomic Indicator for Zanzibar, 2019-2023



Source: Zanzibar Statistical Abstract, 2023

2.2. The Business Environment

The formal starting business in Zanzibar is through registration of a business entity in a form of a company, firm, partnership and sole proprietorship all of which are registered by Zanzibar Business and Property Registration Agency. Incorporating companies limited by shares is registered under the Companies Act No. 15 of 2013 and Companies Regulations of 2017, while firms, partnerships and sole proprietorship are registered as business names under the Business Names Registration Decree Cap 168. These provisions of the business names legislations are applied to complement the provisions of the Business Entity Registration Act, 2012. Much as most of provisions in the Registration of Business Names Decree, Cap 168 are still relevant and applicable, however the law is outdated. It came into force on 1st November, 1949. In practice this legislation is not applied effectively as it is complimented with the provisions of the Act No. 13 of 2012.

The other requirements after registration or incorporation of a company or business name from BPRA, is to register such entity with the Tanzania Revenue Authority (TRA) for Taxpayer Identification Number (TIN) and or the Zanzibar Revenue Authority (ZRA) for Value Added Tax (VAT) or other taxes. There are multiple registration entities for authorizing business from BPRA, ZRA, TRA while the registration system is not integrated, and led to time consuming.

There is a need to establish a single submission of documents at BPRA with links to ZRA and TRA that may serve the same purposes of registration where an entity may have the same number which serves as a registration number of an entity and also a tax registration number.

Intellectual Property and protection are important and long-standing component in National Trade Policy and trade negotiating objectives. Intellectual Property (IP) regime in Zanzibar is regulated by different legislations including the Copyright Act No.14 of 2003, Zanzibar Industrial Property Act No. 4 of 2008 and Plant Breeders' Rights Act No. 1 of 2014, of which its administration and coordination is a challenge. The other challenges that affect IP are Counterfeit and piracy especially in food stuffs products which are still hindrance towards the growth of industry. Low level of awareness among right holders and right users and law enforcement organs on IP issues. There are also inadequate offices for administration of IP titles including patent examination, plant varieties, copyright and inadequate Mechanisms for settlement of disputes and combating IPR infringement. Moreover, right holders and right users get royalties on annual basis from commercial exploitation of their copyright works. Industrial property and patent varieties receive protection from their respective enacted laws and regulations.

Closing businesses and issue of insolvency are among the parameters of measuring business environment. It is of interest to close business because a dormant entity may be costing to maintain due to the cost of compliance such as filing of returns, employees and other requirements. The voluntary winding up and winding up by court are the two mechanism used for the close of the business where the first one is a voluntary closure specially the business entity that has enough assets to liquidate all its liabilities before closure. The second is winding up by court where the business entity is unable to pay all its debts and as such its creditors have to be repaid their debts proportionally in accordance with the law, under the supervision of the court.

The Companies Act No. 15 of 2013 provides only one mode of winding up of companies which is voluntary winding up. The Act doesn't provide for the winding up by court which means investors or creditors cannot petition in Court to wind up the company if they are unable to pay their debts. The Act is also silent on other forms of insolvency such as application for administration orders and voluntary arrangements which take different forms. There are no provisions on the closing of an entity by way of dissolution and deleting the entity in the register, as a partnership, company etc.

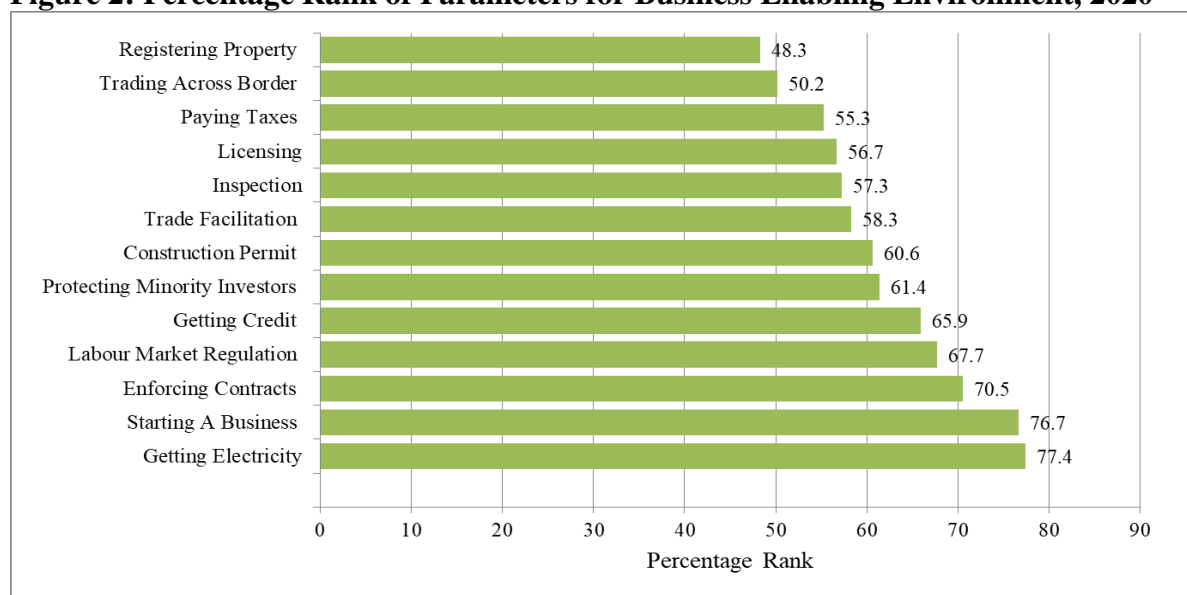
Apart from the Companies Act, there is an Insolvency Decree Caps 20, which is used but there are no provisions on the closing of an entity by way of dissolution. It is important for the Act/Decree to be amended so as to have comprehensive provisions on the voluntary winding up, winding up by court as well as other forms of insolvency.

Zanzibar continues attracting more foreign direct investment and trade. Such increased investment in trade may increase the number of disputes, which necessarily require dispute settlement framework. Zanzibar set up system for undertaking commercial disputes at District, Regional and high Courts depending on pecuniary limitations with an appeal to the Court of Appeal of Tanzania. Furthermore, Zanzibar has a specialised commercial division within its High Court, which is dedicated to resolving commercial disputes. This court has its own procedure for progressing and resolving cases expeditiously.

The RGoZ takes initiative on reforming by the Judiciary with a view to improving the civil justice system that include increasing the budget, recruitment of more judicial officers, creation of specialized tribunals on land, labour, taxation etc and building and or improving physical infrastructures for the courts, and several administrative reforms. Regardless of these improvements, commercial courts are generally perceived as slow, inefficient, less independent and expensive.

The cooperative culture in Zanzibar has established as a means to empower local communities to promote economic development. The cooperatives play a crucial role in various sectors such as agriculture, fishing and crafts, providing a platform for small-scale producers to pool resources, access markets, and improve their livelihoods. The implementation of cooperative culture among the large traders is still a challenge due to inadequate awareness of the advantages of trade cooperation. The cooperative culture among the traders resulting access easy of pooling resources, dept recovery and financial accumulations.

The assessment of Business Enabling Environment report 2020 ranked Zanzibar 101out of 191 economies by scoring 61.6 points where by this results implies major reforms has been done related to Doing Business. The analysis involve 13 parameters and the result scoring of of each parameter shown in figure 2 below

Figure 2: Percentage Rank of Parameters for Business Enabling Environment, 2020

Source: Zanzibar Business Enabling Environment, 2020

2.3. Zanzibar Trade Performance

Zanzibar recorded a total volume of trade worth TZS 1,611,135 million for 2023 from TZS 803,885 million in 2019 which marks an increase of 49.9 percent. The export values increased from TZS 48,573 million in 2019 to TZS 109,267 for 2023 which is double due to volume of cloves and seaweed increased. The value of the imports for 2023 was 1,501,867 million compared to TZS. 755,311 million for 2019 which shows the increase of TZS 746,556 million. However, the balance of trade deficit grew to TZS 1,392,600 million in 2023 compared to TZS 706,738 million recorded for 2019 due to higher demand of construction materials and high global commodities price.

Table 1: Import, Export and Trade Balance, 2019– 2023 (Value TZS in Million)

Year	Import Value	Export Value	Total Trade	Trade Balance
2019	755,311	48,573	803,885	-706,738
2020	847,431	65,661	913,092	-781,770
2021	968,645	155,672	1,124,317	-812,973
2022	1,258,989	180,376	1,439,365	-1,078,613
2023	1,501,867	109,267	1,611,135	-1,392,600

Source: Zanzibar Statistical Abstract, 2023

Zanzibar has competitive advantage on sub-sectors includes cloves and other spices as well as seaweed and other marine products. For 2023, the quantity of cloves exported increased to 3,197.3 tons from 1,744.9 tons for 2019 due to the cyclical nature of the cloves production.

While the export of seaweed increase from 11,203.7 tons for 2019 to 11,737.3 tons for 2023 due to massive engagement of women and youth in the production of seaweed as shown in table 2.

Table 2: Trend of Export of Cloves and Seaweed, 2019– 2023 (Value TZS in Million)

Cashcrops/ Year	Cloves		Seaweed	
	Tones	Value	Tones	Value
2019	1,744.90	19,844.60	11,203.70	10,382.50
2020	3,506.80	38,370.90	11,382.60	11,700.10
2021	6,775.50	115,358.70	12,611.10	11,960.70
2022	6,452.80	118,287.30	13,972.50	16,010.20
2023	3,197.30	47,081.10	11,737.30	19,233.20

Source: Zanzibar Statistical Abstract, 2023

However, these products are mostly exported in raw form compared to other countries due to low manufacturing base. Other sectors that have significance impact to the trade sector performance are agriculture and livestock, blue economy, services sector, agro-processing and other manufacturing. Hence, there is a need to strengthen the production of these sectors in order to increase the productivity and export.

2.3.1. Domestic Trade Outlook

Domestic trade in Zanzibar includes wholesale and retail trade (trade in goods) and trade in services. It currently depends mainly on imported products and marine, agriculture and manufacturing products. It also includes trade in services such as finance, tourisms, health, education, transport, consultancy and other business services.

The performance of domestic trade needs to comply with domestic regulations dealing with registration, licensing and permits, taxation, inspection, standard and safety. However, it is hindered by inadequate market information and marketing infrastructure, length administrative procedures, time consuming and multiplicity of licenses and permit charges. Despite of the Government's formalization programme, majority of entrepreneurs and traders have remained informal and characterized by inefficiency and fragmented supply chains, weak business associations and low-quality products.

Domestic trade is also affecting by high cost of production, low technology, availability of raw material and other technical inputs which causes low competitiveness of local products against similar imported products. Other issues affecting domestic trade in the distribution

channel are inadequate warehouse facilities for agricultural and horticulture products, low quality of products, post-harvest loss and low value addition.

According to the Financial Inclusion Report of 2023, Zanzibar reported an increase of financial inclusion from 45 percent in 2017 to 83 percent in 2023. An increase that was mainly driven by the significant increase in mobile money uptake from 38 percent to 78 percent, which also sets Zanzibar 6 percent-points ahead in the level of financial inclusion compared to the National average. As in the past, overall bank uptake in Zanzibar continues to be high. However, an even larger increase of uptake can be observed as levels rise by 10 percent-points to 25.2 percent. There is an improvement of financial inclusion, however on the side of banking sector are commercially driven with high interest rates of 12 to 17 percent that are not affordable for majority of SMEs.

Access to finance is most significant issue to traders, producers and SME's in strengthening their business. percent and lack of other financial avenues such as capital market, SMEs and Investment Bank. Businesses have limited access to finance due to high interest rate charged by commercial banks, cumbersome procedure, time consumes, terms and conditions, as well as knowledge on management of credit or loans.

The improvement of Blue Economy sector is potential component for the development of domestic trade. This sector comprises mostly activities related to fishing, Mari culture, maritime transport, hotels, restaurants and sea sport, Tourism, Oil and gas. The blue economy subsectors such as fishing and mari culture open the scope of new activities and industries, as well as value addition, which is important to commercialization, in line with domestic and export market demand. Maritime trade in the blue economy is an important component to realize trading and transshipment hub. Besides the recent efforts made by the Government, the existing ports which are instrumental both for international and domestic trade, are still not operating according to international standards, container congestion, takes long time to clear goods and hence increased the cost of doing business.

The issue of aflatoxin in food from agriculture is very crucial for the trade and industrial performance which enhance to comply with safety and standard. The risk of aflatoxin in food lead to health effects to the public, so there is a need to consider in policy by enhancing research and knowledge on aflatoxin prevention strategies and improve coordination of food safety control services. According to the United Nations Food and Agriculture Organization

(FAO), about 25% of world food crops are affected by aflatoxins, and the highest risks are in tropical countries situated between 43° North and South of the Equator including Tanzania.

The gaps are on low multisectoral coordination mechanism, overlapping mandate between institution on procedures, inspections, regulation and certification services, surveillance and monitoring on food and food products and farmers awareness is low.

2.3.2. Trade with Tanzania Mainland

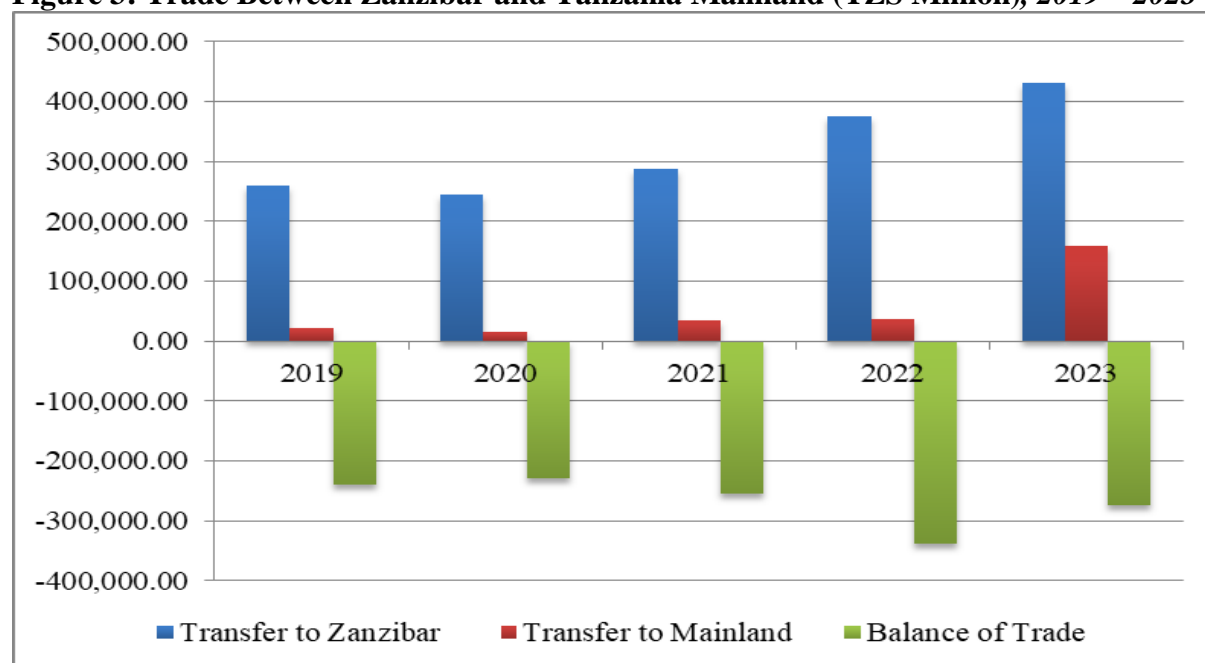
Zanzibar traditionally exchanges goods and services with Tanzania Mainland for many decades. The goods transferred to Tanzania Mainland includes spices and essential oils, manufacturing products (soaps, cosmetics, textiles) as well as sea products and produces. On the other hand, goods transferred from Tanzania Mainland includes agriculture and forest products, manufacturing products, electricity, gas, building and construction materials, food and lives animals.

The balance of trade between Zanzibar and Mainland Tanzania for the last five years from 2019 to 2023, shows a deficit trend (Table 3). The deficit grew to TZS 273,600.00 million in 2023 from TZS 239,105.50 million in 2019. The Trade flow between Tanzania mainland and Zanzibar is hindered by challenges such as different implication of fiscal framework which is mostly caused by charges and tax issues, constitutional framework, laws, regulations and administrative procedures. These issues cause delays, increase cost of doing business and effect the smooth flow of trade between the parties.

Table 3: Trend of Trade between Zanzibar and Tanzania Mainland 2019-2023 (Value TZS in Million)

Year	2019	2020	2021	2022	2023
Transfer to Zanzibar	260,670.0	243,811.7	288,260.8	375,808.0	431,540.0
Transfer to Mainland	21,564.5	15,033.3	33,997.5	37,647.5	157,940.0
Balance	-239,105.50	-228,778.40	-254,263.30	-338,160.5	-273,600.0

Source: Zanzibar Statistical Abstract, 2023

Figure 3: Trade Between Zanzibar and Tanzania Mainland (TZS Million), 2019 – 2023

Source: Zanzibar Statistical Abstract, 2023

2.4. Regional Trade Outlook

Trade integration is one of the critical strategic objectives for creating economic resilience in the region. As a part of the United Republic of Tanzania (URT), Zanzibar has benefited from two Regional trade Agreements, namely EAC and SADC. EAC members have been implementing customs Union since 2005 and a common market whereby all imports from outside EAC are subjected to the Common External Tariff (CET), elimination of external tariffs and free movements of goods and services between the parties.

Zanzibar has not utilized much from the EAC preferential trade arrangements for many years due to low quantity and quality of products. For 2023, Zanzibar exported goods worth TZS 109,267 million out of which, only TZS 6,852.1 million was the value for the exported goods to EAC countries contributed largely by textiles (Kitenge and khanga). Zanzibar imported from EAC countries value of goods worth TZS 4,082.1 million out of TZS 1,501,867 million of total import for 2023.

Table 4: Trade Between EAC Countries and Zanzibar (TZS millions)

Years	2019	2020	2021	2022	2023
Import from EAC Countries	3,701.0	5,377.9	7,184.0	4,082.1	4,080.1
Export to EAC Countries	652.2	628.1	3,573.8	6,852.1	9,932.2

Source: Zanzibar Statistical Abstract, 2023

SADC has been implementing free trade since 2008 and its objective is to liberalise inter regional trade in goods and services, ensure production, improve domestic, cross-border and foreign investment. The total export value to SADC member countries for 2023 was only TZS 5,933.1 million out of Total trade of TZS 109,267 million. The trade inflows from SADC countries in 2023 out of TZS 1,501,867 million of total import, only TZS 13,652.3 million worth of goods was imported from SADC countries. The main product imported from South Africa were Treated Wooden Poles.

Table 5: Trade Between SADC Countries and Zanzibar (TZS millions)

Years	2019	2020	2021	2022	2023
Import from SADC Countries	23,835.0	6,158.1	7,822.6	13,652.3	18,979.8
Export to SADC Countries	698.3	799.2	2,406.4	5,933.1	13,008.0

Source: Zanzibar Statistical Abstract, 2023

Despite those trading arrangements between the countries, the region still experiences red tape and cumbersome customs procedures, NTBs such as quotas and rules of origin which led to higher business costs.

2.5. International Trade Outlook

Historically, Zanzibar has been a trading hub due to its geographical location and next to large markets of Eastern and Central Africa. Zanzibar traded with other countries different products such as fish, ivory, cloves. Currently, in International trade Zanzibar exports have been largely dominated by cloves, seaweed, fish and other marine products while imported products are food (rice, sugar, edible oil), electronic and electrical, oil and gas (petroleum products), machines and construction materials.

The export value of Zanzibar for 2023 recorded TZS 109,267 million compared to TZS 180,367 million recorded in 2022. Major exports partners include Singapore (TZS 27,472.7 million), United Arab Emirates (TZS 1,952.1 million), India (TZS 20,472.7 million), Vietnam (TZS 4,601.7 million), Denmark (TZS 8,491.9 million) and Kenya (TZS 6,296.4). On the other hand, main import partners were UAE (TZS 704.7 million), China (TZS 161.9 million), India (TZS 157.8 million) and Pakistan (TZS 72.7 million) (*Zanzibar Statistical Abstract, 2023*).

The traded products were food and live animals, manufactured goods, oil and lubricant and related materials, machinery and transport equipment. The URT has signed the African

Continental Free Trade Area (AfCFTA), which aims at increasing trade between African countries emphasizing by reducing tariffs and Non Tariffs Barriers (NTBs), Trade Facilitation and have the rights of establishment and investment between 54 member countries. Moreover, Zanzibar through URT, has other preferential trading arrangements such as the African Growth Opportunity Act (AGOA) with United States, Everything But Arms (EBA) with European Union, and other bilateral trading partners such as Oman, China, India, and UAE.

However, these market access opportunities remain untapped, and Zanzibar has been unable to use the market due to various constraints such as lack of skills for producers and inadequate market information. The other challenges facing Zanzibar products to access markets are low production capacity of the enterprises, low quality of products to meet standard in global markets and other Non-Tariff Barriers such as administrative procedures, and technical specifications.

Despite availability of favorable trade landscape, there is still trade deficit, low production and limited access to reach untapped markets. Hence, there is a need for significant enhancements in international trade. Among measures to be taken includes the diversification of products and new markets, enhancement of the investment climate to attract new investments and expand productive capacities and enable private sector to maximize market access rights under all trade agreements.

Furthermore, International trade is affected by availability of foreign currency in the market where in the last five years the Tanzania currency has gradual depreciated against US dollar. Recently the availability of US dollar in the local financial market is also a challenge and this situation affects the price stability and availability of the commodities.

2.6. Trade in Services

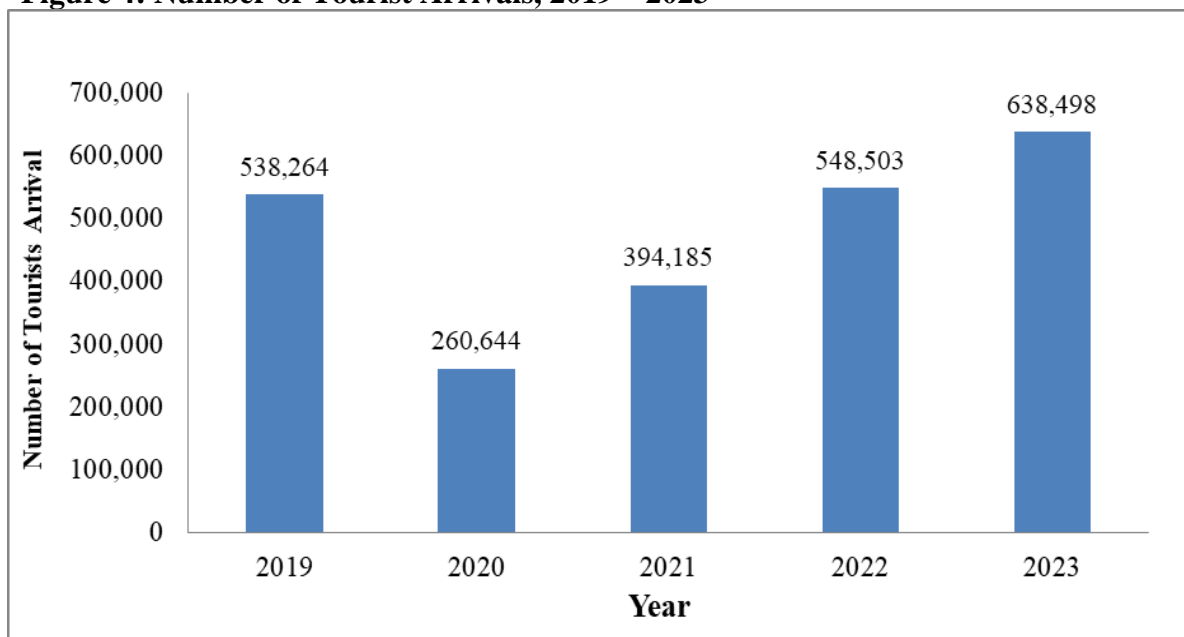
Trade in services is increasingly important to global economic growth, and according to the WTO, services account for two-thirds of the global output, one-third of global employment, 20 per cent of global trade and two-thirds of foreign direct investment. The share of services sector in GDP is 46.6 percent for 2023 in Zanzibar. The leading service activities including accommodation and food services (Tourism), Transportation, Financial, communication, and other business services (including government services), represent the top four revenue generating services.

The implementation of services sector in Zanzibar is aligned with East Africa Community Common Market Protocol (free movements of services). Under EAC Common Market Protocol, URT has committed to liberalizing seven priority services: business, communication, financial, transport, tourism, and related travel services. Under the SADC protocol, URT has liberalized five sectors: communication, financial, tourism, transport, construction and energy services. The service sector has been liberalized and hence calls for the need to have adequate regulatory mechanisms to regulate such services in order to reduce causes of substantial economic loss.

The main service sector in Zanzibar is tourism whereby accommodation and food services activities created 11,667 jobs from a total of 68,632 jobs in 2022, earning about TZS 860 billion at the current price of GDP from the spending of international tourists. The number of tourist arrivals increased to 638,498 in 2023 from 548,503 tourists in 2022. Most of these tourists comes from Europe, Russia, and the USA. Figure 4 illustrates the number of tourist arrival for five years.

There is a need to diversify in other emerging markets, such as China, India, UAE and other African countries because the tourism sector may be affected by external and internal shocks.

Figure 4: Number of Tourist Arrivals, 2019 – 2023



Source: Zanzibar Statistical Abstract, 2023

Financial and insurance services play an important role in economic growth and contribute on average of 3.82 percent to the GDP for last five year 2019 to 2023. The main contribution to this sector comes from banking, insurance and other financial services. However, most financial institutions are commercially driven, providing credit with higher interest rates of 12 percent to 17 percent. On the the hand, most of insurance companies are not capable to insure large capital investments and businesses projects. Other services such as information and communication, health and education are vital to economic growth, and the private sector has taken the advantage of these sectors.

Zanzibar played significance benefit on Services and real estate sectors through hotels where the investment made are very huge. It is very important to expand other sectors such as health, educational and ICT services of which these sectors link directly to the investment made on tourism and real estate.

2.7. Electronic Commerce (E-Commerce)

The WTO defines e-commerce as the electronic production, distribution, marketing, sale or delivery of goods and services. As e-commerce expands, countries need to explore mechanisms to create an enabling business environment, enhance transparency and information exchange, and improve the e-infrastructure for cross-border e-commerce through conducive policies. According to United Nations Conference on Trade and Development Report (2022), around 2.8 bilion people are expected to shop online in 2023 making up about 35 percent of the Global population. Global e-retail sales reached USD 5.7 trillion in 2022 and projected to grow around USD 7.4 trillion by 2025.

The RGoZ is taking the necessary infrastructural steps to support e-commerce, such as the nationwide installation of fiber optic networks and interconnectivity of the commercial banking system to facilitate online transactions (online payment system Zan-Malipo). Some commercial banks provide the usage of credit cards to facilitate online shopping as well as payment for accommodation services. Besides the private sector, the telecommunication industry provides communication services contributing to online business and networking. These initiatives facilitate e-commerce in transactions such as e-payment, e-money transfer and electronic procurement. With these developments, the economy is poised to begin reaping the benefits of e-commerce, including increased economic efficiency, reduced business costs, and socio-economic development. However, there is still a major gap in e-commerce utilization due to limited access to online shopping, capturing information and

data on electronic transactions, readiness to put business education in practical manner and online payment that is only used in five stars hotels, big supermarkets, electricity bills but limited to other normal shopping markets

Moreover, the utilization of Artificial Intelligence in descreete trade through digital transformation has significant impact on various aspect of trading system in Zanzibar. In recent years, AI technologies are increasingly being adopted in trade and commerce to streamline processes, enhance decision-making, and improve efficiency. In Zanzibar, AI could potentially be utilized in areas such as market analysis, logistic and supply chain management, customs procedures, customer services, fraud detection and trade finance. It is essential for academic institutions, local businesses and policy makers to explore the opportunities and challenges of integrating AI into trade practices to stay competitive in the evolving global market landscape.

2.8. Trade Facilitation

Trade facilitation plays a significant role, focusing on improving the operational efficiency in the clearance of imports and exports at customs' points of entry and involving the functions of various stakeholders in trade. The URT ratified the WTO Trade Facilitation Agreement (TFA) that seeks to harmonise and simplify import and export procedures and indicates that the government is committed to improving the country's trade competitiveness.

Export and import merchandise trade are one of the major businesses activity in Zanzibar's economy. The main entrance for imports and exports is the Malindi Port, which is one of the oldest ports in the region, and it has an advantageous location along key trade route. Mkoani, Wete and Wesha Ports are the gateway for import and export of goods. Several measures have been undertaken to facilitate export and import trade such as upgrade Zanzibar Ports and other customs procedures and clearance, purchasing equipment's including mobile cranes, establishing an Electronic Single Window System (one stop centre), establishing an Internal Container Deport (ICD), involvement of private sector on port operation and the Trade Information Portal providing all necessary information to stakeholders. Currently, RGoZ focuses on construction of new Mangapwani multipurpose modern port which is cargo facility design to equip Zanzibar with adequate infrastructure to meet the growing demand of trade and cargo passage through the region, the port will involve construction of berth for liquid bulk goods, containers, fishing vessels, a natural gas offshore services and workshop facilities

Trade facilitation and improved infrastructure at Zanzibar Airport are closely related and mutually beneficial. The RGoZ takes initiatives in collaboration with private sector to improve Airport such as upgraded facilities, expanded capacity, and modernized equipment, enhances the efficiency of cargo handling and reduces turnaround. This creates a solid foundation for effective trade facilitation measures, like streamlined clearance procedures and digital documentation systems, which further expedite the movement of goods and reduce administrative costs.

However, the port's container-handling facilities at present experience some shortcomings due to limited space, cargo handling, and other trade-related operations in a congested manner. Infrastructure and operational limitations cause major delays in cargo clearance and increase cost of doing business. Despite of these shortcoming, recently the government has entered management services agreement with private company to operate Malindi port inorder to improve efficiency and stimulate trade activities. Other issues that need to be considered for trade facilitation are the establishment of enquiry point at the port, availability of information through internet, pre-arrival process of goods, availability of cold facilities to manage perishable goods at short time. In terms of Airport more effort needed should be taken in order to simplify cargo handling.

2.9. Competition and Consumer Protection

Zanzibar enacted the Fair Competition and Consumer Protection Act number 5 of 2018 as the main legislation governing competitive interactions among businesses and the protection of consumers. The Act establishes the Zanzibar Fair Competition Commission (ZFCC), an independent body in charge of the supervision and enforcement of this act. It controls anti-competitive trade practices and agreements, hoarding, misuse of market power, merger and acquisitions, unfair business practices, and consumer protection.

The Act also establish the Fair Competition Tribunal (ZFCT) to hear and determine appeals emanating from decisions from the ZFCC and other regulatory authorities. The goverment also eastablish Zanzibar Weight and Measure Agency under Act No. 6 of 2020 and Zanzibar Bureau of Standard (ZBS) under Act No 1 of 2011 to ensure that measurement results are fair and just in trade transactions to the effect of consumer protection as well as to comply with standards.

Despite the legal frame work for fair competition in place, there is still unfair trade practices in the market such as high price of commodities caused by hoarding and cartels, counterfeits, false advertising, which affect consumer welfare. Other challenges that affect market such as merge and acquisition that creates dominance in the market, misuse of market power to exclude other competitors, anti-competitive trade agreements by introducing price fixing. Besides, those challenges most consumers and MSMEs are unaware of the fair competition law and regulation that provide procedures and guidelines for fair trade practices and consumer welfare.

2.10. Trade Remedies

The Multilateral trading systems, including WTO and UNCTAD, encourage member states to establish legal frameworks, institutional arrangements and administrative procedures against unfair trade practices, such as dumping. Trade remedies are trade defense mechanisms whereby the countries may use to protect industries and firms against injury from dumping. The instrument of trade remedies includes safeguards, countervailing and antidumping measures.

Like other countries in the world, Zanzibar has been facing the challenges of import surge, dumping and subsidies that create unfair competition in domestic production. This phenomenon has led to complaints from domestic producers because their products cannot compete with imported products. Besides low production and standards facing local producers, Zanzibar also has no legal framework for defense mechanisms for local industries against imports as outlined by WTO treatments. The URT enacted the Antidumping and Countervailing Measures Act of 2004 to provide the trade remedies against dumping and other effects on imports, this Act only applied in Tanzania Mainland. However, currently Tanzania is in the process of enacting a new act Trade Remedies to replace Antidumping and Countervailing Measures Act of 2004 which be applied both sides of the Union. There is need to speed up the process of this Trade Remedies act for the protection of infant industries against dumping as well as the Government conduct research to observe the impact of dumping in term of price movement of commodities, volume of importation and consumer preference.

2.11. Cross Cutting issues Related to Trade

Cross-cutting issues are vital in the implementation of this Policy. These issues include governance, communicable diseases, gender, climate change, environment, people with disabilities and youths.

2.11.1. Governance

Good governance brings justice to the community by creating a culture of anti-corruption, transparency, and efficiency pertaining to the public sector. Moreover, the Government has taken special efforts to involve the private sector in the policy-making process and incorporate business culture in the public sector. The Government also continues implementing several governance reforms such as Online Business Registration, Fair Competition, Business Licensing Simplification and One Stop Centre for investment and business facilitation to remove cumbersome and time-consuming procedures. Beside the good governance from the public sector, the private sector also must voluntarily obey the laws and regulation relating to trade, taxes, employment.

2.11.2. Communicable and Non-Communicable Disease

Other cross-cutting issues that need to be considered are communicable diseases such as HIV/AIDS and other pandemic diseases, example Covid-19 etc. Mean while, in the side effect of non-communicable disease including high blood pressure, leukemia, diabetes, heart attack, cancer, chronic respiratory disease etc. Moreover other breackdown disease comes from animals and toxic foods might direct affect trade. These diseases affect society that include workforce who are within an Active Economic Age resulting greater impact on trade. For the improvement of trade sector, there is a need for strengthening of cross-sector coordination and knowledge sharing in addressing communicable, non-communicable and other pandemic diseases.

2.11.3. Gender

Gender equality calls for proportional access to development opportunities, education, and social welfare for all. The Government of Zanzibar recognized that women and men have equal rights to access social and economic activities. Most men and women engaged themselves in profitable trade such as import and export, wholesale, retail, seaweed farming, local food vending, handcraft, and petty trade.

The Government took some initiatives to empower women in the trade sector such as providing skills on harvesting rainwater for irrigation, these skills are provided for 18,689 women-owned Micro, Small, and Medium-scale industries, also 5,055 women trained in innovative skills and methodology in trade, these trend from 2021 to 2024 (Generation Equality Forum Survey 2024).

The constraints that face these traders are gender equality in many areas, inadequate infrastructure in the production area, low levels of technology, post-harvest losses, and low credit access. Understanding the relationship between gender and trade activities is essential for creating a more equitable and inclusive economic environment. By addressing the barriers that women face and promoting gender-sensitive trade policies, societies can benefit from the full potential of all individuals in trade activities.

2.11.4. Environment and Climate Change

One of the important factors considered in Economic development activities is the environmental and climatic change effects that often have negative externalities leading to pollution and environmental degradation. Degraded and polluted areas do not provide a suitable home for flora and fauna, causing biodiversity loss, low food and nutritional security, and low investment and trade. Environmental issues are a primary concern to economic development whereby trades in some products (Organic products) may be environmentally friendly but other products such as chemicals and other hazardous waste may be dangerous to the environment and climate change.

2.11.5. People with Special Needs

People with special needs are part of the society in any community in the world; hence, Zanzibar cannot fall behind in this scenario. According to the 2012 Census, Zanzibar has people with special needs, with a prevalence of 7.3 percent of the population. This indicates that there is a need for the trade policy to recognize the participation of people with special needs in various trade activities. The major challenge to people with special needs is limited trade opportunities such as market access and low production capacity.

2.11.6. Youths

Participation by all groups of society including marginalised groups such as youth in trade activities can contribute to achieving inclusive, sustainable growth and development, as well

as social stability, youths should be drivers and beneficiaries of trade and industrial sector. The development aspiration seeing that young people are no longer passive recipients of socio-economic transformation , also this is important for trade sector. Inorder to address the high unemployment rate, social inequality and other challenges that youth are facing, the policy recognises the role of the youth in trade and the importance of empowering young people to participate in trade activities.

CHAPTER THREE: VISION, MISSION, GENERAL OBJECTIVE AND SPECIFIC OBJECTIVES

3.1. Rational of Trade Policy (2024)

The rationale of developing the Zanzibar Trade Policy (2024) originates from the emergence of several programmes, plans, and strategies developed to support the country's development. These strategies include Zanzibar Development Vision 2050, the ruling party Manifesto (2020-2025), and other recent policies and strategic changes, including the Government's decision to priorities Blue Economy which needs to be taken into account in this policy. These National policy frameworks have articulated Government's commitment to becoming an upper middle-income country through achieving economic transformation where trade sector is paramount important. Besides, the Trade Policy (2006) is outdated and calls for the need to review and include other issues such as trade in services and global technological inventions, using ICT and e-Commerce to facilitate business.

At a Regional level, the trade policy should include trade-related issues, as stipulated in the EAC Protocol of Common Market 2010, EAC Development Strategy, SADC Protocol on Trade, tripartite discussions and AfCFTA relating to free trade area which enable free movement of goods and services.

At International level, Sustainable Development Goals (SDGs) under goal 9, emphasizes industrialization and improved infrastructure that led to employment and business growth, need to be considered in the Trade Policy. World Trade Organization requires member states to review and evaluate their trade policies regularly, as stipulated under the Marrakesh Agreement.

Furthermore, the Policy aims to make Zanzibar competitive and shift Zanzibar from traditional import dependence and primary export trade towards the export of value-added products to the Regional, Continental and International markets to address the issues of trade imbalance. International Trade promotes domestic trade, especially for firms that supply raw materials for further processing, value-addition and exports. This undisputed and interdependent relationship between domestic and international trade has been considered in formulating this Trade Policy.

3.2. Vision

Zanzibar to be a trading hub of excellence on services within Eastern and Southern Africa and become a competitive export-oriented economy.

3.3. Mission

Improve infrastructure, create competitive export, bridging the gap for quality products and services provision, and take advantage of domestic, regional and international markets.

3.4. Policy Objectives

General Objective

To strengthen competitiveness in the trade sector in line with the global and regional trade agreement and improving business environment.

The specific objectives of trade policy are to:

- i. Ensure profitability by reduce the cost of doing business and enhance competitiveness on products;
- ii. Improve trade performance by strengthening manufactured products for export;
- iii. Improve market access by strengthening trade relation through bilateral, Regional and Multilateral trade arrangements;
- iv. Improve fair competition in the market and enhance protection of consumer;
- v. Develop and expand the capacity and contribution of the services sector to the economy;
- vi. Upgrade existing mechanisms for collecting, processing and disseminating data on trade in services;
- vii. Strengthen existing soft infrastructure for smooth trade operation; and
- viii. Enhance mechanisms for value addition in goods manufacturing and service provision

3.5. Guiding Principles

The Trade Policy will be guided by the following principles:

- i. Compatibility with the National development plans;
- ii. Consistent with Bilateral, Multilateral and Regional trade agreements;
- iii. Support an enabling environment for trade and investment;
- iv. Promoting fair trade practices and consumer protection;
- v. Complementarily with all relevant sectors;
- vi. Fostering participation and coordination of all stakeholders responsible for trade; and
- vii. Adhering to good governance.

CHAPTER FOUR: POLICY ISSUES, STATEMENTS AND STRATEGIES

4.1. Policy Issues, Statements and Strategies

This section outlines the policy issues as prioritised in the situation analysis. Each policy issue is supported by policy statements and strategies.

Issue 1: The Business Environment

The business environment face challenges, including gaps in the legislation, many procedures to obtain some services, time-consuming, inadequate system services and high cost of obtaining services. Other constrains facing business environment are administration of Intellectual property and inadequate legal frame works and procedures in winding up of company and closing of business. Business environment also faces other challenges related to trade dispute settlement, inadequate cooperative culture and dept recovery.

Policy Statement

The Government shall take measures to improve the business environment in Zanzibar

Policy Strategies

- i. Reduce and harmonize procedures and time in obtaining business services;
- ii. Amend and enact the legislation relating to start and closure of business;
- iii. Strengthen the enforcement and adjudicate mechanisms for combating IPR infringements and Alternative Dispute Settlement for IPR;
- iv. Strengthen Administration of IPR including human resources and institution capacity;
- v. Establishment of trade dispute settlement mechanism to facilitate business;
- vi. Establishment of dept recovering system in order to protect capital invested; and
- vii. Develop awareness program to the public to the importance of cooperative culture on trade.

Issue 2: Zanzibar Trade Performance

The performance of trade in Zanzibar faces a trade deficit because import is higher than export, and Zanzibar export only a few cash crops in raw form due to a low manufacturing base, low quality and quantity.

Policy Statement

The Government will take measures to reduce the trade deficit by improving trade performance

Policy Strategies

- i. Increase production of the existing cash crops and diversify other exports products;
- ii. Promote value addition for domestic products;
- iii. Promote innovation and research for export products; and
- iv. Create opportunities to enhance the utilisation of competitive trade advantage.

Issue 3: Domestic Trade

Performance of domestic trade is hindered by low production and supply constrain, inadequate market information and marketing infrastructure. Other challenges are the informalities of SMEs and other traders and characterized by inefficient and fragmented supply chain; weak business associations and low-quality products, inadequate control and aflatoxin threat and overlapping mandate of institutions responsible on food inspection. Other issues are low competitiveness of local products against similar imported products due to high cost of production and Inadequate of warehouses facilities for agricultural and horticulture products and the influx of substandard goods.

Policy Statement

Government shall take measures to facilitate and overcome challenges in domestic trade.

Policy Strategies

- i. Accelerate efforts and enforce legislation aimed at formalising all business;
- ii. Promote standard and Improve quality of the products;
- iii. Strengthen market infrastructure and information center to provide trade information;
- iv. Encourage resource-based industries along industrial technological ladder in order to penetrate into new markets outlets;
- v. Strengthen small producers' access to barcodes in order to promote made in Zanzibar products;
- vi. Promote domestic production and value addition of marine, agricultural and livestock products for commercialization and food reserve;
- vii. Strengthen laboratory capacity for testing of aflatoxin in food and animal feed.
- viii. Establish multisectoral coordination and functional risk assessment system on food safety and improve private sector engagement;and
- ix. Strengthen financial access to business by opening other avenues including capital market, investment and SMEs Bank.

Issue 5: Trade with Tanzania Mainland

Intra-Trade between Zanzibar and Tanzania Mainland faces challenges including charges and regulations and other administration procedures that reduce volume of transfer specifically from Zanzibar to Tanzania Mainland. Though some initiatives have been undertaken by the Government to address the challenges but more efforts are needed to ensure smooth flow of trade within the United Republic of Tanzania.

Policy Statement

Government shall take initiatives to facilitate smooth flow of trade within the United Republic of Tanzania.

Policy Strategies

- i. Enhance internal dialogue to find out practical and workable trade resolution between Tanzania Mainland and Zanzibar;
- ii. Promote private sector and other stakeholders' participation in trade and trade related activities between Tanzania Mainland and Zanzibar; and
- iii. Enhance laws and regulation relating to taxes , fees and other procedure on transfer of goods and services between two sides of the Union.

Issue 6: Regional and International Trade

Zanzibar faces challenges to take full advantages of these market access opportunities due to existence of Supply side constraints, NTBs, quality and limited information to fully utilized market access opportunities and networking capability.

Policy Statement

Government shall take necessary actions to utilize Regional and International trading arrangements to access market opportunities.

Policy Strategies

- i. Enhance market access for local products to penetrate the market opportunity competitively;
- ii. Build producer's capacity and manufacturers to start up business, production and value addition;
- iii. Improve standards for Zanzibar products to meet market specification;
- iv. Improve Pre verification for conformity of products (PVOC) before importation

- v. Undertake trade negotiations bilateral, regional, and multilateral to access market opportunities;
- vi. Create linkages and networking between domestic producers and exporters in International and regional markets; and
- vii. Create awareness to the public on the opportunities available to the AfCFTA.

Issue 7: Trade in Service

Service Sector in Zanzibar has been liberalised and it is mainly characterized by tourism and highly volatile by external and internal shocks. The contribution of the services sector to GDP is highly on tourism so there is a need to strengthen other services sectors for the improvement in the economy. In financial services sector, most of the financial services are commercial driven which has high interest rate for borrowers. On the other hand most of insurance companies are not capable to insure large capital investments and businesses projects.

Policy Statement

Government will ensure the improvement of service sectors in the economy.

Policy Strategies

- i. Develop and promote investments in existing and new service sectors;
- ii. Enhance competitiveness through the development of strong, transparent, and effective regulatory policies for priority services;
- iii. Enhance the capacity and capability of the private sector to take advantage of services sectors available in the regional and international level; and
- iv. Develop mechanisms to collect, process and disseminate data on trade in services.

Issue 8: E-Commerce

The E-Commerce facing challenges including limited access to online shopping, capturing of information and data on electronic transaction undertaken in Zanzibar. Also, the AI technology are increasingly being adopted in trade and commerce to streamline processes, enhance decision-making, and improve efficiency.

Policy Statement

The Government will support the integration of e-commerce into the business culture of Zanzibar.

Policy Strategies

- i. Strengthen network coverage and affordable internet facilities;
- ii. Promote the use of electronic and mobile payment systems across the banking and business sector in order to build a culture of e-commerce;
- iii. Strengthen systems aimed at the protection of confidential data and online trade related activities;
- iv. Develop mechanisms to collect, process and disseminate data on e-commerce.
- v. Support research and development of AI technology in emerging sector; and
- vi. Develop public awareness campaign program to fostering better understanding of AI technology potential and consideration in investment.
- vii. Emphasize the importance of ethical considerations and social impacts of AI in the education curriculum by preparing students to be responsible innovators in their future careers.

Issue 9: Trade facilitation

Trade facilitation within Zanzibar is constrained by various challenges among which are insufficient infrastructures such as ports, cold storage facilities, logistics management, existence of number of documents required from different institutions and inefficiency human resources affects the performance of Zanzibar export and import.

Policy Statement

The Government will take necessary measures to ensure simplification, standardisation and harmonization of export and import procedures as well as improvement of infrastructures.

Policy Strategies

- i. Strengthen the existence port facilities and build the new commercial port for facilitate import and export;
- ii. Enhance the simplification of export and import for easy cargo clearance; and
- iii. Upgrade logistic facilities to expedite movement of products to support Trade Facilitation implementation.

Issue 10: Competition and Consumer Protection

Fair competition and consumer protection legal frame work in place but there are unfair trade practices in the market such high price of commodities caused by hoarding that affect consumer welfare and lack of competition policy. Another issue is that most of the consumers

and MSME's are unaware of fair competition matters that provide procedures and guide for fair trade practices and consumer welfare.

Policy Statement

The Government will take necessary initiatives to implement fair trade practices.

Policy Strategies

- i. Lock out price fixing, hoarding, and anticompetitive trade practices in the market to protect consumers;
- ii. Enforce Fair Competition, Standards and Weight and Measure laws and Regulations to overcome unfair trade practices and shortage of goods or services in the market; and
- iii. Strengthen Competition and Consumer Protection Commission.

Issue 11: Trade Remedies

The infant industries in Zanzibar affected by imports and counterfeited products from other countries due to low capacity, technology, availability of raw materials which increase the cost of production. Besides, there is no legal framework to protect those industries against injuries. Also, there is little investigations to identify and analyse dumping products imported in Zanzibar due to inadequate resources and knowledge gap among trade expertise.

Policy Statement

The Government will take necessary measures to safeguard the domestic industries from adverse effects of dumping.

Policy Strategies

- i. Develop legal framework to protect domestic industry against dumping, counterfeit and safeguard;
- i. Enhance institutional capacity to deal with the issues related to Trade Remedies; and
- ii. Protect local industries to compete with import of same products.

Issue 12: Cross cutting issues

Cross cutting issues are vital such as corruption, climate change and environmental, communicable and non-communicable disease like HIV/AIDS, gender, youth and people

with different abilities are not adequately mainstreamed due to improper planning, resulting in negative externalities, pollution and environmental degradation and spread of diseases.

Policy Statement

The Government will ensure mainstreaming of cross-cutting issues in trade and trade-related activities.

Policy Strategies

- i. Ensure full integration of good governance, communicable and non-communicable diseases, environment and climate change in all trade and trade-related activities; and
- ii. Enhance inclusion of women, youths and people with special needs in trade sector initiatives.

CHAPTER FIVE: LEGAL AND INSTITUTIONAL FRAMEWORK

5.1. Legal Framework

The Ministry of Trade and Industrial Development (MTID) has a mandate of promoting trade and industries, has responsibility to develop policies and guidelines related to the trade sectors and oversees the implementation of the policy. MTID prepare Trade Policy and its implementation strategy in consultation with other sectors' ministries such as Departments and Agencies, non-Governmental stakeholders and development partners. There are number of legislations that regulate trade issues outside the MTID legal mandate, such as issues related to Agriculture and Blue Economy, ICT and technology, taxation, transport and communication, utilities and trade in services, which need to be articulated and coordinated for trade development. Moreover, there is a need to enact the Trade Remedies Act to protect dumping issues and enforcement of other laws relating to Competition and Consumer Protection. On the other hand, this policy lead to review, amend and repeal some laws such as Insolvency Decree Cap 20, Copyright Act No.14 of 2003, Zanzibar Industrial Property Act No. 4 of 2008, the Companies Act No 15 of 2013 and Plant Breeders' Rights Act No. 1 of 2014.

5.2. Institutional Framework

Given the multi-dimensional nature of trade, several ministries and institutions need to work together to ensure that a diverse set of sectoral and multi-sectoral policies are appropriately designed and coordinated. Such collaboration is essential to safeguard Zanzibar success in achieving both its short- and long-term trade development needs. The successfully implementation of National Trade Policy 2023 will also depend on development of information center, competition policy, capacity of the institutions, which will facilitate the attainment of sustainable growth.

5.3. Roles of the Different Players

The Trade Policy along with other social and economic policy instruments is a part of the nation building exercise. For an effective implementation of the Trade Policy and policies in related areas, there is need for a strong and collaborative effort from the Government, the private sector, the civil society as a whole and the development partners of Zanzibar. For the implementation of a policy that promotes quantum growth of trade by strategically utilizing the available natural resources and social and capital resources, efforts from each of these players are vital. The implementation plan of the Policy shall indicate the financial and human resources required to carry out strategic actions. Institutions responsible for the implementation of this Policy shall prepare progress reports periodically and submit to the Ministry responsible for trade. The Policy will be reviewed in the course of new challenges and developments encountered during its implementation as well as its implementation strategy. To ensure a fitting and satisfactory enabling environment for the implementation of the Policy and its strategies, the institutional framework will include the following key stakeholders:

5.3.1. Ministry Responsible for Trade

- i. Facilitate proper management of the domestic, regional and international trade to minimize trade deficit;
- ii. Mobilize the access to financial and capital resources and enhance competitive participation of the private sector in all trade activities;
- iii. Promote value addition for export;
- iv. Ensure improvement of the physical infrastructure, human resource development and capacity building initiatives;
- v. Coordinate all stakeholders at national level in implementing this Policy;
- vi. Coordinate and mainstreaming trade issues with respect to strategic plan to ensure coherence between sector ministries objectives and trade policy objectives; and
- vii. Oversee the implementation of Trade Policy.

5.3.2. Ministry Responsible for Finance and Planning

- i. Mobilize and allocate adequate funds for MDAs to enable them execute programmes of trade development effectively and efficiently;

- ii. Align financial and procurement regulations to support private enterprises;
- iii. Support microfinance institutions to empower MSMEs on stock market and capital market;
- iv. Promote investment on insurance to cover risk to higher capital projects; and
- v. Supervision and implementation of fiscal policy.

5.3.3. Ministry Responsible for Regional and Local Government Authorities (LGAs)

- i. Ensure an enabling environment and prioritization of trade activities according to location-specific priorities;
- ii. Enforce environmental policies through a combination of incentives (such as recognition for investors and local communities) and disincentives (such as penalties and fees); and
- iii. Ensure peace and security for social and economic stability.

5.3.4. Ministry Responsible for Blue Economy

- i. Ensure long-term benefits of the sustainable use of marine resources;
- ii. Develop local capacity in the blue economy to increase export; and
- iii. Develop Marine Spatial Planning (MSP) for marine governance.

5.3.5. Ministry Responsible for Environment

- i. Conserve and protect environment from pollution and degradation, in collaboration with other partners for the development of trade and industrial sector;
- ii. Monitor environmental effects and climate change variabilities related to trade sector; and
- iii. Coordinating and overseeing mainstreaming of climate change and environmental issues in the trade and industrial interventions and coordinate disaster management issues.

5.3.6. Ministry Responsible for Tourism

- i. Improve tourism sector by promoting tourism activities and potential;
- ii. Create a conducive environment for attraction investment on tourism in order to boost contribution of the service sector to the GDP; and

- iii. Encourage establishment of high-class hotels for upper market segments to increase revenue.

5.3.7. Ministry responsible for Infrastructure

- i. Construct infrastructural network connecting production sites and markets to ease transportation of inputs (raw materials), general merchandise and at competitive prices;
- ii. Rehabilitate the existing Information Communication Technology network to accommodate the increasing demand and enhance levels of manufacturing and service; and
- iii. Construct and rehabilitate Ports to smoothen trade activities.

5.3.8. Ministry responsible for Agriculture

- i. Encourage the production of high value cash (fruits, spices and marine products) and food crops to satisfy local demand and save for international markets;
- ii. Undertake measures to diversity agriculture sector to produce potential products and increase agricultural exports;
- iii. Provide extension services to local farmers to enhance their production;
- iv. Encourage use of irrigation schemes to boost yield for both local consumption and exports;
- v. Promote rainwater harvesting system for production of cash and food crops; and
- vi. Reduce post-harvest loss to promote export trade in agriculture products and collaborate in SPS requirements.

5.3.9. Ministry Responsible for Education and Training

- i. Provide professionals on different discipline that needed in trade in services;
- ii. Introduce in certain school's trade and commercial curricula to broaden skills on the trade/market aspects; and
- iii. Encourage use of information about new trading opportunities through study tours and debates.

5.3.10. Ministry Responsible for Land

- i. Formulate and implement policies and legislation on land and natural resources;
- ii. Register and record land ownership that allow access to finance; and
- iii. Plan land uses for investment and industrial activities

5.3.11. The Ministry responsible for water and Energy

- i. Manage the available and sustainable utilization of water and energy resources for trade and industrial sector development;
- ii. Provide policy guidance in the development and exploitation of the energy and water resources; and
- iii. Create an enabling environment in order to attract investment in the development, provision and utilization of energy and mineral resources.

5.3.12. Ministry Responsible for Labour, Economic Affair and Investment

- i. Coordinate portfolio in relation to the investment issues;
- ii. Regulate and protect workers and traders right;
- iii. Provide conducive investment environment to attract FDI inflow;
- iv. Promote and provide awareness on Public Private Partnership projects; and
- v. Strengthening access to finance to SMEs'.

5.3.13. Civil Society (CSO) and Non Government Organisation (NGOs)

- i. Advocacy and facilitation by propagating public policy initiatives including the trade policy, imparting of new and economically useful skills, changing the mindsets of people making them adaptable to new ways of living and thinking cannot be understated;
- ii. Support initiatives for trade development and link actors in both domestic and export markets;
- iii. Facilitate access to critical financial support especially to small firms; capacitate traders in Business Development Services (BDS); and
- iv. Ensure the social and economic sectors both in rural and urban areas, have a significant role in success of this Policy and the programmes to be carried out hereunder.

5.3.14. Private Sector

- i. Participate in formulating policies and programmes and taking part in service delivery;
- ii. Ensure the progress in agreed work by Government and its agencies it is carried out in a timely manner; and
- iii. Mobilize the public to consume the goods and services locally produced.

5.3.15. Education and Research Institute

- i. Conduct research in respective in trade related issues, investigate new ideas, develop theories, and publish the findings; and
- ii. Provide vital intellectual inputs in all aspects of policy formulation and implementation in trade related issues.

5.3.16. Media

- i. Publicise and advocacy about trade policy implementation by targeting a highly audience who work in a particular trade and industrial sector; and
- ii. Provide awareness on new developments on products innovation and trade events.

5.3.17. Ministry Responsible for Diaspora

- i. Assist to transfer of knowledge, technology and best business practices in Zanzibar.
- ii. Support to tap the foreign markets opportunities and FDI through Tanzania embassy abroad.

5.3.18. Development Partners

- i. Support infrastructure development and capacity building to public and the private sectors, assistance in human capital development;
- ii. Provide financing support to address actual or anticipated development financing requirements on improving the investment and business environment; and
- iii. Support the operation of reducing poverty and social consequences, especially on poor people and vulnerable groups.

CHAPTER SIX: MONITORING AND EVALUATION PLAN

The implementation framework of the Trade Policy has key elements that are implementation plan, monitoring and evaluation framework, policy review requirements, budgetary resources, and an effective communication strategy. Planning and budgeting will be coordinated with other relevant institutions, and reflected in the Medium-Term Expenditure Framework (MTEF) and sector strategic plans.

6.1. Monitoring of the Policy

The successful implementation of this Policy will depend largely on how the strategies and activities are effectively monitored. The Policy monitoring team will be formulated through the institutional framework to monitor the implementation of this Policy. Other monitoring approaches that will be used to monitor the performance include discussions and dialogue with stakeholders, filling questionnaires and site visits.

6.2. Evaluation of the Policy

A team will be formulated to evaluate Trade Policy implementation with key performance indicators, and data collection tools shall be developed. Evaluation will be done after every two years using expected outcomes, indicators and annual target for accessing the performance. Evaluation will assist in determining whether the implementation is in the right direction and establish the need for any adjustment in light of the prevailing changes in the social, economic development.

6.3. Policy Review

The Ministry responsible for Trade shall conduct a Trade Policy review, compliant with required guidelines, after five years of policy implementation or before if necessary. Monitoring and evaluation outcomes and stakeholder feedback shall inform the review for necessary adjustment for any changes or reforms occurred.

6.4. Budget and Financial Resources

The Ministry responsible for Finance shall mobilize funding in collaboration with multilateral institutions to support Trade Policy implementation at all levels. Moreover, the Ministry responsible for Trade shall coordinate preparation of a specific format for budgetary requirements, allocation and resource mobilization and work with all the relevant stakeholders and development partners to meet implementation targets. The factors that shall be considered for financial resource planning are sources of financing; funding agencies/organizations; human resources; tools, equipment and implementation facilities; estimated period of implementation; actual cost required for implementation; cost structure; responsible institutions and total budget.

6.5. Communication Strategy

The Ministry responsible for Trade shall prepare a specific Communications Strategy for Trade policy implementation, including information and communication sharing, distribution of Trade policy documents across sectors, and implementation targets and goals. The Communications Strategy will harmonize the implementation efforts among the Government, NGOs and Development Partners. It will be designed to enhance national, regional, and global recognition of Zanzibar's Trade Policy and reiterate all stakeholders' roles and responsibilities. It will be implemented in English and Kiswahili to ensure universal access and outreach.