Gender and Women's Rights Analysis of Economic Partnership Agreements: the implementation of trade liberalisation

Tanzania

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Acronyms

ACP	-	Asia, Caribbean, and Pacific Countries
AGOA	-	African Growth Opportunity Act
EAC	-	Eastern African Community
EBA	-	“Everything but arms”-initiative
EPZ	-	Export Processing Zone
ERP	-	Economic recovery Programme
EU	-	European Union
EPA	-	Economic Partnership Agreement
GSP	-	Generalized System of Preferences
HSC	-	Harmonized System Codes
IEPA	-	Interim Economic Partnership Agreement
LDC	-	Least Developed Country
NSGRP	-	National Strategy for Growth and Poverty Reduction
ODA	-	Official Development Aid
SACU	-	Southern African Customs Union
SAP	-	Structural Adjustment Programme
SADC	-	Southern African Development Community
SNA	-	System of National Accounts
SSA	-	Sub-Sahara Africa
WTO	-	World Trade Organization

Summary of main messages

- The import of goods is unlikely to cause significant short-term displacement of female labour as many gender sensitive sectors keep on being protected.
- The EPA is unlikely to cause a significant creation of jobs for women as the EPA has no new export opportunities to offer not existing under the EBA initiative.
- Women's lacking capacity to respond to prices restricts female entrepreneurs to participate in expansion of exports in the long run.
- The EPA is likely to increase Tanzania's dependence on primary exports, i.e. crops and mining products. The focus on agriculture may adversely affect women's access to land and command over own time.
- The decrease of public revenues has a potential impact on women, although current revenue losses are likely to be moderate. However, in which sectors spending will be reduced is difficult to predict.
- Current status quo of time use and labour allocation patterns likely to be maintained in the future as a consequence of fortifying focus on primary product exports.
- A successful export expansion requires further accompanying measures such as an increase of the level of education, improvement of health services, infrastructure investment, etc., not addressed by the EPA.

1. Introduction

In 2007, Tanzania along with other countries from the East African Community (EAC) initialled an interim Economic Partnership Agreement (EPA) that it is expected to sign in early 2009. Starting at 2010, it will substantially alter the trade structure of the affected countries through the abolishment of a wide range of tariffs. The agreement implies free trade for many sectors of the economy, although the EAC countries have chosen 17.4 percent of their combined imports which are exempted from the removal of tariffs on imports from the EU (though not from any other aspect of the IEPA reforms).

The EPA is likely to have far reaching consequences for the Tanzanian economy and has thus received substantial criticism. Often expressed concerns refer to the potential increase of unemployment as the free entry of a wide range of products from the EU into the Tanzanian market may displace local production not able to compete with European products. Furthermore, the abolishment of tariffs reduces public revenues needed to invest in underdeveloped local infrastructure. Proponents of the EPA argue that the liberalization of trade would spur local investment and eventually lead to economic growth.

Women in Tanzania are significantly represented in economic life and thus the EPA is likely to affect women in various ways. To what extent and in which areas is the central question of this report. Due the various ways through which women are visible in the economy, the answer to this question reaches beyond issues of employment. Generally one may distinguish three important areas in which women are potentially affected: (i) employment, also comprising women as farmers and entrepreneurs; (ii) consumption, concerning changing prices of consumption goods and their impact on women's budget; (iii) the public sector, regarding the provision of services such as health and education. Also many investments in infrastructure are affecting women such as an effective system of water supply which reduces the women's time burden to fetch water. Closely connected to and cross-cutting these three areas is the provision of care and the associated time budget of women. Women's capacity to respond to price changes often depends on whether the provision of care for dependants is secured, that is, the options to take on employment outside the household may depend on whether a female family member can care for dependant children.

The assessment presented in this report is necessarily speculative in many parts due to the complexity involved, but also due to widely missing reliable data. Detailed data is missing for many important areas. Almost no data is available on the production structure in terms of output produced and inputs used, which particularly concerns the manufacturing sector, but other sectors as well. The lack of disaggregated employment data significantly aggravates the assessment of the impact of the EPA as women's involvement in different sectors in terms of quantity of labour supplied, but also regarding the quality of employment remains largely unclear. Although recent nationally representative surveys—the Household Budget Survey (HBS 2007) and the Integrated Labour Force Survey 2006—are available, the information provided is often not sufficient to obtain detailed insights into the allocation of female or male labour across different activities. This is particularly worrisome for the present analysis as information on female labour supply to export oriented sectors would be quite useful. Data on trade flows is available from different sources as the Ministry of Finance and Economic Affairs, the Bank of Tanzania, UNCTAD, or the FAO, but the different data sources are often highly inconsistent. Given the lack of data on intermediate usage and production outcomes in the industrial sector, this report necessarily focuses on agricultural production and makes statements on other sectors wherever possible.

The conclusions made in this report depend on simplifications that are necessary in order to identify possible trends and may not always do justice to the complexity of the economy or the position of women in the Tanzanian society. Women's roles are not as clearly defined as often claimed, which becomes apparent when considering that Tanzania comprises more than 150 different ethnical groups with different traditionally defined gender relations (see Omari (1988) for an analysis of women's roles in different ethnical groups). Gender roles are also not static over time and can change depending on the surrounding institutional context. Changing relative prices for labour or gender sensitive products can quickly change the incentives to invest and supply labour to the production of goods formerly believed to be restricted to either women or men (see Doss 2001 for a review of gender roles in relation to agricultural technologies).

2. Background on the Tanzanian economy

Tanzania is among the poorest countries in the world with a per capita income of 354 (constant 2000) US$ in 2007 (WDI 2009). According to the most recent poverty headcount

measure from 2007, 33.3 percent of the 40 million people fall below the national poverty line. Malnutrition among children below 5 is a prevalent problem (by the height for age measure, 44 percent of children are malnourished) and HIV infection rates amount to 7 percent. To the HIV/AIDS problem add other diseases which are by no means less severe as Malaria or Tuberculosis. 69 percent of the adult population is able to read and write and current primary school enrolment fares among the highest in Sub-Sahara Africa. Even though the literacy rate is not overly small compared to the SSA average, labour still exhibits low levels of productivity (World Bank 2007). Despite the current gender equality in primary schooling there is a gender gap in adult literacy which amounts to 0.8. The female adult literacy rate is estimated to be 62.2%, while the respective rate for males is 77.5% (WDI 2008).

Although in the past decade, Tanzania has exhibited constant economic growth, GDP per capita growth rates below 4 percent have not been sufficient to pull significant parts of the population out of poverty. The poverty headcount ratio fell from 35.7 to 33.3 between 2000/01 and 2007 which indicates a slight improvement but reveals substantial widespread poverty. Though in Dar es Salaam inequality slightly improved, in rural areas it has remained stable. GDP growth at factor costs averaged to about 6 percent from 2000 to 2005. However, the positive development of agriculture, industries, and services has been offset by high rates of population growth at 2.6 percent. The rates of investment—including public and private—amounted to only 18 percent of GDP (Utz 2008) which is below the recommended investment rate of 25 percent (World Bank 2008).

Table 1: Sectoral shares of GDP at factor cost

	Share of GDP in percent			
Sector	1990	1995	2000	2005
Agriculture	50	51	48	46
Industry	16	15	17	20
Services	35	35	35	35
Total	100	100	100	100

Source: Utz (2008), columns may not add up to 100 due to rounding errors.

Agriculture is by far the most important sector in the Tanzanian economy. It accounts for about 46 percent of value added (shown in table 1), employs more than 75 percent of the labour force, and generates more than 43 percent of export earnings. Agriculture is dominated by smallholder farms, which produce a variety of different crops of which maize is most important (URT 2008). A large share of the small-scale production is meant for household

consumption and only the surplus is sold on mostly local markets after subsistence needs have been met. The service sector follows agriculture in terms of economic importance, before industries. The sector is dominated by trade, as well as by hotels and restaurants which generate 35 percent of GDP. Manufacturing makes up only a minor share of GDP (7 percent). Table 2 shows the shares of sectoral contributions to growth. Although agriculture exhibits the lowest growth rates, due to its size it adds the largest share to economic growth. The service sector's contribution is slightly smaller while the small share of industries in total value added is reflected by its minor importance for growth. A significant share of its growth is explained by rising exports for gold, the mining sector's main export commodity.

Table 2: Sources of growth (production) 1990 – 2005

	Avg. Ann. Growth Rate			Avg. Contr. To Growth		
Sector	1990-94	1995-99	2000-05	1990-94	1995-99	2000-05
Agriculture	**3.10%**	**3.60%**	**4.80%**	**1.50%**	**1.80%**	**2.30%**
Industry	**2.00%**	**5.40%**	**9.00%**	**0.30%**	**0.90%**	**1.60%**
Mining and Quarrying	11.80%	14.80%	15.20%	0.10%	0.20%	0.40%
Manufacturing	0.40%	4.60%	7.30%	0.00%	0.40%	0.60%
Construction	2.20%	3.50%	10.30%	0.10%	0.20%	0.50%
Services	**1.90%**	**3.80%**	**6.10%**	**0.70%**	**1.30%**	**2.10%**
Trade, Hotels and Restaurants	2.00%	4.50%	7.10%	0.30%	0.70%	1.20%
Total GDP (factor cost)	**2.50%**	**4.00%**	**6.00%**	**2.50%**	**4.00%**	**6.00%**

Source: Utz 2008

Tanzania's export earnings stood in 2006 at 1569.6 million US$ while its imports amounted to 4498.1 million US$ resulting into a substantial trade deficit (table 3). Tanzania's export volume has been growing until the 1990's but experienced stagnation thereafter and recovered again at the beginning of 2000 (IMF 2004). Ever since, it has more than doubled (Bank of Tanzania 2008). However, since the volume of imports has doubled as well, the onward integration of Tanzania into the world economy has not led to a positive balance of payments which constantly increased to an absolute value of US$ 2928.5 million.

About 24.1 percent of exports are sold to the European Union which is due to the size of the market, the preferential ACP status of Tanzania and the lower transport costs as compared to e.g. the US American market which accounts for only 2.1 percent of Tanzanian export earnings as shown in table 3. The EU has lost its dominance as the major importer of Tanzanian products as trade between Asia but also with other SADC and EAC partners has gained in importance. In 2006, Asia was the most important trade partner where 25 percent of goods and services have been exported to, while 24.6 percent of imports originated in Asia.

18 percent of exports went into African countries while trade among EAC member states accounted for 6.1 percent. Imports from African countries amount to 25.6 percent of total imports whereas South Africa is the most important trade partner.

With the aim to promote growth and development in Africa, a number of regional trade agreements have been established. Tanzania participates in the SADC as well as in the EAC, which both pursue the target to establish a customs union. The Tanzanian government has eventually decided to join the EAC as a member to negotiate the EPA, which implies that Tanzania cannot join simultaneously the Southern African Customs Union (SACU) planned by SADC. The EAC has already established various tariff reductions of up to 90 percent which has spurred intra-regional trade in recent years. However, with respect to the trade volumes with other African countries like South Africa, the share of trade with EAC members is comparatively small.

Table 3: Tanzanian exports and imports by region (2006)

	Exports		**Imports**	
	Mio US$	Share	Mio US$	Share
Industrial Countries	**575.6**	**36.7**	**1235.1**	**27.5**
United States	*32.9*	*2.1*	176.9	3.9
Japan	*83.7*	*5.3*	126.6	2.8
EU	***377.6***	***24.1***	***866.9***	**19.3**
Belgium	*32.9*	*2.1*	76.7	1.7
Germany	*65.1*	*4.1*	170.5	3.8
Italy	*35.6*	*2.3*	141.7	3.2
Netherlands	*98.1*	*6.2*	90.6	2.0
Switzerland	*54.7*	*3.5*	23.8	0.5
United Kingdom	*48.7*	*3.1*	174.4	3.9
Africa	**282.4**	**18.0**	**1151.9**	**25.6**
EAC	***66.8***	***4.3***	***363.6***	**8.1**
Burundi	*6.9*	*0.4*	0.0	0.0
Kenya	*32.6*	*2.1*	351.6	7.8
Uganda	*18.2*	*1.2*	11.9	0.3
Rwanda	*9.1*	*0.6*	0.1	0.0
Asia	**397.5**	**25.3**	**1105.5**	**24.6**
Other countries	**314.1**	**20.0**	**1005.6**	**22.4**
Total	**1569.6**	**100.0**	**4498.1**	**100.0**

Source: IMF 2007

Exports have been dominated in the past by agricultural products such as coffee, tobacco, cashew nuts, cotton, tea, pyrethrum, and fruits. In recent years, the share of non-traditional exports increased, however, largely to a vast increase of mineral exports. Currently, agricultural exports make up a share of 14.5 percent in total exports, whereas coffee, cotton and tobacco are the most important agricultural exports (table 4). In the non-traditional export sector, gold is by far the most important export commodity with a share of 38.0 percent in total exports. Manufactured exports occupy a share of 15.4 percent. The data from table 4 clearly indicates Tanzania's dependence on primary exports which make up a share of 58.4 percent of total exports.

Due to the importance of agricultural production for the Tanzanian economy, the sector is currently protected with average tariff rates of 25 percent, although some key products such as wheat flour, maize flour or milk products are taxed at rates between 50 and 60 percent.. The same applies to clothing manufacturing, where imports of raw products and ready made garments are subject to tariffs of about 25 percent, too.[1] Some exceptions apply to the textile sector, too, where locally specialized products such as *Khangas*, *Kitois* or *Kitengas* are taxed at 50 percent. Used clothing is widely imported and taxed at 45 percent. Typical for developing countries, import taxes are comparatively simple to collect and thus import taxes provide an important source of government revenue. Tax rates for technical components, equipment and raw materials vary from 10 to 25 percent, where items deemed necessary for local production or other important purposes, e.g. medical equipment or fertilizers, are exempted from tax.

To stimulate exports, the Tanzanian government has almost entirely abolished export taxes and established Export Processing Zones (EPZ) and Special Economic Zones (SEZ) to stimulate the settling of export oriented industries. Firms located in the EPZs are virtually exempted from all taxes to a minimum period of 10 years, face lower administrative hurdles, and do not pay charges for harbour usage. Beside the stated goals of promoting exports, the Tanzanian government aims at creating employment and reducing poverty through the EPZs. Currently, 10 enterprises are operating in the EPZs which manufacturing textiles and garments, processed food, gold, and mechanical and electrical devices (World Bank 2005). Although no data is available for Tanzania, production in EPZs has often been female intensive in other countries like India, Bangladesh or South Korea (ILO 2003b, Murayama

[1] The textile tariffs apply mainly to cotton fabrics and garments.

and Yokota 2008) and thus the EPZs serve often as an entry point for women to the formal wage labour market. However, this has not always happened and is also subject to change as the examples of Mexico, Malaysia and Singapore demonstrate (Fleck , Kusaga and Tzannatos 1999). The utilization of the EPZs is currently below expectations, which is partly due to lengthy administrative procedures for obtaining licenses and infrastructural problems as unsteady power supply.

Table 4: Composition of Tanzania's exports in million US$

	Value 2003	Value 2004	Value 2005	Value 2006	Value 2007	Percentage change 2006-2007
Traditional exports						
Coffee	50.0	49.8	74.3	61.4	98.1	59.8
Cotton	46.5	74.6	111.5	55.8	66.4	18.9
Sisal	7.3	7.2	7.3	6.1	6.8	10.4
Tea	24.8	30.1	25.7	31.0	28.7	-7.5
Tobacco	39.8	57.6	80.6	65.3	72.9	11.7
Cashewnuts	41.8	68.1	46.6	39.4	13.2	-66.6
Cloves	10.3	10.3	8.6	8.1	4.2	-48.7
Sub-total traditional exports	**220.5**	**297.8**	**354.5**	**267.1**	**290.1**	**8.6**
Non-traditional exports						
Minerals	552.2	680.2	711.3	836.9	886.6	5.9
Gold	*502.8*	*629.4*	*655.5*	*786.4*	*762.9*	*-3.0*
Diamond	*28.6*	*26.0*	*24.4*	*22.2*	*29.0*	*30.8*
Other minerals	*20.7*	*24.8*	*31.4*	*28.3*	*94.6*	*234.9*
Manufactured goods	83.8	110.1	156.1	195.8	309.2	57.9
Fish and fish products	136.2	125.7	147.5	138.6	137.7	-0.6
Horticultural products	13.7	14.3	18.3	15.4	19.1	24.0
Re-exports	86.9	137.0	127.1	128.3	149.7	16.7
Other exports	122.9	108.1	161.5	154.0	214.2	39.1
Sub-total non traditional	995.7	1175.4	1321.8	1468.8	1716.5	16.9
Grand total	**1216.2**	**1473.1**	**1676.3**	**1736.0**	**2006.6**	**15.6**

Source: URT 2008

Table 5 shows the composition of total imports by region of origin. According to data presented in Zgovu and Kweka (2007) the imports from the EU are concentrated at capital goods which make up a share of 56 percent of total EU imports. Regarding capital goods, 32 percent of all capital goods imports originate from the EU (Zgovu and Kweka 2007). With 23 percent, intermediates make up the second largest share of EU imports.

Tanzania already has experiences in opening its borders to international trade. In 1986, the Economic Recovery Programme (ERP) was implemented which was designed to restructure

and stabilize the economy in order to generate sustainable economic growth. An important component of the program, apart from currency devaluation or expenditure cuts that aimed at reduction of the budget deficit, was the liberalization of trade. The goal of trade liberalization was to foster exports and facilitate imports of necessary technical equipment. Although the manufacturing sector grew over the period from 1986 to the mid 90's, its share eventually stabilized at only 8 percent of GDP and agriculture remained the most important sector. The sharp devaluation of the currency combined with the removal of subsidies led to increasing prices for imported goods such as fertilizers and pesticides which in consequence became unaffordable for poor farmers (Ponte 2001). Prices for food increased as well such that women had to engage in income earning activities to generate additional income or increased labour on cultivating food crops. Despite the price increases for food, farmers did not equally participate in the gains. Remote farmers could not access the markets and thus had to sell their harvest at substantially lower prices (Rweyemamu 2003). Expenditure cuts which were an integral part of the reform program led to a significant reduction of social expenditure (Meena 1991). Although enrolment rates did not substantially decline, quality did as teacher's salaries decreased by 71 percentage points between 1977 and 1987 (Reimers 1997).

Table 5: Import shares by region (2004)

Category	EU	Share	EAC and SADC	Share	Rest of the world	Share	Total	Share
Capital goods	194,570.30	56%	74,181.90	38%	350,817.70	34%	619,569.90	40%
Raw materials	20,754.20	6%	24,668.70	13%	273,595.20	27%	319,018.10	20%
Intermediates	80,579.40	23%	70,406.10	36%	257,915.80	25%	408,901.30	26%
Final goods	53,242.30	15%	27,785.50	14%	145,672.00	14%	226,699.90	14%
Total	349,146.20	100%	197,042.20	100%	1,028,001	100%	1,574,189	100%

Source: Kweka and Zgovu (2007)

The SAP has led to the privatization of many parastatals in different sectors which subsequently often had to be closed or substantially reduced production. In the textile sector, many firms ran at the beginning of the 90s at only 10 percent of their capacity (Ladha 2000). The problems of the textile sector resulted from an inadequate input supply, unstable and expensive energy supply, but also due to increased competition from the importation of used clothing (*mitumba*) from developed countries. Today, used clothing is the largest export good from the US to Tanzania. The used clothing generated new markets—the so called *mitumba* markets—where again mainly women are engaged in trading the US garments (Rivoli 2004).[2]

[2] See also Mangieri (2006) for similar results on Kenya.

Interestingly and in contrast to large scale manufacturing, many women being (self-) employed in small tailoring shops were able to respond to greater supply of *mitumba* and developed new designs that were closely oriented at traditional colours and cuts (ILO 2002).

In 2000, the US government approved the Africa Growth Opportunity Act (AGOA), which grants African countries duty and quota free access to the US American market, particularly for textiles and apparel. AGOA scheme extended the existing Generalized System of Preferences (GSP)—that already grants a number of countries duty free access to the US American market—by 1,800 product tariff lines such the combined trade schedules comprise 8,000 tariff product lines in total. Apart from beverages, motor vehicle components, various agricultural products, chemicals, steel, the zero tariff rate applies to apparel and textiles as well. Even though the AGOA includes provisions on the rules of origin, particularly for textiles and apparel, the special rule for 'lesser developed countries' determines that the rules of origin for these two product groups do not apply to LDCs (Least Developed Country). In 2002, Tanzania has qualified for apparel provisions of AGOA, and as an LDC is allowed to use non-qualifying third country inputs for its export production of garments eligible under the AGOA provisions. However, the textile sector was not yet able to take advantage of the US market and did only slightly increase exports. As before the qualification for AGOA, Tanzania's exports into the US still mainly consist of agricultural goods and minerals which accounted in 2008 for about 89 percent of total exports destined to US markets.[3] Before Tanzania became eligible for AGOA in 2002, exports amounted to US$ 28 million. In year 2007, exports achieved a value of US$ 46 million which is mainly due to significant increases of mineral exports (US Department of Commerce, retrieved through www.agoa.info). The picture qualifies if considering that in 2006, total exports amounted to US$ 35 million and parts of the jump between 2006 and 2007 can be explained through improvements in power supply. However, in the case of Kenya, local producers could take advantage of the new trade schedule and created 33,000 jobs in the textile sector (World Bank 2008).[4]

Similar to the US, the EU is granting duty free access for a number of goods to developing countries for about 2,100 goods as defined under the EU GSP. This system has been amended by the Everything-But-Arms-Initiative (EBA) in 2001, which especially addresses the group

[3] All data retrieved online from www.agoa.info.
[4] Portugal-Perez (2008) shows that the differential rules of origin for EBA and AGOA indeed have a different impact on export manufacturing. While countries like Botswana, Kenya, Madagascar or Swaziland heavily increased their textile exports into the US, textile exports from the same countries to the EU remained at almost the same level.

of LDCs. In this scheme, a zero duty rate applies to virtually all goods that fulfil the rules of origin provisions except for arms, sugar, rice, and bananas. Under the EBA initiative, Tanzania already enjoys almost entirely free access to the EU market. However, manufactured merchandise exports have not significantly increased since the introduction of the initiative. As table 11 shows, textile exports to the EU as defined by HSC heading 50 to 69 have only increased from US$ 14.4 to 14.9 million before and after the introduction of the EBA. For industrial products, the balance is only slightly better: products defined under HS chapters 21-49 and 70 to 99, but excluding minerals such as gold, diamonds, cobalt, ores and copper increased from US$ 13.9 to 22.7 million.

Table 11: Export volumes to EU for selected sectors in million US$

Textiles HS 50-69		Industrial products excluding minerals HS 21-49;70-99	
2000	2007	2000	2007
14.4	14.9	13.9	22.7

Source: COMTRADE, 2009

3. Women in the Tanzanian economy

As in many other African countries, women are highly visible in the economy as indicated by the high shares of labour participation. The number of female headed households is high—although within the usual range exhibited by African countries. 25 percent of all households in Tanzania classify themselves as being female headed. Of these, 35.3 percent are poor by the headcount ratio against 35.8 percent of male headed households.

The restructuring of trade is likely to affect women through various channels due to the many different ways in which women participate in the economy. It is important to acknowledge that women act as labourers and income generators, but also as mothers, providers of care and food suppliers. Price changes of final goods and intermediates directly affect employment and may shift employment away from women towards men (or vice versa). However, as prices change, household incomes adjust and demand for consumption goods changes as well. All this has further implications for personal income and the time budget of women which in turn affects other household members, children in particular, too. The following sections aim to address this multidimensionality.

3.1. Women in the labour force

Employment in general and of women in particular can take various forms. First, women are either self-employed or pursue wage employment, whereas both forms can be within or outside the informal sector. Second, a huge share of women is employed in agriculture, which due to the importance of the agricultural sector is treated as an own employment category. Within agriculture women can be either self-or wage-employed. Finally, women often work as unpaid family workers, either in the agricultural or the non-agricultural sector.

The Integrated Labour Force Survey (ILFS) 2006 indicates that 18.8 million people are economically active, of which 16.6 million are counted as employed. The statistics reveal a high female labour participation ratio: about 88.8 percent of women are economically active against 90.5 percent of men. The female to male participation ratio is thus relatively equal as 51.3 percent of the labour is made up from women. High female labour force participation ratios have been claimed to be favourable to economic growth through increasing the population share available on the labour market (Klasen and Lamanna 2003).[5] The high female participation ratio has further led the Global Gender Gap Report 2007 to conclude that Tanzania exhibits employment wise 'gender equality'. These numbers have to be interpreted with caution, though. High participation ratios do not give any indication on the quality of labour and employment. While women may find jobs in low quality occupations with poor labour standards, men may be overrepresented in high skill positions. When comparing the labour force participation data among countries, Tanzania stands out relatively high. However, the National Bureau of Statistics (NBS) counts fetching water and collecting water as productive labour. While this approach has its merits, it aggravates the comparability of Tanzanian data with data from other countries. Finally, women tend to be employed in agricultural activities while men on average find better paid jobs in the manufacturing sector. Even within agriculture, men tend to be engaged in the production of cash crops while women often produce staple foods meant for household consumption.

Women are underrepresented in wage employment in all sectors. 15.3 percent of economically active men are working for wage in either the formal or informal sector as opposed to 6.1 percent of women. It is notable that wage employment expanded at a faster

[5] This is not to say that household chores are unproductive, but are simply not counted in standard macroeconomic accounting.

rate for men, whose wage employment rate stood in 2000/01 at 9.8 percent while that for women was at 4.0 percent. Regarding formal employment, gender disparities are evident, too. According to data from the Employment and Earnings Survey (2001), 71 percent of formal workers are men which translates into a female to male ratio of 0.41. This ratio is even lower in the private sector, where it stands at 0.39, but larger in the public sector that exhibits a ratio of 0.48. In the manufacturing sector that with more than 80,000 (formal) employees is the largest employer in the private formal sector, women make up a share of only 18.6 percent. Compared to women, men are also occupying more permanent positions.

The informal sector makes up a large share of value added generated in Tanzania. Studies on the size of the informal sector estimate that including self-employment in agriculture about 60 percent of GDP are generated in the informal sector (Schneider 2004). In view of its importance, the informal sector is a major source of employment which—excluding agriculture—accounts for 10.1 percent of total employment. 55.1 percent of the informal labour force are men while the share of women amounts to 44.9 percent.

Table 6: Distribution of currently employed persons by sex and sector, 2006

Sex	Agriculture, Forestry, Fishing	Mining and Quarrying	Manufactures	Electricity and Gas	Construction	Trade	Transport	Finance	Other services	Total
Male	5,880,789	72,862	272,872	13,507	171,995	837,881	231,116	11,286	594,017	8,086,325
Female	6,832,446	11,463	161,335	3,498	6,686	758,909	13,111	6,211	747,150	8,540,809
Total	12,713,234	84,325	434,206	17,005	178,681	1,269,356	244,227	17,497	1,341,167	16,627,134
					In Percent (by Column)					
Male	46.26%	86.41%	62.84%	79.43%	96.26%	66.01%	94.63%	64.50%	44.29%	48.63%
Female	53.74%	13.59%	37.16%	20.57%	3.74%	59.79%	5.37%	35.50%	55.71%	51.37%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
					In Percent (By Row)					
Male	72.73%	0.90%	3.37%	0.17%	2.13%	10.36%	2.86%	0.14%	7.35%	100.00%
Female	80.00%	0.13%	1.89%	0.04%	0.08%	8.89%	0.15%	0.07%	8.75%	100.00%
Total	76.46%	0.51%	2.61%	0.10%	1.07%	7.63%	1.47%	0.11%	8.07%	100.00%
					Percentage change from 2000/01					
Male	-12.21%	371.54%	68.75%	0.32%	16.61%	48.17%	122.38%	-49.07%	-4.62%	-3.17%
Female	-4.99%	-16.76%	92.64%	183.70%	59.34%	8.81%	71.54%	43.14%	33.45%	-0.27%
Total	-8.47%	188.56%	76.90%	15.70%	17.79%	0.51%	118.90%	-33.98%	13.40%	-1.70%

Source: Integrated Labour Force Survey 2006 and 2000/01. The data include workers in both the "formal" and "informal" sectors, whereas the formal sector refers only to non-agricultural occupations.

As shown in table 6, agriculture is by far the most important employer which absorbs more than 76 percent of the labour force. In relative terms gender disparities in agriculture seem to be low: 53.7 percent of the agricultural labour force is accounted for by women even though 80 percent of working women are employed in agriculture against 73 percent of men. In absolute terms this number translates into almost 1,000,000 more women being employed in agricultural activities as compared to men. Women are overrepresented in the service sector—which is the second most important sector in terms of employment after agriculture—where 59.2 percent of the labour force is supplied by women. Since the publishing of the ILFS 2000/01, the service sector has gotten ahead of the trade sector which at that time absorbed the largest share of labour after agriculture and a major source of employment for women. In the current round, trade has partly lost its importance for women as only 40.8 percent of the sectors workers are women. All other sectors—particularly in construction, finance, and transport—are dominated by men.

The comparison of the two rounds of the ILFS reveals the structural change that Tanzania has undergone in the past years. Agriculture is still the main employer in the economy though its employment share has decreased by 5.7 percentage points between 2000/01 and 2006. As opposed to men, women's share in the agricultural labour force has only slightly decreased. In contrast to that, women significantly increased their share in the service sector where women by far outnumber men. It should be noted however, that 52.4 percent of women are employed as low wage domestic workers in private households. Women also increased their share in manufacturing, but lost in the mining sector. The Duncan index measuring gender segregation amounts to 0.09, which is a comparatively small value (Kenya reveals an index value of 0.21 (USAID 2006)) and seems to suggest gender equality in terms of employment. However, due to difficulties with the Duncan Index, this number should be interpreted with caution.[6]

Table 7 highlights the distribution of men and women across different occupations. The data shows the strong representation of women in crop growing and in retail trade, particularly regarding processed food. The table also shows a slight over-proportional female employment in textile and apparel production. Regarding the service sector, women's strong representation

[6] Some concerns apply as to the meaningfulness of the Duncan index. The index is determined by the importance of individual sectors within the economy in terms of absorbing labour. Most labour is employed in agriculture such that the other sectors receive only little weight in the calculation of the index. Tanzania is however far from gender equality regarding opportunities to find wage labour.

in the sector mainly stems from the employment in domestic services. Men on the other hand, dominate the manufacturing sector where only in textiles, women are equally engaged.

Table 7: Distribution of female and male employment by occupation

	Women	Men	Total
Cattle, beef, dairy and small animals	233,066	545,952	779,018
Crop growing	6,944,679	6,023,079	12,967,758
Agricultural and forest services	7,446	17,165	24,610
Fishing	6,047	112,074	118,121
Mining and quarrying	13,771	15,452	29,223
Grainmill products and food canning	25,578	47,987	73,564
Textile and apparel production	47,686	30,680	78,366
Manufacture of non-metallic goods	10,486	83,032	93,518
Electricity and water	1,233	13,464	14,698
Construction	4,196	147,494	151,690
Retail trade, agricultural products, meat and charcoal	165,406	206,170	371,576
Retail trade processed food	182,111	42,336	224,447
Retail trade textiles and clothing	42,148	53,731	95,879
Other retail	125,377	214,832	340,210
Restaurants and hotels	182,430	48,427	230,856
Transport and communication	7,643	104,476	112,118
Finance, insurance and business services	4,339	22,162	26,500
Public administration	20,287	68,209	88,496
Non-profit making public institutions	1,913	4,302	6,215
Social and community services	51,631	87,746	139,378
Education services	71,262	123,892	195,155
Repair services	1,355	77,523	78,878
Domestic services	394,387	206,479	600,867
Other personal services	19,036	54,626	73,662
Total	**8,563,513**	**8,351,291**	**16,914,805**

Source: ILFS 2001

The ILFS data reveals that men spend more time in income generating activities as compared to women. While men work on average 55 hours a week, women spend only 50 hours per week. This difference is particularly marked in self-employment where men work up to 10 hours more per week. However, the gender specific time use needs to be assessed in the light of extra time needed for household chores, which are usually considered a woman's task. The time use data of the ILFS shows that young women, between age 15 and 24, spent weekly 10 hours on collecting firewood and fetching water. Men from the same age group are occupied with these tasks for only 3.6 hours. Furthermore, the ILFS data only relate to the main activity of the respondent. Many women cultivate their home gardens while running a small scale business, which is considered as the main activity.

Table 8 shows disaggregated time use data on different activities by sex. The total available time is measured in minutes which roughly sum up to 24 hours. Men spend about 26 percent

of their time in income generating activities, while women allocate 17 percent of their time to income generating activities. Women are much more involved in unremunerated activities as shown by the data which amounts to almost 3 times as much as compared with men. Interestingly, the data shows that working time for dependants is almost equally distributed across women and men. Nevertheless, the unequal distribution of time spent on household maintenance and caring for energy and water suggests that women have substantially less time available to respond to wage incentives.

Table 8: Distribution of time spent on activities by sex

	Male		Female	
	Minutes	%	Minutes	%
Employment for establishments	90	6%	35	2%
Primary production activities	181	12%	164	11%
Non-primary, non-establishment production	6	0%	7	0%
SNA work sub-total (*of which paid work*)	**277**(*96*)	**18%**(*7%*)	**206**(*42*)	**13%**(*3%*)
Household maintenance	53	4%	170	12%
Care of dependants	12	1%	35	2%
Community services	9	1%	7	0%
Unpaid care work sub-total	**73**	**6%**	**213**	**13%**
Learning	88	6%	76	5%
Social activities	131	9%	96	7%
Mass media use	18	1%	8	1%
Personal care	863	60%	850	59%
Total	**1451**	**100%**	**1448**	**100%**

Source: Table adapted from Budlender 2008.
Note: SNA refers to time that is allocated to activities that are accounted for by the System of National Accounts. Paid work represents wage labor, unpaid care work to household chores and other unremunerated activities and the latter represents time allocated to dependants.

3.2. Women in Agriculture

Agriculture is key for the development success of the developing and emerging economies. Past research has found that raising agricultural productivity is a prerequisite to achieve pro-poor growth (Klasen 2004). Given the importance of the agricultural sector, the economic position of women in agriculture has far reaching implications for Tanzania's growth and development potential. Agriculture is characterized by substantial gender inequality that affects the scope of raising agricultural productivity through the limited capacity of women to respond to price signals. A distinguishing feature of agricultural production in Tanzania (and other SSA countries as well) is the division of labour between women and men. While men are mainly responsible for providing cash money, women tend to be engaged in cultivating

vegetables, grains and other subsistence crops in order to satisfy household food needs. Household land is divided into husband's and wife's land, where both work on their own account. Furthermore, while men rather not support their wives in cultivating subsistence crops, women are expected to help their husbands on their fields (Omari 1988, Eriksson 1993, ILO 1996). The fact that women work on their husband's plots as well restricts their time budget and the opportunity to generate additional income. As women are less involved in marketing cash crops, income needs to be generated from selling food crops on the market or from other forms of small scale business as petty trade or food processing (Homboe-Ottesen and Wandel 1991).

As research has shown, gender inequality comes not only at the cost of women, but also affects the productive outcomes and welfare at the household level as well. As the studies by Tibaijuka (1994) on Tanzania and Udry (1996) on Burkina Faso show, household farming and the allocation of resources is not necessarily Pareto efficient, that is, available resources are not efficiently allocated across male and female activities, with a bias towards male farming. By reducing gender inequality, households could increase their welfare even without needing to purchase further inputs, but by just using available resources more efficiently.

To get an idea of the gain of achieving gender equality both studies have attempted to calculate the yield loss that arises from the inefficient allocation of resources caused by gender casting of crops and labour tasks within households. Referring to banana cultivation in Kagera (Northern Tanzania), Tibaijuka calculates that efficiency losses due to gender inequality amount to 12 percent of total yields. Udry (1996) estimates that maize yields could be increased by 9 percent, if resources were allocated efficiently. It is difficult to make a statement on the reasons of such inequality. A likely cause, however, might be the fact, that at least in Western Africa, it is common that women and men keep their own personal account. All income falls accrue to the personal account such that men do not necessarily have an incentive to share resources with their wives. Further studies in the context of Ghana show, that women and men from the same households do not even insure each other against income shocks. Although insurance exists, the system basically runs along gender lines, that is, women insure other women from other households, while men insure other men. If such an incentive scheme is the underlying mechanism causing household production inefficiency, then changing the system difficult as it is rooted in traditional labour arrangements and family relations. In Tanzania, men often decide on which crops to cultivate and often keep the

income if agricultural surplus is marketed. However, through income earning activities outside the household, women managed to keep some personal income on which they can decide. It is believed that this additional income serves to increase the bargaining power of women (TGNP and SARDC 1997).

Land as the major means of agricultural production is mostly under control of men. Under customary law, access to land is granted upon assignment from the family elders in the course of marriage or via inheritance. Since women are mostly excluded from inheriting land and land markets are often limited or non-existent, marriage is for women the most important means to get access to land. Due to traditional customs that aim at keeping land within the family of men, land is often only given to husbands who in turn are expected to allocate some of the land to their wives. In their study on gender inequality in rural households in Morogoro district, Ndiyo and Urassa (2003) find that in almost 60% of the households, men own total available household land, while in only 13% of the households women claim ownership on land.[7] However, the formal or customary right to sell the land remains with the husband. The Tanzanian Land Act, 1999, and the Village Land Act, 1999 was passed with the aim to grant women and men equal access to land, but prevailing traditional laws keep on being practiced (Yngstrom 2002).[8] In case of widowhood, the woman often has to return the land to the husband's family. This implies that women encounter different land tenure scheme as compared to men, which are associated to different levels of risk.

The definition of property rights for land has been shown to affect the incentives for investment (Besley 1995). The insecurity of land tenure of women farmers has been demonstrated in neighbouring Kenya, which might hold for Tanzanian women as well as a source of low productivity (Seebens 2008). Where women do not have secure property rights in land, they do not have an incentive to invest in soil conservation technologies. Goldstein and Udry (2008) find further support for this assumption using data from Ghana, where women decreased fallow periods below the optimal level of soil nutrient replacement, because of tenure insecurity. The expansion of cotton production in Burkina Faso (Smith and Chavas 1999) and the adoption of rice in the Gambia (von Braun and Webb 1989) failed because women had to increase their work on the husbands' fields without receiving a compensation for their foregone personal income. As a result, women in the Gambia where strongly

[7] The study is not entirely clear about what it means by ownership of productive resources, so that number may differ.

[8] It should be noted that these customs do not apply to all ethnic groups in Tanzania. However, these seem to apply to a large portion of the population.

opposing the adoption of irrigation systems. Based on similar findings, Yngstrom concludes that a further development of Tanzanian agriculture into cash crop cultivation may imply that women lose control over their land and labour as an expansion of cash crop cultivation implies that more work and land is allocated to the production of cash crops which are under male control (Yngstrom 2002).

The limited control over land is closely associated to difficulties in obtaining credits, which often require collateral such as land (ILO 2005). Consequently, women often fail to increase productivity since modern technologies are unaffordable to small-scale farmers (Achieng et al. 2001). If technologies are available to the household, men often exclusively use these on their land as the study by Udry (1996) in Burkina Faso has shown.

3.3. Women in Formal and Informal Non-Agricultural Sectors

The private sector as discussed here comprises self-employment in non-agricultural sectors. Employment is characterized by gender specific patterns, that is, male and female workers are distributed differently across sectors. In the informal sector, women are more engaged in food processing and trading, such as producing and selling maize flour or beer (ILO 2002b). Taking both, the formal and informal sector and including agricultural employment, women are with a share of 29.5 percent significantly underrepresented in the wage labor sector.

Table 9: Wage employment by sex and selected sectors in 2001

	Absolute			Share		
	Male	Female	Total	Male	Female	Total
Agriculture	34,472	11,456	45,928	75.06	24.94	100
Manufacturing	65,411	14,900	80,311	81.45	18.55	100
Commerce	54,659	21,577	76,236	71.70	28.30	100
Transport and Communication	46,677	9,651	56,328	82.87	17.13	100

Source: URT 2004

Although it is difficult to assign certain business activities as being female or male, some areas can be identified in which either women or men dominate. Based on evidence from

unrepresentative surveys, Table 10 highlights some of the activities (including formal and informal, self- and non-self-employment) which are mainly occupied by women, men or both. Sectors in which women are typically prevalent comprise food processing, textiles, and trading which is often restricted to the informal sector. Men on the other hand are overrepresented in formal employment in the manufacturing, wholesale trade or transportation.

Table 10: Occupations by type and gender

Typical female	Both	Typical male
• Food vending	• Retail shops	• Manufacturing
• Textiles	• Horticulture	• Import/ Export
• Beauty saloons	• Crop trading	• Wholesale trade
• Decorations	• Kiosk	• Transportation
• Beer brewing	• Charcoal selling	• Tour agencies
• Catering		• Estate agents
• Pottery		• Restaurants
• Basket making		• Bars
• Informal food processing		• Formal food processing

Source: Richardson et al. 2004

Earnings from wages in the private sector are vastly different for women and men. Data from the ILFS 2006 reveal that in manufacturing men's average monthly income exceeds women's income by 64 percent. When assessing EPZs as an option to increase female employment, it should in any case be stressed that apart from wage discrimination, EPZs are often associated with extremely poor labour standards (ILO 2003b). As table 9 shows, the Tanzanian manufacturing sector is far from taking advantage of the gender gap in earnings. The share of women *formally* employed in manufacturing is only 18.6%.

Regarding earnings from secondary and tertiary educated persons, returns to education are higher for women. The likelihood to become employed in the formal sector is higher for female university leavers as compared to male graduates (Al-Samarrai and Bennell 2003). After having finished studies, only a minor share of students works at home instead of participating in the labour market. Interestingly, as opposed to the general pattern of a gender disparity in wages, Al-Samarrai and Bennell (2003) find in their sample that female incomes for secondary school leavers were even slightly higher as those for men.

Entrepreneurship in the micro and small enterprise (MSE) sector is after agriculture the most important income earning activity. It is estimated that 75 percent of Tanzanian households derive a share of their income from self-employment in the MSE sector (Omari 1999). The MSE sector constitutes an important source of income for both, rural and urban households,[9] which is also acknowledged by the government which aims at supporting the sector via the "Small and Medium Enterprise Development Policy 2000". According to estimates of the ILO (2003) the number of women entrepreneurs ranges from 730,000 to 1.2 million, which roughly translates into a share 43 percent of the total number of SME's (IFAD 2005). The ILFS 2006 data reveals that about 10.9 percent of households run an enterprise from the SME sector, whereas the representation of men is slightly higher: 12.6 percent of the male labour force is engaged in any kind of non-agricultural business, as opposed to 9.2 percent of the female labour force. Returns from self-employment in the MSE sector are generally higher for men compared to women (Lanjouw et al. 2001).

Female MSE's are mostly concentrated in trade, restaurants, food processing, and beer brewing (Katapa 1999). The major motivation to engage in the MSE sector is not because of its business opportunities, but because of the need of additional income (Makombe 2006). The MSE sector is further characterized by a low growth potential due to an extremely small capital base, lacking access to markets, information, and credit (Olomi and Issack 2003), but also caused by intransparent regulatory frameworks (Ellis et al. 2006).

A common concern is poor access to finance. Although credit institutions formally do not discriminate against women, women entrepreneurs face gender-specific problems to obtain credit, primarily because of lack of collateral, e.g. land or housing (Makombe et al. 1999). An ILO study finds that 62.7 percent of the women interviewed finance their business start-ups mainly from their own savings and rarely obtain credit (ILO 2003a). Where women manage to obtain credit, Makombe et al. (1999) found this effectively helped women to establish a business which in turn increased their social and economic standing in the household, including through having a greater say in household decision making.

Trade liberalization constitutes a major challenge for MSEs in which many women find employment, as MSEs are about to lose the low price advantage against imports which are cheap and of better quality compared to locally produced products. Cheap and ready made

[9] The SME sector entrepreneurs generated 2.5 to 10 times the minimum income of public sector employees (Informal Sector Survey, cited by IFAD 2005).

food, appealingly packaged is likely to attract customers away from the poor quality products offered by local female run MSEs engaged in food processing.

However, as experience has shown many women are able to respond to new challenges and stiffened competition. Small tailor shops run by women have felt substantial competition by used clothing (*mitumba*) imported from the US and Europe. In order not to lose their market share, women started to develop new designs that were inspired by local traditions and designs (*vitenge*). Furthermore, women tailors adopted new ways to promote their products and took models to offices to attract orders (ILO 2002).

3.4. Indirect effects from female employment on economic development

Formal sector employment as any other off-farm wage income is closely associated with higher earnings as opposed to income generated from agriculture (Canagarajah and Newman 2000). Wage income is often more stable and wages paid are usually higher as the associated income per hour in agriculture. A stable income stream also serves as an insurance against risks from sudden income shortfalls, which in turn encourages investments of other household members in productive activities which are too risky otherwise (Elbers et al. 2003). However, the importance of off-farm labour income should not be overstated. Particularly women working in off-farm household enterprises earn only small amounts of money with low potential for growth (ILO 2003c).

Income earned by women has a number of different favourable effects, particularly for the welfare of children. As demonstrated by Thomas (1990) and Haddad and Hoddinott (1994) among others, an increase of female income is significantly associated to an increase of child nutrition and expenditure on education. Healthier children are less likely to die which in turn decreases population growth. In the Tanzanian context, the ILO reports that if women are employed outside the household in non-agricultural activities, children are less likely to work as the income of women often compensates earnings from children (ILO 2001).

4. Potential impacts of the EPA on Tanzania

The tariff reduction schedules as they have been published[10] list the commodities that are going to be liberalized and those excluded according to the 6-digit Harmonized System Codes (HSC). 17.4 percent of all imports are going to be excluded, whereas the IEPA contains a clause on safeguards. The 'infant industry' clause (article 21) allows for raising tariffs again for goods that have been liberalized if the affected sector would need further protection. The tariff liberalization comes in three tranches defined in annex two, three, and four of the IEPA document: the first will take immediate effect by 2010, while the tariff reduction of the remaining non-excluded goods is scheduled in sub-sequent steps. The second tranche begins in 2015 and will reduce tariffs until 2023 for the goods concerned. The third tranche aims at reducing tariffs between 2020 and 2033. It is interesting to note, that the first phase beginning in 2010 will not have any impact on Tanzania as none of the goods scheduled is currently taxed. The current IEPA further contains some facilitation on the rules of origin, which may increase the export options of EAC countries. To what extent this will happen is due to the missing data difficult to project.

Before describing in the following section the potential impacts on women, the expected consequences for Tanzania are depicted in general. Due to the complexity of female labour relations and their strong integration into societal issues, the general understanding of the implications of the EPA for the Tanzanian economy is key for further women specific considerations. For example, whether jobs for women are created in the manufacturing sector, depends very much on whether manufacturing is ready to respond to export opportunities. The general impacts considered here extend to the export sector, but also to production determined to the domestic market and concern the reallocation of labour as well as changes arising from reduced public income and associated spending.

As laid out in the introduction, much of the discussion that follows is necessarily speculative in that possible scenarios are developed which draw on Tanzanian past experiences but also on those of other countries. It would be desirable to provide a detailed analysis of the individual goods to be liberalized as published in the tariff schedules, which is. due to the problems mentioned not possible. In large parts this would be also highly repetitive as similar conclusions apply for a range of goods.

[10] The IEPA and tariff schedules can be obtained under www.acp-eu-trade.org.

4.1. The potential of the EPA to foster growth in Tanzania

Empirical studies often support the view that trade spurs economic growth and is beneficial for the poor (see Berg and Krueger 2003 for a review). However, many of the findings have provoked criticisms regarding the interpretation of the results and their scope for deriving general policy prescriptions for individual countries (see Rodriguez and Rodrik 2000, Rodrik 2000). In the light of such criticism it appears that although trade has promoted growth in a number of countries it is neither a panacea for an inefficient economy nor a guarantor for economic development and the reduction of poverty. At least in the short run, developing countries may face substantial hardship before potential gains of trade emerge (Winters et al 2004). In the course of trade liberalization in Tanzania, that has been implemented as part of the structural adjustment program in the mid of the 80s, the textile sector but also other manufacturing sectors have been massively decreased causing significant unemployment. Even though, this may be regarded as a necessary cleansing process of the economy, whether liberalization can be effective for creating employment and reducing poverty hinges on several conditions that need to be met.

Most importantly is an investment climate that renders investments productive and sustainable which includes

- a sufficiently developed social sector that supplies a sound base of human capital in terms of education and health,
- an institutional framework that guarantees stability, credible commitments and low levels of corruption,
- sufficiently developed infrastructure (electricity, roads, water supply),
- sound financial markets that allow access to credits at all volumes (including micro-credits),
- access to information on trade and production opportunities,
- the provision of training to develop necessary skills.

Besides increasing investments, the diversification of the domestic production structure is essential to remedy risks that might be incurred from relying on a very narrow range or products. For developing countries this entails product diversification and a reorientation away from a focus on primary exports to manufactured exports. The international experience

has shown that not only in East and Southeast Asia, the expansion of the manufacturing sector has contributed to sustained and high growth rates. Also in SSA, the examples of Lesotho and Mauritius demonstrate that manufacturing is crucial for triggering growth. Primary goods on the other hand often receive substantial refinement that generates significant value added to the product. Exporting raw materials thus implies exporting much of the value added to the receiving country.

Furthermore, due to substantial price volatility, primary products involve risks that largely have to be borne by the exporter. Although the recent increase in food prices has benefited some exporters, prices on agricultural markets have on average revealed declining terms of trade relative to manufactured goods (Polaski 2008). The impact of weather shocks potentially further aggravates the situation for Tanzania, as due to climate change, droughts are likely to become more frequent throughout the region. Diversification into manufacturing is thus crucially needed to reduce risks emerging from declining prices and unstable weather conditions. Finally, manufacturing is associated with rising employment and higher incomes and thus potentially contributes to poverty reduction.

If an investment promoting climate is missing, the gains of trade are unlikely to materialize. In one possible scenario, the EPA will further fortify Tanzania's focus on primary export production due to the many structural problems that Tanzania is currently facing and which deter the upscaling of investment. The most obvious evidence of these problems is the low response of Tanzania's manufacturing sector to the EBA initiative and AGOA as described in section 2. While some of the failure to increase exports to the EU may be ascribed to the rules of origin requirements, this argument does only apply to a lesser extent to the AGOA scheme, where Tanzania has qualified as a lesser developed country, to which rules of origin do not apply in the textiles and apparel categories. In sum, the low responses to either the EBA or AGOA seem to suggest that the EPA is not opening up significant export opportunities, as Tanzania suffers from structural problems that deter investment and hinder the upscaling of local production and diversification. Other than a contractually fixed format and differing provisions on the rules of origin, it appears that at least in the short run, Tanzania has currently not much to gain from the EPA in terms of expanding exports.

What about local production for the domestic market? Due to substantial constraints that distract private investment that aggravate diversification into manufacturing and result into a

low capacity of the Tanzanian private sector to respond to increased competition, it is possible that imports from the EU quickly fill market gaps, not yet served by local producers.

What are the driving forces behind this scenario? The 2008 Country Economic Memorandum (World Bank 2008) certifies the Tanzanian government a good record of macroeconomic reforms that aimed at creating investment incentives through a stable economic environment. However, the expected increase of private investment failed to appear and gross capital formation still does not exceed 20 percent of GDP, including public investment. Private investment even declined from 18 percent in 1992 to 11 percent in 2003 (Chandra et al. 2008). What are the reasons and where are the obstacles? First, the infrastructure is poorly developed. Energy supply is subject to frequent power cuts, roads are in a poor shape and telecommunication is often cut such that telephone and internet is not available for extended periods. A recent study of the determinants of growth in Tanzanian manufacturing shows, that firms that have at least partly solved these problems (e.g. independent power supply through generators, internet via satellite, etc.) exhibited a much better growth performance (Chandra et al. 2008). However, the requirement to invest in private procurement of infrastructure is an additional cost that restricts Tanzania's international competitiveness. Second, the technology that is used by manufacturing firms is often outdated. Many firms employ technology older than 10 years or more (Chandra et al. 2008). This implies that a significant portion of investment goes into replacing depleted technologies rather than adding new technologies to the existing stock. Third, the availability of skilled labour is limited, particularly in terms of secondary educated labour. In addition to that, the high prevalence of HIV/AIDS leads to frequent drop outs of labour, either because employees carry the disease or have to care for sick relatives. Fourth, the capital market imposes several constraints particularly for business start ups that face high interest rates (Chandra et al. 2008). Although trade seems apt to generate growth and employment, Tanzania does in the current situation not seem able to utilize its benefits.

The Tanzanian manufacturing sector exhibits a strong orientation towards the domestic market. Only 27 percent of manufacturers are engaged in exports (Chandra et al. 2008). For Tanzanian exporters, the European market is difficult to serve as quality standards and demand often differ and potentially impose constraints particularly for small and medium scale enterprises through lacking technologies and educated labour, but also due to missing information on quality standards and preferences of the consumers. The focus of Tanzanian

manufacturers on the domestic market is risky, as through the potential inflow of cheaper or higher quality imports from the EU in the course of the EPA, local producers may lose their market share. Furthermore, open niches in the market are likely to be filled by European imports thus rendering the diversification in Tanzanian manufacturing difficult.

The integration into international trade is often claimed to increase employment, through increased export opportunities. The examples often cited comprise mostly Asian countries like South Korea, Taiwan, Thailand, Singapore or recently Vietnam, but also some experiences from Latin America and Africa as Lesotho or Mauritius where manufacturing has been substantially extended. However, the participation in world trade has not always created employment in the manufacturing sector. As the example of India demonstrates, trade has not contributed to an expansion of employment in manufacturing, despite its comparative advantage in terms of low wages and over-supply of low skilled labour (Sen 2008). Similar examples are Kenya and South Africa where trade integration did also not bring about the expected result of creating manufacturing employment. India benefited from trade through its abundant supply of secondary educated labour which translated into an increase of the service sector such as information processing where also women find employment. Is this an option for Tanzania? Although enrolment into primary schooling is comparatively high (see previous sections), the enrolment ratios for secondary schooling are extremely low. The limited supply of secondary educated labour leads to comparatively high wages in this labour segment which further exacerbates the expansion of the service sector, but also affects manufacturing as skilled employees for management and administrative positions are scarce.

4.2. Does free trade correct for inefficiencies in Tanzanian production?

Increased competition initiated by free trade may indeed work to correct existing inefficiencies and spur an efficient allocation of resources in line with their marginal costs and returns. Inefficiencies may be caused by poor access to technologies that enable firms to produce at the production frontier. Technology transfers can enable producers to exploit economies of scale and to utilize the countries' comparative advantages (Easterly and Wetzel 1989). Another reason might be found in rent-seeking behaviour whereas lobby groups seek to extract preferential treatment from the government in terms of subsidies or other policies. Such efforts are often accompanied by price distortions causing costs in terms of welfare (Krueger 1974). These issues might be addressed by trade liberalization which enables

technology transfers and helps to reduce price distortions. However, a number of cautions are in order: First, cheap imports are not necessarily a result of greater efficiency in the exporting country but can be due to producer subsidies which enable exporters to produce at lower cost as elsewhere. Particularly agricultural producers in the Western world have enjoyed a wide range of subsidies which effectively protected domestic markets against foreign competition even without the need for raising tariffs. These tariffs have effectively been working as a non-tariff barrier to protect the EU market from foreign competition. Second, existing inefficiencies are often not limited to a particular sector but due to problems that affect the economy as a whole. For example, malfunctioning financial markets, lacking infrastructure, etc. affect all sectors in the economy. Arguing that a particular sector is inefficient is therefore not reasonable as the argument extends to the whole economy, if underutilization of technologies or usage of outdated machinery may be caused by malfunctioning financial markets, rather than by lacking access to technology. In such a situation, the exploitation of comparative advantages and the diversification of production is difficult, in view of the stiff international competition induced by countries like China where an extremely wide range of goods is produced

Third, inefficiency can be a temporal phenomenon. High rates of industrial growth in South Korea have been achieved by heavily protecting the local market from foreign competition. However, local producers were given a time schedule until which they had to be comparative enough to sell their goods on the world market. Not till then, the protection of the domestic market has been abolished (Amsden 1992). Fourth, even though some sectors are inefficient, a shock therapy through a sudden opening of markets imposes substantial hardship on those who subsequently lose their job. Being unemployed has a substantially different meaning in a country like Tanzania as compared to Western countries where the social safety net is working comparatively well. Fifth, it is somewhat unclear where the competitive advantage of Tanzania is located. Studies have found that despite the very low wage rate, Tanzania is a high cost production environment, particularly in comparison to its neighbour Kenya (World Bank 2008, Competitiveness Report 2008). Low levels of skills and training of the work force, lacking infrastructure and administrative hurdles contribute to the production cost and low levels of productivity. In conclusion, even though Tanzania obviously faces several inefficiencies, whether a reciprocal trade agreement serves as a cure to this problem remains—at least in the short term—doubtful. Without accompanying measures such as

significantly upscaled investment in infrastructure and human capital, Tanzania is unlikely to benefit from the EPA.

5. Impacts on markets in which women are employed

The preceding discussion was largely focused on the potential of the Tanzanian manufacturing sector to develop in response to the EPA. A strong manufacturing sector often implies job opportunities for both, men and women. However, the economic impacts reach beyond the manufacturing sector per se since women act in different markets and face different constraints compared to men. Some of the crucial questions that need to be raised with respect to the particular situation of women are:

1. Are markets in which women are active created or destroyed?
2. Are prices transmitted to women and do they benefit from price changes?
3. Are women able to respond to price incentives?
4. What is the impact of public expenditures?
5. What is the impact on time use and labour reallocation?

The sectors revealing a high intensity of female labour force participation basically comprise agricultural production, food processing and textile manufacturing (see table 7), which are the sectors considered in the following sections. Furthermore, many women are engaged in trading, a sector that is affected by the EPA as well as new products might emerge on the market as well as prices are likely to change. Other sectors such as mining, where women are involved such as in small scale mining are unlikely to be affected by the EPA, as gold—which is an important export product—is a general exception where tariffs will be maintained.

The current agreements on tariff reductions and exclusions give a detailed list of goods that are going to be liberalized and the exclusions. The goods that will be liberalized are divided into three groups according to the time schedule at which tariffs will be decreased. A number of goods will be fully liberalized by 2010, while tariffs for goods belonging to the other two categories will be subsequently decreased between either 2015 and 2023 and 2020 and 2033.

From the analysis of the list of exempted goods, it appears that many of Tanzania's important sectors keep on being protected. Furthermore, due to the detailed level of classification of

goods in the agreements using the 6-digit HSC classification and the lack of data on goods exhibiting a high share of female production intensity, it becomes extremely difficult to make exact statements on whether and to what extent women will be affected.

Agriculture

Agriculture constitutes the most important sector in Tanzania where most people are employed (see background on Tanzania's economy). Due to the labour division between women and men, it would be desirable to analyze patterns of individual or groups of crops by gender, which would miss out the complex production structure in the agricultural sector. Alternatively, it is possible to sketch trends and draw up possible scenarios such that the analysis that follows needs to be interpreted in this regard. A further difficulty is that most people cultivate many crops at the same time such that it is difficult to give accurate numbers of people employed in a certain sector as double counting is inevitable.

Table 12: Sectoral distribution of employment and trade within the agricultural sector (2005 and 2007)

	Production Quantity	Employ-ment**	Female Share	Export	EU share	Import	EU share	Average tariff	Excluded good	Time schedule
Maize	3288	6,148,148	53.9	94.4	0.1	13.6	0.0	50%	Yes	
Rice	957	1,077,851	54.0	7.2	0.0	12.2	0.0	25%	Yes	
Sorghum	1045	1,124,172	56.1	1.8	0.0	0.0	0.0	25%	No	2033
Millet		***		0.0	0.0	0.0	75.0	25%	No	2033
Cassava	7000	1,482,373	61.2	0.0	0.0	0.0	0.0	10-25%	No	2033
Wheat	115	4,284	13.5	1.9	4.7	475.0	0.3	0-35%	Yes	
Beans	291	582,710	67.4	10.1	19.6	5.9	16.5	25%	Yes	
Barley	4.5	…	…	0.0	0.0	2.1	100.0	0-10%	No	2010/ 2033
Oats	0	0	…	0.0	0.0	0.0	23.1	0-25%	No	2010
Rye	0	0	…	0.0	0.0	0.1	0.0	0-25%	No	2010
Oilseeds	467	292,635	52.7	49.0	7.8	0.0	2.3	10%	No	2033
Roots and tubers	9.95	140,383	42.2	0.0	0.0	0.0	0.0	25%	No	
Cotton		464,496	49.1	110.0	10.1	0.3	75.0	25%	Yes	
Coffee	54	383,449	45.5	46.6	44.6	0.1	45.6	25%	Yes	
Tobacco	47	155,623	46.4	42.2.1	81.3	3.4	7.4	25%	Yes	
Tea	30.7	5,031	56.2	0.2	93.5	0.1	1.6	25%	Yes	
Cashew nuts	7000	162,274	46.1	34.0	1.3	0.0	0.0	25%	Yes	
Sisal	23.5	4,554	…	38.5	9.4	0.0	0.0	25%	Yes	
Sugar	2750	14,038	46.9	25.0	76.1	85.4	8.5	10%	Yes	
Fruits and vegetables	4225	243,180	50.6	73.4	7.2	10.3	12.2	25%	No*	
Livestock		930,844	36.1	6.1	5.0	3.8	34.3	25%	Yes	

Source: FAOSTAT 2008, Thurlow and Wobst 2003, EU

Quantities are given in '000 tons.

*partly liberalized , **employment refers to formal, informal and self-employment, ***employment number refers to sorghum and millet

Table 12 gives an overview of the production, employment, and trade structure of the main crops grown. Cotton, coffee, and tobacco are the most important earners of foreign exchange, followed by fruits and vegetables and cashew nuts. In terms of female employment, food crops are more female labour intensive compared to cash crops and livestock. Many crops bear a dual meaning as being subsistence and cash crop at the same time. Traditionally, the production of subsistence food crops is a women's task, while men produce cash crops. The surplus produced by women in the course of subsistence production is sold on the local markets while the rest is meant for home consumption.

Regarding many locally produced agricultural goods, tariffs will remain in place. However, there are important exceptions comprising oilseeds, grains as barley, rye and oats, millet and sorghum and some vegetables as sweet potatoes, chicory, roots and tubers, and several kinds of fruits (such as apricots and dates), berries, and nuts excluding those typically grown in Tanzania like cashew and peanuts. Except for barley, rye and oats, as well as the affected fruits and berries, these crops are produced at significant volumes in Tanzania (see table 12), but currently not or at minor volumes imported from the EU.

Currently, the EU is not producing these crops (except grains) at large volumes. Table 13 shows the total European production volume of the items considered and tomatoes, wheat and potatoes as a reference. Note, that the latter three crops are not affected by the EPA. As can be seen from the table, the EU is for all non-excluded goods except for grains and sunflower seeds a net importer. Except for barley, which is exported from Belgium (2095 tons), the EU does not export at all or in negligible amounts any of the crops affected by tariff reductions. Given the current situation, it is unlikely that women or even Tanzanian farmers in general would be affected by the EPA in terms of cheap imports displacing domestic production.

It is nevertheless possible that in the future, EU farmers increase exports to Tanzania, particularly for barley, rye and oats or oilseeds. Grains including maize, rice, sorghum, millet—and to some extent wheat—are produced at large volumes in Tanzania (see table 12). Particularly maize and sorghum are integral parts of the traditional diet and are used to prepare bread, porridge (*ugali*) or for cooking. Barley, rye and oats are not consumed at large amounts or not at all. Could they serve as a substitute? Potentially yes, but consumption habits would have to change. However, given that current tariff rates in Tanzania for barley amount to only 10 percent, trade has still not occurred such that, again, a significant increase is unlikely. What would happen if there were nevertheless an increase and a substitution of

e.g. maize by EU grains? In this case, it is likely that many women lose a significant stake in their incomes, which is derived from selling surplus maize. However, maize is not solely cropped by women such that the same conclusion applies to men as well as about 47 percent of the labour force mainly engaged in maze production is male.

Table 13: EU production and trade volumes of non-excluded goods in 2005

	Production	Total import	Total export	Export to Tanzania
Oilseeds				
Castor oil seed	0.00	0.00	0.01	0.00
Linseed	1.12	6.93	1.46	0.00
Canary seed	0.10	0.83	0.23	0.00
Rapeseed	183.05	37.87	33.73	0.00
Soybeans	8.03	160.83	16.90	0.00
Sunflower seed	48.47	18.93	23.20	0.00
Cotton seed	11.26	3.09	2.37	0.00
Grains				
Barley	585.47	75.95	101.51	0.02
Oats*	90.13	5.03	7.71	0.00
Rye*	83.25	12.30	16.63	0.00
Rice**	2.63			
Rice flour		0.58	0.37	0.00
Vegetables				
Sweet potatoes	0.79	0.65	0.17	0.00
Roots and Tubers	2.62	0.48	0.07	0.00
Lettuce and chicory	30.50	9.68	10.23	0.00
Other				
Millet	0.26	1.16	0.74	0.00
Sorghum	5.62	5.00	1.61	0.00
Reference values				
Wheat	1210.11	274.66	360.32	
Tomatoes	157.64	26.08	23.83	
Potatoes	619.94	64.60	69.69	

Quantities in '000 tons * no data on flour available
Source: FAOSTAT

Regarding oilseeds, HBS 2000/01 data shows, that consumption of raw oilseeds is largely restricted to sesame and sunflower (about 488 grams/month per capita consumption). Cooking oils are derived from several sources such as sesame, sunflower, peanuts and coconuts.[11] Given the recent development of world market prices for oilseeds and the huge demand in the developed countries, it is at least in the short unlikely that oilseed exports to Tanzania will increase. It is difficult to deduct consequences for the case if import increases were to happen

[11] Oilseeds were in the past comparatively cheap: in year 2000, the retail price for one kg of sunflower seeds was at about US$ 0.5 while a kg of sunflower was available for US4 0.2.

as oilseeds belong to a large portfolio of crops produced and are not as widely produced as maize. Considering the estimations reported in table 8, the female involvement in oilseed production is quite large and thus women farmers could be affected.

A number of different fruits such as apricots (08.0910), dates (08.0410), figs (08.0420) different berries (08.1010-08.1040) or cherries (08.0920) as well as preparations thereof are going to be liberalized. The involvement of women in fruit production and marketing is difficult to determine. However, if these fruits are going to be imported and substituted for local fruits, women and men potentially lose an important source of income.

Livestock and livestock products

Imports of living animals of all kinds (HSC 0101.10 - 0106.90) will be liberalized except for HSC 010511, although trade with animals is unlikely to happen on a large scale as transportation cost are high. Meat will be affected by wide ranging tariff reductions (most of products listed under HSC 0203-0210). Exemptions concern fresh meat from bovine animals (HSC 02.0120-02.0130) as well as frozen meat (0202.20 and 0202.30), some items under fresh, chilled or frozen meat derived from sheep and goats (HSC 0204.22.00, 0204.23, 0204.42, 0204.43, 0204.50), some items under offals (HSC 0206.10.00, 0206.22, 0206.29, 0206.90), prepared meat from swine (HSC 0210.11, 0210.12, 0210.19, 0210.20) as well as uncut chicken meat (HSC 0207.11, 0207.12). Regarding bovine animals, goats, sheep and swine, it is unclear to what extent women are affected as women's involvement into meat production and marketing is difficult to determine using the available data. The data that is available suggests that women are engaged in milk production and marketing. Dairy products (HSC 0401 - 0410) are entirely excluded with the exception of dried eggs.

However, the liberalization of poultry meat is likely to have an impact as within the meat sector, poultry is probably most relevant for women. Available studies—which are limited to the case of Dodoma and Dar es Salaam—indicate that although women are responsible for keeping the chicken, men do the marketing and keep the cash (Kitalyi 1998, Msami 2007). Nevertheless, some 15% of the surveyed women reported in Kitalyi are involved in chicken trading. For these, women, there will be an effect, if cut frozen and unfrozen chicken and cut or un-cut meat from other poultry displaces the chicken trading women from the market. This result is dependent on whether cut chicken meat can substitute for un-cut chicken meat, which is likely to be the case. As to what extent frozen meat will squeeze women from the market

depends on the capacity of transporting and storing frozen products in Tanzania which is currently at least for rural areas unlikely.

Fish and other seafood imports under heading HSC 0301-0307 will be liberalized with only few exemptions (some fresh fish items under HSC 0302.39, the entire range of fish filets HSC 03.04 and prepared fish 0305.10.00, 0305.30, 0305.49, 0305.59, 0305.69). Although women are significantly involved in processing and trading fish, they are not substantially involved in fishing itself. A widespread activity that employs many women is the collection of fish residues which are released from the fish processing plants at Lake Victoria. The tails, skeletons, and heads are dried and fried and are highly demanded on local markets for their high content of protein. Nile perch which is caught in Like Victoria is meant for export such that no significant competition regarding Nile Perch and imported fish is to be expected. It is possible that imported fish serves as a substitute for domestically caught fish. This is however unlikely to affect the women around Lake Victoria as the fried fish residues are derived from Nile Perch waste and consumed by poor households. However, given the huge production quantities and domestic demand for fish, it is possible that cheap imports of fish will cost jobs in fishery sector. These jobs mainly concern fishermen and women trading the fish. Nevertheless, cheap imports do not necessarily displace people trading with fish such that the scope to which women are affected is difficult to predict.

Processed food

Data from the HBS 2000/01 reveal that a significant share of grains is milled before consumption. E.g. average monthly per capita consumption of maize grain amounts to 3.3 kg while maize flour consumption is 7.2 kg. Milling is an activity in which women are also involved who—according to estimates from Thurlow and Wobst (2003)—supply 50 percent of the labour force engaged in milling. The same holds for rye and rice flour (HSC 110230 and 110210) for which tariffs will be abolished, too. The volume of consumption for rye and rice flour is not known although rice (paddy and husked rice) is an important food crop with more than 2 kg average monthly per capita consumption (HBS 2000/01). Thurlow and Wobst estimate the female share of the labour force primarily engaged in producing rice at 54 percent in 2001. Rice is also used for milling, but data are not available concerning the quantities. Thus, if imports were going to increase and consumption substituting for other flours increased, too, this would not only affect women engaged in producing and selling traditional grains, but also those women who are working in the milling sector. However, this

is speculative and not likely to happen given first the current EU trade balance for barley, rye, and oats and that Tanzanian consumption habits had to change significantly. Concerning rice and rye flour, the EU significantly imports more than is exported, too. In summary, at least in the short run it is unlikely, that Tanzanian women will be significantly affected by agricultural imports originating from the EU.

All forms of starch (HS 11.08) are going to be liberalized. Except for maize starch for which imports are taxed at a rate of 10 percent, the tariff rate for starch is set to 25 percent. According to FAO data, no starch is currently imported into Tanzania. It is not possible to deduct from available consumption data, whether starch is an important ingredient for cooking and offered at the local market. As women are engaged in milling, there would be a labour displacing effect if locally produced starch is replaced for imported starch. Groats, worked, rolled, or flaked grains, flour of dried vegetables (HSC 11.0312; 11.0314-11.0329; 110411; 110421; 110422; 110423; 110430) will be liberalized, too. Here female involvement or consumption data is unfortunately not available such that an assessment on possible impact can not be undertaken.

Regarding readily consumable processed food, many items will be kept under tariff protection. With only two exceptions, for all products under heading HSC 19-22 tariff will be kept. However, among goods which are used as intermediaries for further production, a number of goods will be liberalized. Among these goods are crude vegetable oils obtained from sunflower seeds, safflower seeds, cotton seeds, linseeds, starch and other kinds of processed grains (such hulled, sliced or husked oats), animal fats, palm and coconut oils, molasses, cocoa products, oilcakes and vegetable waste products. For oils, the EU is a net importer as well as for cocoa related products. Regarding animal fats, it is likely that women are not particularly involved in processing as consumption levels are comparatively low. The Tanzanian HBS 2000/01 data indicates, that average per capita consumption of cooking and other oils (including vegetable oil) is limited to 242 grams per month. Nevertheless, the the EPA opens the Tanzanian markets and thus European producers have the option to export cooking oils into Tanzania, which would affect the local market. To what extent women would be affected is difficult to predict from the available data.

The growing of sugar cane is a further crop where women are significantly involved. According to the Tanzanian Ministry of Agriculture, Food and Cooperatives, sugar is grown

on four estates where mainly 'youth and women' are employed, but also significant small scale farming is involved. The free entry of molasses could pose a problem as sugar production is a potential source of growth in Tanzania.[12] However, given that the sugar market in the EU has been highly protected and tariffs for sugar will be entirely abolished by 2009 for LDCs exporting under the EBA. Tanzania might benefit from the free entry to EU markets rather than experiencing job losses from import substitutes into the country. Even though, Tanzania is currently substantially importing more refined sugar as it exports (export: 1.130 tons; imports 77,711 tons), the trade balance for molasses is currently positive. Although the total trade volume is rather small: molasses exports amount to 2,490 tons, while imports are almost zero. Current tariffs are at 25 percent, such that the local market is rather protected. Whether sugar from Tanzania can be internationally competitive is crucially dependent on whether Tanzania is able to renew its production facilities.

Textiles

The difficulties for determining what intermediates and final products are generated in Tanzania particularly apply to the industrial sector, where textile production occupies a significant share. The HSCs on intermediates used and final products produced in textile sector are highly disaggregated, which does not hold for the available data on the Tanzanian textile sector. As a wide range of products is protected while for others tariffs will be reduced, the following considerations are, again, necessarily speculative. A number of apparels, carpets, and other ready made textiles (HSC 5512-5516, HSC 5607-5811, HSC 61.01-6217) are exempted as well as worn clothing and other textiles subsumed under heading HSC 63 are largely exempted with few exceptions. Taxes on worn clothing are particularly important to the Tanzanian economy due to large import volumes as well as due to the fierce competition that lower prices for used apparel would cause. Cotton yarn will be entirely liberalized while woven fabrics containing cotton are kept under protection. Although no data is available on the production structure of the textile sector, some key sectors appear to be further protected such that the impact on employment is limited.

Silk (HSC 50.) wool (HSC 51.) related products will have entirely free access which is unlikely to be of any consequence for Tanzania, as these products are not produced. A range of yarns under e.g. under HSC heading 52.05 liberalized under the EPA. However, it is not possible to draw any conclusion of this as it is not clear whether these are essential as

[12] Molasse obtained from sugar cane or sugar beet is a major first step product in the process of sugar production.

intermediates or final products. Anecdotical evidence suggests that women are particularly involved in producing garments in small tailoring shops (ILO 2003a). Hence, at least regarding the garments sector, the impact of women in the textile sector through potential imports also seems to be low.

Table13: Broad categorization of goods affected in the textile sector

	Commodity description	Liberalized	Exempted
Chapter 50	Silk	Entire	
Chapter 51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	Entire	
Chapter 52	Cotton	52.01-52.03; 52.08-52.12; 52.05-52.07	
Chapter 53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	Entire	
Chapter 54	Man-made filaments	54.01-54.06; 54.0810-54.0833	
Chapter 55	Man-made staple fibres	55.01-55.11; 55.12-55.16	
Chapter 56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof		Entire
Chapter 57	Carpets and other textile floor coverings		Entire
Chapter 58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	58.05	
Chapter 59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use		Entire
Chapter 60	Knitted or crocheted fabrics	6001.21; 6001.91; 6001.99	
Chapter 61	Articles of apparel and clothing accessories, knitted or crocheted		Entire
Chapter 62	Articles of apparel and clothing accessories, not knitted or crocheted		Entire
Chapter 63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	6307.20;6307.90	Largely exempted
Chapter 64	Footwear, gaiters and the like; parts of such articles		Entire
Chapter 65	Headgear and parts thereof	Entire	
Chapter 66	Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof	Largely liberalized	
Chapter 67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	Entire	

The impact of liberalized consumption products on women

Regarding consumption goods, effects on women arise from energy alternatives to wood, transport, and ready made food, which all have a time aspect involved. Gas, which is going to be liberalized, could be a potential alternative to wood fuel. There are certain items as gas stoves or cookers (HS 7312) which provided that gas is available will limit the options of women to sell charcoal. The eventual impact that cheap import of gas stoves may have on women is however unpredictable as it hinges on many other factors as well. Nevertheless, gas cookers would only be affordable to rather wealthier households while charcoal is often an income opportunity for poor households, such that the EPA has a potential inequality increasing effect. Charcoal in its different forms (HS 38.02, 44.02) is liberalized as well. For women, the availability of cheap energy can imply that time on collecting firewood can be saved. However, women are also involved in producing charcoal, such that these women are potentially displaced by imports, if EU producers were to export charcoal to Tanzania. In some areas, e.g. technical equipment, it is possible that due to the price decreases, demand will increase and thus intensify trade. As women are also significantly involved in retail trading, it is possible that even some jobs for women are created through the EPA.

In summary, the immediate impact of cheap imports on women's employment is expected to be low. However, there are areas in which women are likely to be affected such as poultry meat, where it is likely that women are loosing their market share as has happened in Senegal, where cheap imports of poultry meat displaced women from the market. Also, if the EU were to increase exports for liberalized vegetables, oilseeds and fruits, the income opportunities of about 1.5 million women would be affected. This number would grow even larger if cassava were imported. The substitution of maize for other grains that are liberalized as well as changing consumption habits in terms of higher consumption of rice or rye flour could further cost women jobs.

Retail trade

Women are strongly present in retail trading. Here, particularly with respect to fish imports, women might be affected as laid out above. If women have access to imported fish, then there might be no effect at all if these women trade with imported fish instead of local catches. Women's retail trade activities might be affected if substituted by modern supply chains such as supermarkets. Such a development is strongly dependent on development of supermarkets, which appears to be slow in Tanzania. For future development this is nevertheless a possible

scenario which would squeeze many women from the marketing of food and other products. The EPA through its supply of cheap high-quality products may spur this development, but this is again speculative.

Table 14: Summary of expected impacts

Sector	Items	HSC	Libera-lized	Exemp-ted	Specific impact on women	Conclusion
Crops						
	Oilseeds	12.01-12.14	X		Women involved in oilseed production	Impact expected only if EU increases imports into Tanzania which are currently low
	Grains (Rye, barley oats)	10.0200; 10.0300; 10.0400	X		Women involved in grain production (maize, rice)	Impact expected if local grains maize and rice are substituted for rye, oats, and barley
	Millet and sorghum	10.07; 1008.20.10-1008.20.90	X		Women involved in sorghum and millet production	Impact unlikely unless EU engages in production of roots and tubers
	Roots and tubers (cassava, sweet potatoes, other)	71410; 071420; 071490	X		Women involved in producing roots and tubers	Impact unlikely unless EU engages in production of roots and tubers
	Chicory	705.21; 0705.29	X		Female involvement Unknown	Prediction not possible or difficult
	Fruits	Various	X	X	Women involved in the collection fruits	Impact expected if consumption habits turn from locally grown traditional fruit to imported European fruits
	Berries	Various	X	X	Female involvement unknown	Prediction not possible or difficult
Fish		Various	X	X	Women involved in fish trading and processing as food for the poor	Impacted expected only if imports substitute local catch and are distributed through modern supply chains
Meat						
	Bovine animals, goats and sheep	Various	X	X	Women's involvement Unknown	Prediction not possible or difficult
	Poultry	Various	X	X	Women responsible for raising chicken	Impact on women dependent on whether cut fresh or frozen poultry meat can substitute for uncut fresh chicken meat
Processed food						
	Readily consumable	19 - 22	X		Women involved in processing food and running small restaurants	No impact expected
	Rye and rice flour	110210; 110230	X		Women involved in milling (handmills)	Impact expected if rye and rice flour serve as a substitute for locally produced flours, e.g. maize flour
	Groats, worked, rolled, or flaked grains, flour of dried vegetables	11.0312; 11.0314-11.0329; 110411; 110421; 110422; 110423; 110430	X		Female involvement Unknown	Prediction not possible of difficult
	Starch	11.08	X		Women involved in milling (handmills)	Prediction not possible of difficult
Textiles						
	Yarn	See table 13	Largely libera-lized			Prediction not possible of difficult
	Fabrics (cotton)	See table 13		Largely exempted		Prediction not possible of difficult
	Fabrics (synthetic)	See table 13	54.08	Largely Exempted		Prediction not possible of difficult
	Apparel	See table 13		Largely Exempted		Prediction not possible of difficult

Shoes	See table 13	Largely Exempted	Prediction not possible of difficult

6. Can women respond to price incentives?

As laid out in the previous sections, the EPA is unlikely to stimulate significant export expansion that would not have taken place under EBA. It is therefore crucial to analyse the implications which the likely cementing of the current status quo in terms of a focus on primary exports has for women. The strong involvement of women in agriculture seems to suggest a focus on agricultural production generally benefits women.

However, as most women do not formally own the land they are cultivating, women may loose their personal share in agricultural production due to commercialization. It has been shown for the case of peanuts in Zambia (Wold 1997) and for rice in The Gambia (von Braun and Kennedy 1994) that the commercialization of food crops did not benefit women, who were formerly engaged in the respective sectors. The main reason was, that men took over control of the produce and demanded an increase of women's labour for their own plots or reduced the share of land allocated to women. As a result, agricultural commercialization led to lower incomes for women.

The impact of the EPA on women will hinge on the capacity of women to respond to price signals, which holds for women as farmers but also applies to women as entrepreneurs. Assuming a perfect response to prices, Levin and Mhamba (2005) show that women farmers may increase their incomes by engaging in the agricultural export sector. However, the actual response of small scale farmers and entrepreneurs to price signals has well remained below expectations due to a number of reasons.[13] First, small scale farmers and entrepreneurs operate in a risky environment and are subject to weather hazards, pests, or input price shocks. An increase of production often implies substantially changing current farming or business practices which is a risk that small scale farmers and entrepreneurs are not willing to take (ILO 2005, Fafchamps *et al* 1991). Women are well represented in both—small scale farming and the MSME sector—and thus, women's response to price changes is likely to be rather moderate. Second, even if women are willing and ready to adjust their production schemes, they have only limited control over the land they are using. An expansion of production that requires more land can only be done in conjunction with their husbands.

[13] All studies cited in the following refer to Tanzania unless indicated otherwise.

Warner and Campbell (2000) argue theoretically using a family bargaining model that the failure of women in Tanzania to respond to prices might be closely related to their intrahousehold bargaining position. Third, information on price changes is often lacking to many women. Changes of prices for agricultural, mining, or manufactured products are often not trickling down to small scale production facilities. Thus, even the integration into a modern supply chain may not lead to increased income for women, as traders do not transmit price changes in order to increase own profits (Randriamaro 2006).

Fourth, the acquisition of new technologies often requires credit which can only be obtained via collateral. Regarding agriculture, since women lack ownership of the land they are cultivating, obtaining a loan is often impossible. In other sectors such as mining or food processing, women also often entirely lack any asset that can be used for collateral (Makombe et al. 1999). Regarding off-farm income activities, women finance their business start ups mainly from own savings and rarely obtain credits (Olomi 2003). Fifth, the volume of credits offered is often too small to enable the acquisition of productivity increasing technologies (ILO 2005, Olomi 2003). Sixth, women find it difficult to comply with official regulations and tax schemes and often face sexual harassment, which prevents the official registration and licensing of their business that is needed to receive business information and training (Blackden et al 2006). Seventh, women are substantially more time constrained, which renders an expansion of own labour supply often impossible. Eighth, women often lack the means to market their products. Ninth, child care, home education, household chores do not leave the leeway for women to engage in activities outside from home, which limits the scope of employment (Lanjouw and Lanjouw, 2000). Tenth, in the agricultural context, a large share of women's produce is meant for subsistence consumption and thus not traded on the market. Women therefore lack opportunities to generate cash income to purchase inputs and increase productivity.

Finally, whether households can engage at all in exporting crops depends also on whether Tanzanian farmers are able to meet food quality and safety standards. For the case of Senegal, Maertens and Swinnen (2008) show that small scale farmers were not able to cope with food standards. However, estates expanded their activities in the export of crops and hired workers previously cultivating their own farms. Eventually, the authors find that the estate production contributed to poverty reduction in the regions where labourers had been hired.

Agricultural commercialization may further spur the development of the agro-processing industry which has some development potential in Tanzania and where also women are engaged (Utz 2008). It is estimated that currently about 7,000 women have found wage employment in food agro-processing industries (World Bank 2008).

Even though manufacturing has not yet responded much neither to AGOA nor to the EBA initiative, it is possible that in case the problems previously discussed are solved, the textile sector will further expand after the implementation of the EPA. What are the implications for women? A stylized fact that has been repeated in many studies is that an export-led expansion of production in the textile and apparel sector, but also in electronics is associated to the creation of female employment (Wood 1991, Kucera and Milberg 2000). Which implications does this have for Tanzania? The increase of women's employment seems partly to hinge on the reanimation of the textile sector which has experienced a substantial decline from the mid of the 80s onwards. The extent to which this revival is possible hinges clearly on whether the Tanzanian government is able to address the problems of infrastructure and access to finance. Focusing on the EPZs might help in order to bundle resources. However, this will be a lengthy process and gaining investor's confidence is probably a difficult process as long as the major problems have not been adequately and sustainably addressed. The slow response of the textile sector to AGOA and the EBA initiative suggest that still much has to be done. Whether creation of female employment is going to happen depends on whether the Tanzanian government is able to create an investment friendly environment. In conclusions, no significant employment gains are to be expected in the manufacturing or in agriculture in the short run

7. Government revenues, public spending, and the EPA

The abolishment of tariffs inevitably decreases public revenues, which may affect women in various ways. First, it is possible that the government reduces employment in the public sector where many women find employment. Second, the losses of tariff income could lead to a reduction on social expenditure such as health and education which could overproportionally affect women. E.g. expenditure reduction on health during the phase of structural adjustment has significantly increased maternal mortality (Meena 1991). Third, the government potentially reduces expenditures on time saving infrastructure such as water supply. Fourth, foregone import tax income could be compensated by increasing other taxes and fees which

would hurt self-employed women who already face difficulties in starting up an enterprise or to obtain the necessary licenses. Before taking a closer look on potential impacts, the general structure of spending is highlighted.

7.1. Impact of the EPA on the public sector

Total government revenues amounted in the fiscal year 2007/08 to 14.5 percent of GDP, excluding development aid, and are derived from different sources whereas value added tax and indirect taxes comprise the most important sources of government income with a share of 31.4 percent (Economic Survey 2008). The Ministry of Finance indicates that 9 percent of government revenues (or 1 percent of GDP) arise from tariffs paid (MOF 2006) while tariff income from EU imports stood in 2007 at 0.4 percent of GDP (IMF Country Report 2008). Total expenditure on the other hand amounts to 26.9 percent of GDP conveying the intense dependency of Tanzania on official development aid (ODA). In 2007, ODA stood accounted for 46 percent of the total government budget which renders ODA the most important source of public revenues. According to IMF estimates (IMF 2009), the budget deficit for the fiscal year 2008/2009 will widen from 7.0 to 9.2 percent, which reflects the huge number of tasks where public investment is needed, but also illustrate the limited leeway for the Tanzanian government to handle future revenue decreases..

9.2 percent of public expenditure has been allocated to education in 2006/07, while the health sector received 6.2 percent. Spending on energy, and transport and telecommunication sat at 5.6 and 1.3 percent respectively in the same period as opposed to 44.6 percent that was spent on administration. It is notable in the light of the disastrous condition of Tanzania's infrastructure that expenditures significantly decreased (from 9.5 to 5.6 percent and from 9.4 to 1.3 percent) while spending on administration increased from 42.1 to 44.6 percent.

Expenditure on public administration largely reflects wage bills of more than 400,000 employees in the public sector. Payments on salaries and wages stood in the fiscal year 2007/08 at 23.9 percent of total public spending (Economic Survey 2008). Due to the significant part of public expenditure that is directed to wages and salaries, a reduction of government revenues potentially affects employment in the public sector. In the course of the SAP, Tanzania already experienced a sharp cut of available resources and thousands of women and men working in public administration had to be released. However, despite other

claims, women have not been over-proportionally been affected as compared to men (Mbilinyi 2003).

In 2006, revenues from tariffs paid for goods imported from the EU amount to 52$ million US dollar which accounts for 34 percent of total tariff revenues. Assuming that current imports remain stable and assuming a 100 percent collection rate, it is estimated that the reduction of tariffs for EU goods will result into a decline of tariff revenues by about US$ 25 million US dollar which translates into a reduction of tariff revenues from EU imports by 32 percent. Applying this to the most recent 2007 data, the revenue loss implies 1.2 percent[14] reduction of total revenues. Given the potential for trade diversion among Tanzania and other importers from Asia, the US or SADC, the eventual amount of revenue loss may mount larger. Among EAC countries, trade diversion is unlikely to happen, as the collection of tariffs for goods that are not taxed for EU imports, but within the EAC would not be meaningful. In principle, the EAC seeks to achieve a full customs union through abolishing any taxes. Since all goods scheduled for liberalization by 2010 are already taxed at 0 percent, subsequent decline of revenues will not start before 2015.

Even though, the estimated tax loss does not seem to imply a dramatic revenue decrease, the decline needs to be interpreted in the light of the huge number of issues in which the public sector needs to invest. As the budget deficit is estimated to increase further, losses of revenues imply that the urgently needed improvements of the education, health and infrastructure can only be achieved at a slow pace. The actual impact of the revenue decreases crucially hinges on how the government responds to the loss. In assessing potential effects the following sectors and potential responses are considered: (i) reducing expenditure on education, (ii) reducing expenditure on health, (iii) reducing expenditure on infrastructure, (iv) and recovering income from tax increases.

7.2. Education

The current Tanzanian educational system offers comparatively equal opportunities—at least at the primary level—to both genders. The female to male primary enrolment ratio is close to one and the literacy rate of Tanzanians from age 14 to 24 is only slightly lower for women compared to men. School fees have been abandoned in 2003 making primary education free.

[14] It should be noted that this number represents a rough estimate which may vary due to the inconsistencies of different data sources.

At secondary level, the female to male enrolment ratio stood at 0.81 in 2000 which, however, needs to be interpreted in the light of overall low secondary enrolment. If expenditure on secondary schooling is reduced, the gender gap in secondary education may widen further or start to evolve in primary education.

In 2000, Tanzania adopted the Education Sector Development Programme (ESDP: 2000 – 2015) entailing universal education as a primary goal. Beside that, the curriculum is planned to be revised such that it is more adapted to the needs of girls in terms of health, suited to encourage girls to participate in technical subjects, avoids gender stereotypes (Ministry of Education and Culture Policy 1999). Improvements of sexual education are needed to address the single most important reason for girls dropping out of school, which is pregnancy. It is estimated that 3,000 girls annually drop out of school because of pregnancy (ILO 2003c). Improved education on prevention for the youth could decrease the significance of pregnancy as a reason for school drop outs. However, with free education maintained, the state will find it increasingly difficult to finance the needed increase of school enrolment and quality of education at all levels as well as the further goals formulated in the ESDP.

A cut in expenditures may endanger these efforts and may also affect teacher salaries[15] which could potentially cause a decline of school quality. Low school quality has been shown in Guinea to be negatively correlated with girls' schooling as opposed to education of boys.[16] Low school quality adds to the already high opportunity cost of children's time, which is in Tanzania substantially higher for girls than for boys.

7.3. Health

The health sector is of immediate concern as women are particularly affected through maternal diseases and further by diseases that can be caught by their children. The current public health care is still underdeveloped. Although public spending on health has almost doubled within the past decade, it still does not exceed 2.9 percent of GDP or 12.6 percent of total government spending (WDI 2008). This amount is low given that the current health system is widely underdeveloped, particularly in rural areas, and given the need to deal with

[15] In the course of the SAP and associated cuts in revenues, teacher salaries have been decreased (Meena 1991).
[16] Glick and Sahn (2003) find in a sample of Guinean households that the opportunity costs of girls' time was much higher as compared to boys' time. Girls were much more likely to be engaged in household chores rather than being sent to school.

serious diseases as tuberculosis or HIV/AIDS. Although the under-5 mortality rate is with 12.6 percent below the African average which stands at 16.7 percent, the maternal mortality rate of 1.5 percent is substantially lower compared with the African average of 0.9 percent.

Even though the WHO (2006) indicates that almost 96 percent of women have visited a health professional once before child bearing, the maternal mortality rate has achieved worrisome levels. A study on the performance of antenatal health care provided to women certified the low quality of equipment and poorly trained and motivated health staff, which led to a large number of wrong diagnostic checks and treatments (Urassa 2004).

A cut in health expenditures may also result in an increase of child mortality, which in turn can increase the fertility rate and thus reduces per capita growth (Doepke 2004). However, increasing fertility rates put women at further risk as child bearing may cause a number of diseases. High levels of fertility also threaten the development of the country as more mouths need to be fed and the capital to labour ratio decreases. A fast growing population implies an increase of the dependancy ratio and thus a decrease of the share of productive labour which has been shown to adversely affect economic growth (Sachs et al. 1997, Bloom and Williamson 1998).

7.4. Time saving infrastructure

Time saving investments that benefit women particularly concern household water and energy supply as well as transportation. The time needed for transportation, e.g. transporting crops to the market, is unequally distributed across women and men (Blackden and Wodon 2006). While men often use bicycles or ox carts, many women have to transport heavy loads on their heads (Meena 1991). In principle, an efficient system of public transportation could help although it is questionable to what extent such a system would help women in transporting substantial amounts of goods. However, other means of transportation could help such as bicycles which are among the excluded goods under the EPA. Currently bicycles are taxed at a rate of 10 percent such that the abolishment of the tax rate could potentially increase demand for bicycles as well as helping women in transporting their produce to the market.

Public supply of clean water is an important investment that bears implications for women's time and health. As indicated above, the ILFS 2006 data reveals that women spend

significantly more time on fetching water compared with men. Hence facilitating water supply would free women's resources which could be allocated to other activities such as off-farm employment. A recent study has shown that fetching water as well as collecting fire wood prevents women from actively participating in off-farm income generating activities (Seebens 2006).

Besides its availability, water as indispensable food is at the same time as a potential habitat of water-borne diseases that particularly affect immunocompromised persons such as lactating or pregnant women and children (WHO 2007). While diseases of women lead to income losses, a sick child increases the caring time of women which further restricts time available for other activities. Again, diseases affect productivity and particularly that of women.

The Country Economic Memorandum 2008 reports estimates, that per capita investment on water supply needs to increase from US$6 to US$12 in order to meet target 10 of MDG 7 stating to double the number of people with access to clean drinking water. A reduction of revenues could therefore potentially affect the supply of clean water with immediate consequences for women's time and health.

7.4. Compensation of revenue losses through increasing taxes

A critical point inherent to all trade liberalization is that most developing countries face substantial problems in collecting taxes as much of the labour force is located in the informal sector including agriculture. A huge advantage of import tax is the ease at which it can be collected, such that the compensation for tax losses is almost inevitably combined with higher collection costs. In the past decade, Tanzania has managed to increase its tax revenues by 500 percent from 400 billion TSH to 2040 billion TSH between 1995 and 2005. Most taxes, about 73 percent, are collected in the area of Dar es Salaam, such that the government expects to further increase its tax revenues by making the tax collection system more efficient in other regions of Tanzania as well. It remains questionable, however, whether this goal is realistic due to the much lower density of cash-based production in other regions and the frequent non-cash exchanges of goods.

In order to compensate import tax losses, the EU has offered to support governments to render their tax systems more efficient. This could be achieved by registering yet unregistered small

enterprises which involves an often tedious procedure[17] and thus is often not undertaken by entrepreneurs. The benefits from registering are small: formal registration is necessary to deal with financial intermediaries or to get access to public water and electricity. For micro-enterprises these benefits are often not attractive enough to justify the high costs of registration. Particularly women entrepreneurs find it difficult to comply with the regulations required by the authorities as they are often subjected to sexual harassment or prolonged waiting times compared to men (Ellis et al. 2006).

Another option open to the government could be to abandon exemptions of VAT which exist for a range of consumer goods like food. Increasing these taxes would affect women more than men as these items are usually purchased by women and paid from their private budget. The same considerations apply to increases of VAT on goods like child clothing (Mhamba and Meena 2004).

8. Summary and conclusions

One of the major conclusions of this study is that the EPA is not going to create significant increases of exports, at least in the short run, which is to the disadvantage of both, women and men. The EBA enables Tanzania to access the European market widely unrestricted in terms of tariffs, but substantially increases of manufactured exports—which are most relevant for development and poverty reduction—have not yet materialized. While for the EBA, rules of origin may be found to be the restricting factor, rules of origin are less of a binding constraint regarding the AGOA provisions that allows entry to the US market for a wide range of different goods. Here as well, Tanzanian manufacturing failed to take advantage.

Job losses in the female employment sector are to be expected in the agricultural sector or in food processing and here particularly with respect to poultry meat and potentially fish. Other areas might include textiles, but possibly also niche markets as charcoal. To what extend job losses will happen, however, depends very much on changes of the structure of imported goods. Only if the EU is to increase exports to Tanzania for e.g. liberalized agricultural commodities, the Tanzanian market will get under pressure. Whether this is going to happen is difficult to predict and given the current production structure in the EU also not realistic.

[17] Registration includes traveling to Dar es Salaam to obtain the necessary licences, payment of fees, long waiting times, etc. (Country Economic Memorandum 2008).

However, goods such as poultry might create significant incentives for European exporters as has happened for example in Senegal.

The second most important conclusion is that the diversification of Tanzania's manufacturing sector is likely to be aggravated if cheap substitutes from the EU fill existing gaps in the market. This is closely connected to the likely failure of the EPA to create employment as not only the expansion of existing manufacturing is likely not to be at significant scale, but also the creation of new manufacturing sectors are unlikely to be established.

The decrease of public revenues appears to be limited as given the current trade flows, the overall loss has been estimated to amount to 25 million US$. When interpreted in the view of the existing investment gaps in the infrastructure and social services, this number looms large, however. Then the loss of revenues becomes very severe, as the public sectors needs to simultaneously address a number of issues where current investment rates are too low. Women are affected in various ways as many areas of public investment concern women's time budget. A cut in expenditure but also the lack of increasing expenditure may therefore affect women overproportionally harder as compared to men.

The analysis has shown that the major implications for Tanzania are rooted in structural problems of the domestic economy. Investment constraints that hinder the expansion of the manufacturing sector imply that Tanzania is not likely to significantly gain in the short run from the implementation of the EPA. This does not mean that in the long run such gains are impossible, however. The job loss of women is likely to be limited, although the same applies to employment creation for both, women and men. The removal of investment constraints should therefore receive high priority on the agenda of the Tanzanian government and the development of labour intensive sectors such as textiles, fishery, or horticulture should be promoted. Aside from setting the institutional framework, the government needs to improve domestic infrastructure and to ensure a reliable telecommunication and transport system, but also provide steady supply of electricity and water. Energy and water, but also transport are particularly relevant to women and an efficient infrastructure has the potential to significantly reduce women's time burden and to increase their capacity to engage into off-farm income generating activities. The provision of a sound and reliable infrastructure helps to spur domestic investment and to attract foreign investors.

Furthermore, the development of human capital is key for Tanzania's future development as labour productivity still remains below its potential. Particular attention should be paid to keep the current good record of educational gender equality in primary schooling, but avoid a further deepening of gender inequality when expanding secondary education.

The government may further consider to help local entrepreneurs by gathering and sharing business information and to attract foreign investors. Engaging in a dialogue with business people should include the poor as well. Addressing the needs of the poor also entails the provision of micro-credits, which should also be targeted to the needs of women. The identification and focus on sectors which have the potential to achieve competitiveness with the world market is key for Tanzania's development. Further emphasis should be put on lengthening the value added chain and thus to obviate further exports of value added.

The support of local producers need not automatically imply the application of safeguard measures as fixed in the current EPA documents. However, if resorted to this tool it needs to be very clear to producers to focus on international competition rather than on the domestic market only. Protected producers should be faced with a timeline until which local production needs to be competitive in order to foster efficiency.

The financing of such government efforts is costly, such that the expected reduction of public revenues through tariff losses will further aggravate the Tanzanian situation. In light of the current budget deficit, further lacking revenues are counterproductive. Given that the options for collecting further taxes from producers or the population are very limited, the EU needs to think about measures on how revenue losses can be backed. This is particularly desirable as collection of taxes such as income taxes is vastly more difficult in comparison to the collection of tariffs, which involve significantly lower transaction costs.

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