

The competitiveness of agro-industry in Tanzania for accelerating sustainable and inclusive growth

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In order to accelerate sustainable and inclusive growth of the economy in Tanzania in the short run, there is an urgent need for adopting a different approach based on exploiting the full potential from agro-industrial sector. This could focus on increasing agro-industrial value added and employment along the entire value chain in agriculture, industry and services. The main objective of this study is to analyze the competitiveness of agro-industry in Tanzania, reviewing agro-industry performance trends over time to observe the changes and growth attained by the countries in comparison as well as looking at the challenges, the potential and opportunities of the sector in global agro-industrial markets and the domestic capacity to produce for the country's prosperity. The study uses the OLS estimation model to show the contribution of manufacturing to growth and uses the Competitive Industrial Performance (CIP) Indicators to measure agro-industrial competitiveness by benchmarking Tanzania against other developing countries in Africa, Latin America and Asia. The analysis revealed that Tanzania is yet to be competitive in the agro-industrial sector compared to other developing economies in Asia and Latin America that have emerged through industrial development. The analysis revealed substantial opportunities in agro-industries that are yet to be exploited by Tanzania. Agro-industrial sector is the largest component in total manufacturing contributing to more than half of total MVA. Food and beverages are the leading agro-industry subsectors with high production than other subsectors (leather, textile, rubber, paper, tobacco, and apparel) which are still underutilized. Overall production of agro-industry products in Tanzania has been declining over the last decade while other countries experience massive growth. The trade analysis for competitiveness reveals that there is a huge gap left for Tanzania to fill for it to have influence in the world market for agro-industry commodities. Trade balance analysis presents deficits which imply that more agro-industrial products are imported. These and other findings in the study show clearly that a lot needs to be done for the agro-industrial sector to be developed in Tanzania for sustainable growth. Many African countries openly recognize in their vision and mission statements at various levels and strategic plans, the key role of agricultural value chains, commercial farming and value addition in economic development. However, very little has been done to achieve prosperity from agro-industrial sector. Therefore, policy makers and development planners

have a great role to play in increasingly recognizing the need to focus more attention on agro-industries in their strategies to promote sustainable economic development of the country.