

**ASSESSMENT ON THE ROLE OF BOARD OF EXTERNAL TRADE IN
ENHANCING EXPORT MARKETING OF AGRICULTURAL PRODUCTS IN
TANZANIA**

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**A RESEARCH PAPER SUBMITTED IN PARTIAL FULFILMENT OF THE
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ABSTRACT

The purpose of this study was to assess the role of Board of External Trade (BET) in facilitating the export of agricultural products geared to attain an export lead economy. The study examined the strategic mission of what BET has done and how far it has been realised and how much has been exported in those years. The analysis was carried out by reviewing official field reports of the implemented tasks that illustrate participant involvement, as well as investigating the types of export product, quantities and values. Descriptive statistics were used to provide empirical evidence on the attained performance and trend analysis to show the importance of the organisation. The export growth rate in agricultural products quantity was 44.5% from 1980 while export values rate were 0.67%. However, the net export volume was 139,855 metric tonnes and the export value has negative balance of 1.7 millions of USD. The increase of export goods not only resulted from increase in product types but also in the improved economic and trade policies in the late years. However, the value of traded agricultural goods was not enough to lead the economy as global trade policies effect outpace the domestic effort on trade policy strategies. Therefore, strategic reforms are required not only in the functioning approaches but also work in coordination with public - private joint venture in cooperating business councils of rural entrepreneurs in creating a large demand base that could support export of agricultural products.

DECLARATION

I, **John Joseph Fwalo** hereby declare that to the Senate of Sokoine University of Agriculture that, this is my own original work and that it has never been submitted for a degree award at any other university.



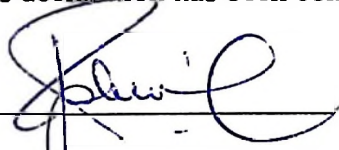
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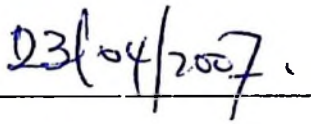
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This declaration has been confirmed by,



Dr. J. R. Hella

(Supervisor)



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Special thanks to all BET staff for their cooperation and participation during the workshops that enriched knowledge and capability in my career professional. Finally, I thank the Ireland Embassy for sponsorship to undertake MBA degree programme at Sokoine University of Agriculture. If there are any credits for this work these people and institutions deserve more but if there are any deficiencies I solely bear the liability.

DEDICATION

This work is dedicated to my parents, the late father Joseph Reuben Lyungu and my mother Beatrice Alice Mligo for laying down the foundation of my career.

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LIST OF ACRONYM

ASDS	...	Agricultural Sector Development Strategy
BET	...	Board of External Trade
BOT	...	Bank of Tanzania
CBA	...	Crop Board Authority
CBI	...	Centre for International Business
CTI	...	Confederation of Trade and Industry
DITF	...	Dar es Salaam International Trade Fair
ERP	...	Economic Recovery Programme
ESAP	...	Economic Structural Adjustment Programme
GDP	...	Gross Domestic Product
ITC	...	International Trade Centre
NATF	...	National Agricultural Trade Fair
NESP	...	National Economic Survival Programme
NGO	...	Non Government Organisation
SME	...	Small and Medium Enterprises
SPSS	...	Statistical Package for Social Science
TCCIA	...	Tanzania Chamber of Commerce, Industry and Agriculture
TIC	...	Tanzania Investment Centre
TPSF	...	Tanzania Private Sector Foundation

TRA	...	Tanzania Revenue Authority
UFI	...	International Trade Fair Union
URT	...	United Republic of Tanzania
USD	...	United States Dollar
WTO	...	World Trade Organisation

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

The Board of External Trade (BET) was established in 1979 pursuant to Act. 5 of 1978 with the key role of providing advice to the government on issues related to international trade policies that facilitate export of goods and services. From the colonial era to independence period the trade policies were monopolistic and state controlled. That restricts produce to be marketed either by top-down-created cooperative or state owned crop authorities because there were the sole buyers and marketers. Under such economic policies, agricultural producers were absolutely contract farmers for the government and thus suppressed the private sector in the country (Temu and Jean, 2000). Further more, parastatal performed poorly and became disincentives.

In the mid of 1980s, the government introduced economic reform. There were changes in the system of state controlled economy and promotion and expansion of the private sector to take lead in the export economy. Board of External Trade was one of the organs that were given the mandate to facilitate export of goods by providing export support services as well as assuring the policy advisory role to the central government on issues related to exports of agricultural goods. Its role

changed in respect to changes in the national economic and trade policies for the purpose of increasing exports of goods and attains trade balance. The comparative situation of agricultural trade stagnated with very low rate of growth; agriculture is central to economic growth Temu and Msuya, (2004) in Tanzania. The export of primary goods with limited value added led to low prices in international markets.

In the early 1960s, the contribution of agriculture to Gross Domestic Product (GDP) was over 80%, export earnings over 70%, and 95 to 97% of food that was produced domestically. The ratio of primary exports to total exports declined marginally from 87% in 1965 to 82% in 1994 in the span of three decades (URT, 2003). The GDP growth rates had averaged 3.7% over the past four decades. This inability to attain higher growth rate of GDP was attributed to the nature of the underlying trade policies. Liberalisation, privatisation and stabilization are not adequate enough to create vibrant economic growth. Although building on such reforms requires major consolidating strategies to develop strong market support institutions with a capacity to meet the global marketing challenges. The implemented trade policy strategies resulted into inefficient resource utilisation leading to fewer exports of agricultural products. The export growth of agricultural sector continued to fall from 5.8% in 2004 to 5.2% in 2005 (URT, 2006) besides of increase in technology. Hence the need for deliberate effort to attain export lead economy in the liberalized market will be met by increasing exports of agricultural goods in the effort of BET.

1.2 Problem Statement

The Board of External Trade had been implementing its strategic trade mission for more than two decade. It has been experiencing different economic and trade policy regimes in the country. On moving towards market economy, the progress was made in policy reforms within the framework of the 1986 economic recovery programme (ERP), the subsequent economic, social action programme (ESAP) and the economic recovery programme II 1989-1993 (Lipumba, 1984; Lipumba and Mbelle, 1993). In 1986, the government embarked on an adjustment program to dismantle state controlled economy and encourage more active participation of the private sector in the economy (Temu and Jean, 2000; URT, 2003; BET, 2005). Together with the comprehensive policy reforms package to liberalize the trade, the other objectives of the policy reforms were to provide adequate incentives to producers and exporters in order to attain export marketing (Baregu, 1993). However, BET, since its inception in 1979, it has gained a wealth of experience in supporting exporters in their effort to export more (BET, 2005). Through those economic policy regimes there has been no evaluation has been done to appreciate the efforts that BET have been made to enhance export marketing of agricultural goods. Thus, this study intend to evaluate the role played by increasing types of goods, quantities, and values in conjunction with the trade policy that is depends very much on creating a competitive trade environment for export of agricultural goods and strengthen the economy with positive balance of trade.

1.3 The Justification of the Study

The international trading has great benefits since it is large than the local market as growth rates in overseas markets far outpace domestic market growth, the profit to be made in exports is great than in the domestic market (Kamote, 2004). It is vital to have baseline performance indicators for the implementing strategies to realise the effort of an organisation. The study, however, it is not at the beginning at enactment of BET, it provides a trend picture of how the organisations was been doing in reflection to the export level of agricultural goods. Further more, it fosters the government effort on assessing its parastatal contribution to the economy and poverty reduction strategies and lay down the strategies to meet the Millennium Development Goals, among which is to endeavour the effective participation of private sector in development. This provides fruitful local and external partnerships in social and economic development (URT, 2005).

1.4 The Objectives of the Study

The main objective of the study was to evaluate the impact of the performance of the role of Board of External Trade in enhancing the export marketing of agricultural products in Tanzania.

1.4.1 Specific objectives

- i. To examine the functions of Board of External Trade and the participating firms during implementation tasks.
- ii. To investigate types of agricultural products, quantities and value of the exports from 1980 to 2005 as a result of BET support.
- iii. To analyse export trend of agricultural products from 1980 to 2005 in respect to the changes of trade policies.

1.5 The Limitation of the Study

- The limitation of the study was that the absence data and information of day to day tasks of BET could not allow the descriptions of the early years to support the analysis.
- The use of secondary data could not provide the real perceived value of the organization by clients that they are servicing.
- The study will not take into consideration the effect of fiscal and monetary policies on exports of agricultural goods because this is beyond BET activities.

CHAPTER TWO

2.0 LITERATURE RE VIEW

2.1 The Saba Saba Grounds

In 1962 Saba Saba ground situated along Kirwa road were used for trade fair that take place from July 1st to 7th each year. The trade fair was then known as National Agricultural Trade Fair (NATF) (BET, 2001). The ground formally were controlled by central government though the Ministry of Trade and Cooperative Union. In 1980, the ground became under control of BET and the ground has renamed as Dar-es Salaam International Trade Fair (DITF) with the most displayed products from industries than that of agriculture.

2.2 The Functional Roles of BET

The organisation playing a critical responsibility of providing advice and support services to the government and exporters in order to create conducive business environment and increase export of goods and services. These support services includes; trade and marketing information, capacity building, export promotion and policy advisory to the government. The services poses a critical challenges on export growth in agricultural sector as the way in which appropriate economic and trade policies are implemented in the country. The current structural pattern of the

economy reveals that “while the share of agriculture in total output and employment as well as the share of primary exports in total export has shown a down trend, their overall contributions to production and export remains dormant” (URT, 2004). Under such policies, BET undertakes different tasks that facilitate the increase in agricultural commodities in the international markets.

2.2.1 The role of business and marketing information

The important role of trade and marketing information is that of reducing trading risks of losing money during market transaction (Shepherd, 1997). In trading internationally, information exposes the challenges in access to reap business opportunities of which new products are identified. The challenges are the binding condition on export of products, information on prices and quantities determine how much of quantities can be traded. On other hand price information reflect both supply and demand and seasonality in production. With marketing information the potential traders can then focus on trial exports of products that best suited for the importing country. However, lack of information is an entry barrier to trade, Shepherd (1997) that is new entry in business increase competitors with similar products in the market. The increase in export of products not only in terms of quantity supplied in the market but also adding up new products type in the international market.

2.2.1 The role of capacity building to exporters

Training enhances the use of knowledge and technology by traders apart from strengthening local capacity in information storage and dissemination to reduce the gap between information provider and the users (Temu and Msuya, 2004). The capacity building mission ought to be directed towards narrowing the knowledge gap between traders and consumers in the international markets not only by disseminating knowledge, but also by creating it and marketing it accessible and applicable. It is a continuing process until all traders and other stakeholder have technical abilities to take full advantage of the services.

2.2.3 The role of export promotion

In the export promotion BET organising trade fair and exhibitions, export counselling and advisory, export incentives and contract arrangements. It formulates and co-ordinates to ensure exporters meet the necessary requirements both of the products and the documents (BET, 2001). Its aim is to create awareness among multinational traders within and outside the country; it encompasses exposure and products advertised through the trade fair and exhibition. Through this, it enhances the identification of new product varieties, business opportunities and more orders for export or import of goods. Among these goods agricultural commodities are that dominated from developing nations, BET (2005) that includes livestock, agricultural

products, natural resources and cultural activities. These are the mainstay of the economy accounting for approximately 60% of foreign exchange although there is still room for more products (BET, 2005).

2.3 The Agricultural Export (copy)

The export of agricultural products grew every year from independence to the mid of 1970s, and the exports in the international market began to decline. The national maintained a surplus balance of trade up to 1969 although a widening trade deficit was experienced between 1979 to 1995, export earnings were barely adequate to meet a third of the imports and agricultural commodities accounted for more than 70% of merchandise exports. It continued to decline in 1996 to 1999 accounting for 56% of the total merchandise exports. In 2002 exports from agriculture were 58 percent as raw and 29 percent were processed products (Kamuzora, 2003). The real growth in agricultural export from 1990 to 1993 was a noticeable 7.5% and the down trend experienced between 1994 and 1998 striking to 6.8% with a total share export of 56% to 56.2% respectively (MAFSC, 2000). By 1993 to 1999 non traditional export products demonstrated positive growth while the traditional export products showed a downward slowing growth (Kamuzora, 2003).

2.4 The Performance Assessment

The analysis of organisation performance is a crucial step in the organisation assessment process. Yet measuring performance is the most problematic issues in the field of organization theory (Steers, 1975; Zammuto, 1982; Handa and Adas, 1996). However, there are number of approaches to assess organization performance under some set of criteria. The starting point of assessing the performance of an organization is effectiveness by using the classical definition of organization Etzion (1964) which states that every organization is set up for a particular function that is clarified through its goals. The framework of effectiveness is a prerequisite for organisations to accomplish its goals specifically as it refers to the extent to which an organization is able to fulfil its goals. Thus, effectiveness and efficiency are related, but not interchangeable. An organisation can be effective to the extent that it reaches its intended purposes or objectives. However, organizations can be highly effective without being efficient, and can reach relatively high levels of efficiency without being effective (March and Sutton, 1997).

The effectiveness and efficiency of an organization, however, do not tell the whole story of organizational performance. Nowadays, organizations must be, seen to be continually relevant to their stakeholders. Ongoing relevance is the concept of performance Campbell and Stanley (1970). Therefore, organization must serve

stakeholders in the environment with the products they want and are willing to support. A key performance variable is the ongoing relevance of an organization, which we define as the ability of an organization to meet the needs and gain the support of its priority stakeholders in the past, present and future. Thus, the evaluation of performance has to be assessed in relative terms of the core functional activities of the organization.

CHAPTER THREE

3.0 METHODOLOGY

3.1 Location of the Study

The Board of External Trade is centred in Dar es Salaam as head office situated along Kirwa road, with branch in Zanzibar and United Kingdom. It works in collaboration with some international institutions like Centre for International Business (CBI), International Trade Centre (ITC), World Trade Organisation (WTO), International Trade Fair Union (UFI) and a number of domestic public and private institutions that are Bank of Tanzania (BOT), Tanzania Revenue Authority (TRA), Tanzania Investment Centre (TIC), Tanzania Chambers of Commerce, Industry and Agriculture (TCCIA), Confederation of Trade and Industry (CTI), Tanzania Private Sector Foundation (TPSF) and Non Government Organisations (NGO).

3.2 The Data and Information

The study used secondary data and information from BET, Ministry of Agriculture, Food Security and Cooperatives (MAFSC), Bank of Tanzania (BOT) and Tanzania Revenues Authority (TRA). More information were obtained from corporate plan, annual reports, trade fair catalogue, trade currency magazine, journals and books that

provide support on the background information, and the relevance of the study. In addition, data gathered includes those agricultural products that are raw, semi processed and processed one. However, data were sorted to ensure the differences on types of products that were exported and then included in the analysis of the quantity and values. The most useful data were from TRA and the Ministry of Agriculture, Food Security and Cooperatives.

3.3 The Variables

The variables that were examined included agricultural products type, quantities and the values of the exported agricultural goods. The export quantities were expressed in metric tonnes and export values in United States of America Dollar (USD). The information from the two variables has to signify the export progress of BET in undertaking tasks that leads to performance. In this study, however, activities performance has taken into consideration the supporting magnitude matching to export of goods. In addition, other variables included in the analysis were the participating enterprises that were involved in the activities that were organised by BET. These involved a number of feasible tasks that were implemented, such as enquiries on trade and marketing information, trade fair exhibitions, capacity building from two main tasks of export promotion, marketing research and product

development. Further more it assumes that financial resources and human capital is sufficient enough to meet the organisation goals and its objectives.

3.4 The Analysis of Data

The analysis was done by using Statistical Package for Social Science (SPSS) and Excel programmes. The activities data were those number of attendees in various tasks that implemented by BET obtained from reports and their publication. The analysis of this data were analysed by chart wizard in excel programme, the mean and frequencies from excel and SPSS through descriptive statistics. The export quantities and values obtained from MAFSC and TRA sorted out to obtain the required agricultural data. The data were analysed to show trend variation of the export to determine export growth in quantities and values of agricultural products since 1980 as base year. The descriptive statistics were used to explain the status of BET performance on functional role focussing on the commitment to realise its objective targets. In addition, other factors that can be used to address affectivity and efficiency in performance include timeliness, quality of services and the relevance of service. The trend analysis were analysed to depict the variation of the year to year exports to determine export growth towards attaining export balance of agricultural goods.

CHAPTER FOUR

4.0 RESULTS AND DISCUSSION

4.1 The Agriculture and Agro-Allied Companies

The results showed that there are 363 companies dealing with various products out of which 176 deal with agriculture and allied products accounting for 48.5%. These include merchandize, processing firms that add value to agric-products. Their collaboration with BET ranges from 16% to 34% per annually. The average exports of these companies from 1998 to 2005 were US\$ 880.3 billions, exporting an average quantity of 234.2 millions unit and 76.0 millions of metric tonnes all over the world. In addition, the average exports trends were increasing at an average rate of 12.5% since 1998 to 2005. Table 1 shows the percentage variation of exports in terms of values, volume and quantities with a very small incremental change in the three variables.

Table 1: Exports of agricultural goods in percentage

Years	1998	1999	2000	2001	2002	2003	2004	2005
Values (USD)	4.9	5.9	7.5	9.6	12.3	16.5	20.4	22.8
Volume (mt)	8.9	8.8	9.3	12.0	14.8	16.2	15.2	14.8
Quantity	0.1	4.2	5.3	12.1	20.9	19.8	18.9	18.7

Source: Board of External Trade

4.2 Trade Information Services

The number of enquires showed a downward trend as displayed in Fig.1 indicates that traders turnout for enquiries on trade and marketing information were declining at a rate of 61%. The annual average inquiry for information were 197 of which 55% of enquires related to agricultural products showing one third of companies in Tanzania that accessed trade and marketing information from BET. However, this may not show the true picture since one company can access several times a year; thus, the ratio could be more less than one third.

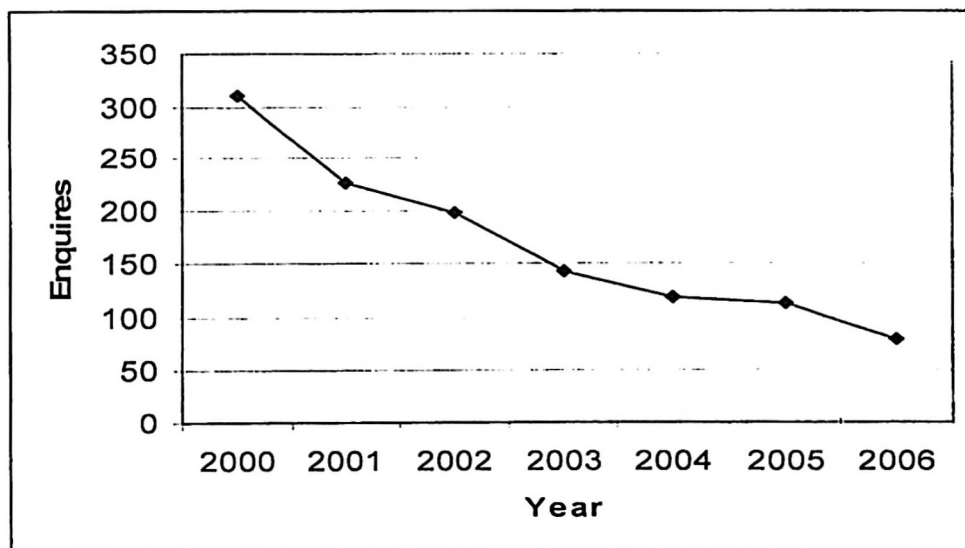


Figure 1: The declining trend of information enquiries

The decreasing trade information enquiries pose challenge to the management team because of its vital importance on decision making. However, there are other centres for information sources that can be used to obtain information. With respect to

information credibility there was a problem due to handling and retrieving of the information once they are needed for use.

4.3 Export Promotion

The export promotion plays a vital role in expressing products to customers. It involves advertising through exhibitions and show, fair events and media that suit the target group. This includes trade fair that is organized annually for the purpose of exchanging traders' contacts, technology, products, spot sales and orders providing a great exposure to global trading community. The Table 2 shows the trade fair participation percentages in six year. The participation for the last year 2006 declined for each parameter except for foreign officials that increased twice as much. In the year 2004, there was great involvement of traders in trade DITF than in any year, rewarding a great number of participants in all parameters. The large population in trade fair enabled exhibitors and visitors to explore trading character and behaviour with invention and innovative entrepreneurs in global marketing. The trade fair was monopolised by a majority of small and medium enterprises (SMEs) participants taking the opportunity to expose themselves to large business companies, demonstrating new technologies.

The majority SME's deal with agro-allied businesses like handcrafts, processed food stuffs and non consumable goods, fresh fruits, grains, cereals; others include honey, bees wax, leather and leather products, boutique, herbal and other man made

products. Other participants included producing firms and companies, servicing organisations, marketing agents, companies, Crop Board Authorities (CBAs) and trade hawkers who were taking advantage of trade. There were observed to be increasing yearly.

Table 2: Dar-es-Salaam international trade fair participation percentages

Year	2000	2001	2002	2003	2004	2005	2006
Foreign Official	15.5	16.7	13.1	11.9	16.7	8.3	17.9
Foreign Representatives	15.2	16.3	17.9	12.0	15.2	9.8	13.6
Foreign Exhibitors	15.0	15.7	16.5	17.5	18.2	11.7	5.4
Local Exhibitors	10.6	11.6	13.0	13.9	16.5	21.3	13.0
Peak Day Visitors	11.5	10.3	9.2	14.8	19.0	18.4	16.9

Source: Board of External Trade

During the trade fair, traders get access to various business knowledge and technology; identify trade opportunities in respect to spot sales and orders within and outside the country. Table 3 shows that spot sales of goods during the trade fair increased dramatically from year 2004 and 2005 with positive net effect of export orders of 5.5% assuming that all orders have been effective as recorded. The greater change in transactions recorded 2005 resulted in the reorganize of the research team during the exhibitions with increased attention focussed on ongoing monitoring and

evaluation of the exhibition in order to correct minor issues and preparing news release for the following day.

Table 3: DITF impact on trade exchange in percentage

Years	2000	2001	2002	2003	2004	2005
Export Order	6.9	4.2	6.7	9.6	13.6	59.1
Import Order	10.4	6.0	6.8	4.2	19.0	53.6
Spot Sales	7.7	4.8	5.9	5.4	10.3	66.0
Trade Transaction	8.5	5.1	6.7	7.0	16.0	56.8

Source: Board of External Trade

The volume of export orders were hefty than import orders as displayed by the Fig.2 with an excess difference of 4.0% while spot sales were 2.0%, as an outcome of support export marketing of goods. In contrast, DITF nowadays is full of industrial goods which are not closely related to agricultural products and do not directly support agriculture.

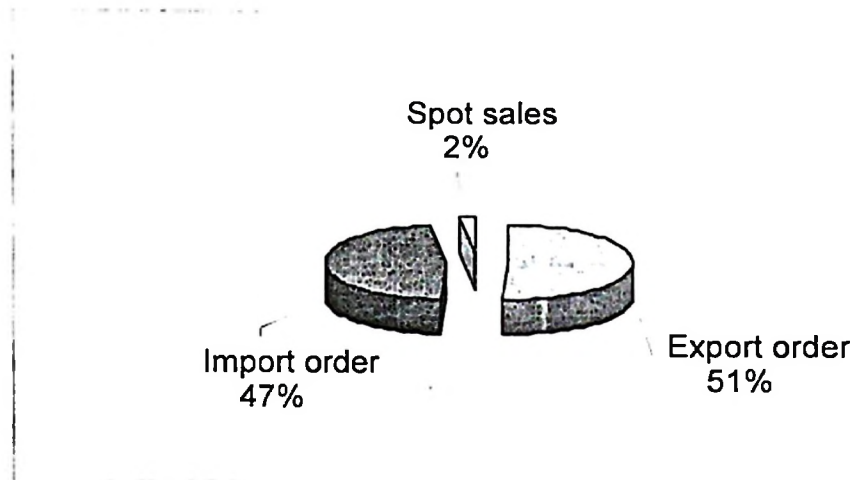


Figure 2: Trade transactions during trade fair 2000 to 2005

Further analysis as shown in Fig.3 reveal that the more the number of visitors the greater the transaction during the trade fair. This has raised the importance of the even to traders within Tanzania and internationally. The number of visitors during the trade fair was increases from the first day toward a 7th peak day and closing 10th day. For every year, records of visitors of 7th day were analysed in correspondence with the trade transaction of the whole exhibition. However, there were short discrepancies in the misallocation of exhibitors during the display due to arrangement delays and types of product that exhibitor brought were not suitable for the place/stand. This led to reallocation, of exhibitors, rehabilitation and expansion of some exhibition pavilions in the trade fair ground.

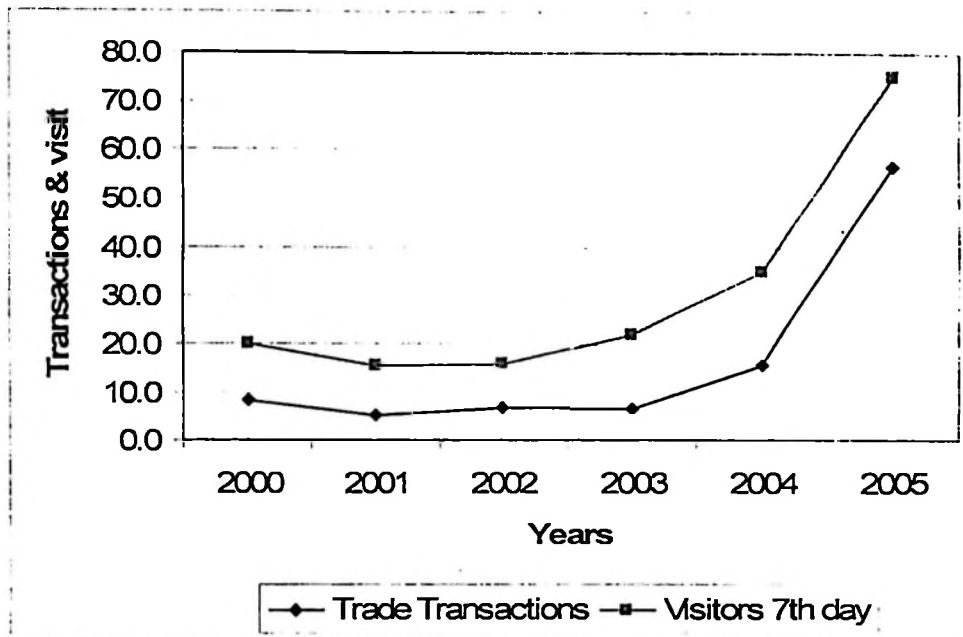


Figure 3: The transaction increases relatively to visitors

BET also facilitates companies to participate in overseas trade fairs in which they provide support to participants on the area related to product quality, packaging and consignment arrangements and financial support to attend the trade fair. The support considered as an incentives to exporters as they are required to contribute part of the costs to meet the number of traders attending trade fair and their quantity of products. Figure 4 depicts an increasing number of participants in overseas trade fairs. Attending exhibition abroad not only facilitates sales during the fair but also increases the likelihood of exhibitors into becoming exporters in the near future regardless of their scale of operation.

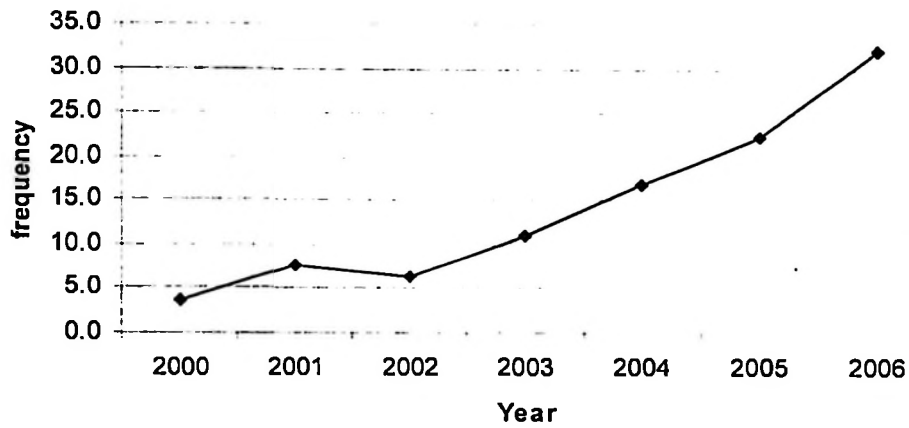


Figure 4: Overseas trade fair participants

The incentive programme to traders had attracted majority to engage on export marketing of agricultural products although they were constrained by continuity in export marketing. Figure 5 displays the frequencies of companies that were supported by BET and attained export of goods within the African countries. The support service would be incomplete in absence of capacity building that was along through seminars and workshops.

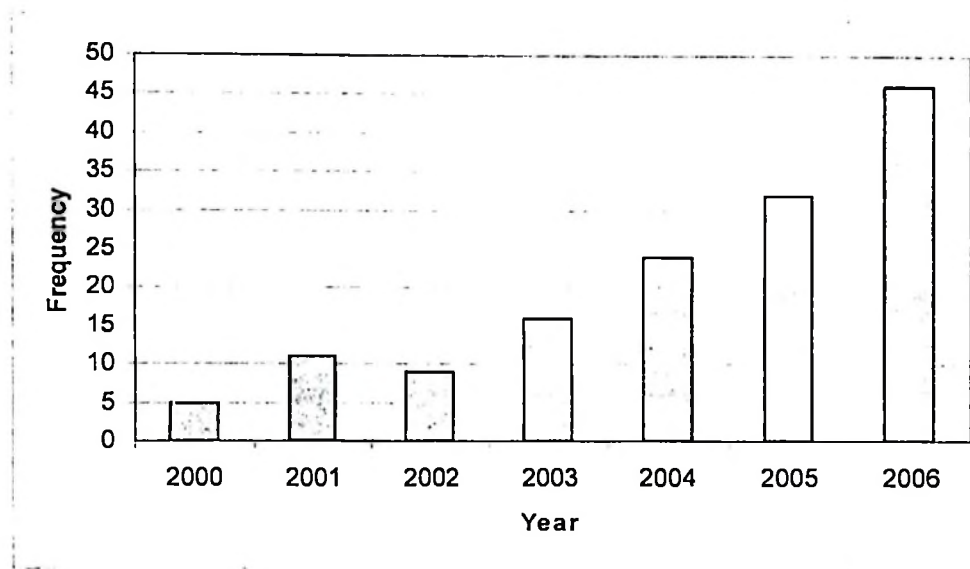


Figure 5: The export incentive in years

The number of attendees to the training programmes represents the number of firms and companies that need new skills in marketing and trading phenomenon of the globalize market. The training matches the current needs of customers in a different focused target market segment, Fig.6 shows an increase in participants in a various training programmes. In the training that was conducted the great numbers of attendees were noticeable in 2005, which rose to 28% compared 9.3% of other years between 2000 and 2003.

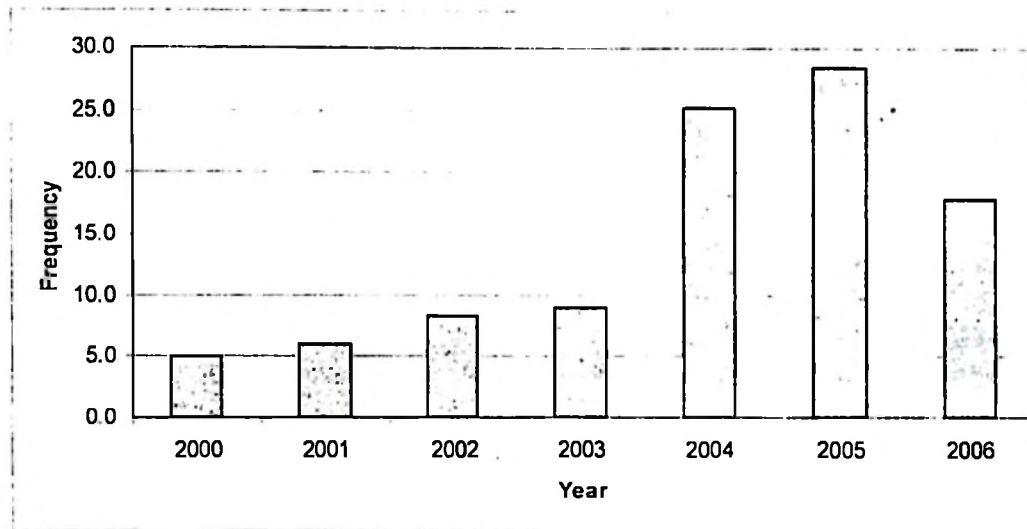


Figure 6: Trainees during capacity building

4.4 Export Quantity and Values

The increase of export of tradable goods in the country is due to new products in the international markets having good quality. The increase of exporting companies from 207 in 2000 to 222 in 2006, depicts an implies increase in new types of agricultural products from 16 between 1961 and 1979 to a range of agricultural commodities from 23 to 52 between 1980 and 2005 categories including live animals and plants.

The export quantity trend Fig. 7 increased at an average rate of 44.7%. However, the decline in the rate could be attributed due to tariffs barriers and unmet export

requirement by traders. The dwindling export quantity with an average rate of 2.2% from 1982 to 1993 happened mainly due to unsupported economic policies during policy of trade confinement and economic recession and associated hardships experienced in the early 1980s.

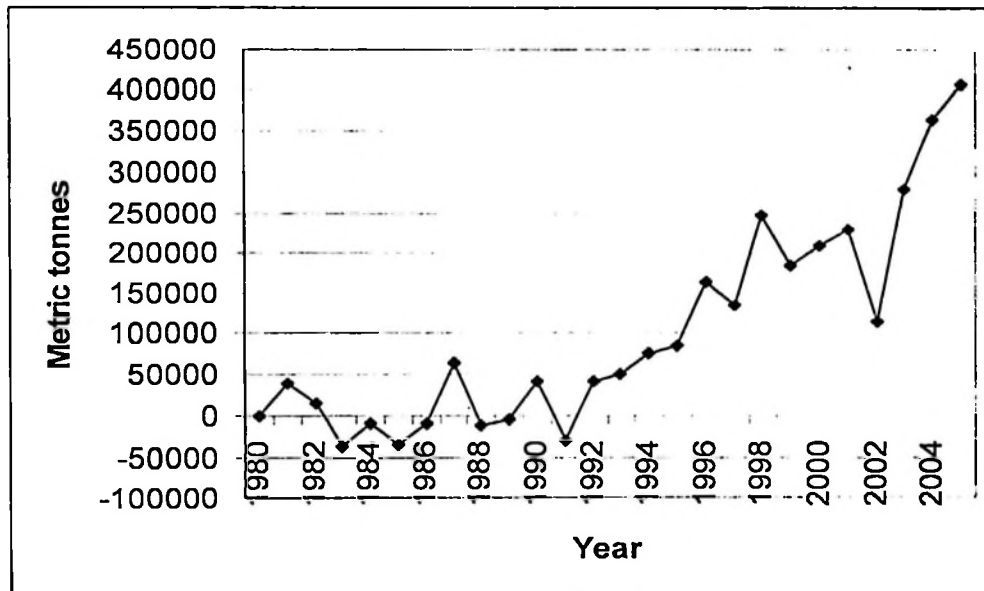


Figure 7: Export volume trend (metric tonnes)

The general average increases in quantity were 91 751 tonnes per annum but in some years, exports were less than base year 1980 for an average of 20 329 tonnes. On other hand, export value trend also displayed a similar phenomenon like that of export quantities but its decline was twice as much, with a general average downturn trend of USD 17 273.7 with a general average rate of 0.67%. Figure 8 shows that between 1982 and 1995 export values were below the base year by an average of 88 366.5 USD declining at a rate of 24.5% per year.

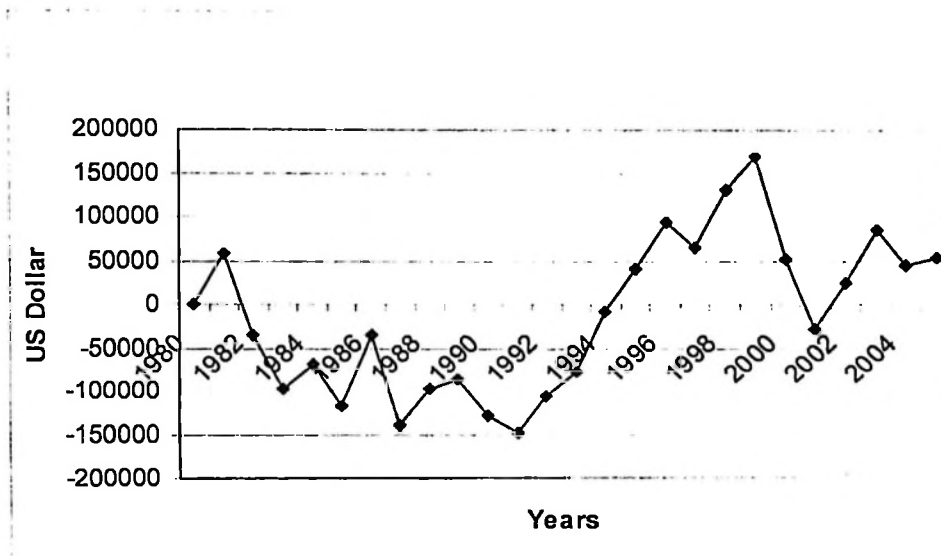


Figure 8: Export value in US Dollar

In contrast, export quantity and values of agricultural goods elucidate the export trends manifest to less and less values despite the additional of new products in the export market. The net impact on export values reflects the need of deliberately implementation of organisation strategic plan of trade policy instruments that favours the domestic producer in the export opportunities. In other case, the trade balance demonstrates that export deficit increasing significantly at an average rate of 29% amounting to USD 73 222.9 per annum. . Figure 9 and 10 display net export trends of agricultural goods, where in both quantities and values declined relatively to each other despite the positive net export in quantities. This implies that export values

depend not only on prices and volumes but also customs, tariff and non tariffs including export requirements despite production failure. Nevertheless, net export volume trend between 1980 and 2004 averaged about 209 585 tonnes with a great part being on positive balance side while Figure 9 shows that only 5 years that recorded a positive balance on export of traded in agricultural goods.

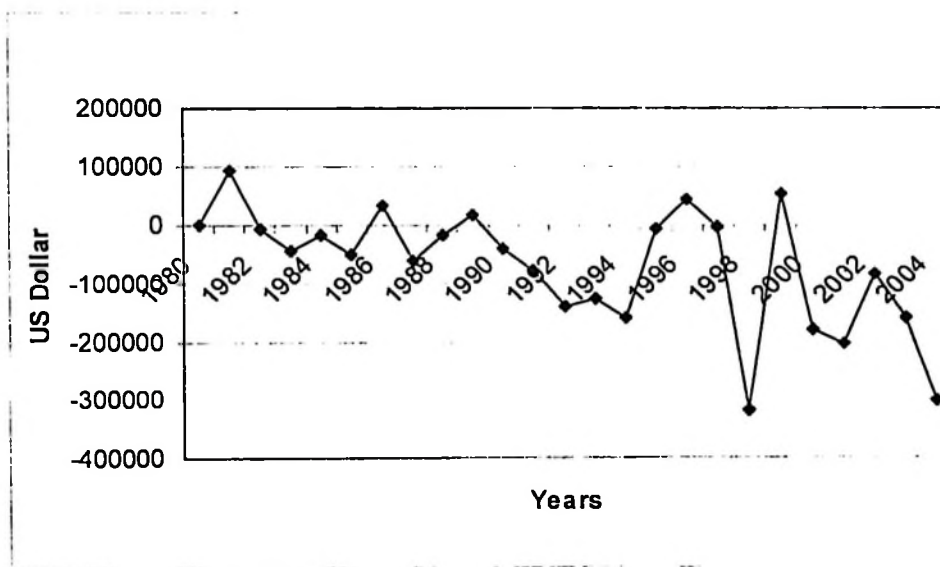


Figure 9: Net export value trend

The negative net export values of 1 757 350 USD resulted from the tremendous increased importation of agricultural goods between 1997 and 2004. It was a result of improper management of free trade policy in the implementation strategy by the government officials. This phenomenon diminished the strength of the domestic

demand base and weakened the national economy as a whole measly it less competitive in the international market.

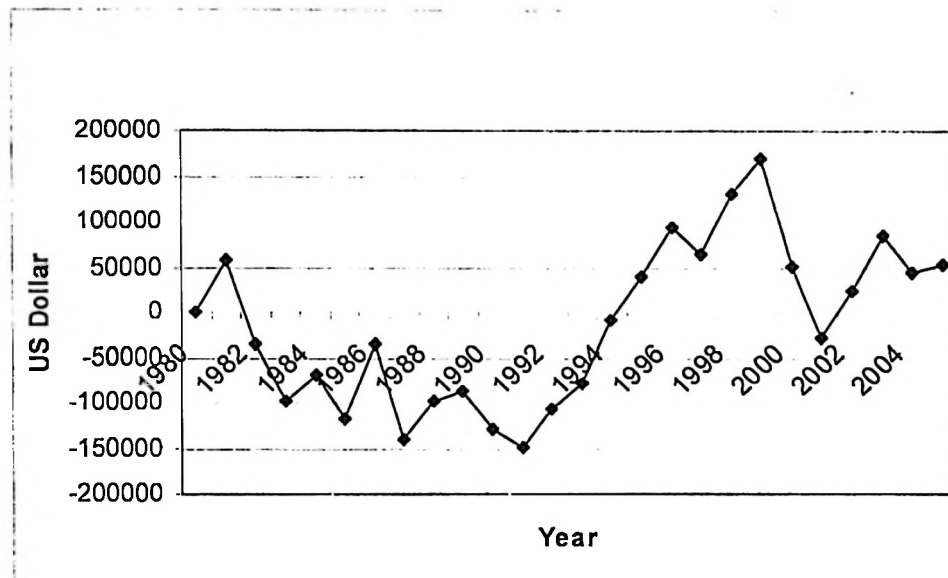


Figure 10: Net export volume trend

The quantity of goods is a significant factor in the increase of export performance for an export led economy, even though commodity prices are driving motive to the production of large quantities of agricultural goods.

CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

There were significant activities that BET has been implementing for several years that resulted to increase in the export of agricultural products in both quantities and values. However export value increase from 1980 in a very minimal rate of 0.67% compared to the increase rate of quantity export of 44.5%. Further more, the result shows that, there was an increase in types of agricultural products as twice as much relatively to the agricultural trading companies increased by 7.2% in the year between 2000 and 2005. In contrast the trading companies accessing to the services declining from 48.5% in 2000 to 21.8% in 2005. Together with that the country attained a net positive trade balance of 139 855 thousands of metric tonnes in the export of agricultural goods however, there some years that a negative balance has been experienced.

Further analysis shows export of agricultural products quantities increasing yearly in fluctuating way from 1993 to 2005 as a result of trade policy change. The increased volume also reflected in the export value trend in a similar manner, but its growth export value marked 4.2 millions of USD however, there was a negative net export value. The fluctuation and decline in 1993 to 2005 might be caused by tariff and non

tariff barrier and term of trade among trading nations. The common phenomena of market forces explain that, total value increase or decrease in the effect that changing in quantity or price of a product. Therefore, export marketing encounters many obstacles domestically and to the foreign country's market integrating products and services together for the purpose of accessing particular foreign markets. To attain export economy is inevitable when emphasis addressing to revive agricultural industries and improve and strengthen the service providing organs. In other side, advanced technology poses barrier to traders on access to the ripe business opportunity since the information costing much too small and medium enterprise as they are facing meagre capital setback.

5.2 Recommendations

Since export growth depends on closely co-operation of the institutions responsible for service providers for export and the producing companies / firms, there is a need of coordination among players in the export basket.

- It is essential to restructure the organisation, to reorient its functions to priorities export development with continuing promotional and facilitating tasks. It is necessary to introduce a private sector ownership role of equal foothold with BFT.
- The trade services need to be expanded by institutionalised trade development councils, the councils have to be structured from the grass root of village level to

the national level and establish network system, suggest most profitable means of service delivery procedures to users segments.

- The roles entail the transformation of BET into a secretariat that will be responsible for export development, promotion and facilitation. In collaboration with private and public representatives that comprises fifty percent.
- In case of training, there should be fully understanding of who are the target trainees on the workshop or seminar. Training needs assessment is very essential to select participants of who could become effective on implementation of what they have learnt during training.
- BET should conduct more training to traders that emerging with new market potential agricultural products as it will motivate and encourage them in trading overseas.
- There is a need of providing a competitive service to exporters as more service business companies coming in trade are to make sure the domestic demand base is large enough to support sophisticated value added products.

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