



CALL FOR PROPOSALS

REPOA is an independent research institution which creates and utilizes knowledge to facilitate socio-economic transformation for inclusive development. REPOA produces high quality research, provides training, facilitates knowledge sharing and promotes the use of research-based evidence in policy development. To achieve these objectives REPOA emphasizes the need to build and strengthen local research capacity through provision of tailor-made training and some small research grants to carry out research in selected thematic areas. REPOA is pleased to announce a competitive call for proposals from eligible Tanzanian researchers for the following research themes:

1. Competitiveness analysis: constant market share (CMS) analysis
2. Economic diplomacy and export performance
3. Revealed comparative advantage and intra industry trade (2009-2019)
4. Effectiveness of export promotion on firm performance
5. Openness (foreign trade/foreign direct investment) and export competitiveness and diversification
6. International trade and firm performance
7. VAT and transit trade competitiveness
8. Export performance and competitiveness of value chains (on one of the following sectors: seaweed, rice, horticulture or leather)

Eligible applicants are Tanzanian citizens who have recently completed their master's or PhD degrees in social sciences from recognized Universities and are engaged in research or in mid-career profession in policy analysis. Current masters' and PhD students are also encouraged to apply. Those interested can submit a comprehensive, well thought and cogent proposal, maximum 1,500 words excluding the abstract and references, presented as follows:

- a) Title- 50 words maximum
- b) Abstract- 150 words maximum **but not** counted towards the overall word limit
- c) Rationale/motivation for the research project- 400 words maximum
- d) Problem statement and initial research questions- 300 words maximum
- e) Intended Methodology- 300 words maximum
- f) Expected contributions to policy and literature- 250 words maximum
- g) Work plan- 200 words maximum
- h) References

The proposal should include a detailed budget, names of principal researchers and their current CVs as annexes. The maximum budget for a project is Tanzanian shillings 20 million.

A rigorous review process will identify best research proposals for each theme. The selected applicants will be invited to the online seminar for presentation and further review before the final selection is made for funding. Selected researchers will be connected to senior researchers for mentoring and support and will be expected to accomplish their work within 6 months after signing of the contract.

Application Procedures:

- **The deadline for applications is July 17, 2020 @ 17:00 hours**
- Applications are to be submitted electronically to REPOA through the email address tradethesis@repoa.or.tz
- Applicants are encouraged to enclose as attachments updated copies of their resumes/CVs as well as scanned transcripts of BA/MA/PhD grades
- Applications should state clearly the subject topic wished to be pursued. Details on thematic areas covered can be found in the relevant section below.
- Applications need to be supported by letters of recommendations from credible referees including but not limited to MA supervisors or PhD promoters. These need to be emailed separately by the respective supervisors/promoters to the email address tradethesis@repoa.or.tz

Other important details:

- Data and analyses need to be made available to REPOA and the International Institute of Social Studies of Erasmus University, who will only utilize it upon the consent of funded researchers.
- Applicants are highly encouraged to pursue original topics of research based on guidelines provided by the identified themes below.

Brief explanation of highlighted themes of focus:

1) Competitiveness analysis: constant market share (CMS) analysis

CMS is a technique that decomposes export growth and attributes this growth vis-a-vis a reference group to several factors: increasing or decreasing country competitiveness, demand growth for its export commodities, relative growth of its export country partners, or a combination of these forces. The reference group should consist of a comparable group of Sub Saharan countries. Data requirements are the bilateral trade matrices for Tanzania and the reference group so that the analysis can deal with different product groups and different markets. The level of disaggregation can be practical (e.g. by SITC1 level); regional disaggregation should at least show intra-African trade as a separate region.

References

Amador, J. and S. Cabral (2008) 'The Portuguese Export Performance in Perspective: A Constant Market Shares Analysis', Banco de Portugal Economic Bulletin: 201-221.

Gilbert, J. and E. Muchova (2018) 'Export competitiveness of Central and Eastern Europe since the Enlargement of the EU', *International Review of Economics & Finance* 55(5): 78-85.

Pandiella, A.G. (2015) 'A Constant Market Shares Analysis of Spanish Goods Exports', OECD Working Papers.

2) Economic diplomacy and export performance

Diplomatic representation is an important instrument to enhance export performance in South-South and South-North trade, especially for firms that are entering new foreign markets. This project charts the level and competences of economic representation with the aim to investigate the impact of both the level of representation (embassy/consulate) as well as the availability of

specific economic competences by means of a standard panel gravity model for Tanzanian bilateral trade flows.

References

- Maharani, Prahastuti. "Indonesian trade promotion." Research Handbook on Economic Diplomacy. Edward Elgar Publishing, 2018.
- Van Bergeijk, Peter AG, Mina Yakop, and Henri LF de Groot. "The economic effectiveness of diplomatic representation: An economic analysis of its contribution to bilateral trade." The Hague Journal of Diplomacy 6.1-2 (2011): 101-120.

3) *Revealed comparative advantage and intra industry trade (2009-2019)*

The project analyses the development of (revealed) comparative advantage along the lines of Mwasha and Kweka (2014) calculating and reporting Balassa indices. This provides a useful update and topical view on the development of comparative advantage. Is Tanzania diversifying? Is it moving up the value chain? How do these developments relate to other EAC and selected SSA countries? Since the data for the Balassa index have been collected it is easy to add an analysis of Grubel Lloyd index for intra industry trade.

References

- Mwasha, Nuran, and Zabibu Kweka. 2014 "Tanzania in the face of international trade: The analysis of revealed comparative advantage from 2009 to 2012." *Nuran Ally Mwasha, Zabibu Kweka. Tanzania in the Face of International Trade: The Analysis of Revealed Comparative Advantage from (2009): 15-28.*
- http://www.academia.edu/download/42923845/Tanzania_in_the_face_of_international_trade.pdf
- Brakman, Steven, and Charles Van Marrewijk. "A closer look at revealed comparative advantage: Gross-versus value-added trade flows." *Papers in Regional Science* 96.1 (2017): 61-92.

4) *Effectiveness of export promotion on firm performance*

Can policy towards export promotion interventions increase firm performance of treated firms versus non-treated firms? In many countries, policymakers promote export through export promotion agency to enhance domestic firms' performance. However, little is known in terms of the effect of specific government intervention through export promotion agencies on the performance of internationally active firms to reveal important information whether treated firms show different performance than non-treated internationally active firms. Moreover, the project will explore whether any benefits outweigh costs. This project will use Tanzania manufacturing firms as a case study. In terms of the empirical strategy, the main challenge is the construction of firm-level data in the manufacturing sector.

References

- Cruz, M., 2014. *Do export promotion agencies promote new exporters?* The World Bank.
- Martincus, C. V., & Carballo, J. (2010). Beyond the average effects: The distributional impacts of export promotion programs in developing countries. *Journal of Development Economics*, 92(2), 201-214.
- Munch, J. and Schaur, G., 2018. The effect of export promotion on firm-level performance. *American Economic Journal: Economic Policy*, 10(1), pp.357-87.

Van Biesebroeck, J., Yu, E. and Chen, S., 2015. The impact of trade promotion services on Canadian exporter performance. *Canadian Journal of Economics/Revue canadienne d'économique*, 48(4), pp.1481-1512.

Volpe Martincus, C. and Carballo, J., 2012. Export promotion activities in developing countries: What kind of trade do they promote?. *The Journal of International Trade & Economic Development*, 21(4), pp.539-578.

5) *Openness (foreign trade/foreign direct investment) and export competitiveness and diversification*

The role of globalization (international trade/FDI) in the process of industrialization of developing countries, or in enhancing the ability of the latter to participate effectively in the export of manufactures is an important policy package for many developing countries. Openness could play a role by facilitating the introduction of new export items (the so-called growth in exports through the Extensive Margin; as opposed to the Intensive Margin which refers to exporting more of the same items). Openness could also contribute to productivity growth by intensifying the competitiveness of the domestic market. But it could also undermine the efficiency of domestic firms. In terms of the empirical strategy, the research effort could be based on firm level data. It might be also possible to use UNIDO's industrial statistics at the 4-digit ISIC code level as well as the UN COMTRADE data which has up to 6-digit product level data on export and import. The idea is to see which industries in Tanzania/East Africa/SSA trade in the foreign market or attract FDI firms and how trade openness or FDI affects overall export orientation (competitiveness and diversification).

References

Baldwin, R., 2011. *Trade and industrialisation after globalisation's 2nd unbundling: How building and joining a supply chain are different and why it matters* (No. w17716). National Bureau of Economic Research.

Blalock, G. and Gertler, P.J., 2004. Learning from exporting revisited in a less developed setting. *Journal of development economics*, 75(2), pp.397-416.

Ge, Y., 2009. Globalization and industry agglomeration in China. *World development*, 37(3), pp.550-559.

Hausmann, R., Hwang, J. and Rodrik, D., 2007. What you export matters. *Journal of economic growth*, 12(1), pp.1-25.

Imbs, J. and Wacziarg, R., 2003. Stages of diversification. *American Economic Review*, 93(1), pp.63-86.

Yasar, M. and Paul, C.J.M., 2007. International linkages and productivity at the plant level: Foreign direct investment, exports, imports and licensing. *Journal of International Economics*, 71(2), pp.373-388.

6) *International trade and firm performance*

The economic debate on the benefits and cost of globalization has been ongoing for many years. One disputed aspect of globalization relates to is the casual relationship: do more productive firms trade more in international market or does international trade increase productivity. This literature can be divided into two hypotheses or theoretical strands. The first strand focuses on self-selection: only the most productive firms enter into export markets because higher productivity is necessary to overcome the additional trade costs of exporting. In the second strand

(learning from exporting) firms that engage in foreign markets become more productive only after they begin to export, suggesting that post-entry differences should be the focus of the analysis. Guided by a recent meta-analysis, the project will attempt to provide new evidence from Tanzania/East Africa on international trade and firm performance. This is an important policy issue since many developing countries are stimulating their firms to compete on world markets. If firms need to be highly productive before entering world markets, governments should be selective in what kind of firms they stimulate. If firms become more productive by exporting then, export promotion activities should aim at as many firms as possible.

References

- Eliasson, K., Hansson, P. and Lindvert, M., 2012. Do firms learn by exporting or learn to export? Evidence from small and medium-sized enterprises. *Small Business Economics*, 39(2), pp.453-472.
- Gupta, A., Patnaik, I. and Shah, A., 2018. Exporting and firm performance: Evidence from India. *Indian Growth and Development Review*.
- Newman, C., Rand, J., Tarp, F. and Thi Tue Anh, N., 2016. Exporting and productivity: Learning from Vietnam. *Journal of African Economies*, pp.1-25.
- Wagner, J., 2016. A survey of empirical studies using transaction level data on exports and imports. *Review of World Economics*, 152(1), pp.215-225.
- Were, M., & Kayizzi-Mugerwa, S. (2009). Do Exporting Firms Pay Higher Wages? Evidence from Kenya's Manufacturing Sector. *African Development Review*, 21(3), 435-453.

7) VAT and transit trade competitiveness

In 2016 Tanzania introduced VAT taxes on transit trade, a policy that runs counter to both theory and common policy practice abroad. However, the imposition of VAT on ancillary transport services in relation to goods in transit was revoked in 2017. The project documents and discusses costs and benefits – also from the perspective of policy incoherence and its impact. This case provides a natural experiment on the impact of taxation on trade by means of a before – during – and after analysis. Note that the situation after is not necessarily a return to the situation before.

References

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- Silvani, Carlos. "The VAT in Common Markets: Lessons from Central America." *Fiscal Reforms in the Middle East: VAT in the Gulf Cooperation Council* (2010): 133.

8) Export performance and competitiveness of value chains (can be on seaweed, rice, horticulture or leather)

The aim of the project is to get a good comparative overview of one of the value chains of special interest for the project. Export performance could in principle be assessed on the basis of timeseries that relate to Tanzania/Zanzibar only. For this project however a comparative approach is to be pursued. Performance needs to be compared to relevant competitors both in the region

and also include countries at comparable levels of development outside Africa. The project should use mixed methodology using descriptive statistics (and if possible econometrics) as well as qualitative fieldwork (interviews with key informants in the private sector). Before the start of the project it is important to agree with REPOA/ISS on the specific focus of the paper, i.e., in terms of the choice of the value chains.

References

Balchin, Neil; Calabrese, Linda (2019): Comparative country study of the development of textile and garment sectors: Lessons for Tanzania, ODI Report, Overseas Development Institute, London

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