

**INSTITUTE OF BELT AND ROAD INITIATIVE NATIONAL STUDY SERIES:
TANZANIA**

“Authors: *David P. Geoffrey, **Andrea A. Missama and ***Issa D. Lunda”



*Geofrey is a Tanzania currently undertaking master’s degree in international business at Jiangxi University of Finance and Economics. “Senior Trade Officer in Ministry of Industry and Trade”

**Andrea is a Tanzanian currently graduating with a master’s degree in international business at Jiangxi University of Finance and Economics. “Senior Trade Officer in Ministry of Industry and Trade”

***Lunda is a Tanzanian, pursuing master’s degree in International Business at Jiangxi University of Finance and Economics. “Trade Officer in Ministry of Minerals”

1. Section One Country Profile

1.1. Background

The United Republic of Tanzania comprising mainland Tanzania (Tanganyika) and Zanzibar which has a land area of 945,000 square km, of which some 46% is arable land. Tanganyika became independent and a republic on 9th December, 1961 and 1962 respectively. Zanzibar became independent on 10th December, 1963 and the People’s Republic of Zanzibar was established after the Revolution on 12th January, 1964. The two sovereign states formed the United Republic of Tanzania on 26th April, 1964. The Country has 30 administrative regions, whereby 25 are found on the Tanzania Mainland and 5 on the Tanzania Island namely Zanzibar.

The country is guided by Constitution of 1977, Public Law and Private law. The Constitution is base of laws that outlines the United Republic, fundamental objectives, basic rights and duties, the executive, the legislature, the Revolutionary Government of Zanzibar, dispensation of justice, human rights, finances, public authorities, and the armed forces.

The Mainland consists of various natural resources with its varied terrain, including a coastline of about 1,424 km, and Zanzibar consists of Unguja, and Pemba islands, including other small islands surrounding them and the territorial waters. The Mainland is mountainous and densely

forested in parts, provides arable farm land and savannas in others, and also gives access to three of Africa's Great Lakes that offer a multitude of fisheries and water resources.

The official currency is the Tanzanian Shilling (TZS) and the national language is Kiswahili whilst English is an official language.

Tanzania is among the fast growing population in the EAC region with a population estimated at 56 million in 2019. The population is dominated by young persons that constitute 44% of the population under the age of 15. Tanzania has one of the highest growth rates in the World at 3.1%. Another trend shaping its economy is the continuous growth in urbanization, which was at about 33% in 2017.

Economic growth has been strong and sustained during the year 2018/2019, averaging 6.75%-7.0% per year in real terms which is one of the highest in sub-Saharan Africa. It was also one of the largest recipients of FDI in the region during the year 2018/2019. However, Tanzania stands as lower-middle income country since July, 2020 with a GDP per capita of USD 1,080. Specifically regarding to sectoral impact to economic growth (GDP) by scale, Agriculture contributed about 26.6%, Construction at 14.3%, trade 8.8%, Industry (manufacturing) 8.5%, transportation 6.9%, mineral sector 5.2%, public administration 3.8%, finance and insurance 3.5%. (National Economic Survey, 2019).

Tanzania enjoys favorable Geographical position in East Africa between the Indian Ocean and the landlocked countries of Uganda, DRC, Rwanda, Burundi, Zambia and Malawi, which boosts prospects for further trade and investment in the Nation. Tanzania possess three main sea ports plus a number of smaller ones, offering a transport corridor to neighbouring landlocked countries that altogether provide direct trade links to the Asian markets, Furthermore, Tanzania is a member of SADC Free Trade Area and EAC Common Market, whereby existing Government constructions, improvements projects on rail and road networks are focusing to make Tanzania a natural transportation gateway for East and Central Africa.

Map of Tanzania



1.2. Politics

The United Republic of Tanzania is a Sovereign State which is located in Eastern Africa. The United Republic of Tanzania consists of Tanzania main land formerly Tanganyika and Tanzania Island namely Zanzibar. Tanganyika became independent and a republic on 9th December, 1961 and 1962 respectively. Zanzibar became independent on 10th December, 1963 and the People's Republic of Zanzibar was established after the Revolution on 12th January, 1964. The two sovereign states formed the United Republic of Tanzania on 26th April, 1964.

The Country has 30 administrative regions, whereby 25 is found on the Tanzania Mainland and 5 on the Tanzania Island namely; Zanzibar.

The country is guided by Constitution of 1977, Public Law and Private law. The Constitution is base of laws that outlines the United Republic, fundamental objectives, basic rights and duties, the executive, the legislature, the Revolutionary Government of Zanzibar, dispensation of justice, human rights, finances, public authorities, and the armed forces.

The Constitution sets out state authority or powers among the Government. It provides that two organs are vested with powers in each area, i.e. the judiciary, legislative, and executive areas. (Article 4 of Constitution of United Republic of Tanzania). Thus, the executive powers are shared between the Government of the United Republic and the Revolutionary Government of Zanzibar; the judicial powers are divided between the Judiciary of the United Republic and the Judiciary of the Revolutionary Government of Zanzibar; and the legislative and supervisory powers over public affairs are shared between the Parliament of the United Republic and the House of Representatives of Zanzibar. Article 4 further sets out the distinction between Union and non-Union matters, whereby non-Union matters are all domestic affairs (except foreign affairs).

The executive consists of the President, the Vice-President, the Prime Minister, the Cabinet and the Government. The President of the United Republic is elected by popular vote every five years, and is the Head of State, the Head of the Government and the Commander-in-Chief of the armed forces, and also appoints the Prime Minister. The Vice-President must come from the other part of the Union. The Cabinet consists of the Vice-President, the Prime Minister, the President of Zanzibar, and all the ministers.

Tanzania's legislative branch is comprised of the Parliament, which consists of the President of the Republic and the National Assembly. The National Assembly currently has 393 seats; 10 are appointed by the President, 5 are appointed by the House of Representatives of Zanzibar, 113 are allocated to women nominated by their respective parties, 1 is the Attorney General, and the remainders are elected by popular vote. In the legislative process, a bill must be drafted and approved by Cabinet before being published and read before the Assembly. After the readings and general debate, the bill must be passed and assented to before becoming an Act of Parliament. Acts regarding Union matters passed by the National Assembly are valid for the Republic. The Zanzibar House of Representatives enacts legislation on non-Union matters.

The judiciary is separate for the Mainland and Zanzibar but they are similar in structure and function. The Court of Appeal, the highest level, exists only on the Mainland, as per Article 108 of the Constitution; thus, Zanzibar appeals at that level are heard by this Court of Appeal. There are four levels of courts below the Court of Appeal: primary courts, district courts, resident magistrate courts, and the High Court. The High Court has special divisions for commercial, land,

and labour matters, but the lower courts are not specialized. The legal system is largely based on common law but also accommodates Islamic and customary laws.¹

Quick facts

| | |
|-----------------------------|--|
| Official name | United Republic of Tanzania |
| Size in square kms | 945,000 square km |
| Population (2019 estimates) | 56 Million |
| GDP in USD | 63.18 bn |
| Capital city | Dodoma |
| Commercial City | Dar Es Salaam |
| Other import cities | Mwanza (Lake Victoria), Arusha (Tanzanite) |
| Currency | TanzaniaShilling (Tsh) |
| Official languages | Swahili, English |

National Flag



| Color | Meaning |
|--------|---|
| Green | Forests, Natural Vegetation and Wildlife |
| Yellow | Minerals |
| Black | People of the United Republic of Tanzania |
| Blue | Water bodies |

¹ The Constitution of Tanzania

<http://www.sheria.go.tz/uploads/publications/en1499671152-the%20constitution%20of%20the%20united%20republic%20of%20tanzania%201977.pdf>.

National Emblem



The National emblem consists of man and woman, axe and hoe, tusk, national flag, torch, water bodies, Mount Kilimanjaro, land, fertile soil, traditional shield and red color. Red color symbolizes people who lost their lives struggling for national independence. The man and woman holding tusk together with traditional shield in the middle symbolizes unity and solidarity and defense for freedom.

National Holidays

| | |
|-------------|-------------------------------------|
| Jan 01 | New Year's Day |
| Jan 12 | Zanzibar Revolution |
| April | Easter |
| April 07 | Karume Day |
| April 26 | Union Day (Zanzibar and Tanganyika) |
| May 01 | Labor Day |
| May | Eid Al-Filtr |
| July 7 | Sabasaba Day |
| August 8 | Nanenane (Peasant's Day) |
| October 14 | Nyerere Day |
| December 9 | Independence Day |
| December 25 | Christmas Day |
| December 26 | Christmas (Boxing Day) |

Note: Some religious holidays are subject to moon sightings hence possess no specific dates.

Source: <https://www.holsdb.com/public-holidays/tz>

Important Cities

(Commercial city- Dar es Salaam)



Mwanza (Rock City)



Arusha City (Tourism City)



1.3. Geographical Location

Tanzania enjoys favorable Geographical position in East Africa between the Indian Ocean and the landlocked countries of Uganda, DRC, Rwanda, Burundi, Zambia and Malawi, which boosts prospects for further trade and investment in the Nation. Tanzania possess three main sea ports

plus a number of smaller ones, offering a transport corridor to neighbouring landlocked countries that altogether provide direct trade links to the Asian markets. Furthermore, Tanzania is a member of SADC Free Trade Area and EAC Common Market, whereby existing Government constructions, improvements projects on rail and road networks are focusing to make Tanzania a natural transportation gateway for East and Central Africa.

Economic growth has been strong and sustained during the year 2018/2019, averaging 6.75%-7.0% per year in real terms which is one of the highest in sub-Saharan Africa. It was also one of the largest recipients of FDI in the region during the year 2018/2019. However, Tanzania stands as lower-middle income country since July, 2020 with a GDP per capita of USD 1,080.

1.4. Infrastructure Development

1.4.1. Railway and Air Logistics

Transport remains an important sector for Tanzanian development and for the support of other key sectors of the economy, in particular tourism, industry, and trade. Roads are the mainstay of the transport sector.

Currently, Tanzania has the railway network that connects 14 out of the 26 regions of the country. By taking into regard that, the railway network is not enough to push the country to attain Development Vision 2025, the Government made further policy developments that put an emphasis on reviving the rail network. In 2017, the Government launched a 1.2 Billion USD project to build a standard gauge railway line with a length of 1,800kms which will also connect the country with the neighboring countries of Uganda, Rwanda, Burundi and Congo. The standard gauge railway is going to give direct access to the Dar Es Salaam Port to the landlocked countries of Burundi and DR Congo and give a great push to Tanzania's central corridor route. By the end of 2019 the first phase of the SGR construction was above 60% complete.

Tanzania also has a well-developed maritime or port capacity, which is expected to continue bringing favorable investment climate. The Dar es salaam port is becoming a hub or corridor for many of its landlocked neighbors.

Tanzania has a bilateral agreement with Zambia regarding the Tanzania-Zambia Railway (TAZARA). The ownership and operation of the Railway is shared between the two countries.

As the Railway is Cape gauge, it allows for interconnection with other Southern African networks, including South Africa, Botswana, Mozambique, Zimbabwe, etc. but not with the standard gauge being constructed within East Africa. As part of the need to upgrade, TAZARA has been seeking foreign investors to invest in re-building its network.

Tanzania's transportation sector continued growing during the review period, and has increased capacity and improved infrastructure. There has also been increased investment in the national air carrier and the promotion of new air connections. As at 2017, Tanzania had 152,600 km of roads; 232,367 km of railway lines; 3,937 km-tonnes of cargo capacity on its national air carrier; and four international ports. With the exception of the air subsector, most of Tanzania's transport sector is regulated by the Surface and Marine Transport Regulatory Authority (SUMATRA).

The air services subsector has grown significantly in recent years, as air travel, propelled by tourism, has increased. The sector is comprised of four International Airports namely; Julius Nyerere International Airport (JNIA) Terminal II&III, Kilimanjaro International Airport (KIA), Zanzibar International Airport (ZIA) and Mwanza International Airport (MIA), and over 100 smaller airports, of which about half are owned by the Government. The sector is regulated by the Tanzania Civil Aviation Authority (TCAA) for air traffic, while the Tanzania Airports Authority (TAA) operates, manages, and develops airports as well as airstrips in the country. As at 2014-15, Tanzania had 51 bilateral air service agreements in place, 40 licensed air operators, and 55 ground handling services licence holders. Air Tanzania, the state-owned national carrier, has been increasing capacity during the period but is not a dominant player in the air sector as there are other private Airlines like Precision Air.

Julius Nyerere International Airport Terminal III



1.4.2. Road and Water Logistics

Tanzania's roads are the backbone of its transport infrastructure, transporting over 90% of passengers and 75% of freight traffic. The responsibility for roads in the Mainland is shared between the Tanzania National Roads Agency (TANROADS) for trunk and regional roads, and local government authorities for district, urban and feeder roads. Pursuant to the Implementation Strategy of the Transport Policy of 2011 to 2025, an increase in the local roads programme is expected to improve roads and provide greater access to agricultural areas and areas with economic potential. There has been increasing capacity and improvements of roads during the review period, a lot of which was supported by projects of the World Bank and the African Development Bank.

Currently, Tanzania has a road network covering 143,279 km connecting headquarters of all regions of the country plus 8 neighboring countries of Kenya, Uganda, Rwanda, Burundi, Democratic Republic of Congo, Malawi, Zambia and Mozambique. Furthermore, on the

maritime side, efforts have been made to improve operational efficiency of the ports, for example the Dar Es Salaam Port has been made to operate for 24 hours instead of the previous 8 hours. With these improvements, the Dar es Salaam Port has improved from handling 9 Million Tonnes in 2012 to 19 Million Tonnes per year in 2019, and the target is to reach 25 Million Tonnes in 2025. Currently, Tanzania's ports account for handling 25% of all cargo that goes to the 16 SADC member states (Southern African Development Countries). Again the target here is to increase the market share to 50%. In 2016, pursuant to a Government Directive, road transport and transit along the central corridor was improved, with less time spent at weighbridges. The Directive required only a maximum of three stops at weighbridges, compared to eight previously, thus improving transport times. Tanzania is a member of the Central Corridor Transit Transport Facilitation Agency (CCTTFA) with five neighbouring countries, which aims to assist in transit trade to the landlocked countries. As part of this initiative, the countries are working towards constructing more one-stop border posts (OSBPs), to further reduce the number of checks and transit times. At present, the transit time from Dar es Salaam port to the exit borders has been reduced to three days, from five in 2014.

Standard Gauge Railway (SGR) under construction



Tanzania has four main international sea ports, at Dar es Salaam, Mtwara, Tanga, and Zanzibar. A new port is planned at Bagamoyo but its development was still under discussion and negotiation as at mid-2018.²⁴¹ The ports continued to handle an increasing amount of ships and cargo during the review period, with the exception of Tanga port, which has seen some decline. This decline was due to less wet cargo, due to size restrictions, which means these commodities are being moved to Dar es Salaam port. Not only do the ports handle the persons and cargo for Tanzania but also for many of its landlocked neighbours. Tanzania's ports are under the authority of the Tanzania Ports Authority (TPA), which is a government parastatal, responsible for regulating and licensing port and marine services and facilities. Since 2011, pursuant to its transport policy, Tanzania has targeted a 50% expansion of lake and seaport handling capacity by 2020. In 2017, expansion of Dar es Salaam port, and expansion activities were also planned for Mtwara port. Through Trade Mark East Africa (TMEA), an initiative of the World Bank and other development agencies, Tanzania is involved in a project to improve physical access to markets through modernizing the Dar es Salaam Port.

Dar es Salaam Port



In a related development, Tanzania passed the Tanzania Shipping Agencies Act, 2017 that, inter-alia, establishes the Tanzania Shipping Agencies Corporation (TASAC) that will take over certain regulation of marine transport activities for the Mainland from SUMATRA. The TASAC will also regulate marine transport services and license shipping agents. The Act specifies that

only Tanzanian citizens are allowed to be licensed as shipping agents. SUMATRA will retain its regulatory role in inland or non-marine waters.²

1.4.3. Energy and Power Generation

Tanzania has a variety of potential energy sources, including petroleum, natural gas, coal, uranium, hydro, biomass, solar, wind, geothermal, tidal and waves. The energy sector is guided by the National Energy Policy 2015 for the Mainland. The main goals of the Policy are to improve performance and promote the efficient use of energy resources, as well as remove bottlenecks in the sector. Some of the bottlenecks identified include: low private-sector participation in large-scale power generation, over-reliance on a few generation sources, unreliable and expensive energy supply, and over dependence on government subsidies.

Currently, the Government is developing some important cross-border 400 kV transmission line projects, including the Singida–Arusha–Namanga project, which will connect Kenya and Tanzania; the construction of the Rusumo 80 MW hydro project, in which power will be shared equally between Tanzania, Rwanda and Burundi; and the North West 400 kV Extension Iringa–Mbeya–Tunduma–Sumbawanga–Nyakanazi project, which will connect Tanzania and Zambia.

The overall national electricity access rate by 2018 was 67.5% under current production capacity of 1,553.96 MW while demand is 1,116.6 MW. Urban areas access rate is 97.3 % and Rural areas stands at 49.5%. Zanzibar is reliant on the Mainland for its electricity, as there is no generation on the islands. It is supplied by the Zanzibar Energy Utility (ZECO), Zanzibar's state-owned electricity distribution company, through underground cables.

The main player in Tanzania's electricity sector is the Tanzanian Electric Supply Company Ltd. (TANESCO), the state enterprise is involved in nearly all aspects of the electricity sector including generation, transmission, and downstream distribution. In 2017, it accounted for 85% of the country's electricity generation. TANESCO also sells bulk power to ZECO. As at end of 2017, there was also one independent power producer (IPP) and a number of small power producers in both grid and off-grid areas. The sector is regulated by EWURA which has broad

² Tanzania Trade Policy Review Report (2018) WT/TPR/S/384 • Tanzania
Five Year Development Plan (FYDP-2016/17-20/21)

mandate, including licensing or registration of power projects, determining prices, and enforcing quality standards.

The current electricity production capacity is 1,553.96MW mostly from hydropower, gas, and Heavy Furnace Oil (HFO) and diesel, however to meet some regional demands, Tanzania imports power from Kenya, Uganda and Zambia whereby 2018 the capacity imported was 117.53 GWh compared to 105.79 GWh in 2017, equivalent to 1.6 percent of total electricity generated in 2018.

However to meet the domestic power demand and attain National Development Vision of Middle Income Industrial Economy by 2025, currently the Tanzania Government through Egyptian Companies-Arab Contractors and El Sewedy Electric Co. is constructing Stigler's Gorge Power generation dam (among the largest Dams in Africa) that will be producing about 2115 MW which will be added to the existing production capacity (1,553.96MW) and which will lead the country to be self-sufficient hence the surplus power to be exported to neighboring countries where deemed appropriate. The project started in 15th July 2019 and will be accomplished in 14th June, 2022.³ The JNHPP will be the largest installed capacity in East Africa and one of the largest in Africa, comparable to the Aswan High Dam (2100MW) in Egypt, the Cahora Bassa Dam (2075MW) in Mozambique and the Lauca Dam in Angola (2069MW)⁴.

³ Ministry of Energy and Minerals: <https://www.nishati.go.tz/en/waziri-kalemani-aridhishwa-na-maendeleo-ya-ujenzi-mradi-wa-umeme-wa-julius-nyerere/>
<https://constructionreviewonline.com/2019/05/tanzania-to-commence-construction-stieglers-gorge-hydropower-dam/>

⁴ [<http://www.pumps-africa.com/construction-of-julius-nyerere-hydropower-station-launched-2/> accessed 11/12/2020]

Julius Nyerere Hydro Power Plant under construction



1.4.4. Telecommunication Services

Telecommunication sector is among other sectors in the economy growing annually towards achieving Industrial Economy by 2025. The rate of growth can be pointed during 2018 whereby, 3G and 4G networks covered around 61 per cent and 28 per cent of Tanzania's population, respectively compared to the rest of other EAC countries and remains considerably lower than Tanzania's 2G coverage of 90 per cent, underscoring the need for more collaboration between mobile operators, government agencies such as the Universal Communications Service Access Fund (UCSAF) and other stakeholders, including development partners⁵.

Tanzania's telecommunications sector has undergone a number of changes and developments since the last review (2018), in part driven by rapid growth in telecom products, significant rise in smartphones and mobile broadband technologies, and increased investment in infrastructure. Some of the significant developments for the sector in the last few years include implementing a Converged Licensing Framework (CLF), implementing Analogue Switch Off (ASO) to migrate from terrestrial analogue to digital television broadcasting, installing a National ICT Broadband Backbone (NICTBB), improving telecommunication networks for rural communities, and developing mobile money services. A new ICT policy has been developed, and two new acts and many related regulations have also been implemented. Whereby currently, telecom companies are required to list their 25% shares on the Dar es salaam Stock Exchange Market (DSE).

The new ICT Policy (2016), replacing the previous one of 2003, main objective is to accelerate socio-economic development with the potential to transform Tanzania into an ICT-driven

⁵Source: GSM Association; Digital transformation in Tanzania, 2019

middle-income economy and society. The Policy outlines 22 specific objectives and the Government's action agenda for their achievement. Some of the objectives include strengthening cooperation and collaboration in regional and international ICT development; having a reliable and sustainable ICT infrastructure; enhancing ICT leadership and human capital; improving universal access, to diminish the digital divide; and enhancing local content in all aspects of ICT value chains, including local hosting of electronic services.

Tanzania's telecommunications sector has been characterized by competitive and open, with a growing market and some of the lowest rates in Africa. As at August 2018, seven voice operators with two enterprises (Tanzania Telecommunications Corporation (state-owned) and Zantel (Government-private-owned)) were operating in both fixed line and mobile telecommunications, and the remaining five were operating in mobile telecommunications only. In 2017, the largest market shares were held by Vodacom, Tigo, and Airtel. During the review period, telecom services grew from about 28 million subscriptions in 2012 to 40 million in 2017, with nearly all in the mobile sector, achieving a penetration rate of 78%. Fixed line accounted for 127,000, a trend that has been consistently declining throughout the period.

On internet services, it has achieved higher growth rates than telecom, with the number of users increasing three-fold during the period (2018), mostly through mobile wireless; however, its penetration is only 45%.

In addition to the Tanzania Telecommunications Company Limited (TTCL) and Zanzibar Telecommunications Limited (Zantel), the other operators were Airtel, Halotel, Smart, Tigo, and Vodacom.

Telecommunications operators and operations, Mainland, 2012-17

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|
| Telecom services (subscriptions) | | | | | | |
| Fixed | 176,367 | 164,999 | 142,950 | 142,819 | 129,597 | 127,094 |
| Mobile | 27,450,789 | 27,442,823 | 34,108,851 | 39,665,600 | 40,044,186 | 39,953,860 |
| Total | 27,627,156 | 27,607,822 | 34,251,801 | 39,808,419 | 40,173,783 | 40,080,954 |
| Penetration % | 61 | 61 | 71 | 79 | 80 | 78 |
| Internet services (estimated users) | | | | | | |
| Fixed wireless | 777,461 | 1,056,940 | 1,913,082 | 662,882 | 1,218,693 | 3,468,188 |
| Mobile wireless | 6,031,323 | 7,493,823 | 11,320,031 | 16,280,943 | 18,014,358 | 19,006,223 |

| | | | | | | |
|-------------|-----------|-----------|------------|------------|------------|------------|
| Fixed wired | 712,095 | 761,508 | 984,198 | 319,698 | 629,474 | 520,698 |
| Total | 7,520,878 | 9,312,272 | 14,217,311 | 17,263,523 | 19,862,525 | 22,995,109 |

.. Not Available

Source: Quarterly Communications Statistics Report. TCRA online information. Viewed at: <https://www.tcra.go.tz/index.php/quarterly-telecommunications-statistics#2017-quarterly-statistics-reports>. Statistical Abstract 2016. Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf, and information provided by the authorities.

1.5. Demographic

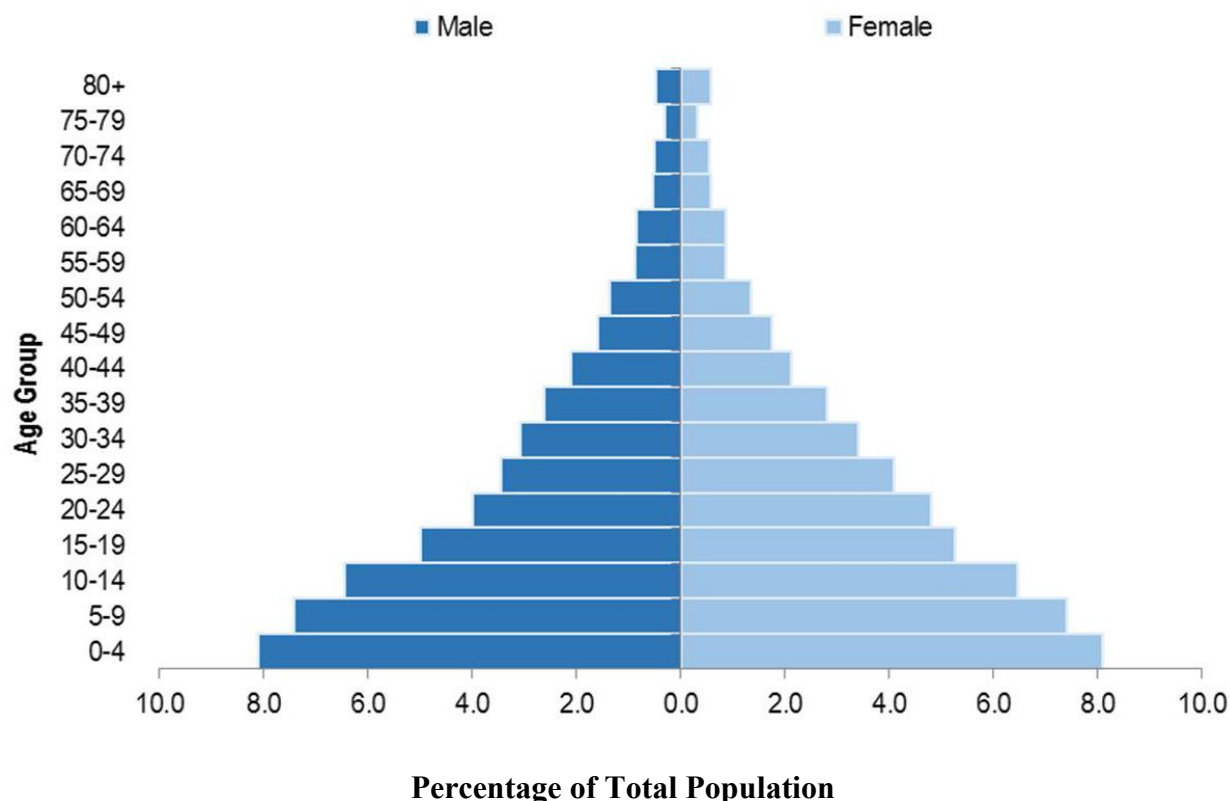
Tanzania has population estimate of 55,890,747 (2019). The population distribution by sex is as follows 28,534,558 equivalent to 51.1 percent (women) of the total population and men are 27,356,189 equivalent to 48.9 percent. In addition, the population of Tanzania-Mainland is estimated to be 54,265,158 equivalent to 97.1 percent of all people while Tanzania-Zanzibar is at 1,625,589 people, equivalent to 2.9 percent.

Population distribution by region indicates that, Dar es Salaam has the highest population estimated 5,275,315 people equivalent to 9.8 percent of total population of Tanzania-Mainland compared to 5,147,070 people in 2018. The higher population in Dar-es-salaam region is due to the availability of **basic social and economic services**; thus, led to increased number of immigrants from other regions. Mwanza region has a population estimated at 3,676,300 people, equivalent to 6.8 percent and Kagera region 3,127,908 people, equivalent to 3.4 percent. The mentioned above are selected regions since they constitute highest number of population compared to the rest while Katavi represents regions with smallest number of population.

In Tanzania Zanzibar, Mjini Magharibi region consists of highest population compared to other regions, with population estimated at 700,791 people, equivalent to 44.4 percent of total population in Tanzania Zanzibar, followed by Kaskazini Pemba region which is estimated at 271,594 people, equivalent to 17.2 percent. However, Kusini Unguja region consists of the lowest population of 133,767 people, equivalent to 8.5 percent.

According to 2019 population estimates, children under the age of five were 9,628,845 equivalent to 17.2 percent of total population in Tanzania. The population aged 5 to 14 was 14,725,639, equivalent to 26.3 percent of total population in Tanzania. In addition, people aged 15 to 24 were 10,882,410 equivalent to 19.7 percent of the total population. Similarly, the population aged 25 to 64 was 18,919,802 equivalents to 33.9 percent of total population. Elderly people aged above 64

were 1,734,051 equivalent to 3.1 percent of total population. During the year 2019, people aged 15 to 64 of age which is the working force were 29,802,212 equivalent to 53.3 percent of total population.⁶



Source: Tanzania in Figures (NBS, 2019)

1.6. Culture

1.6.1. Ethnicity

Since the dawn of mankind, when the savannahs of East and Southern Africa saw the birth of humanity, Tanzania has been home to countless peoples of many different origins. Tanzania's history has been influenced by a procession of peoples, from the original Bantu settlers from South and West Africa to the Arabs from Shiraz in Persia and the Oman; from the Portuguese to the Germans and the British. Tanzanians took control of their own destiny with independence in 1961.

⁶ National Economic Survey-2018

Tanzania is a country with over 120 tribes, there is plenty of local history and colour to be found in all areas of Tanzania. All the mentioned tribes are unified by one language namely; Swahili which is a National Language.

Swahili despite being Tanzanian national language but is also a widely spoken language in more than six countries around East African Region (Kenya, Uganda, Rwanda, Burundi, Congo DRC, and Somalia) also to some few Southern African countries like Zambia and Northern Mozambique.

Tanzania's people are among the most welcoming and approachable on earth with diverse and unique cultures ready to be shared with visitors.

Members States of Southern African Development Community Countries (SADC) namely; Angola, Botswana, Comoros, Democratic Republic of Congo (DRC), Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, Zimbabwe declared Kiswahili to be an official language and will be taught in all schools.

1.6.2. Cuisine

Local cuisines involve culinary variations like; Ugali (stiff porridge made up of maize), Mlenda (stew made up okra and relevant plant species), Machalari, Makande (food made up boiled maize mixed with beans), Matoke (grind banana), tasty Pilau (spiced rice), Nyamachoma (fried meat), and some of the finest local wines and brews.

Zanzibar-Forodhani Cuisine



1.6.3. Traditions

Tanzania's people have various local music and dancing styles like Maasai (pastoralist ethnic group) from the Northern part inherited from their ancestors, other dancing styles are from Makonde people found in the Southern part of the Country and most of the dancing styles of the named ethnic group is traditional entirety. The country has its own branded music not found elsewhere in the globe namely; Bongo Fleva (modern music with dancing style) which consists of Swahili language songs, beats and composite music instruments on making of music associated with dancing style of twisting whole body and body parts like hands and legs.

Masai traditional dress and dances



1.6.4. Religions

Tanzania has diverse religions like, Christianity, Islamic, Anglican, Lutheran, Pentecost, Moravian, Hindu, etc. However, the major religions in the country are Christianity and Islamic. The Constitution of the United Republic of Tanzania provides freedom of worship to all people provided that the means of worship do not harm people and general social tranquility.

1.6.5. Historical sites

The country has many things to explore and learn when considering about local cultures and the great history of the Nation. This country has a number of famous in the World historical sites that provides to the World clear insight into the past and helps the people to learn about the human history. Historical places gives people, a clear picture about our ancient cultures,

primitive working tools like Stone tools, and our ancestors' art work such as the ancient art Rock Paintings of Kondoa Irangi Tanzania.

Apart from the famous Kondoa Irangi rock paintings, Tanzania has other historical sites for historians as well as other visitors which include; Kaole ruins, Ismila Stone Age site, Engaruka ruins (famous for iron smelting and agriculture by irrigation), Mikindani, Ngorongoro Conservation area, and many other sites within the country. The government of Tanzania has preserved and promotes these sites for sustainable use.⁷

2. Section Two Economical Context of Tanzania

2.1. Economic Performance Indicators

Tanzania is among of the fastest economic growth in Sub-Saharan Region recorded constantly strong performance GDP grew by 7% in real term in 2019 the same as the previous year. The strong performance was contributed by increase in production and exports of minerals and implementation of development projects like construction of infrastructure such as roads, railways, airports and stability in power supply and improved transport services. The sectors shown the strong performance includes mineral grew by 17.7%, construction by 14.5%, Arts and Entertainment by 11.2% and transport and storage grew by 8.7%. In terms of the economic contribution to the GDP, the agriculture being the leading sector which contributed 26.6% followed by construction 14.3%, trade 8.8%, manufacturing 8.5%, transport 6.9% and mineral sector 5.2% (Economic Survey of Tanzania, 2019).

According to Economic Survey of Tanzania ,2019, Tanzania consistently maintained and sustaining low inflation at single digit in twelve-month headline (overall) CIP average 3.2% in 2018/2019 compared to 4.3% in the previous year which is below 5.0% country's medium-term inflation goal and within the East African Community (EAC) and Southern African Development Community (SADC) convergence benchmarks of utmost 8.0% and between 3.0 and 7.0%, respectively.

2.2. Natural Resources and Tourism Sector

⁷ Tanzania Tourism Board (TTB): <http://www.tanzaniaculturaltourism.go.tz>
<https://www.tanzaniatourism.go.tz/en/things-to-do/cultural-tourism>

Tourism is the leading sector in terms of foreign exchange earnings and is the 3rd largest recipient of FDIs after Mining and Manufacturing. The country is ranked 4th among 140 countries with regard to endowment of tourism-related natural resources.

The share of tourism foreign earnings stands at an average share of 22.9% compared with the rest of EAC member states.

Tanzania has many tourist attractions. More than 44% of the country's land area is covered with game reserves and national parks. There are 16 national parks, 29 game reserves, 40 controlled conservation areas and marine parks. Tanzania is also home to the famous "Roof of Africa", Mount Kilimanjaro. Tanzania has well-known tourist wildlife attractions in northern part of the country including: Mount Kilimanjaro Park, Serengeti National Park, Ngorongoro Reserve, Selous Game Reserve, Lake Manyara. Additionally, there are natural and cultural attractions that include sandy beaches, excellent deep-sea fishing, nature reserves, Stone-Town of Zanzibar, Kilwa ruins, Laetoli footprints, Olduvai Gorge and many others.⁸

Kilimanjaro Mountain



Udzungwa National Park



⁸ Tanzania Trade Policy Review (TPR)-2018, WT/TPR/S/384 • Tanzania
Investment guide to Tanzania-2018
Tanzania Tourism Board (TTB) <http://www.tanzaniaculturaltourism.go.tz>

Serengeti National Park



Lake Manyara National Park



Ngorongoro Conservation Area



2.3. Mineral Sector

Mining industry in Tanzania is monitor and supervised by the Ministry of Minerals. The ministry have a duty of preparing policies, strategies and legislative framework for exploration and exploitation of mineral resources. Essentially, in 2009, country became a member of the Extractive Industries Transparency Initiative (EITI) which is a global standard practices for a view of improving good governance, transparency and accountability in the oil, gas and mining sectors. However, the sector is guided by the Mineral Policy 2009 which provide a road map of monitoring, facilitating and operation of the mining industry in Tanzania. The policy offers strong guidance to investors on the sustainable use of mineral resources. Furthermore, the policy emphasizes the government participation on strategy mining activities.

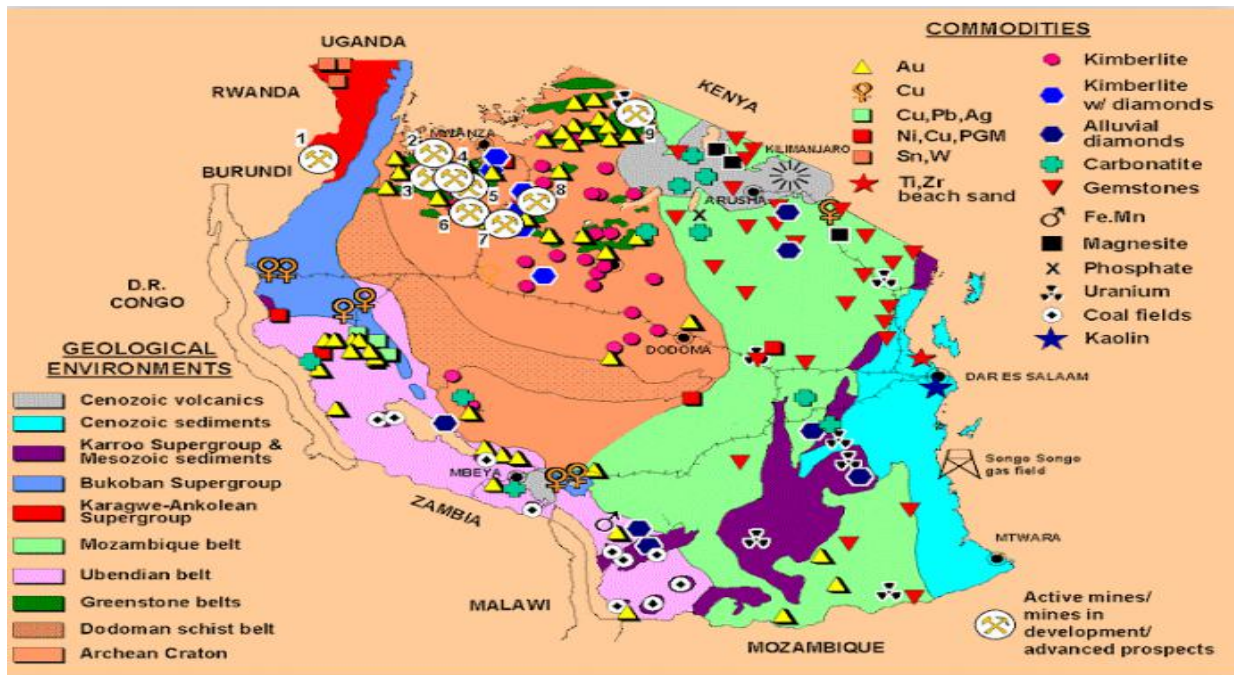
Currently, the sector vision is to promote and regulate the mineral Sector in order to ensure effective and sustainable contribution in the National Economy by implementing the National

Development Vision which aimed at transforming the country into semi industrialized economy by 2025 and mineral sector anticipated to contribute 10% to GDP.

In 2017 the government formed the Mining Commission, a new institution which took on-board all activities formally carried out by Tanzania Mineral Audit Agency and majority of Commissioner for Minerals technical responsibilities' including issuance of mineral rights. The mineral rights issued by the Mining Commission includes Prospecting Licence, Special Mining Licence (Issued by Commission upon approval of the Cabinet), Mining Licence and Primary Mining Licence. Others licences include Processing Licence, Smelting Licence, Refinery Licence and licences for dealing with minerals (Broker's and Dealer's Licences).

Tanzania is one of the Africa's most mineral resources rich countries and the only place where rarely precious gemstone ,Tanzanite is found. Tanzania has variety of minerals, such as gold, tin, nickel, iron ore, rare earth element, copper, PGM, lead, diamonds, emerald, ruby, sapphire, limestone, gypsum, phosphate, kaolin, bauxite and graphite, coal, uranium (see the map below)

Tanzania mineral resources endorsement



Source: (<https://www.madini.go.tz>)

The sector experienced a growth of 17.7% in 2019 compared 1.5% growth in 2018 and became among the leading sector for generating more foreign earnings in the country and contributed about 42.3% to the merchandise exports by 2019 (MoFP, 2019). However, recorded contribution to the GDP by 5.2% in 2019 from 5.1% in 2018 (MoF, 2019). Mineral investors continue to acquire prospective areas which have resulted into defined mineral reserves as indicated below.

Mineral reserves

| Resources Type | Reserves |
|-----------------------|-----------------|
| Iron Ore | 126 mil. tons |
| Graphite | 158.2 mil. Tons |
| Gold | 2,222 tons |
| Uranium | 160 mil. tons |
| Tanzanite | 12.6 mil. tons |
| Diamonds | 51 mil. Carats |
| Rare Earths | 101 mil. Tons |
| Natural Gas | 57 TCF |
| Coal | 5 bil. tons |
| Copper | 13.7 mil. tons |
| Nickel | 209 mil. tons |

Source: Tanzania Mining Industry Investment Guide, 2015

1.6.6. Opportunities and Area for Investment in Mining Industry

Tanzania has a favorable investment environment and globally competitive legal framework and fiscal regime. With vast untapped mineral resources, easy access to an adequate and up-to-date geological resource database and infrastructure development like power, roads, railways, ports, and airports which are critical to the mineral sector's development. The areas for mining industry investment developments are hereby described.

Mineral Value Addition

Government promote and encourages value addition activities such as mineral beneficiation, gemstone cutting and polishing, jewelers making and stone carving. Such activities have increase in Tanzania and provide opportunities for international trade and investment. Notable developments in this area include the growth of gemstone cutting centers, copper smelter plants, rock cutting and polishing facilities (dimension stones).

Mineral Trading activities

Tanzania is has conducive business environment for trade in minerals. This provide chance for international and local traders in mineral buy and sell within the country or exports as provided they comply with the Mining Act, 2010 [Cap 123 R.E 2018] and its Regulations. In addition establishment of international mineral markets created favorable environment particularly small scale miners and international traders who wanted to engage in business because markets are transparency to every businessman globally.

Electric and Hybrid Electric Vehicles Industry

With the increase in the demand of electric car, batteries and steels boosted the graphite market globally. Batteries used in electric and hybrid electric vehicles require a large amount of graphite. The continuing increase in battery demand, consumer electronics and emerging electric vehicle industry as the environmental friends energy globally, create opportunities for investment in the graphite industries in Tanzania. The country has estimated reserve of 158.2 million tonnes and exploration still undergoing. The production capacity of 380,000 tons per year, yet in can increased because there is low investment in the graphite.

Magnetic Resonance Imaging (MRI), and High-Level Science Industries

The discovered reserve of helium gas about 98.6 billion cubic feet in Tanzania⁹. It creates opportunities for multinational companies to invest in higher level science and manufacture of MRIs, semiconductors and space exploration, rocketry. Additionally, the gas vital element in

⁹ <https://www.edisongroup.com/sector-report/helium-macro-view/23491>

establishing various industries such as; industrial cryogenics (semiconductor industry), Optical fibre manufacturing, Semiconductor processing and pharmaceutical industries.

Areas for Joint Venture with State Mining Corporation (STAMICO)

STAMICO is State Owned Corporation which is vastly experienced in developing mining projects and offering mining services in Tanzania since its inception in 1972 as a Government investing arm in the mining sector. It provides opportunities for private companies to enter into joint venture arrangement in different areas in mining industry¹⁰. Such as areas includes:

Kiwira Coal to Power Project

The project is targeting to produce 1.5 Million Tonnes of coal per Annum for generating over 200MW that will be sold to TANESCO and sell excess coal to manufacturing industries and other customers. The Open Cast Coal Mine is expected to produce 1.2 Million tons of coal per annum and the underground mine is expected to expand its production from 150,000 to 300,000 tons of coal per annum.

Buhemba Gold Mine Project

STAMICO owns a prospecting license-PL 7132/2011 located at Buhemba village in Butiama district- Mara region which is found in northern Tanzania. The project is estimated to possess over 610,590 ounces of gold in in-situ hard rocks as indicated resources. STAMICO has already confirmed the presence of 441,772.29 ounces of gold from four pits out of the available six pits. Based on the reports and drill holes data available, it is noteworthy that only about 50% of the licensed area has been subjected to detailed geological prospecting. This means that further exploration work is required to cover the remaining 50%. Therefore, the project has potential of discovering new gold deposits to augment known resource at Buhemba and increase life of the project.

Minerals Exploration Projects

The Corporation wishes to invite potential partners to jointly cooperate on conducting minerals exploration on its 15 Licenses of prospect minerals which includes; Mahene Gold Prospect,

¹⁰ https://www.madini.go.tz/wp-content/uploads/2017/12/INVESTMENT-OPPORTUNITIES-IN-MINERAL-SECTOR_2017.pdf accessed on 1st June, 2021

Elements Prospect, Bahi Phosphate Prospects, Mambilu and Nkwilo Rare Earth Elements (REE), Mvomero Feldspar/ Iron ore, STAMIGOLD Biharamulo Company, STAMIGOLD Biharamulo, STAMIGOLD Biharamulo Company etc.

Contract Drilling and Consultancy Services

STAMICO offers contract drilling and consultancy services at competitive and affordable rates. Drilling services are executed through various technologies which are Diamond Drilling (DD), Reverse Circulation (RC) and Rotary Air Blasting (RAB). The Corporation has been providing contract drilling services to various local and foreign mineral explorations and mining companies. The services provided include diamond drilling and geotechnical investigations for road and building construction.

Selling and Leasing Equipment and Machineries to Small Scale Miners

We are looking for potential business partners and equipment manufactures to invest in a project for Selling and Leasing Equipment to small scale miners in Tanzania. The project will fit different concentrated small scale mining centres aiming to provide equipment, tools and machineries that suit their level of operations in exploration, mining, mineral processing, pumping systems, material handling, haulage, electrical power supply, hoisting, ventilation systems and other appropriate related services to accommodate small scale mining operations.

2.4. Agriculture

Agricultural sector (which includes crops, livestock and fisheries) which employs 66 percent of the population and contribute 30 percent to GDP. The sector has continued to record slow growth at an average of 3.7 percent annually over the decade due to low level of investment, low productivity and dependence on rainfall, as well as low contribution of manufacturing sector to GDP of 5.5 percent.

Most of 46% of arable land, cultivation constitutes of food crops, horticulture, and floriculture. Most of Tanzania land is arable and suitable for many kinds of crops (tropical and savanna climate sustaining crops).

Most of grown crops are; rice, wheat, cassava, banana maize, millet, sweet potatoes, beans and legumes. Current Government strength on production to meet domestic and exports demands has been geared to; cashew nuts, sunflower oil, palm oil, cotton, tobacco and horticulture. To meet the goals, the Government is promoting production in the sector through tax exemption on agro-inputs, farmers' technical support (extension services) and private sector mobilization.

2.5. Industrial Production

Tanzania has experienced increase in industrial production since 1990's significantly due to favorable investment climate cued by sound Industrial Development Policy of 1996-2020, Integrated Industrial Development Strategy by 2025 which were established to stimulate the economy, help achieve the Millennium Development Goals (MDGs), and help transform its market-dependent agricultural economy into a semi-industrial one by 2025.

Tanzania Industrial Competitiveness Report of 2015, emphasize exploiting Tanzania's comparative advantage in natural resource-based sectors (agriculture and mineral), capturing opportunities in light-manufacturing industries, improving infrastructure and the business environment, and encouraging the private sector to lead the way, through investment and innovation, to grow the manufacturing sector. A number of key industries are targeted: sunflower oil, cotton apparel, leather and leather products, automotive, chemicals and fertilizers, iron and steel, and other agro-processing sub-sectors.

Statistically in 2018, industrial production costs increased to 7,905,622 million shillings from 7,827,349 million shillings in 2017, equivalent to an increase of 1 percent. This was due to continued increase in the prices of imported raw materials and labour cost.

The similar review year, production in some of the industrial products increased due to high demand in the domestic and international markets. Products that recorded increase in production include: paints (19.4 percent), metal (18.9 percent), fishing nets (16.3 percent), konyagi (14.8 percent), wheat flour (9.3 percent), cigarettes (6.9 percent), beer (3.9 percent), pyrethrum products (3.7 percent), biscuits and spaghetti (2.8 percent), cement (1.4 percent), wood products

(1.3 percent) and textiles (1.1 percent). However, production decreased in some products such as chibuku (7.9 percent), sisal ropes (0.9 percent), tin (0.5 percent) and batteries (5.7 percent).¹¹

2.6. Trade

2.6.1. Exports

Main Trading partners (exports) are; EAC countries (Kenya, Uganda, Rwanda and Burundi), SADC Countries (South Africa, Congo DRC, Zambia and Mozambique), EU Countries (Switzerland, Germany, Belgium) ASEAN (India, China, Vietnam, Japan) and USA.¹²

Tanzanian Exports by main destinations, USD in millions from 2005-2015

| Value [US\$ million] | Table exports (%) | | | Annual growth | | | | |
|----------------------|-------------------|------|------|---------------|------|------|---------|---------|
| | 2005 | 2010 | 2015 | 2005 | 2010 | 2015 | 2005-10 | 2010-15 |
| India | 78 | 226 | 1149 | 5.1 | 5.8 | 21.6 | 23.7 | 38.4 |
| EAC | 112 | 494 | 574 | 7.3 | 12.7 | 10.8 | 34.6 | 3.0 |
| Kenya | 80 | 306 | 443 | 5.3 | 7.8 | 8.3 | 30.6 | 7.7 |
| Uganda | 21 | 48 | 50 | 1.4 | 1.2 | 0.9 | 18.3 | 0.8 |
| Burundi | 8 | 53 | 39 | 0.5 | 1.4 | 0.7 | 46.9 | -5.7 |
| Rwanda | 3 | 87 | 41 | 0.2 | 2.2 | 0.8 | 94.3 | -14.0 |
| SADC | 317 | 528 | 777 | 20.6 | 13.5 | 14.6 | 10.7 | 8.0 |
| South Africa | 292 | 431 | 675 | 19.0 | 11.0 | 12.7 | 8.1 | 9.4 |
| Congo, Dem. Rep | 13 | 141 | 198 | 0.9 | 3.6 | 3.7 | 60.2 | 7.1 |
| Zambia | 9 | 55 | 44 | 0.6 | 1.4 | 0.8 | 44.5 | -4.4 |
| Mozambique | 7 | 18 | 19 | 0.5 | 0.5 | 0.4 | 20.5 | 0.6 |
| Europe | 568 | 1209 | 778 | 36.9 | 31.0 | 14.6 | 16.3 | -8.4 |
| Germany | 78 | 139 | 226 | 5.1 | 3.6 | 4.2 | 12.3 | 10.2 |
| Switzerland | 146 | 710 | 154 | 9.5 | 18.2 | 2.9 | 37.2 | -26.3 |
| Belgium | 37 | 95 | 149 | 2.4 | 2.4 | 2.8 | 20.9 | 9.4 |
| ASEAN+3 | 241 | 985 | 967 | 15.7 | 25.2 | 18.2 | 32.5 | -0.4 |
| China | 99 | 657 | 562 | 6.4 | 16.8 | 10.6 | 46.1 | -3.0 |
| Japan | 72 | 216 | 230 | 4.7 | 5.5 | 4.3 | 24.5 | 1.3 |
| Vietnam | 3 | 43 | 70 | 0.2 | 1.1 | 1.3 | 65.8 | 10.6 |
| United States | 18 | 48 | 51 | 1.2 | 1.2 | 1.0 | 21.9 | 1.1 |

¹¹ Industrial Sector by NBS
www.nbs.go.tz/nbs/takwimu/Br/2014_15_SBR.pdf

¹² National Economic Survey-2018

Source: Tanzania DTIS Update, 2017

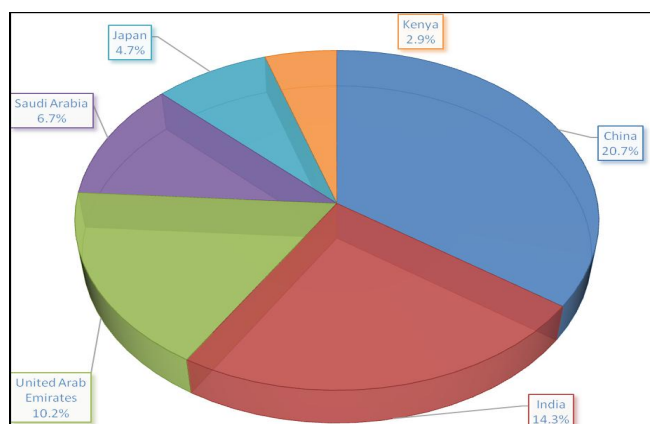
Notes: ASEAN+3=Association of South East Asian Nations plus China, Japan and the Republic of Korea; EAC=East Africa Community; SADC= Southern Africa Development community.

2.6.2. Imports

Main trading partners for imports are; Saudi Arabia, China, India, United Arab Emirates, Norway, Malaysia, Indonesia, South Africa, Switzerland, the United Kingdom, USA and Japan.

The mentioned countries altogether by 2018, accounted for 50.1 percent of all Tanzania imported goods. In the year 2018, goods imported were largely petroleum from Saudi Arabia and the United Arab Emirates as well as machinery, tractors and electronic products from China. In addition, automotive goods and steel products were imported from India, Japan, China and South Africa.¹³

Breakdown of Goods Imports



Source: Tanzania Revenue Authority and Bank of Tanzania (2018)

2.6.3. Balance of Payments, countries trading with Tanzania

Tanzania's balance of payments (BOP) fluctuated from surplus levels in 2012-13 to deficit levels in the following years, until 2016-17 when it returned to surplus. The recent improvement in the BOP can be attributed to the decline in the current account deficit, due to falling imports of both goods and services Imports of goods have generally declined over the period, as a result of lower

¹³ National Economic Survey-2018

fuel costs. As a result, the stock of official reserves has increased and is expected to now cover about six months of imports of goods and services.¹⁴

Balance of Payment

| Item | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------------|------------|------------|-----------|-----------|-----------|
| Current account | -3,769.60 | -4,988.50 | -4,843.90 | -3,610.70 | -2,107.90 | -1,726.20 |
| Goods: exports f.o.b. | 5,889.20 | 5,258.10 | 5,194.10 | 5,316.80 | 5,661.20 | 4,827.80 |
| Traditional | 956.7 | 868.9 | 828.8 | 793.3 | 885.6 | 1,020.20 |
| Non-traditional | 4,164.40 | 3,703.30 | 3,798.60 | 4,040.10 | 4,260.90 | 3,368.70 |
| of which: gold | 2,117.40 | 1,644.80 | 1,324.10 | 1,183.30 | 1,449.40 | 1,541.10 |
| Unrecorded trade | 768.2 | 685.8 | 566.8 | 483.3 | 514.7 | 438.9 |
| Goods: imports f.o.b. | -10,319.10 | -11,029.10 | -10,917.80 | -9,843.10 | -8,463.60 | -7,551.70 |
| Services: credit | 2,786.40 | 3,201.70 | 3,396.00 | 3,412.40 | 3,599.30 | 3,842.30 |
| Transport | 641.1 | 811.8 | 902.6 | 1,024.90 | 1,053.60 | 1,140.60 |
| Travel | 1,712.70 | 1,880.40 | 2,010.10 | 1,902.00 | 2,131.60 | 2,261.20 |
| Other | 432.6 | 509.5 | 483.2 | 485.5 | 414.1 | 440.5 |
| Services: debit | -2,358.90 | -2,488.50 | -2,668.70 | -2,629.10 | -2,176.40 | -2,039.90 |
| Transport | -1,046.90 | -1,137.80 | -1,163.00 | -1,047.00 | -893.7 | -800.3 |
| Travel | -967 | -1,033.90 | -1,101.60 | -1,195.30 | -922.3 | -807.3 |
| Other | -344.9 | -316.7 | -404.1 | -386.8 | -360.4 | -432.3 |
| Primary income | -574 | -705.7 | -324.8 | -348.1 | -1,109.70 | -1,206.60 |
| Credit | 131.1 | 130.1 | 118.4 | 110.3 | 98.5 | 125.3 |
| Debit | -705.1 | -835.8 | -443.2 | -458.4 | -1,208.30 | -1,332.00 |
| Secondary income | 806.8 | 775.1 | 477.3 | 480.4 | 381.5 | 402 |
| Credit | 912.3 | 836.9 | 535.5 | 560.5 | 452.7 | 485.2 |
| Debit | -105.4 | -61.8 | -58.2 | -80.2 | -71.2 | -83.2 |
| Capital account | 777.2 | 658.8 | 522.2 | 354.4 | 420.4 | 351 |
| Financial account, excl. reserves and related items | -3,879.60 | -5,021.00 | -3,244.50 | -2,874.40 | -2,321.90 | -2,349.60 |
| Direct investments | -1,799.60 | -2,087.30 | -1,416.10 | -1,560.60 | -1,365.40 | -1,180.20 |
| Portfolio investments | -6.1 | -4.5 | -11.5 | -27.6 | 5 | -2.9 |
| Other investments | -2,073.90 | -2,929.30 | -1,816.90 | -1,286.10 | -961.5 | -1,166.50 |

¹⁴ National Economic Survey-2018

| | | | | | | |
|-----------------------------|--------|--------|--------|--------|--------|----------|
| Net errors and omissions | -561.1 | -183.4 | 825.5 | 182.9 | -328.9 | 675.1 |
| Overall balance | 326.2 | 507.9 | -251.8 | -199.1 | 305.5 | 1,649.50 |
| Indicators (%) | | | | | | |
| Current account balance/GDP | -9.6 | -11.2 | -10 | -7.9 | -4.4 | -3.3 |
| Overall balance/GDP | 0.8 | 1.1 | -0.5 | -0.4 | 0.6 | 3.2 |

Source: Bank of Tanzania, Economic Bulletin, June 2018.

3. Section Three: Investment Profile

3.1. Introduction

Tanzania is proud of having abundance of natural wealth, which offers tremendous investment opportunities for investors across a number of sectors such as; Telecommunication, Real Estate, Agriculture, Mining, Manufacturing, Tourism, Fisheries, Finance, and Energy.

3.2. Business Environment

3.2.1. Investment and Ease of Doing Business

The World Bank's Ease of Doing Business Report of 2019 showed that, Tanzania ranked 144th out of 190 assessed countries in 2018 compared to 137th in 2017. This was a result of various procedural checks instituted to reduce malpractices in the business sector. However, Tanzania performed well in some categories whereby it was ranked number 60 in ease of getting credit, 64th in enforcing contract and 83th in availability of reliable electricity. Categories that Tanzania did not perform well includes cross-border trade which ranked number 183, paying taxes number 167, and 163 in starting a business. The Government continued to improve investment and business environment by implementing blueprint (Institutional framework guide across all public parastatals on delivering services to people) strategic plan. In addition, the Government continues to implement policies and plans that aim at reducing nuisance taxes, levies and bureaucracy in business activities. Further, the Government has strengthened import-export procedures and improved infrastructures as well as constructing one-stop- border posts aiming at reducing bureaucracy.

The Government has also already established Online Registration System (ORS) hosted at the Business Registrations and Licensing Agency (BRELA) since 2017, the system facilitates

business/companies registration for all people hence reduced nuisance costs for prospective firms. The ORS on trade/business/investment facilitation has pivotal roles with One-Stop-Shop hosted at the Tanzania Investment Centre (TIC).

During 2017, Tanzania Investment Centre (TIC) continued to undertake initiatives to improve delivery of services. To this end, a special committee, National Investment Facilitation Committee (NIFC), chaired by TIC and comprising of CEOs of Government institutions, which service investors was formed to address challenges related to provision of coordination and facilitation of services. Further, all institutions that are providing support to investors including Immigration Services Department, Tanzania Revenue Authority (TRA), Ministry of Works and Labor, Ministry of Land, Tanzania Bureau of Standards (TBS), and Tanzania Food and Drugs Authority (TFDA) currently known as Tanzania Medicines and Drugs Authority (TMDA) now have officers capable of making necessary decisions sitting at TIC. Movements of files have also been automated, with a view to improving efficiency in the approval process. The initiative is intended to reduce the number of days for unleashing all the necessary facilitation and permits to three working days from an average of 14 working days in the past.ⁱ

3.2.2. Foreign Private Investment

Foreign private investment is of paramount for country's economic growth. Increase in foreign private investment is due to prevailing good economic policies, peace, tranquility and strengthened business environment. Further, foreign private investment in the country contributes to credit growth, employment creation, increase GDP and attract foreign currencies.

According to Tanzania Investment Report of 2018, foreign private investment amounted to USD 15,392.9 million from USD 14,634.3 million in 2016, equivalent to an increase of 5.2 percent. Out of this, Foreign Direct Investments (FDI) were USD 13,499.5 million, equivalent to 87.7 percent of the stock of foreign private investment, portfolio investment was 0.5 percent and other investment 11.8 percent. Foreign private investment inflows increased by 5.7 percent to USD 1,052 million in 2017 from USD 995.5 million in 2016.

3.2.3. Portfolio and Foreign Direct Investments

Tanzania generally recorded growing inflows of FDI in 2011-13, after which there have been declines. Despite these recent declines, Tanzania remains a top recipient of FDI in East Africa and one of the top ten in Africa.

Tanzania Investment Report of 2018 showed that, in 2017 Tanzania attracted USD 937.7 million inflows of FDI compared to USD 755.0 million in 2016, equivalent to an increase of 24.2 percent from the following countries namely; United Kingdom, South Africa and Canada. This was largely underpinned by increased investments in food and accommodation; mining and quarrying; and finance and insurance activities which altogether accounted for 61.5 percent of FDI in 2017. In addition, portfolio investment was USD 0.8 million in 2017 compared to USD 2.8 million in 2016. This kind of portfolio investments represent equity investment in company with foreign liabilities accounting for less than 10 percent of company's ordinary shares or voting rights (see the table below).

FDI Stock in Tanzania, By Source and By Activity in 2012-15

| | 2012 | 2013 | 2014 | 2015 |
|---|--------------|-------------|-------------|-------------|
| Total (USD billion) | 9.9 | 10.9 | 11.9 | 12.1 |
| | (% of total) | | | |
| <u>By source country</u> | | | | |
| United Kingdom | 18.3 | 22.8 | 22.3 | 26.6 |
| South Africa | 25.3 | 19.6 | 19.1 | 16.9 |
| Canada | 10.5 | 11.0 | 11.0 | 4.3 |
| Norway | 1.6 | 4.9 | 7.3 | 9.5 |
| Mauritius | 4.8 | 5.3 | 5.3 | 4.5 |
| Netherlands | 2.5 | 4.9 | 4.3 | 6.3 |
| Kenya | 4.9 | 3.9 | 4.2 | 3.3 |
| Switzerland | 4.4 | 2.3 | 1.3 | 1.4 |
| United States | 2.1 | 2.2 | 2.1 | 1.2 |
| Australia | 0.7 | 2.7 | 2.5 | 1.4 |
| Luxembourg | 0.7 | 2.7 | 2.4 | 0.7 |
| China | 0.4 | 1.7 | 1.6 | 1.3 |
| Nigeria | 0.1 | 0.3 | 0.4 | 3.9 |
| Memo: | | | | |
| SADC | 31.3 | 26.2 | 25.5 | 22.8 |
| EAC | 5.4 | 3.9 | 4.2 | 3.5 |
| <u>By activity</u> | | | | |
| Mining and quarrying | .. | 45.0 | 44.3 | 54.8 |
| Manufacturing | .. | 12.7 | 11.5 | 12.5 |
| Financial and insurance activities | .. | 11.2 | 11.7 | 9.9 |
| Electricity and gas | .. | 9.2 | 11.3 | 1.8 |
| Information and communication | .. | 6.5 | 6.4 | 6.2 |
| Wholesale and retail trade | .. | 4.2 | 4.0 | 4.5 |
| Agriculture, forestry and fishing | .. | 4.7 | 4.1 | 3.0 |
| Accommodation and food service activities | .. | 1.5 | 1.5 | 1.8 |
| Real estate activities | .. | 1.3 | 1.6 | 1.3 |
| Other | .. | 3.7 | 3.6 | 4.4 |

.. Not available.

Source: World Trade Organization (WTO) Trade Policy Review-Annex 4 Tanzania. (2019)

3.2.3.1. China FDI to Tanzania

Tanzania accounted for 16.3% of China's total FDI in Africa with USD4b in 2014, an increase of 100% from the total Chinese FDI recorded in the country at the end of 2013.ⁱⁱ

3.2.4. Other Investments

Other investments comprised of long and short-term loans and trade credits and advances. In 2017, this category of inflows amounted to USD 113.2 million much lower compared to USD 237.7 million recorded in 2016, equivalent to a decrease of 52.4 percent. Large share of inflows of other investments were in the form of long-term loans and trade credits.

Foreign Private Investment (USD Million)-2013-2017

| Type of Investment | Inflows | | | | | Stoks | | | | |
|---------------------------|-----------------|-----------------|-----------------|---------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Foreign Direct Investment | 2,130.9 | 1,416.1 | 1,560.6 | 755.0 | 937.7 | 10,851.4 | 11,897.4 | 12,146.6 | 12,839.2 | 13,499.5 |
| Investment portfolio | 3.5 | 1.2 | 1.5 | 2.8 | 0.8 | 123 | 16.3 | 118 | 128 | 72.2 |
| Other Investment | 47.4 | 106.1 | 2.7 | 237.7 | 113.2 | 1459.4 | 1509.5 | 1439.8 | 1667.1 | 1820.9 |
| Total | 2,181.80 | 1,523.40 | 1,564.80 | 995.50 | 1,051.70 | 12,433.80 | 13,423.20 | 13,704.40 | 14,634.30 | 15,392.60 |

Source: National Economic Survey (2018)

During the review period, portfolio investments have remained very low, at less than 1% of inflows. However, with developments in, and liberalization of, the capital markets, Tanzania is expected to attract more in the future, in particular from the EAC.

In Zanzibar, FDI flows have generally increased over the period. The main sectors attracting the most investment inflows were hotels and restaurants, followed by real estate.

3.2.5. Employment from Foreign Direct Investment

FDI facilitate creation of employment opportunities and thus improve skills and professions which are imperative in increasing production. In 2017, FDI created 105,364 employment compared to 108,330 employment in 2016, equivalent to a decrease of 2.74 percent. Out of total employment created 33 percent were professional employees and 67 percent were non-professional. During that period, sectors with the largest share of employees were manufacturing, agriculture, finance and insurance and administrative services which collectively accounted for 65.0 percent of total number of employees.

3.3. Tanzania-China Bilateral Relationships

3.3.1. Tanzania-China Mode of Arrangement on Logistics

In 2018, China-Tanzania Joint Shipping Company (SINOTASHIP) transported 598,000 tons of cargo compared to 580,000 tons in 2017, equivalent to an increase of 3.1 percent. The increase was due availability of cargo after leasing MV. Changshun II to COSCO Bulk Carrier Company which has experience and high capacity in cargo transportation in the World. In addition, the company handled 41,000 containers at Dar es Salaam port compared to 20,880 containers in 2017, equivalent to an increase of 96.4 percent. This was due to COSCO Shipping Container Line decision to increase the number of routes from two to four.

Generally, transportation and logistics has been among services sectors in Tanzania that have been growing steadfastly.

Tanzania signed Bilateral Investment Treaty (BIT) with China since 2014. The treaty aims to forge their positive aspirations further. The two partner states' signed or specifically trade arrangement can be regarded as the most important one and the most effective. The basic criteria is time factor (durable relationship compared to the rest), number of projects and services involved for example; Tanzania got support on mega transportation infrastructure of its kind in Africa i.e Rail-way connecting between Tanzania and Zambia called TAZARA (1968) which was by then called Uhuru Railway funded by PRC President Mao Tse-Tung as part of implementation of one belt on road initiative.

Tanzania still to-date run a myriad of infrastructural, construction projects led by Chinese people.

3.3.2. Tanzania-China at Multilateral Level

Tanzania has long endured diplomatic relationship with People's Republic of China since 1964. Within the existing relationship, Tanzania has been among other Nations at The World Trade Organizations (WTO) enjoying vital relationship with China including Preferential Treatment granted by China through (WTO) on Duty Free Quota Free Market Access (DFQF) that allow Tanzania to export to China products of 8047 tariff lines (8-digits level) accounting for 97% of all tariff lines of China among 24 countries since 2016.ⁱⁱⁱ

3.4. Investment Requirements

Foreign investors wishing to open and operate a commercial business venture in Tanzania must first be licensed as a business to meet the requirements of the Business Licensing Act 1972, administered by the Business Registration and Licensing Agency (BRELA) of the Ministry of Industry and Trade. In Zanzibar all FDI applications and advice are handled directly by Zanzibar Investment Promotions Agency (ZIPA) staff who liaise with relevant Union Ministries where required. The licensing procedure and documentation requirements are fairly straightforward and not overly as can be seen through (<https://www.brela.go.tz/>and <http://tic.go.tz/businessLicense>) On completion of the registration process with TIC, investors, both foreign and local, receive the Certificate of Incentives. However, after some changes in fiscal legislation, the Certificate in most cases gives investors access to rights rather than privileges. These include investment guarantees contained in the 1997 Investment Act, access to land or the right to transfer funds abroad and employ up to five expatriates.

For an investor to qualify for the Certificate, the 1997 Act establishes minimum levels of Investment capital. The minimum level for foreign investment projects, including wholly owned affiliates and joint ventures, is \$300,000 and \$100,000 for local investors. The legislation is not clear on incentives and procedures for FDI projects below the threshold levels. However, FDI projects below this minimum level can still be registered with BRELA. They may be offered facilitation, support and help by TIC, but will not receive incentives available to projects above\$300,000 or \$100,000 as the case may be. This minimum level also applies in Zanzibar.

3.4.1. Application and authorization procedures

The FDI entry and establishment process for Tanzania is defined in the 1997 Act. It sets out the requirements and steps for new investors to apply for entry, approval and business registration, and thereby obtain access to the fiscal incentives available to investment projects meeting the

FDI eligibility criteria. The procedure is relatively simple and clear. All applications are dealt with by TIC.

Three copies of the completed application and business plan for the Investment project should be submitted to TIC. Other required formalities are (1) a foreign investor profile and (2) a non-refundable \$750 registration fee.

Once this process is completed, a representative of the Ministry of Investment will assess the business and issue a business certificate making the business eligible for investment incentives from TIC and then hand over the application to a TIC case officer. In Zanzibar all FDI applications and advice are handled directly by ZIPA staff who liaise with relevant Union Ministries where required.

Enterprises seeking to invest in the mining or petroleum sectors are required to obtain registration and approval within the separate legislation (Mining Act 1998 and the Petroleum Act 1980) administered by the Ministry of Energy and Minerals (currently Ministry of Energy). Tourism businesses and hotels have also to secure licenses, both centrally and locally from the relevant Ministries and local authorities.

Once FDI applications and the required associated documentation have been reviewed by the TIC case officers and the in-house Ministerial and agency representatives, TIC registers the project. Normally, this process is a matter of days rather than weeks as was the case before. Copies of the project documentation of approved applications are sent to the Ministry of Investment, the Ministry of Finance and the Tanzania Revenue Authority. Copies are also sent to the relevant Ministry with authority over specific sectors such as agriculture, banking and financial services, telecommunications, tourism, energy and minerals. In practice, very few registration applications are refused either on the Mainland or in Zanzibar.

TIC maintains a database, which is the main means of monitoring FDI project approvals in Tanzania. The database contains the six-month progress reports required of all FDI projects. The records also include registration documents for technology transfer agreements and all certificates of approval issued to companies and their expatriate

staff.^{iv}

3.5. Investment Incentive

The Tanzania Investment Centre grants Certificates of Incentives under authority conferred upon it by Part III, Section 17 (1-8) of Tanzania Investment Act, 1997. Holders of certificate of incentives are entitled to various investment incentives as stipulated in the Investment Act, 1997. Enterprises engaging or intending to engage in Mining and Petroleum Sectors shall follow the approval process contained in their respective laws (Mining Act 2010 & Petroleum Act 2015). However, the Centre upon request shall assist all investors to obtain permits and authorization required by other laws to set up and operate investment in Tanzania.

- **How to Apply**

Issuance of Certificate of incentives is guided by the section 17(1-8) of Tanzania Investment Act, 1997. The following documents should be submitted:

A certified copy of the Certificate of company Incorporation, a copy of the company's Memorandum and Articles of Association, a dully filled TIC application forms which are issued by the Centre, Project business plan, evidence of sufficient finance capital available to implement the project, evidence of project location, Company Board Resolution to register the project with TIC.

An overall covering letter to which all the above are attached.

Payment of facilitation fee of **US\$ 1100 is charged.**

3.5.1. Fiscal and non-fiscal Investment Incentive

The Fiscal and non-fiscal Investment Incentive are as follows:-

- Access to various services related to permits, licenses and approvals in the TIC One Stop Facilitation Centre.
- The recognition of private property and protection against any non-commercial risks. Tanzania is an active member of the World Bank Foreign Investment Insurance wing, MIGA (Multilateral Investment Guarantees Agency). Likewise Tanzania is a member of The International Centre for Settlement of Investment Disputes (ICSID) also a body affiliated to the World Bank.
- Zero percent (0%) Import Duty on Project Capital Goods, Computers and Computer Accessories, Raw Materials and Replacement Parts for Agriculture, Animal Husbandry and Fishing, Human and Livestock Pharmaceuticals and Medicaments, Motor Vehicle in

Completely Knocked down (CKD) form and inputs for Manufacturing Pharmaceutical Products.

- Ten percent (10%) - Import Duty for Semi-processed/semi-finished goods).
- Introduction of pay and refund scheme for excise duty paid on fuel purchased by eligible companies.
- 100% capital expenditure to Mining & Agricultural sectors.
- The Income Tax Laws allows 50% Capital allowances in the first year of use for Plant and Machinery used in manufacturing processes and fixed in a factory, fish farming; or providing services to tourists and in a hotel Thereafter, wear and tear rates apply to the remainder as below:
- VAT Deferment granted on project capital Goods such as Plant & Machinery. However, the person has to carry on an economic activity, keeps proper VAT records and file returns, has no Tax outstanding and VAT payable in respect of each unit of the Capital goods is twenty million Shillings or above.

EAC Customs Management Act (CMA) provides 0% import duty on Hotel Equipments like TV, Cookers, Washing machines, Kitchen Ware, Fridges and freezers, Air Conditioning Systems, Cutlery, Carpets, Furniture, Linen and Curtains and Gymnasium equipment.

3.5.2. Import Draw Back Scheme

Involve the following:-

- Import Duty drawback on raw materials used to produce goods for exports and deemed exports. Deemed exports cover locally produced or manufactured goods, which are sold to foreign agencies or entities operating in Tanzania, which are exempt from payment of import duties.
- Zero-rated VAT on exports.
- The right to transfer outside the country 100% of foreign exchange earned, profits and capital.
- Automatic permit of employing 5 foreign Nationals on the project holding Certificates of Incentives.

3.5.3. Foreigners Entry Requisites

3.5.3.1. Services for Foreign Nationals

Entry Requirements

Foreigners seeking to enter the United Republic of Tanzania should be in the possession of valid passports or any other travel document. The passport or any other travel document is to be presented to the Immigration Control Officer at any entry point, such as Border station, Airport or Harbor. The travel document must be presented along with one of the following:- A valid visa or a residence permit or a pass

N.B: A visitor must also present an onward or return ticket together with proof that he/she has sufficient funds to support himself or herself while in Tanzania.

- **Visas**

A visa is a permission granted to a foreigner who intends to enter into Tanzania for business, holiday, studies or conduct research or any other approved activities. Visas should be obtained at Tanzania Embassies/High Commissions abroad or at the entry point.

After entering the country, a visitor with a visa may then obtain from the Immigration Control Officer, a pass or any other authority to stay in the country.

Who Requires a Visa?

All foreigners from Non-Commonwealth Countries are required to have a valid visa unless their countries have a visa abolition agreement with Tanzania.

Citizens of Commonwealth countries are not required to obtain visa, unless they are citizens of the United Kingdom, Canada, Nigeria, India, Pakistan or The Republic of South Africa, Australia and New Zealand. However, the list may change from time to time.

- **Types of Visas**

There are five types of visas valid for entry into Tanzania:

i. Ordinary Visa

An Ordinary Visa is issued at any Tanzania Mission abroad or at any official entry point into Tanzania boarder.

ii. Carrying on Temporary Assignment (CTA)

CTA is issued to prospective visitors who intend to visit Tanzania for purposes of making feasibility studies, establishing professional and business contacts, and making arrangements for

investments during the start-up period. The validity of this visa is two months. This type of visa is issued at the entry point.

iii. Multiple entries Visa

Foreigners who, because of the nature of their business or investments, need to make frequent visits to the United Republic of Tanzania may be issued with Multiple- entry visa. The validity ranges from (3) months to one year. Applications for multiple-entry visa are usually submitted to the Director of Immigration services by local contacts on behalf of the applicant.

iv. Referred Visa

There are some countries which their Nationals require special clearance from the Commissioner General of Immigration or the Commissioner of Immigration (Zanzibar) prior to issuance of the Visa. These countries fall under the Referral Visa Category. Applicants whose Nationals fall under this category are not advised to book flight tickets or make payments for any reservations in Tanzania before they get approval for their Visa. Applicants of Referral Visa are advised to apply at least two months before their travel dates.

Note: Refugees who hold Vienna Convention documents are also required to obtain referral visa prior to coming to Tanzania.

List of Countries which their Nationals require Referral Visa.

Afghanistan, Azerbaijan, Bangladesh, Chad, Djibouti, Ethiopia, Eritrea,, Equatorial Guinea, Iran, Kazakhstan Republic, Kyigten Republic, Lebanon, Mali, Mauritania, Niger, Nigeria, Pakistan, Palestine, Senegal, Somalia, Sri Lanka, Somali land, Sierra Leone, Syria, Tajikistan, Turkmenistan, Uzbekistan, Stateless persons or persons with refugee status. The exhaustive list of countries can be observed through, (<https://www.foreign.go.tz/index.php/services/category/services-for-foreigners>)

v. Transit Visa

A Transit Visa is a permission to pass through Tanzania from one entry point to the exit point. It is for the people whose purpose of their entry into Tanzania is simply to pass through to the other destination abroad without visiting. This type of a visa is only issued to persons with onward tickets, sufficient funds for transit, and an entry visa to the country of destination or any proof

that prior arrangements have been made that satisfy this requirement. There is no special clearance for transit visa, except for those specified in referral part.

- **Visa Issuing Centers and Authorities**

Visas are issued by the following:-

- The office of the Director General of Immigration Services, Dar es Salaam (though alternatively offices are in Dodoma since 2018), and the Office of the Assistant Director of Immigration Services Zanzibar.
- Tanzania Missions abroad.

Entry points to the United Republic of Tanzania entail the following (borders); Namanga, Tunduma, Sirari, Horohoro, Ports and Airports; Kigoma Port, Julius.K. Nyerere InterNational Airport (JKNIA), Kilimanjaro Inter National Airport, Zanzibar Harbour and Zanzibar InterNational Airport (ZIA) and other gazetted entry points.

- **Visa Fee Rates**

Visa fee for Holiday and Ordinary visa is US \$. 50. Multiple visa 6 months to 1 year is US \$ 100, while 3 months multiple visa fee is US \$.50.

The whole process can be done through downloading, filling and returning form to immigration offices by (www.immigration.go.tz)

Note:

Possession of a Visa for the United Republic of Tanzania does not provide automatic right of entry for the holder into the Country. The Immigration Officer at the port of entry may refuse entry to any person, if he is satisfied that such a person is unable to fulfill the Immigration requirements or that such person's presence in the United Republic of Tanzania would be contrary to National interests or security.

Other Requirements

- **Residence Permits**

Residence permits are not issued by Tanzania Missions but rather the Immigration Department. Application for residence permits must be done and obtained prior to arriving in Tanzania.

The requirements are as follows:

- **Work Permits**

A non-citizen shall not engage in any occupation for reward, profits unless he has a valid work permit that allows that person to work or engage in the occupation specified in the valid work permit.

Work permits are not issued by Tanzania Missions but rather the Ministry of Labor, Employment and Youth Development. Application of work permits must be done and obtained prior to arriving in Tanzania.

The requirements are:

Categories

Class A; for investors and self employed

Class B; Non-citizen in possession of prescribed professions (Medical and Health Care professionals, experts in oil & Gas, Teachers and University Lecturers in Science and Mathematics).

Class C: Non-Citizen in possession of other professions

Fees: Class A: US\$1000, Class B: US\$ 500, Class C: US\$1000, Class D: US\$500, Facilitation fee of US\$ 100 is paid to TIC

Note:

Filming License: Filming licenses mandatory and permits to import filming equipment must be obtained prior arrival in the country.

3.6. Existing Investment Opportunities

Tanzania consists of multitude investment opportunities as follows:-

Establishment of business properties (shopping malls and office buildings), Packaging Industry, Agricultural Processing Industry, Floriculture Industry, Horticultural Processing Industry, Leather Processing Industry, Milk Processing Industry, Meat and Animal Products Processing Industry, Furniture Industry, Solid Waste Management and Electricity Production, Fish Farming and Fish Processing Industry, Edible Oil Industry (Palm Oil and Sunflower Oil), Cement Industry, Mining Industry, Tourism Industry (Establishment of Tourist Hotels), Cashew nut Farming and Processing Industry as well as Glass ware Industry.^v

Tanzania has abundant potentials for the establishment of industry as well as production on the aforementioned assortment.

3.7. Current Chinese Investments/Businesses In Tanzania

The largest Chinese-supported projects In Tanzania include: TAZARA, Friendship Textile Mill, Mubarali Rice Farm, Kiwira Coal Mine and Mahonda Sugar Cane Factory.

Currently, there are more than 500 companies invested in Tanzania carrying out the business of labor contracts and services in Tanzania, among them being construction companies like CRJE. China's total direct investment in Tanzania soared from \$700 million in 2011 to more than \$2.5 billion in 2014, turning among the larger economy into the biggest foreign investor in the East African Region.

The Government through Tanzania National Roads Agency (TANROADS), an agency charged with the development, maintenance and management of trunk and regional roads together with China Civil Engineering Construction Cooperation (CCECC), is still implementing Ubungo Interchange project, funded by the World Bank, a set of overpasses at Dar es Salaam city center occupying about 266-meters (interchange) was launched in March, 2017 expected completion date is December 2020, currently its implementation is about 70 percent. It is part of the second phase of the Bus Rapid Transit (BRT) system of Dar es Salaam (DART), which began operations in May 2016 significantly targeted at reducing travel time and costs for many commuters in Dar es Salaam. The City consisting of more than 4.4 million population, has been growing rapidly at a rate of 6.5% per year and is expected to become a mega city before 2030.^{vi}

The Government through Sino-Tanzanian joint ventures established Tanzania-China Friendship Textile Corporate Ltd in 1996, whereby the Chinese Government invested US\$ 5.5 million (51%) with enhanced profits and job creation.

Chinese-Tanzania Joint Shipping Company is another joint venture (50% each) with capital of TZS 17.2 billion (US\$ 15.5 million). These serve as successful examples for mutually beneficial cooperation between the two countries. In recent statistics (2018), China-Tanzania Joint Shipping Company (SINOTASHIP) transported 598,000 tons of cargo compared to 580,000 tons in 2017, equivalent to an increase of 3.1 percent. The increase was due to availability of cargo after leasing MV Changshun II to COSCO Bulk Carrier Company which has experience and high capacity in cargo transportation in the World. In addition, the company handled 41,000

containers at Dar es Salaam port compared to 20,880 containers in 2017, equivalent to an increase of 96.4 percent. This was due to COSCO Shipping Container Line decision to increase the number of routes from two to four.^{vii}

The Tanzania Ports Authority (TPA) signed a 36-month contract of USD 154 million with state-owned China Harbor Engineering Company Limited (CHEC) for the expansion of the Dar es Salaam port. Under the agreement, CHEC was expected to build a roll-on, roll-off (ro-ro) terminal and deepen the port's berths 1 to 7. The 7 berths depth will be expanded from the current 8 meters to 15 meters, allowing the port to receive larger vessels able to carry up to 19,000 containers. The project was expected to be completed by the year 2022, to enable Tanzania Ports Authority (TPA) increase the container throughput to 28 million tons a year from around 20 million tons (2017). Currently 1-4 berths have been completed.

REFERENCES

H.P.B. Moshi & J.M. Mtui. (2008). Scoping Studies on China-Africa Economic Relations: The Case of Tanzania, Economic Research Bureau, Dar es salaam, Tanzania

Ministry of Works Transport and Communication, Budget Speech May, 2020.

WTO-Trade Policy Review-Annex 4 Tanzania. (2019)

BOT-Tanzania Investment Report. (2018)

WTO-Communication from China on DFQF Programme for LDCs. (2016)

National Economic Survey. (2018)

UNCTAD-Tanzania Investment Policy Review. (2009)

Tanzania Investment Centre (TIC): <http://tic.go.tz/selectedIncentives>

[Tanzania Mineral Policy, 2009](#)

Tanzania Mining Industry Investment Guide, 2015

Chinese People's Daily Online: <http://en.people.cn/n3/2019/1126/c98649-9635646.html>

ⁱ BOT-Tanzania Investment Report (2018)

ⁱⁱ <https://www.tanzaniainvest.com/industry/china-grant>

ⁱⁱⁱ WTO G/C/W/656/Add.1 WT/COMTD/N/39/Add.2

^{iv} UNCTAD-Tanzania Investment Policy Review (2009)

^v <http://tic.go.tz/images/uploads/Mtwara%20Region%20Investement%20Guide.pdf>

^{vi} <https://www.tanzaniainvest.com/transport/dart-ubungo-interchange-construction-update>

^{vii} National Economic Survey (2018)