

# U.S. Country Commercial Guides



## Tanzania 2018

2018 Country Commercial Guide for U.S. Companies

**Table of Contents**

**Doing Business in Tanzania..... 5**

- Market Overview ..... 5
- Market Challenges ..... 6
- Market Opportunities ..... 6
- Market Entry Strategy ..... 6

**Political and Economic Environment..... 8**

**Selling U.S. Products and Services..... 9**

- Using an Agent to Sell US Products and Services ..... 9
- Establishing an Office ..... 9
- Direct Marketing ..... 9
- Joint Ventures/Licensing..... 9
- Selling to the Government..... 9
- Distribution & Sales Channels ..... 10
- Selling Factors and Techniques ..... 10
- eCommerce ..... 10
- Trade Promotion and Advertising ..... 11
- Pricing ..... 11
- Sales Service/Customer Support..... 11
- Due Diligence..... 11
- Local Professional Services ..... 12

**Leading Sectors for U.S. Exports and Investment ..... 13**

- Healthcare..... 13
- Agriculture and Agricultural Processing..... 16
- Energy Sector ..... 21
- Mining..... 25
- Transport Infrastructure ..... 33
- Travel and Tourism..... 36
- Web Resources ..... 12

**Trade Regulations, Customs and Standards ..... 40**

<b>Import Tariffs</b> .....	<b>40</b>
<b>Trade Barriers</b> .....	<b>40</b>
<b>Import Requirements and Documentation</b> .....	<b>40</b>
<b>U.S. Export Controls</b> .....	<b>40</b>
<b>Temporary Entry</b> .....	<b>40</b>
<b>Labeling/Marking Requirements</b> .....	<b>41</b>
<b>Prohibited &amp; Restricted Imports</b> .....	<b>41</b>
<b>Customs Regulations</b> .....	<b>41</b>
<b>Trade Standards</b> .....	<b>42</b>
<b>Trade Agreements</b> .....	<b>43</b>
<b>Web Resources</b> .....	<b>43</b>
<b>Investment Climate Statement</b> .....	<b>44</b>
<b>Executive Summary</b> .....	<b>44</b>
<b>Openness To, and Restrictions Upon, Foreign Investment</b> .....	<b>45</b>
<b>Bilateral Investment Agreements and Taxation Treaties</b> .....	<b>46</b>
<b>Legal Regime</b> .....	<b>47</b>
<b>Industrial Policies</b> .....	<b>50</b>
<b>Intellectual Property Rights</b> .....	<b>52</b>
<b>Financial Sector</b> .....	<b>53</b>
<b>State-Owned Enterprises</b> .....	<b>54</b>
<b>Responsible Business Conduct</b> .....	<b>55</b>
<b>Corruption</b> .....	<b>56</b>
<b>Political and Security Environment</b> .....	<b>57</b>
<b>Labor Policies and Practices</b> .....	<b>58</b>
<b>OPIC and Other Investment Insurance Programs</b> .....	<b>59</b>
<b>Foreign Direct Investment and Foreign Portfolio Investment Statistics</b> .....	<b>59</b>
<b>Contact for More Information</b> .....	<b>61</b>
<b>Trade and Project Financing</b> .....	<b>62</b>
<b>Methods of Payment</b> .....	<b>62</b>
<b>Banking Systems</b> .....	<b>62</b>
<b>Foreign Exchange Controls</b> .....	<b>62</b>
<b>US Banks and Local Correspondent Banks</b> .....	<b>63</b>

<b>Project Financing .....</b>	<b>63</b>
<b>Business Travel.....</b>	<b>64</b>
<b>Business Customs.....</b>	<b>64</b>
<b>Travel Advisory.....</b>	<b>64</b>
<b>Visa Requirements.....</b>	<b>64</b>
<b>Telecommunications/Electric.....</b>	<b>64</b>
<b>Transportation.....</b>	<b>64</b>
<b>Language .....</b>	<b>65</b>
<b>Health .....</b>	<b>65</b>
<b>Local Time, Business Hours, &amp; Holidays.....</b>	<b>65</b>
<b>Temporary Entry of Materials and Personal Belongings .....</b>	<b>66</b>
<b>Web Resources.....</b>	<b>66</b>

**INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2018. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.**

## Doing Business in Tanzania

### Market Overview

U.S. exporters and service providers interested in exploring commercial opportunities in sub-Saharan Africa should strongly consider Tanzania. Tanzania has an ambitious industrialization plan to transform into a middle-income economy by 2030. Energy and transportation infrastructure sectors must become more reliable and efficient if Tanzania is to reach this goal. The Government of Tanzania (GoT) is focusing on developing local industries and making large investments in infrastructure and energy sector development, which present opportunities for U.S. exports.

The United Republic of Tanzania has sustained 6-7 percent Gross Domestic Product (GDP) growth since the late 1990s due to a relatively stable political environment, reasonable macroeconomic policies, structural reforms, resiliency from external shocks, and debt relief. However, recently adopted GoT policies have raised questions about long-term prospects for foreign direct investment (FDI) and has fostered a more challenging business environment. Growth has been driven primarily by transportation, communications, agriculture, manufacturing, electricity, wholesale and retail trade, real estate, and business services.

Tanzania's main trading partners are China, India, the European Union (EU) and neighboring Southern African Development Community (SADC) and East African Community (EAC) countries. Tanzania's exports to the United States are dominated by agricultural commodities, minerals, and textiles while imports from the United States include wheat, agricultural and transport equipment, chemicals, used clothing, and machinery.

### Basic Economic Statistics: (2017/2018)

- Real GDP growth in 2017: 7.1 percent
- Nominal GDP – 2016 (current) \$47.39 billion
- GDP per capita – 2017: \$1,021.0
- Consumer price inflation: Annual headline inflation averaged 3.3 percent in the quarter ending September 2018, slightly lower than 6.0 percent in the corresponding quarter in 2017. Food inflation dropped significantly to an average of 2.4 percent from 11.0 percent due to increases in production. Non-food inflation averaged 4.5 percent, up from 3.2 percent.
- Total Exports: \$4,827.8 million for 2017
- Total Imports: \$7,551.7 million for 2017
- Exports to the USA: \$124 million (USDOC)
- Imports from the USA: \$145 million (USDOC)
- Tanzanian shilling depreciated against USD from TZS 2232.8 on December 31, 2017 to TZS 2299.89 on December 31, 2018
- Average lending rate on short term loan: 18.28 percent (Dec 2017)
- Population Total: 51 million (2017)

Sources: National Bureau of Statistics – Tanzania, Bank of Tanzania and International Currency Exchange

### **Natural Resources**

Tanzania has abundant natural resources with productive use implications for agriculture, mining, energy, and tourism. The country has 44 million hectares of arable fertile land with only about 33 percent currently under cultivation. Resources include diamonds, gemstones, gold, coal, iron, uranium, helium, graphite, nickel, forest products, domesticated livestock, wildlife, fish and marine resources, natural gas, and oil. Primary exports in terms of value include gold and tobacco, while key imports are capital and consumer goods.

Most of Tanzania's land mass consists of the inland plateau rising gently from the coastal belt and stretching 1,000 kilometers, with three major islands along the Indian Ocean – Unguja and Pemba Islands (Zanzibar) and Mafia. These great East African lakes—Victoria, Tanganyika and Nyasa—are partly within Tanzania. The country has the African Rift Valley with impressive natural features including the Ngorongoro Crater, Lake Manyara, Mount Kilimanjaro (the highest peak in Africa) and rivers and streams with clean water and hydroelectric potential.

### **Market Challenges**

**Doing business in Tanzania has various challenges, including:**

- Bureaucratic “red tape” and corruption
- Difficulties enforcing contracts through the courts
- Poor infrastructure, e.g., underdeveloped transport system, unreliable power
- Limited availability of skilled labor
- Difficulties in accessing land as well as difficulty in registering and protecting property rights.
- Lack of Credit, volatile regulatory/policy environment, proliferation of taxes

### **Market Opportunities**

Market opportunities are found in many sectors, including energy, transportation, infrastructure, mining, tourism, agricultural processing and telecommunication. Also, financial services, especially mobile payments have been growing, and there are also potential opportunities likely in U.S. branded consumer goods and in other services sectors such as education, accounting, and legal services. The Tanzanian market is growing, and if your specific product or service is not listed above, we encourage you to contact the U.S. Commercial Service at the U.S. Embassy in Dar es Salaam for a tailored assessment of prospects for your firm's product or service.

### **Market Entry Strategy**

- To enter the Tanzanian market, local contacts, cultural appreciation, and relationship-building are important. Pleasantries like formal introduction and exchange of business cards are highly appreciated. Successful U.S. companies have taken the time to visit Tanzania to get to know the market and meet with potential partners.
- Joint ventures with Tanzanians and shared ownership are strategies preferred by the Tanzanian government, especially in terms of land access.
- Marketing U.S. goods is generally done through a local agent or distributor. Successful investing usually requires an American or local representative on the ground to oversee operations and financial transactions.
- Corruption and bureaucratic obstacles can be addressed and minimized by working with local lawyers and by insisting that contracts and offers be made in writing.

- Only the Finance Ministry and its agencies, such as the Tanzania Revenue Authority (TRA), have the authority to issue tax and other exemptions. Ministries proposing contracts with such exemptions do not have such authority unless the agreement is endorsed formally by TRA.

## **Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the [U.S. Department of State Background Notes](#).

## **Selling U.S. Products and Services**

### **Using an Agent to Sell US Products and Services**

The most effective way of moving goods and services from U.S. producers to industrial and consumer users in Tanzania is through an agent or distributor. Typically, agents or distributors will enter into a Distributor's Agreement with U.S. producers to operate as wholesalers to sell goods and services to local organizations or companies. Some distributors also operate as retailers and sell directly to final consumers.

Use of an agent or distributor has three advantages: it enables firms to maintain continuity; it places the task of ensuring payment on the local partner and, as such, reduces risk and costs; and it provides protection to American suppliers inexperienced in Tanzanian business practices.

In general, finding a reliable agent or distributor requires a visit to meet with local businesspeople. Through a Contact List, Gold Key Service (GKS) or International Partner Search (IPS), the Commercial Section of the U.S. Embassy in Dar es Salaam can assist U.S. firms interested in a relationship with local partners. For more information on these services, please visit: <http://www.export.gov/services>

### **Establishing an Office**

In Tanzania, all business entities require legal registration and a business license to operate in the country. These licenses are issued by the relevant ministries (depending on the nature of the business). All enterprises operating in Tanzania, whatever their legal forms, must register with the Business Registration and Licensing Agency (BRELA). BRELA manages the National Business Registry, and all necessary registration forms can now be downloaded from its website. The Tanzania Investment Center (TIC) is the focal point for investor inquiries; it facilitates registration and incentives for foreign investors.

The steps involved in establishing a local office are provided at the following links:

- <http://www.brela.go.tz/index.php/companies/about>
- [www.tic.co.tz](http://www.tic.co.tz)

Foreign companies' offices in Tanzania are treated as branches of a foreign company. They are registered under part XII of the Companies Ordinance Cap.212.

### **Direct Marketing**

With the increasing use and development of information technology, more Tanzanian consumers have been able to buy products from non-store sources, particularly via the Internet. Still, credit card use is minimal, and direct marketing in Tanzania must be conducted with caution, particularly when it comes to the question of payment. Secure credentialing is nascent in Tanzania particularly on .tz websites, and there is no wide spread national ID card making fraud a significant risk.

### **Joint Ventures/Licensing**

The Tanzanian government encourages joint ventures between local firms and foreign investors; this also facilitates access to land, which foreigners cannot own. Many foreign firms have recently partnered with the National Development Corporation, Tanzania Petroleum Development Corporation, and the National Housing Corporation, in energy, biofuels, and real estate ventures.

### **Selling to the Government**

Government procurement is based on the issuance of tenders either annually (at the beginning of each calendar year) or as needed for specific goods or services. Bidding is often open to international bidders, but sometimes requires local participation in the form of a voluntary joint venture. U.S. firms interested in bidding for GoT tenders should contact the U.S. Commercial Service at the U.S. Embassy in Dar es Salaam for

counseling and support through the U.S. government's Advocacy Center.

Government procurement has been decentralized from central to local government level. The Public Procurement Regulatory Authority (PPRA) is responsible for ensuring application of fair, competitive, transparent, non-discriminatory and value-for-money procurement standards and practices. PPRA provides advice to the Central Government, Local Governments and Statutory bodies on all procurement policies and practices. President Magufuli's government is reviewing all public procurements in his campaign to weed out corruption. Regulations require the GoT to buy new goods/merchandise only.

At times, government procurement is done by direct solicitation; Ministers may exercise considerable influence in the procurement process. The most significant opportunities for U.S. businesses include the procurement of equipment and supplies in the Agriculture, Information Technology, Infrastructure Development and Energy sectors.

### **Distribution & Sales Channels**

In Tanzania, nearly all goods are distributed through wholesalers and retailers. Wholesalers import goods in bulk from the manufacturers or other wholesalers abroad, transport the goods to bonded warehouses, and later distribute them to retailers in the local market. Retailers purchase the goods, pay the required duties, and sell in small shops, usually specializing in one type of product. Some wholesalers, usually operators of supermarket chains and shopping malls, run both wholesale and retail operations.

Imports come through ports of entry and are cleared and taken to bonded warehouses, unless customs duties are paid at the time of entry. Major sea ports include Dar es Salaam, Tanga, Mtwara and Zanzibar; major airports include Dar es Salaam International Airport, Kilimanjaro Airport, and Zanzibar Airport.

### **Selling Factors and Techniques**

Selling factors and techniques depend on the kind of customer, which can be broadly divided into three categories.

First, government departments and state-owned enterprises depend on the issuance of tenders under procurement regulations. When selling, a U.S. supplier must meet the terms and conditions, including submission deadlines, of the tender as stipulated in the tender document. A strategic joint venture with a local partner may be an effective approach. This market segment is usually quality-sensitive rather than price-sensitive.

Second, private sector companies depend on direct solicitation, business-to-business agreements, and one-on-one negotiation. Establishment of distributorship agreements or strategic representation relationships is a good way to sell in the Tanzanian private sector market. This market segment is usually price-sensitive.

Third, non-governmental organizations (NGOs) tend to utilize foreign sources, which are either associated with or based in their countries of origin. U.S. companies may more effectively target U.S.-based NGOs, often at their U.S. headquarters. This particular market segment can be both quality and price sensitive. USAID tenders are publicized on their respective international websites and in local media publications.

### **eCommerce**

eCommerce is not widely used in the Tanzanian market. In the private sector, e-business is growing, but is still in its infancy. Very few private sector companies have established business-to-business websites, secure credentialing is still nascent, and very few buyers have internationally accepted credit cards. However, m-commerce, via mobile phones, is growing rapidly. In addition, some vendors market their goods on Facebook and WhatsApp groups and deliver to customer's residence or any other location. Payment is either by mobile money or cash on delivery. The arrival of the SEACOM undersea fiber optic cable in July 2009, the completion

of Phase I of the national terrestrial fiber backbone in June 2010, and the connection of the Eassy submarine cable from South Africa in August 2010 have increased opportunities in this area.

### **Trade Promotion and Advertising**

The following media are recommended for advertising:

Websites:

[Tanzania Trade Development Authority \(TanTrade\)](#)

[Confederation of Tanzania Industries Newsletter](#)

[Tanzania Chamber of Commerce, Industry and Agriculture, Commercial Newsletter](#)

[Tanzania Private Sector Federation Newsletter/Newspapers:](#)

Daily and Sunday News

[Business Times](#) [The Guardian](#)

[The Citizen](#)

Radio Stations:

[Radio Tanzania](#)

[Radio Uhuru](#)

[IPP Media including \(Capital Radio, EA Radio and Radio One\)](#)

[Clouds FM](#)

Television stations:

[Tanzania Broadcasting Corporation \(TBC\)](#)

[Azam Television \(Azam TV\)](#)

[Independent Television \(ITV\)](#)

[Clouds TVTelevision Zanzibar \(TVZ\)](#)

### **Pricing**

In most cases, market forces determine the pricing technique to be adopted. The Tanzanian government has eliminated most price controls; however, the government regulates the price of agricultural commodities. It also regulates gasoline, diesel fuel and kerosene through the Energy and Water Utilities Regulatory Authority (EWURA). The 18 percent value-added tax (VAT) is added to most prices in Tanzania. It is important to note that this is a price-sensitive market.

### **Sales Service/Customer Support**

After-sales service and customer support is increasingly important to marketing success in Tanzania. Many firms in Tanzania do not give high priority to customer support and suffer from a lack of customer loyalty. Foreign firms have been able to increase market share in part by providing higher levels of service, including professional repairs and maintaining a well-trained staff of service technicians capable of advising customers as well as repairing their equipment.

### **Due Diligence**

U.S. firms may contact the Embassy for referral to local business consultants that can evaluate the performance and credibility of firms in Tanzania. In some cases, the U.S. Embassy can carry out an International Company Profile on a local firm. Dun & Bradstreet Credit Reference Bureaus Tanzania Limited and CREDIT INFO Tanzania Limited offer credit bureau services.

## **Local Professional Services**

The Embassy can assist in identifying qualified local professional services. Well-established international business consulting firms such as Price Waterhouse Coopers, Ernst & Young, and Deloitte all have offices in Dar es Salaam. The Embassy maintains a list of local attorneys for hire by U.S. firms, available at:

<https://tz.usembassy.gov/u-s-citizen-services/local-resources-of-u-s-citizens/attorneys/>

## **Web Resources**

[Business Registrations and Licensing Agency \(BRELA\)](#)

[Tanzania Investment Center \(TIC\)](#)

[Tanzania Trade Development Authority \(TanTrade\)](#)

[Tanzania Revenue Authority \(TRA\)](#)

[US Embassy Tanzania - Commercial Section](#)

[Tanzanian Public Procurement Agency \(PPRA\)](#)

## Leading Sectors for U.S. Exports and Investment

### Healthcare

#### Overview

Tanzania exemplifies the developing world's struggle to achieve 'middle-income' country status while confronting widespread poverty and substantial health challenges-such as persistently high child and maternal mortality, human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS), tuberculosis (TB), and malaria. Tanzania has made a number of important public health achievements in recent years, including a decline in childhood deaths. Between 2003 and 2012, HIV prevalence fell from 7.0 to 5.1 percent, while the number of patients receiving life-saving HIV treatment has nearly tripled over the last five years. More children are fully immunized and sleep under insecticide-treated nets, and more pregnant women are taking preventive treatment to reduce the consequences of malaria in both the woman and her unborn child.

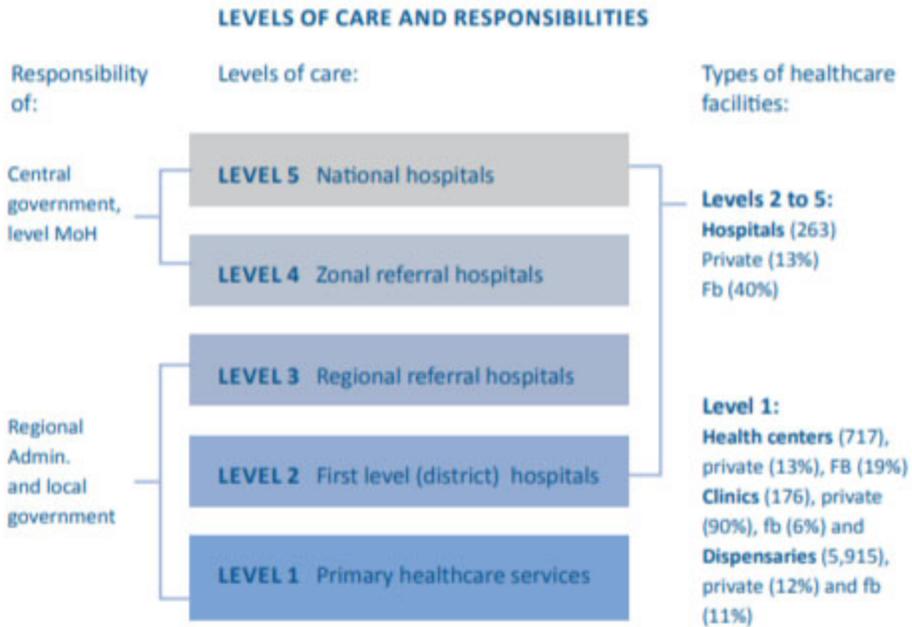
While Tanzania has made progress in reducing under-five mortality, maternal, newborn, and child health can still be improved. Tanzania must also continue to battle HIV/AIDS and other health issues such as tuberculosis, malaria, respiratory infections, and diarrhea. These issues are exacerbated by underlying food insecurity and nutritional deficiencies. Tanzania also has some of the lowest coverage rates of health personnel in the world.

In order to improve the quality, availability, and use of preventive and curative health services, U.S. Government-supported programs in Tanzania focus on three interconnected areas: quality integrated services, health systems strengthening, and healthy behaviors. These efforts support the Government of Tanzania's commitment to improve health and health care services, focusing on increased efficiency, effectiveness, and accountability. USAID's work with the Government of Tanzania includes malaria control, preventing mother-to-child HIV transmission, providing children with nutritional supplements, training health workers, improving maternal health facilities, and scaling up voluntary family planning services

For 2018/2019 the Ministry of Health has planned to spend \$246.2 million as part of its development budget, which will help the government to implement its health improving initiatives. This year's development projects budget is 29% less than previous year, contribution from development partners has decreased by 59% while local contribution has increased by 12% from previous year.

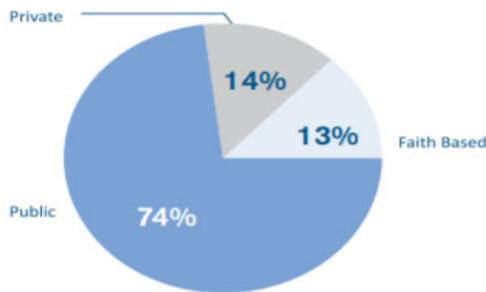
The government has shown commitment to building new healthcare facilities, but many public healthcare facilities already are understaffed and therefore unable to service patients as required. Inadequate maintenance of infrastructure and equipment exacerbates the problem. As shown below, faith-based organizations own and operate 40% of the hospitals in levels 2 to 5 of the national health system. Through service agreements with faith-based hospitals, the government extends public health service provision. Funding of public healthcare at public facilities and faith-based facilities with service agreements is highly dependent on external funding.

The government has called upon investors to establish pharmaceutical factories within the country. Health supplies, commodities and equipment comprise a significant portion of the pharmaceutical domestic development budget. However, firms operating locally will face several challenges such as need for skilled human resources, availability of modern technology and the ability to reach sufficient scale to compete with international suppliers.



Source: <https://www.pharmaccess.org/wp-content/uploads/2018/01/The-healthcare-system-in-Tanzania.pdf>

Healthcare Provision:



Source: <https://www.pharmaccess.org/wp-content/uploads/2018/01/The-healthcare-system-in-Tanzania.pdf>

### Sub-Sector Best Prospects

- Establishment of pharmaceutical companies
- Training of healthcare personnel
- Establishment of primary healthcare services
- Supply of lab equipment
- Supply of medicines
- Establishment of diagnostic centers

**Opportunities**

For specific information on current opportunities please visit the Medical Store Department [website](#)

**Web Resources**

[United States Agency for International Development \(USAID\)](#)

[Ministry of Health, Community Development, Gender, Elderly and Children](#)

[World Health Organization \(WHO\)](#)

[Medical Stores Department \(MSD\)](#)

[Tanzania Food & Drugs Authority \(TFDA\)](#)

## Agriculture and Agricultural Processing

Agriculture is a critical economic sector, representing 29.1 percent of Tanzania's Gross Domestic Product (GDP) and almost three quarters of the productive workforce. Moreover, it is the main source of food, industrial raw materials and foreign exchange earnings. Since Tanzania is endowed with a diversity of climatic and geographical zones, farmers grow a wide variety of annual and permanent crops. This includes food and cash crops as well as fruits, vegetables and spices. Major agricultural exports include tea, coffee, tobacco, cotton, and cashew nuts. In addition, some farmers raise livestock including cattle, goats, sheep, pigs and chicken as well as small numbers of turkeys, ducks, rabbits, donkeys and horses.

Tanzania's primary agro-ecological zones are the coastal plains, northern highlands, southern highlands, and central arid plains. The agro-ecosystem is characterized by dry land and extreme rainfall variability, which limits productivity and contributes to land degradation, leaving smallholder farmers' livelihoods vulnerable to weather-related and other agricultural-related shocks.

The most common food and cash crops in Tanzania are maize, cassava, sweet potatoes, bananas, sorghum, and sugar cane. Multiple factors influence the farmer's choice of crops, including: 1) physical factors, such as 1) soil quality and water availability; 2) economic factors, such as marketability and seed prices; 3) personal preferences of the household; 4) crop profiles, including crop yield and pest resistance; and 5) resource availability such as machinery and fertilizer.

### Corn (Maize)

Corn is Tanzania's primary staple crop and production is widely distributed across agricultural development zones and regions, adapted to agro-ecologies ranging from near sea level to 2,400 meters (m) above sea level, depending on the variety. Corn productivity is very low in spite of its importance to the country's food security and economic well-being. The main agro-ecologies, however, fall within 500-1500 m. The Southern Highlands Zone and Lake Zone occupy approximately 26 percent and 25 percent, respectively, of Tanzania's corn harvesting area. These are followed by Eastern (13 percent), Northern (12 percent), Western (10 percent), Southern (8 percent), and Central (6 percent) zones. Small-scale farmers produce 85 percent of national production while medium and large-scale farmers make up ten and five percent respectively.

Tanzania's export trade is largely opportunistic, often illegal and depends on many internal and external factors. Periodic export bans have discouraged traders from seeking large export contracts and encouraged illegal routes: either by bribing government officials at customs posts or illegal transport through bush 'panya' routes across Tanzania's highly permeable borders. The countries receiving Tanzania corn are Zambia, Malawi, Rwanda, Burundi, the Democratic Republic of Congo (DRC) and Kenya.

Marketing Year (Jul/Jun)	2014	2015	2016	2017 (E)	2018(F)
Local Production (MMT)	6.8	6.0	5.0	5.3	5.4
Total Imports (MMT)	5.0	5.0	1.0	2.0	2.0
Imports from the U.S. (MMT)	0	0	0	0	0

(F) FAS/Dar es Salaam estimates and forecasts, respectively

### Wheat

Wheat is Tanzania's fourth most important crop after corn, cassava and rice. Approximately 100,000 ha are currently devoted to wheat production. Over 90 percent of Tanzania's wheat comes from the northern (Arusha, Kilimanjaro, and Manyara regions) and southern highlands (Iringa, Mbeya regions). The northern highlands consists of primarily large-scale production, but the southern highlands are composed of primarily small-scale farmers.

Two companies based in Dar es Salaam dominate the wheat milling industry-controlling most of the Tanzania market. Because wheat consumption is highest in urban areas, population growth in major cities like Dar es Salaam, Mwanza and Arusha is expected to boost demand for wheat products, especially pasta, biscuits, and breakfast cereals.

The current production of about 100,000 tons per year accounts for only 10 percent of total domestic consumption with the remaining 90 percent supplied by Russia, Australia, Canada, Germany, and Brazil. Tanzania's imports an estimated \$225 million USD per year in wheat. Wheat imports from the United States are primarily for Food Aid programs.

Marketing Year (Jul/June)	2014	2015	2016	2017	2018(F)
Local Production (TMT)	167	72	100	100	100
Total Imports (TMT)	940	913	845	1.20	1.20
Imports from the U.S. (TMT)	14	82	0	0	0

(F) FAS/Dar es Salaam estimates and forecasts, respectively

### Rice, Rough

Rice is Tanzania's second most important food crop comprising 2.7 percent of the national Gross Domestic Product (GDP). According to the GOT, 18 percent of farming households grow rice and they consume about 30 percent from their harvest, while the rest is absorbed into the domestic market. Dar es Salaam is the principal end-market for rice and accounts for 60 percent of the domestic market. In general, Tanzanians prefer locally produced aromatic rice and purchase unpacked rice from small retail stores or farmers' markets. Demand is forecast to outpace local production leading increased importation of rice. Currently Tanzania imports rice from China, India, Indonesia, Pakistan, and Vietnam. In 2015, the EAC revised the common external tariff (CET) to seventy five percent ad valorem or \$345 per ton, whichever is higher.

Marketing Year (May/April)	2014	2015	2016	2017	2018(F)
Rough Production (TMT)	2.6	3.0	3.0	3.0	3.0
Total Imports (TMT)	198	220	240	260	230
Imports from the U.S. (TMT)	0	0	0	0	0

(F) FAS/Dar es Salaam estimates and forecasts, respectively

### Sugar

Tanzania produces only 58 percent of its sugar consumption due to the high cost of production, processing inefficiencies, and inadequate marketing. The 42% demand gap is met by about USD 132 million in sugar imports from other countries, primarily Brazil and India. Because Tanzania's sugar tariff at 10% is lower than the EAC common external tariff of 25-100%, it is less protectionist than some other countries. The market is less protected from imported sugar than in other countries. Despite this fact, the GOT has consistently claimed that it wants to attract new investments into the sector.

## Consumer-Oriented Agricultural Products

An expanding middle class, increasing urbanization, and a developing food service sector drives growth in demand for consumer-oriented agricultural products. Tanzanians make the majority of their household purchases from family-owned shops known as dukas. Supermarkets are gradually becoming popular, especially in big cities like Dar es Salaam, Mwanza and Arusha. Tanzanians spend one-fifth of their income on consumer-packaged goods (CPG), driven largely by food. Personal care essentials (e.g. Toothpaste) and beverages (e.g., carbonated soft drinks, tea, energy drinks) are the most popular categories. Prime drivers for purchase decisions include recommendation, affordability, availability and familiarity.

The food service sector (hotels, restaurants, and institutions) has recently attracted U.S. investment interests and a few U.S. food service franchises (Pizza Hut, KFC and Subway) have already established outlets in Tanzania's leading cities. The growth of consumer-ready food imports has however been negatively affected by Tanzania's strictly liability clause on genetically engineered (GE) food products.

Tanzania aims to transit from low to middle-income economy by 2025. This means the consumption habits of the population will transform to a large extent bringing about a wider market for green agricultural products. To achieve these objectives Tanzania under the previous Kikwete administration had adopted the Big Results Now (BRN) initiative which had the following goals in the agricultural sector:

1. Increase agriculture's growth through commercial farming models
2. Improve smallholder farmer incomes and ensure food security by 2015
3. Focus on the three priority sectors of maize, rice and sugarcane and extend this focus to other priority crops such as oilseeds and horticulture
4. Cultivate 350,000 hectares of new commercial land and 330,000 hectares of smallholder farmland
5. Produce 150,000 tons of new sugar crop production, 290,000 tons of new rice production and 100,000 tons of new maize production by 2015
6. Enhance 78 smallholder rice irrigation and marketing schemes through professional management
7. Develop 275 collective warehouse based marketing schemes (COWABAMA) targeting at linking maize farmers to the market

## Opportunities

Investment in agro-processing industries entails adding value, and improvement of standards of quality. The following are key areas:

1. **Fruit/ Vegetable processing:** A large variety of fruits and vegetables are produced in Tanzania. The most important fruits include mangoes, oranges, pineapples, passion fruits, bananas, avocados, jackfruits, papayas, peaches, pears, guavas and grapes. The main vegetables include tomatoes, okra and chilies. Annual Tanzania production is 2.75 million of tons of fruits and vegetables but only 4 percent is processed. There is a significant potential for provision of heavy equipment for commercial farming and processing of fruits and vegetables for the locals as well as export markets. A large variety of fruits and vegetables are produced in Tanzania.
2. **Cashew nut Processing:** Cashews are a major cash crop in Tanzania and production has risen to 120,000 tons annually. However, only about 10 percent of the cashew nuts produced within the country is processed in Tanzania. There is an opportunity in rehabilitating old plants or establishing medium-scale processing plants.
3. **Oil seeds:** Tanzania still imports a lot of edible oil. Processing of oilseeds locally is now on the rise, therefore there is potential in supplying oil pressing and processing equipment. Common oil seeds produced in the country include sunflower, sesame, groundnuts, palm oils, etc.

4. **Textile and apparel:** Tanzania produces abundant cotton but only 20 percent is locally processed. The sector has great investment potential in establishing fully integrated textile mills as well as plants for cotton ginning, yarn fabric production (spinning, weaving and printing) and cut, make and trim (CMT) units. With the high level of unemployment and the high availability of raw material there is a very great potential for establishing clothing factories that can produce garments for export.
5. **Leather sector:** Tanzania has a large livestock population (17.7 million cattle, 12.5 million goats and 3.5 million sheep) and produces about 2.6 million pieces of raw hides and skins annually. A large portion is exported raw and only 10 percent is processed. Investment opportunities in the leather sector include establishment of modern tanneries and leather finishing production units.
6. **Meat and Dairy Sector:** Given the large livestock population, the country is ideal for meat processing, packaging and processing of dairy products. Investment opportunities include establishment of meat processing plants, dairy products processing plants and cattle ranches.

Opportunities exist in the chemical industries also as there is local demand for fertilizers and pesticides. Investors can establish manufacturing operations in the Special Economic Zones (SEZ) using either the SEZ User License or SEZ Export User License and enjoy the lucrative incentives provided by the scheme. Among existing investment sectors in Tanzania are agro processing, textile and garments, lapidary, leather processing, fish processing, forest and forestry products.

### Challenges

Foreign access to land can be complex and bureaucratic

- Sporadic bans on export or import of various goods
- Local financing for agriculture growing but still limited; high interest rates
- Coop unions, crop boards, minimum prices hinder free market competition
- Low productivity of smallholder manual labor

Food processing investments rely on imported machinery and technologies. Machinery and equipment for the following are in the greatest demand:

- Production of fruit concentrates and juices and all forms of fruit and vegetable canning
- Cashew nut processing
- Specialty coffee processing
- Sugar cane processing at sugar factories
- Fish processing and packaging for export
- Meat processing and packaging from both cattle and game meat
- Production of processed dairy products such as sweetened condensed milk, milk powder, infant milk formula, butter, margarine, ice cream, yogurt, cheese, etc.
- Horticultural packaging, including cut flowers and fresh vegetables.
- Quality storage technologies
- Irrigation pivots
- Tractors, mechanization

In addition, the existence of an abundant supply of cotton provides significant opportunities for investment in the textile industry, which can leverage duty free access to the U.S. market under the African Growth and Opportunity Act (AGOA). Export markets for processed agricultural goods include the East African Community, the EU (duty free access), the Gulf States, and Asia.

Tanzania has an ambitious plan to prioritize agriculture for economic growth. The private sector led *Agricultural Sector Development Program Phase II (ASDPII)* initiative and the establishment of the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) have been endorsed by the Government of Tanzania. The GOT through SAGCOT has allocated 63,000 hectares under the Mkulazi Project. The land will be used for cultivation and processing of sugarcane and rice. This project is an important step in achieving the

GOT's objectives for the agricultural sector. These strategies are being linked to the Agricultural Sector Development Program through Tanzania's Comprehensive African Agriculture Development Program (CAADP) country investment plan. The United States has pledged to improve global food security through Feed the Future, a broad-based agricultural development strategy with the goals of reducing poverty, improving nutrition, and building resilience through comprehensive country-led plans.

**Web Resources**

[Ministry of Agriculture](#)

[Ministry of Industry and Trade](#)

[Tanzania Investment Center](#)

[Confederation of Tanzania Industries](#)

[African Growth and Opportunity Act](#)

[Southern Agricultural Growth Corridor](#)

[Feed the Future](#)

[CAADP](#)

## Energy Sector

The continued development of Tanzania's energy sector is critical to the country's ability to grow economically, attract FDI and expand its commercial ties regionally and globally. Tanzania has an installed generation capacity of 1,513 MW, or 0.033 kW per capita. Electricity demand in the country is increasing rapidly mainly due to foreign investments and an increasing population. The 2016 Energy Access Situation Survey collected information on connectivity of electricity to the main dwelling of the household. The results show that, overall, 32.8 percent of the households in the Tanzania Mainland were connected to electricity by 2016. Currently, power demand growth is between 10-15% per year.

In 2015, the Government of Tanzania's (GOT's) Big Results Now (BRN) phased out high cost emergency power plants (EPP) and increased generation capacity. The GOT is committed to reform the public utility's (TANESCO's) operations, and meet new demand through low-cost solutions, such as developing new gas resources and mini and off-grid renewable opportunities. Recent gas discoveries have quadrupled Tanzania's known resources. A new gas pipeline, necessary for new gas generation from southern Tanzania to Dar es Salaam was completed in late 2015. Previously, the country relied on hydropower, expensive thermal and emergency generation sources that utilize diesel, heavy fuel oil or jet fuel. Today however, natural gas comprises approximately 58% of Tanzania's electricity generation mix. Tanzania has made progress by entering agreements with independent power producers, who bring know-how and technology, and establishing feed-in tariffs for projects under 10 MW that provide many of the commercial terms that would otherwise delay negotiations on power purchase agreements (PPAs). The government is publicly committed to improving the power utility's (TANESCO) viability through tariff reform allowing for full cost-recovery and operational improvements to the management of the utility.

Additionally, the government is also encouraging investments to increase available generation, further expand electricity access, reform the distribution system, and develop new indigenous sources of energy. The Public Private Partnership (PPP) Act of 2010 and the Private Partnership Regulations passed in 2011 were enacted to support private sector investment under PPPs. The government's long term vision aims at increasing connectivity from 30% to 50% by 2025; increasing power generation capacity to at least 5,000 MW by 2020; diversify energy sources for power generation; reduce system losses; and promote regional grid interconnectivity.

5 Year General Expansion Plan	Actual	Planned				Total
	2016	2017	2018	2019	2020	
Natural Gas	150	185	450	1,440	600	2,825
Coal	-	-	-	1,000	700	1,700
Wind	-	50	75	100	125	350
Hydro (>10 MW)	-	-	30	-	252	282
Small Hydro (<10 MW)	-	-	10	-	10	20
Solar & Other Renewables	-	-	-	200	50	250
Regional Imports				200	200	400
<b>Cumulative Additions</b>	150	235	565	2,940	1,937	5,827

Source: <http://www.tanesco.co.tz/index.php/media1/downloads/reports>

### Generation:

Total installed capacity in the Main Grid System amounted to 1366.60 MW as of June 2017. The system is a hydro-thermal mix, constituting hydro 567.70 MW (41.54 %), Thermal plants (Natural gas) power plants 615 MW (45.0 %), Liquid Fuel 173.4MW (12.69%) and Biomass 10.50 MW (0.77%) mainly from IPPs. The Main

Grid System demand from January to June 2017 was 1051.27 MW as recorded on February 14, 2017 at 21:00hrs. The highest grid system demands of 2016 was 1041.63MW recorded on October 20, 2016 at 20:00hrs. The transmission system losses recorded in 2012, 2013, 2014 2015 and 2016 were 6.12%, 6.2%, and 6.13%, 6.21% and 6.15% respectively. From January to June 2017, transmission losses were 5.92%.

Tanzania's short term plans are to increase the electricity capacity to 5,000 MW by 2020 while the long term plans forecast capacity up to 10,000 MW by 2025.

#### Transmission and Distribution:

As of May 2017, Tanzania's transmission system comprises of fifty (50) Substations interconnected by transmission lines. Transmission lines network comprises of 670 km of 400kV, 3610.7 km of 220 kV, 1662.47 km of 132 kV, and 543 km of 66kV. Transmission lines are interconnected with 50 grid substations and 5 off grid substations at voltage levels 66kV and above, the total installed capacity of these substations as of June 2017 is 3883.4 MVA.

Tanzania is the only country in EAPP that is also part of the Southern Africa Power Pool, giving it access to the power demand and infrastructure for a large portion of the continent. The Government of Tanzania is committed to the construction of the transmission interconnections necessary to expand opportunities for and from regional electricity markets.

The Ministry of Energy anticipates further diversifying the balance of its electric power fuel sources toward, in priority order, natural gas, coal, hydro, geothermal, and renewables, especially solar and wind. Tanzania demand for natural gas has doubled from a total of 145 million cubic feet (mcf) per day in 2016 to 300 mcf in 2017 and expects a significant increase in the near future as proven reserves move into production.

Opportunities exist in:

- High efficiency gas turbines, parts and services
- Diesel turbines, parts and services
- Petroleum exploration services
- Coal power generation
- Electricity transmission equipment (transformers, cables, etc.)
- Electrical metering and installation equipment
- EPC Contracting Services

Natural gas: Tanzania has been exploring for natural gas for more than 50 years. The first natural gas discovery in Tanzania was Songo Songo Island (Lindi Region) followed by Mnazi Bay (Mtwara Region). The total length for gas transmission pipeline is 842 kilometers (km), and total length of distribution network for industrial customers in Dar es Salaam amount to 58 kilometers. The discovered natural gas reserves amount to 57.25 trillion standard cubic feet (TCF) according to the Ministry of Energy data of March 2016.

Hydro power: Tanzania's interconnected grid system has an installed capacity of 1,513 MW, of which 41.54% is hydropower. The largest hydropower complexes are the Mtera and Kidatu Dams and they are situated on the Great Ruaha River. The Mtera Dam is the most important reservoir in the power system providing over-year storage capability. It also regulates the outflows to maintain the water level for the downstream Kidatu hydropower plant.

Plants are all interconnected with the National Grid System and their installed capacity for each station are as follows: Kidatu 204 MW, Kihansi 180 MW, Mtera 80 MW, New Pangani 68 MW, Hale 21 MW, Uwemba 0.843 MW and nyumba ya Mungu 8 MW, totaling to 561.843 MW. In 2017, the Government of Tanzania invited bids to build a 2,100-megawatt (MW) hydroelectric on the river Rufiji (Stieglers Gorge). As of 2018, the project continues to be on the GoT's priority list.

**Biomass** comes in a variety of forms, which may be utilized as an energy resource. It is possible to classify the material into two main groups: woody biomass and agro-forestry waste (crop wastes, animal manure, and forestry processing wastes). These materials can be burned directly or first converted into solid (charcoal), liquid (ethanol) and gaseous fuels (biogas, producer gas).

Biomass energy is a major renewable energy resource used in a traditional way by almost all households, institutions and small and medium-sized enterprises in Tanzania. Biomass energy is mostly used for heat production and as fuel for cooking in Tanzania.

Figures on dependence on wood fuel for cooking range from more than 73% to 90%. More than 90% of biomass demand is for household consumption (firewood, charcoal, crop residues). The rest of biomass demand is for commercial, institutional and industrial sectors (10%). Annual consumption of charcoal in Tanzania stands at one million tons per year and is growing fast, contributing to more than nine million tons of CO<sub>2</sub> and depletion of more than 300 hectares of natural forest per day. Change of land use and deforestation also accounts for 58% of the country's total greenhouse gas emissions. Growing demand is driven by rapid urbanization and high relative prices or scarcity of energy substitutes, particularly kerosene, electricity, biogas, biomass briquettes and liquefied petroleum gas.

**Geothermal:** Tanzania lies within the East African Rift System. Multiple reconnaissance surveys, hot spring and geothermal site assessments have been carried out in the country since 1949. These studies of geothermal sites included measurements of surface temperature, water and gas flow as well as analysis of water and gas in the hot springs (Mayalla et al., 2011). The country established the Tanzania Geothermal Development Company as a public entity for spearheading domestic geothermal development since 2013. Since then, a number of exploration studies on geothermal energy are in progress at different levels in different geothermal sites. The most researched site is the Ngozi prospect. In 2017 the AfDB granted US \$21.7 million to develop Tanzania's Ngozi geothermal steam field. Most of the other geothermal prospects in the country are at the reconnaissance stage.

The early geothermal studies of surface manifestations across the country indicated the potential for more than 5,000 MW in geothermal projects. More than 50 sites have been identified so far and are proposed for more detailed investigation, mainly from three regions. These sites are:

- the Northern Zone (Kilimanjaro, Arusha and Mara region)
- the Southern Zone (Rukwa and Mbeya region)
- the eastern coastal belt, which is associated with rifting and magmatic intrusion (the Rufiji Basin) and the Luhoi Spring site, with potential for 50 - 100 MW. Tanzania does not have any geothermal power generation facilities, and there is no commercial usage of geothermal water. However, there is potential to harvest the resource for domestic to industrial heating once it is brought to the surface (Mnjokava, 2014).

**Wind Power:** Tanzania is blessed with strong wind resources, which attain speeds of between six and eight meters per second (m/s), particularly in escarpment areas around the Rift Valley and along the coastal areas. TANESCO and the Ministry of Energy are leading wind resource assessments in Mkumbura (Tanga), Karatu (Manyara), Gomvu (Dar es Salaam), Litembe (Mtwara), Makambako (Iringa) and Kititimo (Singida), while the Rural Energy Agency is supporting wind measurements on Mafia Island. Wind measurements at 30m are available from TANESCO for the three sites of Makambako, Mwangi and Singida. There are various projects looking at building the country's first large-scale wind power plant in Singida, with a capacity of 200 MW.

**Coal** reserves are an abundant resource in Tanzania. A conservative estimate is 1.9 billion tons with 25 percent proven reserves; however, Tanzania is estimated to hold a potential of up to 5 billion tons. Coal sites include Kiwira, Mchuchuma/Katewaka, Ngaka, Rukwa and around Lake Victoria. Currently no power is generated from these coal fields; however, the Government of Tanzania has plans to develop up to 2,900 MW of coal-fired power generation by 2025.

*Key players in the Tanzanian Energy Sector:*

**Ministry of Energy (ME)** - ME is mandated to develop energy and manage the energy sector. It is responsible for the formulation and articulation of policies to create an enabling environment for stakeholders in the sector. The ME plays an essential policy guidance role, complementing the other major players (i.e., the REA, TANESCO, EWURA, TPDC, private companies, and financiers). See [www.nishati.go.tz](http://www.nishati.go.tz)

**Energy and Water Utilities Regulatory Authority (EWURA)** - EWURA is an autonomous, independent regulatory authority established by the Energy and Water Utilities Regulatory Authority Act. It is responsible for the technical and economic regulation of Tanzania's electricity, petroleum, natural gas, and water sectors. See [www.ewura.go.tz](http://www.ewura.go.tz)

**Tanzania Electric Supply Company (TANESCO)** - TANESCO is a vertically-integrated utility owned by the Government of Tanzania and is the country's principal electricity generator, transmitter, and distributor. Currently, it provides the vast majority of the effective generating capacity to the national grid, and is responsible for transmission and distribution, serving customers on the main grid and in 18 isolated grids. See [www.tanESCO.co.tz](http://www.tanESCO.co.tz)

**Tanzania Petroleum Development Corporation (TPDC)** - TPDC is the state owned corporation through which ME implements its petroleum exploration and development policies. See [www.tpdc.co.tz](http://www.tpdc.co.tz)

**Rural Energy Agency (REA)** - REA is an autonomous body under ME that became operational in October 2007. Its principal responsibilities are to: (i) promote, stimulate, facilitate, and improve modern energy access in rural areas to support economic and social development; (ii) promote rational and efficient production and use of energy and facilitate the identification and development of improved energy projects and activities in rural areas; (iii) finance eligible rural energy projects through the Renewable Energy Fund (REF); (iv) prepare and review application procedures, guidelines, selection criteria, standards, and terms and conditions for the allocation of grants; (v) build capacity and provide technical assistance to project developers and rural communities; and (vi) facilitate the preparation of bid documents for rural energy projects. See [www.rea.go.tz](http://www.rea.go.tz).

**Power Africa:** Power Africa is supporting the Tanzanian energy sector through transaction assistance for priority generation projects, technical advice to release the constraints to private sector investment, and capacity building for key institutions. Additional interventions include support to various other companies through USAID's Development Innovation Ventures and U.S. African Development Foundation's Off Grid Energy Challenge, jointly supporting over 14 enterprises to deliver off-grid energy solutions in Tanzania.

Power Africa is working to reduce losses and hybridize five isolated diesel generation plants in Tanzania. Loliondo in Arusha, Liwale in Lindi, Kibondo and Kasulu in Kigoma, and Mpanda in Rukwa. The five sites will create opportunity for private sector investment for developing renewable power plants to reduce dependency on expensive diesel generators. Learn more about how Power Africa is partnering to address key challenges in Tanzania's electricity sector and supporting private sector investment in energy at: <https://www.usaid.gov/powerafrica/tanzania>.

## **Mining**

### **Overview**

Tanzania is endowed with vast quantities and types of resources whose extraction has been central to the country's economic growth. Mining is one of the leading sectors in Tanzania, with the value of mineral exports increasing each year. Leading minerals include gold, iron ore, nickel, copper, cobalt, silver, diamond, tanzanite, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, coal, uranium, gravel, graphite, sand and dimension stones. The United Kingdom is the largest foreign investor in this industry in Tanzania followed by India, China, Kenya, USA, Netherlands, South Africa, Canada, Germany and Oman.

Tanzania is the 4th largest gold producer in Africa after South Africa, Ghana and Mali. The mining industry has experienced an estimated 8.5% growth in 2017 to stand at an estimated valued of US\$ 960 million, compared to last year's growth of 3.09% and a value of US\$ 880 million. One of the largest mining companies in the country, Acacia Mining which operated in Bulyanhulu, Buzwagi and Northern Mara, recently announced a projected 40% year on year (y-o-y) increase in gold output in 2017 which is expected to bring about a 3.6% growth in the sector. However, the forthcoming closure of its Buzwagi Gold Mine operations is predicted to affect the market growth projections in the short term.

In March 2017, the Ministry of Energy and Minerals placed a ban on the export of minerals from the country. The aim was to ensure value addition of minerals produced in the country. The Tanzania Chamber of Minerals and Energy (TCME) plans to conduct an assessment on what the effects of the ban will be on the economy. For mining companies, the ban had adverse negative effects. Acacia Mining lost 30% of its revenue as well as experiencing a downward trend of its share price on the London Stock Exchange as a result of the ban. Stakeholders in the industry suggest a temporary lift on the ban of mineral ore exports, while the Government focuses on capacitating the country's smelting capacities. In the 2017/18 budget, the Government has indicated that it will implement a 1% of value clearing fee for all minerals being exported out of the country. Clearing houses will be established at appropriate areas including airports and mining areas to facilitate the verification of minerals and collection of fees.

The mining sector is also marred with the worst form of child labor. Children working in mining are exposed to many hazards such as mercury poisoning and entrapment when tunnels collapse, especially in smaller unlicensed operations. In 2017, labor and criminal law enforcement agencies in Tanzania took actions to combat child labor. However, gaps exist within the authority of the labor ministries of Mainland Tanzania and Zanzibar that may hinder adequate labor law enforcement, including the authority to assess penalties, and the lack of publicly available enforcement data.

### **Minerals Production and Sales**

#### **Gold**

The Tanzania Minerals Audit Authority (TMAA) 2016 Annual Report shows that Gold output (from gold bars and Copper Concentrate products) by the major gold mines increased by 4.4% from 1.36 million troy ounces in 2015 to 1.42 million troy ounces in 2016. The increase was contributed by higher gold output at North Mara Gold Mine (NMGM), New Luika Gold Mine (NLGM) and Bulyanhulu Gold Mine (BGM). Geita Gold Mine (GGM) was the leading gold producer in 2016, which contributed 34.4% of total production, while Stamigold Biharamulo Mine (SBM) was the lowest gold producer with 1.4% of total production.

Total mineral exports by these mines comprised of 1.41 million troy ounces of gold, 15.31 million pounds of copper and 0.56 million troy ounces of silver, with total value of USD 1.8 billion. Mineral royalties paid to the Government during the year increased by 8.8% to USD 71.95 million as compared to USD 66.13 million realized in 2015.

Total mineral exports in 2014 from gold bars and Copper Concentrate produced by the seven major gold mines (Biharamulo, Bulyanhulu, Buzwagi, Geita, Golden Pride, New Luika and North Mara) were: 1.27 million troy ounces of gold; 13.8 million pounds of copper; and 0.47 million troy ounces of silver with total worth of \$1.66 billion, down 7.3 percent compared to \$1.79 billion realized in year 2013. The decrease was mainly caused by lower metal prices notably gold during the reporting period.

#### Mineral Exports by Major Gold Mines (2016 versus 2015)

	2016	2015*
Gold Quantity (toz)	1,405,135	1,368,121
Silver Quantity (toz)	557,837	491,805
Copper Quantity (lb)	15,309,551	13,240,287
Gross Value (USD)	1,796,600,140	1,619,162,273
Royalty Paid (USD)	71,952,964	66,130,711

\* updated figures

#### Diamonds

Diamonds output at Williamson Diamonds Limited (WDL) during the year 2016 amounted to 226,599 carats, up 15.5% compared to 196,256 carats produced in 2015. The mine sold 226,899 carats of diamonds worth USD 82.18 million in 2016, and paid royalty amounting to USD 3.74 million.

#### Diamonds Production and Exports by WDL, 2016

	2016	2015
Quantity Produced (carat)	226,599	196,256
Quantity Exported (carat)	226,899	191,407
Average Price (USD/carat)	362.17	278.67
Export Value (USD)	82,175,657	53,339,352
Royalty Paid (USD)	3,737,310	2,298,144

#### Tanzanite

Tanzanite output at TanzaniteOne Tanzanite Mine (TTM) increased by 441% to 293,522 grams (Grade A-BLI and SI-I) and 1,682,330 grams (face picking) in 2016 as compared to 365,290 grams produced in 2015. The mine exported 9,216 carats of cut, 1.1 million grams of rough and 0.96 million grams of D & E grade Tanzanite worth USD 8.27 million, up by 84.6% compared to USD 4.48 million realized in 2015.

#### Tanzanite Production and Exports by TTM, 2016

	2016	2015
--	------	------

Quantity Produced – Grade A – I (g)	293,522	186,370
Quantity Produced – Face Picking (g)	1,682,330	178,920
Quantity Sold – cut (ct)	9,216	0
Quantity Sold – rough (g)	1,103,831	2,395,548
Quantity Sold – D/E grade (g)	968,821	0
Export Value (USD)	8,270,985	4,480,093
Royalty Paid (USD)	357,959	223,979

Total value of mineral exports (gold, copper, silver, diamonds and Tanzanite) by the major mines increased by 12.7% to USD 1.91 billion, as compared to USD 1.7 billion realized in 2015.

### Coal

TMAA continued to monitor and audit coal production and sales activities at Ngaka Coal Mine (NCM). During year 2016, the mine produced 278,701 metric tons and sold 280,595 metric tons of coal worth USD 11.28 million. Total royalty paid to the Government was USD 338,436.

#### Coal Production and Sales at Ngaka Coal Mine, 2016

	2016	2015*
Quantity Produced (ton)	278,701	255,884
Quantity Sold - Local (ton)	235,435	239,179
Quantity Sold – Export (ton)	45,160	21,449
Total Quantity Sold (ton)	280,595	260,628
Sales Value (USD)	11,281,203	11,866,894
Royalty Paid (USD)	338,436	356,367

\* Updated figures

In recent years, mineral exploration has increased in several parts of the country. The sector has attracted substantial new foreign investment in mineral development exploration, with local investment surpassing \$1 billion. Recent nickel, helium, graphite, uranium and coal finds have spurred increased interest on the part of investors.

### Sub-Sector Best Prospects

The mining sector depends on imported machinery and supplies, and investors can import capital goods at zero duty. There are significant opportunities for the export of U.S. technology, machinery, and services. Mining companies have significant demand for better power alternatives as they currently rely on diesel generators. The Tanzanian Government encourages mining companies to procure local goods and services whenever possible, and many of the foreign mining executives would like to increase local consumption to support the Tanzanian economy. There is significant opportunity to supply foodstuffs, clean water, training, consultancy and other services. With an unreliable power grid and rail system, alternative energy and transport solutions are also in high demand.

### Opportunities

- Establishment of gold refinery activities
- Supply equipment and explosives, grinding media, mill liners, etc., under joint venture with Tanzania entrepreneurs
- Establishment of value added activities
- Gemstone cutting and polishing (lapidary). In 2010, the Government passed a new legislation banning the export of unprocessed gemstones in a bid to spur local value addition
- Rock and mineral carvings
- Jewelry manufacturing utilizing gold and gemstones
- Mineral processing industry e.g smelters
- New areas in mineral exploration
- Drilling

The major pieces of legislation governing the industry today are the 1997 Mineral Policy, 1998 Mineral Act, 2010 Mineral Act and 2017 Mineral Act which can be found on the website for Tanzania Chambers of Mines: <http://www.tcme.or.tz/resources/category/acts-and-regulations>

For specific information on current opportunities please contact the Commercial Section, U.S. Embassy Dar es Salaam, Email: [Office.DarEsSalaam@trade.gov](mailto:Office.DarEsSalaam@trade.gov)

#### Web Resources

[Tanzania Mineral Audit Agency \(TMAA\)](#)  
[Tanzania Chamber of Minerals and Energy](#)  
[Tanzania State Mining Company \(STAMICO\)](#)  
[Southern & Eastern Africa Mineral Center](#)  
[Tanzania Investment Center](#)

## Telecommunications

### Overview

In February 2005, Tanzania initiated liberalization of its telecommunications sector. The government has actively embraced competition in the telecom market despite it having retaken control of the incumbent telecom TTCL in June 2016. Foreign participation has also been encouraged to promote economic growth and social development. Policy reforms have led to the telecom sector becoming among the most liberal in Africa. However, high import tariffs on telecom equipment and taxes on telephone facilities by various authorities are still placing a burden on investors and operators.

Tanzania has two fixed-line operators (TTCL and Zantel) and eight operational mobile networks, with four additional players licensed under a new converged regulatory regime. With four major operators – Vodacom, Bharti Airtel (formerly Zain), Tigo and Zantel – mobile penetration reached 83% by March 2017. In recent years a price war among these players has adversely affected the smaller operators, which have suffered from customer churn.

The converged licensing regime has brought many new players into the market. The liberalization of Voice-over-Internet Protocol (VoIP) telephony as well as the introduction of third and fourth generation (3G, LTE) mobile services and wireless broadband networks has boosting the internet sector which has been otherwise hampered by the low level of development of the traditional fixed-line network.

With the launch of mobile broadband services, the mobile network operators have become the leading internet service providers. Operators are hoping for revenue growth in the mobile data services market, given that the voice market is almost entirely prepaid and voice ARPU continues to fall. To this end they have invested in network upgrades. A fast-developing source of revenue is from mobile money transfer and m-banking services.

The government has become more determined to manage the telecom sector more effectively. It has cracked down on counterfeit smartphones, which were thought to account for up to 30% of devices in circulation at the start of the campaign, while in early 2016 the telecom regulator's board was dismissed after it had failed to update the Telecommunications Traffic Monitoring System (TTMS). This system was expected to deliver up to USD 177 million to the government annually. In late 2016, a new tax collection system was launched to help generate revenue from telecom services.

The government in September 2017 completed a long-term process to reacquire the incumbent, buying out the 35% stake owned by Bharti Airtel. The company was reformed as the TTC in January 2018, with a mandate to develop telecom services and manage infrastructure.

The market is very competitive with the following operational service providers:

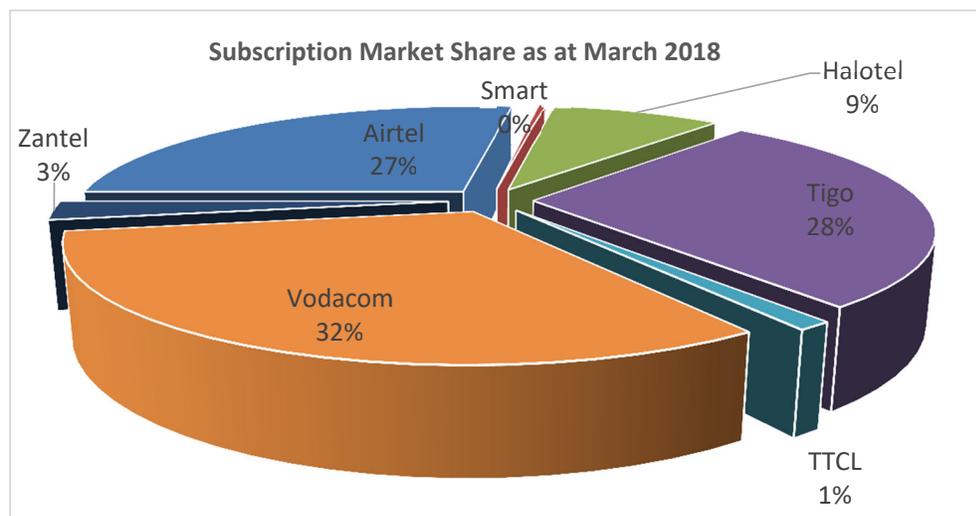
**Fixed network operators:**

1. Tanzania Telecommunications Company Limited
2. Zanzibar Telecommunications Limited (ZANTEL)

**Mobile network operators:**

1. Tanzania Telecommunications Company Limited
2. Zanzibar Telecommunications Limited (ZANTEL)
3. Vodacom Tanzania Limited
4. MIC Tanzania Limited (TIGO)
5. Airtel Tanzania Limited
6. Benson Informatics Limited (Smart)
7. Dovetel (T) Limited (SASATEL) Smile
8. Viettel (HALOTEL)

There are eight active mobile-phone operators as of December 2017 and – market share was Benson 131,501 subscribers, Zantel 935,161 subscribers, Vodacom 12.8 million subscribers (32% of market), Airtel 10.8 million subscribers (27% of market), Halotel 3.7 million subscribers (10% market), TTCL 429,730 subscribers (1%), TIGO 11.06 million subscribers (28% of market) - with coverage in almost every part of the country. In addition, 62 operators held ISP and data licenses. The license categories in the converged licensing framework include: network facility, network service and content service.



Source: Telcom Statistic March 2018 – [www.tcra.go.tz](http://www.tcra.go.tz)

The Tanzania Communications Regulatory Authority (TCRA), established by the TCRA Act no. 12 of 2003, is an independent authority governing the Postal, Broadcasting and Electronic communications industries in the Tanzania. TCRA regulates Tanzania's telecommunications industry. For more details visit: [www.tcra.go.tz](http://www.tcra.go.tz).

## Summary of trends in Telecom Statistics

Year	2012	2013	2014	2015	2016	2017
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%

Source: Telcom Statistic March 2018 – [www.tcra.go.tz](http://www.tcra.go.tz)

### Sub-Sector Best Prospects

Tanzania's telecommunication sector depends on imported equipment, largely from Germany, the U.K., China, Malaysia, India, and the United States. Potential for U.S. exports and investment exists in the following areas:

- Wireless services and equipment;
- Mobile operations;
- Internet service and equipment;
- Voice over Internet Protocol services;
- Broadcasting stations;
- Postal and courier services;
- M-Commerce (On-line payments using mobile wallet, merchant payment, m-finance);
- Cable content.

### Opportunities

With less than 14.5 percent internet penetration, growth is inevitable as consumers demand greater connectivity. Due to the relatively wide prevalence of mobile phones, telecommunications companies are looking at ways to offer internet services via handsets.

E-commerce is constrained by the lack of a legislative framework appropriate for e-business/cybercrime. Tanzania's legal framework does not yet provide adequate safeguards to create an environment of trust for e-business transactions. Consequently, financial institutions are reluctant to support e-transactions. However, mobile banking is growing fast, as many more Tanzanians use cell phones than use the internet. With smaller average transaction amounts, money laundering safeguards are a lesser concern.

The landing of the first fiber optic international submarine cables in the country in 2009 revolutionized the market which up to that point completely depended on expensive satellite connections. In parallel, the government has switched on the first phase of a fiber backbone network to connect population centers around the country and other landlocked neighboring countries. The Government of Tanzania had constructed the very first national internet data center (IDC) which provides high speed broadband connectivity utilizing the fiber optic cables that are in place in Kijitonyama in Dar es Salaam. This will help make Tanzania an important ICT hub in East Africa.

Liberalization has opened up opportunities to establish new telecommunications operations, particularly for mobile phone operators, public data communication operators, closed user group data communication providers, radio paging service providers and Internet service businesses. Opportunities also exist to provide modern technology and support services to the current industry operators. Provision of secure credentialing will be a significant area of opportunity.

**Web Resources**

Tanzanian Communications Regulatory Authority

Ministry of Communications

Tanzania Commission for Science & Technology

## Transport Infrastructure

### Overview

Improving the transportation infrastructure is a key priority for the Government of Tanzania. Improving the nation's roads, ports, railways and airport infrastructure is critical for the country to improve its internal and external trade and commercial activities. Moreover, the sector's further development goes hand-in-glove with improvements in the energy sector as Tanzania strives to become a middle-income country.

This is a very important but broad sector to summarize, and it has been the subject of a number of recent comprehensive studies by the African Development Bank Group and others. The Tanzanian Investment Center's Investment Guide notes that there has been a sustained effort to enhance the country's infrastructure. Guiding strategies can be found in Tanzania's Vision 2025 plan, the National Strategy for Growth and Reduction of Poverty (MKUKUTA), and the Implementation Strategy of the Transport Policy of 2011-2025. These strategies call for a continued focus on the development of infrastructure, with a priority on the continued development of the nation's road system, ports, airports and railways.

Tanzania's National Transport Policy sets goals and objectives for each of the major transportation services.

Highlights include:

- Increasing rail freight to 4 million tons by 2023
- Expanding sea and lake port cargo handling by 50 percent by 2020
- Expanding Julius Nyerere International Airport's passenger and cargo handling capacity by 2020
- Improving urban transportation networks to improve mobility and reduce congestion
- The development of more effective intermodal transport links
- Development and strengthening of institutions to implement strategic PPPs

### Sub-Sector Best Prospects

**Roads:** In February 2017, the World Bank announced the approval of increased US\$ 130 million funding for the Tanzania Strategic Cities Project (TSCP), which will benefit 8 cities including Dar es Salaam, Tanga, Arusha, Kigoma, Dodoma, Mwanza, Mbeya and Mtwara. The project promises to improve public accessible roads, drainage within the cities and more robust planning and financial management practices.

In October 2016, the heads of state of Tanzania and Kenya, met to discuss the two-road project, which will be financed by the African Development Bank and improve passenger and cargo traffic between the two countries. The two countries plan to build a 412km road between Malindi and Bagamoyo that is expected to ease movement along the two countries' coastlines. The start of a mega road project connecting Kenyan and Tanzanian coastal towns faces delay as Kenya drags its feet in moving the project forward. The 2017/18 budget plans to allocate US \$55 million towards the construction and maintenance of regional and district roads under the Road Fund, as well as road construction projects.

**Railways:** Tanzania's rail corridors are key conduits for bulk freight in the region as they ease the pressure on roads. The rail system has a total track length of 3,676km, which are operated by two railways systems: the Tanzania Railway Limited (TRL) and the Tanzania-Zambia Railway Authority (TAZARA). The railways link the Port of Dar es Salaam to the neighboring countries of Burundi, the DRC, Malawi, Rwanda, Uganda and Zambia.

The rail system consists of two main lines. The central line, which runs from Dar es Salaam to Tabora, has two branches: one to Kigoma in the west along Lake Tanganyika, and one runs from Tabora to Mwanza port on Lake Victoria. The other line runs from Ruvu northward to Korogwe and then branches to Tanga port on the Indian Ocean. The other branch goes north-west to Moshi. It connects to the Kenyan railway system at Taveta as well as to Kenyan and Ugandan networks by rail ferry on Lake Victoria. The railway sector is forecasted to

grow as a result of increased mining and quarrying activities, and investment in new lines. However, the growth is still predicted to lag behind the road system.

The President of Tanzania Dr. John Magufuli on April 12, 2017 laid the foundation stone for the construction of the first section of the standard gauge railway connecting the port city of Dar es Salaam to Morogoro. Once completed, the railway promises to benefit Tanzanians through reduced transit time within the regions covered, as well as increased options for modes of transport. There are a total of 4 additional sections planned with section 2 already tendered. Sections 3-5 as of October 2018 had not yet been tendered.

Ports: The sea port of Dar es Salaam is the nation's largest and busiest port, handling about 95 percent of the Tanzania international trade. The port serves the landlocked countries of Malawi, Zambia, Democratic Republic of Congo, Burundi, Rwanda and Uganda. Primary lake ports include Mwanza on Lake Victoria and Kigoma on Lake Tanganyika. The Tanzania Ports Authority (TPA) oversees the administration of both the seaports and the inland lake ports.

Tanzania Ports Authority (TPA) has developed initiatives to try to ensure it is the preferred choice for transporting to landlocked countries in Africa. For example in October 2016, TPA established a liaison office in Kigali, Rwanda in order to reduce logistical costs of doing business between the two countries. As a result, we anticipate that this will increase the amount of trade that flows between Tanzania and its neighboring land locked countries.

Tanzania Ports Authority (TPA) is implementing several major projects as outlined in the National Ports Master Plan (PMP). The study laid out long term strategy for Tanzanian Ports to create capacity for the expected demand. One of such projects is the Dar es Salaam Maritime Gateway Project (DMGP). DMGP plans to improve port effectiveness and efficiency by converting the port into world class port with optimized efficiency to accommodate the calling and reception of larger vessels.

Port modernization projects include but not limited to strengthening and deepening of berths 1-7 and RORO terminal, dredging of entrance channel, turning circle and harbor basin, strengthening and deepening 8-11, and construction of a new terminal jet.

For the financial year 2017/18, the Government of Tanzania has expressed interest in reducing the cost of using Tanzanian ports and increasing their competitiveness in the market. The Government aims to do this by zeroing out rating the VAT for ancillary transport services.

Airports: The Tanzania Airport Authority is responsible for the oversight of 62 airports throughout the country. The nation has four international airports including Dar es Salaam (JNIA), Kilimanjaro (KIA), Zanzibar (ZIA) and Mwanza (MWZ). As of 2016, there were 21 airlines operating at the Julius Nyerere International Airport (JNIA), Tanzania's largest and busiest airport. Tanzania Airport Authority's (TAA) 2017 report showed that airport's aircraft movements went up by 49.1 per cent from 2682 planes in 2016 to 4,004 aircraft in 2017.

The Construction of terminal three at Julius Nyerere International Airport (JNIA) was extended to May 3, 2019 with a planned passenger capacity increase from two to nine million passengers. Terminal three alone is planned to handle 6.5 million passengers annually, more than twice the capacity of terminal two's 2.5 million. In an attempt to revive the airline market in Tanzania, the Government purchased and Air Tanzania Company Limited (ATLC) began new operations with new Bombardier and Boeing planes. ATLC revenue increased to 4.5 billion/- at the end of 2017 up from 700 million shillings collected in 2016 and losses cut down to 4.3 billion shillings in 2017 compared to 14.2 billion shillings posted in 2016, signaling that the national carrier is rebounding after a decade of a steady decline.

The arrival of its first Boeing 787-8 Dreamliner in July 2018 gave Air Tanzania the ability to go after the lucrative Indian market with first flights planned in late 2018 to Mumbai. With the arrival of the additional Bombardier aircraft in December 2018, Air Tanzania plans to have the Bombardiers take over the India route and deploy the Dreamliner to Guangzhou, China. The previously arrived three new Bombardier Dash 8 Q400

turboprop aircraft launched new domestic routes including Bukoba and Dodoma, and revived major routes such as Zanzibar, Kilimanjaro and Mbeya.

The government is planning for two more Bombardier CS300 and another Boeing 787-8 Dreamliner to venture into lucrative regional routes as the national flag carrier is set to become a force to reckon with in the lucrative regional routes.

### **Opportunities**

With improvements and upgrades foreseen in every sub-sector listed above, interested U.S. firms should continually scan the web resources listed below for tenders and upcoming opportunities. In the near term, the TIC has noted a number of areas of opportunity in their Investment Guide. Highlights include:

- Development of inland container depots and international container operations at Mwanza, Kigoma, Tabora, Morogoro, Arusha, Tanga, Shinyanga, Dodoma and Mpanda
- Opportunities for rail rolling stock and locomotives
- Building of hotels at regional airports
- Building of warehousing facilities including cold storage, at JNIA's new terminal
- Building shopping complexes and lounges at the international airports

Potential Investment Area at Julius Nyerere International Airport includes:

- Aircraft maintenance hanger
- Convention center
- Shopping mall
- Four-star hotel

### **Web Resources**

[Ministry of Transport](#)

[Tanzania Ports Authority \(TPA\)](#)

[Tanzania Road Agency \(TANROADS\)](#)

[Tanzania Airport Authority \(TAA\)](#)

[Tanzania Railway Limited \(TRL\)](#)

[Tanzania Investment Center \(TIC\)](#)

[African Development Bank \(afDB\)](#)

## **Travel and Tourism**

### **Overview**

Over 44 percent of Tanzania's land mass is set aside for national parks and game reserves. Of the Seven Natural Wonders of Africa, three are located in Tanzania: the Ngorongoro Crater, Serengeti National Park and Mt. Kilimanjaro. Tanzania also boasts six World Heritage Sites: among the three named above, the ruins of Kilwa Kisiwani, the Selous Game Reserve (the world's largest national protected area) and Zanzibar's Stone Town round out the list. Tanzania's famous islands of Zanzibar, Mafia Island and Pemba also attract many tourists to their fabled beaches and diving locations. Recently the Travel & Tourism Competitiveness Report of The World Economic Forum placed Tanzania second worldwide (after Brazil), for its natural beauty.

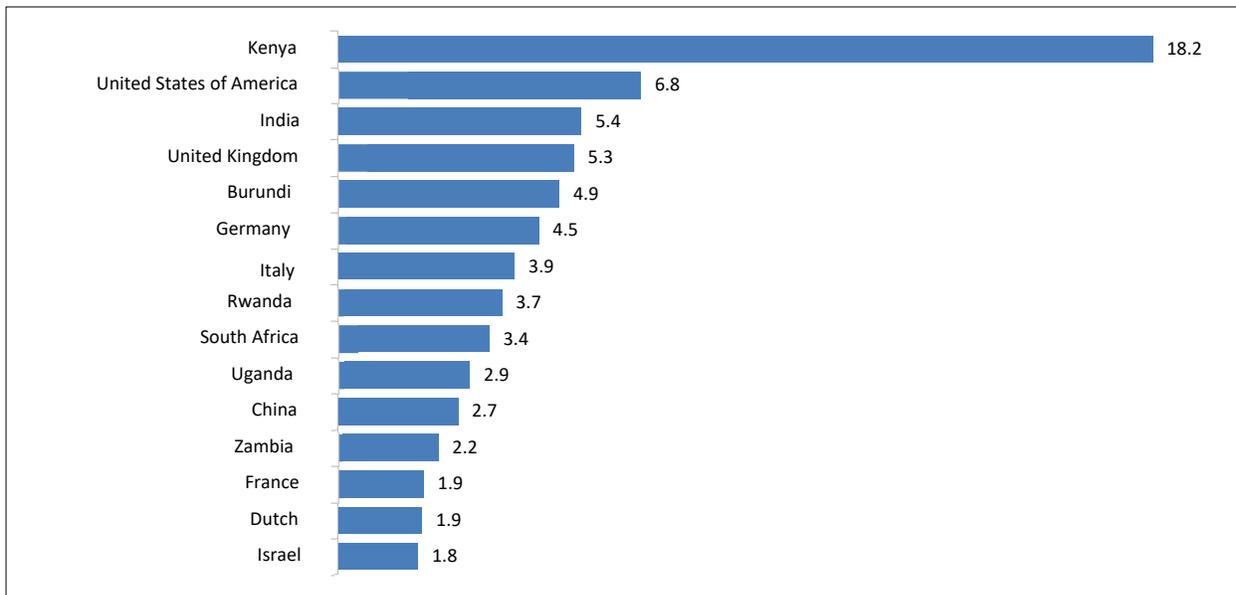
According to World Travel Tourism Council, total contribution of tourism to GDP in 2017 was 9.0 percent and it is forecast to rise to 9.1 percent in 2018. This sector directly supported 446,000 jobs which is 3.3 percent of the total employment, this was expected to rise to 7.1 percent in 2018.

Tanzania's tourism sector grew over the past decade by 300 percent, attracting more than one million visitors annually, the majority come for a wildlife safari. The sector employs around one-half million people, and is the country's most significant source of foreign currency. Yet, tourism is centered mainly in the "northern circuit" of Arusha, Mount Kilimanjaro, Tarangire National Park, Lake Manyara, the Ngorongoro Conservation Area, and the Serengeti as well as Zanzibar. The Government of Tanzania is focused on developing the country as a multi-center tourism destination. Diversification and investment, especially in the "Southern Circuit" which include the Ruaha and Selous game reserves, the beaches to the south, and the Katavi area, focused on nature and adventure travel, could result in significantly increased arrivals and revenue.

Wildlife game viewing represents a significant majority of the overall and leisure tourism market in Tanzania and the Government of Tanzania recognizes the opportunity to grow this segment by expanding beyond the northern circuit. They are targeting 2 million annual visitors by 2025 and have started working with the World Bank on structural reforms that will drive private sector-led growth outside of the northern circuit. Wildlife and habitat management practices in Tanzania are weak, however, and need significant investment and improvement or they will result in a continued deterioration of the wildlife asset on which the majority of the current and future tourism activity depends.

### **International tourist arrivals to Tanzania, top 15 source markets, 2016**

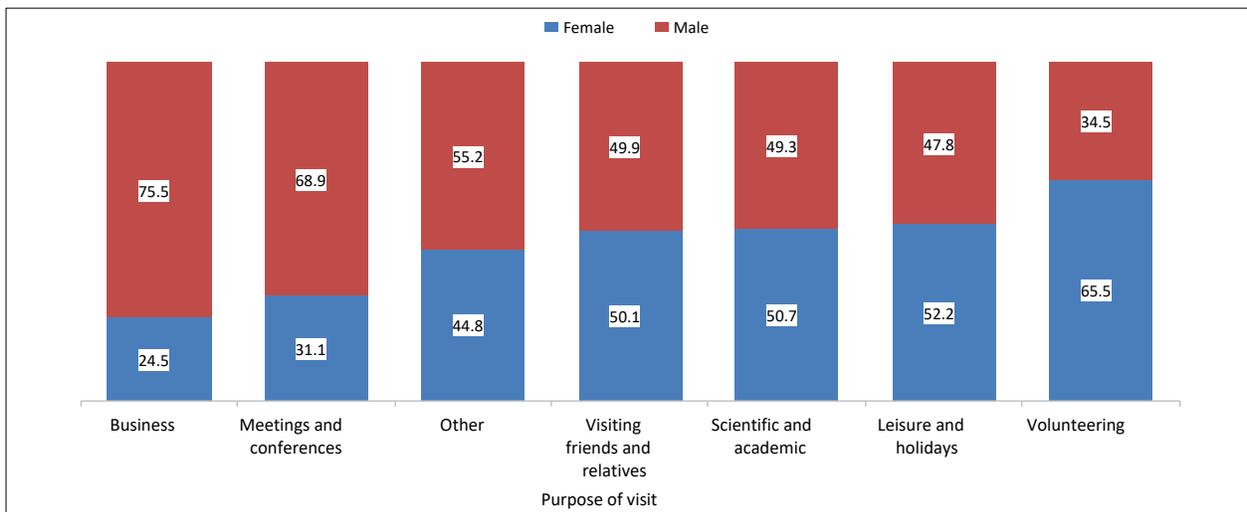
Percent



Source: Tanzania National Bureau of Statistics report 2016

### Visitors by gender and purpose of visit 2016

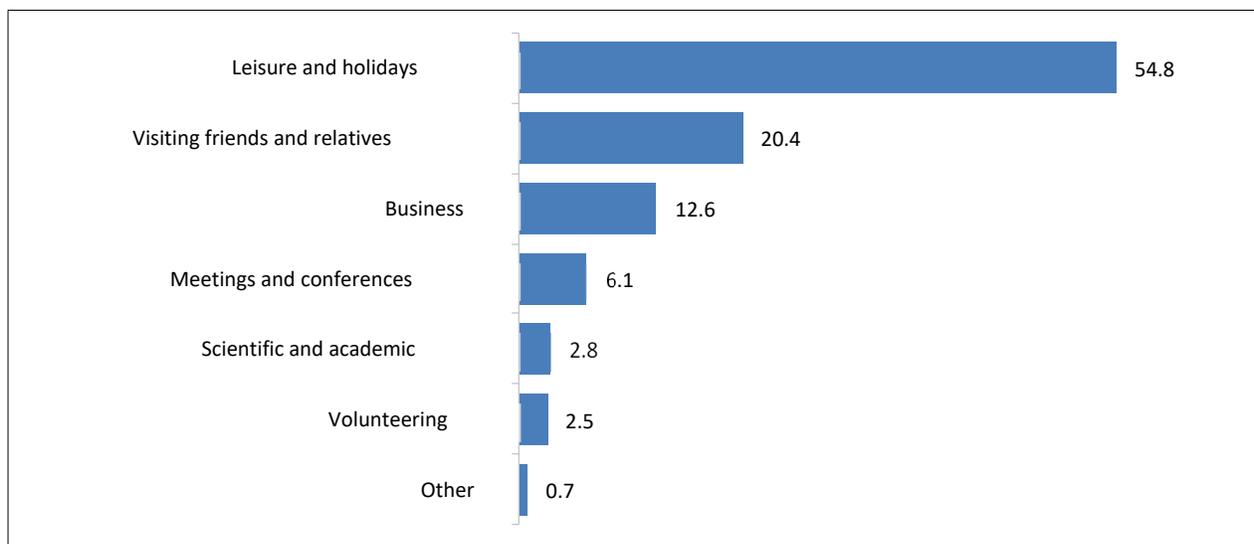
Percent



Source: Tanzania National Bureau of Statistics report 2016

### Purpose of visit Tanzania Mainland, 2016

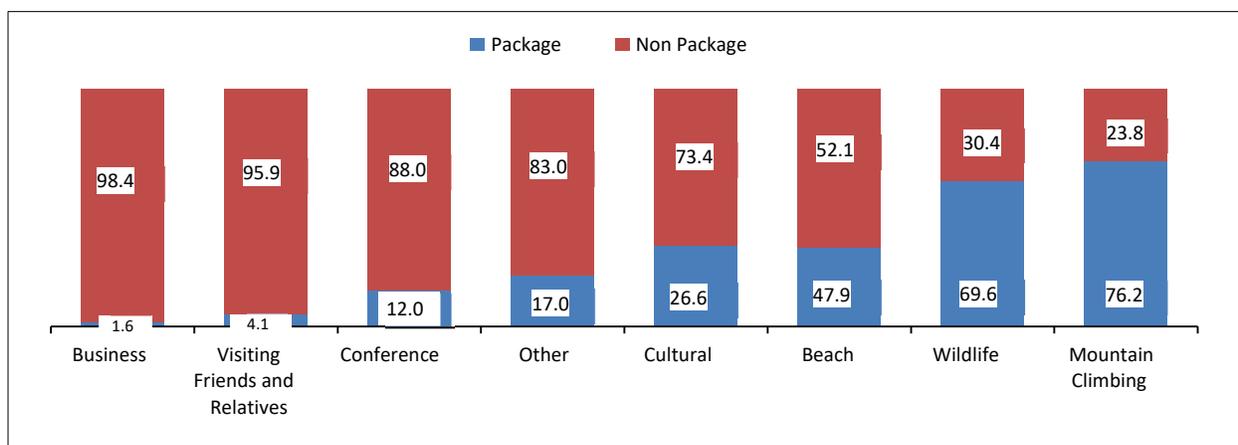
Percent



Source: Tanzania National Bureau of Statistics report 2016

### Tourism activity and travel arrangement, 2016

Percent



Source: Tanzania National Bureau of Statistics report 2016

### Sub-Sector Best Prospects

Investment opportunities in the tourism sector include:

- Construction and management of hotels, entertainment complexes and restaurants
- Improvement of airport terminals and shops
- Infrastructure ventures
- Training institutions

- Tour operations
- Travel agencies
- Marketing organizations

### **Opportunities**

U.S. companies can compete in the Tanzanian market with strength in customer service and hospitality. While GOT is scouting for new markets in Russia, China, South Asia, Americans are now the number one visitors to Tanzania, especially in the high-end, low volume market.

For specific information on current opportunities the Tanzanian Ministry of Natural Resources and Tourism recently released a study on investment opportunities.

### **Web Resources**

[Tanzania Tourism Board](#)

[Tanzania Association of Tour Operators](#)

[Tanzania National Parks](#)

[Tanzania Ministry of Natural Resources and Tourism](#)

## **Trade Regulations, Customs and Standards**

### **Import Tariffs**

Certain duty exemptions are made based on bilateral and multilateral trade agreements or investment incentive packages. A selected list of sensitive goods is rated at higher rates, up to 100 percent. In addition, a Value Added Tax (VAT) of 18 percent is charged on all non-EAC imports, unless exemption is received from the Tanzania Investment Center or Ministry of Finance.

As part of the East African Customs Union, Tanzania imposes the EAC common external tariff on goods from non-EAC countries. The tariffs range from 0 percent for raw materials to 10 percent for industrial used goods and 25 percent for consumer goods. As of January 1, 2010, there are no tariffs on EAC-origin goods from countries within the union. However, on occasion disputes have occurred between Tanzania and other EAC members and temporary bans or tariffs have been imposed.

Detailed information on current taxes, including import tariff lists, can be found at the Tanzania Revenue Authority website: <http://www.tra.go.tz>

### **Trade Barriers**

Trade reforms have abolished import and export licenses, except for goods deemed sensitive for health and security reasons. Trade regulations and standards generally reflect normal expectations to protect consumers' health.

Customs and port authorities are the greatest hindrance to importers throughout Tanzania. Clearance delays and extra-legal levies are commonplace when dealing with customs officials within the Tanzania Revenue Authority (TRA). These hindrances can cause unpredictable delays when importing goods into the country. However, there are some benefits for large taxpayers who have a track record of compliance, including expedited clearance and reduced auditing.

### **Import Requirements and Documentation**

The Import Declaration Form (IDF) is available on the Tanzanian Revenue Authority's (TRA's) website [www.tra.go.tz](http://www.tra.go.tz) or at any Tanzanian Customs office.

Importers in Tanzania are required to establish whether or not the goods to be imported are subject to Pre-Shipment Verification of Conformity (PVoC). In general, any shipment valued at over USD 5,000 is subject to PVoC. Some goods are exempt from PVoC. 1.2 percent of FOB value must be paid to a designated commercial bank. Importers must provide full contact details of actual suppliers. For more information on the pre-shipment inspection process, please visit the Tanzania Bureau of Standards website at: <http://www.tbs.go.tz/>

### **U.S. Export Controls**

There are currently no U.S. government export controls on U.S. companies' exports to Tanzania.

A list that consolidates 11 export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here: <http://developer.trade.gov/consolidated-screening-list.html>.

### **Temporary Entry**

The Customs Department permits the temporary entry of machinery, equipment and vehicles. Prior permission must be obtained. Customs requires a written request and proof that the product in question will be taken out of the country and that duty and tax will be paid if the product is sold. Bonds and bank guarantees are required for most transit trade.

### **Labeling/Marking Requirements**

There are no specific labeling and marking requirements for imports and exports. Specific customs guidance is available from the Tanzania Bureau of Standards or the Tanzania Revenue Authority.

### **Prohibited & Restricted Imports**

Narcotics and internationally prohibited drugs are prohibited. Live animals, plants, firearms and ammunitions require permits from relevant authorities.

### **Customs Regulations**

The Tanzania Revenue Authority (TRA) launched a World Customs Organization and World Trade Organization-compliant Imports/Exports Commodity Database to compile standard customs values for an exhaustive listing of import and export goods. TRA expects this to be a boon to port productivity, shortening clearance times and increasing transparency on valuation decisions.

Commissioner of Customs  
Customs and Excise Department  
Tanzania Revenue Authority  
28 Edward Sokoine Drive  
11105 Mchafukoge, Ilala CBD  
P.O. Box 11491  
Dar es Salaam, Tanzania  
Phone: 255-22-2127783 or 2119269  
Fax: 255-22-2124523  
Website: [www.tra.go.tz](http://www.tra.go.tz)

## **Trade Standards**

### **Overview**

The Tanzania Bureau of Standards (TBS) has jurisdiction over all standards issues in the country. TBS is one of the more professional agencies in Tanzania, however it is burdened by a wide-ranging mandate. TBS standards generally follow internationally accepted norms, and rarely are difficult for the international business to achieve. In a few cases, TBS has adopted stricter standards in order to harmonize with the other East African Community members (Kenya, Uganda, Rwanda and Burundi). TBS has developed a comprehensive website with access to detailed publications and information on standards regulations (<http://www.tbs.go.tz>)

### **Standards Organizations**

The TBS issues certification of standards (e.g., ISO 9000) mainly for manufactured products. TBS is a member of the International Organization for Standardization (ISO) and represents Tanzania in all international standards work. It is the National Enquiry Point for WTO-TBT/SPS Agreements in Tanzania. TBS also manages information on technical regulations, adopted and proposed standards, conformity assessment procedures, and sanitary and phytosanitary measures.

TBS is also a member of the East African Community Bureau of Standards and the South African Development Community Committee of Experts for Standards, Quality Assurance, Accreditation and Metrology. TBS is a participating member to the Codex Alimentarius Commission of the Joint FAO and WHO and is fully represented on technical issues concerning standards and quality.

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

### **Conformity Assessment**

The Testing and Calibration Department is composed of seven laboratories: the Food and Microbiology Laboratory, the Chemistry Laboratory, the Textile and Leather Laboratory, the Electrical Engineering Laboratory, the Mechanical Engineering Laboratory, the Building and Construction Laboratory, and the Metrology Laboratory. The laboratories provide facilities for the testing of products to ensure their conformity to the requirements of relevant standards, and calibration of precision instruments and measuring and scientific equipment for various clients.

The laboratories are maintained at the highest possible operating level. They are well equipped in terms of staff, equipment and procedures and operate in compliance with ISO/IEC Guide 25.

### **Product Certification**

TBS implements and certifies third party standards, carries out pre-export / pre-import inspection and testing, and conducts calibration of industrial and commercial measuring equipment and instruments. TBS product certification schemes require that the products comply with the requirements and characteristics of the relevant standards. These requirements and characteristics are quality, material, composition, design, safety, durability and performance.

### **Accreditation**

Accreditation of products can be facilitated by TBS or the relevant industry association. The Tanzania Chamber of Commerce and Industry can be of assistance at: <http://www.tccia.com>

### **Publication of Technical Regulations**

TBS has published more than 1500 standards in the fields of agriculture and food chemicals, textiles, leather, general techniques, electrical engineering, mechanical engineering, building and construction. The standards are available on its website (<http://www.tbs.go.tz>)

### **Labeling and Marking**

Tanzania follows international (ISO) standards for labeling and marking of imports and does not impose special requirements. For local goods, TBS maintains requirements for labeling and marking, which generally follow ISO guidelines.

### **Contacts**

Director

Tanzania Bureau of Standards

Ubungu Area, Morogoro Road / Sam Nujoma Road

P O Box 9524, Dar es Salaam, TANZANIA.

Tel: +255 22 245 0298 | +255 22 245 0206 | +255 22 245 0949

Fax: +255 22 245 0959

E-mail: [info@tbs.go.tz](mailto:info@tbs.go.tz)

Website: [www.tbs.go.tz](http://www.tbs.go.tz); [www.eac-quality.net](http://www.eac-quality.net)

### **Trade Agreements**

Tanzania is a member of the East African Community and its Common Market. As of January 1, 2010, the Common Market allows for the free flow of goods within the EAC.

The EAC signed a Trade and Investment Framework Agreement (TIFA) with the U.S. in 2008.

Tanzania is also a member of the Southern Africa Development Community (SADC).

Tanzania is the beneficiary of trade arrangements such as the African Growth and Opportunity Act (AGOA) of the United States, and the Everything But Arms (EBA) program of the European Union. These arrangements allow Tanzanian goods duty-free access to U.S. and EU markets.

Tanzania has also signed a number of bilateral investment agreements, including with the United Kingdom. To date, Tanzania has no bilateral agreement with the United States.

### **Web Resources**

<http://www.tbs.go.tz/>

<http://www.eac-quality.net/>

## Investment Climate Statement

### Executive Summary

The United Republic of Tanzania has sustained 6-7 percent Gross Domestic Product (GDP) growth since the late 1990s due to a relatively stable political environment, reasonable macroeconomic policies, structural reforms, resiliency from external shocks, and debt relief. However, recently adopted Government of Tanzania (GoT) policies have raised questions about long-term prospects for foreign direct investment (FDI), and fostered a more challenging business environment. Despite Tanzania's GDP growth, 28.2 percent of the population lives below the GoT-determined poverty line and youth unemployment remains a problem. In January 2018, the IMF warned of significant economic risks including private sector concerns about heavy-handed and arbitrary enforcement of rules; stagnated credit growth reflected in part by banks' rising nonperforming loans (NPLs); poor budget credibility and implementation; and excessive domestic arrears.

In 2016, the GoT began a campaign to raise revenue, encourage the hiring of Tanzanian citizens over foreigners, and protect/grow local industry. These measures included new taxes in certain industries as well as aggressive collection by the Tanzania Revenue Authority (TRA) that some labeled as arbitrary and harassing. On the employment front, the GoT implemented labor regulations that make it more difficult to hire foreign employees, creating unclear bureaucratic standards. Finally, on the local industry front, the GoT continued to use increased tariffs and import and export bans as a stated, but ineffective way to protect/grow local industry.

In 2017 and 2018, the private sector expressed concern over new laws largely enacted without stakeholder consultation. The laws increased the risk/cost of investing in broadly defined natural resources, primarily by removing rights to international arbitration and giving Parliament the unilateral right to rewrite undefined "unconscionable" contract terms. In addition, new mining local content laws strongly encourage the hiring of, contracting with, and partnering with Tanzanian companies or individuals. In 2017, the World Bank and the IMF stressed the need for public private dialogue and concrete action to address challenges in the business environment.

Profitable sectors for foreign investment in Tanzania have traditionally included agriculture, mining and services, driven by banking, construction, tourism, and trade. However, aggressive revenue raising measures and unfriendly investor legislation have made investment less attractive in recent years. Corruption, especially in government procurement, privatization, taxation, and customs clearance remains a concern for foreign investors, though the government has prioritized efforts to combat the practice. GoT plans for infrastructure development are expected to offer investment opportunities in rail, real estate development, and construction.

Compared to its many neighboring countries, Tanzania remains a politically stable and peaceful country, as well as a regional leader, including in the East African Community (EAC). Since November 2015, however, the government is placing increasing restrictions on political activity, including severely limiting the ability of opposition political parties and civil society organizations to debate issues publicly, or peacefully assemble. October 2015 general elections were conducted in a largely open and transparent atmosphere; however, simultaneous elections in Zanzibar were controversially annulled after an opposition candidate declared victory. A rerun election was boycotted by the opposition. By-elections in 2017 and 2018 were marred by allegations of irregularities and instances of political violence.

Table 1

Measure	Year	Index/Rank	Website Address
---------	------	------------	-----------------

<b>TI Corruption Perceptions</b>	2017	103 of 175	<a href="http://www.transparency.org/country/TZA">http://www.transparency.org/country/TZA</a>
<b>IndexWorld Bank's Doing</b>	2017	137 of 190	<a href="http://www.doingbusiness.org/data/exploreeconomies/tanzania">http://www.doingbusiness.org/data/exploreeconomies/tanzania</a>
<b>Business Global Innovation Index</b>	2017	96 of 128	<a href="https://www.globalinnovationindex.org/analysisindicator">https://www.globalinnovationindex.org/analysisindicator</a>
<b>U.S. FDI in Partner Country (M USD, stock positions)</b>	2013	USD 206	<a href="http://www.bea.gov/international/factsheet/">http://www.bea.gov/international/factsheet/</a>
<b>World Bank GNI per capita</b>	2015	USD 900	<a href="http://www.doingbusiness.org/data/exploreeconomies/tanzania">http://www.doingbusiness.org/data/exploreeconomies/tanzania</a>

## Openness To, and Restrictions Upon, Foreign Investment

### Policies Towards Foreign Direct Investment (FDI)

The GoT heavily courted FDI in principle; however, its policies did not effectively attract investment. The 2017 World Investment Report stated that in 2016 FDI flows to Tanzania shrank by 17.5 percent to USD 1.365 billion. Some concerns noted by stakeholders included difficulty in hiring foreign workers, reduced profits caused by unfriendly tax policies, increased local content requirements, regulatory/policy instability, lack of trust between the GoT and the private sector, and mandatory initial public offerings (IPOs) in mining and communication industries.

The Tanzania Investment Center (TIC) acts as a one-stop center for investors, helping to obtain permits, licenses, visas, and land access among other support. (See Chapter 4 for more information on TIC.)

### Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign investors generally receive treatment equivalent to domestic investors but limits still persist in a number of sectors. Foreign companies may not operate mountain guiding, tour guide, car rental or travel agency services. In addition, mining projects must be at least partially owned by the GoT and “indigenous” companies and hire, or at least favor, local suppliers, service providers, and employees. (See Chapter 4: Laws and Regulations on FDI for details.)

Currently, foreigners can invest in stock traded on the Dar es Salaam Stock Exchange (DSE), but only East African residents can invest in government bonds. East Africans, excluding Tanzanian residents, however,

are not allowed to sell government bonds bought in the primary market for at least one year following purchase.

The country imposes foreign equity ownership restrictions on a number of service sectors. For example, foreign capital participation in the telecommunications sector is limited to a maximum of 75 percent. While the Broadcasting Services Act allows a maximum of 49 percent foreign ownership of Tanzanian TV stations, foreign capital participation in national newspapers is prohibited.

#### Other Investment Policy Reviews

The Organization for Economic Cooperation and Development (OECD) 2013 Investment Policy Review of Tanzania made four key policy recommendations: (i) rationalize investor rights and obligations and make them easily accessible, (ii) increase land tenure security for agricultural investors, (iii) enhance private investment in public infrastructure, and (iv) better promote and facilitate investment for both domestic and foreign firms. The Review was the result of a self assessment undertaken by a national task force composed of government agencies, the private sector, and civil society.

The World Trade Organization (WTO) also published a Trade Policy Review in 2013 that covers EAC member states (Burundi, Kenya, Rwanda, Tanzania, and Uganda). The main suggested areas for improvement revolve around the five member countries implementing the common external tariff (CET) and their inability to harmonize trade, export, and tax policies.

#### Business Facilitation

The World Bank's Doing Business 2018 Indicators rank Tanzania as 162 out of 190 economies in ease of starting a business, dropping 27 points from 135 in 2017. Tanzania's Business Registration and Licensing Agency (BRELA) issues certificates of compliance for foreign companies, certificates of incorporation for private and public companies, and business name registration for sole proprietor and corporate bodies. After registering with BRELA, businesses must register with the TRA and one of Tanzania's social security schemes. They must also obtain business licenses from the Ministry of Industry and Trade or from a municipality. Alternatively, TIC provides online services for simultaneous registration with BRELA, TRA, and a social security scheme (<http://tiw.tic.co.tz/>) for enterprises whose minimum capital investment is not less than USD 500,000 if foreign owned or USD 100,000 if locally owned.

#### Outward Investment

There are restrictions on Tanzanian residents' participation in foreign capital markets and ability to purchase foreign securities. Under the Foreign Exchange (Amendment) Regulations 2014 (FEAR), however, there are circumstances where Tanzanian residents may deal in securities with other EAC residents. In addition, FEAR provides opportunities for residents to engage in Foreign Direct Investment and acquire real assets outside of the EAC.

### **Bilateral Investment Agreements and Taxation Treaties**

#### BITs or FTAs

Tanzania has bilateral investment treaties with 19 countries, and seven investment agreements with regional economic blocs (<http://investmentpolicyhub.unctad.org>). The country is also a signatory to global investment instruments such as the International Centre for Settlement of Investment Disputes (ICSID) Convention, the New York Convention, and the UN Guiding Principles on Business and Human Rights.

#### Bilateral Taxation Treaties

The U.S. and Tanzania do not have bilateral investment or taxation agreements. Tanzania is a member of the EAC, which signed a 2008 Trade and Investment Framework Agreement (TIFA) and a 2012 Trade and Investment Partnership (TIP) with the United States. Under the U.S.-EAC TIP, the U.S. and EAC are seeking to expand trade, investment and dialogue with the private sector.

## **Legal Regime**

### Transparency of the Regulatory System

Tanzania has formal processes for drafting and implementing rules and regulations. Generally, after an Act is passed by Parliament, the creation of regulations is delegated to a designated ministry. In theory, stakeholders are legally entitled to comment on regulations before they are implemented. Stakeholders, however, often report that they are either not consulted or given too little time to provide useful comment. Moreover, the government has increasingly used Presidential decree powers to bypass regulatory and legal structures.

In 2016 the President signed the Access to Information Act into law. In theory, the Act gives citizens more rights to information, however, some claim that the Act gives too much discretion to the GoT to withhold disclosure. Although information, including rules and regulations, is available on the GoT's "Government Portal" (<http://www.tanzania.go.tz>), the website is generally not current and is missing information. Alternatively, rules and regulations can be obtained on the relevant ministry's website, but many offer insufficient information.

Nominally independent regulators are mandated with impartially following the regulations. The process, however, has sometimes been criticized as being subject to political influence, depriving the regulator of the independence it is granted under the law. For example, in 2017, the nominally independent Energy and Water Utilities Regulatory Authority approved an 8.5 percent increase in tariff charges after rejecting the State-owned electric utility's request for an 18.2 percent increase. Several days later, the Minister of Energy and Minerals revoked the increase alleging that it was not adequately consulted. Critics of this justification pointed to documents and meeting attendance records as evidence that the Minister was aware of the proceedings.

### International Regulatory Considerations

Tanzania is a member of the World Trade Organization (WTO) and its National Enquiry Point (NEP) is the Tanzania Bureau of Standards (TBS). As the WTO NEP, TBS handles information on adopted or proposed technical regulations, as well as on standards and conformity assessment procedures. Tanzania is also part of both the EAC and the Southern African Development Community (SADC) and subject to their respective regulations. However, according to the 2016 East African Market Scorecard, Tanzania is not compliant with a number of EAC regulations.

### Legal System and Judicial Independence

Tanzania's legal system is based on the English Common Law system. The first source of law is the 1977 Constitution, followed by statutes or acts of parliament; and case law, which are reported or unreported cases from the High Courts and Courts of Appeal and are used as precedents to guide lower courts. The Court of Appeal, which handles appeals from mainland Tanzania and Zanzibar, is the highest ranking court, followed by the High Court, which handles civil, criminal and commercial cases. There are four specialized divisions within the High Courts: Labor, Land, Commercial, and Corruption and Economic Crimes. The Labor, Land, and Corruption and Economic Crimes divisions have exclusive jurisdiction over their respective matters, while the Commercial division does not claim exclusive jurisdiction. The High Court and the District and Resident Magistrate Courts also have original jurisdiction in commercial cases subject to specified financial limitations.

Apart from the formal court system, there are quasi-judicial bodies, including the Tax Revenue Appeals Tribunal and the Fair Competition Tribunal, as well as alternate dispute resolution procedures in the form of arbitration proceedings. Judgments originating from countries whose courts are recognized under the Reciprocal Enforcement of Foreign Judgments Act (REFJA) are enforceable in Tanzania. To enforce such judgments, the judgment holder must make an application to the High Court of Tanzania to have the judgment registered. Countries currently listed in the REFJA include Botswana, Lesotho, Mauritius, Zambia, Seychelles, Somalia, Zimbabwe, Swaziland, the United Kingdom, and Sri Lanka.

The 2015 Transparency International Global Corruption Barometer named the Judiciary as the third most corrupt Tanzanian institution and according to the 2017 Afrobarometer Survey the percentage of Tanzanians who believed that at least some/most/all of the Judiciary were corrupt was 48 percent/17 percent/3 percent, respectively. The selection and appointment of judges in Tanzania is criticized for its non-transparent nature. The Judiciary Service Commission proposes judges to the President for appointment. However, the criteria and process for candidates is unknown.

#### Laws and Regulations on Foreign Direct Investment

During the reporting period, new laws/regulations were enacted that may impact the risk-return profile on foreign investments, especially those in the mining industry. The laws/regulations include the Natural Wealth and Resources (Permanent Sovereignty) Act 2017, Natural Wealth and Resources Contracts (Review and Renegotiation of Unconscionable Terms) Act 2017, Written Laws (Miscellaneous Act) 2017, and Mining (Local Content) Regulations 2018. The three new Acts were introduced by the executive branch under a certificate of urgency, meaning that standard advance publication requirements were waived to expedite passage. As a result, there was minimal stakeholder engagement.

Investors, especially those in natural resources and mining, have expressed concern about the effects of these new laws. Two of the new laws apply to “natural wealth and resources,” which are broadly defined and not only include oil and gas, but in theory could include wind, sun, and air space. Investors are encouraged to seek legal counsel to determine the effect these laws may have on existing or potential investments. For natural resource contracts, the laws remove rights to international arbitration and subject contracts, past and present, to Parliamentary review.

More specifically, the law states “Where [Parliament] considers that certain terms ...or the entire arrangement... are prejudicial to the interests of the People and the United Republic by reason of unconscionable terms it may, by resolution, direct the Government to initiate renegotiation with a view to rectifying the terms.” Further, if the GoT’s proposed renegotiation is not accepted, the offending terms are automatically expunged. “Unconscionable” is defined broadly, including catch-all definitions for clauses that are, for example, “inequitable or onerous to the state.” Under the law, the judicial branch does not play a role in determining whether a clause is “unconscionable.”

The Mining (Local Content) Regulations 2018 require that indigenous Tanzanian companies are given first preference for mining licenses. An ‘indigenous Tanzanian company’ is one incorporated under the Companies Act with at least 51 percent of its equity owned by and 100 percent of its non-managerial positions held by Tanzanians. Furthermore, foreign mining companies must have at least 5 percent equity participation from an indigenous Tanzanian company and must grant the GoT a 16 percent carried interest. Lastly, foreign companies that supply goods or services to the mining industry must incorporate a joint venture company in which an indigenous Tanzanian company must hold equity participation of at least 20 percent.

The Mining (Local Content) Regulations 2018 also set the timeframe for local content percentages to be raised over the next 10 years which vary by type of good or service provided. There are immediate

requirements to use 100 percent local content for financial, insurance, legal, catering, cleaning, laundry, and security services. All contractors must submit a local content plan to the GoT, which includes provisions to favor local content and meets required local content percentages. The plan must include five sub plans on employment and training; research and development; technology transfer; legal services; and financial services. The regulations also require contractors to implement bidding procedures to acquire goods and services and to award contracts to indigenous Tanzanian companies if they do not exceed the lowest bidder by more than 10 percent. There are also regular contractor reporting requirements. Violating these regulations can lead to a fine of up to TZS 500 million or five years imprisonment.

### Competition and Anti-Trust Laws

The Fair Competition Commission (FCC) is an independent government body mandated to intervene, as necessary, to prevent significant market dominance, price fixing, extortion of monopoly rent to the detriment of the consumer, and market instability. The FCC has the authority to restrict mergers and acquisitions if the outcome is likely to create market dominance or lead to uncompetitive behavior.

### Expropriation and Compensation

The GoT may expropriate property after due process for the purpose of national interest. The Tanzanian Investment Act guarantees payment of fair, adequate, and prompt compensation; access to the court or arbitration for the determination of adequate compensation; and prompt repatriation in convertible currency where applicable.

GoT authorities do not discriminate against U.S. investments, companies, or representatives in expropriation. Since 1985, the Government of Tanzania has not officially expropriated any foreign investments. There have been cases, however, of government revocation of hunting concessions that grant land rights to foreign investors, including a U.S.-based company with strategic investor status in 2016. Also, in 2018, the GoT claimed that it had the right to take control of Indian-owned Airtel, a mobile communications company, because it “was conned” when it sold its interest in 2005. Airtel claimed that it followed all legal procedures when it acquired the company five years later in 2010. Negotiations continue, but some legal analysts assert the GoT is illegally attempting to expropriate the company. (See “Laws and Regulations on Foreign Direct Investment” for government actions that could substantially impact investor’s expected returns.)

### Dispute Settlement

#### ICSID Convention and New York Convention

Tanzania is a member of both the International Centre for Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA). ICSID was established under the auspices of the World Bank by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. MIGA is World Bank-affiliated and issues guarantees against non-commercial risk to enterprises that invest in member countries.

Tanzania is a signatory to the New York Convention on the Recognition and Enforcement of Arbitration Awards, though the Arbitration Act of Tanzania does not give force of law in Tanzania to the provisions of the conventions. An arbitration award will be recognized as binding once it is filed in a Tanzanian court and will be enforceable as if it were a decree of the court, subject to the provisions of the Arbitration Act of Tanzania.

#### Investor-State Dispute Settlement

Investment-related disputes in Tanzania can be protracted. The Commercial Court of Tanzania operates two sub-registries located in the cities of Arusha and Mwanza. The sub-registries, however, do not have resident judges. A judge from Dar es Salaam conducts a monthly one-week session at each of the sub-registries. The government said it intends to establish more branches in other regions including Mbeya, Tanga, and Dodoma, though progress has stagnated. Court-annexed mediation is also a common feature of the country's commercial dispute resolution system.

Despite legal mechanisms in place, foreign investors have claimed that the GoT sometimes does not honor its agreements. Additionally, investors continue to face challenges receiving payment for services rendered for GoT projects. In 2017, U.S.-based Symbion Power filed an application for ICSID arbitration seeking USD 561 million for alleged breach of contract of a purchase power agreement.

### International Commercial Arbitration and Foreign Courts

Under Tanzanian regulations, disputes between a foreign investor and TIC that are not settled through negotiations may be submitted to arbitration based on the arbitration laws of Tanzania; in accordance with the rules of procedures of ICSID or the World Bank's Multilateral Investment Guarantee Agency (MIGA); within the framework of any bilateral or multilateral agreement to which the government and the country of the investor are parties; or in accordance with any other international machinery for settlement of investment disputes agreed upon by the parties. (See "Laws and Regulations on Foreign Direct Investment" section for recent restrictive legislation.)

### Bankruptcy Regulations

According to the 2018 World Bank's Ease of Doing Business report, it takes an average of three years to conclude bankruptcy proceedings in Tanzania. The recovery rate for creditors on insolvent firms was reported at 21 U.S. cents on the dollar, with judgments typically made in local currency.

## Industrial Policies

### Investment Incentives

TIC offers a package of investment benefits and incentives to both domestic and foreign investors without performance requirements. A minimum capital investment of USD 500,000 if foreign owned or USD 100,000 if locally owned is required. These incentives include:

- Discounts on customs duties, corporate taxes, and VAT paid on capital goods for investments in mining, infrastructure, road construction, bridges, railways, airports, electricity generation, agribusiness, telecommunications, and water services.
- 100 percent capital allowance deduction in the years of income for the above-mentioned types of investments – though there is ambiguity as to how this is accomplished.
- No remittance restrictions. The GoT does not restrict the right of foreign investors to repatriate returns from an investment.
- Guarantees against nationalization and expropriation. Any dispute arising between the GoT and investors may be settled through negotiations or submitted for arbitration.
- Allowing interest deduction on capital loans and removal of the five-year limit for carrying forward losses of investors.

Investors may apply for "Strategic Status" or "Special Strategic Status" to receive further incentives. The criteria used to determine whether an investor may receive these designations are available on TIC's website ([www.tic.co.tz/strategicInvestor](http://www.tic.co.tz/strategicInvestor)).

The Export Processing Zones Authority (EPZA) oversees Tanzania's Export Processing Zones (EPZs) and Special Economic Zones (SEZs). EPZA's core objective is to build and promote export-led economic

development by offering investment incentives and facilitation services. Minimum capital requirements for EPZ and SEZ investors are USD 500,000 for foreign investors and USD 100,000 for local investors. Investment incentives offered for EPZs include:

- An exemption from corporate taxes for 10 years.
- An exemption from duties and taxes on capital goods and raw materials.
- An exemption on VAT for utility services and on construction materials.
- An exemption from withholding taxes on rent, dividends, and interests.
- Exemption from pre-shipment or destination inspection requirements.
- SEZs offer similar incentives, excluding the 10 year exemption from corporate taxes.

The Zanzibar Investment Promotion Agency (ZIPA) and the Zanzibar Free Economic Zones Authority (ZAFREZA) offer roughly equivalent incentives as those offered by TIC and EPZA policies.

#### Foreign Trade Zones/Free Ports/Trade Facilitation

Tanzania's export processing zones (EPZs) and special economic zones (SEZs) are assigned geographical areas or industries designated to undertake specific economic activities with special regulations and infrastructure requirements. EPZ status can also be extended to stand-alone factories at any geographical location. EPZ status requires the export of 80 percent or more of the goods produced while SEZ status has no export requirement, allowing manufacturers to sell their goods locally. As of March 2018, there were 14 designated EPZ/SEZ industrial parks, 10 of which are in development, and 75 stand-alone EPZ factories.

#### Performance and Data Localization Requirements

##### *Employment and Investor Requirements:*

The Non-Citizens (Employment Regulation) Act (see Section 12 Labor Policies and Practices below) requires employers to attempt to fill positions with Tanzanian citizens before seeking work permits for foreign employees, and to develop plans to transition to local employees.

In recognition of the fact that the local content (LC) initiative cuts across all economic sectors, the government decided that LC development should take a multi-sector approach, rather than being confined to a single ministry or sector. In 2015, the government directed the National Economic Empowerment Council (NEEC) to oversee implementation of local empowerment initiatives. The objective of the local content policy is to put local products and services - delivered by businesses owned and operated by Tanzanians - in an advantageous position to exploit opportunities emanating from inbound foreign direct investments. In 2015, the GoT enacted The Petroleum Act 2015 and, subsequently, issued The Petroleum (Local Content) Regulations 2017. Similarly, in 2017, the GoT amended mining laws, issuing The Mining (Local Content) Regulations 2018. (See Chapter 4: Laws and Regulations on Foreign Direct Investment for more on recent local content laws.)

#### Goods, Technology, and Data Treatment

The GoT requires banks to physically house their computer servers in Tanzania. In 2016, the GoT launched a USD 94 million national data center (NDC), which is operated by the GoT's Telecommunications Corporation (TTC). Under the Tanzania Telecommunications Corporation (TTC) Act 2017, the TTC plans, builds, operates and maintains the "strategic telecommunications infrastructure," which is defined as transport core infrastructure, data center and other infrastructure that the GoT proclaims "strategic" via official public notice. It is not yet clear how the law will be implemented and whether telecommunications operators will be required to use the TTC's data center or provide the TTC greater data access.

## Protection of Property Rights

### Real Property

All land is owned by the government and procedures for obtaining a lease or certificate of occupancy may be complex and lengthy. Less than 15 percent of land has been surveyed, and registration of title deeds is handled manually, mainly at the local level. Foreign investors may occupy land for investment purposes through a government-granted right of occupancy ("derivative rights" facilitated by TIC), or through sub-leases from a granted right of occupancy. Foreign investors may also partner with Tanzanian leaseholders to gain land access.

Land may be leased for up to 99 years, but the law does not allow individual Tanzanians to sell land to foreigners. There are opportunities for foreigners to lease land, including through TIC, which has designated specific plots of land (a land bank) to be made available to foreign investors. Foreign investors may also enter into joint ventures with Tanzanians, in which case the Tanzanian provides the use of the land (but retains ownership, i.e., the leasehold).

Secured interests in property are recognized and enforced. Though TIC maintains a land bank, restrictions on foreign ownership may significantly delay investments. Land not in the land bank has to go through a lengthy approval process by local-level authorities, the Ministry of Lands, Housing, Human Settlements Development (MoLHHS), and the President's Office to be designated as "general land," which may be titled for investment and sale.

The MoLHHS handles registration of mortgages and rights of occupancies and the Office of the Registrar of Titles issues titles and registers mortgage deeds. Title deeds are recognized as collateral for securing loans from banks. In January 2018, the GoT amended the land law, requiring that loan proceeds secured by mortgaging underdeveloped land be used solely to develop the specific piece of land used as collateral. The changes apply to general land managed by the MoLHSS's Commissioner for Lands, who must receive a report from the lender showing how loan proceeds will be used to develop the land. The law does not apply to village land allocated by village councils, which cannot be mortgaged to a financial institution.

Tanzania's Registering Property rank in the World Bank's 2018 Ease of Doing Business report deteriorated from 132 in 2017 to 142 in 2018. According to the report, it takes eight procedures and 67 days to register property compared the Sub-Saharan Africa average of 59 days

In February 2016, the GoT launched the Land Tenure Support Program (LTSP) to improve transparency and efficiency and ensure beneficial and equitable outcomes for rural populations. The program audits land ownership and usage, targeting holdings that are 50 acres and above. Owners of land that is deemed uncultivated and serving no social or economic function could potentially have their title deed revoked. Any confiscated land parcels would be reallocated to a new owner with no land, and title deeds automatically expire after three years if the new owner fails to develop the allocated parcel.

### Intellectual Property Rights

The GoT's Copyright Society of Tanzania (COSOTA) is responsible for registration and enforcement of copyrighted materials (e.g., music, film, software), while the registration of trademarks and patents is administered by BRELA. It is the responsibility of the rights' holders to enforce their rights where relevant, retaining their own counsel and advisors. The FCC promotes competition, protects consumers against unfair market conduct, and has quasi-judicial powers to determine trademark and patent infringement cases. The FCC is also tasked with combating the sale of counterfeit merchandise. However, counterfeit human medicines, cosmetics and packaged food materials are handled by the Tanzania Food and Drugs Authority.

Counterfeiting is a growing challenge. The Confederation of Tanzanian Industries (CTI) reported that between 2010 and 2016, the FCC carried out 138 raids, seized 1,151 containers containing counterfeit products, and identified 1,711 alleged offenders. Based on this data, the FCC estimated 10 percent of Tanzanian goods are counterfeit. A previous CTI study, however, estimated that upwards of 50 percent of goods in Tanzania may be counterfeit. The 'hot spots' for counterfeit goods are Dar es Salaam, Arusha, Mwanza and Mbeya. Despite its efforts, limited resources made it difficult for the GoT to adequately combat counterfeiting. For additional information about national laws and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

## **Financial Sector**

### Capital Markets and Portfolio Investment

Tanzania's Dar es Salaam Stock Exchange (DSE) is a self-listed publicly-owned company. In 2013, the DSE launched a second tier market, the Enterprise Growth Market (EGM) with lower listing requirements designed to attract small and medium sized companies with high growth potential. As of December 2017, DSE's total market capitalization reached USD 10.5 billion, a 20.6 percent increase over the previous year's figure. The Capital Markets and Securities Authority (CMSA) Act facilitates the free flow of capital and financial resources to support the capital market and securities industry. Tanzania, however, restricts the free flow of investment in and out of the country, and Tanzanians cannot sell or issue securities abroad unless approved by the CMSA.

Under the Capital Markets and Securities (Foreign Investors) Regulation 2014, there is no aggregate value limitation on foreign ownership of listed non-government securities. Despite progress, the country's capital account is not fully liberalized and only foreign individuals or companies from other EAC nations are permitted to participate in the government securities market. Even with this recent development allowing EAC participation, ownership of government securities is still limited to 40 percent of each security issued.

Tanzania's Electronic and Postal Communications Act 2010 amended in 2016 by the Finance Act 2016 required telecom companies to list 25 percent of their shares via an initial public offering (IPO) on the DSE. Of the seven telecom companies that filed IPO applications with the CMSA, only Vodacom's application received approval. In 2017, Vodacom planned to offer its shares from March 9 to April 19, but lack of demand required it to extend the offering period to July 28. Moreover, to spur demand, the GoT opened the IPO to foreign investors who purchased 40 percent of the total shares offered.

As part of the Mining (Minimum Shareholding and Public Offering) Regulations 2016, large scale mining operators were required to float a 30 percent stake on the DSE by October 7, 2018. On February 24, 2017, however, the GoT surprised the industry by amending the regulations so that the 30 percent stake had to be floated by August 23, 2017, rather than October 7, 2018. However, some mining company have not listed on the DSE.

### Money and Banking System

Finscope's 2017 Financial Inclusion Report revealed that Tanzania's financial inclusion rate increased to 65 percent in 2017 from 58 percent in 2013, primarily because of increased mobile phone usage. However, participation in the formal banking sector still remains low. In 2017, low private sector credit growth and high non-performing loan (NPL) rates were persistent problems. In March 2017, the Bank of Tanzania (BoT) cut its discount rate to 12 percent from 16 percent to boost lending and economic growth, the first time it had cut interest rates since 2013. In April 2017, the BoT reduced commercial banks' statutory minimum reserves (SMR) requirement from 10 to 8 percent. These measures did not adequately spur lending, so in August 2017, the BoT reduced its discount rate for the second time from 12 to 9 percent. Despite these measures,

private sector credit growth was lower than expected and NPL rates in December 2017 remained more than double the BoT's targeted 5 percent rate.

In 2018, the BoT continued to address problems in the banking sector. In January 2018, the BoT closed five community banks for under capitalization and gave an additional three until June 2018 to raise capital. In its February 14, 2018 Tanzania Country Partnership Framework FY18FY22, the World Bank reported that Tanzania's "financial sector is stable despite high nonperforming loans..., which must be addressed." In a February 19, 2018 Circular titled "Measures to Increase Credit to Private Sector and Contain Non-Performing Loans," the BoT issued guidelines to boost lending and reduce NPLs.

As of March 31, 2018, the banking sector was composed of 41 commercial banks, 6 community banks, 5 microfinance banks, 3 development financial institutions, 3 financial leasing companies and 2 credit bureaus. The two largest banks are CRDB Bank and National Microfinance Bank (NMB), which represent almost 30 percent of the market. Private sector companies have access to commercial credit instruments including documentary credits (letters of credit), overdrafts, term loans, and guarantees. Foreign investors may open accounts and earn tax-free interest in Tanzanian commercial banks.

The Banking and Financial Institution Act 2006 established a framework for credit reference bureaus, permits the release of information to licensed reference bureaus, and allows credit reference bureaus to provide to any person, upon a legitimate business request, a credit report. Currently, there are two private credit bureaus operating in Tanzania - Credit Info Tanzania Limited and Dun & Bradstreet Credit Bureau Tanzania Limited.

#### Foreign Exchange and Remittances

##### Foreign Exchange Policies

Tanzanian regulations permit unconditional transfers through any authorized bank in freely convertible currency of net profits, repayment of foreign loans, royalties, fees charged for foreign technology, and remittance of proceeds. The only official limit on transfers of foreign currency is on cash carried by individuals traveling abroad, which cannot exceed USD 10,000 over a period of 40 days. Shortages of foreign exchange occur rarely. Bureaucratic hurdles continue to cause delays in processing and effecting transfers; delays may range from days to weeks. Investors rarely use convertible instruments.

##### Remittance Policies

The Embassy is not aware of any recent complaints from investors regarding delays in remitting returns and there have been no remittance policy changes this year.

##### Sovereign Wealth Funds

Tanzania has not established a sovereign wealth fund.

#### **State-Owned Enterprises**

Public enterprises do not compete under the same terms and conditions as private enterprises because they have access to government subsidies and other benefits. SOEs are active in the power, communications, rail, telecommunications, insurance, aviation, and port sectors. SOEs generally report to ministries and are led by a board. Typically, a presidential appointee chairs the board, which usually includes private sector representatives. SOEs are not subjected to hard budget constraints. SOEs do not discriminate against or unfairly burden foreigners, though they do have access to sovereign credit guarantees.

As of June 2015, the GoT's Treasury Registrar reported shares and interests in 215 public parastatals, companies and statutory corporations. (See <http://www.tro.go.tz/index.php/en/201412-17-09-13-44/commercial>)

Relevant ministry officials usually appoint SOEs' board of directors to serve preset terms under what is intended to be a competitive process. As in a private company, senior management report to the board of directors. Summary financial results for fiscal year 2016 of SOEs are included in the GoT's consolidated financial statements (CFS) which are available online. This year, however, the National Audit Office issued an adverse audit opinion, calling CFS accuracy into question. (For 2016 CFS, see <http://www.mof.go.tz/mofdocs/msemaji/AUDITED%20CONSOLIDATED%20FINANCIAL%20STATEMENTS.pdf>)

### Privatization Program

The government retains a strong presence in energy, mining, and transportation. In the past, the GoT has sought foreign investors to manage formerly state-run companies in public-private partnerships, but successful privatizations have been rare. Though there have been attempts to privatize certain companies, the process is not always clear and transparent. In some instances, the GoT took back control as was the case in 2009-10 when the government nationalized formerly-privatized Tanzania Railways Limited, General Tyre, and Kilimanjaro International Airport based on mismanagement.

In 2010, the GoT enacted the Public Private Partnership (PPP) Act. According to the act, any ministry, government department or agency, or statutory corporation may act as a PPP procuring authority. The 2014 amendment of the PPP Act created a new PPP Center to be incorporated in the Office of the Prime Minister through merging the Coordination Unit and the Finance Unit. It also set up a PPP Technical Committee to recommend PPP projects for approval by the National Investment Steering Committee. In spite of these developments, Tanzania's Five Year Development Plan (2016-2021) (FYDP II) recognized weaknesses in the PPP legal framework and inadequate understanding and operationalization of PPP concepts as impediments to private sector financing. As a result, FYDP II calls for an expanded role of the private sector through PPPs. Despite this goal, little progress has been made in this area.

In August 2017, President Magufuli instructed the Minister of Industry, Trade and Investments to revisit the terms of privatization and the ensuing performance of previously privatized companies/assets – most of which took place during the 1990s. According to the Minister, of 156 privatized companies, 62 were operating normally, 28 were under-performing and 56 were no longer in operation. The GoT, in turn, has implemented a plan to repossess and subsequently retender idle companies/assets. As a result, according to the Treasury Registrar Office, three companies were repossessed and an additional 12 companies are being considered for similar action by the Attorney General.

### Responsible Business Conduct

Responsible business conduct (RBC) includes respecting human rights, environmental protection, labor relations and financial accountability and it is practiced by a number of large foreign firms. Tanzania has laws covering labor and environmental issues. The Employment and Labor Relations Act (ELRA) establishes labor standards, rights and duties, while the Labor Institutions Act (LIA) specifies the government entities charged with administering labor laws.

The GoT's National Environment Management Council (NEMC) undertakes enforcement, compliance, review and monitoring of environmental impact assessments; performs research; facilitates public participation in environmental decision-making; raises environmental awareness; and collects and disseminates environmental information. Stakeholders, however, have expressed concerns over whether the NEMC has sufficient funding and capacity to handle its broad mandate.

There are no legal requirements for public disclosure of RBC and the GoT has not yet addressed executive compensation standards. Dar es Salaam Stock Exchange (DSE) listed companies, however, must release legally required information to shareholders and the general public. In addition, the DSE signed a voluntary commitment with the United Nations Sustainable Stock Exchanges Initiative in June 2016, to promote long-term sustainable investments and improve environmental, social and corporate governance. Tanzania has accounting standards compatible with international accounting bodies.

The Tanzanian government does not usually factor in RBC into procurement decisions. The GoT is responsible for enforcing local laws, however, the media regularly reports on corruption cases where offenders allegedly avoid sanctions. There have also been reports of corporate entities collaborating with local governments to carry out controversial undertakings that may not be in the best interest of the local population.

Conflicts between mining companies and neighboring communities have been reported mostly in gold mining areas, leading to intrusion into mining sites and clashes with mining company guards and police. For example, in June 2017, media reported that villagers invaded Acacia's North Mara Mine, demanding compensation, and leading to the arrest of 66 people and several injuries. Communities often protest the government's decision to grant mining rights and/or seek compensation over allegations of death, injuries, or environmental damage.

Forty-one Tanzanian entities participate in the United Nations Global Compact Network which focuses on RBC. Some foreign companies have engaged NGOs that monitor and promote RBC to avoid adversarial confrontations. In addition, some of the multinational mining companies who are signatories to the Voluntary Principles on Security and Human Rights (VPs) have taken the lead and appointed NGOs to conduct programs to mitigate conflicts between the mining companies, surrounding communities, local government officials and the police.

Tanzania is a member of Extractive Industries Transparency Initiative (EITI) since 2009 and in 2015 Tanzania enacted the Extractive Industries Transparency and Accountability Act, which demands that all new concessions, contracts and licenses are made available to the public. The government produces EITI Reports that disclose revenues from the extraction of its natural resources.

## **Corruption**

Tanzania has laws and institutions designed to combat corruption and illicit practices. It is a party to the UN Convention against Corruption, but it is not a signatory to the OECD Convention on Combating Bribery. Although corruption is still viewed as a major problem, President Magufuli's focus on anti-corruption has translated into an increased judiciary budget, new corruption cases, and a decline in perceived corruption. This improvement is partly attributed to instituting electronic services which reduce the opportunity for corruption through human interactions at agencies such as the Tanzania Revenue Authority (TRA), the Business Registration and Licensing Authority (BRELA), and the Port Authority.

Transparency International's (TI) 2017 Corruption Perception Index (CPI) placed Tanzania at 103 out of 180 countries with a score of 36/100, which is an improvement from its 2016 ranking of 116 with a score of 32/100. (TI defines a '0' score as "highly corrupt" and a '100' score as "very clean.") While the 2017 Afrobarometer survey showed a more substantial decline in corruption since 2014, the GoT's Prevention and Combating of Corruption Bureau (PCCB) 2017 MiniBaseline survey was less positive, showing that 78 percent of citizens and 87 percent of businesses believe senior central government leaders/officials engage in corruption.

Tanzania has three institutions specifically focused on anti-corruption. The PCCB prevents corruption, educates the public, and enforces the law against corruption. The Ethics Secretariat and its associated Ethics

Tribunal under the President's office enforces compliance with ethical standards defined in the Public Leadership Codes of Ethics Act 1995. Lastly, the Economic, Corruption and Organized Crime Court, created in 2016, prosecutes corruption cases. As of April 2017, the Court had registered a total of 25 cases – some of which are high-profile grand corruption cases.

Companies and individuals seeking government tenders are required to submit a written commitment to uphold anti-bribery policies and abide by a compliance program. These steps are designed to ensure that company management complies with anti-bribery policies.

The GoT is currently implementing its National Anti-Corruption Strategy and Action Plan Phase III (2017-2022) (NACSAP III) which is a decentralized approach focused on broad government participation. NACSAP III has been prepared to involve a broader domain of key stakeholders including GoT local official, development partners, civil society organization (CSOs), and the private sector. The strategy puts more emphasis on areas that historically have been more prone to corruption in Tanzania such as revenue collection of oil, gas, and natural resources. Despite the outlined role of the GoT, CSOs, NGOs and media find it increasingly more difficult to investigate corruption in the current political environment. (See Chapter 11.)

President Magufuli's current anti-corruption campaign has affected public discourse about the prevailing climate of impunity, and some officials are reluctant to engage openly in corruption. Some critics, however, question how effective the initiative will be in tackling deeper structural issues that have allowed corruption to thrive. Despite President Magufuli's focus on anti-corruption, there has been little effort to institutionalize what often appear to be ad hoc measures, a lack of corruption convictions, and persistent underfunding of the country's main anti-corruption bodies.

#### Resources to Report Corruption

Contact at government agency responsible for combating corruption:

The Director General

Prevention and Combating of Corruption Bureau

P.O. Box 4865, Dar es Salaam, Tanzania

Tel: +255 22 2150043 Email: dgeneral@pccb.go.tz

Contact at "watchdog" organization:

Executive Director

Legal and Human Rights Centre

P.O. Box 75254, Dar es Salaam, Tanzania

Tel: +255 22 2773038/48 Email: lhrc@humanrights.or.tz

### **Political and Security Environment**

Since gaining independence, Tanzania has enjoyed a relatively high degree of peace and stability compared to its neighbors in the region. Tanzania has held five national multi-party elections since 1995, the most recent in 2015. Mainland Tanzania government elections have been generally free of political violence. Elections on the semi-autonomous archipelago of Zanzibar, however, have been marred by political violence several times since 1995.

October 2015 general elections were conducted in a largely open and transparent atmosphere; however, simultaneous elections in Zanzibar were controversially annulled after an opposition candidate declared victory. A heavily criticized re-run election was held on March 20, 2016 despite an opposition boycott. Since the 2015 election, the GoT has placed several restrictions on political activity, including severely limiting the ability of opposition political parties and civil society organizations to debate issues publicly, or peacefully assemble. An attempted assassination on opposition politician Tundu Lissu in October 2017

resulted in international calls for investigation; as of May 2018 police had not identified a suspect. Subsequent by-elections in 2017 and 2018 were marred by allegations of irregularities, and instances of political violence, including the unintended police killing of a young woman transiting by public bus near a political demonstration.

Over a period of several months in 2017, a string of 43 killings took place; victims included local government officials and police in the southern half of Tanzania's Pwani region near Dar es Salaam. Authorities, who referred to the incident as presenting "unprecedented security threats and challenges" established a special police zone in the area and ultimately succeeded in halting the killings after a violent confrontation with the alleged perpetrators.

In addition to monitoring the political climate, foreign investors remain concerned about land tenure issues. Although the government owns all land in Tanzania and oversees the issuance of land leases of up to 99 years, many Tanzanian citizens judge that foreign investors exploit Tanzanian resources, sometimes resulting in conflict between investors and nearby residents. In Arusha, some of these conflicts have led to violence, prompting the GoT to emphasize its commitment to supporting foreign investment while also ensuring the intended benefit of the investments to Tanzanian citizens.

### **Labor Policies and Practices**

The GoT's Five Year Development Plan 2016-2021 (FYDP II), which is in its third year of implementation, acknowledges Tanzania's shortage of skilled labor and the importance of professional training to support industrialization. The Integrated Labor Force Survey Analytical Report of 2014 found that only 3.6 percent of Tanzania's 20 million persons labor force is highly skilled. On the regional front, Tanzania, Uganda, Rwanda and Kenya have committed to the EAC's 2012 Mutual Recognition Agreement of engineers, making for a more regionally competitive engineering market.

In Tanzania, labor and immigration regulations permit foreign investors to recruit up to five expatriates with the possibility of additional work permits granted under specific conditions. The Non-Citizens (Employment Regulation) Act 2015 introduced stricter rules for hiring foreign workers. Under the Act, the Labor Commissioner must determine if "all possible efforts have been explored to obtain a local expert" before approving a non-citizen work permit. In addition, employers must submit "succession plans" for foreign employees, detailing how knowledge and skills will be transferred to local employees.

Non-citizens may be granted two-year work permits, renewable up to five years, while foreign investors may be granted 10-year work permits which may be extended if the investor is deemed to be contributing to the economy and well-being of Tanzanians. Some stakeholders fear that this provision creates an opening for corruption and arbitrarily prejudicial decisions against foreign investors. Since the passage of the Act, GoT officials have been conducting aggressive "special permit inspections" to verify the validity of work permits. The process for obtaining work permits remains immensely bureaucratic, opaque at times, and slow.

Mainland Tanzania's minimum wage, which has not changed since July 2013, is set by categories covering 12 employment sectors. The minimum wage ranges from TZS 100,000 (USD 45) per month for agricultural laborers to TZS 400,000 (USD 180) per month for laborers employed in the mining sector. Zanzibar's minimum wage is TZS 300,000 (USD 135), after being increased from TZS 150,000 (USD 68) in April 2017.

Mainland Tanzania and Zanzibar governments maintain separate labor laws. Workers on the mainland have the right to join trade unions. Any company with a recognized trade union possessing bargaining rights can negotiate in a Collective Bargaining Agreement. As of 2012, unionized workers comprised 13 percent of the formal sector work force. In the agricultural sector, the country's largest employment sector, 5-8 percent of the work force is unionized. In the public sector, the government sets wages administratively, including for employees of state-owned enterprises.

Mainland workers have the legal right to strike and employers have the right to a lockout. The law restricts the right to strike when doing so may endanger the health of the population. Workers in certain sectors are restricted from striking or subject to limitations. In 2017, the GoT issued regulations that strengthened child labor laws, created minimum one-year terms for certain contracts, expanded the scope of what is considered discrimination, and changed contract requirements for outsourcing agreements.

The labor law in Zanzibar applies to both public and private sector workers. Zanzibar government workers have the right to strike as long as they follow procedures outlined in the Employment Act of 2005, but they are not allowed to join mainland-based labor unions. Zanzibar requires a union with 50 or more members to be registered and sets literacy standards for trade union officers. An estimated 40 percent of Zanzibar’s workforce is unionized. (See Chapter 4: Laws and Regulations on Foreign Direct Investment for more on recent local content laws.)

### OPIC and Other Investment Insurance Programs

In 1996, the U.S. Overseas Private Investment Corporation (OPIC) signed an incentive agreement with the GoT. While there are few U.S. companies eligible for OPIC financing, a growing number of U.S. companies have received OPIC funds for operations. The current portfolio includes projects in agriculture, energy, microfinance and logistics. In addition, USAID’s Development Credit Authority (DCA) provides guarantees for commercial loans and has active portfolio guarantees to encourage lending to small and medium sized enterprises. On October 5, 2018, President Trump signed into law the Better Utilization of Investments Leading to Development Act “The BUILD Act”. The legislation consolidates OPIC and the USAID’s DCA into the U.S. International Development Finance Corporation (USDFC). It is anticipated that the new USDFC could be operationalized beginning October 1, 2019. Tanzania is also a member of the World Bank’s Multilateral Investment Guarantee Agency (MIGA), which offers political risk insurance and technical assistance to attract FDI.

### Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical Source*		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
<b>Host Country Gross Domestic Product (GDP) (M USD)</b>	2016	USD 48,800	2016	USD 47,300	<a href="http://www.worldbank.org/en/tanzania">http://www.worldbank.org/en/tanzania</a>
<b>Foreign Direct Investment</b>		<b>Host Country Statistical source**</b>		<b>USG or International Statistical Source</b>	<b>USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other</b>
<b>U.S. FDI in Partner Country (M USD, stock positions)</b>	2013	USD 345	2013	USD 206	BEA data available at <a href="http://www.bea.gov/international/factsheet/">http://www.bea.gov/international/factsheet/</a>

Host Country’s

**FDI in the United States (M USD, stock positions)** N/A N/A 2014 USD -3 BEA data available at <http://www.bea.gov/international/factsheet/positions>

**Total Inbound Stock of FDI as % host GDP** N/A N/A 2016 41.8% 2016 Total Inbound FDI USD 19,818 Million –2017 World Investment Report estimate

\* <https://www.bot.go.tz/Publications/PublicationsAndStatistics.asp>; USD/TZS exchange of 2,121.2 used for conversion purposes.

\*\* [https://www.nbs.go.tz/nbs/takwimu/trade/Tanzania Investment Report 2014.pdf](https://www.nbs.go.tz/nbs/takwimu/trade/Tanzania%20Investment%20Report%202014.pdf)

Table 3: Sources and Destination of FDI

**Direct Investment from/in Counterpart Economy Data from Top Five Sources/To Top Five**

Inward Direct Investment (Stock)			Outward Direct Investment (Stock)		
Destinations	<i>(US Dollars, Millions) 2013</i>				
Total Inward	14,872	100%	Total Outward	N/A	100%
South Africa	3,659	24.5%	N/A		
United Kingdom	2,462	16.5%	N/A		
Netherlands	1,834	12.3%	N/A		
Kenya	1,805	12.1%	N/A		
United Kingdom	819	5.5%	N/A		

Source: [https://www.nbs.go.tz/nbs/takwimu/trade/Tanzania Investment Report 2014.pdf](https://www.nbs.go.tz/nbs/takwimu/trade/Tanzania%20Investment%20Report%202014.pdf)

According to the World Bank, Tanzania’s Foreign Direct Investment (FDI) net inflows decreased from USD 1.487 Billion in 2015 to USD 1.365 Billion in 2016. However, the African Economic Outlook 2017 reported that in 2016 Tanzania was among the top ten African FDI destinations, leading regional peers. The Bank of Tanzania restricts Tanzanians from investing abroad, while very few international firms (primarily Kenyan) list on the Dar es Salaam Stock Exchange. There is currently no information on Tanzanian FDI abroad (FDI outflows), as Tanzanians are legally barred from participating in foreign investment funds or offerings.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets Top Five Partners (Millions, US Dollars)		
Total	Equity Securities	Total Debt Securities
All Countries Amount 100%	All Countries Amount 100%	All Countries Amount 100%

No Data Available		
-------------------	--	--

**Contact for More Information**

Economic Officer

U.S. Embassy

686 Old Bagamoyo Road

P.O. Box 9123, Dar es Salaam

Tel: +255 22 229-4000

Email: [DRSEconomic@state.gov](mailto:DRSEconomic@state.gov)

## **Trade and Project Financing**

### **Methods of Payment**

Tanzania is largely a cash economy. Direct cash settlement is the most popular way for individuals to conduct business.

For business-to-business transactions, most companies (both local and foreign) choose to make payments via check. Banks take 7-14 days to clear checks and collect funds through the central bank's national payment system electronic clearinghouse. Companies prefer to make payments by check for both internal and external management and control of funds. Companies tend to prefer direct payment in cash for petty transactions. For parties in different cities or regions, direct payments through commercial bank accounts in the form of wire transfers and SWIFT are very common. Payments above TZS 10 Million (about \$5,000) cannot be made by check but should be made through electronic transfer. For international trade transactions, documentary credits such as letters of credit (LOCs), documentary collections and drafts are widely used. Prepayment, cash with order and cash-in-advance, are the most desirable terms by local sellers.

Factoring and open account or credit terms are not common in Tanzania, despite understanding by Tanzanian companies that some of the largest U.S. firms will make purchases only on an open account basis.

VAT exemption must be authorized by TRA in advance of individual payments.

### **Banking Systems**

The Tanzanian banking sector was liberalized in June 1999 and is now increasingly competitive. Local state-owned banks have been privatized, though the government maintains minority shares in CRDB Bank, National Bank of Commerce (NBC) and National Microfinance Bank (NMB), among others. Currently, about 40 local and foreign private commercial banks are registered with the central bank (Bank of Tanzania) and are operating. International banks include CitiBank/Citigroup, Standard Chartered Bank, Barclays Bank and Stanbic Bank. The influx of foreign banks has helped to improve the availability of financial services and the quality and pricing of existing services, either directly as providers of such services or indirectly through competitive pressures on domestic banks. The banking sector remained sound and stable, liquid and adequately capitalized. The ratio of core capital and total capital to total risk-weighted assets and off-balance sheet items were 18.2 percent and 20.2 percent, well above the minimum regulatory requirements of 10 percent and 12 percent, respectively. The ratio of non-performing loans to gross loans, which measures the quality of assets increased to 10.6 percent from 8.7 percent.

Interest rates vary from 17.20 percent for large, 18.31 percent for personal loans, with an average of 11.14 percent, while deposit rates remain around 2.84 percent. High interest rates in part reflect risk associated with consumer credit fraud; hence the Tanzania Bankers Association, in partnership with the BOT, has commenced information sharing for the development of a national credit reference bureau. (The Tanzania Revenue Authority is rolling out a "smart" drivers' license, but tenders for a national ID card have stalled.) Commercial banks invest more money in Tanzanian treasury bills than in any other sector, though the central bank was able to lower rates from 15.12 to 8.19 percent in 2017 to reduce competition with private borrowing.

The GOT is in the final stages of selecting a rating agency to determine the country's credit rating for a sovereign bond issue. This will make it easier to attract financing for major investments in infrastructure. Tanzania is currently relatively closed to outside capital markets, but officials are working towards eventual integration within EAC financial markets such that Tanzanians could participate in member states' offerings and vice versa.

### **Foreign Exchange Controls**

Exporters are allowed to use or repatriate all export earnings and there are no controls on foreign exchange.

## **US Banks and Local Correspondent Banks**

Citibank (Tz) Ltd. is the only U.S. bank currently operating in Tanzania. CRDB Bank has correspondent arrangements with Citibank, N.A. New York, HSBC Bank USA New York, Deutsche Bank AG London, Lloyds TSB Bank PLC London, DZ Bank Germany and Danske Bank Denmark. The National Bank of Commerce (NBC) has correspondent arrangements with Chase Manhattan Bank, Morgan Trust Guarantee and Citibank. Foreign banks like Barclays Bank, Stanbic and Standard Chartered have similar correspondent arrangements with U.S. banks. The Tanzania Postal Bank has a money transfer arrangement with Western Union International of the U.S.

## **Project Financing**

Project financing is available from the Tanzania Investment Bank (TIB), Citigroup (TZ), Aureos Investment Fund, East African Development Bank, African Development Bank, International Finance Corporation (IFC) of the World Bank, and the Overseas Private Investment Corporation (OPIC). Loan guarantees from the U.S. Export Import Bank are also available.

Multilateral development banks also provide project financing in Tanzania. The International Bank for Reconstruction and Development (IBRD), a member of the World Bank group, makes long-term loans at market related rates primarily to developing nations. The International Development Agency (IDA), the soft loan window of the World Bank, has invested in Tanzania's rail and mining sectors.

## **U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (African Development Bank, World Bank)**

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the African Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the African Development Bank (<http://www.export.gov/afdb>) and the World Bank (<http://export.gov/worldbank>).

## **Web Resources**

Commercial Liaison Office to the African Development Bank: <http://www.export.gov/afdb>  
Commercial Liaison Office to the World Bank: <http://export.gov/worldbank>

## **Business Travel**

### **Business Customs**

General international business customs apply. Tanzanians strongly value face-to-face meetings with an exchange of business cards. Formal written letters of introduction and requests for meetings are also highly regarded as well as the development of a personal relationship. Patience and flexibility are essential for success in Tanzania. Conferences rarely start on time, especially when being opened by senior GOT officials.

### **Travel Advisory**

Please see the Department of State's [Consular Information Sheet for Tanzania](#).

For current information on travel warnings and advisories, please see the Department of State's [Travel website](#).

### **Visa Requirements**

#### **Tourist Visas**

Multiple Entry Business Visa can be granted for up to one year. Businesspeople can apply for a 6-month or 1-year multiple-entry business visa. A letter from an established company in the country of application will be required to introduce the applicant, the nature of the trip and the business contact in Tanzania. For more details contact the visa section at Tanzanian missions abroad.

The current fee for a multiple-entry tourist visa is \$100 for 12 months.

#### **Residence / Work Permits**

From October 2015, Tanzania introduced a draconian non-citizen employment law, laying down stringent conditions for investors to import skilled labor; the process involves application for work permit from the labor commissioner and thereafter the residence permit from the Immigration department, both of them individually reserve the right to deny permit regardless of approval from other government departments. The new law limit the original duration of the work permit to only two years, this period can be renewed but only to an aggregate limit of five years. While permits for investors are issued for 10 years and may be extended if proved that the investors are contributing to the economy and well beings of Tanzanians.

Updated information can be found at the Directorate of Immigration website: <http://immigration.go.tz/> or from the Tanzanian Embassy in Washington DC: [https://tanzaniaembassy-us.org/?page\\_id=76#residencePermits](https://tanzaniaembassy-us.org/?page_id=76#residencePermits)

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links:

[State Department Visa Website](#)

[US Embassy Consular Section](#)

### **Telecommunications/Electric**

The national telephone network and mobile telephone networks reach most parts of the country including all major towns. Most business travelers rent a cell phone or bring their own smartphone and use roaming for e-mails and purchase a pre-paid SIM card for calls. Major hotels have business centers with Internet access, and wireless Internet cafes of varying quality can be found in most cities.

### **Transportation**

The national telephone network and several mobile telephone networks reach most parts of the country including all major towns. Most business travelers rent a cell phone or bring their own smartphone and use roaming for e-mails and purchase a pre-paid SIM card for calls. Major hotels have business centers with Internet access, and wireless Internet cafes of varying quality can be found in most cities.

## Language

Swahili and English are official languages in Tanzania. Over 126 indigenous languages are also spoken in various parts of the country. Swahili is the most widely used language, but English is widely used in government administration and business, especially in Dar es Salaam. In general, business can be conducted in English.

## Health

Food and waterborne diseases are the number one cause of illness in travelers. Travelers' diarrhea can be caused by viruses, bacteria, or parasites, which are found throughout the region and can contaminate food or water. Infections may cause diarrhea and vomiting (*E. coli*, *Salmonella*, cholera, and parasites), fever (typhoid fever and toxoplasmosis), or liver damage (hepatitis). Make sure your food and drinking water are safe. (See below.)

Proof of yellow fever vaccination is required to enter the Tanzanian mainland and Zanzibar. **Malaria** is a serious, but preventable, infection that can be fatal. Your risk of malaria may be high in Tanzania, including in cities. Prevent this deadly disease by seeing your health care provider for a prescription anti-malarial drug and by protecting yourself against mosquito bites (see guidance). Most travelers to East Africa, including infants, children, and former residents of East Africa, are at risk for malaria and dengue. All travelers at risk for malaria should take one of the following drugs (listed alphabetically): atovaquone/proguanil, doxycycline, mefloquine, or primaquine (in special circumstances). For detailed information on malaria-risk areas and anti-malarial drugs, see the following links to the Center for Disease Control:

### **Malaria Information for Travelers to East Africa**

#### **Preventing Malaria in the Pregnant Woman (Information for the Public)**

#### **Preventing Malaria in Infants and Children (Information for the Public)**

## Local Time, Business Hours, & Holidays

Tanzania is on East Africa Time, GMT + 3 hours. Tanzania does not observe Daylight Savings Time.

Government offices are generally open 7:30 am to 3:30 pm, Monday – Friday. Businesses often remain open later, up to 5:00 pm. In Zanzibar, business and government are closed Friday afternoons.

The American Embassy is open 7:30 am to 5:00 pm Monday – Thursday, and 7:30 am to 11:30 am on Fridays. Below is the Holiday schedule for 2019

Day	Date	Holiday	Country
Tuesday	January 1	New Year's Day	U.S.
Saturday	January 12	Zanzibar Revolution Day	TZ
Monday	January 21	Birthday of Martin Luther King, Jr.	U.S.
Monday	February 18	Washington's Birthday	U.S.
Sunday	April 7	Karume Day	TZ
Friday	April 19	Good Friday	TZ
Sunday	April 21	Easter Sunday	TZ
Monday	April 22	Easter Monday	TZ
Friday	April 26	Union Day	TZ
Wednesday	May 1	Worker's Day	TZ
Monday	May 27	Memorial Day	U.S.
Tuesday & Wednesday	June 4 & 5*	Eid-El-Fitr (Two days)	TZ
Thursday	July 4	Independence Day	U.S.
Sunday	July 7	Int'Trade Fair Day(Saba Saba)	TZ

Thursday	August 8	Peasants' day (Nane Nane)	TZ
Sunday	August 11*	Eid- El -Hajj	TZ
Monday	September 2	Labor Day	U.S.
Monday	October 14	Columbus Day	U.S.
Monday	October 14	Nyerere Day	TZ
Saturday	November 9*	Maulid Day	TZ
Monday	November 11	Veteran's Day	U.S.
Thursday	November 28	Thanksgiving Day	U.S.
Wednesday	December 25	Christmas Day	U.S.
Thursday	December 26	Boxing Day	TZ

The holiday(s) marked with an asterisk\* are based on the lunar calendar and are estimates only. Holidays falling on Saturday and Sunday will not be officially observed.

### Temporary Entry of Materials and Personal Belongings

Rebate of customs duty may be given to a traveler on certain imports in their baggage. A rebate is given on goods that are not meant for resale under the following conditions:

The value of the goods should not exceed Tanzania shillings equivalent to USD 500 on full declarations of goods.

A full rebate (concession) is allowed on the following:

- Portable spirits one (1) liter.
- Perfumed spirits not exceeding one (1) liter.
- Tobacco not exceeding 250 grams.
- Cigarettes not exceeding 200 sticks.
- Microbuses of seating capacity not exceeding capacity ten (10) passengers.

A resident leaving Tanzania with domestic articles such as cameras, binoculars, music systems, video, TVs, radios, etc. must register them with the customs office at point of exit. The registration is done on the Entry for Exportations of Domestic Goods (Form No.C.31).

### Web Resources

[State Department Travel Site](#)

[State Department Visa Website](#)

[Center for Disease Control Travel Site](#)

[Tanzanian Revenue Authority \(Customs\)](#)

[Tanzania Embassy in the U.S](#)

[Tanzanian Immigration Services](#)

[U.S. Embassy in Tanzania](#)

