

TANZANIA ECONOMIC AND INVESTMENT OPPORTUNITIES

OVERVIEW

1.0 Introduction

The United Republic of Tanzania is amongst the 10 countries experiencing the fastest growing economy and among the top 5 African countries. In the East African Community, Tanzania is leading with GDP growth rate of 7.8% by the quarter ending June 2017. During the period ending September 2017, inflation rate averaged 5.2% as compared to other EAC countries: (Kenya – 7.5%; Uganda – 4.4%; Burundi – 14.2% and Rwanda 3.5%), debt to GDP ratio stood at 34%. Activities which recorded strong growth during this period included transport and storage (grew by 19.8%), mining and quarrying (grew by 18.0%), information and communication (grew by 12.3%), and manufacturing (grew by 9.3%). The improvement in manufacturing occurred mostly in production of tobacco and tobacco products, textile, timber, printing, chemical and pharmaceuticals and cement.

Other economic activities that contributed highly to the real GDP growth during the second quarter of 2017 were transport and storage (15.8%), construction (12.5%), agriculture (10.5%) and manufacturing (8.6%). Indicators on Government finances show that revenue to GDP ratio is 15.6%, grants to GDP ratio is 1.0%, development expenditure to GDP ratio is 6.8%; budget balance to GDP ratio including grants is 1.5% and current expenditure to GDP ratio is 10.9%.

On top of experiencing macroeconomic stability, the country for a long period has also experienced peace and political stability under the multiparty system. Tanzania successfully concluded a multiparty election in 2015, which has put in power the five phase Government under H.E. President Dr. John Pombe Joseph Mafufuli.

2.0 Investment opportunities

Agriculture:

Tanzania has enormous potential for investment in the agricultural and agro processing sector. Agriculture provides about 66.9% of employment, accounts for about 23% of GDP, 30% of exports and 63% of inputs for the industrial sector. Investment is needed in the production and processing of maize, rice, oil seeds, livestock, fisheries, cotton, cashewnuts, coffee and sisal. Most of the agricultural exports have continued to be in raw form due to weak agro-processing industrial base. Also there is potential for investment in the irrigation facilities, as currently the area under irrigation is less than 10% of the potential and the rate of investment in irrigation infrastructure is still low.

Commercial opportunity is also available for the suppliers of agricultural inputs like fertilizers. The Government has introduced bulk purchases of fertilizers from last year 2017, and suppliers are required to apply under the competitive tendering process.

Pharmaceuticals and hospital equipment:

The Government has introduced a system of purchasing drugs and hospital equipment directly from manufacturers. This is a commercial opportunity for the pharmaceutical companies in Belgium to supply quality drugs and hospital equipment to the Government. The country imports about 90% of the drugs and hospital equipment and only 10% of drugs are manufactured locally. The annual budget for the purchase of drugs and hospital equipment is about USD 350 million. The Government is also promoting investments in the manufacture of drugs and hospital equipment internally. Already the Government has set aside land where investors will be able to build factories for the manufacturing of drugs in the country. The National Medical Stores in Tanzania has been appointed to be the main supplier to SADC countries of drugs and hospital equipment.

Tourism:

Tanzania is ranked 4th among 140 countries with regard to endowment of tourism-related natural resources. There is need for investment in tourism related facilities/infrastructure like hotels, lodges, conferences, shopping centres, entertainment facilities, transport and other tourism facilities.

Manufacturing:

The ratio of manufacturing to GDP remains relatively low at 9.8%. In order to turn around this situation, the Government has embarked on an industrialization drive, aiming at encouraging investments in the processing of locally produced raw materials. There is great potential for investment in manufacturing or products that provide inputs to other processes like intermediate technologies relating to machinery, electronics and garments. Investment in the manufacture of products will enjoy regional market access to EAC and SADC regions.

Construction of a new Central Railway Line to Standard Gauge:

Investment is need for the construction of new Central Railway line comprises of the railway network operated by Tanzania Railway Limited (TRL). It has three (3) branches and covers a distance of 2,707 kms; Dar es Salaam – Tabora – Kigoma (1,251 kms); Tabora – Mwanza (379 kms); and Kaliua – Mpanda (210 kms). There are also investment potentials for upgrading the existing railway network into Standard Gauge and new lines such as: Isaka – Rusumo (371 kms), Mpanda – Karema (150 kms) and Uvinza – Msongati (200 kms). The aim remained to improve passenger and cargo transportation between Dar es Salaam and the central and western parts of Tanzania as well as serving the neighbouring land locked countries of the Democratic Republic of Congo (DRC), Rwanda, Burundi and Uganda. The Government of Tanzania is currently using domestic resources to construct phase 1 and 2 from Dar es Salaam to

Dodoma of the central railways system. Sometime ago Tanzania and Rwanda have entered into agreement to construct Standard Gauge Railway from Isaka in Tanzania – Kigali, Rwanda about 400 km. Construction is expected to commence by the end of the year.

Dar es Salaam Rapid Bus Transport Systems:

The Government is implementing in phases a project to improve the transport systems in the commercial capital of Dar es Salaam. Phase 1 of the project is completed and running, phase 2 construction is starting in June 2018. Investments and financing is required for the implementations of phase 3, 4, 5 and 6 of the Dar es Salaam Rapid Bus Transport Systems, which are envisaged for completion by 2015.

Building and construction

There is huge investment potential in the building and construction sector, which in 2015 the share in the GDP was 12.7%. Opportunities are available in the construction and rehabilitation of roads, bridges, airports, commercial and residential buildings. As the Government has shifted the capital to Dodoma, many of the construction activities in the coming years will be taking place there. In Dodoma, there are huge need for new office facilities, hotel and conferences, roads, hospitals, schools and other facilities. There is potential for partnership between private sector and National Housing Corporation (NHC) and Tanzania Building Agency (TBA); especially for construction of residential and commercial buildings in Dodoma.

Energy:

As Tanzania plans to become a middle income country by 2025 and being semi-industrialized country, the Government intends by 2020 to generate more than 5,100MW. Investment and commercial opportunities are available in the generation and construction of transmission lines. Currently the Government is seeking finance for the construction of the Stigler's Gorge Dam, which will generate over 2,100MW once completed and also, investment in wind mills in Singida for power generation and geothermal in Mbeya region. There are commercial opportunities in the construction of power line for rural electrification phase III, which is currently under implementation. Investment is further required in the construction of industries related to domesticate the usage of natural gas and exports, as Tanzania has discovered about 57.1 TCF deposit of natural gas.

Construction of Hoima-Tanga Crude Oil pipeline by a French Company Total is expected to start this year. Foreign companies are invited to partner with local Tanzania companies in providing services relating to the construction of this pipeline which will be transporting crude oil to international market from Uganda via Tanga port in Tanzania.

Exports and Imports:

There are huge potentials in export trade of agricultural products like cashewnuts, coffee, rice, maize, fresh beans, onions, sunflowers, tea, fresh fruits and vegetables, cut flowers. In order to facilitate exports of the products, the government has abolished the export certificate requirements for perishables.

Public Procurement Procedures:

I would like to conclude my statement by informing you that projects implemented by the government using public funds are governed by the Public Procurement (Amendment) Act, 2016. The Act provides procedures to be followed when procuring contractors to implement such projects, including advertisements to allow competitive bidding process among the bidders. I advise you to constantly consult the website of the Public Procurement Regulatory Authority (PPRA) www.ppra.go.tz.

Tanzania has many investment opportunities which cannot be exhausted in the short time which is allocated to me. Areas like mining, oil and gas, financial sector, transport, Export Processing Zone (EPZ), SEZ, logistics and ICT, etc. are just a few to mention. The Embassy is open for detailed discussions on all these opportunities for those wishing to invest in our beautiful country. We welcome you all.

I thank you all for your attention.



Fig 1: Dar es Salaam, The business city.

