



# **AN OVERVIEW OF INVESTMENT CLIMATE AND OPPORTUNITIES IN TANZANIA**

*“Tanzania’s Investment Promotion Policy in the context of Industrialization”  
28<sup>th</sup> November, 2018*

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# AGENDA

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INTRODUCTION



ECONOMIC OVERVIEW



WHY INVEST IN TANZANIA?



INVESTMENT OPPORTUNITIES IN TANZANIA



INVESTMENT INCENTIVES IN TANZANIA



TANZANIA'S INVESTMENT TRENDS



CONCLUSION



# TANZANIA VISION

Tanzania aims to become an industrialized economy and logistics hub for Africa.

- To be a semi-industrialized country by 2025.
- TIC is mandated by the Government to champion the industrialization vision of the country by facilitating Investors to establish manufacturing Industry.



# TANZANIA INVESTMENT CENTRE

## *Coordinating, promoting and facilitating*

- ☐ TIC is the Primary Agency of Government for:
  - Coordinating,
  - Encouraging,
  - Promoting, and
  - Facilitating investments
- ☐ TIC advises the Government on investment climate



## GET TO KNOW TIC

# ONE STOP FACILITATION CENTER



**TANZANIA INVESTMENT  
CENTRE (TIC) -  
CERTIFICATE OF  
INCENTIVES**



**COMPANY  
INCORPORATION,  
INDUSTRIAL & BUSINESS  
LICENSE - BRELA**



**RESIDENCE PERMIT  
CLASS A & B -  
IMMIGRATION  
DEPART**



**WORK PERMIT- CLASS  
A & B -  
MINISTRY OF LABOR**



**LAND DERIVATIVE  
RIGHT -  
MINISTRY OF LANDS**



**ENVIRONMENT  
CERTIFICATE - NEMC**



**OCCUPATIONAL  
SAFETY & HEALTH –  
OSHA**



**PRODUCT  
STANDARD  
CERTIFICATE - TBS  
& TFDA**



**THE TANZANIA ELECTRIC  
SUPPLY COMPANY LIMITED  
- TANESCO**



**TAXPAYER  
IDENTIFICATION  
NUMBER - TRA**



**NATIONAL  
IDENTIFICATION  
AUTHORITY - NIDA**



# ECONOMIC OVERVIEW



## EAC GDP ECONOMIC GROWTH RATE

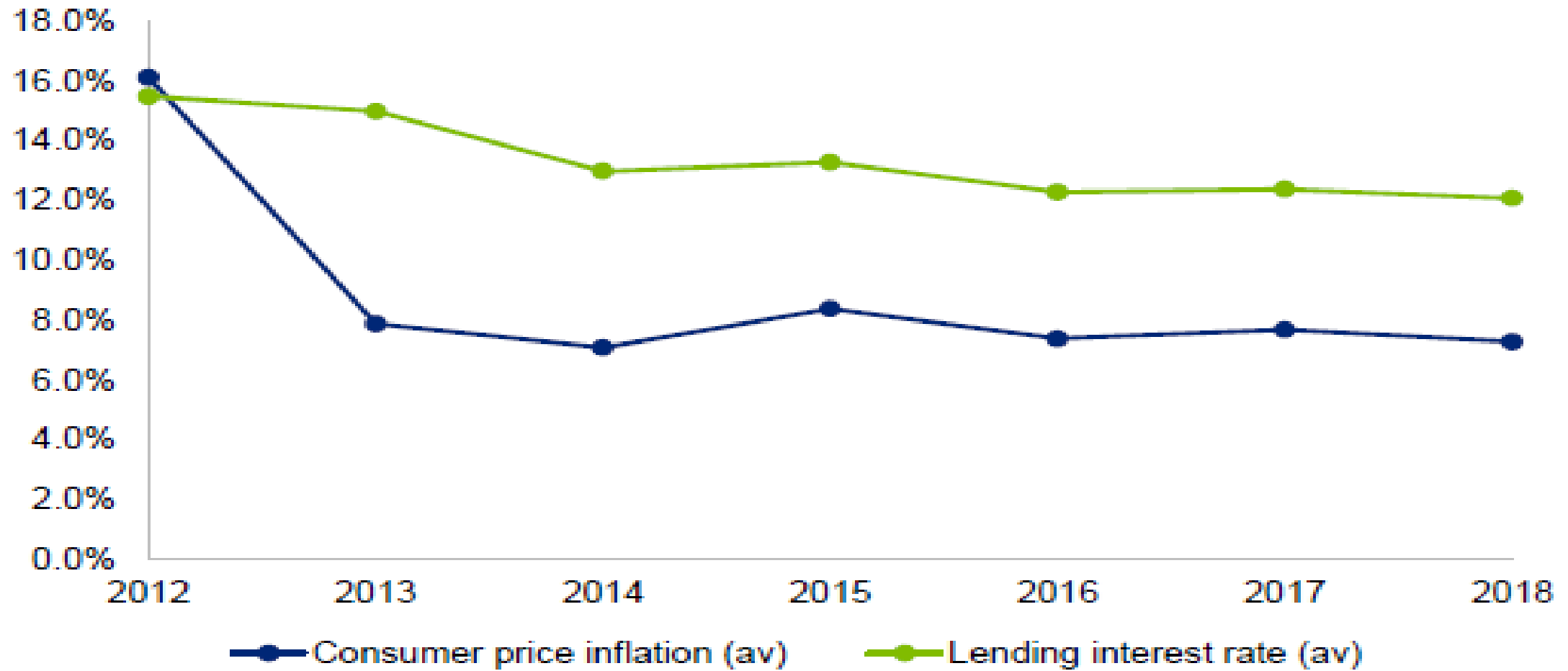
| COUNTRY                | [%]               |                   |                   | [%]               |                   | AVERAGE GROWTH    |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                        | 2014              | 2015              | 2014-2017         | 2016              | 2017              |                   |
| <u><b>TANZANIA</b></u> | <u><b>7.0</b></u> | <u><b>7.0</b></u> | <u><b>7.0</b></u> | <u><b>7.0</b></u> | <u><b>7.1</b></u> | <u><b>7.2</b></u> |
| <b>KENYA</b>           | 5.4               | 5.7               | 5.4               | 5.8               | 4.8               | <b>5.5</b>        |
| <b>UGANDA</b>          | 4.6               | 5.7               | 4.3               | 2.3               | 4.5               | <b>5.2</b>        |
| <b>RWANDA</b>          | 7.6               | 8.9               | 7.2               | 6.0               | 6.1               | <b>7.2</b>        |
| <b>BURUNDI</b>         | 4.5               | -4.0              | -0.1              | -1.0              | 0.0               | <b>0.1</b>        |
| <b>SOUTH SUDAN</b>     | 2.9               | -0.2              | -5.6              | -13.8             | -11.1             | <b>-3.8</b>       |
| <b>AVERAGE GROWTH</b>  | <b>5.3</b>        | <b>3.9</b>        |                   | <b>1.1</b>        | <b>1.9</b>        | <b>3.6</b>        |

Source: IMF Annual Report, April, 2018





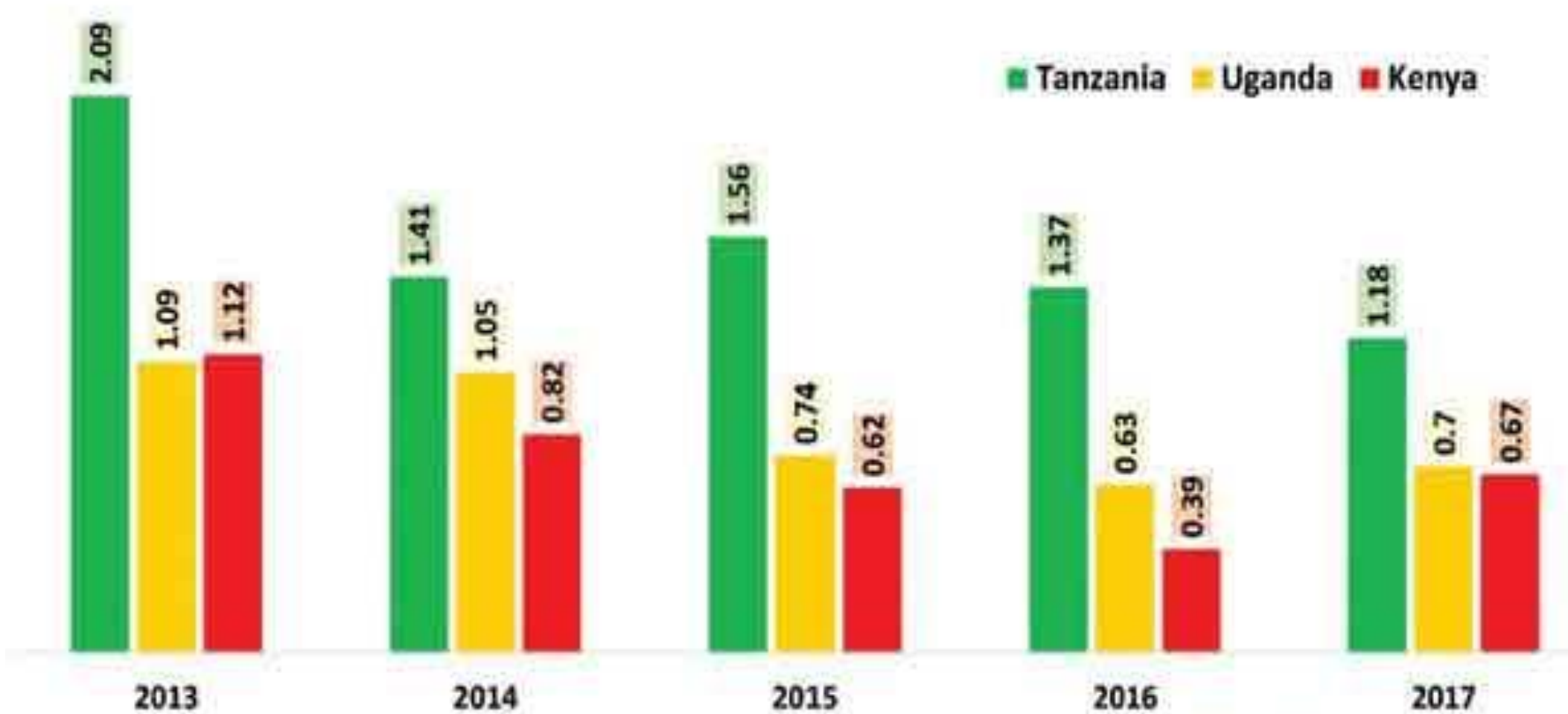
## TANZANIA'S INFLATION AND INTEREST RATES 2012 - 2018



Source: Bank of Tanzania



## FDI inflows (in \$ billion) into East African countries



Source: UNCTAD, WIR 2017





# WHY INVEST IN TANZANIA?



## THE MOST FAVOURABLE ECOSYSTEM/ INHERENT ADVANTAGES:



### Peace & Political Stability

- ✓ Multiparty Democracy
- ✓ Good governance
- ✓ Stable post-election
- ✓ No civil wars



### Economic Stability

High growth  
Low inflation  
Resilient economy



### Rich Natural Resources

Arable Land,  
Natural gas,  
Extractives,  
Tourist Destinations,  
Labour force



### Investment Guarantees

BIT' s  
BTA' s  
MIGA  
ATIA  
ICSID



### Strategic Location

\*Serves 7 LLC  
\*3 major Port  
\*3 International Airports



### Access to Markets

EAC: 162 mil.  
SADC: 450mil  
TFTA: 650mil  
AGOA: US (6,000 items)  
EBA: EU



# FISCAL INCENTIVES



## Exemption on Project Capital goods

**Zero Import Duty** on Raw materials and capital goods.  
**10 % import duty** on Semi-finished goods .  
**25% import duty** on Final consumer goods or finished commercial goods

## Tax relief on deemed capital goods

*Import Duty exempted by 75%*

**Assembly of motor vehicles, tractors, fishing boats and outboard engines and manufacturing of pharmaceuticals**

*Reduced corporate tax to 20%  
for the first 5 consecutive years*

## Capital Allowance

1. Agriculture – 100%
2. Mining - 20% (first 5 years)
3. Hotels - 50%
4. Fish farming - 50%
5. Tourist services – 50%

## Depreciation Allowance

*37.5% - 50% depending on the class  
of the depreciable asset*



## OTHER NON FISCAL INCENTIVES

### **Automatic Immigration Quota:**

Initially 5 expatriates during project implementation

### **Unconditional (Free repatriation) transferability of funds**

- Transfer of funds is allowed through any authorized bank in freely convertible currency of:
  - Net profits,
  - Repayment of foreign loans,
  - Royalties,
  - Fees charges in respect of foreign technology,
  - Remittance of proceeds and
  - Payment of emoluments, etc.



## ADDITIONAL INCENTIVES FOR STRATEGIC INVESTORS



### STRATEGIC INVESTOR STATUS

1. The amount of capital to be invested (normally above US\$ 50 million)
2. The contribution of the project in terms of creating employment opportunities
3. New and innovative technology to be introduced by the Prospective strategic investment project
4. The extent to which the Project brings capacity to manufacture products for export and the earning of foreign exchange
5. Whether the Investment is in the Special Economic Zone or Geographically disadvantaged regions



## INVESTMENT STOCK OF LEADING COUNTRIES 1990 - DECEMBER 2017

| SN | COUNTRY     | PROJECTS | JOBS    | VALUE IN US\$MIL |
|----|-------------|----------|---------|------------------|
| 1  | CHINA       | 723      | 87,126  | 5,962.74         |
| 2  | UK          | 936      | 274,401 | 5,540.07         |
| 3  | USA         | 239      | 51,836  | 4,719.71         |
| 4  | MAURITIUS   | 70       | 9,819   | 4,308.36         |
| 5  | INDIA       | 433      | 55,061  | 2,210.29         |
| 6  | AUSTRALIA   | 60       | 4,197   | 1,865.19         |
| 7  | KENYA       | 508      | 50,713  | 1,676.22         |
| 8  | NETHERLANDS | 159      | 13,806  | 1,047.24         |
| 9  | BELGIUM     | 32       | 1,814   | 902.09           |
| 10 | EGYPT       | 8        | 953     | 887.02           |
|    | TOTAL       | 3,173    | 549,770 | 29,120.36        |



# CHINA INVESTMENTS IN TANZANIA, 1990 – 2017

| SECTOR               | NUMBER OF PROJECTS | NUMBER OF JOBS | VALUE US\$MIL   |
|----------------------|--------------------|----------------|-----------------|
| AGRICULTURE          | 16                 | 7,424          | 128.81          |
| CONSTRUCTION         | 67                 | 4335           | 1,320.19        |
| <b>MANUFACTURING</b> | <b>456</b>         | <b>62,458</b>  | <b>3,369.86</b> |
| NATURAL RESOURCES    | 8                  | 376            | 18.31           |
| SERVICES             | 22                 | 666            | 152.22          |
| TELECOMMUNICATION    | 5                  | 1,426          | 484.94          |
| TOURISM              | 56                 | 2,755          | 110.76          |
| TRANSPORT            | 39                 | 3,914          | 161.04          |
| ICT                  | 1                  | 40             | 33.23           |
| <b>TOTAL</b>         | <b>670</b>         | <b>83,394</b>  | <b>5,779.36</b> |



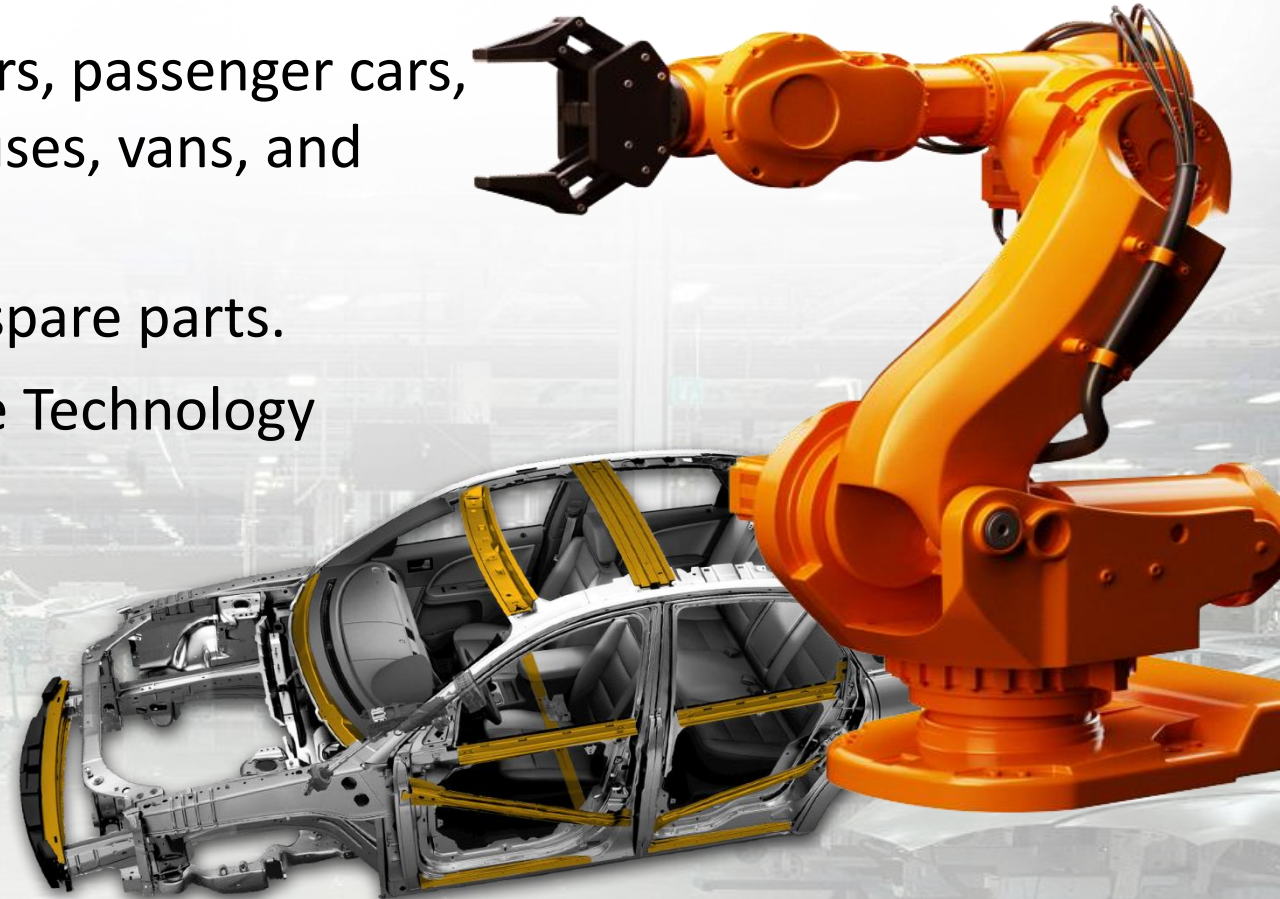


# INVESTMENT OPPORTUNITIES IN TANZANIA



## AUTOMOTIVE INDUSTRY

- Assembly plants for Motor vehicles, tractors, passenger cars, light commercial vehicles, heavy trucks, buses, vans, and motor cycles.
- Installation of manufacturing facilities for spare parts.
- Commercialization of Tanzania Automotive Technology Centre (Nyumbu).
- Revamping General Tyre Company-Arusha





# PHARMACEUTICALS AND MEDICAL EQUIPMENT



## Key facts

- Population **52,557,365** (Est. 2017) with growth rate of 3%
- 46.8% of the population <15 years
- 49.1% between 15-64 years old
- 4.1% of the population is aged 65 years and above.
- Pharmaceutical & Medical devices Imports: more than **85%**
- Foreign currency spent Annually: **US \$0.8bn – 1bn**

## Potential market for the domestic pharmaceutical products;

- **Local Market** (Through MSD as well as directly to private health facilities)
- **EAC Population : 162 mil.** (Est. 2017)
- **SADC Population : 450mil** (Est. 2017)







# EDIBLE OILS



## Key facts

- Imports: US\$ 294 million (2016)
- Annual Demand: 500,000 tonnes
- Annual Supply: 180,000 tonnes
- Demand forecast: 700,000 tonnes (2030)



## Opportunities

- Large scale farming of oil seeds to address supply gap
- Establishment of oil seeds processing facilities
- Establishment of refineries.





# COTTON AND TEXTILE



## Key facts

- Seed cotton yield: 283,600 (five years average).
- 80% of produced cotton exported in raw form.
- Low cost labour.

## Opportunities

- Value addition from field to factory
- Ginning, spinning and weaving
- Textile
- Garments







# LIVESTOCK AND LEATHER INDUSTRY



## Key facts

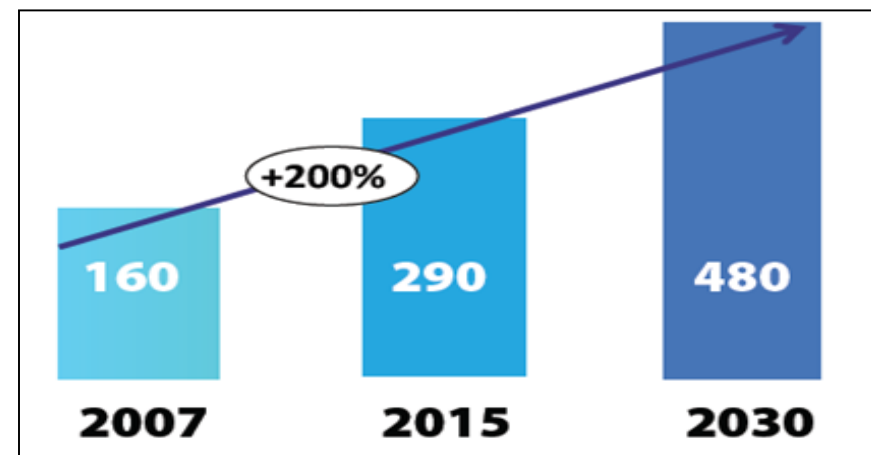
- 2<sup>nd</sup> largest livestock population in Africa
- Potential for 4.0Mil hides and 6.1Mil skins, annually.

| LIVESTOCK SPECIES | PROJECTED BASELINE POPULATION (Mil.in 2016) | ANNUAL POPULATION GROWTH RATE (%) |
|-------------------|---|-----------------------------------|
| Cattle            | 28.4  | 4.7                               |
| Goats             | 16.7  | 2.8                               |
| Sheep             | 5.0   | 3.5                               |
| Pig               | 1.9   | 7.7                               |
| Poultry           | 37.4  | 0.7                               |
| Donkey            | 0.6   | 3.2                               |
| Other             | 4.5   | 4.3                               |

## Opportunities



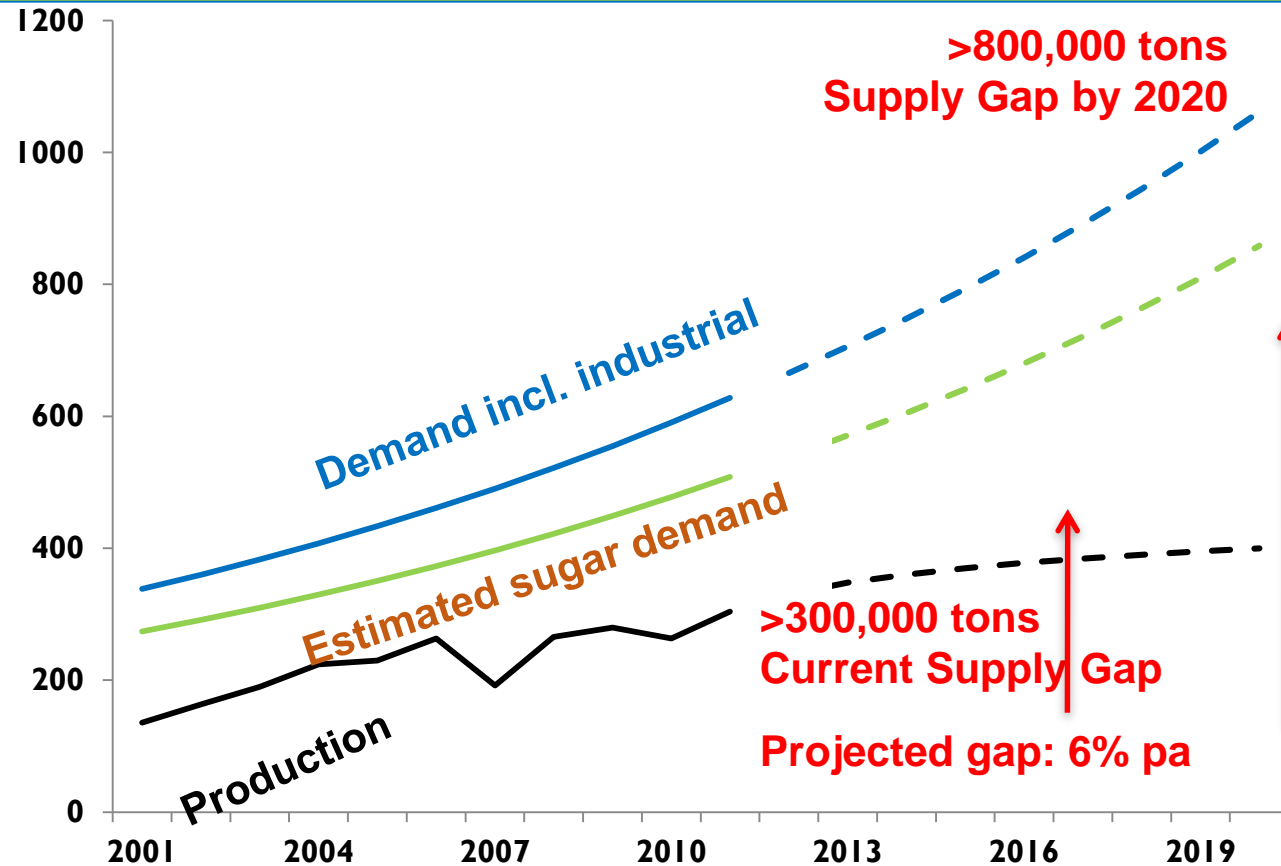
## Projected Demand for Local Meat (,000Tons)





# CANE SUGAR PRODUCTION

## More than 300,000 tons sugar deficit in Tanzania



- ❑ Current production is 320,000 tons (full capacity).
- ❑ Highest average cane yields in the world, at 120 tons/ha (good soils and climate).
- ❑ Rainfall and generous rivers and best irrigation potential.
- ❑ Suitable Soil and topography.

- Per capita consumption to increase
- High increase in demand relative to supply capacity
- Current production could peak to 400,000 tons by 2020

Source: Sugar Board of Tanzania, Illovo, Mtibwa, TPC, FAO





# FISHING AND AQUACULTURE



## Key facts

- Freshwater coverage: 54,337sq.km (6.1 % of surface area)
- Territorial Sea: 64,000 sq.km.
- Exclusive Economic Zone (EEZ): 223,000sq.km
- Coastline: 1,424 km along Indian Ocean.

## Investment Opportunities

- Fishing ports and fishing in the EEZ.
- Fish processing and fishing boat building yards.
- Commercial fish farms in marine and freshwater areas.







# MINING AND METALS

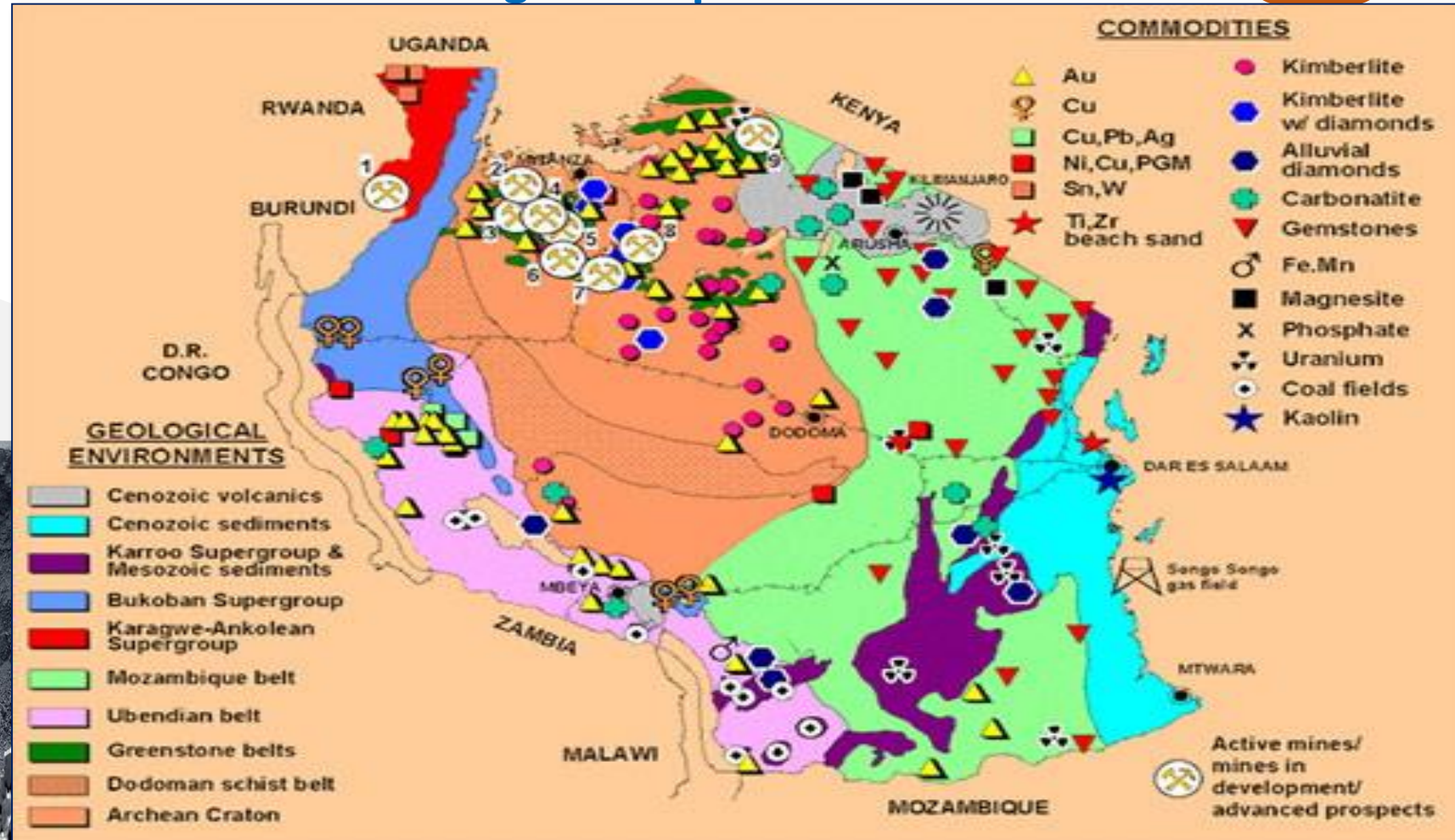


## Key Facts and Figures

- Contribute to exports for 24% (2015).
- Gold exports: 90% of all mineral exports.
- Sector growth rate: 6.9%
- Sector share to GDP: 3.4%
- Exports in raw form.



## Geological Map of Tanzania







# TOURISM AND LEISURE INDUSTRY



**Average length of stay: 10-11 days**

**Average Expenditure per tourist: US\$355 (package tours) and US\$247 (non package tours)**

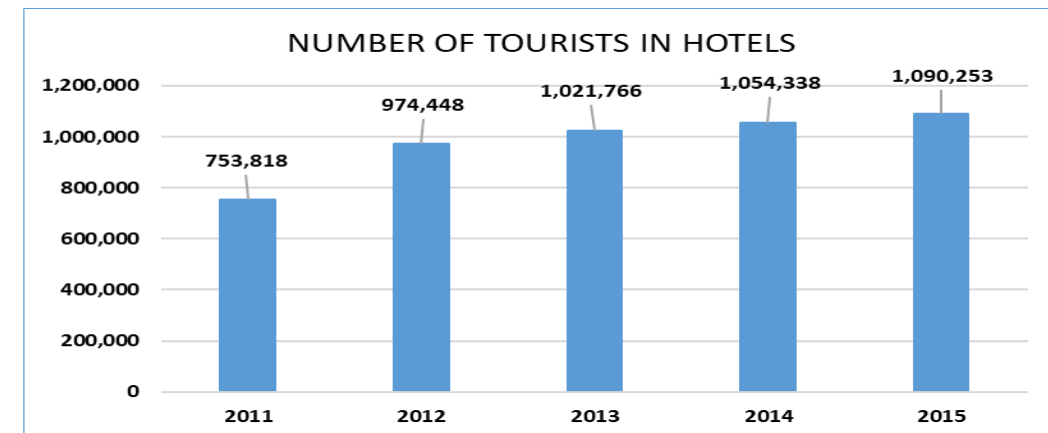


## Key facts

- 16 National Parks,
- 31 Game Reserves,
- 44 Game Controlled Areas,
- 4 Ramsar/Wetland Sites,
- 33 Wildlife Management Areas,
- 6 Nature Reserves

## Opportunities

- Tourist Hotels, Beach tourism, cultural and historical sites
- Golf courses and eco-tourism facilities
- Leisure parks
- Conference tourism facilities
- Air/ground transport
- Tour operations and trophy hunting



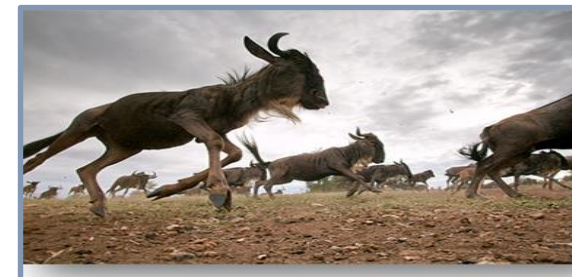


# TOURISM AND LEISURE INDUSTRY



Tanzania is highly rated globally due to incredible natural resources

Home to 7 World Heritage Sites = **Ngorongoro Crater**



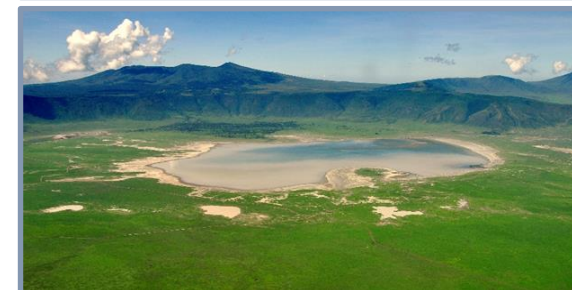
Home to world longest freshwater lake and 2<sup>nd</sup> deepest = **Lake Tanganyika**

Home to world 2<sup>nd</sup> largest fresh water lake by surface area = **Lake Victoria**



Home to 6<sup>th</sup> tallest tree in the world and tallest in Africa

Home to highest free standing mountain in the world and highest in Africa = **Mount Kilimanjaro (with 5,895 metres high)**







# KILIMANJARO MOUNTAIN - 5,895 Meters High







# SERENGETI NATION PARK WITH ANIMAL MIGRATION







# NGORONGORO CRATER





# HOW DO VISITORS TRAVEL TO TANZANIA?

## INTERNATIONAL CARRIERS





# HOW DO VISITORS TRAVEL IN TANZANIA?

## DOMESTIC CARRIERS





# INFRASTRUCTURE NETWORK



## Key Facts

- Tanzania Railway Limited (TRL) with 2,706km and Tanzania-Zambia Railway Authority (TAZARA) with 970 km.
- Power generation grows at 10–15% per year, with only 24% coverage and total installed capacity of 1,300 MW.
- The Government plans to generate more than 10,000 MW in 2025. Medium Target is 5,000MW by 2020.



## Opportunities

- Airport, Rail and Port construction/rehabilitation projects in PPP model.
- Power generation sector using hydro, natural gas, coal, uranium and renewable resources.
- Inland container depots and extended railway lines.







# REAL ESTATE



## Key facts;

- Population: 55 million (growth rate 2.7% pa).
- Demand for modern housing is increasing.

## Opportunities;

- Housing estates
- Residential apartments
- Office buildings
- Conference and banquet facilities
- Shopping malls
- Movie theatres and entertainment facilities
- Real estate properties





## OTHER OPPORTUNITIES



- ✓ Agro – Processing
- ✓ Agriculture (*Fruits & Vegetable, Tea, Cashew nut, Floriculture, Pulses, Cassava, farming & processing*)
- ✓ Financial Institutions
- ✓ Specialized hospitals, diagnosis centres and international colleges and Hi-Tech Schools
- ✓ Marine and cargo transport



## SOME OF INTERNATIONAL INVESTORS IN TANZANIA





# THANK YOU FOR YOUR ATTENTION!

## Executive Director

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**[www.epza.go.tz](http://www.epza.go.tz)**

**[www.zanzibarinvest.org](http://www.zanzibarinvest.org)**

**[www.tantrade.or.tz](http://www.tantrade.or.tz)**

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