



THE UNITED REPUBLIC OF TANZANIA

EXPORT PROCESSING ZONES AUTHORITY

BELT-AND-ROAD-INITIATIVE AND CHINA-TANZANIA INDUSTRIALIZATION COOPERATION

*Julius Nyerere International Conference Center,
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EXPORT PROCESSING ZONES AUTHORITY

OBJECTIVES OF THE PRESENTATION

1. To Demonstrate How China Belt-and-Road-Initiative through Tanzania can link to Homegrown Spatial Development Initiatives of the SADC Region of Africa and unlock the inherent economic potential of that region;
2. Tanzania as a Natural Regional hub of trade and logistics (*with Bagamoyo Special Economic Zone as beach head of China BRI*) is the ideal gateway to initiate the chain reaction and growth links of investment in infrastructure, industrial production and trade development to realize the SADC common agenda of development with socio-economic transformation through **Spatial Development Initiatives**; and
3. To propose closer dialogue and exchanges which will link China BRI to the National development agenda of industrialization and to support the development efforts Tanzania to implement the 2nd Five Year Development Plan in strategic infrastructure projects
4. the and collaborate with the Government and People of Tanzania to realize the common agenda of growth with development aspirations for mutual benefits.

PRESENTATION AGENDA

1. To Highlight the Convergence of **China** and **Africa** Megatrends;
2. Illustration of the Strategic Location of **Tanzania** on the Eastern Seaboard of Africa to facilitate convergence of China and Africa Megatrends;
3. To Propose Rationale of Linking China Belt-and-Road-Initiatives (“**BRI**”)with **SADC** Spatial-Development-Initiatives (“**SDIs**”);
4. Development of **Bagamoyo SEZ** as Natural Gateway into EAC and SADC Regional Markets;
5. To Propose Synergy for the Development of Blue Sea Economy – **Zanzibar**;
6. To Highlight Status of the Investment Climate in Tanzania;
7. Take Away Messages.

CHINA GLOBAL MEGATRENDS

- **Leading Manufacturing Nation Globally** – Financial Powerhouse and Leading Exporting Nation in the World;
- **Industrial Transformation with Upgrading** – Technology driven industry transformation from being a Production Economy to become a Knowledge Economy;
- **Relocation of Excess Industrial Capacity** – Beginning with relocation of Resource Seeking and Labour Intensive, Low Technology Manufacturing Industries to Developing Countries;
- **Belt-and-Road-Initiative** – With intent to contribute towards building a **New International Economic Order** on the basis of stated objectives of **mutual respect and solidarity** that will seek to enhance **Global Economic Cooperation** with policy coordination through dialogue, improved facility connectivity, financial services integration, unimpeded fair trade and to promote people-to-people bonds.

China's Belt & Road Initiatives: Prime Opportunity for China-Tanzania Industrial Capacity Collaboration

MAIN PURPOSE

promoting the economic development and prosperity of the countries along the Belt and Road through enhanced economic cooperation

FIVE PRIORITIES

- policy coordination
- **facilities connectivity**
- unimpeded trade
- financial integration
- people-to-people bond

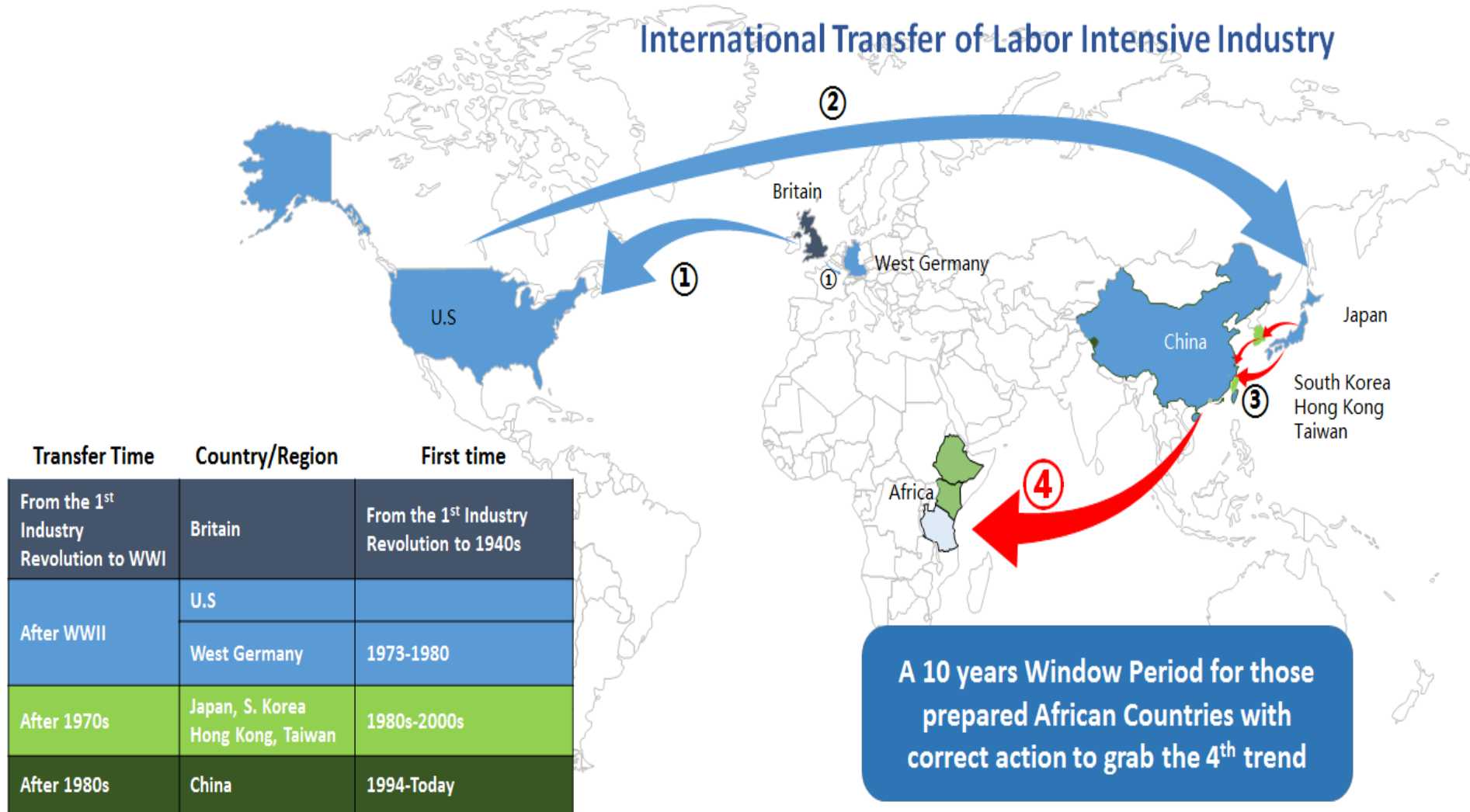
THE SILK ROAD FUND

40 billion US dollars
Investment in Bagamoyo SEZ
SEZ c. 10 billion US Dollars



Great Opportunity for Tanzania to Industrialize: Global shifting of Industries

- ✓ Theory of Comparative Advantages : Changes in abundance of factors results in changes in specialization and industry transfer
- ✓ Theory of Labor Intensive Industry Transfer: Industries transfer with comparative advantages in labor intensiveness



AFRICA GLOBAL MEGATRENDS

- **Population Demography Explosion** – the population of Africa will have surpassed that of China by 2050 and only 10% of the population will be aged over 65 years;
- **Demography Dividend** – Young Labour and Consumer Market (*the average current age median of Sub-Sahara Africa is about 17 years*) ;
- **Last Global Frontier Market** – rising Youthful Middle Class Population as a growing and vibrant Consumer Market;
- **Abundant Resource Endowment** – Arable Land, Water, Ocean Marine Resources, Precious Minerals, Industrial Raw Materials and Energy Resources;
- **Regional Economic Integration** to Create Large Markets – through Africa Regional Groupings of EAC, ECOWAS and SADC; and
- **Progress in Governance and Security issues** - in spite of remaining challenges. AU and Regional Groupings (EAC, ECOWAS and SADC) are becoming more engaged on security issues;
- **High Growth Rates** – above the World average sustained over period of nearly 2 decades since year 2000 in spite of political and public policy reform challenges in some African countries;
- **Industrialization** – is the common AU agenda and priority National development agenda for Tanzania.

Africa Growth Performance

6 of the world's 10 fastest-growing economies in 2015 were from sub-Saharan Africa and 7 of the world's top 10 up to 2020 will also be from Africa

World's ten fastest-growing economies*

Annual average GDP growth, %

2001-2010†

Angola	11.1
China	10.5
Myanmar	10.3
Nigeria	8.9
Ethiopia	8.4
Kazakhstan	8.2
Chad	7.9
Mozambique	7.9
Cambodia	7.7
Rwanda	7.6

2011-2015‡

China	9.5
India	8.2
Ethiopia	8.1
Mozambique	7.7
Tanzania	7.2
Vietnam	7.2
Congo	7.0
Ghana	7.0
Zambia	6.9
Nigeria	6.8

Sources: *The Economist*; IMF

GDP growth, unweighted annual average, %



*Excluding countries with less than 10m population and Iraq and Afghanistan †2010 estimate ‡Forecast

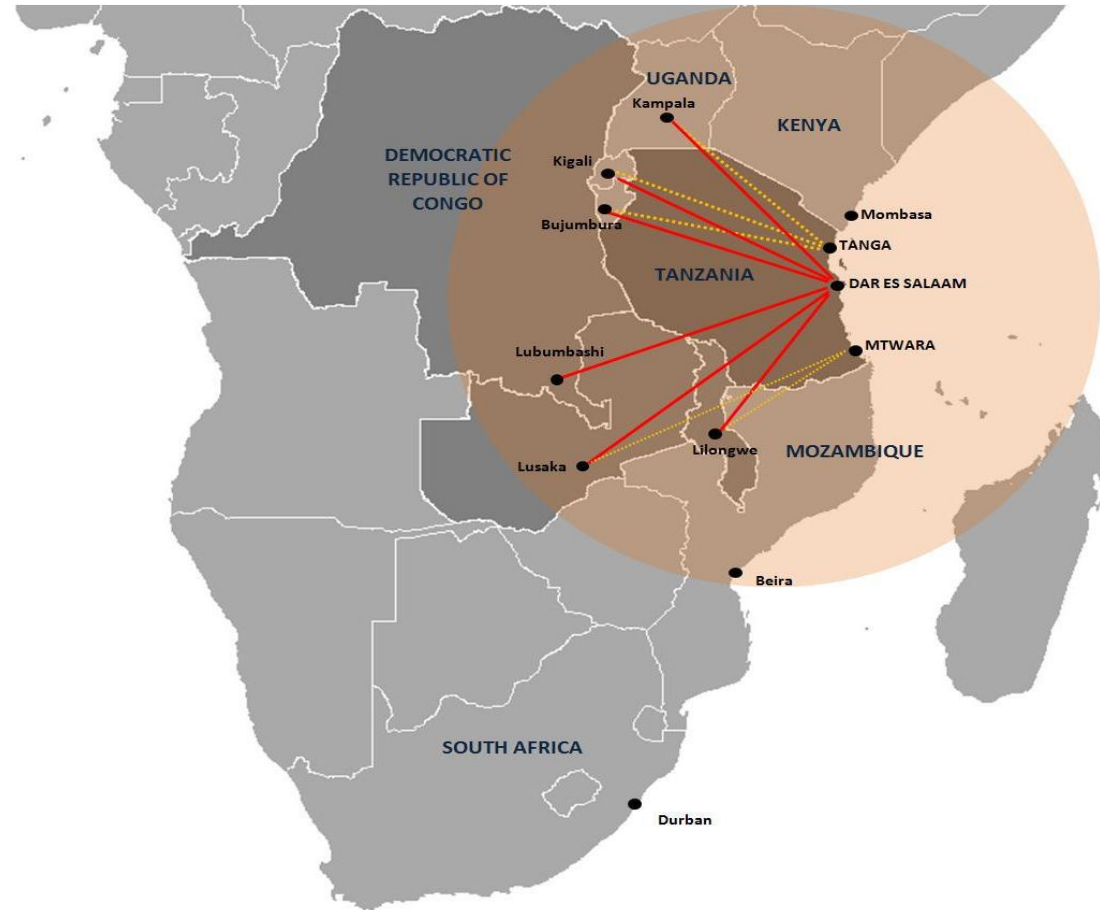
THE BASIS FOR SADC REGIONAL INTEGRATED DEVELOPMENT INITIATIVES LINKED TO GLOBAL MARKETS

- SADC Region Common development agenda was formulated after liberation of Southern Africa to capitalize on political and people solidarity which was forged during the common armed liberation struggle for independence;
- There is a solid **political, economic and cultural basis** as rationale for the common agenda of integrated development through trans border Spatial Development Initiatives (“SDIs”) and Economic Development Corridors;
- The development strategy of SDIs and Economic Development Corridors has objectives similar to China BRI; (*and China supported the people of Africa in solidarity during the armed struggle for liberation*). Therefore, the two could be linked with synergy for mutual benefit;
- There is no clear linkage of China BRI strategy to the SADC Regional Indicative Strategic Development Plan (“RISDP”) or to the 2nd Five Year Development Plan of Tanzania; which is **geographically, economically** and **politically** a pivotal state linking EAC and SADC regional blocks.

Illustration of the Strategic Maritime Location of Tanzania on Indian Ocean Rim



Illustration of the Trade Impact Area of Tanzania as Bridge Economy Linking EAC and SADC Markets



SADC DEVELOPMENT CORRIDORS AND SDIs FOR REGIONAL INTEGRATION



BASIS AND RATIONALE FOR DEVELOPMENT CORRIDORS IN AFRICA

- **To restore the Basic Cultural Unity of regions of Africa** subdivided and fragmented into socially irrational territories to suit Euro-centric economic interests (read “*colonial interests*”);
- **To promote regional economic integration** as the best option towards globalization by creating economies of scale and scope that can attract global capital to invest in world class projects of resource exploitation, infrastructure development and trade development;
- **To consolidate the socio-political gains of solidarity and cooperation** which were forged and established during the struggle for sovereign independence e.g. SADC region;
- **To provide the basis for harmonization of legal and regulatory systems,** conservation and equitable sharing of common resources (e.g. water, minerals, wildlife and forests); and
- **To enhance security and cooperation against common threats** e.g. terrorism and environment degradation.

DEVELOPMENT CORRIDOR INITIATIVES IN AFRICA

- The SADC Region has more than a dozen trans-border Development Corridors;
- Tanzania alone has 3 trans-border Development Corridors;
- The progress in SADC Development Corridors has been constrained largely by the lack of investments in the backbone infrastructure required to unlock the inherent economic potential of the respective Development Corridors;
- There are challenges to realize close coordination and common alignment of development priorities among participating Member States to synchronize investments in anchor projects for the respective Development Corridors;
- China Belt-and-Road-Initiative (“**BRI**”) may provide the opportunity for Development Corridors cooperation with SADC region, EAC and other regions of Africa if the industrial relocation from China to Africa will be linked to BRI and properly leveraged to motivate investment and trade development;

CHARACTERISTIC MODEL AND PROFILE OF SADC SDIs AND ECONOMIC DEVELOPMENT CORRIDORS

Spatial Development Initiatives (“SDIs”) – relate to delineated geographic areas with inherent development potential locked in factor endowment characterized by arable land, water bodies, mineral resources, forest, wildlife and people. **Public Sector Investments** in infrastructure is synchronized with **Private Sector Investments** in economic production activities;

Economic Development Corridors link **SDIs** to regional and international markets through backbone economic services infrastructure (*multi-modal transportation, electric power, water and communication*); supported by a compendium of facilitative policies through legal and regulatory framework as well as administrative services.

Central Corridor – links the hinterlands of North Eastern and Eastern Congo (DRC), Burundi, Uganda and Rwanda via Dar Es Salaam Port;

TAZARA Corridor – links the hinterlands of Malawi, Zambia and South Eastern Congo (DRC);

Mtwara Corridor – links the oil and gas fields of the Ruvuma Basin (Mozambique and Tanzania); and connects to TAZARA Corridor. (*Mtwara Development Corridor has World Class reserves of iron, titanium, vanadium, nickel, graphite and uranium*);

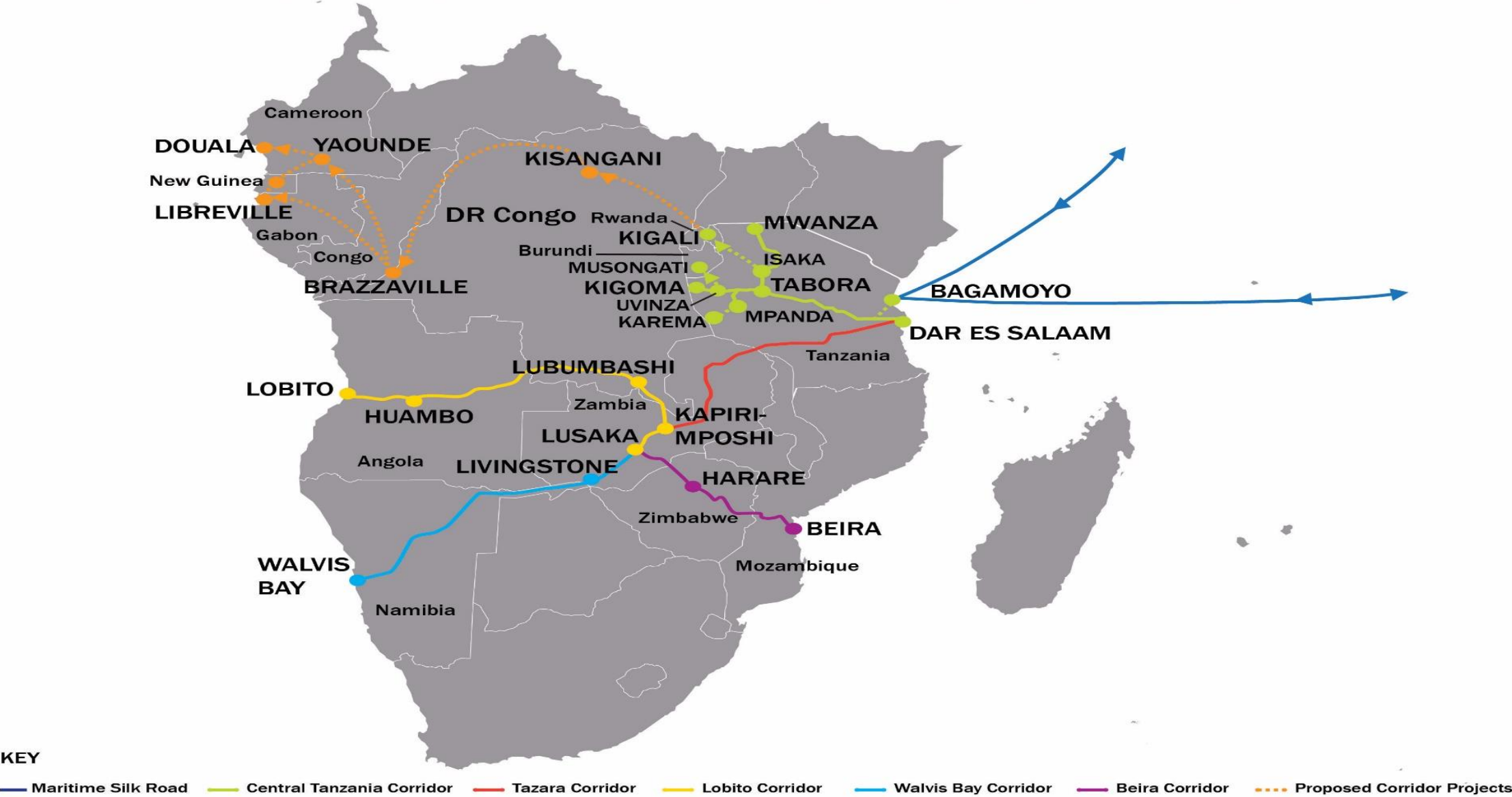
Benguela Corridor - links Zambia, Southern DRC and Angola to international markets via the Port of Lobito on the Atlantic Ocean;

Beira Corridor – links Zambia with Zimbabwe and Mozambique via the Port of Beira;

Walvis Bay Corridor – links Atlantic Ocean Port of Walvis Bay; Namibia to Indian Ocean Port of Bagamoyo in Tanzania via Zambia;

21ST CENTURY MARITIME SILK ROAD (BRIs) LINK TO SADC DEVELOPMENT CORRIDORD (SDIs) VIA BAGAMOYO SPECIAL ECONOMIC ZONE

SILK ROAD ECONOMIC BELT - THROUGH BAGAMOYO CORRIDOR



DEVELOPMENT OF BAGAMOYO SPECIAL ECONOMIC ZONE AS SADC GATEWAY FOR INTERNATIONAL TRADE

- China and Tanzania collaboration in the development of Special Economic Zones can provide a platform for translating the all-weather cordial political relationships into mutual beneficial economic cooperation;
- Tanzania Export Processing Zones Authority (EPZA) and Tanzania Ports Authority (TPA) collaborating with China Merchants Ports Holdings Limited and State General Reserve Fund of Oman to develop **Bagamoyo Special Economic Zone covering an area of approx. 100 sq. km. as industrial platform and international trade gateway for the EAC and SADC hinterland of Tanzania ;**
- Main Components of Bagamoyo SEZ – Ocean Marine Port, Portside Industrial Zone, Logistics Park, High Technology Park, SME Park and Commercial-Residential Area;
- Bagamoyo SEZ to utilize the experience of Shenzhen-Shekou “**Port-Industry-City**” Development Model with Private Sector leading;
- The Project enjoys full support of the Government of Tanzania (“**GoT**”) under the 2nd FYDP and the inter-ministerial and public agencies coordination is conducted by Office of the Prime Minister;
- The Government will provide Bulk Supporting Infrastructure to BSEZ Project (*Electric Power, Natural Gas, Roads, Railways, Water and Telecommunications*).

Port-Zone-City Model



Growth Cycle of PZC

- **Port:** driving force for the PZC developing model
attracting investors, creating employment, and housing requirements
- **Zone:** generating the growth of the city and further development of the port
- **City:** creating more demands and the throughput increasing for the port
increasing growth of the industrial zonal facilities and residential accommodation

DEVELOPMENT OF BAGAMOYO SPECIAL ECONOMIC ZONE AS GATEWAY FOR INTERNATIONAL TRADE

- Bagamoyo SEZ will be linked by High Speed SGR with **SADC Central Corridor** to North Eastern and Eastern DRC, Burundi, Rwanda and Uganda;
- **TAZARA Railway** will link Bagamoyo SEZ to **Benguela Corridor**, **Beira Corridor** and **Walvis Bay Corridor**;
- Bagamoyo SEZ will serve as a Hub Port for BRI trans-shipment and provide an Offshore Manufacturing Platform with integrated Port, Industry and Logistics as well as supporting commercial services (*Export Trade, Banking and Insurance*);
- **Physical proximity of Bagamoyo to Zanzibar** (*40 nautical kilometers*) provides for natural synergy predating the European colonial era and hence potential for blue sea economy development.

DEVELOPMENT OF BLUE SEA ECONOMY - ZANZIBAR

- **Tanzania Blue Sea Economy Potential** – is vast and untapped, representing opportunities which could be unleashed using Zanzibar as the initial development platform;
- **Maritime Aquaculture** – of cage fish-farming in the pristine waters of the Indian Ocean off the coast of Zanzibar;
- **Seaweed Farming** – to upscale production of the existing artisanal seaweed farming and to establish industries for value addition;
- **Exploitation of Ocean Marine Fisheries Resources** – with deep sea fishing in the Exclusive Economic Zone of Tanzania of the Indian Ocean;
- **Beach Tourism** – to exploit the untapped potential of pristine coastland of Zanzibar;
- **Cultural and Experience Tourism** – to exploit the global renowned brand name of Zanzibar to promote people-to-people bonds espoused in the objectives of the 21st Century Maritime Silk Road which is part of the China BRI. Cultural and experience tourism in Zanzibar will further strengthen the all-weather friendship and solidarity of the people of China and Tanzania.

INVESTMENT CLIMATE IN TANZANIA

- **Tanzania Investment Centre (“TIC”)** – is the primary investment promotion and facilitation agency of the Government of Tanzania covering all sectors of the economy on Mainland Tanzania outside the regime of Special Economic Zones;
- **Zanzibar Investments Promotion Agency (“ZIPA”)** – is the autonomous counterpart of TIC in Zanzibar;
- **Long Term Social Stability** – Committed Political and Government Leadership continues to manage major political and public policy reforms to foster **sustainable development and CHANGE WITH STABILITY**;
- **Macroeconomic Stability** – Tanzania is among the 10 fastest growing economies in the World. The Country has sustained high growth rates of above 6% year-on-year with low inflation for more than 10 years;
- **Fiscal and Non-Fiscal Incentives** – Government positive interventions to mitigate the financial risk of Private Sector Investments and to give support through a compendium of facilitative regulatory and administrative services;
- **Investment Blueprint** – to optimize and coordinate investment facilitation services rendered by Government Departments and Public Institutions
- **Government Open to Dialogue** at highest level with Private Sector through **Tanzania National Business Council** chaired by H.E. President of the United Republic of Tanzania.

CONCLUDING REMARKS

- The SADC development strategy of SDIs and Development Corridors has objectives similar to China BRI (*and China supported the SADC people of Africa in solidarity during the armed struggle for liberation*). Therefore, there is potential for China BRI in Africa with the homegrown initiatives of SADC Region to be linked for mutual benefits;
- There is a solid **political, economic** and **cultural** basis as rationale for the SADC common agenda of sustainable integrated development through trans border Spatial Development Initiatives (“SDIs”) and Development Corridors. Nevertheless, those development have been constrained for lack of resources which China could make available through direct linking to BRI;
- With the objective of providing strong stimulus kick-start and invigorate a chain reaction of synchronized public and private sector investments which will create wealth for Investors with growth and prosperity to fight poverty of the people in the region, the requisite infrastructure upgrade of SADC Development Corridors and SDIs could be done with supplies of construction materials from existing and new investment in industrial production e.g. steel and cement;
- China Belt-and-Road-Initiative **THROUGH TANZANIA** promises the best and feasible link to SADC Region Homegrown Spatial Development Initiatives and hence

TAKE AWAY MESSAGES

- Africa is the Last Global Frontier Market and **China BRI has strategic fit and potential synergy with SADC Region Development agenda;**
- **The SADC region is the largest developing regional market of Africa nearest to China and is richest in resources endowment;**
- **Tanzania is the natural SADC Region gateway of BRI** facing China along the 21st Century Maritime Silk Road from across the borderless Indian Ocean. There is need to jointly design the alignment of China BRI and the strategic development initiatives of Tanzania to build infrastructure and to promote the National industrialization agenda under the 2nd FYDP;
- China BRI will become more relevant and part of the AU development agenda if there will be close collaboration to link and integrate with SADC RISDP such Development Corridor initiatives – e.g. supporting SADC Development Corridors terminating at the Indian Ocean marine ports of Tanzania with the upgrade of Central Railway line (“Central Corridor”), building the proposed Mtwara-Mbamba Bay Railway line (“Mtwara Corridor”) and TAZARA (“Uhuru Corridor”) to SGR technology because China is the current global leader in high speed railway engineering;
- **China and Tanzania need to have focused dialogue** with a view to achieve a shared understanding of respective interests in BRI as well as Tanzania National development aspirations and SADC Development Corridor initiatives. BRI, SADC RISDP and TDV 2025 development initiatives and plans are long term undertakings which will last for generations to come.

**THANK YOU VERY MUCH
FOR YOUR ATTENTION**

