

U.S. Country Commercial Guides



Tanzania

2020

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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 reports that it 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. The World Bank expects a 5.8 percent GDP in 2020. 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: (2019/2020)

Real GDP growth in 2019: 7 percent

Nominal GDP – 2019 (current) \$62.22 billion

GDP per capita – 2018: \$1,105

Consumer price inflation: Annual headline inflation averaged 3.2 percent in the quarter ending June 2020, lower than 3.6 percent in the preceding quarter and 3.5 percent in the corresponding quarter in 2019, mainly due to slowdown in prices of some non-food items, particularly petroleum products. The rate was also in line with the East African Community (EAC) and Southern African Development Community (SADC) convergence criteria of not more than 8.0 percent and between 3.0 and 7.0 percent, respectively. Noteworthy, headline inflation in the EAC averaged 5.8 percent, while in SADC 64.1 percent.

Total Exports: \$9,824.4 million for 2019

Total Imports: \$10,361.7 million for 2019

Exports to the USA: Tanzania's trade with the United States rose to \$67.5 million through the first three months of 2019, according to a World City analysis of latest U.S. Census Bureau data. Tanzania's exports increased 23.3 percent while imports rose 13.01 percent. The U.S. surplus with Tanzania was \$7.89 million. Exports totaled \$29.8 million.

Imports from the USA: Imports totaled \$37.7 million; Tanzania ranked No. 140 in total trade value through March with a total of \$67.5 million.

Tanzanian shilling remained at an average rate of TZS 2,303.43 per USD during the quarter ending June 2020, compared with TZS 2,300.52 per USD in the preceding quarter and TZS 2,300.33 per USD in the corresponding quarter in 2019.

Average lending rate on short term loan: 16.75 percent (June 2020)

Population Total: 58 million (World Population Review 2019)

Sources:

National Bureau of Statistics – Tanzania, Bank of Tanzania and International Currency Exchange; World Population Review 2019 - <http://worldpopulationreview.com/countries/tanzania-population/>

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, tin, 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; and
- Lack of Credit, volatile regulatory/policy environment, and 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.

Leading Sectors for U.S. Exports and Investment

Healthcare

Overview

Tanzania is struggling with 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 several important public health achievements in recent years, including a decline in childhood deaths. According to UNAIDS as of 2018 HIV prevalence in Tanzania among adults is now at 4.6%, there has been progress in the number of AIDS-related deaths since 2010, with a 49% decrease, from 48 000 deaths to 24 000 deaths. The number of new HIV infections has also decreased, from 83 000 to 72 000 in the same period. 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

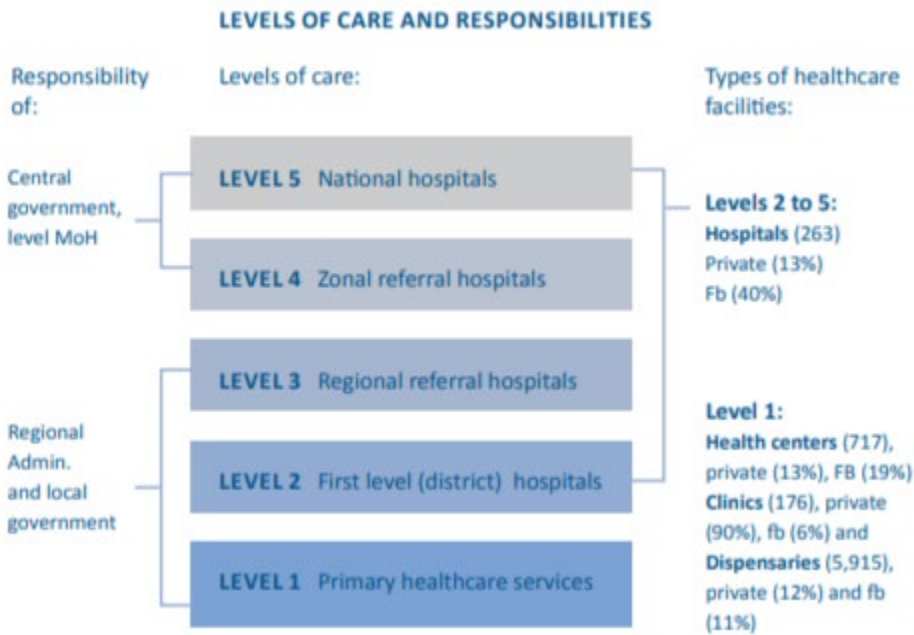
As of April 2020, the healthcare sector has recorded several achievements. Such as, enhancement of health infrastructure through construction of 1,198 dispensaries, 487 health centers, 71 district hospitals, and regional referral hospitals for 10 regions and 3 zonal referral hospitals; increased budget for medicines, equipment, medical equipment and reagents from \$13.3 million in 2015 to \$115.9 million in 2019; and improved access to essential medicines in health facilities to 94.4 percent in 2019/20 from 36 percent in 2014/15. Consequently, the improved health services in the country have resulted in reduction of patients referred abroad for further medical treatment by 95 percent and hence, saving approximately \$8.6 million.

For year 2020/2021 to improve health services, the GoT is committed to procurement and distribution of medicine, equipment, medical equipment and reagents; construction of regional and zonal referral hospitals, district hospitals, health centers and dispensaries; improving access to health services through universal health coverage; and employing various health professionals. The Ministry of Health has planned to spend \$387.9 million as part of its budget of which \$155.5 million will be spent development projects, which would help the government to implement its health improving initiatives. This year domestic contribution to the budget has increased by 21%.

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.

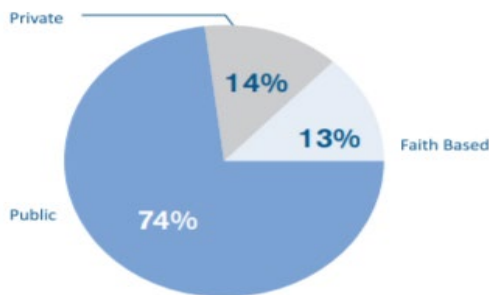
The government has called upon investors to establish pharmaceutical factories within the country. Health supplies, commodities and equipment comprise a significant portion of the pharmaceutical domestic

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 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/Jun)	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 to 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) have attracted U.S. investment interests and a few U.S. food service franchises (Pizza Hut, KFC and Subway) have established outlets in Tanzania's leading cities. The growth of consumer-ready food imports has however been negatively affected by Tanzania's strict 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) targeted 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.
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 are processed in Tanzania. There are opportunities 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 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 due to the following conditions.

- 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 (ASDP II) 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; diversifying energy sources for power generation; reducing system losses; and promoting regional grid interconnectivity.

5 Year General Expansion Plan	Actual	Planned				
	2016	2017	2018	2019	2020	Total
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
Cumulative Additions	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 1501 MW. The system is a hydro-thermal mix, constituting hydro 568 MW, Thermal plants (Natural gas) power plants 925 MW, other renewable 82.4MW mainly from IPPs. The installed capacity of isolated grid has been reduced to 55 MW from 91 MW of last financial year because power plants such as Mtwara, Somanga Fungu and Biharamulo have been connected to the Main Grid. During the period under review, 7,132 GWh were available for sale, which implies a 0.4% increase as compared to 7,100 GWh reported during the previous financial year.

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. Tanzanian 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 the following domains.

Total installed capacity in the Main Grid System amounted to 1501 MW. The system is a hydro-thermal mix, constituting hydro 568 MW, Thermal plants (Natural gas) power plants 925 MW, other renewable 82.4MW mainly from IPPs. The installed capacity of isolated grid has been reduced to 55 MW from 91 MW of last financial year because power plants such as Mtwara, Somanga Fungu and Biharamulo have been connected to the Main Grid. During the period under review, 7,132 GWh were available for sale, which implies a 0.4% increase as compared to 7,100 GWh reported during the previous financial year.

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. Tanzanian 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 the following domains.

- 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

Power Africa began working with TANESCO to establish and develop an independent transmission system operator, or TSO. Separating electricity transmission from generation and distribution is key to creating transparency and providing open access to the electricity grid and is critical for enabling regional trade with neighboring countries. Power Africa advised TANESCO on its business structure, revenue requirements, transmission tariff margin, and five-year financial model. These elements laid the groundwork for Power Africa to help design the TSO Business Plan and Transition Roadmap, pointing the way toward a fully operational TSO by 2021.

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 1,501 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 2,115-megawatt (MW) hydroelectric on the river Rufiji (Stieglers Gorge). As of 2019, the project continues to be on the GoT's priority list, and construction has commenced.

The Julius Nyerere Hydropower Station (JNHS), also called Rufiji Hydroelectric Power Station, is a 2,115 megawatts (2,836,000 hp) hydroelectric dam under construction in Tanzania. The power station is expected to produce 5,920GWh of power annually. The government of Tanzania has been considering establishing this power station since the 1960s. When fully developed, it will be the largest power station in East Africa. The 134 metres (440 ft) arched, concrete dam is expected to create a reservoir lake, 100 kilometres (62 mi), in length, measuring 1,200 square kilometres (460 sq mi), with 34,000,000,000 cubic metres (1.2 × 10¹² cu ft) of water.

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 for 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 CO₂ 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), and
- 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 Mkumbara (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, Mwanga and Singida. There are various projects looking at building the country's first large-scale wind power plants in various locations in the 100-150 MW range.

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

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

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

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

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.

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 Sector

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, tin, 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 with other projects by investors from 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 experienced an estimated 15.3 percent growth in the first quarter of 2020 compared to 10 percent growth during the same quarter in the previous year. There is an increase in mineral revenue collection from \$84.5 million in 2015/16 to \$202.7 million from July 2019 to April 2020.

There have been a number of changes in the Mining industry and more expected due to the 2017 Minerals Act. The GoT is trying to make the sector more attractive but there are still several punitive or restrictive regulations. The changes in the legislations have increased the royalties increasing from 4 percent to 6 percent and an introduction of 1 percent clearing fees on the value of all minerals exported from the country. Also, the new laws give the GoT an ability to acquire 16 percent of shares from major mining companies on free carrying basis. The amendments led to the establishment of Joint Venture Company known as Twiga Minerals Corporation Limited between the Government (16 percent shares) and Barrick Gold Corporation Company (84 percent shares); and payment of compensation of \$100 million from Barrick Gold Corporation Company as initial settlement of the agreed \$300 million.

The GoT would like to see more value-added activities in the country to include smelting and processing of minerals, as of 2020 two model gold smelters were built in Lwamgasa and Katente, one stop mineral processing and export center, strengthening of mineral control and reduction of smuggling due to construction of a 24.5km wall around the Mirerani tanzanite mine. Also, 28 markets and 25 mineral centers have been established.

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. 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.

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 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.

Web Resources

[Ministry of Minerals](#)

[Tanzania Mining Commission](#)

[Tanzania Chamber of Mines](#)

[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 Halotel - mobile penetration reached 88% by March 2020. 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 average revenue per user 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 and has introduced a biometric SIM card registration scheme.

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:

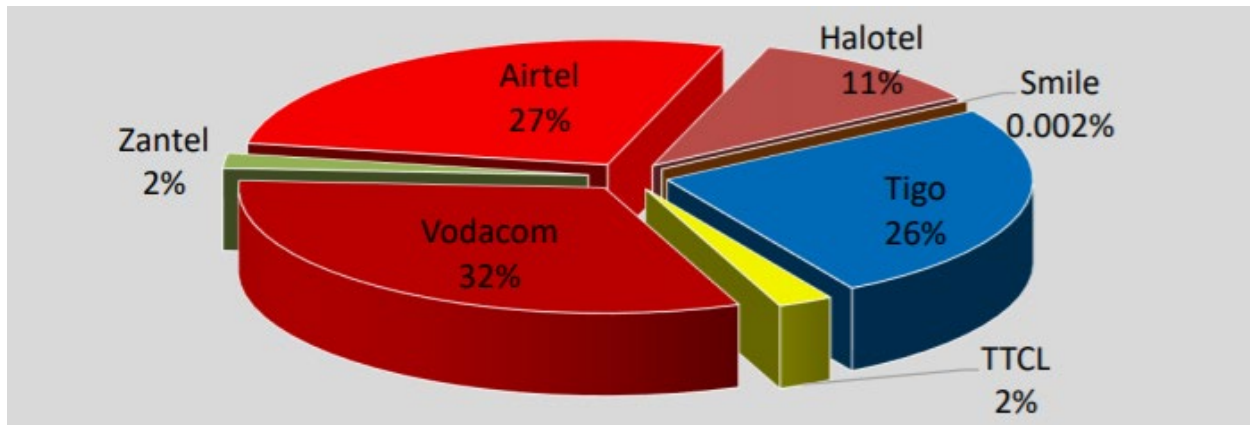
Fixed network operators:

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

Mobile network operators:

1. Tanzania Telecommunications Company Limited (TTCL)
2. Zanzibar Telecommunications Limited (ZANTEL)
3. Vodacom Tanzania Limited
4. MIC Tanzania Limited (TIGO)
5. Airtel Tanzania Limited
6. Smile
7. Viettel (HALOTEL)

Operators Subscription Market Share



Source: Telkom Statistics March 2020 – 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.

Summary of trends in Telecom Statistics

Year	2012	2013	2014	2015	2016	2017	2018	2019
Fixed	176,367	164,999	142,950	142,819	129,597	127,094	124,238	76,288
Mobile	27,450,789	27,442,823	34,108,851	39,665,600	40,044,186	39,953,860	43,497,261	48,863,584
Total	27,627,156	27,607,822	34,251,801	39,808,419	40,173,783	40,080,954	43,621,499	48,939,872
Penetration	61%	61%	71%	79%	80%	78%	81%	88%

Source: Telkom Statistic March 2020 – 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); and
- Cable content.

Opportunities

With about 40 percent internet penetration there is still a portion of the population that remain off-line and excluded from the benefits of the the internet. The unconnected individuals are mostly women and the poor. Due to the relatively wide prevalence of mobile phones, telecommunications companies 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](#)

Transportation 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. Following are the highlights of the services.

- 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 eight 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 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 most recently released budget as of March 2020 was the 2017/18 budget planned 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 Tanzania 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 and under construction. In February 2020, the GoT announced that it had signed a USD 1.46 billion loan agreement with Standard Chartered Bank Tanzania to fund the construction on 550 km (341.75 miles) of the SGR running between Dar es Salaam and Matukupora in central Tanzania. Sections 3-5 as of March 2020 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 a world class port with optimized efficiency to accommodate the calling and reception of larger vessels.

Port modernization projects include but are 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 constructing 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.

Terminal three at Julius Nyerere International Airport (JNIA) was handed over to the GoT in May 2019. It is planned to increase passenger capacity 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 Air Tanzania Company Limited (ATLC) which began 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 and the second Dreamliner in 2019, Air Tanzania planned to have the Bombardiers take over the India route and deploy the Dreamliners to Guangzhou, China. The previously purchased 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 possibly more Boeing 787-8 Dreamliners 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 several 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 and
- Building shopping complexes and lounges at the international airports.

Potential Investment Area at Julius Nyerere International Airport includes

- Aircraft maintenance hangar,
- Convention center,
- Shopping mall, and a
- Four-star hotel.

Web Resources

[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

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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 Tanzania 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 and under construction. In February 2020, the GoT announced that it had signed a USD 1.46 billion loan agreement with Standard Chartered Bank Tanzania to fund the construction on 550 km (341.75 miles) of the SGR running between Dar es Salaam and Matukupora in central Tanzania. Sections 3-5 as of March 2020 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 a world class port with optimized efficiency to accommodate the calling and reception of larger vessels.

Port modernization projects include but are 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 constructing 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.

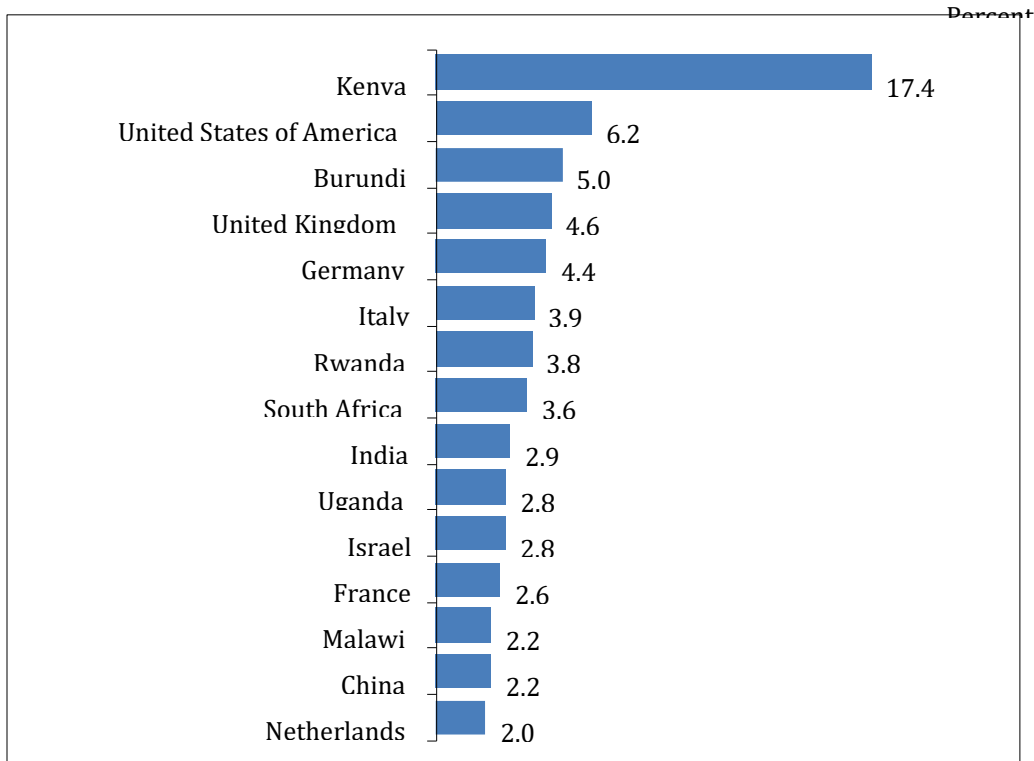
Airports: The Tanzania Airport Authority is responsible for the oversight of 62 airports throughout the country. The nation has four international airports including Dar es Salaam (JNIA), Kilimanjaro (KIA), Zanzibar (ZIA) and Mwanza (MWZ). As of 2016, there were 21 airlines operating at the Julius Nyerere 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.

Terminal three at Julius Nyerere International Airport (JNIA) was handed over to the GoT in May 2019. It is planned to increase passenger capacity 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 Air Tanzania Company Limited (ATLC) which began 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 and the second Dreamliner in 2019, Air Tanzania planned to have the Bombardiers take over the India route and deploy the Dreamliners to Guangzhou, China. The previously purchased 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.

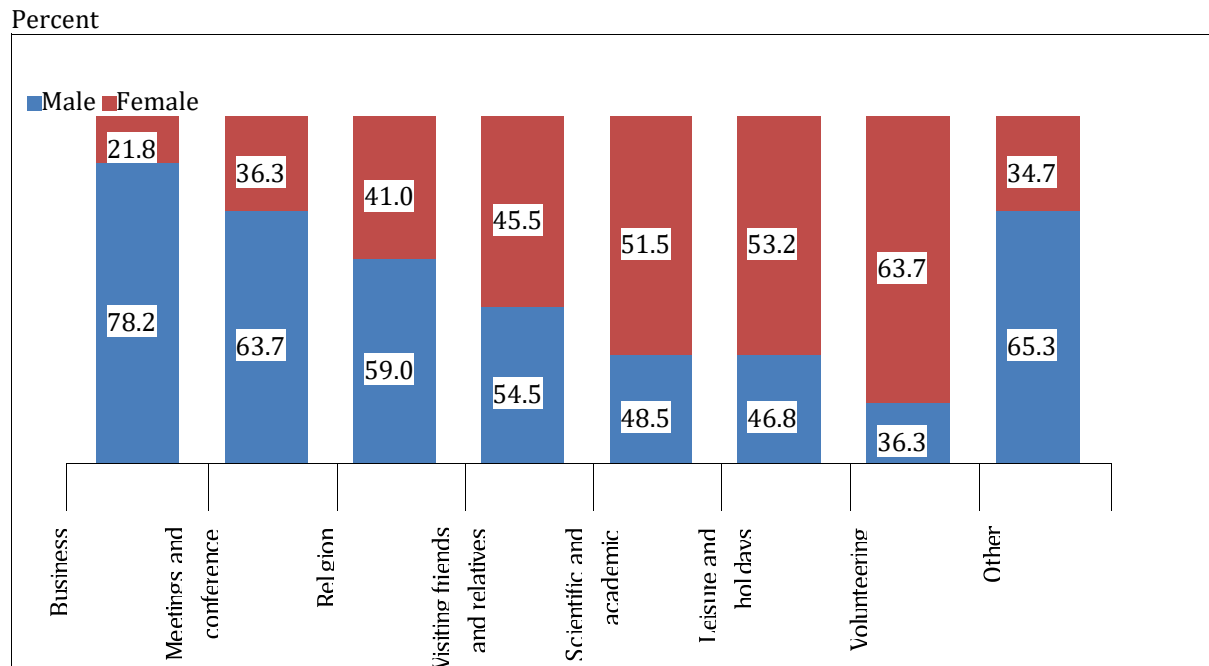
The government is planning for two more Bombardier CS300 and possibly more Boeing 787-8 Dreamliners to venture into lucrative regional routes as the national flag carrier is set to become a force to reckon with in the lucrative regional routes.

International tourist arrivals to Tanzania, top 15 source markets, 2017



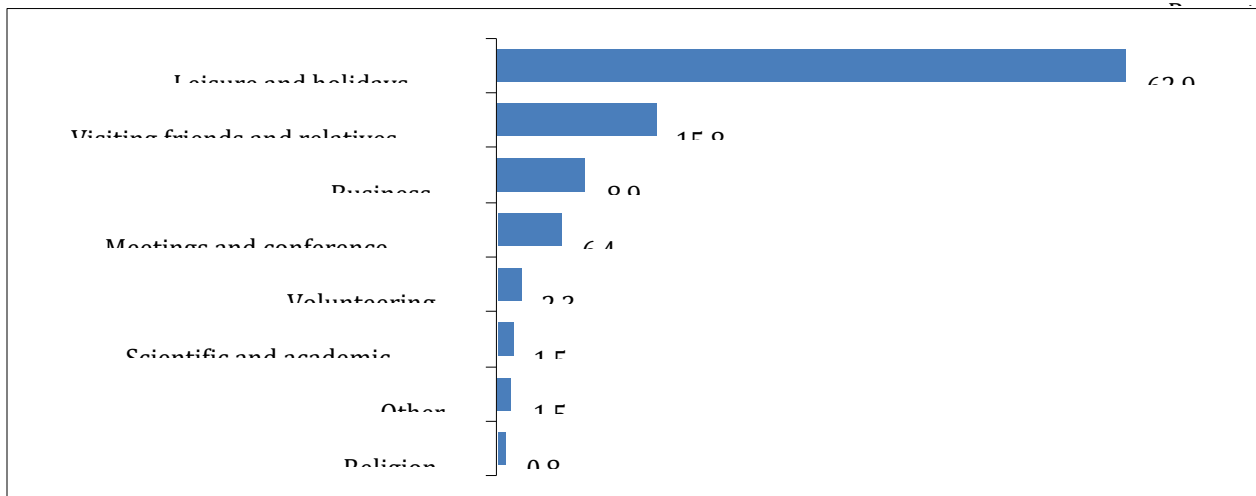
Source: Immigration Services Department, Tanzania National Bureau of Statistics report 2017

Visitors by gender and purpose of visit 2017



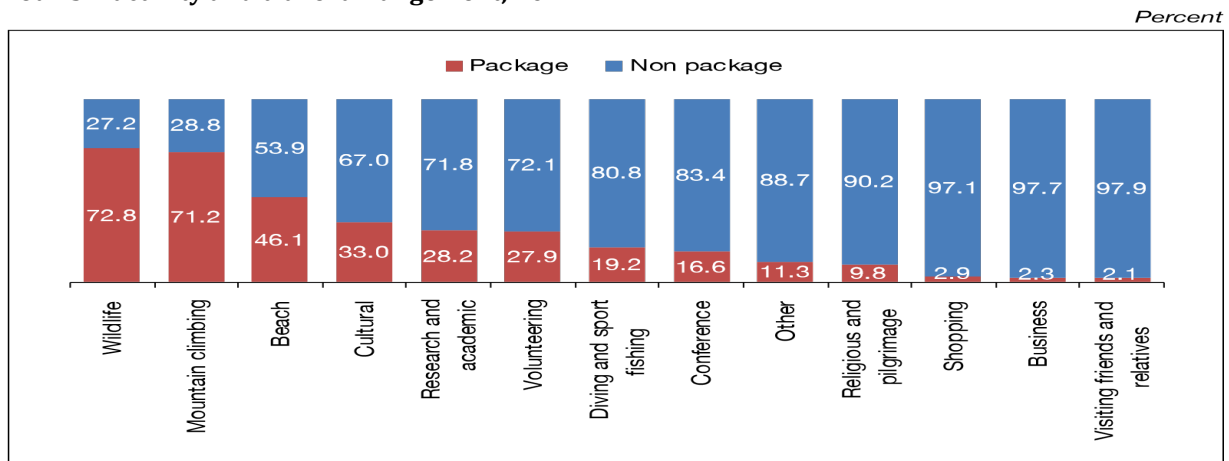
Source: Tanzania National Bureau of Statistics report 2017

Purpose of visit Tanzania Mainland, 2017



Source: Tanzania National Bureau of Statistics report 2017

Tourism activity and travel arrangement, 2017



Source: Tanzania National Bureau of Statistics report 2017

Sub-Sector Best Prospects

Investment opportunities in the tourism sector include the following.

- 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. The GOT is scouting for new markets in Russia, China, and South Asia. However, Americans are now the #1 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 has 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](#)

Selling U.S. Products and Services

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.

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](#)

[The Daily News](#)

[The East African](#)

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 TV

Television 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 are 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.

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/>

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.

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. 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 an Initial Market Check, 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.trade.gov/all-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

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 hasn't been a widespread national ID card making fraud a significant risk. In 2019-2020 the GoT began an aggressive campaign to register all Tanzanians with a National Identification Card aka (NIDA card).

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. Investors should be aware work permits and residence permits for foreigners have become increasingly difficult to obtain for long-term periods.

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.

Trade 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.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

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.

Selling to the Public Sector

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.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy Center](#) for Foreign Government Contracts and for additional information.

Financing of Projects

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 to 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.trade.gov/afdb>) and the World Bank (<http://trade.gov/world-bank>).

Web Resources

Commercial Liaison Office to the African Development Bank: <http://www.trade.gov/afdb>
Commercial Liaison Office to the World Bank: <https://trade.gov/world-bank>

Customs Regulations and Standards

Trade Barriers

Trade reforms have abolished import and export licenses, except for goods deemed sensitive for health and security reasons. In effect this has resulted in trade barriers for poultry and biotech products. 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 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: <https://www.tra.go.tz>.

Import Requirements and Documentation

The Import Declaration Form (IDF) is available on the Tanzanian Revenue Authority's (TRA's) website 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.

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counseling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end-use and end-user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end-uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#)", or warning signs, and compiled "[Know Your Customer](#)" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry-specific topics. Interested parties can check [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed. The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

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 banned. Live animals, plants, firearms and ammunitions require permits from relevant authorities.

Tanzania announced a nationwide ban on the use of plastic bags starting from June 1, 2019. Tourists are being warned to avoid bringing plastic bags into the country .

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

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:

<https://tsapps.nist.gov/notifyus/data/index/index.cfm>

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

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Website: www.tbs.go.tz; 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.

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

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

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 limits 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

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 broadly 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 2020

Day	Date	Holiday	Country
Wednesday	January 1	New Year's Day	U.S.
Sunday	January 12	Zanzibar Revolution Day	TZ
Monday	January 20	Birthday of Martin Luther King, Jr.	U.S.
Monday	February 17	President's Birthday	U.S.
Tuesday	April 7	Karume Day	TZ
Friday	April 10	Good Friday	TZ
Sunday	April 12	Easter Sunday	TZ

Monday	April 13	Easter Monday	TZ
Sunday	April 26	Union Day	TZ
Friday	May 1	Worker's Day	TZ
Sunday & Monday	May 24* and 25*	Eid-al-Fitr (two days)	TZ
Monday	May 25	Memorial Day	U.S.
Friday	July 3	Independence Day	U.S.
Tuesday	July 7	Int'Trade Fair Day(Saba Saba)	TZ
Friday	July 31*	Eid-al-Adha	TZ
Saturday	August 8	Peasants' Day (Nane Nane)	TZ
Monday	September 7	Labor Day	U.S.
Monday	October 12	Columbus Day	U.S.
Wednesday	October 14	Nyerere Day	TZ
Thursday	October 29*	Maulid Day	TZ
Wednesday	November 11	Veteran's Day	U.S.
Thursday	November 26	Thanksgiving Day	U.S.
Wednesday	December 9	Independence Day	TZ
Friday	December 25	Christmas Day	U.S.
Saturday	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](#)

Investment Climate Statement

The U.S. Department of State Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State [Investment Climate Statement](#) website.

Executive Summary

The United Republic of Tanzania enjoys a relatively stable political environment, reasonable macroeconomic policies, 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. Tanzania slipped 12 spots in two years on the World Bank's "Doing Business" rankings. Despite Tanzania's GDP growth, 28.2 percent of the population lives below the GoT-determined poverty line and youth unemployment remains a problem. The IMF continues to warn of a slowdown in economic growth, and possible economic risks including private sector concerns about heavy-handed and arbitrary enforcement of rules; stagnated credit growth; 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 as well as import and export bans as a stated but ineffective way to protect/grow local industry.

The private sector continues to struggle with recent legislation that is vague and often punitive to the private sector. These 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. As of early March 2020, the government was discussing a possible new arbitration act but as of that date no copies of proposed legislation were available to review. In addition, new mining local content laws strongly encourage the hiring of, contracting with, and partnering with Tanzanian companies or individuals. In 2019, in response to calls from local and international investors, as well as the World Bank and the IMF, the GoT renewed its efforts to engage in public private dialogue and address challenges in the business environment. President Magufuli named 2019 "the year of investment" and as such made a number of high-profile remarks highlighting the importance of the private sector.

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 infrastructural 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 re-run election was boycotted by the opposition. By-elections in 2017 and 2018 were marred by allegations of irregularities and instances of political violence.

Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.

