



UNITED NATIONS



International Chamber of Commerce
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AN INVESTMENT GUIDE TO TANZANIA

Opportunities and conditions
June 2005



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UNCTAD

The United Nations Conference on Trade and Development (UNCTAD) was established in 1964 as a permanent intergovernmental body. Its main goals are to maximize the trade, investment and development opportunities of developing countries, to help them face challenges arising from globalization, and to help them integrate into the world economy on an equitable basis. UNCTAD's membership comprises 192 States. Its secretariat is located in Geneva, Switzerland, and forms part of the United Nations Secretariat.

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Notes

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References to "dollars" (\$) are to United States dollars, unless otherwise indicated.

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Three good reasons to invest in Tanzania

- **Market access**

With 36 million people, Tanzania is not a small market by African standards. Although purchasing power is limited, the economy has been growing steadily at around 5–6% for a number of years. However, the more important market for investors is that offered by the East African Community (EAC), which includes Kenya and Uganda, as well as Tanzania, and has 93 million consumers. The EAC customs union that came into effect earlier this year gives Tanzanian exports to its two partners duty-free access. Beyond the EAC, there are at least three other markets to which investors in Tanzania have access. One is the Southern African Development Community (SADC) with its 215 million consumers; another is the European Union, to which Tanzanian exports have access under the EU's Everything But Arms (EBA) initiative; and the third is the United States, to which Tanzania has access under the provisions of the African Growth and Opportunity Act (AGOA).

- **Resources and opportunities**

All three EAC countries are blessed with excellent natural assets for tourism but none as extravagantly as Tanzania. Twenty-five per cent of the country's enormous land mass of a little under a million sq. km has been set aside for national parks and wildlife reserves. These protected areas include the Serengeti plains, the Ngorongoro crater with its remarkable concentration of large mammals in an area of just over 8,000 sq. km and the beaches of Zanzibar – to mention only three of East African tourism's major attractions. Another set of resources is offered by Tanzania's mineral potential. The country is Africa's third largest producer of gold and also has diamonds, gemstones and industrial minerals. Barrick Gold and AngloGold are among the large investors already in place. Yet other opportunities may be found in agriculture, for which soil and climate are most favourable in many parts of the country.

- **Stability and related factors**

Tanzania has enjoyed political stability for the nearly 45 years since independence. The country has been free of the coups, civil wars and violence that have featured in the post-independence history of so many African countries. Ethnic tensions have been nearly unknown despite the country's ethnic diversity. The rule of law is well established and the level of security relatively high. The people are welcoming and friendly. One might note too that Tanzania is strategically located, being bordered by *eight* African countries, and has a coastline of more than 1,400 km. The port of Dar es Salaam is one of East Africa's two key ports (along with Mombasa) and, with rehabilitation and the privatization of container services, has substantially improved its efficiency.

Acknowledgements

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Note to the reader

This document is published as part of the UNCTAD–ICC series of investment guides. The publications in this series are intended for the use of foreign investors who are largely unfamiliar with the countries covered. They are thus designed to offer overviews of potential locations for investment, rather than constitute exhaustive works of reference or provide detailed practical instruction. They do, however, offer pointers to sources of further information, in the private as well as the public sector.

There are two other features of these publications that the reader will find worth noting. One is that they are third-party documents, intended to offer a balanced and objective account of investment conditions. Their principal advantage in drawing the attention of investors to the countries they cover is credibility. The other feature is that both their general structure and some of their specific content are the result of consultations with the private sector.

The executive summary is followed by a brief introductory chapter. Then come the three chapters that account for the bulk of the contents. "The operating environment" describes the general conditions in which investors must operate: macroeconomic conditions, infrastructure, human resources, and so forth. "Areas of opportunity" offers a description of areas of potential interest to foreign investors. "The regulatory framework" focuses on regulations governing investment and foreign direct investment in particular. The fifth and final chapter provides a summary of the perceptions of the private sector in the country, both foreign and domestic.

The primary source of further information for those wishing to explore investing in Tanzania is the Tanzania Investment Centre (TIC) – see box on page 49. Contact details of selected sources of further information, including websites, are provided in appendix 3. Appendix 2 provides a list, including contact details, of some 60 major foreign investors in Tanzania.

Preface

The Millennium Development Agenda of the international community emphasizes the potential role of the private sector in helping countries reach their development goals and targets. Foreign direct investment is recognized as an important factor in this context, since it brings to host countries capital, technology, innovation, management know-how, as well as access to supply chains and new markets. Under the right policy conditions and institutional frameworks, it can thus contribute to economic development and growth.

The United Nations Conference on Trade and Development (UNCTAD) and the International Chamber of Commerce (ICC) launched this series of investment guides in 1998. The idea was to help bring together two parties with complementary interests: *companies* seeking new locations and *countries* seeking new investors. This is not necessarily a straightforward exercise, for firms are driven by their global strategies as much as by a search for specific commercial opportunities, while countries pursue broad economic and social objectives in which foreign investment is only one element among many in the complex process of upgrading competitiveness and enhancing livelihoods.

These investment guides are the products of dialogue, including that among and between the representatives of business and government during the workshops that accompany the preparation of the guides. The guides in their turn are meant to contribute to the dialogue, helping to strengthen and sustain it. In the long run, such dialogue can make a real difference to investment conditions.

An Investment Guide to Tanzania is the fourteenth publication in this series. We hope that it will be useful in the efforts of the Government and the business community in Tanzania to attract greater flows of investment and that the flows in turn will benefit the country.



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Maria Livanos Cattai
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The UNCTAD–ICC series of investment guides**PUBLISHED**

- *An Investment Guide to Ethiopia*, 1999; revised edition in new format, 2004
- *Guide de l'investissement au Mali*, 2000; revised edition in new format, 2004
- *An Investment Guide to Bangladesh*, 2000
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- *An Investment Guide to Mauritania*, 2004
- *An Investment Guide to Kenya*, 2005
- *An Investment Guide to Tanzania*, 2005
- *An Investment Guide to East Africa*, 2005

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Hemen Shah, CEO and Managing Director,
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