

# U.S. - AFRICA LEADERS SUMMIT NOW IS THE TIME TO INVEST IN TANZANIA

## NATIONAL STATEMENT

The Government and people of the United Republic of Tanzania commend the President of the United States of America, His Excellency Barack Obama for conceiving the idea of convening this US-Africa Leaders Summit. We see, this Summit playing a significant role in broadening and deepening US-Africa relationship and accelerating Africa's development with the United States being our partner. Since Africa's population is

in many fields. Generally, US interventions and support have made a huge difference in promoting social-economic growth and development as well as security and stability in Africa. This Summit provides a perfect opportunity to consolidate this cooperation and explore new areas of mutual interest. The fact that there is conspicuous involvement of both the US government and the US private sector speaks volumes about what can be achieved at this Summit.

in the world. These attributes are a function of African nations pursuit of sound economic policies, opening up of their economies and improving investment climate. As a result, Africa's potential for trade and investment has been unlocked. Investor confidence towards Africa is on the rise as evidenced by the increased flow of FDI and increased volume of trade between African nations and between Africa and the rest of the world. However, Africa can absorb more investments and expand the volume of trade many folds. We look to this Summit to help with regard to increased US investments and trade with Africa.

It is important to note, that many African countries come from very humble beginnings. They have structural limitations for growth as a result of colonialism and the political and economic policies pursued soon after independence. Since two decades ago, many nations have embarked on political and economic reforms with demonstrable success. Democracy is taking root, governance has improved and so is security and stability. There are fewer countries grappling with serious internal and external security challenges. However, the progress is still fragile hence many of our countries need support to consolidate the gains and advance to greater heights. Partnership with the United States is particularly important in this regard.

Tanzania believes, as many African nations do, that the United States has what it takes to help Africa to overcome the overarching development and security challenges. It possesses both the capacity and capability to do so. Throughout the course of history, we have witnessed the United States government and its private sector playing a pivotal role in the transformation of post war Europe and Asia from devastation to prosperity. We believe, the US can do the same with Africa. This is a historic duty which has been delayed in coming, but whose time has now come.

We, in Tanzania have seen firsthand what US support can do. Through the Millennium Challenge Corporation (MCC), for example, some remote parts of our country have been opened up and integrated with the main economy. The development of roads, airports and electricity made it happen. We also bear witness to millions of lives of women and children being saved because of health programs like PEPFAR and PMI and others. Fewer people are dying of HIV/AIDS, tuberculosis and malaria today than they used to few decades ago. We have seen through Feed the Future Programme (FTF), Tanzania is slowly but surely becoming food self

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## Reasons to Invest in Tanzania

- Tanzania is one the most peaceful & politically stable countries in Africa
- It's an established multiparty democracy
- This political stability provides protection to investors
- Member of the World Bank's so-called "7% Club", a group of countries forecast to achieve real GDP growth of 7% or more for the next decade
- Largest country by population (44.9 million) and land mass in East Africa
- Young and vibrant population growing at 5% per annum
- 4th largest gold producer in Africa
- Numerous natural tourist attractions (including 6 world heritage sites, the largest concentration in East Africa)
- Attractive fiscal incentives for investment
- Guarantees against nationalization & expropriation
- Gateway to 6 landlocked countries (Uganda, Zambia, Rwanda, Burundi & Malawi)



President Jakaya Mrisho Kikwete welcomes President Barack Obama at State House, Dar es Salaam, on July 1, 2013

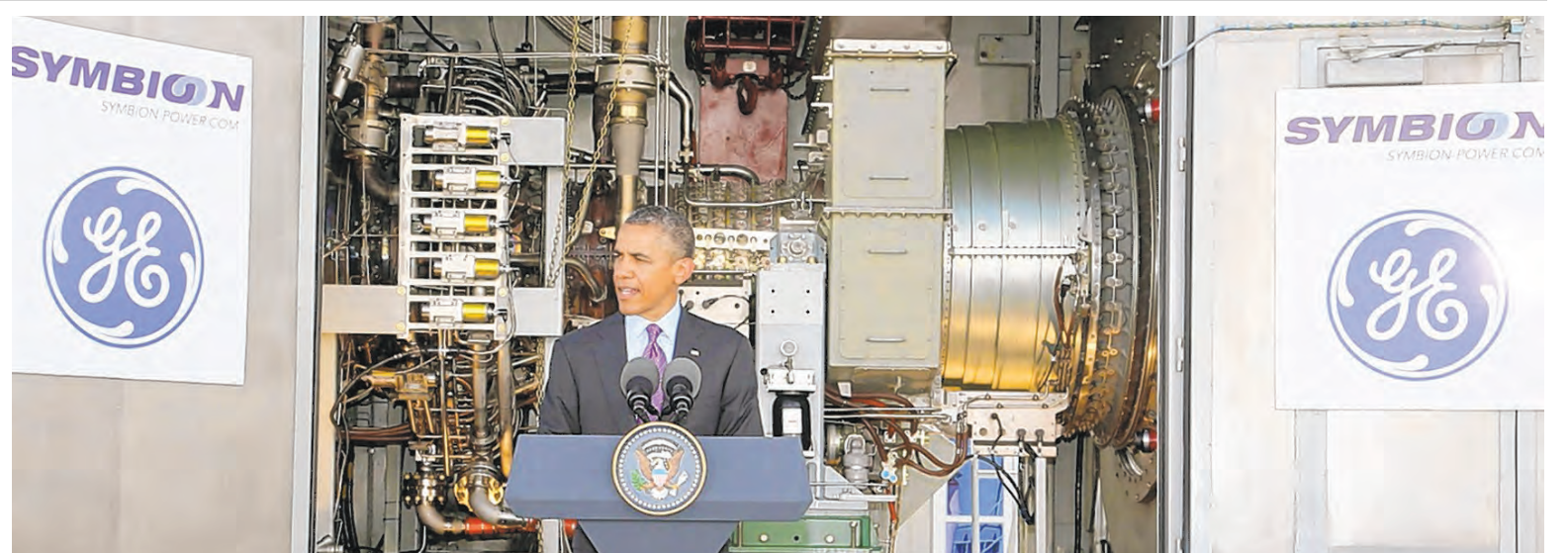
predominantly composed of young people, we in Tanzania, find this Summit and its theme, of "Investing on the Next Generation" to be very opportune indeed. Putting the interest of Africa's youth at the centre of the Summit agenda is the right thing to do. We must empower our young men and women to play their rightful role as citizens of their respective countries, the African continent and the world.

African countries have a long history of association and cooperation with the United States

Africa's story has changed for the better. The continent, is on the rise, creating a lot of prospects and optimism about its future. In the last decade many African countries have recorded robust economic growth, with high prospects for better performance in coming decades. Africa is home to six of the world's fastest growing economies. Furthermore, the IMF forecast shows that during the 2011-2015 period, seven African countries, Tanzania included, will be among the ten fastest growing economies

## INVESTMENT OPPORTUNITIES

Tanzania today is a Country of much strength and limitless Investment Opportunities. The Sectors that offer immense investment opportunities are broad and plentiful. Let me mention a few. According to the World Investment Report 2014, Tanzania was the highest recipient of FDI in the East African at the end of 2013. The amount received was USD 1.8 billion. This growth is driven by primary sectors particularly oil and gas exploration. A total of 25 Production Sharing Agreement (PSA) covering onshore and offshore blocks have been signed to date. Although in value terms the oil and gas sector consumed most FDI, the manufacturing sector takes the lead in terms of the number of projects registered and jobs created as per TIC statistics.



President Barack Obama launching the U.S. funded Power Africa Initiative in Dar es Salaam, 2 July 2013.



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sufficient and many households are food secure and their incomes have increased. They are steadily moving out of hunger and poverty traps. These and many more success stories, convince us to say that, with more US government support and private sector participation, we can push poverty and underdevelopment to the annals of history.

**Private Sector Development**

In the same vein, Tanzania would like to see the United States become proactive in private sector development in Africa. Since independence and for understandable reasons, many African governments opted for government led development. Governments owned the commanding heights of the economy and were directly involved in production, trade and services. Following economic reforms of the 1980s, the private sector has now been left to assume its rightful place in spearheading growth of the economy. It became evident, however, that there is need to build an indigenous private sector. Many countries need support to do so. Specifically, support is needed to build entrepreneurship skills and make capital available for those who are starting up businesses and even those who need to expand their existing businesses. Young people, need special attention, in this regard. Specific schemes and programs targeting the youths need to be put in place. It will go a long way towards fighting youth unemployment and poverty.

Tanzania like many other African countries has made tremendous progress in all social-economic fronts in the past decade. Tanzania's economy grew at an average of 7 percent. We expect 7.2 percent economic growth this year. Inflation is currently (June) at 6.4 percent and our target is to bring it down to 5 percent or less by June 2015. Since this strong macroeconomic performance is a function of sound economic policies being pursued by the government in line with the on-going economic reforms, we are committed to sustaining the course of



Teeming crowds welcome President Barack Obama on his arrival at State House, Dar es Salaam, on July 1, 2013.

infrastructure, manufacturing, tourism and other services.

**Oil and gas:** Tanzania has a big potential in natural gas with proven deposit of 50.5 tcf and a potential of up to 200 tcf. There could be petroleum as well. Onshore and offshore exploration for oil and gas is ongoing with several blocks licensed already to global companies including US companies. The fourth round bidding has just ended, but there are still a number of blocks available in the sedimentary basins both onshore and offshore. Soon downstream petrochemical related activities using gas are expected to commence. We invite US companies to come and invest in this and other areas.

**Mining:** The mining sector offers

(fixed-line, cellular, broadcast, data, internet, etc.) is by more than 50 percent per annum. With the recent laying of the nationwide fibre-optic network opportunities for further investments in this sub-sector are very promising, indeed.

**Power:** Power generation, transmission and distribution present another big opportunity for investment in Tanzania. With only 36 percent of the population of 48 million with access to electricity, the prospects for investments in this sector are bright. Tanzania has abundant resources for power generation ranging from hydro, natural gas, coal, solar, wind, geothermal, to biomass. With huge demand for power in many countries in the region, Tanzania has the potential to become a major exporter of power. The fact that Tanzania is in the East Africa Power Pool and the Southern Africa Power Pool presents an added advantage in this regard.

**Ports:** There are plans to expand the capacity of Tanzania's ports to serve our country and six neighbouring countries of Malawi, Zambia, Burundi, Rwanda, Uganda and the Democratic Republic of Congo which use Tanzanian's ports for their imports and exports business. Tanzania is looking for investors for the expansion and development of ports of Mtwara, Dar es Salaam, Bagamoyo and Tanga under the PPP arrangement. We are also looking for partners to develop ports in Lake Tanganyika and Lake Nyasa.

**Railways:** There are also plans to rehabilitate and upgrade Tanzania's railway networks. With regard to the Central Railway Corridor which connects the port of Dar es Salaam with Rwanda, Burundi and the Democratic Republic of Congo, requisite studies have been completed and we are now looking for prospective investors to work with the government to implement this project. Tanzania is ready to take affordable loans to undertake this all important project. We also have plans to do the same with the Tanga-Moshi - Arusha railway. In fact, the long term plan is to extend this railway line to Musoma on Lake Victoria. We are working with our Zambian partners to develop a plan to revitalise the Tanzania-Zambia Railway. Interventions like the ones in the offing for the Central Line are being contemplated in this railway as well.

**Tourism:** Tourism is another sector which presents abundant opportunities for investments. Tanzania is well endowed with world class tourist attractions such as beaches on the Indian Ocean and lakes, wildlife, historic and scenic sights. Tanzania is home to Mount Kilimanjaro and world renowned game parks like the Serengeti National Park and the Ngorongoro Crater. We also have the Spice Islands of Zanzibar and the 850 miles of unspoiled coastline on Mainland Tanzania. When one looks at the number of tourist arrivals which grew from 719,031 in 2007 to 1,135,884, in 2013 the potential to invest in the sector is enormous. Investments are required to build hotels and provision of basic services to tourists such transport, tour guide etc. Land is available for construction of hotels and the incentives for tourism related services are as good as one would get anywhere on this planet.

**Housing:** There is an acute demand for housing both for residence and office use. In this regard, there are ample opportunities for investment in real estate development. There are also opportunities in investing in housing finance.

Besides the huge investment potential Tanzania has other attributes which

makes her an investment destination of choice to investors. These include:

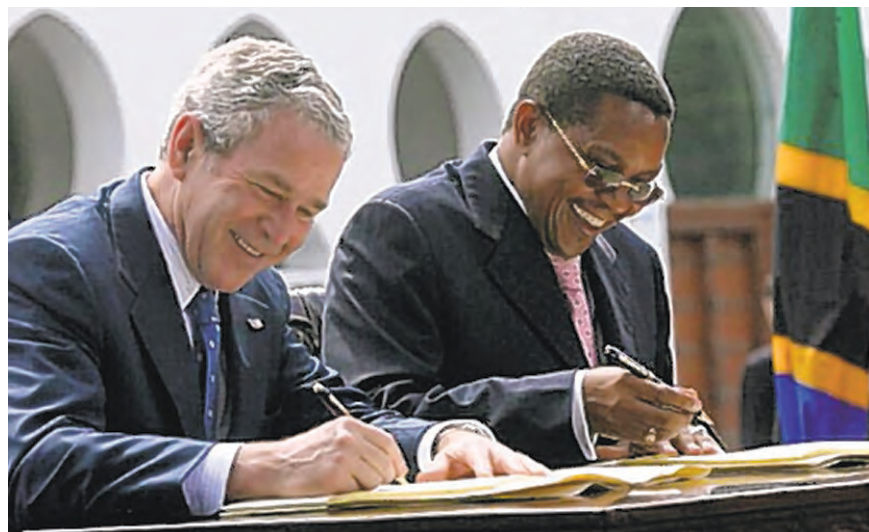
**(i) Peace and Stability:** Tanzania is a peaceful and politically stable country for over half a century now. There is a vibrant democracy with institutionalized good governance practices. There is respect for rule of law, human rights are observed and there is a strong commitment to fight vices in society including terrorism, corruption, drug trafficking and abuse and others.

**(ii) Friendly Business Environment:** Tanzania is ready to do business with the United States of America. In this regard, we are inviting investors from the US to come and invest in Tanzania. There is a friendly business environment enshrined in the investment policy and legislation. There are visible efforts to continue to improve the business climate in the country whenever needs dictate. Investments are guaranteed against nationalization and expropriation. Tanzania is a signatory to several multilateral and bilateral agreements. Tanzania is a member of the Multilateral Investment Guarantee

her a natural hub for transportation, business and trade in the Eastern and Central African Region. This provides good investment opportunities for the development of infrastructure, trade, transport and logistics. Currently, there are serious efforts to upgrade and develop ports, roads, telecommunications and railway infrastructure linking Tanzania with the six countries. Prospective investors are welcome to work with Tanzania to develop these assets.

**(iv) Market Access:** Besides providing a sizeable market of 48 million people and an ever growing middle class, Tanzania is a member of the East African Community (EAC) and the Southern African Development Community (SADC). The two economic grouping provide a market of close to 400 million people which an investor can access by investing in Tanzania.

**(v) Skilled Labour Force:** Tanzania's population is predominantly composed of young people. This provides a huge labour force to take advantage off. The country has been investing substantially in education and training



U.S. President George W. Bush and President Jakaya Kikwete of Tanzania signing the Millennium Challenge Compact on February 17, 2008 at State House, Dar es Salaam.

political and economic reforms as it has worked well for Tanzania.

Our country has, in recent years witnessed phenomenon increase in investment and expansion of trade. For example, FDI inflows increased from US\$ 150 million in 1995 to US\$ 1.8 billion in 2014. Overall investment projects registered by Tanzania Investment Centre (TIC) increased from 826 worth 71 billion US dollars in 2011 to 869 investment projects worth 19.2 billion in 2012. According to the United Nations Conference on Trade and Development (UNCTAD), in 2013 Tanzania was the top destination for FDI in the East Africa region.

There are three investment ownership models being used in Tanzania. These include wholly foreign owned, wholly local owned and joint ventures. For example, out of 869 investment projects registered in 2012, wholly foreign owned were 205, wholly local owned 469 and joint ventures (foreign & local) 195. After enacting, the Public Private Partnership Law in 2010 the government has been proactive in promoting PPP projects. It looks promising.

The Tanzania Investment Centre is mandated by law with promotion and investment facilitation. It is the premier port of call for investors coming to Tanzania. It is a one stop centre for all investors needs. The Centre has successfully been working on reducing time for registering investment projects in Tanzania. With the introduction of virtual electronic platform that enables investors to register and pay for their businesses on-line by using mobile money and credit cards, things would be much faster. I am told this is the first of its kind on the entire continent of Africa.

Tanzania is ready to do business with the United States of America. As a matter of fact, there are already, several companies from the US operating in Tanzania. However, I believe, we can do better than the current 4.5 billion US dollars investment and 328.8 million US dollars worth volume of trade. For sure, Tanzania can absorb 10 times or more of this size of investment and trade from the US. Opportunities abound in oil and gas, mining, agriculture, agribusiness,

plenty of investment opportunities. Almost all minerals known to exist in the earth crust are available in Tanzania. Some are found in huge quantities. Tanzania has industrial minerals such as coal, iron-ore, nickel, cobalt, tin, soda ash, kaolin etc. There are plenty of gemstones including diamonds, ruby, garnets, emeralds tourmaline, sapphires and the beautiful tanzanite which is found only in Tanzania. There are base metals such as gold, silver, and copper as well as precious metals such as niobium, titanium, vanadium and the likes.

**Agriculture and Agribusiness:** Tanzania has about 44 million hectares of arable land, of which only 25 percent is currently under use. About 294 million hectares are suitable for irrigation of which only close to 500,000 hectares are in use. Due to its topography of lowlands, mountains including snowcapped Mount Kilimanjaro, Tanzania can grow tropical and temperate crops. About 91 percent of Tanzania's agriculture is in the hands of smallholder farmers whom the government is busy assisting in transforming and modernizing their agriculture. At the same time large scale agriculture is being promoted. In this regard, there is land dedicated to cater for the needs of large scale farming while smallholder farmer's land is protected. Deliberate efforts are being made to encourage local and international private sector to play a more significant role in Tanzania's agriculture throughout the value chain. A number of US companies are working in Tanzania but we can accommodate more.

**Manufacturing:** Tanzania has abundant raw materials from agriculture, mining and other natural resources to support a robust manufacturing sector. A number of areas in several parts of the country have been designated as Special Economic Zones and Export Processing Zones for the purpose of promoting investments in manufacturing. Special incentives are provided to investors in these areas.

**ICT:** There are huge prospects for investment in Information and Telecommunications Technology sector. Demand for communication services



Mwalimu Julius Nyerere, the Founding Father of both Tanganyika and Tanzania, is welcomed by U.S. President John F. Kennedy at the West Wing Colonnade, White House, Washington D.C., on July 17, 1961. Also in the picture is Assistant Secretary of State for African Affairs G.Mennen "Soapy" Williams.

Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). In addition, investors are allowed to repatriate profits and dividends without any encumbrances whatsoever.

**(iii) Tanzania's Geography:** Tanzania borders 10 countries and is a gateway for Zambia, Malawi, Rwanda, Burundi, Uganda and Democratic Republic of Congo which use the Dar es Salaam port for sea freight. Therefore, Tanzania is uniquely situated making

at all levels which makes skilled labour readily available. Equally important to note is the fact that so far cost of labour in Tanzania is relatively low in comparison with many parts of the world.

In conclusion, let me say two things. First Tanzania is ready to do business with the United States. Come one come all. Secondly, Tanzania feels happy to be associated with this historic Summit. We look forward with great anticipation to the outcome of this first US-Africa Leaders Summit.