

ANNEX 4 TANZANIA

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1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Economy

1.1. The United Republic of Tanzania (comprising mainland Tanzania and the islands of Zanzibar) is endowed with a number of important natural resources. The Republic consists of mainland Tanzania with its varied terrain, including a coastline of about 1,424 km, and the islands of Unguja, Pemba, and Mafia, including other small islands surrounding them and the territorial waters. The mainland is mountainous and densely forested in parts, provides arable farmland and savannas in others, and also gives access to three of Africa's Great Lakes that offer a multitude of fisheries and water resources. Tanzania also has three main sea ports plus a number of smaller ones, offering a transport corridor to neighbouring landlocked countries. It has the largest population in East Africa, with 51.0 million in 2017, and is expected to grow considerably in the years to come. The population is dominated by young persons, with about 44% of the population is under the age of 15. Tanzania has one of the highest growth rates in the world, at 2.7%.¹ Another trend shaping its economy is the continuous growth in urbanization, which was at about 33% in 2017.² This, in turn, has implications for Tanzania's infrastructure and transport sectors. Economic growth has been strong and sustained over the period under review, averaging 6.75% per year in real terms, and one of the highest in sub-Saharan Africa (Table 1.1). However, Tanzania remains an LDC with a GDP per capita of USD 1,021. It was also one of the largest recipients of FDI in the region during the review period.

1.2. Tanzania benefits from a diverse economic base in which services account for the largest share, at 40%, followed by agriculture at 32%, construction at 16%, manufacturing at 6% and mining at 5% (Table 1.1). The structure of the economy regarding percentage of GDP remained stable during the review period, with the exception of construction, which nearly doubled from 8.7% to 16.2%, and manufacturing, which declined slightly from 8% to 5.9%.

1.2 Recent Economic Developments

1.3. Economic growth has been particularly strong during the last five years, at 7% or higher (Table 1.1). The growth in real GDP in recent years has been driven by the construction, transport and storage, wholesale and retail trade, information and communication, and manufacturing sectors. Growth in the construction sector was strong, even in the early part of the period, due to major construction projects such as power plants and pipelines. This has since declined in relative terms, but remains high compared to other sectors, and is expected to pick up again in the coming years, as several large infrastructure projects are in the pipeline.

1.4. Tanzania's inflation has been on a downward trend to near its annual target rate of 5% in the most recent years (Table 1.1). This decline has been attributed to prudent monetary policy and lower food prices. It is furthermore expected to stay at around 5% due to a stable food supply, low world oil prices, and stable exchange rates of the Tanzanian shilling (TZS) against major currencies. The Tanzanian shilling has remained quite stable since 2015, when it depreciated against many currencies.

1.5. As part of its macroeconomic objectives, and in line with its Second Five-Year Development Plan, the Government expected to attain the following goals for the fiscal year (FY) 2017/18:

- Real GDP growth of 7.2% in 2017/18 based on the projected growth of 7.1% in 2017 and 7.3% in 2018;
- Maintaining a single-digit annual inflation rate by end-June 2018; and
- Budget deficit, including grants, of 3.8% of GDP (including clearance of arrears) in 2017/18.³

¹ "Statistical Abstract 2016". Tanzania National Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf.

² World Bank online information. Viewed at: <https://data.worldbank.org/indicator/sp.urb.totl.in.zs>.

³ BOT, Monetary Policy Statement 2017/18. Viewed at: <https://www.bot.go.tz/Publications/MonetaryPolicyStatements/MPS%20ENG%20JUNE%202018.pdf>.

Table 1.1 Selected macroeconomic indicators, 2012-17

	2012	2013	2014	2015	2016	2017 ^a
Mainland						
Nominal GDP (TZS billion)	61,434.2	70,953.2	79,718.4	90,863.8	103,168.6	116,101.9
Nominal GDP (USD million)	39,087.8	44,413.6	48,219.7	45,628.3	47,388.4	52,090.3
Real GDP (% change at 2007 constant prices)	5.1	7.3	7.0	7.0	7.0	7.1
Per capita GDP (nominal USD)	896.0	990.8	1,046.7	963.6	973.5	1,021.0
Per capita GDP (at constant 2007 prices USD)	661.6	690.6	718.8	748.1	778.4	795.4
Population (million)	43.6	44.8	46.1	47.4	48.7	51.0
Inflation (CPI, % change)	16.0	7.9	6.1	5.6	5.2	5.3
Zanzibar^a						
Nominal GDP (TZS billion)	1,552.5	1,856.1	2,135.5	2,309.5	2,627.8	3,100.6
Nominal GDP (USD million)	987.8	1,161.8	1,291.7	1,159.7	1,207.0	139.1
Real GDP (% change at 2007 constant prices)	4.8	7.2	7.0	6.5	6.8	7.5
GDP by type of expenditure (% of current GDP)^b						
Final consumption	81.2	85.4	78.0	74.2	75.6	76.3
Government final consumption	14.7	16.3	13.8	13.7	12.8	13.7
Household final consumption	66.2	68.8	63.9	60.3	62.5	62.4
Non-profit institutions serving households	0.3	0.2	0.2	0.2	0.3	0.2
Gross capital formation	28.5	30.3	30.1	27.2	25.0	26.1
Gross fixed capital formation	30.6	30.5	32.6	34.3	33.9	33.1
Changes in inventories	-2.1	-0.2	-2.4	-7.0	-8.9	-7.0
Exports of goods and services	21.3	17.7	19.4	21.6	19.6	15.1
Imports of goods and services	33.1	31.1	29.8	24.8	22.7	17.5
Errors and omissions	2.1	-2.3	2.3	1.8	2.5	-0.1
GDP by economic activity (% of GDP at current basic prices)^b						
Agriculture, forestry and fishing	33.2	33.3	31.4	31.5	31.7	32.4
Crops	19.2	18.7	17.5	16.9	16.9	18.3
Livestock	9.0	8.8	8.0	8.5	8.4	7.4
Forestry	2.6	3.3	3.4	3.8	4.2	4.3
Fishing	2.4	2.6	2.4	2.2	2.2	2.4
Mining and quarrying	5.2	4.5	4.0	4.4	5.2	5.1
Manufacturing	8.0	6.9	6.1	5.7	5.3	5.9
Electricity supply	0.9	0.8	1.2	1.1	0.8	0.6
Water supply; sewerage, waste management	0.5	0.5	0.5	0.5	0.4	0.5
Construction	8.7	11.5	13.5	14.8	15.2	16.2
Services, of which:	44.7	43.8	44.5	43.4	42.5	40.3
Wholesale and retail trade; repairs	11.1	10.9	11.4	11.6	11.6	11.8
Transport and storage	4.7	4.5	4.7	4.6	4.7	4.6
Information and communication	2.5	2.4	2.3	2.2	2.1	2.1
Financial and insurance activities	3.6	3.5	3.7	3.9	3.9	3.6
Real estate	4.5	4.0	4.0	3.5	3.2	2.9
Administrative and support service activities	2.5	2.6	2.7	2.6	2.4	2.3
Public administration and defence	7.0	7.4	7.1	7.0	6.8	5.8
Education	2.8	2.8	3.0	2.8	2.5	2.3
Human health and social work activities	1.6	1.5	1.6	1.5	1.5	1.5
Financial intermediation services indirectly measured (FISIM)	-1.1	-1.3	-1.1	-1.2	-1.1	-1.0
Public finance (% of GDP) (FY basis)^{b,c}						
Domestic revenue (including revenue from local government authorities)	12.8	13.5	12.8	14.5	15.6	..
Domestic revenue	12.4	13.1	12.4	14.1	15.1	..
Tax revenue	11.7	12.3	11.6	12.9	13.1	..
Import duty and excise duty	2.8	3.0	2.9	3.2	2.9	..
Value added tax (VAT)	3.6	3.5	3.6	3.7	3.7	..
Imports	1.9	1.8	1.8	1.8	1.7	..
Domestic	1.7	1.7	1.8	1.9	2.0	..
Income tax	4.6	5.0	4.4	4.8	4.5	..
Other taxes	1.1	1.5	1.5	2.0	2.1	..
Refunds accounts	-0.4	-0.7	-0.8	-0.8	-0.1	..
Non-tax revenue	0.7	0.8	0.8	1.3	1.9	..
Revenue from local government authorities	0.3	0.4	0.4	0.4	0.5	..
Total expenditure	20.5	18.5	17.1	18.4	17.7	20.5
Recurrent expenditure	13.7	13.3	12.8	13.9	10.9	12.9
Development expenditure	6.8	5.2	4.4	4.5	6.8	7.6
Deficit/surplus	-7.7	-5.0	-4.3	-3.8	-2.1	-1.9
Total debt stock (USD million) (FY basis) ^{b,c}	16.0	18.2	19.7	21.8	23.8	27.8
% of GDP	38.2	39.1	40.6	48.3	48.9	47.2
Domestic debt (% of GDP)	8.4	8.5	7.9	10.2	10.9	11
External debt (% of GDP)	29.8	30.6	32.7	38.1	38.1	36.2

	2012	2013	2014	2015	2016	2017 ^a
Memorandum						
TZS per USD, period average	1,571.7	1,597.6	1,653.2	1,991.4	2,177.1	2,228.9
Real effective exchange rate (% change - = depreciation)	16.3	7.2	2.4	-4.5	-2.9	-1.1
Nominal effective exchange rate (% change - = depreciation)	3.2	2.0	-0.8	-7.4	-5.8	-3.6
Gross official reserves (USD million)	4,068.1	4,676.2	4,377.2	4,093.7	4,325.6	5,906.2
Reserves months of imports	3.6	4.1	4.2	4.6	5.0	6.1
FDI in Tanzania (USD million)						
Flow	1,799.6	2,130.9	1,416.1	1,560.7	..	..
% of GDP	4.6	4.8	2.9	3.4	..	..
Stock	9,949.0	10,851.4	11,897.3	12,146.8	..	..
% of GDP	25.5	24.4	24.7	26.6	..	..

.. Not available.

a Provisional figures for 2017.

b Figures refer to mainland Tanzania.

c FY, i.e. 2012 is FY 2012-13 ending June 2013.

Source: Office of the Chief Government Statistician Zanzibar "Zanzibar Statistical Abstract 2017", May 2018; IMF online information. Viewed at: <http://elibrary-data.imf.org/DataExplorer.aspx>; and information provided by the authorities.

1.6. Tanzania's balance of payments (BOP) has fluctuated from surplus levels in 2012-13 to deficit levels in the following years, until 2016-17 when it returned to surplus. The recent improvement in the BOP can be attributed to the decline in the current account deficit, due to falling imports of both goods and services (Table 1.2). Imports of goods have generally declined over the period, as a result of lower fuel costs. As a result, the stock of official reserves has increased and is expected to now cover about six months of imports of goods and services.

Table 1.2 BOP, 2012-17

(USD million)

Item	2012	2013	2014	2015	2016	2017
Current account	-3,769.6	-4,988.5	-4,843.9	-3,610.7	-2,107.9	-1,726.2
Goods: exports f.o.b.	5,889.2	5,258.1	5,194.1	5,316.8	5,661.2	4,827.8
Traditional	956.7	868.9	828.8	793.3	885.6	1,020.2
Non-traditional	4,164.4	3,703.3	3,798.6	4,040.1	4,260.9	3,368.7
of which: gold	2,117.4	1,644.8	1,324.1	1,183.3	1,449.4	1,541.1
Unrecorded trade	768.2	685.8	566.8	483.3	514.7	438.9
Goods: imports f.o.b.	-10,319.1	-11,029.1	-10,917.8	-9,843.1	-8,463.6	-7,551.7
Services: credit	2,786.4	3,201.7	3,396.0	3,412.4	3,599.3	3,842.3
Transport	641.1	811.8	902.6	1,024.9	1,053.6	1,140.6
Travel	1,712.7	1,880.4	2,010.1	1,902.0	2,131.6	2,261.2
Other	432.6	509.5	483.2	485.5	414.1	440.5
Services: debit	-2,358.9	-2,488.5	-2,668.7	-2,629.1	-2,176.4	-2,039.9
Transport	-1,046.9	-1,137.8	-1,163.0	-1,047.0	-893.7	-800.3
Travel	-967.0	-1,033.9	-1,101.6	-1,195.3	-922.3	-807.3
Other	-344.9	-316.7	-404.1	-386.8	-360.4	-432.3
Primary income	-574.0	-705.7	-324.8	-348.1	-1,109.7	-1,206.6
Credit	131.1	130.1	118.4	110.3	98.5	125.3
Debit	-705.1	-835.8	-443.2	-458.4	-1,208.3	-1,332.0
Secondary income	806.8	775.1	477.3	480.4	381.5	402.0
Credit	912.3	836.9	535.5	560.5	452.7	485.2
Debit	-105.4	-61.8	-58.2	-80.2	-71.2	-83.2
Capital account	777.2	658.8	522.2	354.4	420.4	351.0
Financial account, excl. reserves and related items	-3,879.6	-5,021.0	-3,244.5	-2,874.4	-2,321.9	-2,349.6
Direct investments	-1,799.6	-2,087.3	-1,416.1	-1,560.6	-1,365.4	-1,180.2
Portfolio investments	-6.1	-4.5	-11.5	-27.6	5.0	-2.9
Other investments	-2,073.9	-2,929.3	-1,816.9	-1,286.1	-961.5	-1,166.5
Net errors and omissions	-561.1	-183.4	825.5	182.9	-328.9	675.1
Overall balance	326.2	507.9	-251.8	-199.1	305.5	1,649.5
Indicators (%)						
Current account balance/GDP	-9.6	-11.2	-10.0	-7.9	-4.4	-3.3
Overall balance/GDP	0.8	1.1	-0.5	-0.4	0.6	3.2

Source: Bank of Tanzania, *Economic Bulletin*, June 2018.

1.7. According to the Government's recent 2018/19 budget proposal, the overall emphasis is to build an industrial economy that will stimulate employment and sustainable social welfare, in accordance with the Tanzania Development Vision 2025. As such, its targets include increasing GDP slightly to 7.2%, containing inflation at a single-digit level, and increasing tax revenues to 13.9% of GDP, with the expectation of a budget deficit of 3.2% of GDP. The priority areas for the 2018/19 budget include agriculture, industry, social services, and infrastructure projects.

1.2.1 Monetary policy

1.8. Tanzania's monetary policy has remained unchanged during the review period and it has focused on price stability. It mainly aims at keeping core inflation low and stable, and providing enough official reserves to finance at least four months of imports of goods and services. For the latest period 2016/17, the Bank of Tanzania (BOT) had the following targets:

- Annual growth of average reserve money of not more than 12.0%;
- Annual growth of broad money (M3) of not more than 12.3%;
- Annual growth of private sector credit of not more than 12.5%; and
- Maintaining gross official reserves at levels adequate to cover at least four months of projected imports of goods and services, excluding foreign direct investment (FDI)-related imports.⁴

1.9. The instruments used to manage Tanzania's monetary policy have not changed either, and mainly include indirect instruments such as open market operations for government securities and the purchase of foreign securities through foreign exchange market operations. The BOT also uses the discount rate, repurchase agreements and reverse repos, and may adjust minimum reserve requirements as part of its monetary policy.

1.10. One development during the period has been the planned migration to an interest rate-based monetary policy framework. This is expected to begin in 2018-19, with the move towards short-term interest rates as the operational target for monetary policy. As of October 2018, this migration had not yet taken place.

1.11. Also, in December 2017, the Ministry of Finance put in place a Directive that came into force on 1 January 2018 to limit the use of foreign currency in domestic transactions.⁵ Thus, for Tanzanian residents, domestic transactions are required to be in shillings. However, foreigners and non-residents may conduct transactions in any foreign currency.

1.2.2 Fiscal policy

1.12. Tanzania's fiscal balance has shown steady improvement over the period, although it remains in deficit; it decreased from 7.7% of GDP in 2012 to 1.9% of GDP in 2017 (Table 1.1). The improvements were attributed to better revenue collection, including limiting tax exemptions, raising taxes in certain areas, e.g. tourism, and work on preventing evasion and corruption. In terms of spending, improvements were seen in the reduction of recurrent expenditures through reductions in the civil service workforce and limitations on allowances. Even though improvements have been seen in recent years, a large debt stock of about USD 27.8 million remained in 2017, that accounted for nearly 47.2% of GDP. Spending on development has ranged from 4.4% to 7.6% of GDP during the period (Table 1.1).

1.13. Government revenue in Tanzania has two main sources - taxes and foreign assistance, mainly grants and loans. Tax revenues are the most significant, accounting for about 85% of the total. According to the authorities, so far, government policy has been to put in place a taxation policy that does not detract from growth in business and investment, and that is equitable and fairly applied. It aims to raise domestic revenues through a combination of tax and policy measures (Section 2.4.5). However, according to the International Monetary Fund (IMF), further fiscal reforms are needed, in particular with respect to addressing the debt stock arrears,

⁴ BOT, Monetary Policy Statement 2017/18. Viewed at: <https://www.bot.go.tz/Publications/MonetaryPolicyStatements/MPS%20ENG%20JUNE%202018.pdf>.

⁵ Ministry of Finance online information. Viewed at: www.mof.go.tz/docs/TANGAZO_MATUMIZIYA_DOLA.pdf.

broadening the tax base through less exemptions and simplification, and strengthening debt management.⁶

1.3 Developments in Trade and Investment

1.3.1 Trends and patterns in merchandise and services trade

1.14. As of 2017, Tanzania ranked 112th in the world in terms of merchandise exports, and 97th in terms of merchandise imports; regarding commercial services, it ranked 89th as an exporter and 116th as an importer.⁷ It accounts for a relatively small share of world trade, about 0.03% of exports and 0.06% of imports.⁸ Its trade is highly concentrated; for goods, exports are mainly agricultural raw commodities and gold, while for services, they consist of travel and transport services for the tourism sector. Given its concentration in commodity exports, Tanzania remains vulnerable to world commodity prices, which have an impact on its export earnings. In terms of imports, goods were mainly fuels, chemicals, and agricultural products, while services were mainly travel and transport services.

1.3.1.1 Merchandise trade

1.15. During the review period, Tanzania's merchandise export figures continued to increase in terms of TZS but declined in USD (Chart 1.1), in part reflecting the depreciation of the shilling against the dollar since about mid-2015. Tanzania's export markets are relatively concentrated and the top ten destinations account for about three quarters of all exports.⁹ In 2017, the main destinations were India, South Africa, and Viet Nam (Table A1.1 and Table A1.3). EAC partners accounted for about 10% of Tanzania's exports in 2017.

1.16. There were some significant shifts in the destination of exports during the period, in particular a decline in exports to Switzerland and an increase in those to India. Exports to Switzerland declined by more than half, and can be attributed to the shift in gold exports to other countries, including India. Exports to India increased nearly threefold, mainly due to the growth in cashew nut exports but also those of gold. Exports to Viet Nam also rose significantly, from 0.5% to 7.3% of total exports, on account of cashew nut exports. Exports to China contracted over the period, from 9.2% to 3.3% of total exports (Table A1.1 and Table A1.3).

1.17. Tanzania's re-exports are significant, and accounted for about 16% of 2016 exports, rising from 3% of 2012 exports.¹⁰ According to the authorities, this increase can be attributed to a large increase in the use of Export Processing Zones (EPZs) and Special Economic Zones (SEZs) during the review period.

1.18. Tanzania's imports in 2017 originated mainly from three countries: China, South Africa, and India (Chart 1.1 and Table A1.6). There were a number of shifts in the origin of imports during the period, as imports from China and India increased significantly, while those from Switzerland declined. Imports increased from India on account of fuel and chemicals, mainly pharmaceuticals; and from China due to the growth in imports of capital goods, i.e. machinery of HS chapters 84 and 85. Imports from Switzerland declined on account of lower fuel purchases.

⁶ IMF online information. Viewed at:

<http://www.imf.org/en/Publications/CR/Issues/2018/01/16/Republic-of-Tanzania-Seventh-Review-Under-the-Policy-Support-Instrument-Press-Release-Staff-45565>.

⁷ WTO online information. Viewed at:

<http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=TZ>.

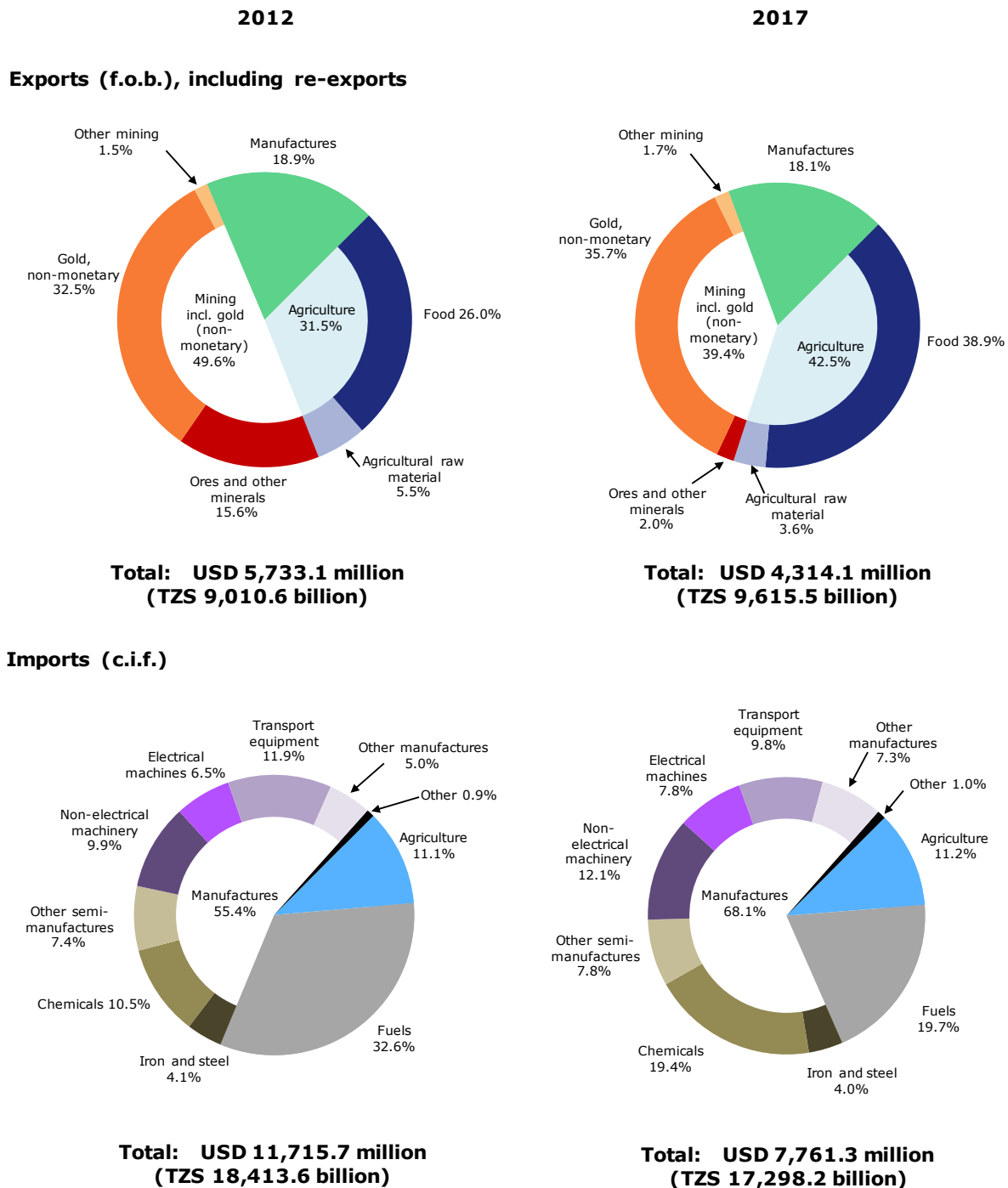
⁸ WTO online information. Viewed at:

<http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=TZ>.

⁹ BOT online information. Viewed at:

<https://www.bot.go.tz/Publications/EconomicAndOperationsAnnualReports/BOT%20Annual%20Report%202016-17.pdf>.

¹⁰ *Statistical Abstract 2016*. Tanzania National Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf.

Chart 1.1 Direction of merchandise trade, 2012 and 2017

Note: SITC Rev.3 for product groups.

Source: WTO Secretariat's calculations, based on data provided by the authorities.

1.19. Tanzania's composition of exports has remained heavily concentrated in two areas, agricultural commodities and gold, which together accounted for 78% of total exports in 2017 (Chart 1.2). Compared to 2012, the amount of gold exports remained relatively stable, while that of agricultural products increased from 31.5% to 42.5% of total exports (Tables A1.2 and A1.4).

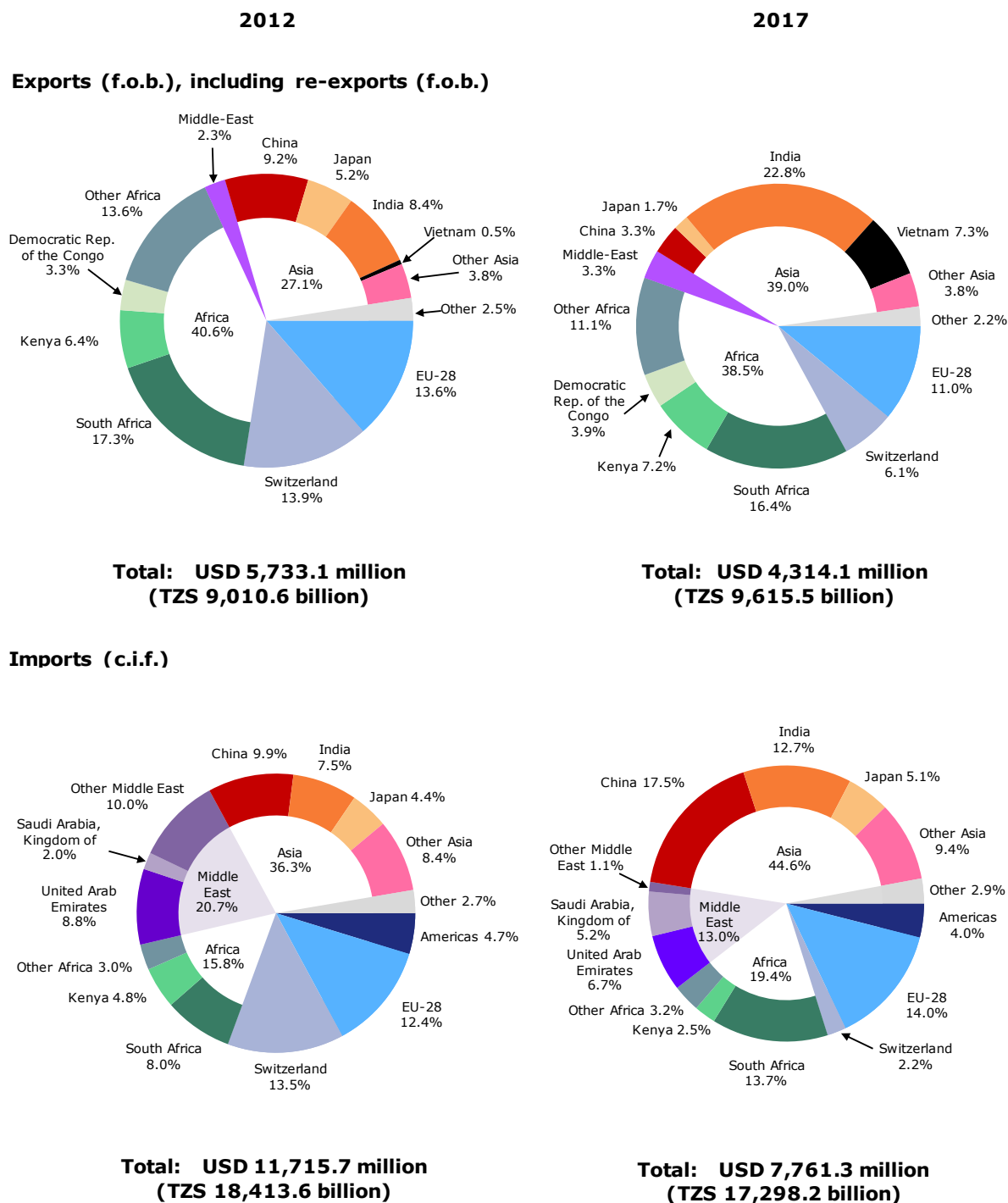
Most of this increase for agriculture can be attributed to higher world commodity prices for key export crops such as cashew nuts.¹¹

1.20. There was a substantial decrease in the export of ores and other minerals during the period, from 15.6% in 2012 to 2.0% in 2017 (Chart 1.2). This was due to the export prohibition put in place on mineral concentrates in 2017 (Section 4.2.1). Exports of manufactured goods remained about the same as in 2012; the main exports were semi-manufactured goods, chemicals, and textiles and clothing.

1.21. The composition of Tanzania's imports did not change significantly since 2012; fuels, chemicals, and agricultural products were the main imported goods (Table A1.5). Fuel imports, however, did decline, mainly due to lower world oil prices and not lower volumes imported. Chemical imports mainly comprised medicaments and fertilizers, and agricultural imports were dominated by palm oil.

¹¹ Most prices of commodities increased but there were decreases in some areas such as tea and sisal. Taken overall, the increase in commodity prices outweighed the decline.

Chart 1.2 Composition of merchandise trade, 2012 and 2017



Source: WTO Secretariat's calculations, based on data provided by the authorities.

1.3.1.2 Services trade

1.22. Tanzania maintained a surplus in trade in services during the period. This surplus widened significantly from USD 428 million in 2012 to USD 1,802 million in 2017, due to higher rates of growth of exports over imports (Table 1.3). Travel and transport services dominate Tanzania's services trade, at over 80%. For both imports and exports of services, transport and travel services were attributable to the tourism sector and to the transit of goods to neighbouring countries, both of which showed continued strong growth over the period. The number of tourist arrivals continued to climb, due to increased promotional efforts by the sector, despite increased

taxation that was expected to dampen growth (Section 4.4.3). The other major category of services trade was 'other business services'; the export of these declined over the period, while their imports increased.

Table 1.3 Trade in services, 2012-17

(USD million and %)

	2012	2013	2014	2015	2016	2017
Exports (USD million)	2,786.4	3,201.7	3,396.0	3,412.4	3,599.3	3,842.3
(% of total exports)						
Transport	23.0	25.4	26.6	30.0	29.4	29.8
Travel	61.5	58.7	59.2	55.8	59.1	58.7
Other services, of which:	15.5	15.9	14.2	14.2	11.5	11.5
Insurance and pension	1.4	1.2	1.0	1.3	1.3	0.9
Financial	0.4	0.9	0.7	0.5	0.5	0.7
Telecommunication, computer, and information	1.5	1.6	1.4	1.5	0.8	0.4
Other business	10.9	11.0	10.4	9.7	8.2	8.9
Government goods and services n.i.e.	1.2	1.0	0.5	1.1	0.6	0.5
Imports (USD million)	2,358.9	2,488.5	2,668.7	2,629.1	2,176.4	2,039.9
(% of total imports)						
Transport	44.4	45.7	43.6	40.7	42.5	39.1
Travel	41.0	41.5	41.3	44.8	41.3	39.7
Other services, of which:	14.6	12.7	15.1	14.5	16.2	21.2
Construction	0.6	0.7	0.5	0.5	1.0	1.9
Insurance and pension	3.1	2.1	1.7	1.9	1.0	1.8
Financial	0.2	0.2	0.3	0.2	0.3	0.7
Telecommunication, computer, and information	2.0	1.7	1.5	2.1	1.7	1.3
Other business	6.6	5.7	8.5	7.1	9.3	12.0
Government goods and services n.i.e.	2.1	2.1	2.6	2.5	2.7	3.2

Source: BOT, *Economic Bulletin*, June 2018; and IMF online information. Viewed at: <http://elibrary-data.imf.org/DataExplorer.aspx>.

1.3.2 Trends and patterns in FDI

1.23. Tanzania generally recorded growing inflows of FDI in 2011-13, after which there have been declines. Despite these recent declines, Tanzania remains a top recipient of FDI in East Africa and one of the top ten in Africa.

1.24. The main sources of FDI during the period were the United Kingdom, South Africa and Canada, and the sectors that attracted the most FDI were mining and quarrying, manufacturing, and financial services, including insurance activities (Table 1.4). In general, FDI inflows are heavily concentrated among only a few countries, whereby the top three sources have generally accounted for about 50% of total FDI inflows over recent years.

1.25. The slowdown in FDI in recent years is likely due to policy changes in the extractive sector, whereby new rules on local content and licensing, and restrictions on exports have been put in place by the Government (Section 4.2). According to an annual survey of mining companies, Tanzania's investment attractiveness ranking dropped from 59th in 2016 to 78th in 2017.¹²

1.26. During the review period, portfolio investments have remained very low, at less than 1% of inflows.¹³ However, with developments in, and liberalization of, the capital markets, Tanzania is expected to attract more in the future, in particular from the EAC (Section 4.4.1.3).

1.27. In Zanzibar, FDI flows have generally increased over the period. The main sectors attracting the most investment inflows were hotels and restaurants, followed by real estate.

¹² Fraser Institute online information. Viewed at: <https://www.fraserinstitute.org/studies/annual-survey-of-mining-companies-2017>.

¹³ BOT online information. Viewed at: <https://www.bot.go.tz/publications/TZInvestmentReports/TIR2013%20FINAL%20PUBLISHED%20REPORT.pdf>.

Table 1.4 FDI stock in Tanzania, by source and by activity, 2012-15

	2012	2013	2014	2015
Total (USD billion)	9.9	10.9	11.9	12.1
	(% of total)			
By source country				
United Kingdom	18.3	22.8	22.3	26.6
South Africa	25.3	19.6	19.1	16.9
Canada	10.5	11.0	11.0	4.3
Norway	1.6	4.9	7.3	9.5
Mauritius	4.8	5.3	5.3	4.5
Netherlands	2.5	4.9	4.3	6.3
Kenya	4.9	3.9	4.2	3.3
Switzerland	4.4	2.3	1.3	1.4
United States	2.1	2.2	2.1	1.2
Australia	0.7	2.7	2.5	1.4
Luxembourg	0.7	2.7	2.4	0.7
China	0.4	1.7	1.6	1.3
Nigeria	0.1	0.3	0.4	3.9
Memo:				
SADC	31.3	26.2	25.5	22.8
EAC	5.4	3.9	4.2	3.5
By activity				
Mining and quarrying	..	45.0	44.3	54.8
Manufacturing	..	12.7	11.5	12.5
Financial and insurance activities	..	11.2	11.7	9.9
Electricity and gas	..	9.2	11.3	1.8
Information and communication	..	6.5	6.4	6.2
Wholesale and retail trade	..	4.2	4.0	4.5
Agriculture, forestry and fishing	..	4.7	4.1	3.0
Accommodation and food service activities	..	1.5	1.5	1.8
Real estate activities	..	1.3	1.6	1.3
Other	..	3.7	3.6	4.4

.. Not available.

Source: Information provided by the authorities.

2 TRADE AND INVESTMENT REGIMES

2.1 General Framework

2.1. The Act of the Union of the Tanganyika and Zanzibar of 1964 established the United Republic of Tanzania in 1964.¹ It provided the framework for the Government, and also for the modification and amendment of the Constitution to give effect to the Union and for matters incidental thereto. The schedule attached to the Act gives the Articles of the Union. For administrative reasons, Tanzania is divided into 30 regions, 25 on the mainland and 5 on the islands of Zanzibar.

2.2. The country continues to be guided by its Constitution of 1977, which outlines the United Republic, fundamental objectives, basic rights and duties, the executive, the legislature, the Revolutionary Government of Zanzibar, dispensation of justice, human rights, finances, public authorities, and the armed forces.² The Constitution has been amended 14 times, most recently in 2005.

2.3. Article 4 of the Constitution sets out state authority or powers among the Government. It provides that two organs are vested with powers in each area, i.e. the judiciary, legislative, and executive areas. Thus, the executive powers are shared between the Government of the United Republic and the Revolutionary Government of Zanzibar; the judicial powers are divided between the Judiciary of the United Republic and the Judiciary of the Revolutionary Government of Zanzibar; and the legislative and supervisory powers over public affairs are shared between the Parliament of the United Republic and the House of Representatives of Zanzibar. Article 4 further sets out the distinction between Union and non-Union matters, with Union matters being designated in the First Schedule to the Constitution and all others being designated as non-Union matters (Table 2.1).

Table 2.1 Union and non-Union matters

Union matters	Non-Union matters
1. The Constitution of Tanzania and the Government of the United Republic	All other matters not listed (e.g. local government, investment, government procurement, competition, intellectual property, road maintenance, agriculture, prisons, land, tourism, etc.)
2. Foreign affairs	
3. Defence and security	
4. Police	
5. Emergency powers	
6. Citizenship	
7. Immigration	
8. External borrowing and trade	
9. Service in the Government of the United Republic	
10. Income tax payable by individuals and by corporations, customs duty and excise duty on goods manufactured in Tanzania collected by the Customs Department	
11. Harbours, matters relating to air transport, post and telecommunications	
12. All matters concerning coinage and currency for the purposes of legal tender (including notes), banks (including savings banks) and all banking business; foreign exchange and exchange control	
13. Industrial licensing and statistics	
14. Higher education	
15. Mineral oil resources, including crude oil, other categories of oil or products, and natural gas	
16. The National Examinations Council of Tanzania and all matters connected with its functions	
17. Civil aviation	
18. Research	
19. Meteorology	
20. Statistics	
21. The Court of Appeal of the United Republic	
22. Registration of political parties and other matters related to political parties	

Source: The Constitution. Ministry of Constitutional and Legal Affairs online information. Viewed at: <http://www.sheria.go.tz/uploads/publications/en1499671152-the%20constitution%20of%20the%20united%20republic%20of%20tanzania%201977.pdf>.

¹ WIPO online information. Viewed at: <http://www.wipo.int/wipolex/en/details.jsp?id=11127>.

² Ministry of Constitutional and Legal Affairs online information. Viewed at: <http://www.sheria.go.tz/uploads/publications/en1499671152-the%20constitution%20of%20the%20united%20republic%20of%20tanzania%201977.pdf>.

2.4. There have been no significant changes in the government framework since the last Review, except for the composition of the National Assembly. The executive consists of the President, the Vice-President, the Prime Minister, the Cabinet and the Government. The President of the United Republic is elected by popular vote every five years, and is the Head of State, the Head of the Government and the Commander-in-Chief of the armed forces, and also appoints the Prime Minister. The Vice-President must come from the other part of the Union. The Cabinet consists of the Vice-President, the Prime Minister, the President of Zanzibar, and all the ministers.³

2.5. Tanzania's legislative branch is comprised of the Parliament, which consists of the President of the Republic and the National Assembly. The National Assembly currently has 393 seats; 10 are appointed by the President, 5 are appointed by the House of Representatives of Zanzibar, 113 are allocated to women nominated by their respective parties, 1 is the Attorney General, and the remainder are elected by popular vote.⁴ In the legislative process, a bill must be drafted and approved by Cabinet before being published and read before the Assembly. After the readings and general debate, the bill must be passed and assented to before becoming an Act of Parliament. Acts regarding Union matters passed by the National Assembly are valid for the Republic. The Zanzibar House of Representatives enacts legislation on non-Union matters.

2.6. The judiciary is separate for the Mainland and Zanzibar but they are similar in structure and function. The Court of Appeal, the highest level, exists only on the Mainland, as per Article 108 of the Constitution; thus, Zanzibar appeals at that level are heard by this Court of Appeal. There are four levels of courts below the Court of Appeal: primary courts, district courts, resident magistrate courts, and the High Court.⁵ The High Court has special divisions for commercial, land, and labour matters, but the lower courts are not specialized. The legal system is largely based on common law but also accommodates Islamic and customary laws.

2.2 Trade Policy Formulation and Objectives

2.7. The main overall government policy is guided by the Tanzania Development Vision 2025 and the Zanzibar Development Vision 2020. Tanzania continues to work towards raising the general standards of living of Tanzanians, with the goal of achieving the level of a medium-income developing country and the Millennium Development Goals. According to the National Development Vision 2025, the goal of trade policy is to raise efficiency and widen linkages in domestic production, and build a diversified competitive export sector to stimulate higher rates of growth and development. The Government has furthermore identified the following trade priorities for the period under review:

- To increase GDP and trade growth rates;
- To enhance standards, trade rules and regulations;
- To develop the private sector and formalize the economy;
- To improve participation in the rules based multilateral trading system;
- To address cross-cutting issues: e.g. environment, gender and HIV-AIDS;
- To develop infrastructure;
- To develop different services, such as financial, communication, health, tourism, education and transport;
- To improve intellectual property rights (IPRs), traditional knowledge and technology transfer;
- To improve trade, investment and global value chains;
- To develop the domestic market and integrate into the international market; and
- To develop fiscal policy.⁶

2.8. In addition, the Mainland is still guided by its National Trade Policy, 2003, whose main objective is "to identify ways and means of navigating through a viable and steady path towards competitive export-led growth for the realisation of the goal of poverty eradication".⁷ This policy identifies a number of issues and developments, and outlines the policy environment and

³ The Constitution. Ministry of Constitutional and Legal Affairs online information. Viewed at: <http://www.sheria.go.tz/uploads/publications/en1499671152-the%20constitution%20of%20the%20united%20republic%20of%20tanzania%201977.pdf>.

⁴ Parliament of Tanzania online information. Viewed at: <http://www.parliament.go.tz/pages/structure>.

⁵ The United Republic of Tanzania Judiciary online information. Viewed at: <http://www.judiciary.go.tz/judiciary-hierarchy/>.

⁶ Information provided by the authorities.

⁷ TZOnline online information. Viewed at: <http://www.tzonline.org/pdf/tradepolicyforacompetitiveeconomy.pdf>.

instruments to address them. It furthermore presents an implementation matrix and action plan. Some of the issues raised in the policy to be addressed include: trade-related environmental and labour issues; trade and electronic commerce; the tourism services industry; intellectual property (IP) services; regional economic cooperation; the improvement of participation in the multilateral trading system; liberalization and globalization; and trade development and promotion. Implementation of many of these issues is being undertaken under sectorial initiatives.

2.9. In 2013, Zanzibar reviewed its Trade Policy of 2006, to evaluate its implementation and identify gaps that needed to be filled. Zanzibar's policy has focused on creating a globally competitive export-oriented economy, and generating higher-level and sustainable livelihoods through trade that recognizes the role of micro-, small- and medium-enterprises (MSMEs) and vulnerable groups through structural transformation and by integrating them into regional and global value chains. Thus, its trade priorities for 2012-17 were to create a conducive environment for industries, SMEs and related entities; reform the business licensing regime; implement the Business Environment Strengthening for Tanzania (BEST) project; construct an International Trade Fair Grounds and Exhibition Centre; establish the Start-up Technology and Business Incubator project; and implement an SEZ Development Strategy. These elements have been achieved, *inter alia*, through the establishment of an SME industrial development agency for promoting and supporting SMEs; t a Business Licensing Regulatory Council under the Business Licensing Regulatory System Act No. 13 of 2013 for streamlining the business licensing regime; and business incubators.

2.10. During the review period, Tanzania implemented the Tanzania Trade Integration Strategy, 2009-13, to strengthen trade sector development and identify development needs and priorities within the Tanzanian trade sector.⁸ An export strategy was also developed in 2009 for the period 2010-14, in order to support export-led growth and to build upon the National Trade Policy.⁹ The policy targeted a number of priority sectors, including agriculture, tourism, mining, and forestry and bee-keeping, to increase export competitiveness and boost exports. A separate Export Development Strategy was developed for Zanzibar. According to the authorities, both strategies continue to guide Tanzania in their respective areas.

2.11. Tanzania's Ministry of Industry, Trade, and Investment (MITI) has been the key ministry involved in developing Tanzania's main trade policy instruments. Other ministries and government agencies have also aided in the development of these and related policies. The MITI also oversees investment policy. Other ministries oversee many of the sectoral issues (Section 4). The Ministry of Trade and Industry in Zanzibar is the key ministry in Zanzibar involved in trade policy formulation and the implementation of trade policy instruments for Zanzibar.

2.2.1 Private sector involvement

2.12. In 2001, pursuant to Presidential Circular No. 1, Tanzania established the Tanzania National Business Council (TNBC) as an institution providing public-private sector dialogue. It is established under the President of the Republic of Tanzania, and has a Council, Executive Committee, and a number of working committees. It is comprised of 20 members from the Government and 20 from the private sector, i.e. a total of 40 members.¹⁰ The TNBC has created a number of working-level dialogue groups to carry out its functions, in particular, the Local Investors Round Table, the International Investors Round Table, and the Smart Partnership Dialogue.¹¹ The various groups have taken up matters to improve the business environment, promote investment, and provide input into government policies. While trade has not been the focus, the groups have nevertheless provided a forum for raising trade issues and discussing matters with the Government. For example, matters have been raised with respect to the EAC CET.¹²

⁸ Development Partners Group Tanzania online information. Viewed at: http://www.tzdpq.or.tz/fileadmin/migrated/content/uploads/MIT_Trade_Integration_Strategy_2009_-_2013.pdf.

⁹ Development Partners Group Tanzania online information. Viewed at: http://www.tzdpq.or.tz/fileadmin/migrated/content/uploads/Tanzania_National_Export_Strategy_-_Draft_Final_Report_May_2009.pdf.

¹⁰ TNBC online information. Viewed at: http://tnbc.go.tz/v2/?page_id=656.

¹¹ TNBC online information. Viewed at: http://tnbc.go.tz/v2/?page_id=893.

¹² TNBC online information. Viewed at: <http://tnbc.go.tz/v2/wp-content/uploads/2015/06/6th-IIRT-Meeting-Proceedings.pdf>.

2.13. In 2017, Zanzibar established the Zanzibar National Business Council (ZNBC) pursuant to the National Business Council Act.¹³ The Council initiates dialogue between the public and the private sectors, particularly on matters relating to economic management and development.¹⁴ Its remit is to promote public-private partnerships (PPPs), conduct research and surveys, provide a platform for dialogue, provide recommendations on policies or proposals for business and economic development, liaise with other business councils outside Zanzibar, and establish committees to carry out specific functions. One of the committees established under the Act is the Economic, Trade, Investment, and Tax Committee, which is tasked with making proposals to enhance the trade, industry, and investment regimes. The ZNBC is financed from appropriated funds from the House of Representatives of Zanzibar, and donations and contributions from the private sector. A number of international trade matters have been taken up by the Council, such as EAC customs matters, in order to get the private sectors' views and develop a position on the matter.

2.3 Trade Agreements and Arrangements

2.3.1 WTO

2.14. The United Republic of Tanzania has been a Member of the WTO since 1995, and has participated in various work of the WTO, including committees, dispute settlement, and negotiations. It was last reviewed by the TPRB in 2012, and has undergone three Reviews thus far. During the review period, Tanzania did not submit any formal documents to the WTO negotiating groups, but has been involved in informal discussions in the Rules or Origin Committee regarding Paragraph 1.1 of the Nairobi Decision on preferential rules of origin. Tanzania has been active in the TBT Committee by submitting a joint document with other EAC partners.

2.15. The acceptance of the Trade Facilitation Agreement remains an outstanding issue (Section 3.1.1.1). Tanzania notified the WTO of its acceptance of the Protocol amending the TRIPS Agreement in March 2016.¹⁵

2.16. Tanzania did not use the WTO's Dispute Settlement process during the review period and has never been a complainant nor a respondent; however, it participated as a third party to three disputes in the past, the latest in 2006.¹⁶

2.17. Tanzania's notifications during the review period cover mainly standards, whereby approximately 184 notifications have been received (Table 2.2). There is, however, room for improvement in several areas where notifications have never been made or have been outstanding for many years. Tanzania completed the procedures to implement the HS2007 and HS2012 changes into its WTO schedule of commitments during the period, and these have been certified.¹⁷

Table 2.2 Selected notifications to the WTO, 1 January 2012-October 2018

WTO Agreement	Description	Document symbol	Date
Agreement on Sanitary and Phytosanitary Measures			
Article 7 Annex B	Sanitary and phytosanitary regulations	G/SPS/N/TZA/2	24/07/2017
Agreement on Technical Barriers to Trade			
Article 2.9	Technical regulations	Approximately 184 notifications received as of 23 October 2018, please see http://tbtims.wto.org/	
Trade Facilitation Agreement			
Section II, para. 2.1	Notification of Category A commitments	WT/PCTF/N/TZA/1	13/05/2015

¹³ Zanzibar Act No. 10/2017. Zanzibar House of Representatives online information. Viewed at: http://www.zanzibarassembly.go.tz/act_2017/act_10.pdf.

¹⁴ The new Council has been re-established pursuant to the new Act; a similar Council was in operation previously.

¹⁵ WTO document WT/Let/1139.

¹⁶ WTO online information. Viewed at: https://www.wto.org/english/thewto_e/countries_e/tanzania_e.htm.

¹⁷ WTO documents WT/Let/1299 and WT/Let/901.

WTO Agreement	Description	Document symbol	Date
Agreement on Subsidies and Countervailing Measures			
Article 25.11 - semi-annual report	Countervailing duty actions (taken within the preceding six months)	G/SCM/N/235/Add.1	24/04/2012

Source: Notifications to the WTO compiled by the WTO Secretariat.

2.3.2 Regional and preferential agreements

2.18. Tanzania participates in a number of regional trade agreements, including the East African Community (EAC); the South African Development Community (SADC); and the EAC-COMESA-SADC Tripartite framework (see main report). As of October 2018, Tanzania had not signed the Economic Partnership Agreement with the European Union.¹⁸ Tanzania is a beneficiary of non-reciprocal unilateral trade preferences, such as Everything But Arms (EBA) by the European Union, the African Growth and Opportunity Act (AGOA) of the United States, GSP schemes from several countries, and duty-free quota-free market access for LDCs from a number of countries. All these arrangements provide Tanzania with varying levels of improved market access opportunities into the respective markets. In March 2018, Tanzania signed the Kigali Declaration for the launch of the African Continental Free Trade Agreement (AfCFTA).¹⁹

2.19. In January 2017, Tanzania and Zambia signed and implemented a Simplified Trade Regime Agreement.²⁰ The Agreement is similar to the regime of the EAC (see main report), in that it is a simplified trade regime (STR) aimed at facilitating cross-border trade for small scale traders. The thresholds are similar, i.e. duty-free imports for goods with a total value of USD 2,000 or less.²¹ However, there are some differences, in that the list of products covered is considerably less, comprising 22 items, compared to that of the EAC (370), and the products are subject to the rules of origin as defined in the Protocol on Rules of Origin of SADC.²² Goods traded under the regime are still subject to fiscal charges and must be compliant with any relevant standards; however, they are generally not subject to quantitative restrictions (QRs). Safeguard measures, anti-dumping, and countervailing measures may be applied to the products if the Parties follow the procedures pursuant to WTO rules. The Agreement also has provisions for cooperating on customs matters, cooperation on and reducing smuggling, and settlement of disputes.²³

2.4 Investment Regime

2.20. Attracting foreign investment remains a priority for Tanzania as it pursues its development agenda and it encourages in particular industrialization. It has put in place framework agreements on investment, and offers various incentives and the services of investment promotion agencies. Investment in the United Republic of Tanzania is mainly a non-Union matter, thus there are different laws, policies, and practices for the Mainland and Zanzibar. However, international agreements on investment are covered as Union matters and therefore apply to both regions. Policy matters concerning investment are handled by the MITI on the Mainland and by the Ministry of Finance and Planning for Zanzibar. Both the Mainland and Zanzibar have their respective investment promotion bodies, the Tanzania Investment Centre (TIC) and the Zanzibar Investment Promotion Authority (ZIPA).

¹⁸ Viewed at: <https://www.tanzaniainvest.com/industry/interview-adelhelm-meru-permanent-secretary-ministry-industry-trade-investment>.

¹⁹ Tralac online information. Viewed at: <https://www.tralac.org/resources/by-region/cfta.html>.

²⁰ MITI online information. Viewed at:

[http://www.miti.go.tz/uploads/files/Simplified%20Trade%20Regime%20\(STR\)%2027.01.2017%20Signed.pdf](http://www.miti.go.tz/uploads/files/Simplified%20Trade%20Regime%20(STR)%2027.01.2017%20Signed.pdf).

²¹ Tralac online information. Viewed at: <https://www.tralac.org/publications/article/12825-informal-cross-border-trading-review-of-the-simplified-trade-regimes-in-east-and-southern-africa.html>.

²² The list of products covered, as defined in the Appendix, includes: animal neck bells, bananas, cabbages, carrots, cassava meal, clay pots, curios, groundnuts, handicrafts, hoes/axes, instrumental drums, iron drums, millet, onions, ploughs and parts, potatoes, rice, tomatoes, sardines, beans, finger millet, and bar soap.

²³ MITI online information. Viewed at:

[http://www.miti.go.tz/uploads/files/Simplified%20Trade%20Regime%20\(STR\)%2027.01.2017%20Signed.pdf](http://www.miti.go.tz/uploads/files/Simplified%20Trade%20Regime%20(STR)%2027.01.2017%20Signed.pdf).

2.4.1 Overview

2.21. Investment laws and a number of bilateral investment treaties comprise the main elements of Tanzania's investment framework. The Mainland's Investment Act of 1997 continues to provide the main legal structure for the investment regime, by making provisions related to: the establishment of the TIC; investment opportunities; investment benefits and guarantees; transfer of capital profits; guarantees against expropriation; dispute settlement; and technology transfer agreements.²⁴ The EAC has developed a Model Investment Code that provides a framework for EAC partners to incorporate into their national laws (see main report). There have been a number of amendments to the Act in recent years but most were minor. However, the 2014 amendments changed the benefits for strategic or major investors. Thus, to qualify as a strategic investor on the Mainland, the threshold remained at USD 20 million for a Tanzanian enterprise but was increased to USD 50 million for a foreign investor or joint venture.²⁵ For Zanzibar, the threshold for strategic investors is USD 100 million or USD 50 million for disadvantaged regions. The Act also has a number of regulations that further expand on the provisions in the Act.

2.22. Zanzibar's Investment Promotion and Protection Act (ZIPPA), 2004 provides a similar legal framework for investment in Zanzibar.²⁶ There are provisions for the establishment of the ZIPA, the treatment of investors, the issuance of certificates to approved enterprises, benefits and incentives, benefits and guarantees for investors, and the establishment of free ports and free economic zones. Two minor amendments were made to the Act in 2013 and 2016. Section 19 was amended to reduce the grace period for the payment of the land lease from 18 months to 6 months and Section 20 was amended regarding administrative matters.

2.23. Tanzania has 11 bilateral investment treaties (BITs), the most recent of which entered into force in 2014 with China (Table 2.3). According to the authorities, new agreements have been concluded but have not yet entered into force with Oman, Singapore, Thailand, Kuwait, Iran, and Zimbabwe. As of August 2018, negotiations were ongoing with Algeria, Bangladesh, Belgium-Luxembourg, France, India, Japan, Libya, Malawi, Malaysia, Qatar, the Slovak Republic, the United Arab Emirates, and Vietnam. A number of double taxation agreements are also in place.²⁷ All these agreements are applicable to both the Mainland and Zanzibar. Tanzania is also a member of the Multilateral Investment Guarantee Agency (MIGA), the Convention of Recognition and Enforcement Arbitration Award, and the International Centre for Settlement of Investment Disputes (ICSID).

Table 2.3 BITs, as at November 2018

Partner	Date of entry into force
Canada	09/12/2013
China	17/04/2014
Denmark	21/10/2005
Finland	30/10/2002
Germany	12/07/1968
Italy	25/04/2003
Mauritius	02/03/2013
Netherlands	01/04/2004
Sweden	01/03/2002
Switzerland	06/04/2006
United Kingdom	02/08/1996

Source: Information provided by the authorities, and UNCTAD online information. Viewed at: <http://investmentpolicyhub.unctad.org/IIA/CountryBits/222>.

2.24. The Mainland's National Investment Promotion Policy dates from 1996 and continues to provide policy direction for the sector, although the authorities have recognized a number of shortcomings with the passage of time. As such, they are working on a new investment policy; as of August 2018, it was still a work in progress. The 1996 Policy provides a vision for future investments that focuses on building local capacity, promoting export-led investments, alleviating poverty, and exercising good governance.

²⁴ The Tanzania Investment Act, 1997. eRegulations online information. Viewed at: <http://tanzania.eregulations.org/media/INVESTMENT%20ACT.pdf>.

²⁵ The Finance Act, 2014. Tanzania Revenue Authority (TRA) online information. Viewed at: <http://www.tra.go.tz/tax%20laws/finance%20act%202014.pdf>.

²⁶ ZIPA online information. Viewed at: http://www.zanzibarinvest.org/zipanew/pdf/ZIPA_act_2004.pdf.

²⁷ Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden, and Zambia. TRA online information. Viewed at: <https://www.tra.go.tz/index.php/double-taxation-agreements>.

2.25. The Zanzibar Investment Policy (ZIP) was formulated in 2004 with the aim of diversifying the economy and obtaining high sustainable growth to enable Zanzibar to reach its Zanzibar Development Vision 2020 goals. The policy sets out general and sector-specific investment policy objectives and strategies. It also contains many of the same visions for the future on investment as the Mainland's policy.

2.4.2 Investment restrictions

2.26. In general, the investment climate remains open, and there are no overriding rules that prohibit foreigners from investing. Furthermore, for inward investment, Tanzania allows foreign exchange and capital transactions with few restrictions, and profits, dividends and capital may be repatriated. However, there remain some restrictions on outward investments, e.g. on capital controls.²⁸ However, Tanzania does have some laws or other rules that prevent foreigners from operating in certain sectors or put restraints on company operations. Also, the licensing requirements in many sectors add additional costs or fees for foreign licensees compared to Tanzanian nationals, as the fee structure is often higher for foreigners.

2.27. The Tanzania Investment Act and the Land Act of 1999 restrict the purchase of land by non-citizens, thus the occupation of land by non-citizen investors is restricted to lands for investment purposes. Land may be leased for up to 99 years, and there are a number of opportunities for foreigners to lease land, including through the TIC, which has designated specific plots to be made available to foreign investors. Zanzibar has similar land restrictions prohibiting foreign ownership.

2.28. There are a number of other areas where foreign investors may not operate or do business in Tanzania, or where restrictions are prohibitive. In the tourism sector, certain operations are restricted to Tanzanians or Zanzibaris (Section 4.4.3). Investment in the extractive sectors, i.e. mining and energy, is increasingly subject to local content requirements and the mandatory listing of shares on the capital markets (Section 4.2). The fisheries sector has discriminatory treatment on fishing vessels and licensing practices that make foreign involvement in the sector difficult or prohibitive.

2.29. Investment restrictions have traditionally limited foreigners' ability to purchase shares on the Dar es Salaam Stock Exchange (DSE) to a maximum ceiling of 60% of total securities issued. The Foreign Exchange (Listed Securities) (Amendment) Regulations 2014 (FELSAR) and the Foreign Exchange (Amendment) Regulations 2014 (FEAR) have partially lifted this restriction (see capital market, Section 4.1.1.3) but restrictions still remain on Government securities except with respect to EAC residents.

2.30. In Zanzibar, certain businesses are reserved for Zanzibaris, these include barbershops, hairdressing, retail shops, beauty salons, tour operations, and restaurants, but ZIPA may set aside further sectors to only local investors. Further, the Zanzibar Investment Promotion and Protection Act requires that all foreign investors open a resident bank account in foreign currency with a bank in Zanzibar and if foreign currency transactions are conducted, they shall be through a foreign currency account established with a bank in Zanzibar. The Mainland also has similar restrictions on the operation of small businesses, i.e. barbershops, etc.

2.4.3 Incentives and promotion

2.31. TIC and ZIPA are the key organisations involved in investment promotion for the Mainland and Zanzibar, respectively. They both promote and facilitate investment and aid investors in many areas, e.g. obtaining permits, acquiring land, and problem solving. TIC and ZIPA both offer "one stop shops" for investors to get all the regulatory and other processes done for their investment project. They also provide a host of other services (Table 2.4).

2.32. Once a company submits its proposal and paperwork to TIC or ZIPA and it is approved, an investment certificate will be issued that provides a number of services and incentives. For the Mainland a minimum investment threshold of USD 100,000 applies for Tanzanian citizens and USD 500,000 for foreign investors in order to obtain a certificate. In Zanzibar, for the hotel and tourist sector the minimum investment is USD 2.5 million for foreigners and USD 300,000 for citizens; all other sectors the minimum investment is USD 300,000 for foreigners and USD 100,000 for citizens. There is also a second category, strategic investor, in which the thresholds are much higher but a more generous incentive package is available (Section 2.4.1).

²⁸ Information provided by the authorities.

2.33. There is a package of incentives for investors that includes access to the one stop shop, zero import duties on project capital goods and certain other designated articles, 10% import duty on semi-processed goods, the recognition of private property and protection against any non-commercial risks, refund scheme for excise duty paid on fuel purchased, 100% capital expenditure for the mining and agricultural sectors, VAT deferment on capital goods, and 50% capital allowances under income tax law for the first year under certain conditions.²⁹ Separate incentives are available to mining and energy investors through the Mining Act and Petroleum Act (Sections 4.2.1 and 4.2.2). The Mainland typically approves about 800 investment projects per year and these have been concentrated in the communication, manufacturing, and economic infrastructure sectors (Table 2.5). Since its inception ZIPA has approved 677 investment projects with a capital investment of about USD 5.8 billion.³⁰ Most of these have been concentrated in hotels & restaurants, and transport, storage, and communications sectors (Table 2.6).

2.34. On the Mainland there are 21 sectors designated as priority sectors in which the Government is focusing its promotional efforts, these include: agriculture and livestock development, natural resources, tourism, manufacturing, oil and gas exploration and production, mining, transportation, real estate, services, information and communication technologies, financial institutions, telecommunication, energy, broadcasting, education sector, health sector, insurance services, security services, construction industry, water and sanitation, and integrated waste management.

2.35. During the review period there have been several amendments to the incentive scheme of the Mainland. Some exemptions were reduced or removed such as cement and steel round rods were no longer deemed capital goods under the TIC. Also, all tax exemptions on investments granted to telecommunication firms were removed.³¹

Table 2.4 List of services offered by the TIC, by timeframe and cost, 2016

Service	Delivery timeframe	Fee ^a
TIC application form	Immediately	USD 100
Investment guide	Immediately	Free
Provision of Investment Act	Immediately	Free
Certificates of incentives	7 days	USD 1,000
VAT registration	7 days	Free
Tax clearance	1 day	Free
Tax identification number	1 day	Free
Customs approval import list	14 days	Free
Business name search	1 day	Free
Business licensing	1 day	Fee varies
Company registration	3 days	TZS 50,000 - 371,200
Residence permit Class A (East African nationals)	14 days	USD 1,705
Residence permit Class A (other East African nationals)	14 days	USD 3,355
Residence permit Class B (East African nationals)	14 days	USD 605
Residence permit Class B (other East African nationals)	14 days	USD 2,255
Special pass for Classes A and B	1 day	USD 660
Work permit Class B - labour	7 days	Free
Linkages with government institutions	7 days	Free

a 10% of all fees paid to the TIC go towards respective costs for all services.

Source: TIC.

Table 2.5 Number of projects approved through the TIC by sector, Mainland, 2012-13

	2012						2013					
	Projects				Employment	Investment (TZS mill.)	Projects				Employment	Investment (TZS mill.)
Total	Local	Foreign	Joint	Total			Local	Foreign	Joint			
Agriculture and livestock	60	28	19	13	51,939	821.8	43	15	12	16	20,635	529.2

²⁹ TIC online information. Viewed at: <http://www.tic.co.tz/selectedIncentives>.

³⁰ ZIPA online information. Viewed at: <http://www.zanzibarinvest.org/zipanew/pdf/investguide2018.pdf>.

³¹ Tanzania Revenue Authority (TRA) online information. Viewed at: <http://www.tra.go.tz/publications/Taxes%20and%20Duties.pdf>.

	2012						2013					
	Projects				Employment	Investment (TZS mill.)	Projects				Employment	Investment (TZS mill.)
	Total	Local	Foreign	Joint			Total	Local	Foreign	Joint		
Natural resources	2	2	0	0	110	5.6	6	2	3	1	2,526	73.3
Tourism	209	144	31	34	10,788	741.2	186	93	38	55	10,745	664.3
Manufacturing	225	86	74	65	24,039	2,976.4	258	95	75	88	26,927	2,343.4
Petroleum products and mining	1	0	0	1	64	8.1	2	-	-	2	98	2.6
Commercial buildings	128	78	30	20	57,541	838.9	132	77	20	35	9130	1,728.0
Transport	163	92	35	36	17,076	855.0	182	107	24	51	16,473	842.4
Services	15	1	7	7	1,892	424.3	8	1	3	4	570	29.9
Computer	2	1	0	1	67	7.0	1	-	1	-	50	1.9
Financial	7	3	2	2	755	67.1	4	1	-	3	6,979	9.9
Communication	4	2	0	2	803	2,969.7	9	1	2	5	2,244	944.7
Human resources	33	20	4	9	1,781	95.0	32	14	5	13	2,813	177.2
Energy	7	2	2	3	4,529	1,344.1	8	4	-	5	2,593	823.1
Economic infrastructure	7	5	1	1	2,901	261.5	7	2	-	5	100,369	80,035.1
Broadcasting	6	5	0	1	127	4.5	7	5	1	1	335	31.3
Total	869	469	205	195	174,412	11,420.1	885	417	184	284	202,487	88,236.3

Source: TIC.

Table 2.6 Approved investment projects, by sector, Zanzibar, 2015-17, cumulative

(USD 1,000)

Sector	2015		2016		2017	
	No.	Capital	No.	Capital	No.	Capital
Agriculture, hunting, forestry	30	55,973	30	55,973	32	136,818
Fishing	2	2,669	3	12,669	4	62,669
Manufacturing	50	204,988	51	205,958	56	209,884
Electricity, gas and water supply	1	2,394	1	2,394	1	2,394
Construction	5	4,075	6	6,375	6	6,375
Wholesale and retail trade	54	73,858	54	73,858	54	73,584
Hotels and restaurants	335	2,070,707	344	2,200,785	361	2,309,293
Transport, storage, and communications	35	1,355,645	35	1,355,645	36	1,361,345
Financial intermediation	6	639,345	6	639,345	6	639,345
Real estate renting and business activities	34	743,382	39	..	43	675,543
Education	8	9,287	8	9,287	8	9,287
Health and social work	9	45,928	9	45,928	9	45,928
Recreational and sporting	32	15,276	32	15,276	32	15,276
Tour operation	7	5,972	9	6,292	9	6,292
Total	608	5,229,499	627	4,629,785	657	5,554,033

.. Not available.

Source: ZIPA online information. Viewed at: <http://www.zanzibarinvest.org/zipanew/pdf/byregion.pdf>, and information provided by the authorities.

2.4.4 Special Economic Zones (SEZs) and Export Processing Zones (EPZs)

2.36. EPZs, and more recently, SEZs have been an important part of the Mainland's investment and promotion policies in recent years. Both offer different incentives, both tax and non-tax, and a simplified regulatory regime; however, SEZs offer a wider range of allowable activities. In Zanzibar, there are Freeport Zones and Free Economic Zones.

2.37. The EPZ Act of 2002 and the SEZ Act of 2006 form the legal frameworks for EPZs and SEZs, respectively, on the Mainland. The EPZ Act was amended in 2012 to limit the amount of production destined for the domestic market to 20%; 80% must be for export. The SEZ Act, Cap. 420 R.E. of 2012 allows SEZ-licensed companies to operate in domestic and regional markets without export limits, unlike EPZ-licensed companies; it also allows investors, both foreign and local, to develop SEZ infrastructure in the form of industrial parks which can be rented to EPZ-licensed companies. Both programmes operate under the Export Processing Zone Authority (EPZA). For Zanzibar, the

ZIPPA also contains provisions for Free Economic Zones and Freeport Zones. As of September 2018, there were four SEZs in operation, and another ten in various stages of development on the Mainland (Table 2.7). As of 2018, Zanzibar had five Free Economic Zones, two of which were freeports.³²

2.38. For the Mainland, there are certain minimum requirements for investors in EPZs and SEZs, as well as the requirement that it be a new investment. EPZs require a minimum annual export turnover of USD 100,000 for local investors and USD 500,000 for foreign investors; and SEZs have a minimum capital requirement of USD 100,000 for local investors and USD 500,000 for foreign investors.³³ In addition, companies in EPZs must have value addition, and export 80% of the goods, and those in SEZs must be located in the zones. There are different licensing structures for SEZs and EPZs, offering different incentives. For SEZs, there are developer/operator licenses, user licenses, and permits; and for EPZs, there is a user license.³⁴ There are a range of tax and non-tax incentives for EPZ and SEZ investors (Table 2.8). Zanzibar also offers different incentives for Freeport Zones and Free Economic Zones (Table 2.9).

2.39. The cumulative amount of exports from SEZs up to 2016 stood at USD 1,100 million, an increase of USD 306 million from 2015. In 2012, the figure was about USD 357 million.³⁵

Table 2.7 SEZs and Business Industrial Parks registered under the EPZA, 2018

SEZ/Industrial park	Location	Ownership	Status
Benjamin William Mkapa SEZ (BWM-SEZ)	Dar es Salaam	Government-EPZA	Operational
Bagamoyo SEZ	Coast region	Government-EPZA	Development stage
Mtwara Freeport Zone (Oil and gas supply base)	Mtwara	Government-Tanzania Port Authority/EPZA	Development stage
Hifadhi EPZ	Dar es Salaam	Public National Social Security Fund	Operational
Kisongo EPZ	Arusha	Private	Operational
Kamal Industrial Estate	Bagamoyo, Coast Region	Private	Partially completed
Global Industrial Park	Mkuranga	Private	Development stage
Kigamboni SEZ Company Limited	Morogoro	Private	Development stage
Kigoma SEZ (Ki-SEZ)	Kigoma Ujiji/Kigoma Region	Government	Development stage
Kilwa Business Park	Kilwa District/ Lindi Region	Private	Development stage
Ming Xin Company Limited	Mlandizi, Coast Region	Private	Development stage
Mkinga SEZ	Mkinga District/Tanga Region	Private	Development stage
Star City SEZ	Tungi Estate, Morogoro Region	Private	Development stage
Vigor SEZ Company Limited	Kisarawe District, Coast Region	Private	Development stage

Source: EPZA.

Table 2.8 Incentives, Mainland, 2018

EPZ User license	SEZ User license
Subject to compliance with applicable conditions and procedures, accessing the export credit guarantee scheme	Exemption from payment of taxes and duties for machinery, equipment, heavy duty vehicles, building and construction materials and any other goods of a capital nature to be used for purposes of development of the SEZ infrastructure
Remission of customs duty, VAT and any other tax charged on raw materials and goods of a capital nature related to production in the EPZs	Exemption from payment of corporate tax for an initial period of ten years and, thereafter, a corporate tax charged at the rate specified in the Income Tax Act
Exemption from payment of corporate tax for an initial period of ten years and, thereafter, corporate tax to be charged at the rate specified in the Income Tax Act	Exemption from payment of withholding tax on rent, dividends and interest for the first ten years
Exemption from payment of withholding tax on dividends and interest for the first ten years	Exemption from payment of property tax for the first ten years

³² Fumba Zone, Micheweni Zone, Amaan Industrial Park, Maruhubi Free Port, and Airport Free Port.

³³ EPZA online information. Viewed at: <http://epza.go.tz/licens.php?p=237>.

³⁴ EPZA online information. Viewed at: <http://www.epza.go.tz/files/e-brochure.pdf>.

³⁵ Information provided by the authorities.

EPZ User license	SEZ User license
Exemption from payment of all taxes and levies imposed by local government authorities for products produced in the EPZs for a period of ten years	Remission of customs duty, VAT and any other tax payable in respect of the importation of one administrative vehicle, ambulances, fire-fighting equipment and fire-fighting vehicles and up to two buses for employee transportation to and from the SEZ
Exemption from pre-shipment or destination inspection requirements	Exemption from the payment of stamp duty on any instrument executed in or outside of the SEZ relating to the transfer, lease or hypothecation of any movable or immovable property in, or situated within, the SEZ, or any document, certificate, instrument, report or record relating to any activity, action, operation, project, undertaking or venture in the SEZ
On-site customs inspection of goods in the EPZs	Entitlement to an initial automatic immigrant quota of up to five persons during the start-up period and, thereafter, any application for extra persons to be submitted to the Authority which shall, in consultation with the Immigration Department, authorize any additional persons deemed necessary, taking into consideration the availability of qualified Tanzanians, the complexity of the technology employed by the investor, and the agreements reached with the investor
Provision of business visas at the point of entry to key technical, management and training staff for a maximum of two months; thereafter, the requirement to obtain a residence permit, according to the Immigration Act, shall apply;	Exemption from payment of VAT on utility charges
Remission of customs duty, VAT and any other tax payable in respect of the importation of one administrative vehicle, ambulances, fire-fighting equipment vehicles and up to two buses for employee transportation to and from the EPZs	Exemption from pre-shipment or destination inspection requirements
Treatment of goods destined for the EPZs as transit cargo	On-site customs inspection of goods within SEZs
Exemption from VAT on utility and wharfage charges	Treatment of goods destined for the SEZs as transit cargo
Entitlement to an initial immigrant quota of up to five persons during the start-up period and, thereafter, any application extra persons to be submitted to the Authority which shall, in consultation with the Immigration Department and the Commissioner for Labour, authorize any additional persons deemed necessary, taking into consideration the availability of qualified Tanzanians, the complexity of the technology employed by the investor, and the agreements reached with the investor	
Access to competitive, modern and reliable services available within the EPZs	
Unconditional transferability through any authorized dealer bank in freely convertible currency of: <ul style="list-style-type: none"> i. Net profit or dividends attributable to the investment; ii. Payments in respect of loan servicing where a foreign loan has been obtained; iii. Royalties, fees and charges in respect of any technology transfer agreement; iv. The remittance of proceeds (net of all taxes and other obligations) in the event of the sale or liquidation of the business enterprises or any interest attributable to the investment; and v. Payments of emoluments and other benefits to foreign personnel employed in Tanzania in connection with the business enterprise 	

Source: EPZA Brochure. Viewed at: <http://www.epza.go.tz/files/e-brochure.pdf>. EPZ Act Cap 373 R.E. of 2012 and SEZ Act Cap 420 R.E. of 2012. Viewed at <http://www.epza.go.tz>.

Table 2.9 Incentives, Zanzibar, 2018

Free Economic Zones	Freeport Zones
Ten-year corporate tax holiday and 25% tax for the subsequent ten years	Exemption from the payment of import duty, excise duty, sales tax, VAT and any other import levy on all goods imported into the Freeport Zones
Ten-year withholding tax holiday on dividends to non-residents	Exemption from any tax on all goods destined for re-export
Duty and VAT exemption on raw materials, machinery, equipment and other inputs	Exemption from local taxes on all exported goods produced in the Freeport Zone

Free Economic Zones	Freeport Zones
Stamp duty exemption	Exemption from the payment of corporate tax for the first 20 years
100% investment deduction on capital expenditure within 20 years	No limit to the duration that goods may be stored in the Freeport Zones
Exemption from tax on dividends for ten years	100% retention of all profits
Duty- and tax-free import of goods from domestic tariff area permissible	100% foreign ownership allowed
Duty-free import of materials for the construction of factory buildings	Free repatriation of profit
Duty-free export of goods produced	20% of total turn-over allowed for sale to the local market, subject to the payment of all taxes
Exemption of income tax on interest on borrowed capital	
Exemption from the payment of all taxes and levies imposed by local government authorities for goods and services produced in Free Economic Zones	
On-site customs inspection of goods in lieu of off-port inspection	

Source: ZIPA online information. Viewed at: http://www.zanzibarinvest.org/zipanew/pdf/ZIPA_act_2004.pdf.

2.4.5 Business environment and taxation

2.40. The Business Licensing Act 1972 provides a framework for business operations in the Mainland and, thus, commercial businesses in Tanzania be registered with the Business Registration and Licensing Agency (BRELA). The BRELA does the registration and also handles applications for business names. In recent years, the BRELA has undertaken the move to electronic filing methods, to speed up the registration process and improve efficiency and accuracy. After business registration with the BRELA, a company must obtain a business licence from the MITI. A similar agency for business registration on Zanzibar is the Business and Property Registration Agency (BPRA). The BPRA is not only involved with the registration of businesses but also oversees the Companies Act, 2003; the Societies Act, 1995; the Business Names Registration Decree; and the Transfer of Properties Decree.³⁶

2.41. The Business Names (Registration) Act of 1930 and the Companies Act of 2002 also provide legal frameworks for the establishment of businesses on the Mainland. The Business Names Act formerly required that all businesses register the name of their enterprise. However, it was amended in 2012 to widen its scope, through the amendment of the definition of business, and to provide for more modern means of communication to register the names.³⁷ The Companies Act was also amended in 2012, to introduce a new type of company structure, the single individual shareholder company, in which one shareholder can hold 100% of the shares. For-profit businesses can be established either under the Business Names (Registration) Act or the Companies Act. Collectively, they provide for different types of business establishments, including: sole proprietorships, partnerships, trusts, societies, and companies.

2.42. The regulatory framework on the Mainland to encourage private participation across infrastructure sectors was established with the Public Private Partnership (PPP) Act 2010 and its regulations from 2011. The PPP Act establishes various public-sector bodies for the PPP process, and targets 12 sectors for PPP projects.³⁸ The initial PPP projects included mostly port and road infrastructure projects. As of July 2018, there were a number of proposed amendments to the Act. In 2015, Zanzibar also passed its Public-Private Partnership (PPP) Act, thereby creating a framework for attracting private capital to develop infrastructure and services.

2.43. In 2018, Tanzania ranked 137th in the World Bank's Ease of Doing Business rankings, and was 15th among sub-Saharan African countries.³⁹ Tanzania's position has gradually deteriorated over the review period; Tanzania was ranked 127th in 2012.⁴⁰ In the sub-categories of starting a business, getting electricity, protecting investors, paying taxes, trading across borders, and enforcing contracts, Tanzania's situation deteriorated; however, some improvements were seen in

³⁶ BPRA online information. Viewed at: <http://www.bpra.go.tz/>.

³⁷ Business Laws (Miscellaneous Amendments) Act No. 3 of 2012.

³⁸ These include: agriculture, education, energy, environment and waste management, exploration and mining, health, industry and manufacturing, information and communication technology, infrastructure, natural resources and tourism, trade marking, and sports and recreation.

³⁹ World Bank's Doing Business online information. Viewed at: <http://www.doingbusiness.org/rankings?region=sub-saharan-africa>.

⁴⁰ World Bank's Doing Business online information. Viewed at: <http://www.doingbusiness.org/reports/global-reports/doing-business-2012>.

dealing with construction permits, registering property, getting credit, and resolving insolvency. The sub-categories with the largest deteriorations were with respect to trading across borders (Section 3.1.1), starting a business, and protecting investors. The Government has recognized this situation and has identified four areas in particular for improvement - business licensing, land reforms, registration of businesses, and registration of persons.⁴¹ Reforms have already taken place with respect to streamlining the business registration processes at the BRELA (see above).

2.44. According to a 2017 survey of the business sector, taxation, and in particular high taxes, was the top concern of the business sector, followed by the need to improve the infrastructure.⁴² The World Bank's Tanzania Economic Update report also cites the private sector's main areas of concern as: overzealous tax collection, delays in VAT refunds and payments to contractors and other suppliers, and the proliferation of regulatory authorities, licenses, taxes and charges.⁴³ The Tanzania Chamber of Commerce, Industry and Agriculture's (TCCIA) report from 2016 cites that multiple regulatory authorities contribute to the complexity and/or higher costs of establishing a business. In December 2017, the Government published its Blueprint for Regulatory Reforms to Improve the Business Environment, in order to establish a business-enabling environment for the private sector and address some of the concerns of the business sector.⁴⁴ This policy produces a reform matrix and identifies areas for 'quick-win' reforms.

2.45. Tanzania remains highly reliant on indirect taxes for its government revenues. During the review period, indirect taxes, which include taxes on international trade, domestic consumption taxes, and other domestic taxes, made up about 63% of central government revenues on the Mainland, compared to about 37% of revenues from direct taxation.⁴⁵ There are a number of taxes at various levels of government on the Mainland and in Zanzibar (Table 2.10). Various amendments to the taxation system on the Mainland have taken place over the review period. For Zanzibar, there were two new acts with respect to taxation in recent years - the Infrastructure Tax Act, 2015, that taxes mainly the tourism and transport sectors⁴⁶; and the Stamp Tax Act, 2017, that establishes stamp duties on documents, leases, etc., and also on bills of lading and electronic records.⁴⁷

Table 2.10 Taxation in Tanzania, 2018

	Mainland	Zanzibar
Central government taxation	Local taxation (rates vary depending on the local authority)	
a. Direct taxes	a. Taxes on property	a. Direct taxes
Payroll and workforce	Property rates;	b. Indirect taxes
Basic skills and development levy	b. Taxes on goods and services	VAT on imports and local purchases;
Taxes on profits	Crop cess;	Excise on imports and local purchases;
Taxes on income	Forest produce cess;	Hotel levy;
Withholding tax	c. Taxes on specific services	Restaurant levy;
Rental tax	Guest house levy;	Tour operation levy
Gaming tax	d. Business and professional licences	Stamp duty;
Other income taxes	Commercial fishing license fee;	Airport service charge;
	Intoxicating liquor license fee;	Seaport service charge
b. Indirect taxes	Private health facility license fee;	Road development fund;
i. Consumption taxes;	Taxi license fee;	
	Plying permit fee;	

⁴¹ AllAfrica online information. Viewed at: <https://allafrica.com/stories/201610270150.html>.

⁴² Tanzaniainvest online information. Viewed at: <https://www.tanzaniainvest.com/economy/business-environment-survey-2017>.

⁴³ World Bank online information. Viewed at: <https://openknowledge.worldbank.org/bitstream/handle/10986/28867/120954-NWP-PUBLIC-p156957-p164469-86p-WorldBankNovFR.pdf?sequence=1&isAllowed=y>.

⁴⁴ Velma Law online information. Viewed at: <https://www.velmalaw.co.tz/wp-content/uploads/2018/05/Blueprint-for-Regulatory-Reforms-to-Improve-the-Business-Environment-dated-December-2017.pdf>.

⁴⁵ *Tax Statistics Report, 2015/16, Tanzania Mainland*. Viewed at: https://nbs.go.tz/nbs/takwimu/Tax/Tax_Statistics_Report%202015_16_Tanzania_Mainland.pdf.

⁴⁶ Hotel stay (USD 1 or TZS equivalent per person per day); passenger embarking from a sea port in Zanzibar to another seaport in Zanzibar (TZS 1,000 per person); passenger embarking from a sea port in Zanzibar to another seaport in Tanzania (TZS 2,000 per person); passenger arriving via airport to the United Republic of Tanzania (TZS 2,000 per person); petroleum products, a) diesel, b) petrol (TZS 100 per litre); and purchases of electricity (2% of the net value).

⁴⁷ Zanzibar Revenue Board online information. Viewed at: http://www.zanrevenue.org/uploads/INFRASTRUCTURE_TAX_2015.pdf and <http://www.zanrevenue.org/sw/resources/view/stamp-duty-act-no.7-Of-2017>.

	Mainland	Zanzibar
<ul style="list-style-type: none"> - Domestic excise; - VAT on domestic products and services; ii. International trade taxes <ul style="list-style-type: none"> - Import duties; - VAT on imports; - Excise duties; - Fuel levy; - Petroleum fee; - Skills development levy; - Stamp duty; iii. Other domestic taxes; <ul style="list-style-type: none"> - Business licensing; - Airport departure charges; - Motor vehicle taxes; - Stamp duties; 	<ul style="list-style-type: none"> Other business license fee; <u>e. Motor vehicles, other equipment and ferry licences</u> Vehicle license fees; Fishing vessel license fees; <u>f. Other taxes on the use of goods, permission to use goods</u> Forest produce license fee; Building materials extraction license fee; Hunting licenses fee; Muzzle loading gun license fee; Scaffolding/Hoarding permit fee; <u>g. Turnover taxes</u> Service levy; <u>h. Entrepreneurial and property income</u> Dividends; Other domestic property income; Interest; Land rent; <u>i. Administrative fees and charges</u> e.g. meat inspection charge, building permit fee, livestock dipping fee, abattoir slaughter service fee, fish landing facilities fee, fish auction fee, clean water service fee, market stall dues, insurance commission service fee, sale of seedlings, livestock market fee, revenue from renting houses, etc. 	<ul style="list-style-type: none"> Petroleum levy; Motor vehicle registration; Road licence; Driving licence; Airport safety fee; Infrastructure tax

Source: Ministry of Finance online information. Viewed at: <http://www.mof.go.tz/mofdocs/revenue/revlocal.htm>, and Tanzania National Bureau of Statistics online information. *Tax Statistics Report, 2015/16, Tanzania Mainland*. Viewed at: https://nbs.go.tz/nbs/takwimu/Tax/Tax_Statistics_Report%202015_16_Tanzania_Mainland.pdf.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures, valuation, and requirements

3.1. The main law governing customs procedures and imports in Tanzania is the East African Community Customs Management Act (EACCMA), 2004, and its various amendments and regulations, including manuals and other customs laws of the Community as specified in Article 39 of the Protocol establishing the EAC Customs Union (see main report). The Commissioner of Customs, within the Tanzania Revenue Authority (TRA), manages customs and administers the Act at the national level.¹

3.2. The TRA outlines the procedures for importation on its website, as the EACCMA only specifies customs control, arrival procedures and the entry of cargo.² Importation requires a declaration at least seven days in advance of the arrival of the vessel, and the clearance process must be carried out by a licensed clearing and forwarding agent (CFA) who sends the documentation through the electronic system (see below). The documentation required includes the final invoice, agent's authorization letter from the importer, the packing list, and the transport documents (bill of lading/airway bill/road consignment note); and may include import permits and exemption documents, if applicable. While the TRA is the main enforcer of customs rules at the border, other government agencies are involved in the customs control of certain goods. These include: the Tanzania Food and Drugs Authority, the Tanzania Bureau of Standards (TBS), the Tanzania Atomic Energy Commission (TAEC), the Ministry of Agriculture, and the Tanzania Pesticides Research Institute (TPRI).

3.3. In 2014, the Mainland launched the Tanzania Customs Integrated System (TANCIS). It is a web-based system that was fully implemented at all customs posts in June 2015. It has progressively replaced paper documents with a paperless environment, leading to significant cost and time savings. It also allows customs to perform real-time monitoring, risk management and intelligence operations. However, for goods entering through Zanzibar, importers must use its electronic system, ASYCUDA++. The TANCIS and ASYCUDA++ allow transferability of information to other EAC partner countries. Tanzania's single window system (eSWS) is expected to be finalized by the end of 2018. As of August 2018, the TANCIS had incorporated about ten other government institution operations into the system.

3.4. Tanzania Mainland charges a customs processing fee of 0.6% of the f.o.b. value on imports of dry cargo, or TZS 4.8 per litre on wet cargo. The fees are remitted to the consolidated fund for dry goods or to the Rural Energy Authority (REA) for liquid cargo.³ Similar fees are also collected in Zanzibar.

3.5. There have been no significant improvements in customs clearance times during the review period and, in some cases, some deterioration has occurred (Table 3.1). For example, the average time to clear goods through Dar es Salaam port increased from 9 to 11 days during the review period. This can be attributed to changes in moving from an outside company to insourcing all customs processing, larger volumes of trade, and more goods in transit.

Table 3.1 Key customs figures, 2012-16

	2012/13 ^a	2013/14 ^a	2014/15 ^a	2015/16 ^a
Average time to clear goods (days):				
Land borders	1	2	2	n.a.
Dar es Salaam port	9	11	11	n.a.
JNIA Airport	3	4	4	n.a.
% of customs manifest submitted before arrival:				
JNIA Airport	0	0	2	n.a.
Dar es Salaam port	89	91	93	n.a.
Customs clearance within 24 hours (%):				
Land borders	91	81	86	n.a.

¹ As a member of the SADC, Tanzania also follows the SADC Protocol on Trade that provides for cooperation in customs matters, trade facilitation, and transit trade matters.

² TRA online information. Viewed at: <https://www.tra.go.tz/index.php/import-procedure>.

³ TRA online information. *Annual Report 2014-15*. Viewed at: <http://www.tra.go.tz/index.php/publications/501-annual-report-2014-2015>.

	2012/13 ^a	2013/14 ^a	2014/15 ^a	2015/16 ^a
Dar es Salaam port	40	36	82	n.a.
JNIA Airport	80	78	64	n.a.
Revenues collected, Mainland (TZS billion)	2,971.8	3,627.3	4,138.4	5,351.1
Import duties	610.9	766.7	910.9	1,344.3
Excise duty	697.4	761.9	916.9	1,275.8
VAT on imports	1,213.4	1,329.7	1,329.7	1,727.2
Fuel levy and petroleum fee - REA	436.3	750.3	750.3	750.3
Revenues collected, Zanzibar (TZS billion)	63.8	87.6	87.9	103.3
Import duties	24.9	33.8	33.4	34.8
Excise duty	8.4	10.9	10.3	12.2
VAT on imports	26.9	38.3	38.8	41.5
Others	3.7	4.7	5.4	14.8

a FY basis.

n.a. Not available.

Source: TRA online information. *Annual Report 2014-15*. Viewed at: <http://www.tra.go.tz/index.php/publications/501-annual-report-2014-2015>; and *National Tax Statistics*. Viewed at: <http://www.tra.go.tz/images/uploads/Laws/NationalTaxStatistics2015-16.xls>. TRA, 2015. Tanzania National Bureau of Statistics online information. *Tax Statistics Report 2015/16*. Viewed at: https://nbs.go.tz/nbs/takwimu/Tax/Tax_Statistics_Report%202015_16_Tanzania_Mainland.pdf.

3.6. With the help of the African Development Bank (ADB) and other donors to the Central Corridor Transit Transport Facilitation Agency (CCTTFA), Tanzania and its EAC neighbours have five fully operational one-stop border posts (OSBPs).⁴ These have reportedly cut transit truck crossing times by 55%. Other OSBPs are at different stages of implementation. Tanzania and its EAC partners are also in the process of implementing the EAC Single Customs Territory (see main report).

3.7. Certain customs procedures require licensing by the TRA pursuant to the framework provided for in the EACCMA on matters including: customs clearing and forwarding agents, customs bonded warehouses/manufacture under bond operators, transporters of goods under customs control, and inland container depots/container freight stations operators. The TRA sets a number of general conditions for licensing, such as having a relevant business license and taxpayer identification number, and a number of specific conditions depending on the type of license, including an examination.

3.8. In Zanzibar, importation and exportation procedures are specified in the Trading Act, which was revised in 2013 as the Trade Act No. 14 of 2013. Its regulations, the Trade Transaction Regulations were established in 2016 to further expand upon the provisions in the Act.⁵ Together, they require any importer or exporter to be registered in order to conduct this business. This requires obtaining an Import or Export Registration Certificate from the ministry responsible for trade; this must be renewed annually.

3.9. Since 2012, the Mainland has been implementing pre-shipment inspections and assessments of conformity for certain categories of imported goods, known as the pre-shipment verification of conformity (PVoC). The scheme seeks to regulate the importation of certain goods relative to Tanzanian and other internationally accepted standards; it was subsequently implemented in Zanzibar in 2016. Under the scheme, goods that pass the inspection are issued with a certificate of compliance (CoC), a prerequisite for customs clearance for certain goods.⁶

3.10. During most of the review period, the TRA has been operating under its Fourth Corporate Plan (CP4), whereby certain targets have been set for its future direction. Due to a number of developments, the TRA embarked on its Fifth Corporate Plan (CP5) early, and this was put in place in July 2017 until 2021/22.⁷ Some of the achievements of CP4 included the TANCIS, the OSBPs, and the implementation of a Business Continuity Management System. For CP5, the TRA has a

⁴ In Namanga, Lungalunga and Isebania at the border with Kenya, in Mutukula with Uganda, and in Rusuma with Rwanda. ADB online information. Viewed at: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Country_results_brief_2017_TANZANIA_en.pdf, and Central Corridor online information. Viewed at: <http://centralcorridor-ttfa.org/news/one-stop-border-posts-cut-trucks-border-crossing-time-by-55/>.

⁵ Zanzibar Assembly online information. Viewed at: <http://www.zanzibarassembly.go.tz/acts-2013.php>.

⁶ For Zanzibar, goods subject to this include toys and sports equipment, and electrical and electronic products.

⁷ TRA online information. Viewed at: <https://www.tra.go.tz/images/uploads/Laws/1CP5TRAB5.pdf>.

number of goals or objectives, including: enhancing trade facilitation through a single window port, implementing phase II of the EAC's AEO scheme, and strengthening marine and border patrol operations.

3.11. The most recent Doing Business Report from the World Bank saw Tanzania's rank 137th, but in terms of the trading across borders sub-category, it ranked even lower, at 182nd, its lowest among all the sub-categories.⁸ The particularly low ranking is attributed mainly to the high costs for importation and exportation associated with border compliance. There seems to be room for improvement, and the Government has recognized this (Section 2.4.5). According to the authorities, full implementation of the single window is expected to address some of these issues by lowering costs and increasing efficiency.

3.12. As of August 2018, Tanzania had not yet ratified the Trade Facilitation Agreement (TFA). According to the authorities, the Government is expected to ratify it by the end of FY 2018/19. In May 2015, Tanzania notified its Category A commitments to the WTO.⁹

3.13. The authorities have indicated that an AEO programme is underway at the EAC level (see main report), and Tanzania has implemented phase I of this programme and is starting to implement phase II. As of October 2018, Tanzania had two national compliant AEOs.

3.14. Tanzania has an informal procedure for issuing advance rulings on customs classification matters. Advance rulings are issued by letter upon request by importers, and there is no central database or disclosure of them to the public. At present, it is not possible to perform a search or identify the number in existence. Tanzania may also issue advance rulings on origin matters.

3.1.1.1 Customs valuation

3.15. Valuation of goods for customs purposes is contained in the EACCMA Fourth Schedule, and is harmonized at the level of the EAC (see main report). According to the authorities, the main issues Tanzania faces on customs valuation are with respect to under-invoicing problems on used motor vehicles.

3.1.2 Rules of origin

3.16. Rules of origin are harmonized at the level of the EAC through the EAC Customs Union (Rules of Origin) Rules, 2015 (see main report). Tanzania also applies the SADC Protocol on Trade Rules of Origin regulations for preferential imports from SADC countries. According to the authorities, no other rules of origin are applied by Tanzania.

3.1.3 Tariffs

3.17. As a member of the EAC, Tanzania applies the EAC CET (see main report). Customs import duties remain an important source of revenue for the Government; for the Mainland, they accounted for 10% of total revenues in 2015/16, and for Zanzibar, 20%. However, when associated taxes on imports, e.g. VAT, excise, and other import taxes, are also taken into account, they provide 40% of the Mainland's annual revenues, and 60% of Zanzibar's.¹⁰

3.18. While the CET provides harmonization of most tariffs for all EAC partners, it does allow for some country-specific deviations through "stays of application" and duty remissions. The duty remissions scheme is designed for export promotion, and EAC partners may request annual specific product exemptions for duty-free imports used in manufacturing. The provision on stays of application was initially designed as a temporary transitional measure to help with the implementation of the CET, but its original purpose has been enlarged to encompass a wider use. Any change or derogation from the CET requires approval from the Council of Ministers. There has been an increase in the use of these two procedures to deviate from the CET by Tanzania and other EAC partners during the review period, which has prompted some concerns over the rising

⁸ World Bank's Doing Business online information. Viewed at: <http://www.doingbusiness.org/data/exploreeconomies/tanzania#trading-across-borders>.

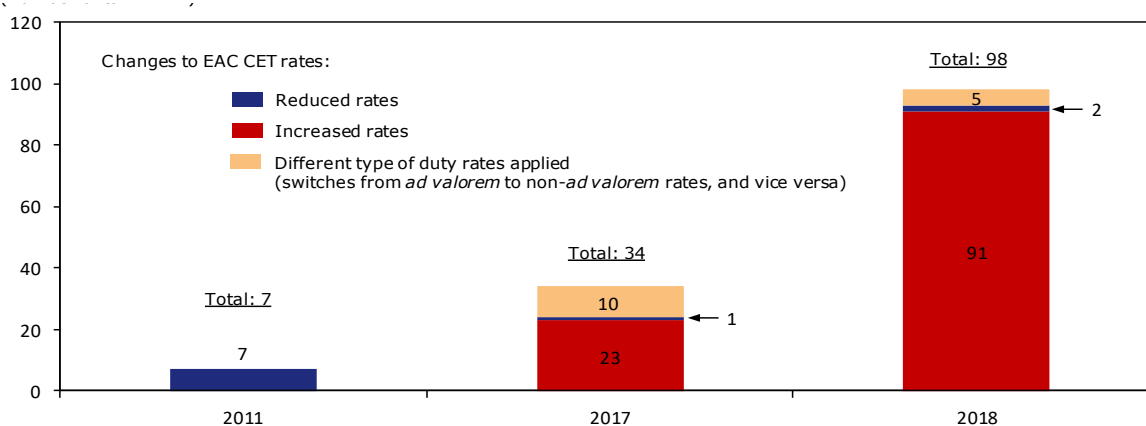
⁹ According to this notification, Arts. 1.4, 5.2, 7.5, 9, 10.5, and 10.6 were expected to be implemented upon the entry into force of the Agreement for Tanzania. WTO document, WT/PCTF/N/TZA/1.

¹⁰ TRA online information. Viewed at: <https://www.tra.go.tz/index.php/tax-collection-statistics>.

instability it lends to the CET.¹¹ A compilation of the stays of application indicates that, for Tanzania, there were seven cases in 2011, all involving lower rates of duty from the CET. However, in 2018, the situation had changed significantly, and there were nearly 100, with over 90 involving higher rates of duty (Chart 3.1). The authorities attribute this large increase to their policies on promoting domestic production of these goods. Furthermore, with respect to duty remissions, these have also showed a marked increase during the period, due to Tanzania's policies to encourage exportation. Products subject to duty remission generally have a zero rate of duty but may be subject to a 10% rate of duty if they are subsequently sold within the EAC region.

Chart 3.1 Tariff lines (at the 8-digit level) with national rates different from the CET rates due to stays of application

(Number of tariff lines)



Note: The fiscal year runs from 1 July to 30 June.

Source: WTO Secretariat calculations, based on data provided by the EAC Secretariat and EAC Gazette Vol. AT1-No. 8, 30 June 2018.

3.19. Tanzania has a flat rate of bindings in its WTO tariff schedule of 120%; all agricultural products but only 0.3% of industrial products are bound. Some tariff lines with mixed or compound duty rates may exceed the bindings (see main report). All other duties and charges are bound at zero in Tanzania's schedule but some are imposed (Section 3.1.4).

3.1.4 Other charges affecting imports

3.20. Mainland Tanzania and Zanzibar charge a number of other taxes, fees and levies on imported goods and services. The main ones are customs processing fees (Section 3.1.1.), VAT and excise but there are also others, including a fuel levy, a petroleum fee, a trade levy, and a railway development levy.

3.21. In 2015, the Mainland introduced the Railways Development Levy on all imports, except EACCMA-exempted goods, to help finance the development of railway projects. The Levy amounts to 1.5% of the customs value. For Zanzibar, a trade levy of 5% of customs value is charged on the c.i.f. value of non-petroleum imports. For all types of fish and fish products imported and intended as food, the Fisheries Act and its Regulations charge a specific rate of USD 0.25 perkg.¹²

3.22. The Mainland has a fuel levy on imported petroleum and diesel, at a rate of TZS 313 per litre. There is also a petroleum fee on petroleum and diesel, of TZS 100 per litre, and on kerosene, of TZS 150 per litre. Zanzibar also has similar fees on petroleum products. Fees collected on imports in Zanzibar remain in Zanzibar, while those on the Mainland go to the general budget (consolidated fund) and are distributed through the normal processes to the Mainland and Zanzibar. The revenue collected from these two fees increased significantly during the period

¹¹ Sage Journals online information. Viewed at: <http://journals.sagepub.com/doi/full/10.1177/2158244017748235>.

¹² Informea online information. Viewed at: <https://www.informea.org/sites/default/files/legislation/tan171548.pdf>.

under review, from TZS 391 billion in 2011/12 to TZS 1.1 trillion in 2016/17.¹³ According to the authorities, this increase can be attributed to transit trade and the move to the single customs territory.

3.23. In 2013, Tanzania issued regulations that impact the import and export of films and music products; it exempts goods in transit.¹⁴ It requires importers and exporters of these products to register and receive approval from the licensing authorities in order to import or export. Further, a tax stamp must be paid for and affixed to the products.

3.24. The Mainland's stamp duty tax is pursuant to the 1972 Stamp Duty Act; payment and stamping of a variety of documents, such as agreements, leases, property transfers, etc., are required. The fee varies considerably depending on the type of document; it is sometimes paid as a fixed fee and sometimes *ad valorem* (a percentage of the value of the transaction).¹⁵ In 2017, Zanzibar passed a new Stamp Duty Act that requires a stamp duty receipt for all money exchanged in excess of TZS 1,000 for the sale of any goods or services in Zanzibar¹⁶

3.1.4.1 VAT

3.25. VAT in Tanzania is an important source of revenue for the Government, as it provided the largest share, about 27%, of total government revenues in 2015/16. Of this amount, 14% was collected on domestic goods, and 13% on imports.¹⁷

3.26. VAT in Mainland Tanzania is charged at 18% for most goods and services, including imports, and is zero-rated for exports of goods and services.¹⁸ There is a list of specific exemptions that is quite extensive (Table 3.2). The Mainland's VAT is governed by the VAT Act, 2014 and its regulations, and the VAT (General) Regulations, 2015.¹⁹ Annual amendments since then have mainly altered the exemptions. As of 2018, there were 24 categories of exemptions, plus a list of specific import exemptions (Table 3.2).

3.27. Similar to the Mainland, Zanzibar has a VAT rate of 18% on the importation and supply of taxable goods, and a zero rate on the export of goods and services. There are also a number of zero-rated VAT supplies, exemptions, and special relief provisions (Table 3.3).

Table 3.2 VAT exemptions, Mainland, 2018

Category	Description or HS codes
Agricultural implements	Ch. 82, 84, 87, 40, 5, 94
Agricultural inputs	Ch. 31, 38
Livestock, basic agricultural products and foods for human consumption	Ch. 1-12, 53
Fisheries implements	Ch. 70, 56, 89, 84
Bee-keeping implements	Ch. 61, 63, 84
Medicine or pharmaceutical products, not including food supplements or vitamins	Ch. 84, 39, 40
Articles designed for people with special needs	Ch. 90, 33, 84, 87
Dairy equipment	
Education materials	Ch. 49
Health care	
Immovable property	
Educational services	
Intermediary services	Financial services
Government entity or institution	
Petroleum products	Ch. 27
Supply of water, except bottled or canned water or similarly presented water	

¹³ Tanzania National Bureau of Statistics online information. *Tax Statistics Report, 2015/16, Tanzania Mainland*. Viewed at: https://nbs.go.tz/nbs/takwimu/Tax/Tax_Statistics_Report%20_2015_16_Tanzania_Mainland.pdf.

¹⁴ The Films and Music Products (Tax Stamps) Regulations, 2013. TRA online information. Viewed at: [https://www.tra.go.tz/tax%20laws/The%20excise%20\(Management%20and%20Tariff\)%20Act.pdf](https://www.tra.go.tz/tax%20laws/The%20excise%20(Management%20and%20Tariff)%20Act.pdf).

¹⁵ TRA online information. Viewed at: <https://www.tra.go.tz/index.php/stamp-duty>.

¹⁶ Zanzibar Revenue Board online information. Viewed at: <http://www.zanrevenue.org/tax/category/stamp-duty>.

¹⁷ TRA online information. Viewed at: <https://www.tra.go.tz/index.php/tax-collection-statistics>.

¹⁸ TRA online information. Viewed at: <http://www.tra.go.tz/index.php/value-added-tax-vat/99-rate-structure>.

¹⁹ TRA online information. Viewed at: <https://www.tra.go.tz/tax%20laws/VALUE%20ADDED%20TAX%20ACT,%202014.pdf> and [https://www.tra.go.tz/tax%20laws/Value%20Added%20Tax%20\(General\)%20regulations,%202015.pdf](https://www.tra.go.tz/tax%20laws/Value%20Added%20Tax%20(General)%20regulations,%202015.pdf).

Category	Description or HS codes
The transportation of person by any means of conveyance other than taxi cabs, rental cars or boat charters	
Supplies of arms and ammunitions, parts and accessories thereof, to the armed forces	
Funeral services; for the purposes of this item, funeral services include: coffin, shroud, transportation, mortuary and disposal services of human remains	
Gaming supplies	
Supply of tourist guides, game driving, water safaris, animal or bird watching, park fees, and ground transport services	
Supply of solar panels, modules, solar charger controllers, solar inverters, solar lights, vacuum tube solar collectors and solar batteries	
Supply of air charter services	
Imports exempt from VAT	

Source: VAT Act. TRA online information. Viewed at: <https://www.tra.go.tz/tax%20laws/THE%20VALUE%20ADDED%20TAX%20ACT,%202014.pdf>.

Table 3.3 VAT exemptions, Zanzibar, 2018

Category
Zero-rated
Locally manufactured goods from Zanzibar delivered to, or made available for enjoyment and consumption in, Mainland Tanzania
The supply of goods, including food and beverages for consumption or duty-free sale on aircraft or ships, on journeys to destinations outside the United Republic of Tanzania
The supply of services, comprising the handling, parking, pilotage, salvage, or towage of any foreign-going ship or aircraft, while in Zanzibar
Exempt supplies and imports
Food, crops and livestock supplies
Pesticides, fertilizers, etc.
Health supplies
Educational supplies
Veterinary supplies
Books and newspapers
Passenger transportation services
Land
Water
Funeral services
Crude oil petroleum products
Agriculture and livestock implements
Postal supplies
Computers
Packing materials
Financial services
Solar power equipment
Unprocessed seaweed
Special relief
Different organizations or persons

Source: Zanzibar Revenue Board online information. Viewed at: <http://www.zanrevenue.org/resources/view/the-value-added-tax-act-no.-4-of-1998>.

3.1.4.2 Excise

3.28. Excise duties in Mainland Tanzania are charged on certain imported or domestic goods and services. Typically, there are annual changes in the list of products covered and level of the rates. On many products, there are differing rates for imported versus domestic goods. The list of products subject to excise on the Mainland, compared to that of Zanzibar, is similar but there are differences (Tables 3.4 and A3.1).

3.29. As excise duty amendments are numerous each year on the Mainland, it is difficult to enumerate all the changes; thus, the yearly Finance Acts should be consulted.²⁰ However, excise duty revenue collection indicates a significant increase in excise duty collected on imports during the review period, from TZS 583.6 trillion in 2011-12 to TZS 1,276 trillion in 2015/16 for the Mainland.²¹ Another trend has been the steady increase in receipts from non-petroleum imports

²⁰ TRA online information. Viewed at: <https://www.tra.go.tz/index.php/laws>.

²¹ TRA online information. Viewed at: <https://www.tra.go.tz/index.php/tax-collection-statistics>.

during the period up until 2015/16 and, at the same time, the steady decrease in receipts from petroleum imports. These trends for both were somewhat reversed in 2016-17.²²

Table 3.4 Excise taxes on goods and services, Mainland, 2018

HS	Description	Unit	Rate
20.09; 2009.11.00	Locally produced fruit juices manufactured from domestic fruits under heading	L	TZS 9.00 per litre
2009.12.00; 2009.19.00	Imported fruit juices under the heading	L	TZS 232.00 per litre
2009.21.00; 2009.29.00			
2009.31.00; 2009.39.00			
2009.41.00; 2009.49.00			
2009.50.00; 2009.61.00			
2009.69.00; 2009.71.00			
2009.79.00; 2009.81.00			
2009.89.00; 2009.90.00			
2201.10.00	Locally produced, bottled	L	TZS 58.00 per litre
	Imported, bottled	L	TZS 64.05 per litre
2201.90.00	Locally produced, bottled	L	TZS 58.00
	Imported, bottled	L	TZS 64.05 per litre
2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	L	TZS 61.00 per litre
2202.91.00	Locally produced	L	TZS 561.00 per litre
	Imported	L	TZS 589.05 per litre
2202.99.00	Locally produced	L	TZS 561.00 per litre
	Imported	L	TZS 589.05 per litre
2203.00.10	Locally produced	L	TZS 765.00 per litre
	Imported	L	TZS 803.25 per litre
2203.00.90	Locally produced	L	TZS 765.00 per litre
	Imported	L	TZS 803.25 per litre
2204.10.00	With the domestic grape content exceeding 75%	L	TZS 200.00 per litre
	Other	L	TZS 2,466.45 per litre
2204.21.00	With the domestic grape content exceeding 75%	L	TZS 200.00 per litre
	Other	L	TZS 2,466.45 per litre
2204.22.00	With the domestic grape content exceeding 75%	L	TZS 200.00 per litre
	Other	L	TZS 2,466.45 per litre
2204.29.00	With the domestic grape content exceeding 75%	L	TZS 200.00 per litre
	Other	L	TZS 2,466.45 per litre
2204.30.00	Other	L	TZS 2,466.45 per litre
2205.10.00	With the domestic grape content exceeding 75%	L	TZS 200.00 per litre
	Other	L	TZS 2,466.45 per litre
2205.90.00	Other	L	TZS 2,466.45 per litre
2206.00.10	Cider	L	TZS 2,466.45 per litre
2206.00.20	Beer made from 100% local unmalted cereals	L	TZS 450.00 per litre
2206.00.90	Other	L	TZS 200.00 per litre
	Wines produced from locally grown fruits, such as bananas, tomatoes, rosella, etc., other than grapes, with domestic content exceeding 75%		
22.08	Locally produced products of this heading	L	TZS 3,315.00 per litre
2208.20.00	Spirits obtained by distilling grape wine or grape marc	L	TZS 3,655.05 per litre
2208.30.00	Whiskies	L	TZS 3,655.05 per litre
2208.40.00	Rum and other spirits obtained by distilling fermented sugar-cane products	L	TZS 3,655.05 per litre
2208.50.00	Gin and Geneva	L	TZS 3,655.05 per litre
2208.60.00	Vodka	L	TZS 3,655.05 per litre
2208.70.00	Liqueurs and cordials	L	TZS 3,655.05 per litre
2208.90.10	Distilled spirits (e.g. Uganda Waragi)	L	TZS 3,655.05 per litre
2208.90.90	Other	L	TZS 3,655.05 per litre
2402.10.00	Cigars, cheroots and cigarillos, containing tobacco	kg	30%

²² Tanzania National Bureau of Statistics online information. "Tax Statistics Report, 2015/16, Tanzania Mainland". Viewed at: https://nbs.go.tz/nbs/takwimu/Tax/Tax_Statistics_Report%20_2015_16_Tanzania_Mainland.pdf.

HS	Description	Unit	Rate
2402.20.10	Without filter tip and containing over 75% domestic tobacco	mil	TZS 12,447.00 per mil
	With filter tip and containing over 75% domestic tobacco	mil	TZS 29,425.00 per mil
	Other	mil	TZS 55,896.75 per mil
2402.20.90	Without filter tip and containing over 75% domestic tobacco	mil	TZS 12,447.00 per mil
	With filter tip and containing over 75% domestic tobacco	mil	TZS 29,425.00 per mil
	Other	mil	TZS 55,896.75 per mil
2403.19.00	Other (for example cut rag/filler)	kg	TZS 28,232.40 per kg

Source: The Finance Act, 2018. TRA online information. Viewed at: <https://www.tra.go.tz/images/uploads/FINANCEACT2018.pdf>.

3.1.5 Import prohibitions, restrictions, and licensing

3.30. The EAC prohibits or restricts the importation of about 44 categories of goods, as listed in the Second Schedule of the EAC Customs Management Act, 2004 as revised (see main report). As such, these import prohibitions and restrictions are implemented by Tanzania and other EAC partner States. Prohibited goods are not allowed to enter or exit Tanzania under any circumstance. For restricted goods, special additional requirements must be fulfilled to import, e.g. permits or licenses. In addition to these harmonized restrictions, Tanzania has a number of other prohibitions, restrictions, and licensing requirements at the national level (Table 3.5). Many of these restraints are due to the procedures put in place by the acts relating to the various agricultural marketing boards; in many cases, they involve licensing requirements.

3.31. In addition to these prohibitions or restrictions that are set out in laws or regulations, Tanzania has taken other measures during the period to control the movement of food crops. This has occurred periodically for agricultural products such as maize, and may involve a seasonal import restriction on food security grounds (Section 4.1.1.3.2).

Table 3.5 Products subject to prohibition, restriction, or licensing, 2018

Product	Type of restriction	Legal instrument	Overview
Mainland			
Tobacco	Licence	Tobacco Industry Act, 2001	Sections 19 and 20 require persons to have an import license from the Tobacco Board
Tobacco seed	Licence	Tobacco Industry Act, 2001	Import license from the Tobacco Board required
Hazardous wastes	Prohibition	Bamako Convention	The Convention prohibits the importation of hazardous wastes and dumping at sea and internal waters
Sugar	Licence	Sugar Industry Act, 2001	All imports of sugar must be licenced by the Sugar Board
Sugar cane, seeds, cuttings, and seedlings	Permit	Sugar Industry Act, 2001	Importation, breeding or modifying (by genetic engineering) sugar cane or seed (fuzz), cuttings, and seedlings is subject to authorization
Seeds	Permit	Seed Act	All seeds require a permit
Raw tea	Permit	Tea Act, 1997	Permission from the Tea Board for the export or import of tea seeds or any living parts of a tea plant is required
Milk	Licence	Dairy Industry Act, 2004	Importation requires a permit from the Dairy Board
Fish	Licence	Fisheries Act, 2003	Licence required to import fish
Forest products	Permit		Permit from the Forest Service to import forestry products
Radiation devices	Licence	Atomic Energy Act, 2003	Licence required from the Tanzania Atomic Energy Commission
Radioactive materials	Licence	Atomic Energy Act, 2003	Licence required from the Tanzania Atomic Energy Commission
Coffee seeds or seedlings or plants	Permit	Coffee Industry Act, 2001	Restricted unless authorized by the Coffee Board
Cotton seeds or plants	Licence	Cotton Industry Act, 2001	Importation requires a permit from the Tanzania Cotton Board
Sisal	Licence	Sisal Industry Act No. 2, 1997	Licence required from the Tanzania Sisal Board

Product	Type of restriction	Legal instrument	Overview
Pesticides	Permit	Pesticide Control Regulations, 1984, Plant Protection Act, 1997, and Plant Protection Regulations, 1999	Importation requires a permit from the Registrar of Pesticides, and the Topical Pesticide Research Institute
Motor vehicles, motorbikes, bicycles, tractors, machinery and machinery equipment, spare parts	Permit	n.a.	Requires authorization from the Tanzania Bureau of Standards or the Fair Competition Commission
All animals, birds, fish, poultry and their products	Permit	n.a.	Permit from the Ministry of Agriculture, the Ministry of Livestock and Fisheries, the Tanzania Bureau of Standards, the Tanzania Food and Drug Authority, the Meat Board or the Dairy Board
Processed foods, drugs, cosmetics and vegetables	Permit	n.a.	Permit from the Tanzania Bureau of Standards, or the Tanzania Food and Drug Authority
All plants and plants products	Permit	Plant Protection Act, 1997, and Plant Protection Regulation, 1999	Permit from the Ministry of Agriculture, or the Tanzania Bureau of Standards
Agricultural products	Permit	Plant Protection Act, 1997, and Plant Protection Regulation, 1999	Permit from the Ministry of Agriculture, or the Tanzania Food and Drug Authority
Firearms and ammunition	Permit	Firearms and Ammunition Control Act, 2015	Importation requires a permit from the Registrar of Firearms
Zanzibar			
Chainsaws	Import and use ban	Banning of the Chainsaw Regulations, 2015	Prohibition on the import or use of chainsaws unless falling under certain specific exemptions. Importation permit fee and operation permit fee apply when approved
Sand	Permit	Environment Management Act, 2016	Permission needed
Used cargo vehicles	Permit	Zanzibar Trading Act, 2013	The item is restricted and is subject to permission or other approval
Used underwear, mattresses, and pillows	Prohibited	Zanzibar Trading Act, 2013	The items may not be imported
Used goods	Permit	Zanzibar Trading Act, 2013	The item is restricted and is subject to permission or other approval
Beach seine, fishing weir or spear guns	Prohibited	Fisheries Act, 2010	Importation, selling, offering to sell, possession, or making of is prohibited

n.a. Not available

Source: Compiled by the Secretariat from various acts, as noted in the Table, and information provided by the authorities.

3.1.6 Anti-dumping, countervailing, and safeguard measures

3.32. Tanzania, as part of the EAC, is working towards establishing trade remedies at the regional level (see main report). However, since 2004, Tanzania has specific legislation on contingency measures. The Anti-dumping and Countervailing Measures Act No. 1, 2004 is the Mainland's legislation on anti-dumping and countervailing measures.²³ According to the authorities, the Act has never been applied, as it has faced a number of implementation challenges and the Committee necessary to implement the Act has never been established. As of 2018, Tanzania was reviewing the Act. The Act has not been notified to the WTO.

3.1.7 Other measures affecting imports

3.33. Tanzania has certain local content rules that apply to certain sectors of its economy, mainly in the extractive sectors (Sections 4.2.1, 4.2.2, 4.4.1.2). The relevant laws and regulations have been strengthened during the review period to increase local content requirements, require technology transfer, or otherwise put conditions on foreign operations, e.g. to use domestic banks, insurers, and service providers. According to the authorities, the National Economic Empowerment

²³ The Law Reform Commission of Tanzania online information. Viewed at: http://www.lrcd.go.tz/download/laws_2004/1-2004%20Anti%20Dumping.pdf.

Council (NEEC) is the coordinator, supervisor, and facilitator, and monitors local content implementation measures.

3.34. The authorities report that Tanzania does not have any trade sanctions in place.

3.2 Measures Directly Affecting Exports

3.2.1 Customs procedures and requirements

3.35. The export procedure is similar to that for importation. Exporters must use a licensed CFA to clear goods for export through the electronic customs systems, i.e. the TANCIS for the Mainland and ASYCUDA++ for Zanzibar. The documents required for export include: invoice, packing list, taxpayer (TIN) certificate, authorization letter, and possibly export certificates from relevant agencies, depending on the type of goods to be exported; all of which are to be submitted through the electronic system by the CFA. Thereafter, the shipping agent should submit information on the shipping vessel, and the export manifest information should also be sent to the TRA.²⁴

3.2.2 Taxes, charges, and levies

3.36. Tanzania continues to apply export levies on a few exported products, which deviates from EAC practice in this matter. According to the TRA, at present, there is an export levy on raw cashew nuts of 15% of f.o.b. value or USD 160 per metric ton, whichever is higher; on wet blue leather of 10% on f.o.b.; and on raw hides and skins of 80% of f.o.b. value or USD 0.52 per kg, whichever is higher.²⁵ Tanzania added the export levy on semi-processed wet blue leather in 2015 in order to encourage local manufacturing and, at the same time, increased the rate of the levy on raw hides and skins from the previous level of 60% f.o.b. or TZS 600 per kg to the current level.²⁶ Prior to this, the levy on raw hides and skins was 90% in 2012, then it was lowered in 2014 for one year, before rising again. According to the authorities, the levies remain in place to encourage value added processing in Tanzania. These levies are collected by the TRA upon export and deposited into a consolidated fund.

3.37. In addition to those levies charged by customs, the Fisheries Act and its Regulations provide for an export royalty to be paid on all fish and fish products.²⁷ This fee is generally specific (USD per kg), although for a few products, e.g. aquarium fin fish and sea shells, it is 6% (*ad valorem*) of the f.o.b. value. The specific royalty varies between 0.009 and 1.80 USD per kg, based on the type of fish product, its grade, and, for some items, whether it was frozen at sea or on shore.²⁸

3.38. In 2017, it was announced that the Government would impose a 1% clearing fee on mineral exports; this was put in place in July 2017 through the Finance Act 2017.²⁹

3.2.3 Export prohibitions, restrictions, and licensing

3.39. At the EAC level, Tanzania and the other members prohibit or restrict certain exports, as outlined in the Third Schedule to the EACCMA, 2004 (Main Report).³⁰ In addition to the EAC prohibitions or restrictions, Tanzania prohibits, restricts, or otherwise requires licensing for a number of other products (Table 3.6). As with import restrictions, many of these provisions result from licensing requirements by the agricultural marketing boards for the various commodities.

3.40. Since 2003, Tanzania has been part of the Kimberly Process Certification Scheme for the export of rough diamonds. According to its reports to the Kimberly Process, Tanzania exported all of its production of rough diamonds in 2016 to 64 countries, an amount of 241,669 carats, valued at USD 86.6 million.

²⁴ TRA online information. Viewed at: <https://www.tra.go.tz/index.php/export-procedures>.

²⁵ TRA online information. Viewed at: <http://www.tra.go.tz/index.php/export-procedures>.

²⁶ The Finance Act, 2015. TRA online information. Viewed at: <http://www.tra.go.tz/tax%20laws/Finance%20Act%202015.pdf>.

²⁷ Farmed seaweed is not subject to an export royalty, and aqua products from large-scale aqua farms are charged for services at a rate of USD 0.009 per kg.

²⁸ Informea online information. Viewed at: <https://www.informea.org/sites/default/files/legislation/tan171548.pdf>.

²⁹ Tanzaniainvest online information. Viewed at: <https://www.tanzaniainvest.com/mining/1-percentyt-clearing-fee-mineral-export>.

³⁰ TRA online information. Viewed at: [https://www.tra.go.tz/tax%20laws/EAC_Customs_Management_Act_\(Revised\)\[1\].pdf](https://www.tra.go.tz/tax%20laws/EAC_Customs_Management_Act_(Revised)[1].pdf).

3.41. During the review period, the Ministry of Agriculture also imposed seasonal restrictions on a number of exported food products, due to concerns about rising prices and food security. The Minister of Agriculture has the power to invoke this provision when needed. Maize was one product particularly affected during the review period (Section 4.1.1.3.2). Other bans have been put in place on a sectoral basis, i.e. minerals (Section 4.2.1).

Table 3.6 Export prohibitions, restrictions or licensing, 2018

Product	Type of restriction	Legal instrument	Summary
Mainland			
Unprocessed tobacco	Prohibited	Tobacco Industry Act, 2001	Section 15 prohibits the export of unprocessed tobacco
Tobacco	Licence	Tobacco Industry Act, 2001	Sections 20 and 21 require persons to have a licence to export
Unprocessed gold and copper ore and mineral concentrates of metallic minerals	Prohibited	March 2017	Unprocessed gold and copper ore and mineral concentrates of metallic minerals
Diamonds	Licence	Kimberley Process	Diamonds
Face-table (transparent) rough tanzanite gemstones weighing 1 g and more	Prohibited	Gazette of the United Republic of Tanzania No. 14 Vol. 91 dated 2 April 2010 and Government Notice No. 146 published on 2 April 2010	Prohibition on the export
Minerals	Licence	Mining Act, 2010	Minerals require a licence to export or trade
Sugar	Licence	The Sugar Industry Act, 2001	All exports of sugar must be licensed by the Sugar Board
Milk	Licence	Dairy Industry Act, 2004	Exportation requires a permit from the Dairy Board
Fish	Licence	Fisheries Act, 2003; Fisheries Regulations, 2009	Requires an export permit from the Ministry of Livestock and Fisheries; only foreigners with an approved shore-based fish processing establishment are allowed to export fish
Forest products	Licence	..	Processed logs require a permit
Raw tea	Permit	Tea Act, 1997	Permission from the Tea Board for the export or import of tea seeds or any living parts of a tea plant is required
Seeds	Permit	Seed Act	All seeds require a permit
Radiation devices	Licence	Atomic Energy Act, 2003	Licence required from the Tanzania Atomic Energy Commission
Radioactive materials	Licence	Atomic Energy Act, 2003	Licence required from the Tanzania Atomic Energy Commission
Coffee	Licence	Coffee Industry Act No. 23, 2001	Licence required from the CBT
Cotton lint and seed cotton	Licence	Cotton Industry Act, 2001	Licence required from the Tanzania Cotton Board
Pyrethrum	Licence	Pyrethrum Act, 1997	Licence required from the Tanzania Pyrethrum Board
Sisal	Licence	Sisal Industry Act No. 2, 1997	Licence required from the Tanzania Sisal Board
Firearms and ammunition	Permit	Firearms and Ammunition Control Act, 2015	Exportation requires a permit from the Registrar of Firearms
Zanzibar			
Sand	Permit	Environment Management Act, 2016	Subject to permission
Marine mollusc shells/sea shells	Certain restrictions apply	..	..
Waste and scraps of ferrous cast iron	Prohibited	Zanzibar Trading Act, 2013	Prohibits exportation

Product	Type of restriction	Legal instrument	Summary
Timber from any wood grown in Zanzibar and wood charcoal	Prohibited	Zanzibar Trading Act, 2013	Prohibits exportation
Any product subject to import restrictions (i.e. all products in the EACCA Second Schedule)	Restricted	Zanzibar Trading Act, 2013	Those subject to import restrictions are also subject to export restrictions
Used cargo vehicles	Restricted	Zanzibar Trading Act, 2013	The item is restricted and is subject to permission or other approval
Used underwear, mattresses, and pillows	Prohibited	Zanzibar Trading Act, 2013	The items may not be exported
Used goods	Permit	Zanzibar Trading Act, 2013	The item is restricted and is subject to permission or other approval
Food security and price sensitive items: rice, sugar, wheat flour, petrol, diesel, and kerosene	Permit	Trade Transaction Regulation, 2016	Controlled, and subject to permission

.. Not available.

Source: Compiled by the Secretariat from various acts, as noted in the Table, and information provided by the authorities.

3.2.4 Export support and promotion

3.42. Since 2010, the Tanzania Trade Development Authority (Tan Trade) has provided a number of services to exporters. According to its mandate, Tan Trade is involved in regulatory, executive, advisory, and consultative matters for both the internal and external trade of Tanzania.³¹ Its mission is "to enhance Tanzania's economic performance through trade development and promotion of goods and services for both local and foreign markets". As such, it is involved in providing trade information, capacity building and SME development, product and market development, market research and development (R&D), organizing and coordinating participation in trade fairs, providing advice on trade policy and facilitation, branding of Tanzanian goods and services, and providing advisory services on business competitiveness.³² Tan Trade has a department on trade policy matters, as it recommends policy measures, prepares position papers, advises the Government on when to initiate trade remedies, and contributes to the implementation of integrated programmes in Tanzania. According to the Act establishing Tan Trade, the provisions therein apply to Mainland Tanzania and Zanzibar, except for internal trade matters.³³

3.43. The MITI is also responsible for promoting both traditional and non-traditional exports, by encouraging producers to increase their export volumes, broaden export product and market coverage, and diversify the production base of the economy. It has special programmes for assisting SMEs, mainly to assist them in participating in trade fairs both inside and outside the country. It also, in collaboration with private sector organizations, has a special programme to assist exporters in obtaining information concerning opportunities in potential export markets.³⁴

3.44. On the Mainland, international trade fair exhibitions were held regularly during the review period, often coordinated by Tan Trade or the private sector. For Zanzibar, the Government is in the process of constructing a trade fair and exhibition grounds, with the main objective of promoting trade through the organization of trade fairs and exhibitions to improve the marketing position of Zanzibar in the region.

³¹ The Tanzania Trade Development Authority Act, Parliament Act No. 4 of 2009 and the Tanzania Trade Development Authority Regulations, 2010. Tan Trade online information. Viewed at: http://tantrade.or.tz/sites/all/public_files/docs/The_Tanzania_Trade_Development_Authority_Act_sw.pdf; and http://tantrade.or.tz/sites/all/public_files/docs/TanTrade%20Regulation.pdf.

³² Tan Trade online information. Viewed at: http://tantrade.or.tz/sites/all/public_files/docs/CORPORATE%20PROFILE%20%28English%29.pdf.

³³ For Zanzibar, its Ministry of Trade and Industry handles internal trade matters.

³⁴ Information provided by the authorities.

3.2.5 Export finance, insurance, and guarantees

3.2.5.1 Finance and insurance

3.45. According to the authorities, there are no government finance or insurance schemes for exports.

3.2.5.2 Guarantees

3.46. Tanzania has a number of export guarantee schemes in operation, some under the Government, others operated by commercial banks, regional organizations, or foreign donor governments (Table 3.7). The Government operates two main guarantee schemes in the last decade, the Export Credit Guarantee Scheme (ECGS) and the Small and Medium Enterprises Credit Guarantee Scheme (SME-CGS). When established, the goal of the Schemes was "to support development of financing infrastructure in the economy that improve credit environment in order to support exporters with viable export business, but lacking adequate collateral to secure bank financing".³⁵ The SME-CGS specifically targets SMEs with capital requirements of from TZS 5 million to TZS 500 million.

3.47. The ECGS guarantees up to 75% of short-term loans, and up to 50% of long-term credits, in respect of all export-oriented businesses and development projects. To be eligible, a borrower must be a locally registered company with the majority of shares owned by Tanzanian citizens; be engaged in the export business, value addition or employment generation with proven expertise in the field; have an economically and financially viable project assessed by a financial institution; and offer an appropriate security.

Table 3.7 Guarantee schemes, 2016

Guarantee scheme name	Source of funds	Participating financial institution	SME or agriculture	Estimated size of fund in Tanzania (USD)
SME-CGS	Government of Tanzania	Various	SME	..
Sustainable Agriculture Guarantee Fund (SAGF)	Rabobank	NMB Bank	Agriculture	1.3 million
ARIZ	AFD	Bank of Africa	Both	15 million (est.)
Agricultural Credit Guarantee (AGC)	AGRA/Kilimo Trust/OFID	Stanbic Bank	Agriculture	2.5 million
ECGS	Government of Tanzania	Various	Both	35 million
PASS		Various	Agriculture	25 million
SME and microfinance CGS	DANIDA	CRDB Bank	SME	7 million
Women's access to finance		CRDB Bank	Both	1.25 million
African Guarantee Fund (AGF)	DANIDA/Spanish Government/AfDB	Various	Both	5 million (est.)
USAID/AfDB	USAID/AfDB	CRDB	Agriculture	20 million
USAID-DCA-NBC	USAID-DCA	National Bank of Commerce	Both	10 million
Estimated total guarantee capital				122 million

.. Not available.

Source: Financial Sector Deepening Trust (FSDT) online information. Viewed at: <http://www.fsdt.or.tz/wp-content/uploads/2016/06/Review-of-Guarantee-Schemes-small.pdf>.

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.48. Tanzania's main incentives are provided by the TIC, the EPZA, and the ZIPA, to attract foreign investors, or through the related export processing or SEZs for both the Mainland and Zanzibar (Section 2.4). Certain duty or tax remissions have been offered to a variety of sectors during the review period, i.e. minerals, energy, and tourism (Section 4) or, more broadly, to others through VAT exemptions, i.e. agriculture and agricultural inputs (Section 3.1.4). Also in the area of agriculture, there is the provision of subsidized inputs for farmers on fertilizer and seed (Section 4.1).

³⁵ Ministry of Finance and Planning online information. Viewed at: <http://www.mof.go.tz/mofdocs/Disbursements/debt/ecg/ecgspolicy.doc>.

3.3.2 Standards and other technical requirements

3.49. Development of standards and technical regulations is a non-Union matter, thus there are different laws, standards organizations, and procedures for the Mainland and Zanzibar. There has been increased harmonization of standards at regional level during the review period. As an EAC member (partner State), Tanzania has implemented its standardization, quality assurance, metrology and testing (SQMT) pursuant to the EAC SQMT Act of 24 May 2006 (see main report). The conformity assessment marks for each partner State are now recognized, allowing for easier cross-border trade. Also, as a Member of the SADC, Tanzania adheres to the SADC Protocol on Trade and its TBT Annex. There have been a few developments in this area during the review period.

3.50. The Tanzania Bureau of Standards (TBS) is a key body in Mainland Tanzania's standards field. It issues certification of standards, mainly for manufactured products; it is a member of the International Organization for Standardization (ISO), and serves as the national enquiry point under the WTO TBT Agreement for Tanzania. The TBS is also responsible for managing information on technical regulations, proposing and adopting standards, conformity assessment procedures, and sanitary and phytosanitary measures.

3.51. Zanzibar is similarly organized, and established the Zanzibar Bureau of Standards (ZBS) in 2012 as its main standards organization; it was established pursuant to the Zanzibar Standards Act, 2011.³⁶ The ZBS' main role is to develop, promote, and enforce standards on goods and services in Zanzibar. It operates three main product certification schemes — the standards mark of quality certification scheme, the batch certification scheme, and the tested product certification scheme.³⁷ Zanzibar is particularly keen on ensuring that products, when they enter the Zanzibar market, comply with Zanzibar standards or other national or international standards. As such, a number of regulations have been issued pursuant to the Act, including the Certification, Compulsory Batch Certification of Imports, and Tested Products Regulations. The ZBS does not maintain a separate enquiry point; rather, all such work is conducted through the TBS enquiry point for Tanzania.

3.52. The main laws governing the sector on the Mainland include the Standards Act 2009 and the Food, Drugs, Cosmetics and Medical Devices Act. A number of new regulations were issued under the latter during the review period, including: the Tanzania Food, Drugs and Cosmetics (Marketing of Foods and Designated Products for Infants and Young Children) Regulations, 2013; the Scheduling of Medicines Regulations, 2015; the Control of Medical Devices Regulations, 2015; the Registration of Premises, Importation and Exportation of Pharmaceutical Products and Raw Materials Regulations, 2015; and the Registration of Pharmaceutical Products Regulations, 2015.

3.53. Regarding standards and conformity assessment procedures, the TBS performs standardization, conformity assessment (inspection, testing and certification), accreditation and metrology services based on ISO/International Electrotechnical Commission (IEC) international best practices. The Mainland's standardization process involves technical committees, supervisory committees, and working groups that prepare preliminary draft standards. There are 8 supervisory committees and over 100 technical committees in place. Pursuant to the EAC SQMT Act, Tanzania issues national standards within six months that emanate from the harmonized EAC standards that are used by partner States for trade. These national standards are provided to the industry, traders and authorities for trade and for regulatory purposes.

3.54. The TBS maintains a database, or Standards Catalogue, that compiles the information on its standards. It has over 1,722 standards (voluntary) or technical regulations.³⁸ As of 2012, there were 136 national standards or technical regulations; this figure has grown significantly during the review period, and has more than doubled, to 396 standards as of 2016-17. The standards/technical regulations cover areas such as electrical engineering, mechanical engineering, civil engineering, environment, agriculture and food, packaging, labelling, textiles, building and construction, manufacturing, information and communication technologies (ICT), energy, quality management, conformity assessment, and services. Many are based on international or regional standards/technical regulations. According to the authorities, about one

³⁶ ZBS online information. Viewed at: http://www.zbs.go.tz/acts_regulations.pdf.

³⁷ ZBS online information. Viewed at: http://www.zbs.go.tz/brochures_1.pdf.

³⁸ TBS online information. Viewed at: <http://www.tbs.go.tz/standards/>.

third are technical regulations (633 as of May 2018), often dealing with health and safety issues, and the remainder are voluntary standards.³⁹

3.55. The TBS has nine testing laboratories covering sectors such as civil (building and construction), mechanical, and electrical, engineering; food and microbiology; textiles, leather and condoms; chemistry; metrology; cotton; and packaging. As of 2018, four have been accredited ISO 17025. The TBS also performs calibration and testing services; destination inspections; certification; and management of its TBS mark scheme. The TBS operates two types of control programmes, the Certificate of Conformity (CoC) for imports, and the Pre-Shipment Verification of Conformity (PVoC) for exports (see also Section 3.1.1), with the view to ensuring compliance with the relevant Tanzanian technical regulations. The CoC programme commenced in 2012, and the TBS has since issued 28,366 CoCs. The TBS contracted two private inspection companies to conduct the process. In 2018, Tanzania imposed a prohibition on the import and use of plastic bags of a certain thickness, except for emergency or medical reasons.⁴⁰

3.56. According to the authorities, Tanzania, through the TBS, accepted and complies with the Code of Good Practice for the Preparation, Adoption and Application of Standards in Annex 3 to the TBT Agreement. During the review period, Tanzania submitted 184 new or revised technical regulations to the TBT Committee; many refer to East Africa standards. During the review period, two specific trade concerns were raised in the TBT committee with respect to alcoholic beverage products.⁴¹

3.57. The TBS is a member of the Food and Agriculture Organization and the World Health Organization (FAO/WHO) Codex Alimentarius Commission; the East African Standards Committee (EASC); the SADC Committee of Experts for Standardization, Quality Assurance, Accreditation and Metrology (SQAMEG); the ISO; and the IEC.

3.3.3 Sanitary and phytosanitary requirements

3.58. A significant amount of harmonization of SPS matters has been undertaken at the EAC level since the last Review (see main report). Tanzania has harmonized its SPS rules, based on a number of EAC instruments, including Articles 105 to 110 of the Treaty. The EAC SPS Protocol covers phytosanitary measures for fish and fishery products, food and feed safety measures, and sanitary measures for mammals, birds and bees. The process of ratification of the EAC Sanitary and Phytosanitary Protocol (2013) by the Tanzanian Parliament is still in progress. However, Tanzania has taken steps to implement it by establishing a technical working group and thoroughly reviewing the Protocol. As an SADC member, Tanzania subscribes to the SADC Protocol on Trade and its SPS Annex.

3.59. At the domestic level, the same laws and regulations remain in place. However, Tanzania has been taking many steps to move forward, especially to prepare for the EAC Phytosanitary Protocol. As such, it has been reviewing the Plant Protection Act, with a view to making amendments and taking steps to establish the necessary infrastructure.

3.60. The Ministry of Agriculture and the Ministry of Livestock and Fisheries of the Mainland are the main ministries involved in SPS measures, and oversee a number of acts and regulations concerning SPS matters, in particular the Plant Protection Act (1997) and the Plant Regulation Act, 1999, which provide the rules for the import and export of plants, and procedures and conditions to be met before importation. Conditions for biological control agents are outlined in the Plant Regulation Act. In addition, all pesticides to be imported and used in Tanzania must be registered by the Registrar of the Tropical Pesticides Research Institute.

3.61. The Plant Quarantine and Phytosanitary Services of the Ministry of Agriculture are responsible for SPS matters, including quarantine. For the period 2015/16, they inspected a total

³⁹ TBS online information. Viewed at:

http://www.tbs.go.tz/images/uploads/LIST_OF_COMPULSORY_TANZANIA_STANDARD_AS_OF_MAY_2018.pdf.

⁴⁰ Those less than 30 microns are prohibited.

⁴¹ Viewed at: <http://tbtims.wto.org/en/specificTradeconcerns/View/507> and <http://tbtims.wto.org/en/specificTradeconcerns/View/516>.

of 175,289.5 tonnes of imported crops and 714,372.4 tonnes of exported crops. Also, 5,516 phytosanitary certificates and 635 import permits were issued.⁴²

3.62. In the case of Zanzibar, SPS measures for exported agriculture products are pursuant to the Zanzibar Plant Protection Act No. 9 Of 1997. Under this Act, the products are inspected or tested by the Plant Protection Division of the Ministry of Agriculture, according to appropriate official procedures, before an export permit is granted, to ensure that the products are free from the quarantine pest specified by the importing country and that they conform with the current phytosanitary requirements of the importing country.

3.63. SPS measures on food safety are implemented under the Tanzania Food, Drugs and Cosmetics Act, and are guided by the National Health Policy under the ministry responsible for health, in collaboration with other ministries and stakeholders. The government policy stipulated the establishment of a law for food safety, and the Tanzanian Food, Drugs and Cosmetics Act, 2003 was enacted; subsequently, the Public Health Act was enacted in 2009 to regulate all issues related to environmental health. In line with food security, this is regulated by the Ministry of Agriculture. To ensure the effective enforcement of the law, food safety control in Tanzania is carried out on a number of levels.

3.64. At the national level, policies related to food safety are formulated by the national regulatory authority, the Tanzania Food and Drugs Authority (TFDA). It has overall responsibility for all matters related to food safety, i.e. regulating manufacturing, import and export control, distribution of food products, monitoring of food contaminants, and conducting analyses of food products. The government Chemist Laboratory Agency is also involved as a referral body in food safety analyses.

3.65. The local government authorities are responsible for routine enforcement of laws related to food safety control and environmental issues. The TFDA works with the TRA, health officers for plants and plant products, and zoo sanitary inspectors for livestock and fisheries, to control imports and exports of food and related products.

3.66. During the review period, Tanzania has made one notification to the WTO SPS Committee. In 2017, it notified its Seeds (Amendment) Regulations, that impose certain rules on the trade of seeds. Importation or exportation of seeds requires a licence or other permit from the Ministry of Agriculture (see also Sections 3.1.5 and 3.2.3).

3.3.4 Competition policy and price controls

3.3.4.1 Competition

3.67. Mainland Tanzania has a Fair Competition Commission (FCC) that has the overall regulatory authority and aim of promoting and protecting effective competition in trade and commerce, including protecting consumers from unfair and misleading market conduct. Its ultimate goal is to increase efficiency in the markets it regulates. In addition to the main competition act, the FCC also administers the Merchandise Marks Act, 1963, for the enforcement of trademarks (Section 3.3.7), and oversees consumer protection matters.

3.68. Competition matters on the Mainland are governed by the Fair Competition Act, 2003 (FCA), which entered into force in May 2004. In Zanzibar, the Fair Competition and Consumer Protection Act is the main act governing competition matters on the islands.⁴³ The FCA aims at promoting and protecting competition in markets, and preventing unfair and misleading market practices, in order to increase economic efficiency, promote innovation, maximize efficient allocation of resources, and protect consumers. As such, it regulates mergers and acquisitions, abuse of dominant practices, and anti-competitive behaviour between competitors, i.e. price fixing, bid rigging, etc.

3.69. The Act provides that all commercial activities and bodies are subject to its provisions, including state-owned enterprises (SOEs) engaged in commerce. Although state enterprises are covered, they are not liable for penalties or offenses under the Act. The FCA does not control anti-

⁴² Ministry of Agriculture online information. Viewed at: <http://www.kilimo.go.tz/index.php/en/resources/view/annual-report-for-financial-year-2014-15>.

⁴³ Zanzibar Assembly online information. Viewed at: <http://www.zanzibarassembly.go.tz/files/documents/bills/2018/A-fair-competition-bill.pdf>.

competitive practices in a number of sectors where there is a regulator. These include the Energy and Water Utilities Regulatory Authority (EWURA) for the energy and water sectors; the Surface and Marine Transport Regulatory Authority (SUMATRA) for surface and marine water transport; the BOT for banking services; the Tanzania Civil Aviation Authority for civil aviation; and the Tanzania Communications Regulatory Authority for electronic and postal matters.

3.70. The main elements covered in the FCA are the prohibition of anti-competitive agreements, mergers, the misuse of market power, and consumer protection. In terms of dominance in the marketplace, the Act considers that a person or firm that restrains the market is one that has a market share that exceeds 35%, and this dominance is restricted to a single firm or person. A similar threshold is applied in the area of mergers, where the substantive test is that a merger is prohibited if it creates a position of dominance with a 35% threshold.

3.71. In 2017, the FCC established the Fair Competition (Threshold for Notification of a Merger) (Amendment) Order, 2017, which amended the previous Order from 2006. The Order specifies the thresholds for a merger that are notifiable to the FCC; the new notifiable threshold is much higher, at TZS 3.5 billion, compared to the previous level of TZS 800 million. The increase in the threshold is to avoid capturing small acquisitions and mergers with no anti-competitive effects on the economy, and to reflect exchange rate depreciation.

3.72. One of the challenges reported by the FCC is the general lack of knowledge of competition matters by the general public. To address this, the FCC continues to undertake a number of public awareness initiatives.

3.73. The number of cases regarding competition over the review period was 25. There has been a steady rise in the number of merger applications dealt with, rising from 24 in 2012 to 61 in 2017. The FCC has also seen a significant increase in the number of advocacy and public awareness programmes, which increased from 13 to over 250 between 2012 and 2017 (Table 3.8).

Table 3.8 Competition, performance highlights, 2012-17

Key result area	Item description	2012	2013	2014	2015	2016	2017
Competition protection and promotion	Number of cases handled	3	5	2	7	6	2
	Number of advocacy and public awareness programmes	13	18	22	49	121	259
	Number of mergers applications received and dealt with	24	31	4	42	69	61
Consumer protection	Number of consumer complaints handled	42	..	34	72	83	114
Fight against counterfeiting	Number of containers seized	211	..	..	103	213	500

.. Not available.

Source: FCC, Annual Report and Audited Accounts, 2012-18, and information provided by the authorities.

3.3.4.2 Price controls

3.74. A number of price controls are in place on the Mainland and in Zanzibar for a number of products. On the Mainland, gasoline, diesel, kerosene and electricity are subject to price controls (see also Section 4.2.3). In Zanzibar, the Zanzibar Utilities Regulatory Authority (ZURA) regulates prices of petrol, diesel, kerosene, water, and electricity.⁴⁴ Ceiling prices are also set for rice, sugar, and wheat flour in Zanzibar.

3.3.5 State trading, SOEs, and privatization

3.3.5.1 State trading

3.75. Tanzania has not made any notifications to the WTO since its inception regarding state-trading enterprises pursuant to Article XVII:4(a) of GATT 1994 and paragraph 1 of the

⁴⁴ ZURA online information. Viewed at: www.zura.go.tz/resource-center/.

Understanding on the Interpretation of Article XVII. Nevertheless, it would appear that there are several enterprises that meet the definition of state trading enterprise pursuant to the WTO rules, such as many of the marketing boards outlined in Section 4.1.1.3.4 and Table 4.7, including the Zanzibar State Trading Corporation. Certain other SOEs outlined in Section 3.3.5.3 and Table A3.2 appear to also have exclusive rights.

3.3.5.2 Privatization

3.76. The Government of Tanzania pursued a number of privatizations in the 1990s but has not pursued any in recent years, nor does it have a policy on the matter. On the other hand, the Government has decided to buy back shares in companies that were once at least partially privatized. The main companies that have been re-nationalized include Tanzania Railway Limited, Air Tanzania, and Tanzania Telecommunications Company Limited (Table 3.9). According to the authorities, the Government is examining whether the privatized firms are operating per their agreements and, thus, whether to re-nationalize or not.

Table 3.9 Government re-purchases or sales of entities, 2012-17

Company	Details (purchased or sold)
Re-purchases	
Tanzania Railway Limited	RITES-INDIA (51% shares)
Kilimanjaro Airport Development Company	Mott McDonald International (41.4%), South African Infrastructure Fund (30%), and Inter Consult Limited (4.6%)
Tanzania Telecommunications Company Limited (TTCL)	BHART AIRTEL (35%)
Kiwira Coal Mine	Tan Power Resources (100%)
General Tyre	Continental AG (26%)
Air Tanzania Company Ltd	South African Airways (51%)
Privatization	
Tanzania Breweries Ltd	Government sold a 4% share
Tanzania Cigarette Company	Government sold a 0.3% share

Source: Information provided by the authorities. Treasurer Registrar Office.

3.3.5.3 State-owned enterprises (SOEs)

3.77. Tanzania maintains a significant number of public enterprises or parastatals under the Government's control, often with the State holding a majority share (Table 3.10, Table A3.2). Most of the Government's participation is in non-profit institutions that receive government subventions (130) but there are nearly 50 businesses in which the Government participates. The State continues to play an important role in many sectors of the economy, in particular the energy and transport sectors (Table A3.2).

Table 3.10 Overview of SOEs

Organization type	Number
Mainland	
Non-profit institutions which receive government subventions	130
Business-oriented institutions, of which the Government is a minority shareholder	31
Business-oriented institutions owned 100% by the Government	17
Zanzibar	
Central government units	8
Public non-financial corporations	11
Other corporations	8

Note: The other category of state enterprises under the authority of the Treasury Registrar, "Non-business oriented institutions which do not receive government subventions", comprise 20 enterprises but, due to their non-business nature and non-funding status, they are not included here.

Source: Office of the Treasury Registrar online information. Viewed at: http://www.tro.go.tz/index.php?option=com_jdownloads&task=download.send&id=4&catid=4&m=0&Itemid=174&lang=en.

3.3.6 Government procurement

3.78. Public procurement in Mainland Tanzania has been carried out on a decentralized basis since 2004 with the enactment of the Public Procurement Act (PPA) at that time, which moved the country from a centralized system to a decentralized one. Thus, ministries, departments, agencies

(MDAs) and local government authorities (LGAs) could carry out their procurement without any financial thresholds under the PPA. As part of these reforms, the Central Tender Board was abolished, along with its functions, and a regulatory body for public procurement, the Public Procurement Regulatory Authority (PPRA) was established in 2005. The main function of the PPRA is to ensure that MDAs and LGAs adhere to the provisions of the Act. It also sets standards, monitors compliance, and builds procurement capacity.

3.79. Government procurement for the Mainland is carried out using procedures stipulated in the PPA 2016, as amended, and its Regulations.⁴⁵ For Zanzibar, the Public Procurement and Disposal of Public Assets Act, 2016 governs this area, and the Zanzibar Public Procurement and Disposal of Public Assets Authority (ZPPDA) was created as an autonomous body to oversee all public procurement and disposal activities.⁴⁶ The PPA covers procurement of goods, works, services, and non-consultancy services, and disposal by public bodies and other bodies mandated by government to carry out public functions; non-government entities, when financed from public finances; and PPP projects in their relevant stages. These procuring entities (PEs) have certain responsibilities under the Act, such as preparing an annual procurement plan, ensuring fairness, and following the rules in the Act. They are also required to use competitive tendering, using the methods prescribed in the Regulations, depending on the type and value of the procurement.

3.80. The Regulations prescribe nine main tendering methods - international competitive tendering, national competitive tendering, restricted tendering, competitive quotations (shopping), single source procurement, minor value procurement, micro value procurement, force account, and direct from manufacturer, dealer, or service provider procurement (Table 3.11). According to the PPRA, by default, competitive tendering is the main method of tendering. The Act and its Regulations provide that foreign firms are allowed to participate in tendering except where the procuring entity has limited participation in procurement proceedings on the basis of nationality. The Act provides that PEs may grant a margin of preference for the benefit of tenders for certain goods, works, or services provided by Tanzanians, if it is clearly stated in the tender documents subject to the provisions of the Act. A margin of preference of up to 10% can be given to local firms for contracts for works, and consultancy or non-consultancy services; and a margin of preference of up to 15% for domestically manufactured or produced goods and related services. Regarding Zanzibar, the procurement authority is currently being established and is starting to be operational.

Table 3.11 Public procurement methods and thresholds, 2018

Tendering method	Goods	Works	Non-consultancy services	Disposal of public assets
International competitive tendering	No limit	No limit	No limit	No limit
National competitive tendering	Up to TZS 5 billion	Up to TZS 15 billion	Up to TZS 5 billion	Up to TZS 5 billion
Restricted tendering	No limit, but shall be justified	No limit, but shall be justified	No limit, but shall be justified	No limit, but shall be justified
Competitive quotations (shopping)	Up to TZS 120 million	Up to TZS 200 million	Up to TZS 100 million	-
Single source procurement	No limit, but shall be justified	No limit, but shall be justified	No limit, but shall be justified	-
Minor value procurement	Up to TZS 10 million	Up to TZS 20 million	Up to TZS 10 million	-
Micro value procurement	Up to TZS 5 million	Up to TZS 10 million	Up to TZS 5 million	-
Force account	-	No limit, but shall be justified	-	-
Direct from manufacturer, dealer, or service provider procurement	No limit, but shall be justified	No limit, but shall be justified	No limit, but shall be justified	-

- Not applicable.

Source: The Public Procurement Amendment Regulations, 2016. PPRA online information. Viewed at: https://www.ppra.go.tz/phocadownload/attachments/Regulations/regulations_amendment2016.pdf.

⁴⁵ PPRA online information. Viewed at: <https://www.ppra.go.tz/index.php/2012-03-07-08-56-44/public-procurement-act> and <https://www.ppra.go.tz/index.php/2012-03-07-08-56-44/public-procurement-act>.

⁴⁶ Zanzibar Assembly online information. Viewed at: http://www.zanzibarassembly.go.tz/act_2016/act_11.pdf.

3.81. The PPRA is the sectors' main regulatory body; it has regulatory functions and oversight powers. While there is no overriding government procurement policy, the PPRA is currently guided by its second Medium-Term Strategic Plan (MTSP), 2015/16–2019/20.⁴⁷ The Plan builds on the objectives and achievements of the first MTSP, and sets five strategic objectives for this period, as follows: improved HIV/AIDS reduction programme; the implementation of the National Anti-Corruption Strategy; improved performance in public procurement; enhanced outreach capacity and visibility; and strengthened capacity to deliver quality services.

3.82. The PPRA had oversight over 493 PEs in FY 2015-16, of which about 65%, or 322, submitted information on their award of contracts for the year. Thus, it is not possible to get exact figures on the size of public procurement. However, according to the PPRA, it is estimated that the reporting covers more than 85% of government expenditure on procurement because the 25 largest public procurers have provided the required information. Tanzania reported about TZS 3 trillion in public procurement in 2015/16, a trend that has continued to decline during the review period (Table 3.12). Public procurement is highly concentrated in the top few procurers, as the top three (TANESCO, Tanroads, and PPF-pension fund) account for over one third of the reported total, and the top 25 about 75% of the total.

3.83. There have been several developments during the period under review. One of the most significant was the amendment of the Act and Regulations in 2016.⁴⁸ These amendments were aimed at making improvements in a number of areas, such as increasing transparency and accountability, minimizing transaction costs and processing times, increasing benefits to special groups such as women, improving the ability to purchase directly from manufacturers and wholesalers, reducing corruption loopholes, and enhancing the participation of local firms.

Table 3.12 Overview of public procurement, 2012-16

	2012-13	2013-14	2014-15	2015-16
No. of procuring entities whose contract details were received	265	235	267	322
% of procuring entities who sent in details	67.3%	..	57%	65%
Number of contracts whose details were received	78,738	74,208	75,509	109,575
Value of contracts received (TZS billion)	4,884	4,859	4,349	3,001
Total budget (TZS billion)	15,120	18,249	19,853	22,496

.. Not available.

Source: PPRA Annual Reports. Viewed at: <http://tenders.ppra.go.tz/tanzania-procurement-journal.php?id=2>.

3.84. The Procurement Management Information System (PMIS) facilitates the online submission of procurement information to the PPRA. In 2016, the PMIS was further improved to accommodate new features and legal requirements on reporting, thus reducing reporting times and improving efficiencies. As of 2016, the PPRA was in the process of developing an e-procurement system.

3.85. Disputes concerning public procurement can be addressed to a two-tiered mechanism, as outlined in the PPA. A first step involves an administrative review by the PE. If the case is not resolved, can be brought to the Public Procurement Appeals Authority (PPAA). The PPAA is an independent review body set up to handle disputes under the PPRA. If the matter is still not resolved, it can be brought to the High Court for judicial review. In 2015/16, the PPAA handled 20 appeal cases.⁴⁹

3.3.7 Intellectual property rights

3.86. Intellectual property rights (IPRs) are a non-Union matter, thus different laws and protections are in place for the Mainland and Zanzibar. Not many developments took place in the intellectual property (IP) area during the review period, as most of the main laws did not undergo substantial revision. One development has been new legislation on plant breeders' rights for both the Mainland and Zanzibar.

⁴⁷ PPRA online information. Viewed at: <https://www.ppra.go.tz/index.php/component/phocadownload/category/2-medium-term-strategic-plan?download=10:Medium%20Term%20Strategic%20Plan>.

⁴⁸ PPRA online information. Viewed at: https://www.ppra.go.tz/phocadownload/attachments/PPA_Ammendment_Act_2016.pdf; and https://www.ppra.go.tz/phocadownload/attachments/Regulations/regulations_amendment2016.pdf.

⁴⁹ PPRA online information. Viewed at: http://tenders.ppra.go.tz/model/tpj/annualPerformanceEvaluationReport2015_16_main.pdf.

3.87. The main IP laws for Mainland Tanzania are the Trade and Service Marks Act, 1986, the Patents (Registration) Act, 2002, and the Copyright and Neighbouring Rights Act, 1999. The IP legal regime in Zanzibar is based on three main laws: the Zanzibar Industrial Property Act No. 4, 2008, the Copyright Act No. 14, 2003, and the Plant Breeders' Rights Act No. 1, 2014 (Table 3.13).

3.88. For the Mainland, the BRELA, an Executive Agency under the MITI, is responsible for trade and service marks registration, granting of patents, and administration of the registration of copyrights. The Copyright Society of Tanzania (COSOTA) is an institution set up under the Copyright Act to protect copyright and related rights, including right holders, by reducing piracy, and collecting and distributing royalties or other remunerations. The Ministry of Agriculture is the main agency involved in the oversight of plant breeders' rights. The BRELA has undertaken a number of initiatives during the review period, including introducing the Industrial Property Automation System (IPAS) to allow for electronic submissions and a more efficient registration process.

3.89. In Zanzibar, the Zanzibar Business and Property Registration Agency (BPRA) is the main government body for IP registration. The BPRA is conferred with powers under the Zanzibar Industrial Property Act No. 4, 2008 to administer industrial property titles including trademarks, patents, industrial designs, geographical indications (GIs), layout designs of integrated circuits, etc. It does not have powers for copyright or plant varieties and breeders' rights.

3.90. Both the Mainland and Zanzibar have no separate legislation governing the protection of GIs of origin, but Zanzibar's Industrial Property Act contains certain sections on GIs. It provides for remedies; the availability of protection regardless of registration and presumption; the exclusion from protection; the application for registration and the right to file an application; the examination, opposition and registration of GIs; the right of use; and the invalidation and rectification of registration. Furthermore, efforts are underway, through the African Regional Intellectual Property Organization (ARIPO) to coordinate and develop GI legislation and infrastructure in the African States it represents. Tanzania has undertaken initiatives to develop a national branding strategy. Zanzibar, in cooperation with governmental and non-governmental international organizations like WIPO and Light Year, has taken initiatives to brand its cloves and spices. The governing laws towards the move for Zanzibar are the Industrial Property and the Copyright Act No. 14 of 2003.

3.91. In 2016, Mainland Tanzania was starting to develop a national IP strategy to coincide with its National Intellectual Property Policy. According to the authorities, as of October 2018, both the strategy and policy were still works-in-progress. Zanzibar has developed its IP strategy under the Ministry of Trade, and is currently working on its IP policy.

Table 3.13 Main IP legislation and regulations, 2018

Title	Subject
Mainland	
Trade and Service Marks Act, 1986	Trade and service marks
Trade and Service Marks Regulations	Trade and service marks
Patents (Registration) Act, 2002	Patents and utility models
Patents Regulations, 1994	Patents and utility models
Copyright and Neighbouring Rights Act No. 7, 1999	Copyright
Copyright (Licensing of Public Performances and Broadcasting) Regulations, 2003, GN No. 328	Copyright
Copyright and Neighboring Rights (Production and Distribution of Audio and Audio – Visual Recordings) Regulations, 2006, GN No. 18	Copyright
Copyright and Neighboring Rights (Reproduction and Rental Rights) Regulations, 2014	Copyright
United Kingdom Designs (Protection) Ordinance of 1936, Chapter 219 of the Laws of Tanzania	Industrial designs
Merchandise Marks Act, 1963	Trade names, trademarks
Merchandise Marks Regulations, 2008	Trade names, trademarks
Plant Breeders Act, 2012	Plant varieties
Zanzibar	
Industrial Property Act, 2008	Trademarks, patents, industrial designs, layout designs of integrated circuits
Copyright Act No. 14, 2003	Copyright
Zanzibar Plant Breeders Rights Act, 2014	Plant varieties

Source: WTO Secretariat, compiled from various sources.

3.92. The Mainland's patent legislation provides for the protection of inventions by patent, if they meet certain patentable criteria, for an initial period of ten years, which can be extended twice to a maximum of 20 years. Utility models are subject to a protection period of seven years. They are eligible for registration in Mainland Tanzania under the Patents Act. In Zanzibar, there are provisions for utility models but the BPRA office lacks qualified examiners for patent examination, so it only files applications done outside the territory but there is no equivalent for their registration in Zanzibar.

3.93. Trade and service mark registration is governed by the Trade and Service Marks Act, 1986, which provides protection for a trademark if it is distinctive. The period of protection is for an initial period of seven years, and may be renewed for further periods of ten years indefinitely.

3.94. The Copyright and Neighbouring Rights Act provides copyright protection for the duration of the life of the author plus 50 years after his/her death and, in the case of joint authorship, it applies to the life of the last surviving author plus 50 years. Copyright protection is available to authors who are Tanzanian nationals or have their habitual residence in Tanzania. One new development during the period was the issuance of the Copyright and Neighboring Rights (Reproduction and Rental Rights) Regulations, 2014.⁵⁰

3.95. The new legislation in 2012 on plant breeders' rights for the Mainland created a new and independent protection system for plant varieties that were not registrable under the Patents Act. It establishes a Plant Breeders' Rights Registry for the granting of plant breeders' rights and for the facilitation of the transfer and licensing of plant breeders' rights. It also sets out criteria or conditions for varieties that may be protected.⁵¹ The Zanzibar Plant Breeders Rights Act, 2014 mirrors the Mainland's Act, and basically contains the same or similar provisions.⁵²

3.96. In terms of enforcement of IPRs, several entities may be involved, including the customs authorities (the TRA), the police, quasi-judicial bodies, and the court system.

3.97. Tanzania is a member of WIPO and ARIPO. It is a party to the following WIPO treaties: the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, the Patent Cooperation Treaty, the Berne Convention for the Protection of Literary and Artistic Works, and the Paris Convention for the Protection of Industrial Property. During the review period, Tanzania adopted the Arusha Protocol for the Protection of New Varieties of Plants and joined the International Convention for the Protection of New Varieties of Plants (UPOV).

⁵⁰ COSOTA online information. Viewed at: <http://www.cosota.go.tz/wp-content/Regulations/Reproduction%20and%20Rental%20Rifgts.pdf>.

⁵¹ WIPO online information. Viewed at: http://www.wipo.int/wipolex/en/text.jsp?file_id=409784.

⁵² WIPO online information. Viewed at: <http://www.wipo.int/wipolex/en/details.jsp?id=16192>.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture, Forestry, and Fisheries

4.1.1 Agriculture

4.1. Agriculture continues to be one of the most important sectors in Tanzania, despite recent policy emphasis on industrialization. It is an important contributor to GDP, at approximately 30.1%¹ in 2017, and is the main sector for employment and foreign exchange earnings.² Tanzania has a total area of 947.3 thousand km², of which 46% is considered arable land.³ Most farms remain small and are farmed by smallholders. The terrain is varied and has a number of different climatic zones, and is thus suitable to many varieties of crops and seasonal agricultural productions. The sector can also be divided into cash crops for export (e.g. cashews, tobacco, coffee, etc.)⁴ that have traditionally been the most important, and food for domestic consumption. There is increasing awareness in the Government to promote the downstream food processing sector in Tanzania, in order to increase the value added in the country and increase export earnings (Section 4.3). Tanzania remains a net exporter of agricultural products.

4.2. The agriculture sector in Zanzibar can also be distinguished between two main sectors — food for domestic consumption and for export. There are three main crops for export - cloves, seaweed, and spices (e.g. pepper, cinnamon, ginger, saffron), of which cloves dominate in terms of the value of exports. In 2017, clove exports amounted to TZS 121.8 billion out of total goods' exports of TZS 145.8 billion.⁵

4.1.1.1 Production

4.3. Tanzania produces a wide variety of crops, for both domestic consumption and export (Table 4.1). The largest crops in terms of quantity are maize, rice, and cassava, generally destined for domestic or regional consumption. There has been a general increase in agricultural production during the period 2012-17. Among the cash crops, there has been an overall increase in output during the period for most, with the exception of pyrethrum and sisal, where production levels declined. The output declined mainly due to inadequate varieties of seeds, and deficiencies in marketing structures. In terms of value, there was an increase in agricultural cash crops during the period 2012-17 for tobacco, coffee and cashew nuts; but in 2017-18 the value of cashew nuts increased even more, followed by tobacco and coffee. Despite the increase in production for most crops, Tanzania's agriculture sector remains vulnerable, due to its dependence on rainfall and limited irrigation, its limited use of improved yield varieties, and high costs of fertilizer and other agricultural chemical treatments.⁶

4.4. The output of meat and dairy on the Mainland increased steadily during the review period, with production in Zanzibar varying more (Tables 4.2). Livestock production is concentrated in beef and chicken meat, and nearly all livestock production is destined for domestic consumption.

¹ The primary sector that includes agriculture and mining is reported at 29% by the Government, but the Agricultural Council of Tanzania reports 25% for the sector. Agricultural Council of Tanzania online information. Viewed at: <http://actanzania.or.tz/publication/multiple-regulations-agricultural-sector-research-study/>.

² Tanzania National Bureau of Statistics online information, *2016/17 Annual Agriculture Sample Survey Initial Report*. Viewed at: <https://nbs.go.tz/nbstz/index.php/english/statistics-by-subject/agriculture-statistics/1002-2016-17-annual-agriculture-sample-survey-initial-report>.

³ Tanzania National Bureau of Statistics online information. *Tanzania in Figures, 2016*. Viewed at: https://nbs.go.tz/nbs/takwimu/references/Tanzania_in_Figures_2016.pdf and <http://tanzania.countrystat.org/home/en/>.

⁴ Also including sugar, pyrethrum, tea, cotton, and sisal.

⁵ *Zanzibar Statistical Abstract 2017*, Office of the Chief Government Statistician Zanzibar online information. Viewed at: <http://www.ocgs.go.tz/publication.php#>.

⁶ ReportLinker online information. Viewed at: <https://www.reportlinker.com/p02798355/The-Agri-Business-Sector-in-Tanzania.html>.

Table 4.1 Production of main crops, 2014-17

	Year 2014-15 ^a				Year 2016-17 ^a			
	Quantity harvested ('000 tonnes)	Quantity sold ('000 tonnes)	Average price (TZS/kg) ^b	Estimated value sold (TZS billion) ^d	Quantity harvested ('000 tonnes)	Quantity sold ('000 tonnes)	Average price (TZS/kg) ^b	Estimated value sold (TZS billion) ^d
Maize	7,764	2,060	529	1,089	5,767	1,269	565	717
Paddy	2,486	717	944	677	1,383	562	860	483
Cassava	1,099	321	550	176	629	287	582	167
Bananas	631	100	849	85	488	193	1,825	352
Sorghum	532	99	703	70	465	45	699	31
Sugarcane	493	490	444	218	447	236	694	164
Cashew nuts	193	179	1,335	239	388	380	2,815	1,069
Beans	394	134	1,184	158	379	142	1,364	193
Sunflowers	29 ^c	16 ^c	473 ^c	8 ^c	353	195	698	136
Tomatoes	218	125	681	85	247	228	718	164
Groundnuts	380	142	1,116	158	216	77	1,137	87
Cotton	525	336	883	297	195	187	1,162	217
Pigeon peas	102	69	1,381-1,705	95-118	141	43	584	25
Tobacco	167	112	2,154	241	128	99	4,231	421
Onions	24	17	1,431	25	118	106	833	88
Sisal	60	57	2,015	115	64	61	2,356	143
Sesame	204	149	1,594-1,639	231-244	57	52	1,441	76
Amaranths	4	4	443	2	52	47	407	19
Coffee	108	69	2,437	168	43	36	2,388	85
Tea	92	92	311	29	28	27	224	6
Wheat	52	27	750	20	24	17	820	14
Cacao	..	..	..	..	20	20	1,865	37
Palm oil	4	4	904	3	17	13	1,313	17
Okra	22	13	758	10	17	15	1,191	18
Chilies	2	2	798	1	14	14	1,863	26
Cloves	4	3	11,096	31	6	6	13,807	86
Cinnamon	1	1	3,201	3	1	0	2,664	0
Black pepper	..	..	..	..	0	0	1,308	0

.. Not available.

a Covering production in both Mainland Tanzania and Zanzibar during the short and long rainy seasons.

b Averages over short and long rainy seasons.

c Withheld to avoid disclosing data for individual operations. In the case of sunflowers, only the short rainy season data is available.

d Figures are estimated as quantity sold multiplied by average price.

Source: Tanzania National Bureau of Statistics' Annual Agricultural Sample Survey Reports, 2014-15 and 2016-17 online information. Viewed at: https://www.nbs.go.tz/nbs/takwimu/Agriculture/Annual_Agricultural_Sample_Survey_Report2014_1_5.pdf and https://nbs.go.tz/nbs/takwimu/Agriculture/2016_17_AASS_%20report.pdf.

Table 4.2 Production of livestock and poultry products, Mainland, 2012-17

	2012	2013	2014	2015	2016	2017
Milk production ('000 litres)	1,853,099	1,921,640	1,990,183	2,058,726	2,127,267	2,987,000
Meat production ('000 tonnes)	533	553	599	598	649	558
Beef	290	300	309	319	324	395
Goat/sheep	111	116	120	125	129	81

	2012	2013	2014	2015	2016	2017
Pork	47	51	74	54	91	19
Chicken	85	87	95	100	104	64
Egg production ('000)	3,495	3,725	3,900	4,154	4,353	2,758

Source: *Statistical Abstract 2016*. Tanzania National Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf, and information provided by the authorities.

4.1.1.2 Trade

4.5. Agriculture continues to be the most important export sector for Tanzania, and its importance grew over the period; it accounted for 28% of total exports in 2012, and 38% in 2017 (Table 4.3). This growth is largely attributed to the export of cashew nuts (see also Section 4.1.1.4.1), which overtook the other main export crops, tobacco and coffee, during the period. This growth, however, was only partially attributed to increased output; the larger gains in value were due to higher export prices. There has been a significant drop in cotton exports over the period, due to declining world prices.

4.6. Imports of agricultural products remained relatively flat during the review period, accounting for about 10% of total imports. Further, they were highly concentrated in three main products – palm oil, wheat, and sugar (Table 4.4). In recent years, there has been a shift from being an exporter to an importer of sugar. According to the authorities, this is attributed to a growing demand for industrial sugar for the food and beverage industry. There is also a lack of capacity to refine sugar in Tanzania.

Table 4.3 Major exported agricultural products^a, 2012-17

HS codes	Product description	2012	2013	2014	2015	2016	2017
		Value in TZS billion					
Agriculture (WTO definition)		2,475.9	2,133.3	4,078.1	4,470.4	3,735.2	3,496.9
% of total exports (excl. re-exports)		28.4%	25.8%	43.0%	38.3%	36.0%	37.5%
0801	Fresh or dried cashew nuts	256.3	302.8	654.9	500.8	760.6	1,207.5
2401	Unmanufactured tobacco; tobacco refuse	296.2	160.3	320.9	431.2	787.7	436.4
090111	Coffee (excl. roasted and decaffeinated)	276.9	256.3	201.1	308.7	329.6	276.5
0713	Dried leguminous vegetables, shelled	158.8	137.4	295.2	529.5	347.7	206.8
120740	<i>Sesamum</i> seeds	125.3	199.0	538.9	258.4	283.4	165.3
0712	Dried vegetables	3.7	7.1	10.5	180.4	11.2	146.1
1101	Wheat or meslin flour	66.3	61.9	26.8	38.7	16.5	121.8
010290	Live bovine animals (excl. cattle and buffalo)	0.1	0.8	0.3	10.8	0.5	117.5
0902	Tea, whether or not flavoured	88.0	87.3	73.1	92.2	97.4	109.1
1007	Grain sorghum	8.6	0.1	0.2	0.0	0.3	51.4
2302	Bran, sharps and other residues	20.1	21.9	38.2	555.1	61.0	48.1
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes	54.5	51.6	215.4	152.6	22.2	46.7
5203	Cotton, carded or combed	57.4	25.9	23.4	18.4	29.9	42.9
5201	Cotton, not carded or combed.	198.6	138.4	64.3	39.5	71.8	38.7
1801	Cocoa beans, whole or broken, raw or roasted	32.4	26.1	36.8	46.1	46.4	37.3
230630	Oilcake and other solid residues, resulting from the extraction of sunflower seeds	70.8	39.8	108.9	13.9	44.8	28.9
0907	Cloves, whole fruit, cloves and stems, neither crushed nor ground	58.7	68.8	51.1	5.8	22.6	18.5
230610	Oilcake and other solid residues, resulting from the extraction of cotton seeds	11.1	12.6	41.1	10.5	328.4	9.9
		Net weight ('000 tonnes)					
0801	Fresh or dried cashew nuts	134.8	155.0	199.6	171.5	219.3	331.1
2401	Unmanufactured tobacco; tobacco refuse	107.6	71.3	76.5	65.7	74.3	48.3
090111	Coffee (excl. roasted and decaffeinated)	50.6	61.8	44.0	57.8	57.9	41.4
0713	Dried leguminous vegetables, shelled	164.3	175.8	228.5	196.7	319.2	160.8
120740	<i>Sesamum</i> seeds	76.7	87.7	116.9	135.1	133.8	80.4
0712	Dried vegetables	7.6	13.6	19.1	18.0	43.2	47.5
1101	Wheat or meslin flour	68.8	67.0	18.5	39.6	17.9	36.4
010290	Live bovine animals (excl. cattle and buffalo)	0.1	0.3	0.1	1.0	0.3	7.1
0902	Tea, whether or not flavoured	27.8	26.4	27.8	29.3	26.3	27.5
1007	Grain sorghum	15.9	1.4	0.7	1.1	1.0	0.6
2302	Bran, sharps and other residues	136.3	138.9	148.2	151.0	146.0	171.4
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes	3.1	4.3	3.6	3.6	1.1	2.7

HS codes	Product description	2012	2013	2014	2015	2016	2017
5203	Cotton, carded or combed	30.7	16.4	47.6	7.3	8.5	12.8
5201	Cotton, not carded or combed	92.8	68.3	35.7	23.6	24.5	12.6
1801	Cocoa beans, whole or broken, raw or roasted	8.9	9.9	11.0	11.3	9.3	10.1
230630	Oilcake and other solid residues, resulting from the extraction of sunflower seeds	88.8	93.8	64.1	35.3	67.4	73.6
0907	Cloves, whole fruit, cloves and stems, neither crushed nor ground	6.0	4.1	2.8	0.3	1.3	1.0
230610	Oilcake and other solid residues, resulting from the extraction of cotton seeds	51.3	66.6	32.2	12.2	30.7	22.8

a Major products are identified by the size of exported values in 2017.

Source: WTO Secretariat's calculations, based on trade data provided by Tanzania National Bureau of Statistics.

Table 4.4 Major imported agricultural products^a, 2012-17

HS code	Product description	2012	2013	2014	2015	2016	2017
		Value in TZS billion					
Agricultural imports (WTO definition)		1,955.1	1,636.3	1,953.3	1,713.3	1,877.9	1,798.6
<i>% of total imports</i>		<i>10.6%</i>	<i>8.2%</i>	<i>9.6%</i>	<i>5.8%</i>	<i>10.9%</i>	<i>10.4%</i>
151110	Crude palm oil	237.4	194.1	300.4	211.1	365.5	352.7
1001	Wheat and meslin (excl. seed for sowing, and durum wheat)	652.9	497.9	511.2	444.5	413.5	345.4
1701	Cane or beet sugar and chemically pure sucrose, in solid form	265.6	212.3	154.6	196.9	283.7	238.4
151190	Palm oil and its fractions, whether or not refined	152.0	113.7	288.0	250.3	228.2	210.5
100590	Maize (excl. seed for sowing)	42.3	24.2	0.7	1.2	0.3	49.4
100510	Maize seed for sowing	19.7	37.1	31.1	58.9	24.6	47.1
2203	Beer made from malt.	8.0	6.7	8.8	19.0	29.3	35.6
1704	Sugar confectionery, not containing cocoa.	18.0	20.0	28.7	25.1	35.4	32.1
110710	Malt (excl. roasted)	43.6	31.9	37.0	28.0	25.2	29.9
2207	Undenatured ethyl alcohol	34.8	36.3	21.6	22.7	21.6	24.4
2106	Food preparations n.e.s.	17.3	15.1	12.0	16.7	19.7	22.1
1901	Malt extract; food preparations of flour, groats, meal, starch or malt extract	7.5	11.5	9.9	11.0	10.8	19.2
		Net weight ('000 tonne)					
151110	Crude palm oil	144.8	160.7	224.0	163.9	234.5	207.5
1001	Wheat and meslin (excl. seed for sowing, and durum wheat)	1,115.9	793.2	901.2	846.2	816.0	618.4
1701	Cane or beet sugar and chemically pure sucrose, in solid form	266.4	222.1	175.0	212.5	274.0	238.6
151190	Palm oil and its fractions, whether or not refined	91.9	85.4	205.5	177.4	147.3	130.6
100590	Maize (excl. seed for sowing)	61.9	48.9	3.0	9.0	1.8	93.8
100510	Maize seed for sowing	12.6	27.1	12.0	13.3	7.6	22.4
2203	Beer made from malt	4.9	3.8	6.3	11.4	16.4	19.7
1704	Sugar confectionery, not containing cocoa	51.0	10.1	12.5	7.8	12.6	36.7
110710	Malt (excl. roasted)	37.8	25.4	32.2	26.4	22.4	24.7
2207	Undenatured ethyl alcohol	21.2	25.4	14.9	12.5	12.0	12.7
2106	Food preparations n.e.s.	6.9	5.0	3.9	4.4	4.6	5.0
1901	Malt extract; food preparations of flour, groats, meal, starch or malt extract	3.3	4.1	3.4	112.6	3.2	9.2

a Major products are identified by the size of imported values in 2017.

Source: WTO Secretariat's calculations, based on data provided by the Tanzania National Bureau of Statistics.

4.1.1.3 Policy

4.1.1.3.1 Overview

4.7. Mainland Tanzania's policy on agriculture, the National Agriculture Policy, 2013, provides the overall framework and objectives for steering agricultural policy towards its main objective of developing an efficient, competitive and profitable agricultural sector that contributes to the improvement of the livelihoods of Tanzanians and the attainment of broad based economic growth and poverty alleviation.⁷ It further outlines challenges, opportunities, and ten specific objectives. Some of the challenges identified include low productivity, inadequate agricultural support services, poor infrastructure including reliance on rainwater, weak agro-industry value chains, and low participation of the private sector. In order to address these and other weaknesses, some of the policy initiatives include: strengthening and transforming agricultural extension services, promoting private sector participation in irrigation development and agriculture mechanization, improving land law awareness and enforcement, encouraging agro-chemical and fertilizer manufacturing to improve cost-effective agricultural inputs, improving commodity standards to meet international norms, and enhancing agricultural marketing efficiencies. Some sectors, e.g. coffee, have their own sectorial development policies as well. Zanzibar also has an Agricultural Sector Policy from 2002, which is currently under a review process, and a Livestock Policy from 2011.⁸

4.8. In addition to the main policy, the Mainland has the Agricultural Sector Development Strategy (ASDS). Originally established in 2001, with its first phase operating during 2006-16, the ASDS highlighted constraints in achieving agricultural growth targets, and focused on an enabling environment for improving the sector.⁹ Since 2016, the ASDS has entered Phase II, with a new direction for the development of the sector; it integrates the Comprehensive Africa Agriculture Development Programme (CAADP) objectives, and incorporates the principles in the Tanzania Agriculture and Food Security Investment Plan (TAFSIP).¹⁰ The overall goal is to "contribute to the national economic growth, reduced rural poverty and improved food security and nutrition in Tanzania". The main focus of ASDS II is to have an enabling policy and regulatory framework; increase production, productivity, and trade; stimulate an inclusive private sector; and strengthen institutional capacities and coordination.

4.9. Tanzania's legal framework for agriculture has undergone some revisions during the review period (Table 4.5). There is no overriding act for agriculture, rather different acts depend on the subject (see acts for specific agricultural products, Table 4.5). The Land Act was amended in 2017 by the Written Laws (Miscellaneous Amendments) (No. 5) Bill, 2017, to change how land can be mortgaged, in particular with regard to a mortgage being held by a local or foreign bank/financial institution; it protects customary rights and is now seen as one of the most important keys to ensuring security of tenure, particularly for the poor. It also assists landowners in mortgaging land acquired under a Certificate of Customary Right of Occupancy (CCRO). According to the Land Act, only Tanzanians may own land but foreigners may apply for derivative rights to use land for periods of time, generally between 33 and 99 years.

⁷ Development Partners Group Tanzania online information. Viewed at: http://www.tzdpq.or.tz/fileadmin/documents/dpg_internal/dpg_working_groups_clusters/cluster_1/agriculture/2_Ag_policies_and_strategies/National_ag_policies/1_2013_NATIONAL_AGRICULTURAL_POLICY_-_FINALFebruari_2013.pdf.

⁸ Zanzibar Ministry of Agriculture, Natural Resources, Livestock and Fisheries online information. Viewed at: http://www.kilimoznz.go.tz/policy/agriculture_policy.pdf; and http://www.kilimoznz.go.tz/policy/livestock_policy.pdf.

⁹ Development Partners Group Tanzania online information. Viewed at: http://www.tzdpq.or.tz/fileadmin/documents/dpg_internal/dpg_working_groups_clusters/cluster_1/agriculture/2_Ag_policies_and_strategies/National_Ag_strategies/1_ASDS_2001.pdf.

¹⁰ Development Partners Group Tanzania online information. Viewed at: http://www.tzdpq.or.tz/fileadmin/documents/external/national_development_frameworks/ASDP2_Final_Document_20_May_2016_after_edit_1.pdf.

Table 4.5 Overview of main legal instruments, 2018

Law	Reference
Mainland	
Land Act (Miscellaneous Amendments) (No. 5) Bill	2017
National Irrigation Act	2013
Coffee Industry Regulations	2013
Cooperatives Societies Act	2013
Plant Breeders' Rights Act	2012
Fertilizer (Bulk Procurement) Regulations	G.N. 49 of 2017
Cereals and Other Produce Regulations	2011
Cotton Regulations	2011
Fertilizer Regulations	2011
Sisal Industry Regulations	2011
Crop Laws (Miscellaneous Amendments) Act	2009
Cashewnut Industry Act	2009
Cereals and Other Produce Act	2009
Fertilizers Act	2009
Seed Act	Act No. (1) 18 of 2003
Protection of New Plant Varieties (Plant Breeders Rights) Act	2002
Animal Welfare Act	2008
Warehouse Receipts Act	2005
Food Security Act	1991
Produce Export Act	2002
Coffee Industry Act	2001
Cotton Industry Act	2001
Sugar Industry Act	2001
Tobacco Industry Act	2001
Tea Industry Regulations	1999
Plant Protection Regulations	1999
Cashewnut Industry Regulations	1998
Plant Protection Act	1997
Tea Act	1997
Pyrethrum Act	1997
Pyrethrum Regulations	1997
Sisal Industry Act	1996
Agriculture Inputs Trust Funds	1994
Agricultural Development Funds Act	1984
Tropical Pesticides Research Institute Act	1979
Tropical Pesticides Research Institute Regulations	1979
Rufiji Basin Development Authority	1975
Zanzibar	
Food Security and Nutrition Act	Act No. 7 of 2011
Plant Protection Division (PPD) Act	Act No. 7 of 1998
Plant Breeders Rights (PBR) Act	Act No. 7 of 2012
Animal Resources Management Act	Act No. 11 of 1999
Zanzibar Agricultural Research Institute (ZARI) Act	Act No. 8 of 2012

Source: Revolutionary Government of Zanzibar, Ministry of Agriculture, Natural Resources, Livestock and Fisheries online information. Viewed at: <http://www.kilimoznz.go.tz/act.php>. Ministry of Agriculture online information. Viewed at: <http://www.kilimo.go.tz/index.php/en/resources/category/regulations>.

4.1.1.3.2 Taxation

4.10. Tanzania has traditionally charged a cess on agricultural produce on farm gate prices to buyers of agriculture commodities. This revenue can be significant to many local areas, and it is reported that, since 2003, it is the most important source of local revenue.¹¹ Reforms at that time capped the cess at 5% but local municipalities have varying rates. The industry sector had recognized this, and requested policy reform due to sometimes high and discriminatory cess rates and issues related to collection, e.g. lack of infrastructure which led to low collection rates. Thus, in 2017, the Finance Act, 2017 amended the Local Government Finance Act to change the cess on agricultural products. As a result, the cess on cash crops was reduced from 5% to 3%, and the

¹¹ The United Republic of Tanzania Prime Ministers' Office, *Agricultural Produce Cess in Tanzania: Policy Options for Fiscal Reforms*, AgriKnowledge online information. Viewed at: <https://agriknowledge.org/downloads/tq57nr00k>.

cess on food crops from 5% to 2%.¹² More recently, the cess has been the second largest revenue source for local governments, with TZS 90.8 billion collected in FY 2015/16; this amounted to about 20% of total local government revenues.¹³ Tanzania also charges a milk cess on traded or processed milk and milk products of TZS 10 per litre or kilogram, or 1.5%, whichever is higher, of the ex-factory and "ex-traded" price per litre or kilogram of the milk or designated milk product.¹⁴ The cess is remitted to the Dairy Board.

4.11. As part of a policy reform to make certain agricultural subsectors more export competitive, the Government abolished a number of agricultural levies and taxes, in particular on cash crops such as coffee, tobacco, sugar, in 2017. The fees on export licences, processing licences, and other fees were impacted.¹⁵

4.12. The *ad valorem* component of the EAC CET rates on imports of agricultural products ranges from zero to 100% (see main report). Tanzania does not have tariff quotas or use the special agricultural safeguard (SSG). The highest tariff protection is on sugar and confectionary, dairy, and rice. However, there is currently a duty remission in place on sugar, so actual imports do not face the EAC CET tariff rates.

4.13. During the review period, the Ministry of Agriculture has periodically restricted (through bans and taxation) trade of certain agricultural products, on food security grounds. These are generally seasonal restrictions that are put in place and removed during the year as food crops become scarce or abundant. The Minister of Agriculture has the power to invoke this provision as needed (Sections 3.1.5 and 3.2.3).

4.1.1.3.3 Support programmes and initiatives

4.14. The main support programmes for agriculture continue to be research and extension services, infrastructure development, irrigation projects, and the Bulk Procurement System (BPS) (Table 4.6). Fertilizer is one of the most important inputs for increasing crop yield. Because of this, for more than half a century, the Government has deployed a variety of approaches to overcoming the challenge of high prices that inhibit access to fertilizers by small scale farmers (SSFs). Some of the approaches were: input subsidies (transport, direct price subsidies, etc.); input loans by crop buyers (factories, millers, agribusinessmen, etc.); and input loans by banks through guarantees from crop buyers and/or cooperative unions. Tanzania introduced the fertilizer BPS following the Fertilizer (Bulk Procurement) Regulations, 2017. Through these Regulations, all importers submit their requirements to the regulator, the Tanzania Fertilizer Regulatory Authority (TFRA), whereby thereafter a tender is announced and one pre-qualified successful bidder will import all the fertilizer on behalf of others using his own source of funds.

4.15. The Tanzania Agricultural Development Bank (TADB) was established in 2012 and became operational in 2016 as a state-owned development financial institution to provide short-, medium- and long-term credit facilities for the development of agriculture in Tanzania. It is expected to help transform agriculture from subsistence farming to a commercial basis through financing and related capacity-building initiatives. During 2016-20, the TADB is focusing on 14 initial agriculture value chains within eight agricultural sub-categories as part of its national priorities; these include: cereals, industrial commodities, oilseeds, horticulture, livestock, poultry, fisheries, and forestry.¹⁶ The TADB offers a variety of financial products, such as refinancing, trade finance, direct lending, funds management, co-financing, infrastructure loans, agricultural equipment financing, and

¹² The Finance Act, 2017. TRA online information. Viewed at: <https://www.tra.go.tz/Images/headers/THE-FINANCE-ACT-2017-CHAPA-Final.pdf>.

¹³ Tanzania National Bureau of Statistics online information. *Tax Statistics Report, 2015/16, Tanzania Mainland*. Viewed at: https://nbs.go.tz/nbs/takwimu/Tax/Tax_Statistics_Report%20_2015_16_Tanzania_Mainland.pdf.

¹⁴ The Dairy Industry Act 2004 Regulations. Tanzania Dairy Board online information. Viewed at: <http://tdb.go.tz/uploads/documents/en/1460548388-Regulations.doc>.

¹⁵ African Farming online information. Viewed at: <https://www.africanfarming.com/tanzania-scraps-17-coffee-levies-stimulate-production/>. Ministry of Agriculture online information. Viewed at: http://www.kilimo.go.tz/uploads/dasip/Hotuba_ya_Wizara_ya_Kilimo_Mifugo_na_Uvuvi_final_Mei_13.05.2017.pdf.

¹⁶ TADB online information. Viewed at: <https://www.tadb.co.tz/products-services/>.

guarantee and leveraging facilities. After three years of operation, the TADB has financed TZS 39.3 billion, mainly in industrial commodities and grains.¹⁷

4.16. The Agricultural Inputs Trust (AGITF) was established by the Agricultural Inputs Trust Act, 1994 to import and distribute affordable agricultural inputs, such as tractors and similar equipment, in particular to smallholder farmers.¹⁸ The AGITF is financed by government funds and it provides soft loans to farmers and similar beneficiaries for the acquisition of the goods. For FY 2014/15, the AGITF provided loans for the purchase of 84 new tractors, farm inputs and other farm implements, to the tune of TZS 5.182 billion.¹⁹

4.17. The Warehouse Receipt System (WRS) was established in 2007 by the Warehouse Receipts Act, 2005 (WRS Act), with the main objective of formalizing existing marketing systems that aimed to minimize the various constraints on the production and marketing of agricultural produce.²⁰ Some of the issues or constraints facing agricultural marketing in Tanzania at the time were significant post-harvest losses, poor quality, large price fluctuations, lack of reliable market information, poor finance and polarized trade.²¹ The WRS operates by storing commodities in a licensed warehouse on behalf of the owner, who receives warehouse receipts certifying title of the deposited commodities.²² Furthermore, the WRS facilitates storage, future trading (by auction) of the commodity, and access to credit by the farmer. The WRS Regulatory Board was created to have oversight of the process, including licensing and registering the different actors in the process, and collaborating with other national and international bodies.

4.18. The WRS Act was amended in 2015 to address weaknesses in the original Act, in particular to restrict the transfer of warehouse operating licences to other persons, and to increase the responsibilities of the WRS Regulatory Board.²³ The WRS Regulations were also amended in 2016 to incorporate provisions of the amendments to the Act.²⁴

4.19. Other developments have been made to improve finance and insurance for farmers. The Private Agricultural Sector Support (PASS) Trust was established in 2000 as a non-profit organization to provide financial and business development services to the agricultural sector.²⁵ It also focuses on 12 key sectors, and provides business development services, financial services, credit guarantees, portfolio guarantees, and traditional guarantees.

4.20. One of the other developments during the period was the promotion of PPPs in the agricultural sector. In 2010, the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) initiative was launched to improve agricultural productivity and food security, while at the same time providing for environmental sustainability through the commercialization of smallholder agriculture. Through strategic partnerships comprised of businesses, farmers, organizations, and the Government, SAGCOT works to develop or improve value chains, to date, in the sectors of soya, rice, tea, dairy, beef cattle, tomatoes, and potatoes.²⁶ SAGCOT is supported by the Government and the World Bank, along with a number of international donors; and the SAGCOT Investment Project is funded through the World Bank's International Development Association.

¹⁷ TADB online information. Viewed at: <https://www.tadb.co.tz/tumetimiza-miaka-mitatu-ya-mafanikio/>.

¹⁸ Ministry of Agriculture online information. Viewed at: <http://www.kilimo.go.tz/index.php/en/stakeholders/view/agricultural-inputs-trust-fund-agitf>.

¹⁹ Ministry of Agriculture online information. Viewed at: <http://www.kilimo.go.tz/index.php/resources/view/annual-report-for-financial-year-2014-15>, and information provided by the authorities.

²⁰ Warehouse Receipts Regulatory Board online information. Viewed at: <http://www.wrs.go.tz/downloads/resources/Warehouse%20Receipt%20Act%20No%2010-2005.pdf>.

²¹ Warehouse Receipts Regulatory Board online information. Viewed at: <https://www.wrs.go.tz>.

²² The commodities include: coffee, raw cashew nuts, maize, paddy, sesame, sunflowers, pigeon peas and cotton.

²³ Law Reform Commission of Tanzania online information. Viewed at: http://www.lrc.go.tz/download/laws_2015/ActNo-3-2015-Book-1-10.pdf.

²⁴ Warehouse Receipts Regulatory Board online information. Viewed at: <http://www.wrs.go.tz/downloads/resources/WRS%20Regulations%202016.pdf>.

²⁵ PASS online information. Viewed at: <http://www.pass.ac.tz/index.php/coverage>.

²⁶ SAGCOT online information. Viewed at: <http://sagcot.co.tz/index.php/who-we-are/>.

Table 4.6 Government support for agriculture, 2017-18

(TZS billion)

Programmes	2017/18
Agricultural research development and extension services	377.5
Agricultural infrastructure development	308.2
Large-scale commercialized agriculture and industrial development support	98.9
National food security and nutrition	81.0
Development of market and micro-financial infrastructures	49.4
Livestock and fisheries development	46.8
Agricultural inputs (e.g. fertilizer, improved seed, irrigation, tractors)	43.8
Implementation of irrigation projects	38.8
Total	1,044.0

Source: Ministry of Finance and Planning online information. Viewed at:

[http://www.mof.go.tz/mofdocs/budget/Citizens%20Budget/CITIZENS%20BUDGET%202017_18%20%20%20%20%20\(Eng_Final\).pdf](http://www.mof.go.tz/mofdocs/budget/Citizens%20Budget/CITIZENS%20BUDGET%202017_18%20%20%20%20%20(Eng_Final).pdf).

4.1.1.3.4 Marketing boards

4.21. Tanzania continues to maintain marketing boards for many of its main export crops. During the review period, the number of boards has remained the same; 12 boards cover various crops or livestock subsectors (Table 4.7). According to a 2008 report by the Government, Tanzania has a long-standing history of government involvement in agricultural marketing boards in order to counteract constraints regarding access to local markets and depressed global commodity prices.²⁷ The monopolies held by marketing boards in Tanzania in terms of marketing of food, traditional export crops, and non-traditional export crops were gradually liberalized in the 1980s-90s, and were replaced by cooperatives, the WRS, and private traders, for most crops. However, the expected gains were not realized, as orderly marketing systems were not achieved, mainly for food and non-traditional crops. As such, there are still issues, constraints, and concerns with many of the agricultural marketing systems in Tanzania (Section 4.1.1.3).

4.22. Today, many of the marketing boards operate in the same way, although there are some differences. Nearly all have regulatory, quality control, and a promotional aspect for the sector that they cover. The regulatory aspect is often wide, with the board controlling the production, selling, dealing, trading, and import/export of products through licences, permits, or registration. Some are directly involved in price setting, warehousing and storage, while a few are directly involved in marketing. Concerns have been raised in some sectors, regarding the high costs, fees and bureaucracy under which the boards operate, thus rendering the crops less competitive on world markets.²⁸

4.23. The Finance Act, 2018 made changes to the Cashewnut Industry Act, concerning the collection and deposit of the export levy (Section 3.2.2).²⁹ Previously, according to the Act, 65% of the export levy revenues on raw cashew nuts were remitted to farmers, in order to develop their crops via the Cashewnut Board, and the remaining 35% was retained by the Government. After these most recent changes, 100% of the levy is deposited in the Government's Consolidated Fund.³⁰

4.24. The Sugar Industry Act, 2001 was amended in 2017, and several important changes were implemented regarding the sugar sector and the operation of the Sugar Board.³¹ The amendments created the new Section 11A that provides that the Sugar Board will determine the minimum and

²⁷ Development Partners Group Tanzania online information. Viewed at: http://www.tzdpq.or.tz/fileadmin/documents/dpg_internal/dpg_working_groups_clusters/cluster_1/agriculture/2_Ag_policies_and_strategies/National_ag_policies/5_National_agricultural-marketing-policy.pdf.

²⁸ Tanzanian Coffee Board online information. Viewed at: http://www.coffeeboard.or.tz/News_publications/startegy_english.pdf.

²⁹ The Finance Act, 2018. TRA online information. Viewed at: <https://www.tra.go.tz/images/uploads/FINANCEACT2018.pdf>.

³⁰ The Finance Act, 2018. TRA online information. Viewed at: <https://www.tra.go.tz/images/uploads/FINANCEACT2018.pdf>.

³¹ Law Reform Commission of Tanzania online information. Viewed at: http://www.lrc.go.tz/download/laws_2015/ACT-THE-WRITTEN-LAWS-MISCELLANEOUS-AMENDMENTS-ACT-2017-final-Chapa..pdf.

maximum prices for sugar; Section 17A that requires sugar manufacturers to submit development and expansion plans to the Board; and Section 34A that prohibits sugar blending.

Table 4.7 Overview of agricultural marketing boards, 2018

Board	Crop	Legal reference	Overview
Cashewnut Board of Tanzania	Cashew nuts	Act No. 18, 2009	To regulate the development of the cashew industry, including issuing licences
Cereals and Other Produce Board of Tanzania	Cereals	Cereals and Other Produce Act No. 19, 2009	To provide for the promotion and development of cereals and other agricultural produce. Operation of flour and seed oil milling operations
Tanzania Dairy Board (TDB)	Milk	Dairy Industry Act, 2004	To manage dairy imports and exports; to develop standards and inspection; oversee dairy cess; to register farmers
Tanzania Meat Board	Meat	Meat Industry Act, 2006	To register livestock, meat processors, importers, and exporters, and to monitor and perform regulatory functions for the sector
Sugar Board of Tanzania (SBT)	Sugar	Sugar Industry Act No. 26, 2001	To licences the importation and exportation of sugar; all sugar farmers must be registered with the Board; to restrict the importation, breeding, multiplication of sugarcane cuttings; to set minimum and maximum prices
Tanzania Coffee Board (TCB)	Coffee	Coffee Industry Act No. 23, 2001	To promote and regulate the coffee sector, including registration of coffee producers, licensing for export, conduct coffee auctions, appointment of inspectors, etc.
Tanzania Cotton Board (TCB)	Cotton	Cotton Industry Act, 2001	To promote the development of the cotton industry, to educate stakeholders, to make regulations, and to license buyers and exporters
Tanzania Pyrethrum Board (TPB)	Pyrethrum	Pyrethrum Act, 1997	To promote, develop and regulate the pyrethrum industry, including making regulations and issuing export licences
Tanzania Tobacco Board (TTB)	Tobacco	Tobacco Industry Act No. 24, 2001	To provide registration or licences to tobacco growers, sellers, and processors. To grant licences for the exportation or importation of tobacco. To inspect tobacco premises. To oversee contract farming for tobacco production
Tanzania Sisal Board (TSB)	Sisal	Sisal Industry Act No. 2, 1997	To develop and improve the sisal industry, issue export and import licences, regulate and control the quality, marketing and export of sisal, etc.
Tea Board of Tanzania (TBT)	Tea	Tea Act No. 3, 1997	To regulate the tea industry, including the processing, exportation and storage of tea and tea by-products
Zanzibar State Trading Cooperation (ZSTC)	Cloves and allied products	Act No. 11, 2011	To determine quality, to set purchase price. Is the sole exporter of cloves and allied products. To provide seedlings to farmers

Source: Ministry of Agriculture online information. Viewed at: <http://www.kilimo.go.tz/index.php/en/stakeholders/category/boards> and Ministry of Livestock and Fisheries online information. Viewed at: <http://www.mifugouvuvi.go.tz/>.

4.1.1.4 Major agricultural subsectors

4.1.1.4.1 Cashew nuts

4.25. Tanzania is one of the world's top cashew nut producers, and the largest in East Africa. Cashew nuts became an even more important subsector to Tanzania during the review period. They have become the largest agricultural export crop, and contributed to about 13% of

Tanzania's total 2017 exports. Despite its generally increased growth and export earnings over the period, the subsector is reportedly the most regulated one; it still mainly exports unprocessed in-shell cashew nuts. The subsector is still dominated by smallholder producers concentrated in the southern coastal regions of the country. Tanzania is known to produce high-quality cashews, as it has suitable climate and soil conditions for the crop.

4.26. The Cashewnut Industry Act, 2009 remains the main legislation governing the subsector.³² It provides for the establishment of the Cashewnut Board of Tanzania (CBT), the registration of growers and traders, the licensing of activities, marketing and inspection activities, and financial provisions. The CBT is established as the subsector's main regulator, and it carries out other functions in the interests of the cashewnut industry. The Act provides that all buyers, sellers, processors, exporters, importers, warehouse owners and operators be licensed. The Act was amended in 2018 to change the way the export levy is distributed (Section 4.1.1.3.4).

4.27. The Government has been keen to promote more value added and increase manufacturing in Tanzania. As such, it charges an export duty on raw cashew exports to encourage domestic processing. The fee gradually increased during the period 2000-10 but the outcome was rather the opposite, and processing in Tanzania decreased during the same period.³³ There have been initiatives to promote FDI for establishing cashew processing plants in recent years.³⁴ However, cashew processing in Tanzania remains minimal, and exports continue to be mainly unprocessed cashews to other countries that process and re-export them to world markets.

4.28. Tanzania's cashew nut subsector has a number of other challenges. There are concerns that the complex, rigid, and costly marketing process has hindered the subsector. The CBT is involved throughout the value chain, including in transport, distribution, price setting, and providing subsidized inputs.³⁵ Furthermore, all farmers must sell their cashews through agricultural marketing cooperative societies and the WRS, through an auction system. This also includes all cashews for export. Sales through the cooperative/WRS system and the related logistical costs and taxes reportedly result in the highest handling costs among cashew-producing countries, especially compared to West Africa where cashew sales operate on an open market.³⁶

4.29. The subsector had generally increasing levels of production during the period, and the majority of production is exported (Table 4.8). The vast majority of exports, about 90%, are in-shell or unprocessed nuts. The volume of exports has increased gradually over the period but revenues generated from exports have more than tripled due to higher global prices, increased competitiveness, movements in the exchange rate, and bumper harvests. The major export markets for Tanzanian cashews are few and India dominates, although there was a significant and sustained increase in exports to Viet Nam over the period. Raw cashew exports are subject to a tax of 15% of f.o.b. value, or USD 160 per metric tonne, whichever is higher (Section 3.2.2).

³² Cashewnut Industry Act, 2009. Law Reform Commission of Tanzania online information. Viewed at: https://www.lrc.tz/download/laws_2009/18-2009%20The%20Cashewnut%20Industry%20Act.%202009.pdf.

³³ Development Partners Group Tanzania online information. Viewed at: http://www.tzdpq.or.tz/fileadmin/_migrated/content_uploads/Cashew_Value_Chain_Diagnostics.pdf.

³⁴ TanzaniaInvest online information. Viewed at: <https://www.tanzaniainvest.com/agriculture/tanzania-government-in-search-for-investors-to-establish-cashew-nut-processing-plants-locally>.

³⁵ BEST-Dialogue online information. Viewed at: <http://www.best-dialogue.org/wp-content/uploads/ANSAF-PB-Cashew-2013-10.pdf?x82837>.

³⁶ BEST-Dialogue online information. Viewed at: <http://www.best-dialogue.org/wp-content/uploads/ANSAF-PB-Cashew-2013-10.pdf?x82837>.

Table 4.8 Overview of the cashew industry, 2012-17

	2012	2013	2014	2015	2016	2017
Quantity (tonnes)						
Production	121.7	127.9	123.4	197.9	155.4	265.2
Exports	130.9	147.3	172.2	171.7	169.2	329.5
Value (TZS million)						
Production ^a	..	..	..	239,000	..	1,069,000
Exports	221,971	301,212	647,936	497,299	756,941	..

.. Not available.

a Estimated value sold during crop years 2014-15 and 2016-17 (figures are estimated as quantity sold multiplied by average price).

Source: Tanzania National Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf.

4.1.1.4.2 Livestock

4.30. As with many other subsectors, Tanzania possesses an abundance of natural resources to support a livestock subsector, whereby about two thirds of its land area is suitable for grazing.³⁷ Of about 8.7 million farmers in Tanzania, 2.4% (213,600) were solely dedicated to livestock production, while 41.8% (3.7 million) were involved in mixed crop and livestock farming, in 2016/17.³⁸ As this indicates, most of the livestock subsector, like crops, is smallholder production or, more particularly, pastoral farming, which is estimated to account for over 95% of livestock production.³⁹ Livestock also has a dual function and is often used as collateral for populations with limited access to financial services, and where women often do not have land rights.⁴⁰ The livestock subsector is quite diverse, with production of meat, dairy, poultry, eggs, and downstream leather products (see Table 4.2). It is estimated that the livestock sector contributes to between 7% and 10% of GDP.⁴¹

4.31. The livestock subsector is overseen by the Ministry of Livestock and Fisheries, which provides the overall policy direction. It is guided by the National Livestock Policy, 2006, that outlines the importance of having a commercially-driven livestock subsector; developing programmes to increase productivity, especially for pastoralists; and creating policies and institutions that will sustainably manage livestock resources.⁴² The main laws have not undergone any substantial revision during the review period, and remain the Animal Welfare Act, 2008; the Animal Disease Act No. 17, 2003; the Grazing-Land and Animal Feed Resources Act, 2010; the Livestock Identification, Registration and Traceability Act, 2010; and the Veterinary Act, 2003.⁴³ A number of regulations exist with respect to these Laws, including: veterinary standards to be met for meat inspectors, artificial inseminators, and laboratory technicians; licensing criteria for meat inspectors and artificial inseminator technicians; and codes of conduct.⁴⁴

4.32. While Tanzania has an abundance of cattle, reportedly the third-largest herd in Africa after Sudan and Ethiopia, it remains dependent on meat imports to meet domestic demand.⁴⁵ It generally maintains traditional breeds and processes for the subsector. Some of the main

³⁷ Livestock, Livelihoods, and Health online information. Viewed at: http://livestocklivelihoodsandhealth.org/wp-content/uploads/2015/07/Tanzania_Livestock_Modernization_Initiative_July_2015.pdf.

³⁸ Tanzania National Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Agriculture/2016_17_AASS_%20report.pdf.

³⁹ Landlinks online information. Viewed at: <https://land-links.org/country-profile/tanzania/#1528466759272-b7553177-5a69>.

⁴⁰ TDB online information. Viewed at: http://www.tdb.go.tz/uploads/files/TZ_LIVESTOCK_DEV_FINAL_COMMUNIQUE.pdf

⁴¹ TDB online information. Viewed at: http://www.tdb.go.tz/uploads/files/TZ_LIVESTOCK_DEV_FINAL_COMMUNIQUE.pdf

⁴² TDB online information. Viewed at: <http://tdb.go.tz/uploads/documents/en/1460617246-Livestock-Policy.pdf>.

⁴³ Ministry of Livestock and Fisheries online information. Viewed at: <http://www.mifugouvuvu.go.tz/publications/30>.

⁴⁴ Ministry of Livestock and Fisheries online information. Viewed at: <http://www.mifugouvuvu.go.tz/publications/31>.

⁴⁵ TDB online information. Viewed at: http://www.tdb.go.tz/uploads/files/TZ_LIVESTOCK_DEV_FINAL_COMMUNIQUE.pdf.

bottlenecks indicated are a lack of meat processing facilities and a lack of distribution to wider areas of the country. The subsector is also reportedly constrained by a lack of extension services, a lack of veterinary care, limited access to more productive breeds, and challenges in meeting sanitary requirements.⁴⁶

4.33. Regarding the dairy subsector, it is noted that the majority of milk produced is consumed in the same household, with relatively little reaching commercial markets. During the review period, there has been increased output of milk (see Table 4.2) but it is not adequate to meet rising demand due to the increase in population and the recommendation to consume more dairy products. Furthermore, the increased output has been attributed to increases in cattle numbers but not in productivity per cow.⁴⁷ As such, Tanzania has been increasingly turning to imports to meet its domestic demand for milk and milk products, in particular for value-added products.⁴⁸ At present, approximately half of its milk consumption is being met by imports, which have increased by about 9% annually.⁴⁹ At the same time, there are issues in the milk processing sector, and plants have been closing. Some of the concerns regarding the milk processing sector are that it produces a limited range of products⁵⁰; has significant underutilized capacity, with only 24% used; and faces collection bottlenecks. As such, the largest milk processor is now using 100% imported milk powder and reconstituting it into UHT and other milk products for the domestic market. Reported impediments to growth of the dairy sector include inadequate milk collection infrastructure, cumbersome and overlapping licensing and inspection requirements, variable seasonal supply issues, and regulatory complexity and costs.⁵¹

4.34. In 2015, the Ministry of Livestock and Fisheries launched the Tanzania Livestock Modernisation Initiatives (TLMI) for the period 2015-21, with the overall goal of improving food, nutrition security and food safety; creating employment opportunities; and contributing to the national economy, social stability and sustainable environment of Tanzania.⁵² The Government is focusing its efforts and priorities on 13 key strategic areas during the period, often to address shortfalls or longstanding issues in the subsector.⁵³ Some of the many elements contained in the Initiative are: approving a Tanzania Animal Breeding Act for a breed improvement programme; using certified livestock production systems in lieu of disease-free zones to promote beef exports; establishing a Tanzanian Livestock Development Investment Facility within the TIC; initiating a branding campaign for Tanzania Zebu Beef; and improving the dairy value chain.⁵⁴

4.35. Both main subsectors for livestock, i.e. meat and dairy, have their respective marketing boards, i.e. the TDB and the Tanzania Meat Board, both of which have certain regulatory, development, and promotional functions relative to the sector (see Table 4.7). The Boards have a number of functions impacting trade, including the registration of producers, the issuance of licences for import and export, and publishing price lists.

⁴⁶ TDB online information. Viewed at:

http://www.tdb.go.tz/uploads/files/TZ_LIVESTOCK_DEV_FINAL_COMMUNIQUE.pdf.

⁴⁷ Agricultural Council of Tanzania online information. Viewed at: <http://actanzania.or.tz/wp-content/uploads/2018/06/Status-and-critical-success-factors-Tanzania-Dairy-2018-29.pptm>.

⁴⁸ Milk powder, infant formula, UHT milk, butter, and cheese.

⁴⁹ Exports of milk are minimal and declining. TDB online information. Viewed at: <http://tdb.go.tz/uploads/documents/en/1479717031-TAMPA%20-%20MILK%20STUDY%20REPORT%20-%20Final%20Revised%20Report.doc>.

⁵⁰ 90% is fresh or fermented milk.

⁵¹ Agricultural Council of Tanzania online information. Viewed at: <http://actanzania.or.tz/wp-content/uploads/2018/06/TDB-Conference-2018-ArushaPresentation.pptx>.

⁵² Livestock, Livelihoods, and Health online information. Viewed at: http://livestocklivelihoodsandhealth.org/wp-content/uploads/2015/07/Tanzania_Livestock_Modernization_Initiative_July_2015.pdf.

⁵³ The 13 key strategic areas are: (i) Tanzania rangelands conservation and management; (ii) sustained genetic gains in Tanzanian livestock breeds; (iii) improving Tanzanian beef cattle; (iv) improving the Tanzanian poultry industry; (v) improving the Tanzanian dairy industry; (vi) promoting Tanzanian livestock markets; (vii) responsive veterinary systems to improve animal health and human welfare; (viii) livestock research and extension through modern information systems; (ix) resilient Tanzanian pastoral communities; (x) conflict to coexistence: livestock and conservation; (xi) investment drive for Tanzanian livestock sector development; (xii) mainstreaming livestock sector development in national agriculture and rural development initiatives; and (xiii) cross-cutting issues.

⁵⁴ Livestock, Livelihoods, and Health online information. Viewed at: http://livestocklivelihoodsandhealth.org/wp-content/uploads/2015/07/Tanzania_Livestock_Modernization_Initiative_July_2015.pdf.

4.1.1.4.3 Cloves

4.36. Tanzania is the third-largest clove producer in the world.⁵⁵ Cloves dominate merchandise exports by Zanzibar; in 2017, they accounted for 84% of Zanzibar's total exports (TZS 121.8 billion of TZS 145.8 billion). While cloves have been the mainstay of this island economy for over 150 years, their importance for exports has generally increased; in 2012, clove exports accounted for 64% of total merchandise exports. The export base has further concentrated during the review period and is currently even more reliant on cloves.⁵⁶ Exports of cloves mirror production levels and, as such, have fluctuated somewhat during the period 2012-17; however, prices have remained steady, at about TZS 14,000 per kg (Table 4.9). The two major export markets in recent years were Singapore, accounting for about 60% in 2017, and India, at about 32%.⁵⁷

4.37. Similar to other cash crops in Tanzania, the trade of cloves is governed by a marketing board, the Zanzibar State Trading Cooperation (ZSTC) (Section 4.1.1.3.4). The ZSTC is the sole exporter of cloves, and sets a fixed price for purchases from farmers.⁵⁸ There have been calls by the clove industry association, Zanzibar Clove Growers Organization (ZACPO), in recent years to liberalize the trading monopoly of ZSTC to allow open trade in cloves to spur further growth potential and increase investment while also reducing the temptation for illegal exports.⁵⁹ In recent years, with the help of the ITC and WIPO, the ZSTC has developed a certification scheme and branding for organic clove production, with a view to expanding exports to selected European markets at prices generally higher than non-organic cloves.⁶⁰

Table 4.9 Overview of the clove industry, 2012-17

	2012	2013	2014	2015	2016	2017
Quantity (tonnes)						
Production	1,755	5,733	4,153	3,322	4,679	8,277
Exports	4,468	3,866	2,777	3,263	3,721	7,077
Value (TZS million)						
Production	24,699	78,782	58,174	46,542	65,575	115,530
Exports	42,965	66,487	50,849	24,825	64,723	121,789

Source: *Zanzibar Statistical Abstract, 2017*, Office of the Chief Government Statistician Zanzibar online information. Viewed at: <http://www.ocgs.go.tz/php/ReportOCGS/Zanzibar%20Statistical%20Abstract%202017.pdf>.

4.1.2 Forestry

4.38. Tanzania has vast forest resources; they are a key part of the numerous ecosystems and an important natural resource contributing to the economy. In 2017, the forestry subsector contributed to about 4.3% of Tanzania's GDP. Covering about 48.1 million hectares (ha) of the Mainland, forests account for 55% of the total surface area.⁶¹ Of this, the majority is considered woodlands (93%) and the rest (7%) consists of mangroves, coastal forests, catchment forests, and government forest plantations (Table 4.10). The types of forest vary by location, but are mainly miombo woodland, acacia woodland, and mangrove or coastal forests. Most forests remain

⁵⁵ Worldatlas online information. Viewed at: <https://www.worldatlas.com/articles/the-world-s-top-clove-producing-countries.html>.

⁵⁶ *Zanzibar Statistical Abstract, 2017*, Office of the Chief Government Statistician Zanzibar online information. Viewed at: <http://www.ocgs.go.tz/php/ReportOCGS/Zanzibar%20Statistical%20Abstract%202017.pdf>.

⁵⁷ *Zanzibar Statistical Abstract, 2017*, Office of the Chief Government Statistician Zanzibar online information. Viewed at: <http://www.ocgs.go.tz/php/ReportOCGS/Zanzibar%20Statistical%20Abstract%202017.pdf>.

⁵⁸ The fixed price for farmers is 80% of the market price. In addition, the ZSTC provides 1 million seedlings free of charge; provides soft loans to facilitate harvesting; provides clove-buying centres to facilitate transport; and provides weighing scales and other facilities in the clove service centres. ZSTC online information. Viewed at: <http://www.zstcznz.org/index.php/2014-12-12-14-07-23/zanzibar-cloves>.

⁵⁹ ZACPO online information. Viewed at: http://www.tzdpq.or.tz/fileadmin/migrated/content/uploads/ZACPO_Fact_Sheet_2013-07.pdf. Citizen online information. Viewed at: http://www.tzdpq.or.tz/fileadmin/migrated/content/uploads/ZACPO_Fact_Sheet_2013-07.pdf.

⁶⁰ Development and Cooperation (D+C) online information. Viewed at: <https://www.dandc.eu/en/article/zanzibar-promotes-locally-grown-organic-cloves-world-market>.

⁶¹ *National Environment Statistical Report - Tanzania Mainland*. National Bureau of Statistics online information. Viewed at: http://nbs.go.tz/nbs/takwimu/Environment/NESR_2017.pdf.

under government control, with 35% managed by the Mainland Government and 49% under village or local government management. Of the remainder, about 6% is general land and 7% is private sector forests. Zanzibar has about 86,182 ha of native forests, 16,488 ha of mangrove forests, and 3,788 ha of tree plantations.⁶² They are divided into the conservation areas, forest plantations, rubber plantations, mangrove forests and community forest management areas. Conservation areas allow little or no forestry activities, as they are preserved ecosystems, but forest plantations and community forest management areas are managed by government or local authorities, mainly for the production of firewood and timber.

4.39. Tanzania's forestry subsector is estimated to have a total wood volume or growing stock of 3.3 billion m³, of which 97% is from natural growth and only 3% from planted trees. Most of the forest is production forest (32%), followed by wildlife reserves (23%), and protected forests (15%). It is estimated that Mainland Tanzania has a total commercial volume of 1 billion m³. The main products on the Mainland are firewood and production wood, and in Zanzibar they are firewood and withe.⁶³ Due to the increasing demands for firewood, and its derivative charcoal that is used in nearly all households in Tanzania, there is increasing pressure on forest resources as the population grows. Thus, the subsector faces concerns of unsustainability and increasing deforestation.⁶⁴

4.40. The policy and oversight of the forestry sector on the Mainland are under the Ministry of Natural Resources and Tourism; however, the main forestry operations are overseen by the Tanzania Forest Services Agency (TFS), which is tasked with achieving efficient and effective management of forest and bee resources. The Tanzania Forest Fund's main functions are conservation efforts and sustainable forest management.⁶⁵ The Mainland has a forestry policy dating from 1998, and Zanzibar has a separate forestry policy from 1995; both are still applicable.

4.41. The main forestry law in Tanzania Mainland is the Forest Act, 2002 and its related regulations; these provide the overall framework for the sector, and aim to promote and enhance the contribution of the forest sector to the sustainable development of Tanzania.⁶⁶ The Act sets out four main types of forests (national forest reserves, local authority forests, village forests, and private forests); provides for their management; provides licences and permits for forestry activities; establishes rules for trade in forest products; provides for conservation; oversees fire management; establishes a forest fund; and issues offences and penalties. When enacted in 2002, the Act put an emphasis on local authorities having a greater role in the management of their forest resources. Nearly all forestry activities in forest reserves require a permit or licence, e.g. to cut and extract timber, to import or export, to gather and take forest produce, to operate sawmills or similar industrial processes, to plant trees, to camping, and to undertake tourist activities. The Act gives the Minister wide powers to prohibit or restrict the movement of timber. also provides for sovereignty of biological resources; the biological resources, and their intangible products, including genetic resources, belong to the Government, and are to be conserved and utilized for the Tanzanian people.

4.42. The Forest Ordinance of Tanzania, 1957 continues to provide for the creation of forest reserves and for the protection of forests and forest products within the reserves.⁶⁷ The Forest Regulations, 2004 provide further clarifications on the use of forests for multiple purposes, and licensing procedures, including many schedules setting out the associated fees and royalties.⁶⁸ In 2015, the Regulations were amended to change the fees for recreational activities in forests and fees for permits, licences or certificates for felling trees, collecting forest produce and other

⁶² Zanzibar Ministry of Agriculture, Natural Resources, Livestock and Fisheries, Department of Forestry and Non-Renewable Natural Resources online information. Viewed at: <http://forestryznz.or.tz/index.php/component/content/category/2-uncategorised>.

⁶³ NAFORMA Report 2015. TFS online information. Viewed at: http://www.tfs.go.tz/uploads/NAFORMA_REPORT.pdf.

⁶⁴ Africa Forest online information. Viewed at: <http://www.africaforest.org/country-profiles/country-profiles-tanzania.html>.

⁶⁵ Tanzania Forest Fund online information. Viewed at: <http://www.forestfund.go.tz/>.

⁶⁶ The Forest Act, 2002. The Forest Regulations, 2004. TFS online information. Viewed at: http://www.tfs.go.tz/uploads/Forest_Act_2002.pdf.

⁶⁷ TFS online information. Viewed at: http://www.tfs.go.tz/uploads/Forest_Ordinance_1957.pdf.

⁶⁸ Forest Regulations, 2004.

services.⁶⁹ The first set of fees were generally higher for Tanzanian citizens and lower for expats and non-residents; and there were significant increases in most of the fees the second set of fees. According to the authorities, these changes were implemented to protect and conserve the forest environment.

4.43. In Zanzibar, the main legislation is the Forest Resources Management and Conservation Act No. 10, 1996, the accompanying Forest Resources Management and Conservation Act Regulations, and the Forest Import and Export Regulations, 2014.⁷⁰ The Act sets out the different forest management areas, licensing procedures, conservation and protection measures, and provisions on fires and offences, and establishes a forestry development fund; and the Regulations set out fees, compensation, and prices of forest products and activities.

4.44. In 2014, with the help of international donors, the Private Forestry Programme (PFP) was established in Tanzania's southern highlands, to promote commercial management of smallholder plantations and wood processing companies.⁷¹ The 16-year programme also aims to promote market-based log pricing and further develop mature timber markets. As of August 2018, a number of phase 1 goals had been achieved, such as establishing long-term private forestry funding and an effective extension mechanism, as well as preparing a strategy.

4.45. In July 2016, the Prime Minister suspended harvesting and terminated permits on a number of state-owned forestry plantations.⁷² The reasons for this move was to conserve forests, improve the environment, and help re-establish and rejuvenate forests. In a related development, the Government has worked over the review period to establish a national campaign on re-forestation, in order to make forests more sustainable. As a result, trees cannot be felled unless they are replaced.⁷³

4.46. The subsector faces certain taxes, fees, royalties, and inspections on production and trade. A forest cess of 5% of the harvest is paid to local governments on the Mainland, as well as various royalty or licence fees for forestry and related activities.⁷⁴ For import and export, a licence is required. Based on the latest information available for 2014/15, annual revenues collected were TZS 587 million for import/export licenses, TZS 61 billion in forest royalties, TZS 870 million in the forest cess⁷⁵, TZS 55 million in forest entrance fees, and TZS 1.9 billion in registration fees.⁷⁶ Wood products are graded (for timber) or certified (for other products) so that they meet certain standards before exportation. The authorities indicate that no international certification schemes are in operation. Exportation of forestry products takes place only through designated ports.

4.47. Wood product imports face escalatory EAC CET rates (based on the level of processing). Unprocessed wood, or wood in the rough⁷⁷, has a zero rate of duty; semi-processed sawn wood, 10%; and processed wood, such as sheets and board, face the highest tariffs, at 25%. Tanzania's exports of forestry products have been variable during the review period but have generally increased in value and quantity. The main products exported are teak, other hard woods, wattle bark, bees wax, and sandal wood oil (Table 4.11). Pursuant to the EACCMA, the export of raw timber is prohibited. According to the authorities, there is relatively little importation of forestry products except for wood furniture.

4.48. One of the challenges facing the sector is the substantial amount of illegal or unreported trade in forestry products, particularly between neighbouring countries.⁷⁸ To combat this,

⁶⁹ Nature Reserves online information. Viewed at: <http://nature-reserves.go.tz/attachments/FULL%20SIGNED%20GN.%20324%2014-08-2015.pdf>.

⁷⁰ Ministry of Agriculture, Natural Resources, Livestock and Fisheries online information. Viewed at: http://www.kilimoznz.go.tz/Regulation/Forest_regulation.pdf and <http://www.kilimoznz.go.tz/acts/forest.pdf>.

⁷¹ PFP online information. Viewed at: <http://www.privateforestry.or.tz/en>.

⁷² TFS online information. Viewed at: <http://www.tfs.go.tz/index.php/en/resources/view/waziri-mkuu-asitisha-mgao-kwenye-mashamba-ya-miti-yanayomilikiwa-na-serikal>.

⁷³ Information provided by the authorities.

⁷⁴ See Forestry Regulations 2004 and amendments.

⁷⁵ In 2012-13.

⁷⁶ *Brief Report on TFS 2011-15*. TFS online information. Viewed at: http://www.tfs.go.tz/uploads/BRIEF_REPORT_ON_TFS_2011_-_2016.pdf.

⁷⁷ Including fuel wood and wood charcoal.

⁷⁸ Tanzania Natural Resource Forum online information. Viewed at: <https://www.tnrf.org/files/TNRF-EAWLS%20report%20FINAL.pdf>.

Tanzania, along with Kenya, Madagascar, Mozambique, and Uganda, signed the Zanzibar Declaration on Illegal Trade in Timber Products in September 2015.⁷⁹ This Declaration sets up a unifying strategy to help Eastern and Southern African countries curb illegal trade in timber, by making a number of recommendations. Many of the recommendations encourage more cooperation between SADC and EAC countries on the matter, and the continued raising of the concern in other forums. One recommendation encourages States that have not yet done so to progressively implement the export ban on raw logs. At the international level, Tanzania has participated in the UN's Reducing Emissions from Deforestation and Forest Degradation (REDD) and the Conservation of Forest Stocks, Sustainable Management of Forests and Enhancement of Forest Carbon Stocks (REDD+) during the period 2009-13, to help reduce greenhouse gases and reduce deforestation.⁸⁰ Tanzania's participation in REDD/REDD+ continues.

Table 4.10 Forest area by category, use, and legal status, Mainland, 2013-14

('000 ha)

Category	2013/14
Type:	
Forests (mountain, lowland and plantation)	3,206
Mangrove forests	158
Woodlands	44,736
Total	48,100
Use of forest land:	
Production forest area	29,004
Protection forest area (mostly catchments areas)	19,096
Total	48,100
Legal status:	
Forest reserves	18,711
Forest/woodlands in national parks, etc.	11,207
Non-reserved forest land	18,182
Total	48,100

Source: Ministry of Natural Resources and Tourism, Forestry and Beekeeping Department. *Statistical Abstract 2016*. Tanzania National Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf.

Table 4.11 Exports of forest products, 2014-17

(USD)

	2014-15 ^a		2015-16 ^a		2016-17 ^a	
	Quantity	Value	Quantity	Value	Quantity	Value
Hard woods (other) (m ³)	8,995	3,275,245	280,789	16,459,941	9,452	2,999,333
Teak (m ³)	67,609	5,773,028	..	..	717,340	8,236,140
Mpingo clarinets (m ³)	76	456,880	73,004	264,296	252	1,202,131
Wattle bark (kg)	2,056,612	3,885,721	690,965	2,475,867	2,423,390	3,744,952
Sandal wood oil (kg)	7,700	2,428,540	..	2,416,206	75,750	1,456,934
Sandal wood spent dust (kg)	158,124	86,950	18,745	..	..	..
Handcraft (kg)	2,592	89,492	5,336	157,634	9,467.	105,801
Veneer (m ³)	1,586	41,780	..	..	2,781	247,200
Gum arabica (kg)	300,003	244,620	..	..	202,000	181,430
Poles (m ³)	512	72,459	74	12,268	..	..
Wild fruits (kg)	51,300	..	..	-	..	..
Carvings (kg)	16,537	81,489	5,004	47,395	9,486	28,345
Furniture (kg)	489	17,151	525.	23,163	14,199	22,495
Baobab (kg)	15,000	30,000	1,007	116,365	29,864	40,527
Medicinal (kg)	..	..	..	..	84,834	1,474
Withies (m ³)	..	..	..	..	100	278,700
Cinchona (kg)	..	..	19,720	27,411	2	15
Cinnamon (kg)	..	..	..	..	10	..
Wooden sample (m ³)	..	..	..	..	0	405
Softwood (m ³)	..	..	..	..	149	33,253
Raffia (kg)	..	..	1,480	97,536	..	..

⁷⁹ Trafficy online information. Viewed at: http://www.trafficy.org/publication/15_Zanzibar-Declaration.pdf.

⁸⁰ UN-REDD online information. Viewed at: https://www.unredd.net/index.php?option=com_country&view=countries&id=24&Itemid=582.

	2014-15 ^a		2015-16 ^a		2016-17 ^a	
	Quantity	Value	Quantity	Value	Quantity	Value
Honey (kg)	152,600	574,966	259,860	617,992	240,780	580,682
Bees wax (kg)	220,220	1,923,049	251,930	2,228,637	203,850	3,091,762
Total	3,059,955	18,981,370	1,608,439	24,944,711	4,023,706	22,251,579

a Fiscal year basis.

.. Not available.

Source: TFS. *Statistical Abstract 2016*. Tanzania National Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf.

4.1.3 Fisheries

4.49. Tanzania has a diverse variety of fish species. It possesses inland freshwater lakes, a territorial sea, and an Exclusive Economic Zone (EEZ), and ranks as one of the largest fishing nations in Africa in terms of capture fishing. Approximately 6% of its land mass is covered by freshwater, most of which is in the three large lakes shared with neighbouring countries — Lake Victoria, Lake Tanganyika, and Lake Nyasa. Together with its territorial sea of 64,000 km² and its EEZ of 223,000 km², Mainland Tanzania possesses over 346,337 km² of fishing waters, with a resource base estimate of 2.7 million tonnes of fish.⁸¹ In addition, the islands of Zanzibar have an exclusive fisheries area in the territorial water, as well as internal waters.

4.50. Fisheries is an important sector for Tanzania, contributing between 2% and 2.4% to GDP, and directly employing about 183,800 fishermen on the Mainland and 34,000 on Zanzibar.⁸² The sector can be divided into inland and marine capture fisheries, aquaculture, and fish processing. The operators range from small-scale subsistence fishermen to large industrial fish processors. Inland fisheries constitute the largest subsector, with 85% of output volume, followed by marine, with 14%, and aquaculture, 1%.⁸³ Zanzibar has an aquaculture sector for seaweed harvesting.

4.1.3.1 Framework and fisheries management

4.51. The legal framework for fisheries has not undergone any significant changes since the last Review, and is formed by the Deep Sea Fishing Authority Act, 1998 which applies to both the Mainland and Zanzibar; the Deep Sea Fishing Authority Regulations, 2009, which apply to the EEZ shared by the Mainland and Zanzibar; the Fisheries Act, 2003 and its 2009 Regulations⁸⁴, which apply to the Mainland; and the Zanzibar Fisheries Act, 2010, which applies to Zanzibar.⁸⁵ In 2016, the Government passed a new act for the Tanzania Fisheries Research Institute, giving it new powers and a renewed mandate.⁸⁶ As of August 2018, the Ministry of Livestock and Fisheries was reviewing the Fisheries Act, 2003 and its Regulations, with a view to amending or replacing them.⁸⁷

⁸¹ Ministry of Livestock and Fisheries.

⁸² *The Tanzanian Fisheries Sector, Challenges and Opportunities*. Ministry of Agriculture, Livestock and Fisheries online information. Viewed at: <http://tanzania.um.dk/~media/Tanzania/Documents/Business%20Sector/The%20Tanzanian%20Fisheries%20Sector%20-%20Challenges%20and%20opportunities.pdf?la=en>.

⁸³ *The Tanzanian Fisheries Sector, Challenges and Opportunities*. Ministry of Agriculture, Livestock and Fisheries online information. Viewed at: <http://tanzania.um.dk/~media/Tanzania/Documents/Business%20Sector/The%20Tanzanian%20Fisheries%20Sector%20-%20Challenges%20and%20opportunities.pdf?la=en>

⁸⁴ Informea online information. Viewed at: <https://www.informea.org/sites/default/files/legislation/tan171548.pdf>.

⁸⁵ Zanzibar Ministry of Agriculture, Natural Resources, Livestock and Fisheries online information.

Viewed at: <http://www.kilimoznz.go.tz/acts/Fisheries.pdf>, and <http://www.kilimoznz.go.tz/acts/DeepSea.pdf>. Ministry of Livestock and Fisheries online information. Viewed at: <http://www.mifugouvuvuvi.go.tz/uploads/publications/en1516090248-Fisheries-Act-No.-22-of-2003.pdf> and http://www.mifugouvuvuvi.go.tz/uploads/publications/en1516090441-FISHERIES_REGULATIONS_2003.pdf.

⁸⁶ The Tanzania Fisheries Research Institute Act, 2016. Law Reform Commission of Tanzania online information. Viewed at: http://www.lrc.tz/download/laws_2016/11-TANZANIA-FISHERIES-RESEARCH-INSTITUTE-ACT2-PRINTING-final.pdf.

⁸⁷ AllAfrica online information. Viewed at: <https://allafrica.com/stories/201806270620.html>.

4.52. The Mainland's Fisheries Policy 2015 provides the overall framework for inland fishing in Tanzania, including the development of the fishing industry, aquaculture development, fisheries management, fish quality management and standards, and enforcement and penalties.⁸⁸ The Act prescribes that all persons involved in fishing, the processing or manufacturing of fish products, the selling or marketing of fish or fish products, and the import or export of fish or fish products is required to have a licence.⁸⁹ Fishing vessels are required to be registered and licensed. The Act restricts foreign fishing vessels from using Tanzania's territorial waters, although there is a limited exception for sport fishing and scientific research, which must be approved by the Minister. The Act and its Regulations distinguish licensing for citizens and non-citizens, both persons and companies. In many cases, licensing for non-citizens is prohibited, but may be allowed in some areas where the individual or company has an approved shore-based fish processing establishment.⁹⁰ When non-citizens are permitted to obtain licences, they are charged higher fees, often many times higher, than those for citizens.⁹¹ Licensing fees for Tanzanian citizens and firms also often differentiate between those with an approved shore-based fish processing establishment and those without, with higher fees being charged to the latter.

4.53. In Zanzibar, the Fisheries Act, 2010 requires that all foreigners⁹² obtain written permission from the Minister responsible for fisheries to carry out any fishing activities in Zanzibar. The Act also allows for the Minister to impose conditions on fishing; collecting, gathering or manufacturing of fish products; selling of fish, or fish products; and importing or exporting fish or fish products.⁹³ Fishing in the EEZ is regulated by the Deep Sea Fishing Authority (DSFA) pursuant to the provisions in the Deep Sea Fishing Authority Act and its Regulations. The DSFA may issue licences to foreign fishing vessels but the fees are much higher than for Tanzanian vessels.⁹⁴

4.54. Fishing is regulated at different levels in Tanzania. A number of fishing methods, catch sizes, and fishing gear provisions are laid out in the respective Fisheries Acts. The Act of the Mainland gives the Minister powers to impose seasonal restrictions and prohibit fishing in designated areas. Local community-based institutions are extensively used for fisheries management; these are beach management units in the inland lakes of the Mainland, and fishing village communities on Zanzibar. They typically monitor or enforce environmental provisions and use of illegal gear or fishing practices.

4.55. The Marine Parks and Reserve Act, 1994 plays a role in conservation measures for fisheries within certain marine parks that have been created.⁹⁵ For the Lake Victoria area, the EAC Lake Victoria Fisheries Management Plan III is applicable for the fishing and management of this resource (see main report). Tanzania, as part of the South West Indian Ocean region participates in the World Bank's South West Indian Ocean Fisheries Project (SWIOFish), to improve the governance of selected fisheries at the regional, national and community levels.⁹⁶

4.56. The industry association, the Tanzania Industrial Fishing and Processors Association (TIFPA), has established a self-regulatory mechanism in order to prevent the further decline of Nile perch. This mechanism requires a minimum size of fish for processing by member companies, and there is a penalty system for violating it. Following its success, it has been implemented at the regional level with the help of other industry associations in Kenya and Uganda, and the Lake Victoria Fisheries Organization.⁹⁷

⁸⁸ Ministry of Livestock and Fisheries online information. Viewed at: <http://www.mifugouvuvuvi.go.tz/uploads/publications/en1516090248-Fisheries-Act-No.-22-of-2003.pdf>.

⁸⁹ Fish products include aquatic flora.

⁹⁰ Licences for collecting and fishing fish are generally prohibited to foreigners; however, they are permitted if the person owns an onshore processing establishment for certain types of fish only: seaweed, prawns, Nile perch, fish skins, and certain other fish.

⁹¹ Informea online information. Viewed at: <https://www.informea.org/sites/default/files/legislation/tan171548.pdf>.

⁹² Persons who are not citizens of Tanzania and companies not incorporated under the laws of Zanzibar.

⁹³ Including aquatic flora.

⁹⁴ Zanzibar Ministry of Agriculture, Natural Resources, Livestock and Fisheries online information. Viewed at: http://www.kilimoznz.go.tz/Regulation/DSFA_regulation.pdf.

⁹⁵ Marine Parks and Reserve Act, 1994. FAO online information. Viewed at: <http://extwprlegs1.fao.org/docs/pdf/tan8959.pdf>.

⁹⁶ World Bank online information. Viewed at: <http://projects.worldbank.org/P132123/south-west-indian-ocean-fisheries-governance-shared-growth?lang=en>.

⁹⁷ TIFPA online information. Viewed at: <http://www.tifpa.org/sustainability.html>.

4.57. The Mainland has a new National Fisheries Policy, 2015, which replaced the old policy from 1997.⁹⁸ In Zanzibar, the 2014 Zanzibar Fisheries Policy is the main policy instrument for the sector.⁹⁹ As identified in both Policies, the sector still has a number of issues to address in order for the sector to continue to grow and develop. The Policies establish specific policy objectives and ways of addressing them. Some of the challenges addressed by the Policies: effective management and sustainability of fisheries, combat of illegal fishing, enforcement measures, infrastructure, large post-harvest losses, investment in deep sea fishing, aquaculture infrastructure, and strengthening regional and international cooperation.

4.1.3.2 Production and trade

4.58. For Mainland Tanzania, the fisheries subsector has shown a slight increase in registered fishermen and vessels during the period, but declines in the fish catch in 2012-17 (Table 4.12). This decline is attributed to the decline in Nile perch which, in turn, is at least partially due to the open access for the inland fisheries; the granting of licences to new entrants and the ensuing pressures this created increased competition for limited resources. Mainland fishing takes place mainly in Lake Victoria and consists mainly of Nile perch, Nile tilapia, and freshwater sardine. The trends for Zanzibar were slightly more favourable during the period, with increasing fish catches during the period, including increases in the value of the catch; however, the Zanzibar fisheries subsector is about one tenth the size of the Mainland, and supplies different types of fish species from the sea, in particular tuna, goat fish, sturgeon, and lobster.

4.59. Regarding trade, Tanzania has consistently exported about 40,000 tonnes per year during the review period, or about 10% of its production, although exports declined to about 36,000 tonnes in 2017 (Table 4.13). While the volume has remained steady, the export value more than doubled between 2012 and 2016, due to some increases in export volumes and to exportation of higher value species, such as live products. Imports have been rising, and increased almost fourfold between 2012 and 2015, reaching 16,700 tonnes, before declining thereafter. Despite a large increase in imports, Tanzania remains a net exporter of fish and fish products.

4.60. The main exports are frozen filleted Nile perch and shellfish to the European Union, the Middle East, Japan, and the United States; higher quality fish is used and value is added in Tanzania, thus earning higher export revenues. Dried freshwater sardine is also exported in significant quantities but it is still mainly an artisanal production and destined to neighbouring countries, in particular the Democratic Republic of the Congo, as a food source or for use as animal feed.¹⁰⁰ Certain provisions in the EACCPA pertain to trade in fish products (Main Report).¹⁰¹

4.61. The sector charges an import royalty and an export royalty on almost all traded fish and fish products. The import royalty is charged on all fish imports intended as food, at a rate of USD 0.25 per kg, and the export royalty ranges between USD 0.009 and USD 1.80 per kg for most types, although a 6% *ad valorem* fee on f.o.b. is charged for aquarium fin fish and sea shells (Sections 3.1.4 and 3.2.2).

4.62. During the review period, the Government put in place some restrictions on the production or trade of fish. Since 2007, there has been a ban on prawn fishing in the sea, due to over-exploitation, resulting in the establishment of a management plan.¹⁰² Restrictions are also in place on the export of Nile tilapia as a food security measure, although privately-farmed tilapia may be exported. Local authorities charge a levy on fish products landed in their area of jurisdiction.

⁹⁸ Ministry of Livestock and Fisheries online information. Viewed at: <http://www.mifugouvuvu.go.tz/uploads/publications/en1517554984-National-Fisheries-Policy-of-2015-Final-version-1-1.pdf>.

⁹⁹ Zanzibar Ministry of Agriculture, Natural Resources, Livestock and Fisheries, online information. Viewed at: http://www.kilimoznz.go.tz/policy/fisheries_Policy_.pdf.

¹⁰⁰ *Country Review/Smartfish Programme/Tanzania*. FAO online information. Viewed at: <http://www.fao.org/3/a-br800e.pdf>.

¹⁰¹ The fifth schedule facilitates trade in fish between partner States. The third schedule restricts exports of fresh unprocessed Nile perch and tilapia.

¹⁰² "The Tanzanian Fisheries Sector, Challenges and Opportunities". Ministry of Agriculture, Livestock and Fisheries online information. Viewed at: <http://tanzania.um.dk/~media/Tanzania/Documents/Business%20Sector/The%20Tanzanian%20Fisheries%20Sector%20-%20Challenges%20and%20opportunities.pdf?la=en>. AllAfrica online information. Viewed at: <https://allafrica.com/stories/201507100400.html>.

Table 4.12 Number of registered fishermen, vessels and catches in marine and fresh waters, Mainland, 2012-17

	2012	2013	2014	2015	2016	2017
No. of registered fishermen	182,741	183,431	183,800	183,800	200,579	203,529
No. of vessels	56,985	57,385	57,291	57,291	59,338	59,338
Fish catches ^a						
Weight (tonnes)	365,023	375,160	365,974	362,645	362,595	387,543
Value (TZS million)	1,307,132	1,473,306	1,494,898	1,481,750	1,486,377	1,743,942

a The major types of fish are Nile perch, Nile tilapia, and freshwater sardines for inland catches, and octopus, lobster, and crab for marine fishing.

Source: Ministry of Livestock and Fisheries Department, Fisheries Development Division. *Statistical Abstract 2016*. Tanzania National Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf.

Table 4.13 Fisheries trade, 2012-17

	2012	2013	2014	2015	2016	2017
Imports						
Weight (tonnes)	4,886	6,642	6,792	16,744	13,918	..
Value (TZS million)	5,507	9,027	9,890	32,211	26,774	..
Exports^a						
Weight (tonnes)	41,394	38,574	43,354	41,059	39,691	36,063
Value (TZS million)	254,901	234,885	314,490	547,228	526,228	407,205

a Mainly comprise Nile perch, freshwater sardines, crabs, prawns, fish maws, octopus, seashells, live lobsters, squid, seaweed and ornamental fish.

.. Not available.

Source: Ministry of Livestock and Fisheries. *Statistical Abstract 2016*. Tanzania National Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf.

4.2 Mining and Energy

4.2.1 Mining

4.63. There have been many developments in recent years in Tanzania's mining sector, as several new Acts and regulations were put in place, that were aimed at addressing a number of issues of concern to the Government. New local content and technology transfer provisions have been introduced, as well as restrictions on exports and mandatory equity listings on the Dar es Salaam Stock Exchange (DSE) for certain foreign mining companies. The regulatory environment for mining has also undergone change, as new regulators and new enforcement provisions have also been put in place.

4.64. Mining has traditionally been one of the most important export sectors for Tanzania in terms of export revenue; in 2012, it accounted for about 50% of total merchandise exports but has declined somewhat throughout the period, in part due to export restrictions put in place. The mineral wealth of the country is vast, and a multitude of precious stones and minerals are being mined; these include gold, diamonds, nickel, copper, uranium, tanzanite, gypsum, titanium, cobalt, salt, pozzolana, and kaolin. Mining activities are not concentrated in one area but are spread throughout the country.

4.65. The sector is under the Ministry of Minerals, which determines policies and related matters. Recent legislative changes have established the Mining Commission as the main regulatory body for the mining sector; it carries out most functions prescribed in the Mining Act, such as issuing licences and monitoring the sector on behalf of the Ministry.¹⁰³ The Government also participates

¹⁰³ Pursuant to Section 22 of the Written Laws (Miscellaneous Amendments) Act, 2017.

directly in the mining sector through two state-owned enterprises. The State Mining Corporation (STAMICO) is involved in gold and tin mining, and also holds a number of prospecting licences for projects that may be developed in the future. The National Development Corporation (NDC) is also 100% owned by the State and is involved mainly in iron ore and coal mining.

4.2.1.1 Developments

4.66. The Mining Act, 2010 remains the main law for the mining sector; it was amended several times during the review period. It still provides the overall framework, including different types of licences and their requirements, royalties and fees, restrictions, and dispute settlement.¹⁰⁴ In 2015, it was revised to increase the capital investment for a primary mining licence, to subject decisions of the Ministry to judicial review, to establish the Tanzania Minerals Audit Agency, to increase penalties for unauthorized prospecting, and to establish provisions for the conversion of licenses.¹⁰⁵

4.67. In recent years, the Government has focused on fair tax revenue collection and an increase in regulation. Changes introduced in the Finance Act, 2017 amended the Mining Act, restricting exportation or domestic use of minerals and requiring exporters to pay a 1% clearing fee of the gross value of the minerals before exportation.¹⁰⁶

4.68. Significant changes in policy towards the mining sector, particularly regarding foreign firms, have also occurred. In 2017, three laws, the Natural Wealth and Resources (Permanent Sovereignty) Act, the Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act, and the Written Laws (Miscellaneous Amendments) Act were put in place to increase Tanzania's sovereignty over its natural resources (Box 4.1).¹⁰⁷ The three Laws are wide in scope, but some of the key elements introduced are:

- The Government may render existing mining contracts null and void;
- Royalty tax rates were increased;
- The country's natural resources are to be held in trust by the President on behalf of the citizens;
- It provides for the establishment of the Mining Commission and for the review of existing natural resource contracts;
- It gives the Government a non-dilutable interest of at least 16% in mining projects, the possibility of acquiring up to 50% of the shares;
- The adjudication of investment disputes in domestic courts; and
- The advancement of local beneficiation and procurement.

4.69. The Local Content Regulations, 2018 further expand upon the local content provisions contained in the Mining Act, through the amendments introduced by the Written Laws (Miscellaneous Amendments) Act, 2017. The local content provisions provide that mining companies must ensure that preference is given to Tanzanian citizens and firms. A Local Content Committee was established for the monitoring and oversight of the local content requirements. Mining companies must submit a local content plan to the Mining Commission, which, *inter alia*, must specify the role of Tanzanians, their equity participation, and the strategy to transfer technology or know-how to Tanzanian citizens. For the purchase of goods and services, the firm is required to give preference to Tanzanians. Where a Tanzanian firm cannot provide the goods or services, the Regulations provide that a joint venture company be established with the foreign provider, whereby Tanzanians own at least 25% of the equity. For insurance, legal, and financial

¹⁰⁴ Ministry of Minerals online information. Viewed at: <https://www.madini.go.tz/wp-content/uploads/2017/12/The-Mining-Act-2010.pdf>.

¹⁰⁵ Tanzania Extractive Industries (Transparency and Accountability) Act, 2015. Tanzania Parliament online information. Viewed at: <http://parliament.go.tz/polis/uploads/bills/acts/1452053429-ActNo-23-2015-Book-21-25.pdf>.

¹⁰⁶ TRA online information. Viewed at: <http://www.tra.go.tz/Images/headers/THE-FINANCE-ACT-2017-CHAPA-Final.pdf>.

¹⁰⁷ Ministry of Minerals online information. Viewed at: <https://www.madini.go.tz/wp-content/uploads/2017/12/Miscellaneous-amendment-no.-7-of-2017-clean-copy-final-Hansard-CHAPA.pdf>, <https://www.madini.go.tz/wp-content/uploads/2017/12/Review-and-Re-Negotiation-of-Unconscionable-Terms-Act-2017.pdf>, and <https://www.madini.go.tz/wp-content/uploads/2017/12/Natural-Wealth-and-Resources-Permanent-Sovereignty-Act-2017.pdf>.

services, and bank accounts used by mining companies, the requirements are more stringent and the company generally needs to use the services of a Tanzanian firm.

4.70. Furthermore, the Mining (Minimum Shareholding and Public Offering) Regulations, 2016 were established to require Special Mining Licence holders to issue a minimum of 30% of their shares to the public on the DSE within one year of receiving a new licence or within two years for existing licence holders. As of October 2018, this was a work-in-progress, with some starting to list and others not yet at that stage. A number of other important acts and regulations were also put in place for the sector during the period.

4.71. The Mining Act, 2010 and its Regulations set out eight different types of licences for mining activities. A licence is required for prospecting, mining, or trading or dealing in minerals. The export of minerals is restricted to Tanzanian nationals, or joint ventures with a minimum of 25% of the shares held by Tanzanians due to the requirement to obtain a dealer or broker licence. Certain types of mining licences are reserved for Tanzanian citizens, and mining large mines typically requires a large initial investment, thus Tanzanian nationals tend to be involved in small mining operations and operate through a primary mining licence. The vast majority of active licences in place and issued each year are Primary Mining Licences, and the next largest type are Prospecting Licences (Table 4.14). In July 2017, the Government suspended the issuance of new Special Mining Licences and the renewal thereof.

4.72. The sector faces a number of royalties, taxes, and fees. In addition to the fees for a licence for import or export (Section 4.2.1.2) and the new clearing fee (Sections 3.2.3 and 4.2.1.1), royalties are charged on the gross value of production,¹⁰⁸ there are licensing fees for operations, and VAT must be paid (except for prospecting). However, imports of mining equipment by mining companies are generally exempt from customs duties. Pursuant to memoranda of understanding (MOUs) that are still in place with a number of large mining exploration companies, there are general exemptions on capital goods, exemptions from VAT, deferments, etc. In 2016, about TZS 158 billion was collected in mineral royalties.¹⁰⁹

Box 4.1 New mining acts or regulations, 2012-18

The Mining Act Amendments, 2017	The Executive Agency (Tanzania Mineral Audit Agency), (Disestablishment): Order, 2018
The Natural Wealth and Resources Act, 2017	The Executive Agency (Geological Survey Agency) (Disestablishment): Order, 2018
The Mining (Mineral Beneficiation) Regulations, 2018	The Mining (Minerals and Mineral Concentrates Trading) (Revocation of the First Schedule) Regulations, 2018
The Mining (Audit and Inspection Records) Regulations, 2018	The Written Laws (Miscellaneous Amendments) Act, 2017
The Mining (Geological Survey) Regulations, 2018	The Tanzania Extractive Industries (Transparency and Accountability) Act, 2015
The Mining Act (Mineral Rights) Regulations, 2018	The Mining (Minimum Shareholding and Public Offering) Regulations, 2016
The Mining (Radioactive Minerals) Regulations, 2018	The Mining (Local Content) Regulations, 2018
The Mining (Minerals and Mineral Concentrates Trading) Regulations, 2018	The Mining (Integrity Pledge) Regulations
The Tanzania Extractive Industries (Transparency and Accountability) Act, 2015 (TEIA)	Mining (Minimum Shareholding and Public Offering) Regulations, 2016

Source: Tanzania Chamber of Mines online information. Viewed at: <http://www.tcme.or.tz/resources/category/acts-and-regulations>.

¹⁰⁸ The increased royalty fees are now 6% for all minerals, i.e. gemstones, diamonds, gold and other metals.

¹⁰⁹ Ministry of Minerals online information. Viewed at: <https://www.madini.go.tz/wp-content/uploads/2018/04/TANZANIA-FITI-2015-2016-FINAL-REPORT.pdf>.

Table 4.14 Mining licences and requirements, 2018

Type of licence	Description	Active licences 2014	Licences issued 2016
Prospecting Licence	A Prospecting Licence (PL) is issued for an initial period of 4 years, for a maximum area of 300 km ² . It may be renewed for a 3-year period, followed by a final 2-year period. Following each renewal period, 50% of the licence area must be relinquished. A PL for gemstones cannot exceed two years, and is not subject to renewal. A maximum area of 10 km ² is allowed for a PL for gemstones and building materials.	2,973	144
Retention Licence	A Retention Licence (RL) is issued to a holder of a PL, other than a PL for building materials or gemstones. It is issued when a significant ore body has been identified through a feasibility study and cannot be developed due to difficult market conditions. The RL is granted for a period not exceeding 5 years, and may be renewed for an additional single period of 5 years.	..	0
Special Mining Licence	A Special Mining License (SML) is issued only to large mining operations with over USD 100 million investments, for the purpose of producing minerals. The licence allows the extraction of minerals in an area of a minimum size of 35 km ² other than superficial, and 70 km ² superficial. It is granted for a period covering the life of the mine or a period not exceeding 25 years. The SML can only be renewed for a period not exceeding 25 years.	..	1
Mining Licence	Covering an investment of between USD 100,000 and USD 100 million, a Mining Licence (ML) is granted for a period not exceeding 10 years, and may be renewed for the same duration. The Mining Act requires that the size of each mine shall be 10 km ² for all minerals except gemstones and building materials. The ML allocates a maximum area of 1 km ² for building materials.	263	17
Primary Mining Licence	A Primary Mining License (PML) is only granted to Tanzanian nationals. It is granted for a period of 5 years, and may be renewed for the same amount of time. The Mining Act allows the conversion of a PML or several PMLs into an ML. PML holders are allowed to undertake mining activities in an area a the maximum of 10 ha, for all minerals excluding gemstones, or 5 ha for building materials.	28,502	5,849
Broker Licence	A Broker Licence (BL) is only issued to Tanzanian nationals, and allows them to buy minerals and sell to dealers within the country.	..	0
Dealer Licence	A Dealer Licence (DL) allows the buying of minerals within the country and their export. It may be granted to Tanzanians, or joint ventures where the local shareholding constitutes not less than 25% of the company.	..	0
Smelting Licence	A Smelting Licence (SL) is issued to companies or individuals interested in establishing metal smelting facilities. In the same vein, the Act also allows the issuing of a Refining Licence to process minerals.	..	0

.. Information not available.

Source: Ministry of Minerals online information. Viewed at: <https://www.madini.go.tz/wp-content/uploads/2018/04/TANZANIA-EITI-2015-2016-FINAL-REPORT.pdf> and Extractive Industries Transparency Initiative (EITI) online information. Viewed at: https://eiti.org/sites/default/files/documents/2014-2015_tanzania_eiti_report.pdf.

4.2.1.2 Production and trade

4.73. There has been a general increase in mining during the period, as many types of minerals have seen an increase in production levels, with the exception of phosphate and bauxite (Table 4.15). Significant increases in production took place for coal for diamonds during the period. Most of Tanzania's production of minerals is exported.

4.74. The export of minerals remained relatively strong during the review period and has mirrored production trends (Table 4.16). The export value has fluctuated with respect to world prices for

some minerals, in particular gold which had increasing production and export quantity but lower values of exports during the period. Gold is by far Tanzania's most important mineral export, often accounting for about 90% of the annual export value of all minerals during the period (Table 4.16). Other important mineral exports include diamonds, gemstones, and industrial minerals.

4.75. The import and export of all minerals require a permit from the Ministry of Minerals. An import permit costs TZS 100,000 and an export permit costs TZS 50,000. For non-residents, the exporter fee is USD 1,000.¹¹⁰ Additional requirements for exportation are a certificate of origin for tanzanite minerals and a Kimberley Process Certificate for diamonds.

4.76. In March 2017, the Government put in place an export ban on gold and copper mineral concentrates, after an examination found mineral concentrates were undervalued for export.¹¹¹ The policy was put in place, as the Government wanted to encourage value-added processing in Tanzania, and discourage the export of raw minerals. As at October 2018, the ban remained in place, and has had an impact on Tanzania's mineral ore exports, which have declined from 16% to 2% of total exports during the period (Table A1.2 and Chart 1.2). However, exports of gemstones and other finished minerals remain largely unaffected (Table 4.16).

Table 4.15 Production of selected minerals, Mainland, 2012-17

Mineral (unit)	2012	2013	2014	2015	2016	2017
Diamond (carat)	127,174	179,633	252,875	216,491	237,685	304,456
Gold (kg)	39,012	42,534	40,481	43,293	45,155	43,490
Gemstone (kg)	1,237,625	1,692,436	3,083,765	1,872,915	2,554,932	1,186,237
Salt (tonne)	34,016	36,032	54,757	92,158	145,718	100,017
Phosphate (tonne)	570,626	39,702	738,000	222,800	23,658	1,351
Gypsum (tonne)	91,610	171,567	200,179	239,302	213,744	123,645
Coal (tonne)	78,672	84,772	246,128	257,321	276,030	563,053
Pozzolana (tonne)	75,193	79,452	68,925	342,628	230,045	79,085
Kaolin (tonne)	1,422	907	3,809	1,953	605	13,816
Silver ore (kg)	11,227	12,159	14,493	15,569	17,984	10,911
Copper (lb)	12,426,025	12,749,548	14,027,008	14,252,341	15,762,430	2,933,941
Bauxite (tonne)	28,433,930	39,977,300	25,641,201	204,956	72,779	12,090

Note: Carat=0.205 g.

Source: Ministry of Energy and Minerals. *Statistical Abstract 2016*. Tanzania National Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf, and information provided by the authorities.

Table 4.16 Quantity and value of selected minerals exported, 2012-17

Mineral	Unit	2012	2013	2014	2015	2016	2017
		Quantity					
Diamonds (rough)	'000 carats	127,000,	180,000	252,875	216,491	239,305	304,456
Gold	'000 g	39,012	42,534	40,481	43,358	45,155	43,490
Gemstones	'000 g	-	1,086,532	3,083,765	1,872,915	2,944,107	1,185,697
Salt	Tonnes	32,004	33,210	54,757	92,158	145,718	100,017
Phosphate	Tonnes	570,626	397,020	738,000	222,800	23,658	1,351
Tin	Tonnes	48	-	79	179	138	91
Gypsum	Tonnes	71,610	-	200,179	235,920	213,744	123,645
Graphite	Tonnes	-	-	25	30	1,180	128
Silver	'000 g	11,227	11,013	14,493	15,569	17,984	10,911
Copper	'000 lbs	12,426	112,654	14,027	14,252	16,247	2,934
Industrial minerals	Tonnes	-	-	98	151,297	4,769,577	708,047
Bauxite	Tonnes	28,433,930	39,977,300	25,647,201	204,956	74,660	12,090
		Value (USD '000)					
Diamonds (rough)	'000 USD	33,827	46,013	82,053	56,003	85,090	67,510
Gold	'000 USD	2,161,520	1,735,708	1,640,072	1,609,392	1,824,815	1,636,575

¹¹⁰ The Mining (Minerals and Mineral Concentrates Trading) Regulations, 2018. Tanzania Chamber of Mines online information. Viewed at: <http://www.tcme.or.tz/resources/view/the-mining-minerals-and-mineral-concentrates-trading-regulations-2018>.

¹¹¹ Ministry of Minerals online information. Viewed at: <https://www.madini.go.tz/wp-content/uploads/2018/04/TANZANIA-FITI-2015-2016-FINAL-REPORT.pdf>.

		2012	2013	2014	2015	2016	2017
Gemstones	'000 USD	32,570	62,453	49,146	46,067	60,483	53,596
Salt	'000 USD	3,408	3,785	5,275	5,071	4,806	3,803
Phosphate	'000 USD	277	225	140	126	721	585
Tin	'000 USD	732	..	907	959	1,499	1,037
Gypsum	'000 USD	215	231	2,518	4,445	23,792	3,187
Graphite	'000 USD	..	..	3	5	2,132	18
Silver	'000 USD	12,682	17,214	10,283	7,626	9,901	5,850
Copper	'000 USD	44,816	42,134	43,675	35,658	35,421	7,741
Industrial minerals	'000 USD	..	..	9	3,254	78,473	29,896
Bauxite	'000 USD	12,479	35,827	20,014	325	1,242	898
Total	'000 USD	2,302,526	1,943,590	1,854,095	1,768,930	2,128,372	1,802,955

.. Not available.

Source: Ministry of Energy and Minerals. *Statistical Abstract 2016*. Tanzania National Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf, and information provided by the authorities.

4.2.2 Energy

4.77. Tanzania has a variety of potential energy sources, including petroleum, natural gas, coal, uranium, hydro, biomass, solar, wind, geothermal, tidal and waves. However, its energy usage at present is highly concentrated, and comes mainly from biomass¹¹² (85%), followed by petroleum (9%), electricity (4.5%) and renewable energy sources (1.2%).¹¹³ The energy is mainly consumed by residential households (72.5%), industry (14.4%), transportation (5.8%), agriculture (4.2%) and others (3.1%).¹¹⁴ Tanzania is dependent on imports of petroleum and products to meet its growing need for energy, in particularly for the transportation sector. The sector has seen many developments during the review period, including many new laws and regulations, for example, the new Petroleum Act, improvements in the regulatory environment, exploration of petroleum, the commercial production of natural gas both onshore and offshore, and the development of an LNG project for export.

4.78. The energy sector is currently guided by the National Energy Policy 2015 for the Mainland.¹¹⁵ The main goals of the Policy are to improve performance and promote the efficient use of energy resources, as well as remove bottlenecks in the sector. Some of the bottlenecks identified include: low private-sector participation in large-scale power generation, over-reliance on a few generation sources, unreliable and expensive energy supply, and overdependence on government subsidies.¹¹⁶ The policy lists a number of objectives under each subject, and outlines the Government's approach in policy statements. For example, to improve the supply of electricity, the Government is pursuing cross-border power trading. Currently, the Government is developing some important cross-border 400 kV transmission line projects, including the Singida–Arusha–Namanga project, which will connect Kenya and Tanzania; the construction of the Rusumo 80 MW hydro project, in which power will be shared equally between Tanzania, Rwanda and Burundi; and

¹¹² Mainly firewood and charcoal.

¹¹³ TanzaniaInvest online information. Viewed at: <https://www.tanzaniainvest.com/energy>.

¹¹⁴ Ministry of Energy online information. Viewed at: <https://www.nishati.go.tz/wp-content/uploads/2018/03/National-Energy-Policy-December-2015.pdf>.

¹¹⁵ Ministry of Energy online information. Viewed at: <https://www.nishati.go.tz/wp-content/uploads/2018/03/National-Energy-Policy-December-2015.pdf>.

¹¹⁶ Others include: low access to modern energy services; inadequate human resources with the requisite skills and knowledge; low participation of the Government and Tanzanians in the petroleum value and supply chain; inadequate financial resources to develop the sector; and inadequate research and development. National Energy Policy, 2015. Ministry of Energy online information. Viewed at: <https://www.nishati.go.tz/wp-content/uploads/2018/03/National-Energy-Policy-December-2015.pdf>.

the North West 400 kV Extension Iringa–Mbeya–Tunduma–Sumbawanga–Nyakanazi project, which will connect Tanzania and Zambia.

4.79. Tanzania Atomic Energy Commission (TAMC) was established pursuant to the Atomic Energy Act, 2003, to provide regulatory and radiation protection and to promote the peaceful use of nuclear science.¹¹⁷

4.2.2.1 Petroleum and natural gas

4.80. Mainland Tanzania's petroleum sector is in the exploratory phase; a number of exploration licences have been issued but production on a large commercial scale has not yet commenced. In Zanzibar, the sector is in its infancy; negotiations regarding exploratory contracts for oil and gas are underway. It is expected that commercial oil and gas production could begin around 2025.¹¹⁸ However, recent discoveries of oil and natural gas are changing Tanzania's energy landscape. The total amount of natural gas discovered stands at 57.55 trillion cubic feet, with the largest area (47.13 trillion cubic feet) being off-shore. The first natural gas commercialization projects began in 2004 but, with the identification of additional reserves, there is now renewed interest regarding foreign investment, and this has prompted a new policy, law, and regulations for the sector.

4.81. Tanzania's natural gas sector is comprised of numerous projects in various stages of development. Three major offshore blocks are under development by international oil companies, each of which are regulated by a Production Sharing Agreement (PSA).¹¹⁹ Output of natural gas from these fields during the review period has increased (Table 4.17) but their viability reportedly remains linked to the possibilities to export LNG, as there are high costs associated with their offshore extraction and limited possibilities to recoup the investment on the domestic market. The natural gas infrastructure consists of four gas processing facilities and one major state-owned pipeline. Tanzania also has an interest in energy infrastructure in neighbouring countries, as it owns one third of the Tanzania-Zambia-Mafuta oil pipeline that passes through its territory, and is constructing the Uganda-Tanzania crude oil pipeline with neighbouring Uganda.¹²⁰ An Inter-Governmental Agreement (IGA) was signed between the two countries in May 2017, and negotiations between the Government and investors regarding the Host Government Agreement are ongoing. The project is expected to be completed by June 2020.¹²¹

4.82. In Mainland Tanzania, the newly established Ministry of Energy¹²² provides the main policy direction for the sector. The upstream petroleum and gas sector is regulated by the Petroleum Upstream Regulatory Authority (PURA), and the downstream sector by the Energy and Water Utilities Regulatory Authority (EWURA).¹²³ The Tanzania Petroleum Development Corporation (TPDC) is a wholly-owned parastatal, responsible for petroleum exploration and development.¹²⁴ The Petroleum Bulk Procurement Agency (PBPA) bulk-purchases petroleum and petroleum products (imports). Tanzania's Rural Energy Agency (REA) was created in 2007 as an autonomous body under the Ministry; it is tasked with improving energy services to rural Mainland Tanzania.¹²⁵

4.83. In 2015, Tanzania introduced the new Petroleum Act that replaced the earlier one from 2010; it provides the main overarching framework for the sector for upstream, mid-stream and down-stream petroleum activities, including natural gas.¹²⁶ The Act clarifies petroleum activities

¹¹⁷ TAMC online information. Viewed at: http://localhost/atomic/wp-content/uploads/2018/06/atomic_energy_act_2003.pdf.

¹¹⁸ AllAfrica online information. Viewed at: <https://allafrica.com/stories/201705100430.html>.

¹¹⁹ *Tanzania Extractive Industries Transparency Initiative - Final Report for the Period July 1, 2015 to June 30, 2016* Ministry of Minerals online information. Viewed at: <https://www.madini.go.tz/wp-content/uploads/2018/04/TANZANIA-EITI-2015-2016-FINAL-REPORT.pdf>.

¹²⁰ EACOP online information. Viewed at: <http://eacop.com/>.

¹²¹ AllAfrica online information. Viewed at: <https://allafrica.com/view/group/main/main/id/00042686.html>.

¹²² Split from the Ministry of Energy and Minerals.

¹²³ PURA online information. Viewed at: <http://www.pura.go.tz/>. EWURA online information. Viewed at: <http://www.ewura.go.tz/>.

¹²⁴ TPDC online information. Viewed at: <http://tpdc.co.tz/aboutus.php>.

¹²⁵ REA online information. Viewed at: www.rea.go.tz.

¹²⁶ TNDC online information. Viewed at: <http://www.tpdc.co.tz/wp-content/uploads/2016/02/SHERIA-PETROLEUM-ACT-2015-Updated-version-15-6.pdf>.

between the Mainland and Zanzibar, and puts in place a number of local content provisions.¹²⁷ Under the Act, licences are issued, upon advice from PURA, by the Ministry of Energy to the TPDC that is designated as the national oil company, who then enters into exploration, development or production activities with private firms through a PSA. Unless otherwise specified, the TPDC retains a 25% participating interest. Furthermore, in the natural gas area, the TPDC was given exclusive rights as the aggregator to purchase, collect and sell natural gas from producers, with the exception of LNG designated for export. The 2015 Petroleum Act, Section 47, was amended by the Natural Wealth and Resources Contracts (Review and Renegotiation of Unconscionable Terms) Act, 2017 and the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017; changes were made regarding provisions on contract transparency and accountability, approval of contracts by the National Assembly, and royalty payments.

4.84. The 2015 Oil and Gas Revenues Management Act was enacted to establish the Oil and Gas Fund and provide for its fiscal rules.¹²⁸ The Fund is financed mainly by royalties, dividends, profit-sharing arrangements, and corporate income tax on oil and gas companies, so that it can provide financing for oil and gas investment as well as macroeconomic stability and social and economic development.

4.85. The petroleum and natural gas sector is guided by the 2015 National Petroleum Policy, which aims to conserve the natural resource wealth for the nation while promoting the development of the sector. The policy states the importance of striking a balance between domestic and export-oriented natural gas but affirms that the domestic market be given priority over the export market.

4.86. A number of new laws and regulations in the last two years are having an impact on the sector, and potentially have an impact on future investment. The Petroleum (Local Content) Regulations, 2017 govern local content matters related to upstream, midstream and downstream petroleum activities in Mainland Tanzania and, in essence, require investors in the oil or gas industry to give preference to local Tanzanian companies when procuring goods, works or services of any kind.¹²⁹ If a local company cannot provide such goods or services, preference is given to a non-local company with a joint venture agreement with a local company. The Natural Wealth and Resources Contracts (Review and Renegotiation of Unconscionable Terms) Act, 2017 and the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017 (Section 4.2.1) also apply to the oil and gas sector, although, to date, no oil or gas agreements have been re-negotiated pursuant to the Review and Renegotiation Act. The Petroleum (Natural Gas Pricing) Regulations, 2016 apply in Mainland Tanzania, and govern pricing of natural gas for domestic and cross-border markets, i.e. by pipeline. They provide for a cost-plus profit margin approach to natural gas pricing, while also providing a number of reference price methodologies.

4.87. In 2016, Zanzibar enacted its first upstream energy legislation, the Zanzibar Oil and Gas (Upstream) Act, 2016.¹³⁰ The Act created the Zanzibar Petroleum Regulatory Authority (ZPRA) and the Zanzibar Petroleum Development Company (ZPDC); reserves petroleum rights for the Government within its territory; established the procedures and types of permits or licences for upstream petroleum activities; provides safety and environmental principles; includes local content and corporate responsibility provisions; and provides for offences, penalties, and dispute settlement.

4.88. In 2013, the Zanzibar Utilities Regulatory Authority Act established the Zanzibar Utilities Regulatory Authority (ZURA).¹³¹ It is an autonomous government body with widespread authority to regulate, issue and revoke licences, set rates, and ensure quality control and standards for the

¹²⁷ Some of these local content provisions have been further clarified through the Regulations

¹²⁸ TNDC online information. Viewed at: <http://www.tpdc.co.tz/wp-content/uploads/2016/02/SHERIA-OIL-AND-GAS-REVENUE-.pdf>.

¹²⁹ EWURA online information. Viewed at: <http://www.ewura.go.tz/wp-content/uploads/2015/03/GN-Petroleum-Local-Content-Regulations-2017-GN-197.pdf>.

¹³⁰ Zanzibar Assembly online information. Viewed at: <http://www.zanzibarassembly.go.tz/files/documents/bills/2016/OIL-AND-GAS-ZURA-Press.pdf>.

¹³¹ ZURA online information. Viewed at: www.zura.go.tz/2017/11/02/zanzibar-utilities-regulatory-authority-act-no-7-2013/.

petroleum (downstream), electricity, and water sectors of Zanzibar. Its petroleum operations are further clarified in the Act's regulation, the Petroleum Supply Regulations, 2016.¹³²

4.89. Pursuant to the Petroleum Act, 2015, Tanzania issued the Petroleum (Bulk Procurement) Regulations, 2017 that, together with the Executive agency, the Petroleum Bulk Procurement Agency) (Establishment) Order, established the PBPA in 2015.¹³³ It replaces the Petroleum Importation Co-ordinator Ltd. (PICL). The Regulations require the importation of petroleum products through a proficient procurement process, essentially requiring all imported petroleum products (motor fuel, automotive gasoil, kerosene, heavy fuel oil, jet fuel, LPG, etc.) be procured in bulk through the PBPA. The PBPA traditionally issued monthly tenders for all petroleum product needs, and the winning bidder then supplied all petroleum products for that month. However, changes were proposed and implemented in 2016 to make tenders on a cargo-by-cargo basis, to enable smaller firms to compete, as they could not supply all the products.¹³⁴ The Regulations also give priority berthing to Bulk Procurement vessels. Petroleum product imports increased during the review period, with the majority going to the local market (Table 4.18). Tanzania does not export oil, natural gas, or petroleum products, except for re-exports. However, a significant amount of imported goods are in transit to neighbouring landlocked countries; these must be accounted for by the relevant authorities, including the EWURA.

4.90. Mainland Tanzania's natural gas prices are determined by the Tariff Application Guidelines for Electricity and Natural Gas, 2017 and the EWURA (Tariff Application and Rate Setting) Rules, 2017.¹³⁵ These regulations set prices, according to the different types of users. Power generator prices are determined based on a cost-plus-margin basis. Other users are based on the market price of alternative fuels discounted by a certain percentage, and special strategic investors have special gas prices based on the Petroleum (Natural Gas Indicative Prices) (Special Strategic Investments) Order, that gives specific indicative prices, including floor and ceiling, for investors in fertilizers and in other sectors, e.g. cement manufacturing.¹³⁶

Table 4.17 Production and revenue of natural gas, Mainland^a, 2012-17

	2012	2013	2014	2015	2016	2017
Quantity ('000 cubic feet)	36,906,880	35,933,353	33,845,095	37,176,242	48,323,025	53,174,710
Value (USD)	36,551,396	52,175,264	60,524,096	45,776,201	51,991,433	153,559,451

a At Songosongo, Mnazi Bay and Kiliwani North.

Source: TPDC, and information provided by the authorities.

Table 4.18 Imports, local and transit, of petroleum products, 2012-17

('000 litres)

	2012	2013	2014	2015	2016	2017
Total	3,661,685	4,678,129	4,406,786	5,163,565	5,486,931	5,361,446
Local imports	2,667,260	3,125,688	2,844,194	3,338,097	3,302,299	3,193,253
Transit imports	994,425	1,552,441	1,562,592	1,825,468	2,185,151	2,168,193

Source: *Downstream Petroleum Subsector Performance Review Reports*. EWURA online information. Viewed at: http://www.ewura.go.tz/?page_id=867.

4.2.2.2 Electricity

4.91. Tanzania's electricity capacity was 1,458 MW in 2017, generated mainly from natural gas and hydro; liquid fuel and biomass also have a small share (Chart 4.1). Of a total availability of

¹³² ZURA online information. Viewed at: www.zura.go.tz/2017/11/02/zanzibar-utilities-regulatory-authority-regulation/.

¹³³ EWURA online information. Viewed at: <http://www.ewura.go.tz/wp-content/uploads/2015/04/PBPA-REGULATION-2017.pdf>.

¹³⁴ EWURA online information. Viewed at: <http://www.ewura.go.tz/wp-content/uploads/2015/04/2017-PETROLEUM-REPORT-web.pdf>.

¹³⁵ EWURA online information. Viewed at: http://www.ewura.go.tz/?page_id=307.

¹³⁶ EWURA online information. Viewed at: <http://www.ewura.go.tz/wp-content/uploads/2015/03/Petroleum-Natural-Gas-Indicative-price-ORDER-2017.pdf>.

7,100 GWh in 2017, only 100 GWh was attributed to cross-border imports.¹³⁷ Electricity demand is increasing rapidly, due to increasing industrialization and population growth. The overall national electricity access rate was 67.5%, with urban areas at 97.3 % and rural areas at 49.5%. Zanzibar is reliant on the Mainland for its electricity, as there is no generation on the islands. It is supplied by the Zanzibar Energy Utility (ZECO), Zanzibar's state-owned electricity distribution company, through underground cables. A re-organization of the electricity sector is currently ongoing. This has resulted in a number of changes in the regulations impacting the sector.

4.92. The main player in Tanzania's electricity sector is the Tanzanian Electric Supply Company Ltd. (TANESCO), the state enterprise involved in nearly all aspects of the electricity sector including generation, transmission, and downstream distribution (Chart 4.2). In 2017, it accounted for 85% of the country's electricity generation. TANESCO also sells bulk power to ZECO. As at end-2017, there was also one independent power producer (IPP) and a number of small power producers in both grid and off-grid areas. The EWURA is the sector's regulatory arm, and it has a broad mandate, including licensing or registration of power projects, determining prices, and enforcing quality standards. The Tanzania Geothermal Development Company (TGDC) was established in 2013 as a 100% state-owned enterprise, to explore, drill, and harness geothermal energy for power generation.

4.93. The main law for the electricity sector continues to be the Electricity Act, 2008, which regulates all upstream and downstream electricity activities.¹³⁸ It also regulates operating licences, tariffs, monitoring and inspection, rural electrification, and dispute settlement. Part VIII of the Act foresaw the reorganization of the electricity market within one year of its issuance, but this did not occur until 2014, when the Electricity Supply Industry Reform Strategy and Roadmap 2014–2025 was published.¹³⁹ The Strategy and Roadmap outline a number of proposed reforms, and the paths for achieving them, but the main elements include increased efficiency, improved quality of goods and services, the availability of affordable power, increased transparency and competition, and the abolition of subsidies in the electricity subsector.

4.94. The Electricity (Market Re-organization and Promotion of Competition) Regulations, 2016 are one of the most important regulations for carrying out the electricity sector reforms as outlined in the Strategy and Roadmap.¹⁴⁰ They set out a time-frame for the necessary re-organization. The first major event was the unbundling of generation from the transmission and distribution activities of TANESCO, which was due to occur in December 2017 but, as of October 2018, had not yet taken place. A number of other events, such as the designation of a systems operator, the unbundling of the distribution and transmission activities, and the establishment of a mechanism of determining wheeling charges, were to have taken place as of June 2018 but have also not yet been achieved. The next phase is the establishing of a mechanism for determining retail tariffs in 2021, and the final unbundling of distribution activities and listing of generation companies and distribution companies on the capital markets by 2025. As a result of the reorganization of the electricity sector, the EWURA has issued a number of other regulations or rules in the last few years that have an important impact on the sector (Box 4.2).

4.95. There is minimal trade in electricity. Tanzania imported about 100 GWh of electricity from neighbouring Uganda, Zambia, and Kenya in 2017, which accounted for less than 2% of its electricity consumption. Tanzania also exports about 1 MW of power to Kenya through the Namanga border. The EWURA continues to set or control prices of electricity for the Mainland, and ZURA does the same for Zanzibar.

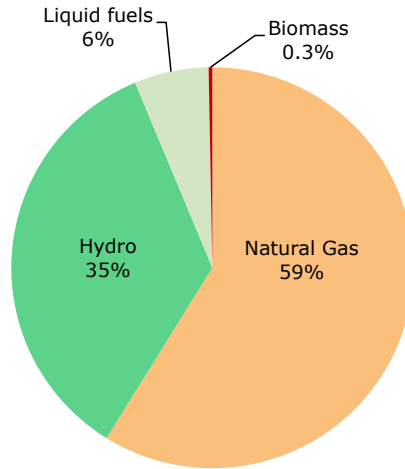
¹³⁷ EWURA Annual Report 2017. Viewed at: <http://www.ewura.go.tz/wp-content/uploads/2018/03/Annual-Report-for-the-Year-Ended-30th-June-2017.pdf>.

¹³⁸ Ministry of Energy online information. Viewed at: <https://www.nishati.go.tz/wp-content/uploads/2018/02/Electricity-Act-2008.pdf>.

¹³⁹ TANESCO online information. Viewed at: <http://www.tanESCO.co.tz/index.php/media1/downloads/announcements/12-electricity-supply-industry-reform-strategy-and-roadmap-2014-2025>. Ministry of Energy online information. Viewed at: <https://www.nishati.go.tz/wp-content/uploads/2018/03/Electricity-Supply-Industry-Reform-Strategy-and-the-Roadmap-ESI-RSR.pdf>. TPDC online information. Viewed at: <http://tpdc.co.tz/wp-content/uploads/2015/04/ROADMAP.pdf>.

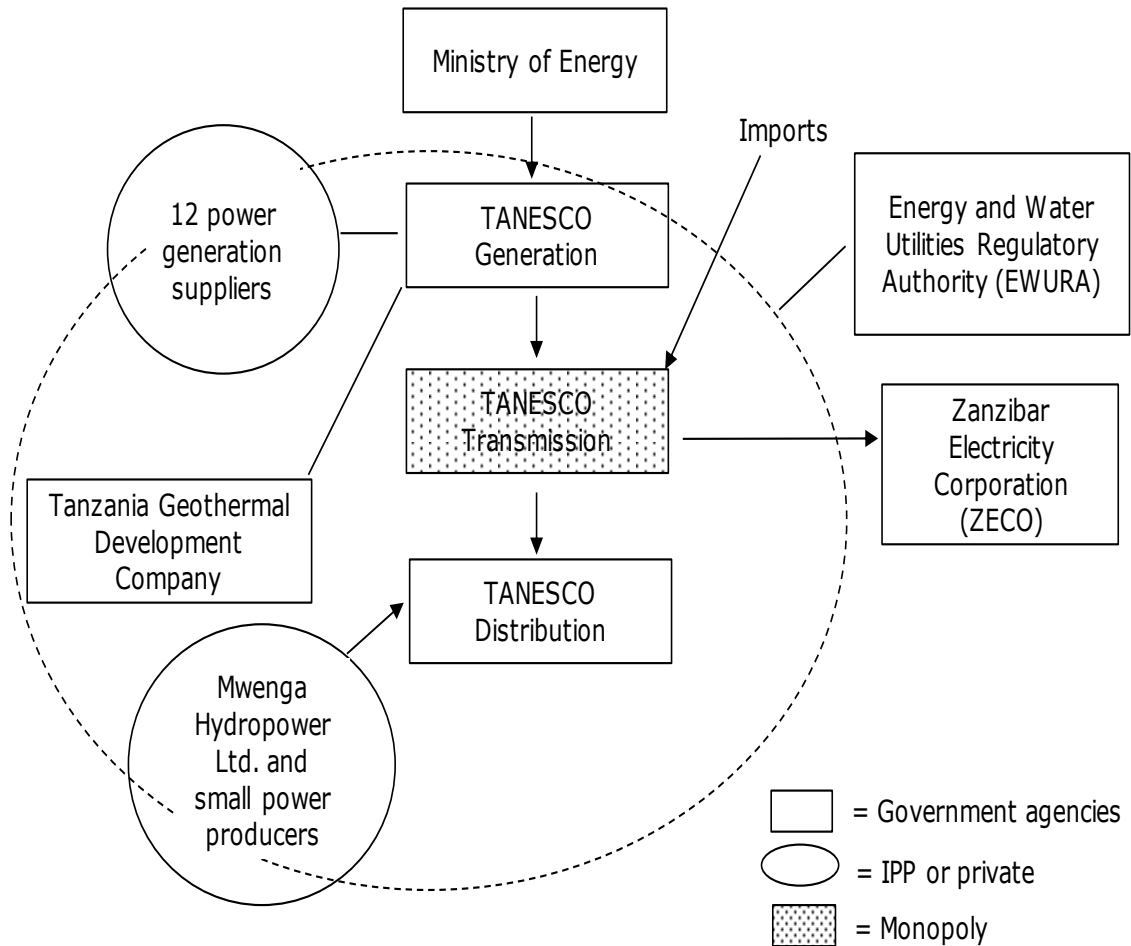
¹⁴⁰ Ministry of Energy online information. Viewed at: <https://www.nishati.go.tz/wp-content/uploads/2018/03/The-Electricity-Market-Re-Organization-and-Promotion-of-Competition-Regulations-2016.pdf>.

Chart 4.1 Electric power generation by source, 2016-17



Source: *EWURA Annual Report, 2017.*

Chart 4.2 Tanzania's electricity sector structure, 2017



Source: *EWURA Annual Report, 2017.*

Box 4.2 New electricity rules, orders, and regulations, 2012-18

The Electricity (Market Re-Organization and Promotion of Competition) Regulations, 2016	The Electricity (Tariff Setting) Rules, 2016
The Electricity (Electrical Installation Services) Rules, 2015	The Electricity (Market Operations) Services Rules, 2016
The Electricity (System Operations) Services Rules, 2016	The Electricity (Licensing Fees) Rules, 2016
The Electricity (Procurement of Power Projects and Approval of Power Purchase Agreements) Rules, 2017	The Electricity (Supply Services) Rules, 2017
The Electricity (Grid Distribution Codes) Rules, 2017	The EWURA (Tariff Application and Rate Setting) Rules, 2017
The Electricity (Development of Small Power Projects) Rules, 2018	The Electricity (NET-METERING) Rules, 2018
The Electricity (Standardised Small Power Projects Tariff) Order, 2017	

Source: EWURA online information. Viewed at: http://www.ewura.go.tz/?page_id=293.

Table 4.19 Electricity installed capacity, generated and sold, Mainland and Zanzibar, 2012-16

	2012	2013	2014	2015	2016
Mainland					
Generated (GWh)	5,859.9	5,997.4	6,285.0	6,457.4	7,092.2
Sold (GWh)	4,145.0	4,606.4	4,703.0	4,952.6	5,496.9
Total	821.2	884.2	884.2	1,034.2	1,063.5
Zanzibar	298.6	218.7	348.5	344.6	375.6

Note: GWh Gigawatt hour = million kWh.

Source: TANESCO.

4.3 Manufacturing

4.96. The manufacturing sector in Tanzania has continued to grow during the period under review, but at a slightly slower pace than in the period 2006-13. It contributed to about 5.6% of GDP on average during the last three years, a slight deterioration from 6%-8% during 2012-14 (Table 1.1). As such, there has been a significant push by the Government in recent years to promote more manufacturing and industrialization by 2025. In order to do this, it has been putting in place new incentives to attract investment, reviewing policies for export processing zones and special economic zones, and re-examining the tax system.

4.97. According to Tanzania's Bureau of Statistics, the manufacturing sector had 54,017 business enterprises in 2014/15.¹⁴¹ It is comparable with many of its African neighbours, as most of the manufacturing in Tanzania is concentrated in the area of processed food and beverages.¹⁴² It has been suggested that the manufacturing sector needs to diversify. Other important manufacturing subsectors include mineral processing, chemicals, rubber and plastics, and textiles (Table 4.20). Zanzibar presents a similar situation, with processed food and beverages as the main industries, followed by clothing and plastic processing.

4.98. In terms of ownership, the vast majority of manufacturing in Tanzania is held by small enterprises that are sole proprietorships (77.3%). This is followed by public ownership (13.2%) and companies (4.5%) (Chart 4.3). Furthermore, nearly all small manufacturing establishments

¹⁴¹ *Statistical Business Register Report, 2014/15*. Bureau of Statistics online information. Viewed at: www.nbs.go.tz/nbs/takwimu/Br/2014_15_SBR.pdf.

¹⁴² National Bureau of Statistics online information. Viewed at: http://www.nbs.go.tz/nbs/takwimu/Industry/2013_Census_of_Industrial_Production_Analytical_Report.zip.

are owned by Tanzanians (99.9%); foreign ownership is concentrated in large establishments, with 13% being foreign owned, and 9% owned jointly by foreigners and Tanzanians.¹⁴³

4.99. In 2011, Tanzania created its Integrated Industrial Development Strategy 2025, to stimulate the economy, help achieve the Millennium Development Goals (MDGs), and help transform its market-dependent agricultural economy into a semi-industrial one by 2025. Its aim is that the manufacturing sector grow 15% per year on average, and take a 23% share in GDP by 2025.¹⁴⁴ This policy, along with other government policies in the Five-Year Development Plan, the Sustainable Industrial Development Policy 1996-2020, and its Industrial Competitiveness Report 2015, emphasize exploiting Tanzania's comparative advantage in natural resource-based sectors (agriculture and mineral), capturing opportunities in light-manufacturing industries, improving infrastructure and the business environment, and encouraging the private sector to lead the way, through investment and innovation, to grow the manufacturing sector.¹⁴⁵ A number of key industries are targeted: sunflower oil, cotton apparel, leather and leather products, automotive, chemicals and fertilizers, iron and steel, and other agro-processing subsectors.

4.100. In 2016, there were reports that Tanzania would launch an industrial development bank to help the industrial sector with financing and development, as mentioned in the Strategy.¹⁴⁶ The aim was to help fast-track industrialization in Tanzania. As at 2018, the idea of an industrial development bank was still under discussion.

4.101. The MITI remains the main Ministry involved in industrial policy and programmes in Tanzania. Together with the ITC and private-sector stakeholders, it has produced four sectoral development strategies for the period 2016-20. These are for cotton-to-clothing, sunflowers, pulses, and leather.¹⁴⁷ These strategies involve the Government and the private sector working together, to achieve their successful implementation. For the past two years, duty exemptions have been put in place for imported machinery, directed at investment in these industries, as implemented through the annual Finance Acts.¹⁴⁸

4.102. The Confederation of Tanzanian Industries advocates on behalf of the sector, and has identified a number of issues that are key to improving industrial development; these include the availability and reliability of power; a high level of taxation overall, including numerous and nuisance taxes; and regional integration and trade agreements.¹⁴⁹ The Government has recognized that finding appropriate land for establishing factories is also an impediment. As such, the MITI has been strengthening SEZs, and setting aside land for industrial parks (Section 2.4.4).¹⁵⁰

4.103. Tanzania launched its SME Development Policy in 2003 to aid in revitalizing the sector and to help achieve the objectives within the Tanzania Development Vision 2025; its overall objective is to "foster job creation and income generation through promoting the creation of new SMEs and improving the performance and competitiveness of the existing ones to increase their participation and contribution to the Tanzanian economy."¹⁵¹ The main aim was to review policies and

¹⁴³ *Census of Industrial Production, Tanzania Mainland, 2013*. Bureau of Statistics online information. Viewed at: <http://nbs.go.tz/nbstz/index.php/english/statistics-by-subject/industrial-statistics/782-census-of-industrial-production-reports-published-on-september-2016>.

¹⁴⁴ Development Partners Group Tanzania online information. Viewed at: http://www.tzdp.org.tz/fileadmin/migrated/content/uploads/IIDS_Main_Report.pdf.

¹⁴⁵ Ministry of Finance online information. Viewed at: http://www.mof.go.tz/mofdocs/msemaji/Five%202016_17_2020_21.pdf. UNIDO online information. Viewed at: https://www.unido.org/sites/default/files/2016-05/TICR_Summary_Report_-_FINAL_25Apr16_0.pdf. Tzonline information. Viewed at: <http://www.tzonline.org/pdf/sustainableindustrial.pdf>.

¹⁴⁶ TanzaniaInvest online information. Viewed at: <https://www.tanzaniainvest.com/industrialisation>.

¹⁴⁷ MITI online information. Viewed at: <http://www.mit.go.tz/uploads/files/Tanzania%20Roadmap%20for%20Pulses.pdf>, <http://www.mit.go.tz/uploads/files/Tanzania%20Cotton%20to%20Clothing%20Strategy.pdf>, <http://www.mit.go.tz/uploads/files/Tanzania%20Leather%20Strategy.pdf>, <http://www.mit.go.tz/uploads/files/Tanzania%20Sunflower%20Strategy.pdf>.

¹⁴⁸ TRA online information. Viewed at: <https://www.tra.go.tz/index.php/laws>.

¹⁴⁹ *Annual Report 2015*. Confederation of Tanzanian Industries online information. Viewed at: <https://silkstart.s3.amazonaws.com/a288ae4f-178e-4428-8966-8fd7095f8c42.pdf>.

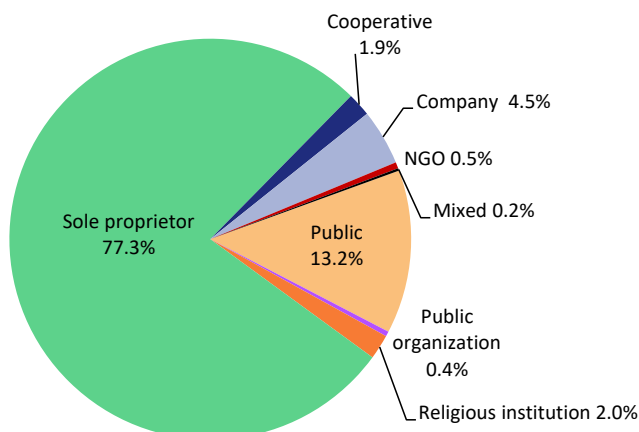
¹⁵⁰ TanzaniaInvest online information. Viewed at: <https://www.tanzaniainvest.com/industry/interview-adelhelm-meru-permanent-secretary-ministry-industry-trade-investment>.

¹⁵¹ Development Partners Group Tanzania online information. Viewed at: <http://www.tzdp.org.tz/fileadmin/migrated/content/uploads/sme.policy.2002.pdf>.

regulations that may hinder the sector, enhance growth in the sector, and develop new strategies and institutions to support the sector. UNIDO performed an implementation review in 2012 that noted that the key pillars still remain valid and, notwithstanding achievements, certain gaps in implementation remained.¹⁵²

Chart 4.3 Businesses by type of ownership, Mainland, 2014-15

(% of total number of establishments)



Source: *Statistical Business Register Report, 2014/15*. Bureau of Statistics online information. Viewed at: www.nbs.go.tz/nbs/takwimu/Br/2014_15_SBR.pdf.

Table 4.20 Industrial activity^a, Mainland, 2013-16

(TZS million)

ISIC Rev.4	Industrial activity	2013	2014	2015	2016
10	Manufacture of food products	3,953,075	4,010,367	4,054,713	4,113,478
11	Manufacture of beverages	1,743,089	1,768,352	1,787,906	1,813,818
12	Manufacture of tobacco products	655,603	665,105	672,459	682,205
13	Manufacture of textiles	404,590	410,454	414,992	421,007
14	Manufacture of wearing apparel	24,619	24,976	25,252	25,618
15	Manufacture of leather and related products	55,042	55,840	56,457	57,276
16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	124,421	126,224	127,620	129,470
17	Manufacture of paper and paper products	96,703	98,104	99,189	100,627
18	Printing and reproduction of recorded media	177,532	180,105	182,097	184,736
20	Manufacture of chemicals and chemical products	554,111	562,142	568,358	576,595
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	60,170	61,042	61,717	62,612
22	Manufacture of rubber and plastic products	631,542	640,694	647,779	657,167
23	Manufacture of other non-metallic mineral products	759,228	770,231	778,748	790,035
24	Manufacture of basic metals	170,807	173,283	175,199	177,738
25	Manufacture of fabricated metal products, except machinery and equipment	115,917	117,597	118,897	120,620
27	Manufacture of electrical equipment	36,456	36,984	37,393	37,935
28	Manufacture of machinery and equipment n.e.c.	102,967	104,460	105,615	107,145
19	Other manufacturing	548,827	556,780	562,937	571,096
29					
30					
31					
32					
33	Repair and installation of machinery and equipment	70,301	71,320	72,108	73,153
	Total manufacturing	10,284,999	10,434,060	10,549,438	10,702,331

a Gross output in industrial establishments with 10 or more workers, by industrial activity.

Source: *Annual Survey of Industrial Production*. Bureau of Statistics.

¹⁵² Development Partners Group Tanzania online information. Viewed at: http://www.tzdp.org.tz/fileadmin/migrated/content/uploads/130324_Tanzania_SME_Policy_Review_Final.pdf.

4.4 Services

4.4.1 Financial

4.4.1.1 Banking

4.104. Tanzania's banking sector growth has slowed in recent years but remains relatively healthy, with adequate capitalization, despite a number of internal and external shocks and an increase in the number of non-performing loans (NPLs). With the overall sector exhibiting limited growth, there were some brighter spots, as high growth rates were achieved in mobile money services and microfinance/microlender services.¹⁵³ Also, access to financial services markedly improved during the review period but there is still relatively low penetration among the low-income population. In terms of formal banking services, 65% of the population had access in 2017, compared to 58% in 2013. Of the remaining 35%, about 7% use informal financial services, and about 28% remain excluded.¹⁵⁴ Tanzania's banks have been liberalized since the early 1990s but a number of parastatals still operate in the sector, and there is also a significant informal subsector.

4.105. The legal framework governing the banking sector has not changed significantly during the review period, and the main acts remain the Bank of Tanzania Act, 2006; the Banking and Financial Institutions Act, 2006; and the Foreign Exchange Act, 1992. However, the new National Payment Systems Act, 2015 came into force, to address safety issues and improve efficiencies and innovations in digital services.¹⁵⁵ Most of the developments in the sector are due to the 24 new regulations that have come into force (Box 4.3). Most of these update and replace previous regulations, and do not depart substantially therefrom; however, rules or benchmarks have been tightened or adjusted in a number of areas. With respect to foreign exposure, additional obligations have been added; and, on capital adequacy, some tightening has also taken place and the level of the requirements has been adjusted, based on the type of bank. Regarding financial disclosure obligations, additional transparency requirements have been put in place, and the Risk Management Regulations have changed some criteria regarding expired loans and outstanding credit. Also in 2016, pursuant to the Finance Act, 2016, the VAT exemption for financial services was amended, so as to exempt only financial services supplied free of charge, insurance premiums for aircraft, life or health insurance, and insurance for workers' compensation; thus, most financial services now face the standard 18% VAT.¹⁵⁶

4.106. The Bank of Tanzania Act, 2006 established the Directorate of Banking Supervision, under the BOT, as the banking regulatory authority.¹⁵⁷ It grants licenses, and supervises and regulates banks and certain other financial institutions operating in Tanzania, including Zanzibar, with a view to ensuring the safety, soundness and stability of the banking system. BOT supervision extends not only to commercial banking institutions, but to microfinance banks, bureaux de change, pension funds, credit reference bureaux, mortgage finance businesses, and financial leasing businesses. Banking institutions, however, make up the largest subsector and, as at October 2018, 58 were operating in Tanzania, of which 30 were majority foreign-owned and 28 were majority local-owned (Table 4.21). In addition, three are state-owned by the Governments of either Tanzania or Zanzibar.

¹⁵³ FinScope 2017. Financial Sector Deepening Trust (FSDT) online information. Viewed at: <http://www.fsdtd.or.tz/wp-content/uploads/2017/09/FinScope-Tanzania-2017-Insights-that-Drive-Innovation.pdf>.

¹⁵⁴ FinScope 2017. Financial Sector Deepening Trust (FSDT) online information. Viewed at: <http://www.fsdtd.or.tz/wp-content/uploads/2017/09/FinScope-Tanzania-2017-Insights-that-Drive-Innovation.pdf>.

¹⁵⁵ BOT online information. Viewed at: <https://www.bot.go.tz/PaymentSystem/NPS%20Act%202015.pdf>.

¹⁵⁶ Finance Act, 2016. TRA online information. Viewed at: <https://www.tra.go.tz/images/uploads/statistics/Finance-Act-2016--2.pdf>.

¹⁵⁷ BOT online information. Viewed at: <https://www.bot.go.tz/AboutBOT/BOTAct2006.pdf>.

Table 4.21 Banking sector overview, 2012-17

	2012	2013	2014	2015	2016	2017
Banking institutions, by category	49	52	53	56	59	58
Commercial banks	32	34	34	36	38	37
Development financial institutions	0	0	0	2	2	2
Microfinance banks	1	2	3	3	4	5
Community banks	12	12	12	12	12	11
Financial institutions	4	4	4	3	3	3
Branches	556	642	702	728	810	821
Market share of local banks	51.12	52.20	52.65	52.75	56.36	57.43
Market share of foreign banks	48.88	47.80	47.35	47.25	43.64	42.57
Total assets (TZS billion)	16,984.00	19,522.92	22,505.55	27,217.97	27,917.31	29,804.93
Total liabilities (TZS billion)	14,853.02	16,975.95	19,490.40	23,416.25	23,632.00	25,154.29
Total capital (TZS billion)	2,133.00	2,547.00	2,982.51	3,801.72	4,285.31	4,650.65
Total earnings (TZS billion)	2,027.17	2,437.09	2,798.40	3,333.53	3,841.06	3,961.82
Microfinance sector^a						
Number of banks	..	2	2	3	4	5
Total assets (TZS billion)	..	75.99	122.00	135.69	158.21	..
Total capital (TZS billion)	..	9.77	43.75	45.90	50.85	..

.. Not available.

a Covers only deposit-taking microfinance institutions, commercial banks with microfinance products and community banks under the supervision of the BOT.

Source: Directorate of Banking Supervision, *Annual Report 2016*. BOT online information. Viewed at: <https://www.bot.go.tz/BankingSupervision/Reports/DBS%20ANNUAL%20REPORT%202016.pdf>, and information provided by the authorities.

4.107. One of the developments during the review period was the rapid increase in mobile banking, which also increased the availability of financial services to a population that is widely dispersed and often lives in rural areas not in close proximity to formal banking services. There was a nearly three-fold increase in Internet banking over the period, from TZS 17 trillion to TZS 45 trillion, and even greater gains for mobile payment systems, from TZS 17 trillion to TZS 59 trillion.¹⁵⁸ These developments have, in turn, prompted the Government to enact the National Payment Systems Act, 2015, to regulate these services for both banks/financial institutions and non-banks/non-financial institutions.¹⁵⁹ Previously, non-bank and non-financial institutions, i.e. telecommunications providers, were not covered by certain BOT guidelines and circulars regarding mobile banking. As a result of the new Act and its Regulations, the BOT is now vested with the power to license or approve; it has the mandate to regulate, supervise, and oversee the operations of payment systems operators. Thus, mobile banking entities must apply for the necessary licences, in the case of non-banks/non-financial institutions, or approvals, in the case of banks/financial institutions.¹⁶⁰ Additionally, for non-banks/non-financial institutions, they must also set up a separate legal entity, i.e. a trust, in order to issue electronic money. Mobile money interoperability is now also starting to be achieved with neighbouring EAC countries; it was announced in July 2018 that two telecom companies in Tanzania and Rwanda now allow mobile money transactions between the two countries.¹⁶¹

4.108. Another relatively new development has been the advent of agency banking, in order to have greater outreach at a lower cost regarding establishing traditional branches.¹⁶² This sector has also exhibited high growth rates since 2013, when the BOT first authorized it through the

¹⁵⁸ Directorate of Banking Supervision, *Annual Report 2016*. BOT online information. Viewed at: <https://www.bot.go.tz/BankingSupervision/Reports/DBS%20ANNUAL%20REPORT%202016.pdf>.

¹⁵⁹ Transactions involving cryptocurrencies are not covered by the Act.

¹⁶⁰ These are the payment system licence or approval, the payment instrument licence or approval, and the electronic money licence or approval.

¹⁶¹ Tanzaniainvest online information. Viewed at: <https://www.tanzaniainvest.com/telecoms/mtn-tigo-mobile-money-rwanda#more-13628>.

¹⁶² This allows licensed banks and financial institutions to appoint retail agents for their banking services.

Guidelines on Agent Banking for Banking Institutions.¹⁶³ In 2013, there were 591 registered agents, and, in 2016, 5,676.¹⁶⁴ New BOT Guidelines were issued in 2017.¹⁶⁵ They do not differ significantly from the previous ones, but relatively minor changes were made to the list of approved activities, the selection criteria for agents, risk management, and technical data and security requirements.

4.109. In 2017, Tanzania launched its new National Microfinance Policy, to provide guidance on new developments in microfinance, address new challenges, and align elements of its policies and laws with regional and international protocols.¹⁶⁶ At present, Tanzania does not have a dedicated microfinance law, although the Financial Laws (Miscellaneous Amendment) Act, 2003 incorporated microfinance into the financial system, thus some microfinance institutions are licensed and regulated by the BOT.¹⁶⁷ Some other microfinance institutions operating as financial cooperatives are under the purview of the Tanzania Cooperative Development Commission (TCDC)¹⁶⁸ but most, including non-deposit taking microfinance companies and community financial groups, are not licensed, regulated or supervised in any way.¹⁶⁹ The sector is growing, but it is also noted that high interest rates are charged, and there is a general lack of consumer protection. As such, the new Policy sets forth seven specific objectives aimed at addressing these and other issues, including: financial inclusion; the sustainability of microfinance service providers; the regulation of microfinance services; the promotion of research, innovation, and product development; the strengthening of regional and international cooperation; the improvement of good governance; and the mainstreaming of disadvantaged groups. To implement these specific objectives within a period of ten years, the Ministry of Finance and Planning issued the Implementation Strategy for the National Microfinance Policy 2017, for the period of 2017/18-2027/28.¹⁷⁰ This document lists a number of specific strategies and targets, including dates for each objective to be achieved.

4.110. According to the authorities, a number of Islamic banks operate on the Mainland and in Zanzibar. There are no specific laws or framework for the establishment of these banks, although the BOT has authorized a number of them to operate. There has been some concern that the lack of a regulatory framework has hampered investment and growth of the sector.¹⁷¹

Box 4.3 New banking regulations and guidelines, 2012-17

Credit Reference Databank Regulation, 2013	Guidelines on Agent Banking for Banks and Financial Institutions, 2017
Bureau de Change Regulation, 2015	Banking and Financial Institutions (Mortgage Finance) Regulations, 2015
Bureau Regulations Amendment, 2017	Social Security Schemes Investment Guidelines, 2015
Credit Reference Bureau Regulation, 2013	Banking and Financial Institutions (Capital Adequacy) (Amendment) Regulations, 2015
Banking and Financial Institutions (Internal Control and Internal Audit) Regulations, 2014	Banking and Financial Institutions (Capital Adequacy) Regulations, 2014

¹⁶³ BOT online information. Viewed at: <https://www.bot.go.tz/BankingSupervision/GUIDELINES%20ON%20AGENT%20BANKING%20FOR%20BANKING%20INSTITUTIONS%202013.pdf>.

¹⁶⁴ Directorate of Banking Supervision, *Annual Report 2016*. BOT online information. Viewed at: <https://www.bot.go.tz/BankingSupervision/Reports/DBS%20ANNUAL%20REPORT%202016.pdf>.

¹⁶⁵ BOT online information. Viewed at: <https://www.bot.go.tz/BankingSupervision/Guidelines%20on%20Agent%20Banking,%202017.pdf>.

¹⁶⁶ Ministry of Finance and Planning online information. Viewed at: [http://www.mof.go.tz/docs/Policy%20-%20Fedha%20English%203%20\(2\).pdf](http://www.mof.go.tz/docs/Policy%20-%20Fedha%20English%203%20(2).pdf).

¹⁶⁷ Covering deposit-taking microfinance institutions, commercial banks with microfinance products and community banks. BOT online information. Viewed at: <https://www.bot.go.tz/mfi/Default.asp?Menu=LEGAL>.

¹⁶⁸ Pursuant to the Cooperative Societies Act, 2013.

¹⁶⁹ Ministry of Finance and Planning online information. Viewed at: [http://www.mof.go.tz/docs/Policy%20-%20Fedha%20English%203%20\(2\).pdf](http://www.mof.go.tz/docs/Policy%20-%20Fedha%20English%203%20(2).pdf).

¹⁷⁰ Ministry of Finance and Planning online information. Viewed at: <http://www.mof.go.tz/docs/IMPLEMENTATION%20STRATEGY-English%203.pdf>.

¹⁷¹ The Citizen online information. Viewed at: <http://www.thecitizen.co.tz/News/-----Lack-of-rules-affects-investors-in-Islamic-banking---/1840340-3218352-qdah3j/index.html>.

Banking and Financial Institutions (Management of Risk Assets) Regulations, 2014	Banking and Financial Institutions (Credit Concentration and Other Exposures Limits) Regulations, 2014
Banking and Financial Institutions (Foreign Exchange Exposure Limits) Regulations, 2014	Banking and Financial Institutions (Licensing) Regulations, 2014
Banking and Financial Institutions (Physical Security Measures) Regulations, 2014	Banking and Financial Institutions (Liquidity Management) Regulations, 2014
Banking and Financial Institutions (Prompt Corrective Actions) Regulations, 2014	Banking and Financial Institutions (Microfinance Activities) Regulations, 2014
Banking and Financial Institutions (Microfinance Activities) (Amendment) Regulations, 2015	Banking and Financial Institutions (External Auditors) Regulations, 2014
Banking and Financial Institutions (Disclosures) Regulations, 2014	Banking and Financial Institutions (Consolidated Supervision) Regulations, 2014
Payment Systems (Licensing and Approval) Regulations, 2015	Payment System (Electronic Money) Regulations, 2015

Source: BOT online information. Viewed at: <https://www.bot.go.tz/BankingSupervision/BankingSupervision.asp>.

4.4.1.2 Insurance

4.111. During the review period, the insurance sector continued to grow, almost in parallel with that of GDP, but at slower rates in recent years (Table 4.22). The sector remains small, accounting for less than 1% of GDP. The number of insurance companies has gradually increased from 28 to 31, with the growth taking place through the addition of three private companies. Two state-owned companies, the Tanzania National Reinsurance Corporation Limited and the Zanzibar Insurance Corporation, continue to operate in the sector and are owned 100% by their respective governments. In terms of growth, the life insurance subsector slightly outperformed the general insurance subsector in 2016 but, within the category of general insurance, insurance for the oil and gas sector had the highest growth rate, at 93%.¹⁷² This is likely fuelled by recent legal changes in the energy and mining sectors (Section 4.2).

Table 4.22 Overview of the insurance sector, 2012-16

	2012	2013	2014	2015	2016
Market growth (TZS billion)	406.6	474.1	554.4	618.9	660.0
Growth (%)	18%	17.1%	17%	12%	7%
Insurers' net worth (TZS billion)	132.7	175.3	218.3	245	268.1
Insurance companies:	28	29	30	31	31
- of which reinsurance	1	1	1	1	1
100% ownership by Tanzanians	4	5	5	5	5
Privately-owned with Tanzanian citizen ownership of at least one third	22	22	23	24	24
State-owned	2	2	2	2	2
Insurance brokers	79	90	112	123	136
Insurance agents	262	301	398	471	575
Loss assessors and adjusters	39	44	51	45	52

Source: *Annual Insurance Market Performance Reports, 2012-16*. Tanzania Insurance Regulatory Authority online information. Viewed at: <https://www.tira.go.tz/annual-reports>.

4.112. The framework for the insurance sector has not changed considerably during the review period but certain restrictions on foreign insurers were put in place in 2017, and new regulations for Takaful insurance products (an Islamic cooperative insurance scheme) were implemented in 2014 (see section on Banking, above, for changes in VAT for the financial services sector, including insurance). The insurance sector has been liberalized since 1996, and is currently governed by the

¹⁷² "Annual Insurance Market Performance Report for the year 2016". TIRA online information. Viewed at: <https://www.tira.go.tz/content/annual-insurance-market-performance-report-year-ended-31st-december-2016>.

Insurance Act, 2009 and the Insurance Regulations, 2009.¹⁷³ These two pieces of legislation set out the main structure and function of the sector, including capital and other requirements, registration, third-party rights, mandatory reinsurance cessions, special provisions for long-term life insurance, and the establishment of an ombudsman and tribunal. A review of the 2009 Insurance Act and its Regulations commenced in 2016, with a view to modernizing certain aspects, in line with developments in the sector by 2017.

4.113. The Insurance Act and Regulations also created the regulatory authority, the Tanzania Insurance Regulatory Authority (TIRA), which remains the sector's main regulatory arm for both the Mainland and Zanzibar. It handles the registration of insurance entities (agents, accessors, loss surveyors, brokers, companies and reinsurance companies), inspects insurance entities, deals with complaints from the public, and creates insurance awareness programmes.

4.114. Important changes were introduced in 2017 to the Insurance Act, through the Miscellaneous Amendments Act (No. 2).¹⁷⁴ The main changes were:

- The requirement that insurance brokers be at least two-thirds owned and controlled by Tanzanian citizens (previously it was one-third);
- The requirement that a Tanzanian resident company or person be insured only with a Tanzanian registered insurer, in particular for all ground, marine and air cargo insurance cover for imports;
- The payment of premiums directly from customers to insurers; and
- The setting of minimum rates of premiums for different types of insurance products, as published in the Gazette.

4.115. The TIRA also issued a new circular in 2017, putting in place new restrictions on foreign reinsurers and reinsurance brokers.¹⁷⁵ The main provisions of the circular are that all foreign reinsurance arrangements are subject to prior approval by the TIRA; the externalization of risks at 100% (fronting) is prohibited¹⁷⁶; the creation of insurance pools for market retention; the irregular bundling and repackaging of risks, with the intention of complicating risk exposure and promoting unnecessary externalization, is prohibited; the prohibition of the externalization of long-term insurance business; insurers facing solvency margin deficiencies are not allowed to externalize insurance risks on a facultative basis¹⁷⁷; and insurers seeking to externalize an insurance risk must first attempt to use the services of locally registered insurance brokers. The circular also introduces an additional levy for facultative placements outside the country, of 3% of the gross premium or USD 200, whichever is greater; plus 20% of the amount of the applicable fronting fee/reinsurance commission in excess of 12%.¹⁷⁸

4.116. The Government now operates a special portal, the Tanzania Imports Insurance Portal (TIIP), as Tanzania's official import/export insurance marketplace, in order to facilitate the changes made in 2017 regarding the requirement for a Tanzanian insurer to insure imports and exports.¹⁷⁹ The portal works with a number of partners to automate the process of underwriting risks, and offers immediate import/export insurance when needed through the platform once payment is received.

¹⁷³ TIRA online information. Viewed at:

<https://www.tira.go.tz/sites/default/files/Insurance%20Regulations%20of%202009.pdf> and <https://www.tira.go.tz/sites/default/files/Insurance%20Act%20No%2010%20of%202009.pdf>.

¹⁷⁴ Law Reform Commission of Tanzania online information. Viewed at:

http://www.lrc.tz/download/laws_2017/Miscellaneous-amendment-no.-7-of-2017-clean-copy-final-Hansard-CHAPA.pdf.

¹⁷⁵ TIRA online information. Viewed at:

http://www.tira.go.tz/sites/default/files/CIRCULAR%20ON%20REINSURERS%20ACCREDITATION%20%20RELATED%20MATTERS%2006122017_V%2010.pdf.

¹⁷⁶ Except under exceptional circumstances, and when inevitable, it must be channelled through a locally registered reinsurance company.

¹⁷⁷ Except under exceptional circumstances.

¹⁷⁸ TIRA online information. Viewed at:

http://www.tira.go.tz/sites/default/files/CIRCULAR%20ON%20REINSURERS%20ACCREDITATION%20%20RELATED%20MATTERS%2006122017_V%2010.pdf.

¹⁷⁹ TIIP online information. Viewed at: <https://tiip.co.tz>.

4.117. The 2015 Regulations on Takaful insurance give structure and provide certain rules on this type of insurance.¹⁸⁰ Per the Regulations, Takaful insurers must be registered and licensed with the TIRA. The Regulations prohibit the mixing of conventional insurers and Takaful insurers; if a conventional insurer starts to issue Takaful policies, it has one year to transition fully to Takaful business, after which the conventional business will cease. Takaful insurers are required to have a shariah supervisory board and a shariah compliance officer.

4.118. In 2015, the Government launched the National Insurance Policy, to create an enabling environment for the development, promotion and maintenance of an "inclusive, efficient, fair, safe and stable insurance sector while at the same time addressing challenges that continue to hinder the development of the insurance sector in Tanzania".¹⁸¹ The Policy notes a number of shortfalls but, in particular, the low uptake of insurance, especially by many subsectors of society in Tanzania. Some of the proposed initiatives in the Policy include insuring government assets, improving public awareness and capacity building, requiring compulsory insurance in some areas,¹⁸² facilitating the establishment of an agricultural insurance fund, and establishing a framework for banks to distribute insurance products.

4.119. Tanzania has a growing micro-insurance sector that currently represents a very small proportion of the whole insurance market. It is estimated that it covered about 4.5 million people, about 18% of the adult population, in 2015, and was supplied by six insurance companies.¹⁸³ Micro-insurance is recognized as a significant instrument for delivering effective and efficient insurance, particularly to low-income households.¹⁸⁴ In 2015, the main offerings that accounted for over 85% of micro-insurance products were life and hospitalization, and embedded funeral coverage.¹⁸⁵

4.120. This insurance subsector is currently not regulated in the traditional way by the TIRA but operates under guidelines established by the Micro-Insurance Regulations, 2013.¹⁸⁶ The Regulations provide for certain registrations, reporting and notifications to the Commissioner of Insurance of the TIRA. For example, certain conditions must be met in order to register as a micro-insurance agent, e.g. the person must be a Tanzanian citizen with a Secondary Education Certificate or Certificate of Proficiency in Insurance, and the types of micro-insurance products offered must be notified. The Regulations also set out rules for underwriting, settlement of claims, and procedures for complaints.

4.4.1.3 Capital markets

4.121. Tanzania's capital market, the DSE, has been in existence since the late 1990s, when it started with the inclusion of several state-owned enterprises (SOEs) that were then privatized. Since that time, the capital market has increased slowly but the pace has picked up more recently, with a compounded annual growth rate of about 81% during 2012-16, although it somewhat declined thereafter (Table 4.23).¹⁸⁷ The DSE remains the principal exchange, although in 2013 a second-tier market, the Enterprise Growth Market (EGM), was launched with lower listing requirements, with the aim of providing MSMEs with equity capital.¹⁸⁸ As of August 2018, the DSE had 28 listed companies with a market capitalization of TZS 22.2 trillion; of these, the majority

¹⁸⁰ Tanzania Insurance Brokers Association online information. Viewed at: <http://tiba.co.tz/wp-content/downloads/TheInsuranceTakafulRegulations2014.pdf>.

¹⁸¹ Tanzania Insurance Brokers Association online information. Viewed at: <http://tiba.co.tz/wp-content/downloads/NationalInsurancePolicy2015.pdf>.

¹⁸² At present, only certain motor vehicle insurance is compulsory.

¹⁸³ FSDT online information. Viewed at: <http://www.fsd.tz/wp-content/uploads/2017/05/FSDT-Inclusive-Insurance-Focus-Note-Series-Microinsurance-Landscape-2015-.pdf>.

¹⁸⁴ TIRA online information. Viewed at: <https://www.tira.go.tz/content/annual-insurance-market-performance-report-year-ended-31st-december-2016>.

¹⁸⁵ Micro-insurers offer life, hospital, funeral, personal accident, credit life and crop insurances.

¹⁸⁶ TIRA online information. Viewed at: http://www.tira.go.tz/sites/default/files/Micro_Insurance-Regulations_2013.pdf.

¹⁸⁷ *Annual Report and Financial Statements 2016*. DSE online information. Viewed at: <http://www.dse.co.tz/sites/default/files/dsefiles/ANNUAL%20REPORT%202016%20-%20Final.pdf>.

¹⁸⁸ TZS 200 million paid-up capital requirement. See listing requirements in *Listing Rules for Main Investment Market Segment and Enterprise Growth Market Segment*. DSE online information. Viewed at: https://www.dse.co.tz/sites/default/files/dsefiles/LISTING%20RULES%20FOR%20MIMS%20AND%20EGM_1.pdf.

were Tanzanian firms, while a small number were cross-listings.¹⁸⁹ There was a gradual opening of Tanzania's capital markets to foreigners, in particular intra-EAC, during the review period, in part driven by the EAC Common Market Protocol.¹⁹⁰

Table 4.23 Overview of capital markets, 2012-17

	2012	2013	2014	2015	2016	2017
DSE						
Listed companies	..	..	..	21	24	26
Market capitalization (TZS billion)	12,772.79	14,057.92	18,902.16	23,721.49	21,728.57	23,076
Value of shares traded (TZS billion)	44.45	73.00	272.45	879.22	733.66	711
Value of bonds traded (TZS billion)	..	..	..	459	380	889
All shares index (DSEI) Points	..	1,582.51	2,172.71	2,726.77	2,481.99	2,396
Tanzania share index (TSI) Points	1,206.99	1,840.11	3,561.62	4,684.09	3,706.15	3,919
Value of outstanding listed bonds (TZS billion)	2,287.31	3,073.59	3,696.15	4,896.85	4,263.67	8,108
EGM						
Listed companies	n.a.	..	..	..	..	5
Market capitalization (TZS billion)	n.a.	..	..	..	..	120

.. Not available.

n.a. Not applicable.

Source: *Annual Report and Financial Statements 2012-2016*. DSE online information. Viewed at: <http://www.dse.co.tz/content/annual-reports>.

4.122. The main law governing the sector remains the Capital Markets and Securities Act, 1994, which applies to both the Mainland and Zanzibar. This Act created the Capital Markets and Securities Authority (CMSA) as the main regulatory body for the sector. Since 2003, a number of regulations¹⁹¹ have allowed foreigners to acquire shares on the DSE, up to a 60% ceiling, although certain other restrictions remain in place on government instruments and initial public offerings (IPOs). However, these restrictions were further liberalized in 2014, allowing foreign investors to acquire, sell or transfer any securities other than government securities without a ceiling.¹⁹² The market for government securities was partially liberalized so that EAC residents could participate up to a maximum of 40% of the amounts issued, but EAC resident investors from the same country cannot exceed two thirds of that 40%. Government securities for investors outside the EAC remains prohibited.¹⁹³ Furthermore, outward investment restrictions were in place, prohibiting Tanzanian residents from purchasing, transferring, or selling securities. These have now been partially liberalized, allowing for securities to be traded among EAC residents if they are funded exclusively by externally acquired funds.¹⁹⁴

4.123. Another development during the period was the launch of the demutualization of the DSE in 2015, whereby it was transformed and reincorporated into a public limited company from a non-profit, member-owned organization. As part of this process, an IPO was issued, raising TZS 35.6

¹⁸⁹ Firms in a variety of industries are listed, i.e. brewing, tea and coffee, cement, cigarettes, aviation and cargo handling, banking, investment, insurance, publishing and broadcast media, mining, oil and gas exploration, retail, etc. DSE online information. Viewed at: <http://www.dse.co.tz/listed-companies>.

¹⁹⁰ USAID online information. Viewed at: https://d3n8a8pro7vhmx.cloudfront.net/eatradehub/pages/2998/attachments/original/1485415111/EAC - CMP_RU.pdf?1485415111.

¹⁹¹ The Capital Markets and Securities (Foreign Companies Public Offers Eligibility and Cross Listing Requirements) Regulations, 2003, the Capital Markets and Securities (Foreign Investors) Regulations, 2003, and the Bank of Tanzania Foreign Exchange (Listed Securities) Regulations, 2003.

¹⁹² Capital Markets and Securities (Foreign Investors) Regulations, 2014. DSE online information. Viewed at: http://www.dse.co.tz/sites/default/files/dsefiles/Foreign%20Investors%20Regulations_0.pdf.

¹⁹³ Capital Markets and Securities (Foreign Investors) Regulations, 2014, the Foreign Exchange (Listed Securities) (Amendment) Regulations, 2014 (FELSAR), and the Foreign Exchange (Amendment) Regulations, 2014 (FEAR).

¹⁹⁴ Foreign Exchange (Amendment) Regulations, 2014 (FEAR).

billion.¹⁹⁵ DSE shares were then subsequently listed on its own exchange in 2016, and the DSE became the third stock exchange in Africa to demutualize. Furthermore, the DSE is a member of the East African Securities Exchanges Association (EASEA), which has been working towards the further integration of exchanges in East Africa. As part of this effort, there is ongoing work on the Capital Markets Infrastructure Project, under the EAC, to allow investors to trade across participating bourses.

4.124. Tanzania's capital markets are likely to be propelled further by new legislation that has come into force in recent years, requiring companies to list on the Exchange in order to improve local ownership. In 2016, the Finance Act, 2016 made amendments to the Electronic and Postal Communications Act, 2010 (EPOCA), requiring telecommunications companies to list shares on the stock exchange by 1 January 2017 (Section 4.4.2). Pursuant to the Mining Act, 2010 and the Mining Regulations, 2017, mining enterprises in receipt of an SML were required to have 30% of their issued and paid-up share capital listed on the DSE by end-August 2017 (Section 4.2.1). A similar requirement has been imposed on energy and electricity firms.

4.125. Tanzania launched its first commodity exchange during the period, the Tanzania Mercantile Exchange PLC.¹⁹⁶ As at August 2018, the exchange was not fully operational. The Exchange was established as a public private partnership (PPP), pursuant to the Commodity Exchanges Act, 2015 and the Commodity Exchanges Regulations, 2016, and is regulated by the CMSA.¹⁹⁷ The CMSA licenses the entities for the exchange market. There are four categories: commodity broker, commodity dealer, commodity trading advisor, and commodity pool operator.¹⁹⁸ In order to obtain a licence, a company must be a Tanzanian company, or may be a foreign company if additional criteria are met that are contained in the Act.¹⁹⁹ The Exchange is being set up to initially trade in six crops, i.e. cashew nuts, coffee, sesame, rice, sunflower seeds, and maize, but may add other commodities.²⁰⁰

4.126. Tanzania has traditionally offered a number of incentives to issuers and investors, in order to promote growth of the capital markets. These are tax incentives as contained in the Income Tax Act, 2004 (Table 4.24). There have been minimal changes since 2012.

Table 4.24 Capital market incentives, 2018

Incentives for issuers	Incentives for investors
<ul style="list-style-type: none"> • Reduced corporation tax, from 30% to 25%, for three successive years subsequent to the listing of a company that has issued at least 30% of its shares to the public • Tax deductibility of all IPO costs for the purposes of income tax determination. All IPO costs are accepted by the TRA as acceptable expenses used in the generation of income and profits, and therefore are taken into consideration when determining profit for tax purposes • Income of the Fidelity Fund is exempt from tax 	<ul style="list-style-type: none"> • Zero capital gains tax, as opposed to 10% for unlisted companies, assuming shares are less than 25% of the shareholding • Zero stamp duty on transactions executed at the DSE, compared to 6% for unlisted companies • Withholding tax of 5% on dividend income, as opposed to 10% for unlisted companies • Income from the Investor Compensation Fund (ICF) is exempt from income tax • Interest on long-term bonds is exempt from tax • Interest on East African Development Bank bonds is exempt from tax • Certain tax advantages for unit trusts

Source: *DSE Handbook 2016*. DSE online information. Viewed at: <http://www.dse.co.tz/sites/default/files/dsefiles/DSE%20HANDBOOK%202016%20NEW.pdf> and <http://www.dse.co.tz/content/about-dar-es-salaam-stock-exchange>.

¹⁹⁵ *Annual Report and Financial Statements 2016*. DSE online information. Viewed at: <http://www.dse.co.tz/sites/default/files/dsefiles/ANNUAL%20REPORT%202016%20-%20Final.pdf>.

¹⁹⁶ Tanzania Mercantile Exchange online information. Viewed at: <https://www.tmx.co.tz/>.

¹⁹⁷ The shareholders comprise the Treasury Registrar, the TIB Development Bank, the Public Service Pension Fund (PSPF) and the Tanzania Federation of Cooperatives (TFC).

¹⁹⁸ Tanzania Mercantile Exchange online information. Viewed at: <https://www.tmx.co.tz/membership>.

¹⁹⁹ Commodity Exchanges Act, 2015, Section 42. CMSA online information. Viewed at: http://www.cmsa.go.tz/newupload/Commodity_Exchange.pdf.

²⁰⁰ TanzaniaInvest online information. Viewed at: <https://www.tanzaniainvest.com/finance/capitalmarkets/tanzania-capital-markets-report>.

4.4.2 Telecommunications

4.127. Tanzania's telecommunications sector has undergone a number of changes and developments since the last Review, in part driven by rapid growth in telecom products, significant uptake in smartphones and mobile broadband technologies, and increased investment in infrastructure. Some of the significant developments for the sector in the last few years include implementing a Converged Licensing Framework (CLF), implementing Analogue Switch Off (ASO) to migrate from terrestrial analogue to digital television broadcasting, installing a National ICT Broadband Backbone (NICTBB), improving telecommunication networks for rural communities, and developing mobile money services (Section 4.4.1.1). A new ICT policy has been developed, and two new acts and many related regulations have also been implemented. Nevertheless, Tanzania's efforts to compel companies to list 25% of their shares on the DSE through legislation have yielded minimal results, as only one telecommunications company has so far listed its shares (Vodacom Tanzania PLC).

4.128. The legal framework for telecommunications is comprised of the Tanzania Communications Regulatory Act, 2003, and the EPOCA, 2010 and its Regulations, which were reviewed in 2018. The legal framework is applicable to both the Mainland and Zanzibar; however, broadcasting matters for Zanzibar fall under the jurisdiction of the Zanzibar Broadcasting Commission. The main elements of the EPOCA include telecommunication licensing, interconnection, and access; postal communications; competitive and anti-competitive practices; enforcement; and offences and penalties.²⁰¹ Tanzania also has a Universal Communications Service Act, 2006 that establishes a Universal Communications Service Access Fund to ensure the availability of communication services in rural and under-served areas. It applies to the Mainland and Zanzibar, except with respect to broadcasting.²⁰²

4.129. Tanzania's regulatory environment for telecommunications is through the Tanzania Communications Regulatory Authority (TCRA), which was established pursuant to the Tanzania Communications Regulatory Act.²⁰³ Its main goal is to "enhance the welfare of Tanzanians through an effective and efficient regulatory framework that ensures universal access to communications", while regulating Tanzania's electronic communications and postal services, and managing the national frequency spectrum. Its main functions include issuing or cancelling operator licences; establishing standards for regulated telecommunication goods and services; regulating tariffs and charges; facilitating resolution of disputes; and monitoring performance.²⁰⁴ Pursuant to the changes made under the CLF, the TCRA issues four categories of operator licences : Network Facilities Providers (NF), Network Service Providers (NS), Application Service Providers (AS) and Content Service Providers (CS).²⁰⁵ As at August 2018, there were 23 NF, 14 NS, 81 AS, 154 CS (radio), and 28 CS (TV) licensed operators.²⁰⁶

4.130. One of the developments during the period was the implementation and enforcement of Section 26 of EPOCA on the minimum local shareholding requirement. This required all Tanzanian telecom firms to offer shares to the public and list them on the DSE within three years. The respective regulations that were to give effect to this provision were delayed, thus the expected 2013 implementation was not possible. However, the Finance Act, 2016 made certain changes to Section 26 of the EPOCA, requiring NF, NS, and AS licence holders to list 25% of their shares through public offer, and CS licence holders to maintain at least 51% of their shares owned by Tanzanians throughout the life of the license (but this is not mandatory through listing).²⁰⁷ Furthermore, the Finance Act, 2017 further amended Section 26, to allow foreigners to buy shares of the companies on the DSE, and exempting companies holding an AS license from mandatory

²⁰¹ TCRA online information. Viewed at: <https://www.tcra.go.tz/images/documents/policies/epoca.pdf>.

²⁰² TCRA online information. Viewed at: <https://www.tcra.go.tz/images/documents/policies/ucsa.pdf>.

²⁰³ TCRA online information. Viewed at:

<https://www.tcra.go.tz/images/documents/policies/Tanzania%20Communications%20Regulatory%20Act-2003.pdf>.

²⁰⁴ TCRA online information. Viewed at: <https://www.tcra.go.tz/index.php/about-tcra/tcra-profile>.

²⁰⁵ TCRA online information. Viewed at: <https://www.tcra.go.tz/index.php/licensing/licensing-information/2-tcra/87-license-categories>.

²⁰⁶ TCRA online information. Viewed at: <https://www.tcra.go.tz/index.php/licensing/licensed-operators>.

²⁰⁷ TRA online information. Viewed at: <http://www.tra.go.tz/images/uploads/statistics/Finance-Act-2016--2.pdf>.

listing.²⁰⁸ As a result, existing telecom companies were supposed to list 25% of their issued and paid-up share capital by end-2017 but, as at August 2018, only one company, Vodacom, had done so. Others are still undergoing structural arrangement transformation for listing.²⁰⁹

4.131. In 2015, Tanzania enacted the Electronic Transactions Act, to give legal effect and recognition to electronic transactions.²¹⁰ It was important for the expansion of e-Government services, for the collection and admissibility of electronic evidence, and for use of secure electronic signatures. The Act also applies to Zanzibar, except with respect to e-Government services. Also, in 2015, the Cybercrimes Act entered into force, which provided for criminal offences committed through the use of ICTs.²¹¹ The Act, which essentially applies to both the Mainland and Zanzibar²¹², has a long list of offences and illegal acts, and also provides for search and seizure. Activities such as illegal access, pornography, espionage, computer fraud, cyber bullying, racist or xenophobic materials, etc., are all prohibited or punishable under the law.

4.132. In March 2018, Tanzania introduced approximately 20 new or revised regulations pursuant to the EPOCA (Box 4.4). The EPOCA (Online Content) Regulations were issued and have created new rules regulating content in a wide variety of spheres, including online content hosts, bloggers, social media, application service licensees, etc.²¹³ The Regulations also give rather wide powers to the TCRA to keep registers of bloggers, online forums, and online radio and television, and take action against non-compliance. One of the other regulations introduces mobile phone number portability.

4.133. In May 2016, Tanzania implemented a new ICT Policy, replacing the previous one of 2003.²¹⁴ This new Policy's main objective is to accelerate socio-economic development with the potential to transform Tanzania into an ICT-driven middle-income economy and society.²¹⁵ The Policy outlines 22 specific objectives and the Government's action agenda for their achievement. Some of the objectives include strengthening cooperation and collaboration in regional and international ICT development; having a reliable and sustainable ICT infrastructure; enhancing ICT leadership and human capital; improving universal access, to diminish the digital divide; and enhancing local content in all aspects of ICT value chains, including local hosting of electronic services.

4.134. Tanzania's telecommunications sector has been characterized as competitive and open, with a growing market and some of the lowest rates in Africa.²¹⁶ As at August 2018, seven voice operators with two enterprises (Tanzania Telecommunications Corporation²¹⁷ (state-owned) and Zantel (Government-private-owned)) were operating in both fixed line and mobile telecommunications, and the remaining five were operating in mobile telecommunications only (Tables 4.25).²¹⁸ In 2017, the largest market shares were held by Vodacom, Tigo, and Airtel. During the review period, telecom services grew from about 28 million subscriptions in 2012 to 40 million in 2017, with nearly all in the mobile sector, achieving a penetration rate of 78%. Fixed line accounted for 127,000, a trend that has been consistently declining throughout the period

²⁰⁸ TRA online information. Viewed at: <http://www.tra.go.tz/Images/headers/THE-FINANCE-ACT-2017-CHAPA-Final.pdf>.

²⁰⁹ Information provided by the authorities.

²¹⁰ e-Government Agency online information. Viewed at: <http://www.ega.go.tz/uploads/guidelines/4fd7097d1e6199c195def78c66c72149.pdf>.

²¹¹ TCRA online information. Viewed at: <https://www.tcra.go.tz/images/documents/policies/TheCyberCrimeAct2015.pdf>.

²¹² Except for the compounding of offences.

²¹³ Also includes Internet cafes; online forums; online radio or television; subscribers and users of online content; and any other related online content.

²¹⁴ *National Information and Communications Technology Policy*, e-Government Agency online information. Viewed at: <http://www.ega.go.tz/uploads/publications/6014e8602e8d1f61d64798276df47b60.pdf>.

²¹⁵ *National ICT Policy 2016*. TCRA online information. Viewed at: <https://www.tcra.go.tz/images/documents/policies/NATIONAL ICT POLICY 2016 2.pdf>.

²¹⁶ *Telecoms & IT*, Oxford Business Group online information. Viewed at: <https://oxfordbusinessgroup.com/tanzania-2018/telecoms-it>.

²¹⁷ Tanzania Telecommunications Company Limited (TTCL) was renationalized during the period, see Section 3.3.5.2.

²¹⁸ In addition to the Tanzania Telecommunications Company Limited (TTCL) and Zanzibar Telecommunications Limited (Zantel), the other operators were Airtel, Halotel, Smart, Tigo, and Vodacom. *Quarterly Communications Statistics Report*. TCRA online information. Viewed at: <https://www.tcra.go.tz/index.php/quarterly-telecommunications-statistics#2017-quarterly-statistics-reports>.

(Table 4.25). Internet services has achieved higher growth rates than telecom, with the number of users increasing three-fold during the period, mostly through mobile wireless; however, its penetration is only 45%.

Table 4.25 Telecommunications operators and operations, Mainland, 2012-17

	2012	2013	2014	2015	2016	2017
Telecom services (subscriptions)						
Fixed	176,367	164,999	142,950	142,819	129,597	127,094
Mobile	27,450,789	27,442,823	34,108,851	39,665,600	40,044,186	39,953,860
Total	27,627,156	27,607,822	34,251,801	39,808,419	40,173,783	40,080,954
Penetration %	61	61	71	79	80	78
Internet services (estimated users)						
Fixed wireless	777,461	1,056,940	1,913,082	662,882	1,218,693	3,468,188
Mobile wireless	6,031,323	7,493,823	11,320,031	16,280,943	18,014,358	19,006,223
Fixed wired	712,095	761,508	984,198	319,698	629,474	520,698
Total	7,520,878	9,312,272	14,217,311	17,263,523	19,862,525	22,995,109
Penetration %	17	21	29	34	40	45
Type of operator						
Private						
Fixed-line operators	..	..	..	..	0	..
Mobile operators	..	..	..	..	3	..
Data operators and Internet service providers	..	..	..	..	27	..
Television stations	..	..	..	..	24	..
Radio stations	..	..	..	..	52	..
Public						
Fixed-line operators	..	..	..	..	2	..
Mobile operators	..	..	..	..	1	..
Data operators and Internet service providers	..	..	..	..	12	..
Television stations	..	..	..	..	5	..
Radio stations	..	..	..	..	2	..
Public and private						
Fixed-line operators	2	2	2	2	2	2
Mobile operators	7	8	6	7	8	8
Data operators and Internet service providers	84	91	..	83	39	69
Television stations	26	30	27	30	29	27
Radio stations	86	85	83	122	54	..

.. Not available.

Source: *Quarterly Communications Statistics Report*. TCRA online information. Viewed at: <https://www.tcra.go.tz/index.php/quarterly-telecommunications-statistics#2017-quarterly-statistics-reports>. *Statistical Abstract 2016*. Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf, and information provided by the authorities.

Box 4.4 New telecommunications regulations, 2018

The Electronic and Postal Communications (Licensing) Regulations, 2018	The Electronic and Postal Communications (Quality of Service) Regulations, 2018
The Electronic and Postal Communications (Tariffs) Regulations, 2018	The Electronic and Postal Communications (Mobile Number Portability) Regulations, 2018
The Electronic and Postal Communications (Access, Co-Location and Infrastructure Sharing) Regulations, 2018	The Electronic and Postal Communications (Postal) Regulations, 2018
The Electronic and Postal Communications (Accounting Separation) Regulations, 2018	The Electronic and Postal Communications (Electronic Communications Equipment Standards) Regulations, 2018
The Electronic and Postal Communications (Competition) Regulations, 2018	The Electronic and Postal Communications (Telecommunications Traffic Monitoring System) Regulations, 2018

The Electronic and Postal Communications (Consumer Protection) Regulations, 2018	The Electronic and Postal Communications (Central Equipment Identification Registers) Regulations, 2018
The Electronic and Postal Communications (Online Content) Regulations, 2018	The Electronic and Postal Communications (Digital and Other Broadcasting Networks) Regulations, 2018
The Electronic and Postal Communications (Radio and Television) Regulations, 2018	The Electronic and Postal Communications (Computer Emergency Response Team) Regulations, 2018
The Electronic and Postal Communications (Interconnection) Regulations, 2018	The Electronic and Postal Communications (Electronic Communication Numbering and Addressing) Regulations, 2018
The Electronic and Postal Communications (Value Added Services) Regulations, 2018	The Electronic and Postal Communications (Radio Communications and Frequency Spectrum) Regulations, 2018
The Electronic and Postal Communications (SIM CARD Registration) Regulations, 2018	

Source: TCRA online information. Viewed at: <https://www.tcra.go.tz/index.php/regulations>.

4.4.3 Tourism

4.135. Tanzania's tourism sector is its most important services sector, and is the largest foreign exchange earner for the country. In 2016, tourism's contribution to GDP was about 17%. Tanzania has a number of natural and cultural tourist attractions, including 16 national parks, 28 game reserves, 42 game controlled areas, and 7 World Heritage sites. It ranked 91st in the 2017 Travel & Tourism Competitiveness Report, with an improvement in ranking of 2 since 2015.²¹⁹ While noting that Tanzania has significant untapped potential, the Report states that infrastructure remains underdeveloped, rankings were particularly low for hotel reception capacity, and the business environment is slow and costly. Improvements were seen in air and ground transport, as well as in health and hygiene conditions.

4.4.3.1 Overview

4.136. The tourism sector continued its growth during the period. Zanzibar achieved higher rates of growth, with international visitor arrivals and visitor receipts more than doubling during the review period (Tables 4.26 and 4.27), even though the sector in Zanzibar is about one quarter of that of the Mainland. The major type of tourism in Tanzania is, by far, leisure and holidays; visitors' main tourism activity on the Mainland was wildlife, while for Zanzibar it was beaches.²²⁰ According to the authorities, while conference tourism remains small, they foresee that this will be a new area of growth for the sector in the future. In recent years, the largest number of tourist arrivals have come from the United Kingdom, Kenya, India, and the United States, with a significant increase in tourists coming from Kenya.

Table 4.26 Overview of tourism, Mainland, 2012-17

Description	Unit	2012	2013	2014	2015	2016	2017
Tourist arrivals	Number	1,077,058	1,095,884	1,140,156	1,137,182	1,284,279	1,327,143
Tourists in hotels	Number	974,448	1,021,766	1,005,058	1,033,555	1,155,851	1,163,752
Tourist receipts	TZS billion	1,712.75	1,853.28	2,006.32	1,901.94	2,131.57	2,258.96
Average days of stay in hotels	Days	10	10	10	10	9	10
Average expenditure per tourist per day in USD	Package tours	384	372	277	305	290	410
	Non-package tours	230	201	117	141	131	139

²¹⁹ World Economic Forum online information. Viewed at: http://www3.weforum.org/docs/WEF_TTCR_2017_web_0401.pdf.

²²⁰ *The 2016 International Visitors' Exit Survey Report*. Bureau of Statistics online information. Viewed at: http://www.nbs.go.tz/nbs/takwimu/trade/The2016_International%20Visitors'_Exit_Survey_Report.pdf.

Description	Unit	2012	2013	2014	2015	2016	2017
Tourists in national parks	Number	..	1,036,322	1,005,018	930,205	991,593	1,028,564
Tourist hotels	Number	..	..	..	..	174	293

.. Not available.

Source: *The 2017 Tourism Statistical Bulletin*. Ministry of Natural Resources and Tourism. *Statistical Abstract 2017*. Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2017.pdf.

Table 4.27 Overview of tourism, Zanzibar, 2012-17

	2012	2013	2014	2015	2016	2017
International visitor arrivals	169,223	181,301	311,891	294,243	376,242	433,474
Tourism earnings (USD million)	175.4	210.5	269.3	293.5	383	489
Number of hotels/guest houses	..	378	406	472	452	473
- Five stars	..	26	26	17	17	19
- Four stars	..	12	12	9	9	10
- Three stars	..	26	26	43	43	43
- Two stars	..	18	18	6	6	7
- One star	..	61	65	0	47	55
- AA (upper guest house)	..	41	42	121	86	87
- A (lower guest house)	..	194	217	276	244	252
Number of newly registered hotels/guest houses	37
-Number of rooms	351
-Number of beds	645

.. Not available.

Source: Zanzibar Commission for Tourism and Department of Immigration Zanzibar.

4.4.3.2 Framework and policy

4.137. Tourism is a non-Union matter; thus policies and laws differ for the Mainland and Zanzibar. There have been no significant changes in the tourism laws or regulations during the review period. The sector has faced an increase in taxation in recent years, both on the Mainland and in Zanzibar, which is expected to increase revenues, and changes in the fee structure for certain licences. On the Mainland, changes introduced by the Finance Act, 2016, made effective as of 1 July 2016, charge VAT on tourism services that were previously exempt.²²¹ A VAT rate of 18% is charged on tourism services that include: tourist guiding, game driving, water safaris, animal or bird watching, park fees, and ground transport.²²² Also, in January 2013, the Mainland began charging a Tourism Development Levy (TDL), in order to assist in financing activities related to tourism development.²²³ The Levy is comprised of 3% of the National Parks Authority's gross revenue; 3% of the Ngorongoro Conservation Area's gross revenue; fees for grading or re-grading accommodation facilities; and a levy on "bed nights" to be collected by every tourism accommodation facility. In Zanzibar, the Infrastructure Tax Act, 2015 created a number of new taxes that focused, in particular, on the tourist sector (Section 2.4.5). In January 2018, the Ministry of Natural Resources and Tourism made changes to the licensing structure and associated fees for tour operators, in order to make it less costly for local small companies to operate, while at the same time increasing the fee for large foreign operators.²²⁴ Despite the significant increase in taxation in 2016, tourism remained strong that year, and grew in 2017.

²²¹ TRA online information. Viewed at: <https://www.tra.go.tz/images/uploads/statistics/Finance-Act-2016--2.pdf>.

²²² TRA online information. Viewed at: <https://www.tra.go.tz/IMAGES/random/VAT-ON-TOURISM-SERVICES.pdf>.

²²³ The Tourism (Tourism Development Levy) Regulations, 2012. TRA online information. Viewed at: <http://tra.go.tz/tax%2520laws/GN%2520No%2520218>.

²²⁴ For foreign tour operators with a fleet size greater than 30 vehicles, the fee was increased from USD 5,000 to USD 7,500 per year and, if over 50 vehicles, it was further increased to USD 10,000. For local

4.138. The Government has been working to improve or enlarge the tourist infrastructure in a number of ways in recent years, by increasing the fleet of Air Tanzania and adding new routes, encouraging foreign investment in building new tourist hotels, and promoting the expansion of new air connections and direct flights from major tourist markets. The sector also enjoys some import duty relief from the EAC CET, through provisions of the EACCMA on specially designed vehicles for tourist transportation (see main report).

4.139. The Tourism Act, 2008 and its regulations provide for the establishment of the Tourism Board; registration and grading of tourism facilities and activities; licensing of tourism facilities, activities, and operators; registration of tour guides; and for offences and penalties. The Act requires all tourism businesses to be registered and, thereafter, licensed. The Tourism (Fees and Charges) Regulations, 2014 are the main regulations providing the grading scheme and setting the fee structure for the tourism industry. As set out in the Act and the Regulations, certain tourism services are reserved for Tanzanian citizens/majority-owned companies only; these include mountain climbing or trekking, car rental or hire, travel agents, handling agents, tour guiding, and the operation of campsites.²²⁵

4.140. Similar to that of the Mainland, Zanzibar's Tourism Act, No. 6 of 2009 sets out licensing and conditions for tourism business operators, creates the Zanzibar Commission for Tourism, and provides for offences and penalties.²²⁶ The Act provides that tour operation and shuttle boat businesses are reserved exclusively for Zanzibaris, but tour guiding is not restricted. In addition, a number of other services, such as entertainment and cultural performances, tourist shops and boutiques, Internet services, porters, waiters, and laundry, are reserved for Tanzanian citizens. Foreign registered tourist vessels may operate, subject to the necessary authorizations. Zanzibar's Tourism Regulations, 2009 set out the licensing requirements and classification systems for different types of accommodation and restaurants.²²⁷

4.141. Pursuant to the EAC's efforts to develop a regional tourism marketing strategy, Tanzania embarked on the grading and classification of tourist accommodation establishments in 2017, to help create a regional single tourist destination and improve tourism services and hospitality offerings. However, later in 2017, the Minister of Natural Resources and Tourism cancelled the exercise, as it was reported to have been improperly carried out, and there were complaints about high fees.²²⁸ The current grading system in Tanzania is the EAC classification system for tourist establishments.

4.142. The main tourism policy for the Mainland is from 1999, and the Tourism Master Plan, Strategies and Actions is from 2002.²²⁹ According to the authorities, these remain the relevant policy documents for the sector, although they were working on a new policy in 2018. Zanzibar also has a Tourism Policy and it remains the main policy document, although a Strategic Plan was put in place for the period 2015-20, which now sets out eight specific objectives to be met by 2020.²³⁰ Some of these include increasing tourist arrivals and spending to specific targets by 2020, implementing appropriate policies and the legal framework, and enhancing the safety and security

operators, the fee was reduced for small operations with 1- 3 vehicles, to USD 500 from USD 2,000; it remains the same for operators with 4-10 vehicles, at USD 2,000; and increases to USD 3,000 for those with 11-50 vehicles, and to USD 5,000 for those with more than 51 vehicles. Foreign tour operators with less than 10 vehicles are prohibited.

²²⁵ It is also noted that when non-citizens may obtain licences, the fees are typically more than double those for citizens.

²²⁶ Zanzibar Commission for Tourism online information. Viewed at: http://www.zanzibartourism.go.tz/images/joomlart/documents/Zanzibar_Tourism_Act2009.pdf.

²²⁷ The classification system is the same as the Mainland and among EAC partners. Zanzibar Commission for Tourism online information. Viewed at: http://www.zanzibartourism.go.tz/images/joomlart/documents/Tourism_Regulations.pdf.

²²⁸ Eturnews online information. Viewed at: www.eturbonews.com/170387/tanzania-government.

²²⁹ Ministry of Natural Resources and Tourism online information. Viewed at: <http://www.mnrt.go.tz/resources/view/tanzania-national-tourism-policy-1999> and Tzonline online information. Viewed at: <http://www.tzonline.org/pdf/tourismmasterplan.pdf>.

²³⁰ Zanzibar Commission for Tourism online information. Viewed at: http://www.zanzibartourism.go.tz/images/joomlart/documents/STRATEGIC_PLAN_2015.pdf.

of tourists. Zanzibar also has a Coastal and Marine Tourism Management Plan from 2012, that promotes sustainable tourism in Zanzibar's marine environment.²³¹

4.4.4 Transport

4.143. Transport remains an important sector for Tanzanian development and for the support of other key sectors of the economy, in particular tourism, industry, and trade. Roads are the mainstay of the transport sector. But Tanzania also has a well-developed maritime or port capacity, and this is expected to continue to improve with added investment; it is becoming a hub or corridor for many of its landlocked neighbours. Tanzania's transport sector continued growing during the review period, and has increased capacity and improved infrastructure. Recent policy developments have put an emphasis on reviving the rail network. There has also been increased investment in the national air carrier and the promotion of new air connections. As at 2017, Tanzania had 152,600 km of roads;²³² 3,676 km of railway lines; 3,937 km-tonnes of cargo capacity on its national air carrier; and four international ports (Table 4.28). With the exception of the air subsector, most of Tanzania's transport sector is regulated by the Surface and Marine Transport Regulatory Authority (SUMATRA) (Section 4.2.2).

4.144. The rail subsector has seen several developments in recent years. There is renewed interest in upgrading lines that are about 100 years old, establishing interconnections in east and southern Africa, and encouraging foreign investment in the sector. According to the authorities, the countries of East Africa have decided, through the East African Railway Master Plan, to move to standard gauge for the construction of new lines and the rehabilitation of existing ones. At present, the Tanzanian lines (Tanzania Railways Corporation) are owned by the Reli Assets Holding Company (RAHCO), which has contracted with foreign bidders with a view to constructing a 300-km railway line, to connect with other East African railways. It is expected to be completed by 2020.

4.145. Tanzania has a bilateral agreement with Zambia regarding the Tanzania-Zambia Railway (TAZARA). The ownership and operation of the Railway is shared between the two countries. As the Railway is Cape gauge, it allows for interconnection with other southern African networks, including South Africa, Botswana, Mozambique, Zimbabwe, etc. but not with the standard gauge being constructed within East Africa. In 2016, plans were launched to extend the line to Bagamoyo Port, with the help of foreign investors but, to date, it has not received formal approval.²³³ As part of the need to upgrade, TAZARA has been seeking foreign investors to invest in re-building its network.

4.146. The air services subsector has grown significantly in recent years, as air travel, propelled by tourism, has increased. The sector is comprised of four international airports and over 100 smaller airports, of which about half are owned by the Government. The sector is regulated by the Tanzania Civil Aviation Authority (TCAA) for air traffic, while the Tanzania Airports Authority (TAA) operates, manages, and develops airports and airstrips the country.²³⁴ As at 2014-15, Tanzania had 51 bilateral air service agreements in place, 40 licensed air operators, and 55 ground handling services licence holders.²³⁵ Air Tanzania, the state-owned national carrier, has been increasing capacity during the period but is not a dominant player in the air sector. The Civil Aviation Act,

²³¹ Zanzibar Commission for Tourism online information. Viewed at: http://www.zanzibartourism.go.tz/images/joomlart/documents/Zanzibar_Tourism_Managment_Plan_2012.pdf.

²³² Includes national, regional, and local roads.

²³³ Lusakatimes online information. Viewed at: <https://www.lusakatimes.com/2018/07/17/zambia-and-tanzania-seek-private-investors-in-tazara/>.

²³⁴ Approximately 60 of the airports and airstrips are under the purview of the TAA, while the rest are privately-owned and -operated.

²³⁵ TCAA online information. Viewed at: <http://www.tcaa.go.tz/files/Economic%20Regulation/Bilateral%20Air%20Services%20Agreements/BASA%20status%20by%2030%20June%202014.pdf>, <http://www.tcaa.go.tz/files/Economic%20Regulation/Licensed%20Air%20Operators/LICENSED%20AIR%20OPERATORS.pdf>, and [http://www.tcaa.go.tz/files/Economic%20Regulation/Licensed%20Ground%20Handling%20Companies/GROUNDED%20HANDLING%20SERVICES%20LICENCE%20HOLDERS%20AS%20OF%2025nd%20DECEMBER%202015%20\(2\).docx](http://www.tcaa.go.tz/files/Economic%20Regulation/Licensed%20Ground%20Handling%20Companies/GROUNDED%20HANDLING%20SERVICES%20LICENCE%20HOLDERS%20AS%20OF%2025nd%20DECEMBER%202015%20(2).docx).

2006 remains the main legislation governing the sector.²³⁶ It was amended twice during the review period, in 2013 and in 2016, to make minor changes.²³⁷

4.147. Tanzania's roads are the backbone of its transport infrastructure, transporting over 90% of passengers and 75% of freight traffic.²³⁸ The responsibility for roads in the Mainland is shared between the Tanzania National Roads Agency (TANROADS) for trunk and regional roads, and local government authorities for district, urban and feeder roads. Pursuant to the Implementation Strategy of the Transport Policy of 2011 to 2025, an increase in the local roads programme is expected to improve roads and provide greater access to agricultural areas and areas with economic potential. There has been increasing capacity and improvements of roads during the review period, a lot of which was supported by projects of the World Bank and the African Development Bank.

4.148. In 2016, pursuant to a Government Directive, road transport and transit along the central corridor was improved, with less time spent at weighbridges. The Directive required only a maximum of three stops at weighbridges, compared to eight previously, thus improving transport times. Tanzania is a member of the Central Corridor Transit Transport Facilitation Agency (CCTTFA) with five neighbouring countries²³⁹, that aims to assist in transit trade to the landlocked countries. As part of this initiative, the countries are working towards constructing more one-stop border posts (OSBPs), to further reduce the number of checks and transit times. At present, the transit time from Dar es Salaam port to the exit borders has been reduced to three days, from five in 2014.²⁴⁰

4.149. Tanzania has four main international sea ports, at Dar es Salaam, Mtwara, Tanga, and Zanzibar. A new port is planned at Bagamoyo but its development was still under discussion and negotiation as at mid-2018.²⁴¹ The ports continued to handle an increasing amount of ships and cargo during the review period, with the exception of Tanga port, which has seen some decline (Table 4.28). This decline was due to less wet cargo, due to size restrictions, which means these commodities are being moved to Dar es Salaam port. Not only do the ports handle the persons and cargo for Tanzania but also for many of its landlocked neighbours. Tanzania's ports are under the authority of the Tanzania Ports Authority, which is a government parastatal, responsible for regulating and licensing port and marine services and facilities. Since 2011, pursuant to its transport policy, Tanzania has targeted a 50% expansion of lake and seaport handling capacity by 2020. In 2017, a bid was launched for the expansion of Dar es Salaam port, and expansion activities were also planned for Mtwara port. Through TradeMark East Africa (TMEA), an initiative of the World Bank and other development agencies, Tanzania is involved in a project to improve physical access to markets through modernizing the Dar es Salaam Port.

4.150. In a related development, Tanzania passed the Tanzania Shipping Agencies Act, 2017 that, *inter alia*, establishes the Tanzania Shipping Agencies Corporation (TASAC), that will take over certain regulation of marine transport activities for the Mainland from SUMATRA. The TASAC will also regulate marine transport services and licence shipping agents. The Act specifies that only Tanzanian citizens are allowed to be licensed as shipping agents. SUMATRA will retain its regulatory role in inland, or non-marine waters. As at August 2018, the Act and the TASAC were not fully operational.

²³⁶ TCAA online information. Viewed at:

[http://www.tcaa.go.tz/files/The%20Tanzania%20Civil%20Aviation%20Act%20\(Consolidated\)_1.pdf](http://www.tcaa.go.tz/files/The%20Tanzania%20Civil%20Aviation%20Act%20(Consolidated)_1.pdf).

²³⁷ TCAA online information. Viewed at:

http://www.tcaa.go.tz/files/Written%20Laws%20Miscellaneous%20Amendments%20No%203Act,2013_1.pdf and <http://www.tcaa.go.tz/files/The%20Written%20Laws%20Miscellaneous%20Amendments%20No.3Act,2016.pdf>

²³⁸ TanzaniaInvest online information. Viewed at: <https://www.tanzaniainvest.com/transport>.

²³⁹ Burundi, Democratic Republic of the Congo, Rwanda, and Uganda.

²⁴⁰ CCTTFA online information. Viewed at: <http://centralcorridor-ttfa.org/about-us/achievements/>.

²⁴¹ Tanzania also has a number of inland lake ports.

Table 4.28 Transport statistics, Mainland, 2012-16

Item	Unit	2012	2013	2014	2015	2016
RAILWAY						
Tanzania Railways Limited (TRL)						
Railway length	km	2,707	2,707	2,707	2,707	2,707
Transportation						
Passengers	'000	339	373	170	196.4	1,707
Freight	'000 tonnes	154	185	127	282.6	102
Tanzania Zambia Railway (TAZARA)						
Railway length ^a	km	970	970	1,860	1,860	1,860
Transportation						
Passengers	'000	678	654	287	327	440
Freight	'000 tonnes	259	245	33	81	96
SHIPPING						
Dar es Salaam port						
Total number of ships	Number	1,600	742	1,426	4,028	1,600
Net registered capacity	'000 tonnes	24,496	13,359	23,278	24,506	31,212
Total passengers	'000	374,530	347	1,000	1,023	1,748
Total cargo handled	'000 dwt	10,122	5,547	9,082	9,369	10,814
Tanga port						
Total number of ships	Number	232	92	64	63	87
Net registered capacity	'000 tonnes	1,378	700	990	620	945
Total passengers	'000	2,865	0	0	0	0
Total cargo handled	'000 dwt	608	271	536	475	500
Mtwara port						
Total number of ships	Number	498	339	428	166	113
Net registered capacity	'000 tonnes	1,557	1,245	1,343	475	778
Total passengers	'000	0	0	0	0	0
Total cargo handled	'000 dwt	178	144	248	125	379
Zanzibar port						
Trips entry/exit	Number	4,992	4,083	9,414	7,812	7,227
Passengers	'000	2,086	2,862	2,997	2,289	2,461
Cargo	Tonnes	170,140	196,933	221,262	370,738	402,091
Containers	TEUs	4,992	4,083	9,414	7,812	7,227
AIR						
Air Tanzania Corporation (ATC)						
Tonne-km available		1,932	6,154	3,052	60,042	3,937
Seats-km available		15,131	54,665	3,680	21,693	37,877
ROADS						
Trunk roads						
Paved	Km	..	5,823	5,953	6,390	6,274
Unpaved	Km	..	4,459	4,054	3,740	3,600
Sub total	Km	..	10,282	10,007	10,130	9,874
Regional roads						
Paved	Km	..	831	845	1,012	1,080
Unpaved	Km	..	20,080	20,644	19,450	20,416
Sub total	Km	..	20,911	21,489	20,462	21,496
Total	Km	..	31,193	31,496	30,592	31,370

.. Not available.

a Includes total length, of which not all is in Tanzania.

Source: Tanzania Railway Corporation (TRC); Tanzania Zambia Railway Authority (TAZARA); Tanzania Ports Authority; Air Tanzania Corporation Ltd. (ATCL); and TANROADS. *Statistical Abstract 2016*. Bureau of Statistics online information. Viewed at: https://nbs.go.tz/nbs/takwimu/Abstracts/Statistical_Abstract_2016.pdf. Zanzibar Port Corporation.

5 APPENDIX TABLES

Table A1. 1 Merchandise domestic exports by destination, 2012-17

	2012	2013	2014	2015	2016	2017
Total domestic exports (USD million)	5,547.2	5,174.7	5,732.0	5,854.2	4,763.6	4,184.9
	% of total					
Americas	1.8	1.5	2.9	2.4	1.5	1.7
United States	1.3	1.2	2.5	0.9	1.2	1.5
Other America	0.5	0.3	0.3	1.6	0.3	0.2
Europe	28.6	18.1	14.0	13.3	29.6	17.5
EU(28)	13.8	10.0	11.2	10.6	13.3	11.0
Belgium	2.8	1.7	1.7	2.5	6.0	4.6
Netherlands	2.2	1.3	0.9	1.3	1.3	1.7
Germany	5.3	3.1	3.9	3.9	2.4	1.2
Italy	0.9	1.1	0.9	0.6	0.9	0.9
EFTA	14.8	8.0	2.8	2.7	16.2	6.3
Switzerland	14.4	7.9	2.6	2.6	16.2	6.3
Other Europe	0.0	0.1	0.0	0.1	0.1	0.2
Commonwealth of Independent States (CIS)	0.2	0.2	0.2	0.2	0.3	0.3
Africa	39.1	48.9	38.2	39.3	34.8	37.3
South Africa	17.7	14.8	12.1	11.5	13.3	16.7
Kenya	6.3	16.7	7.8	13.6	6.6	7.0
Democratic Republic of the Congo	3.4	4.8	4.9	3.4	6.2	3.7
Comoros	0.0	0.0	0.0	3.2	3.6	2.1
Malawi	1.9	0.9	0.7	1.0	0.6	1.7
Rwanda	1.9	2.2	0.6	0.7	0.1	1.4
Burundi	1.0	1.3	0.8	0.7	1.1	1.2
Zambia	1.5	1.9	2.4	0.8	0.7	1.1
Uganda	1.9	1.5	1.3	0.9	1.2	0.7
Middle East	2.4	2.4	2.1	7.6	2.1	3.2
United Arab Emirates	1.7	1.7	1.5	2.7	1.3	2.1
Asia	27.9	28.9	42.7	37.2	31.8	40.1
China	9.5	6.0	12.0	9.6	7.5	3.4
Japan	5.4	4.3	4.3	3.9	2.9	1.8
Other Asia	13.1	18.6	26.4	23.6	21.4	34.9
India	8.7	14.5	22.0	19.6	14.8	23.5
Viet Nam	0.5	0.6	1.2	1.2	3.1	7.5
Hong Kong, China	0.4	0.6	0.6	0.6	0.6	1.0
Pakistan	0.6	0.2	0.3	0.3	0.3	0.7
Korea, Republic of	0.3	0.1	0.1	0.3	0.8	0.6
Other	0.0	0.0	0.0	0.0	0.0	0.0
Memo:						
EAC ^a	11.1	21.6	10.5	15.8	9.1	10.4

a Including all EAC WTO Members.

Source: WTO Secretariat's calculations, based on data provided by the authorities.

Table A1. 2 Merchandise domestic exports by group of products, 2012-17

	2012	2013	2014	2015	2016	2017
Total domestic exports (USD million)	5,547.2	5,174.7	5,732.0	5,854.2	4,763.6	4,184.9
	% of total					
Total primary products	49.6	40.6	62.3	55.8	48.7	47.2
Agriculture	32.1	29.2	47.2	43.9	40.4	43.7
Food	26.4	25.3	44.4	40.6	36.9	39.9
0577 - Edible nuts, fresh or dried, whether or not shelled or peeled	3.0	3.7	7.0	4.3	7.4	13.1
1212 - Tobacco, wholly or partly stemmed/stripped	3.3	1.8	3.2	3.6	7.5	4.5
0711 - Coffee, not roasted; coffee husks and skins	3.3	3.1	2.1	2.6	3.2	3.0
0542 - Leguminous vegetables, dried, shelled, whether or not skinned or split	1.8	1.7	3.1	4.5	3.4	2.2
0345 - Fish filets, fresh or chilled, and other fish meat	1.1	1.4	1.4	1.8	1.7	2.0
2225 - Sesame (Sesamum) seeds	1.4	2.4	5.7	2.2	2.7	1.8
0561 - Vegetables, dried, whole, cut, sliced, broken or in powder, but not further prepared	0.0	0.1	0.1	1.5	0.1	1.6
0344 - Fish filets, frozen	1.5	0.8	1.2	0.7	0.7	1.4
0461 - Flour of wheat or of meslin	0.8	0.7	0.3	0.3	0.2	1.3
0011 - Bovine animals, live	0.0	0.0	0.0	0.1	0.0	1.3
0741 - Tea, whether or not flavoured	1.0	1.1	0.8	0.8	0.9	1.2
0752 - Spices (except pepper and pimento)	0.7	0.8	0.5	0.4	0.2	0.7
Agricultural raw material	5.7	4.0	2.8	3.4	3.5	3.8
2690 - Worn clothing and other worn textile articles; rags	0.1	0.0	0.0	0.0	0.6	0.7
Mining	17.5	11.4	15.0	11.9	8.3	3.6
Ores and other minerals	16.1	8.5	13.1	9.5	7.2	2.1
2891 - Precious metal ores and concentrates	7.6	5.8	9.9	8.0	6.8	1.5
Non-ferrous metals	0.2	0.2	0.3	0.2	0.2	0.4
Fuels	1.3	2.8	1.7	2.2	0.9	1.1
Manufactures	16.8	29.4	14.5	19.7	16.4	15.9
Iron and steel	0.9	1.0	0.5	0.3	0.2	0.6
Chemicals	2.8	2.4	2.5	1.9	2.2	3.6
5541 - Soap; organic surface-active products and preparations for use as soap	0.4	0.4	0.3	0.3	0.3	1.3
Other semi-manufactures	4.2	4.5	3.2	3.9	8.2	4.9
6672 - Diamonds (other than sorted industrial diamonds)	0.0	0.0	0.0	0.0	0.6	1.5
6414 - Kraft paper and paperboard, uncoated, n.e.s., in rolls or sheets	0.3	0.5	0.4	0.4	0.5	0.7
Machinery and transport equipment	4.9	17.3	2.8	6.9	1.1	0.9
Power generating machines	0.3	0.5	0.1	0.1	0.1	0.0
Other non-electrical machinery	2.5	13.2	1.0	0.3	0.3	0.4
Agricultural machinery and tractors	0.1	0.5	0.0	0.0	0.0	0.0
Office machines & telecommunication equipment	0.2	0.2	0.4	6.1	0.2	0.1
Other electrical machines	0.4	0.4	0.1	0.4	0.1	0.1
Automotive products	0.2	0.6	0.3	0.1	0.1	0.1
Other transport equipment	1.3	2.4	0.7	0.0	0.2	0.2
Textiles	1.9	2.0	3.2	4.5	1.7	2.9
6585 - Curtains and other furnishing articles, n.e.s., of textile materials	1.0	1.0	1.2	0.5	0.3	0.7
6575 - Twine, cordage, ropes and cables and manufactures thereof	0.2	0.2	1.2	3.0	0.3	0.6
Clothing	0.2	0.3	0.4	0.4	1.0	1.4
Other consumer goods	1.8	1.8	2.0	1.7	1.9	1.6
Other	33.6	30.0	23.2	24.4	34.9	36.8
9710 - Gold, non-monetary	33.6	29.9	23.2	24.4	34.9	36.8

Source: WTO Secretariat's calculations, based on data provided by the authorities.

Table A1. 3 Merchandise exports by destination, including re-exports, 2012-17

	2012	2013	2014	2015	2016	2017
Total exports (USD million)	5,733.1	5,936.8	6,909.7	6,191.7	4,951.4	4,314.1
	% of total					
Americas	1.8	1.3	2.6	3.0	1.7	1.7
United States	1.2	1.0	2.2	1.5	1.4	1.5
Other America	0.6	0.3	0.3	1.5	0.3	0.2
Europe	27.9	16.0	11.7	13.2	28.9	17.2
EU(28)	13.6	8.9	9.4	10.2	13.2	11.0
Belgium	2.7	1.5	1.4	2.4	5.8	4.6
Netherlands	2.2	1.2	0.8	1.3	1.4	1.7
Germany	5.1	2.8	3.2	3.7	2.3	1.1
Italy	0.9	1.0	0.8	0.6	0.9	0.8
EFTA	14.3	7.0	2.3	2.9	15.6	6.1
Switzerland	13.9	6.9	2.2	2.5	15.6	6.1
Other Europe	0.0	0.1	0.0	0.1	0.1	0.2
Commonwealth of Independent States (CIS)	0.2	0.2	0.1	0.2	0.3	0.3
Africa	40.6	55.1	46.7	40.9	35.8	38.5
South Africa	17.3	13.0	21.3	11.0	13.2	16.4
Kenya	6.4	25.2	8.4	13.2	6.8	7.2
Democratic Republic of the Congo	3.3	4.3	4.6	4.2	6.1	3.9
Comoros	0.1	0.0	0.2	3.0	3.5	2.0
Malawi	2.1	0.9	0.6	1.0	0.8	1.8
Rwanda	2.4	2.4	0.7	0.7	0.3	1.6
Zambia	1.6	1.7	2.1	0.8	0.8	1.4
Burundi	1.1	1.5	0.9	0.7	1.1	1.2
Uganda	2.4	1.5	1.3	0.9	1.3	0.8
Middle East	2.3	2.1	2.8	7.3	2.6	3.3
United Arab Emirates	1.7	1.5	2.3	2.7	1.7	2.2
Asia	27.1	25.3	36.0	35.4	30.7	39.0
China	9.2	5.3	10.1	9.3	7.2	3.3
Japan	5.2	3.7	3.6	3.7	2.8	1.7
Other Asia	12.7	16.3	22.4	22.4	20.7	33.9
India	8.4	12.7	18.3	18.6	14.3	22.8
Viet Nam	0.5	0.5	1.0	1.1	3.0	7.3
Hong Kong, China	0.4	0.5	0.5	0.5	0.6	1.0
Pakistan	0.6	0.1	0.2	0.3	0.3	0.7
Korea, Republic of	0.3	0.1	0.1	0.3	0.8	0.6
Other	0.0	0.0	0.0	0.0	0.0	0.0
Memo:						
EAC ^a	12.3	30.6	11.3	15.5	9.5	10.9

a Including all EAC WTO Members.

Source: WTO Secretariat's calculations, based on data provided by the authorities.

Table A1. 4 Merchandise exports by group of products, including re-exports, 2012-17

	2012	2013	2014	2015	2016	2017
Total exports (USD million)	5,733.1	5,936.8	6,909.7	6,191.7	4,951.4	4,314.1
	% of total					
Total primary products	48.6	36.3	52.7	54.0	47.4	46.2
Agriculture	31.5	25.6	39.6	42.5	39.0	42.5
Food	26.0	22.2	37.2	39.3	35.7	38.9
0577 - Edible nuts, fresh or dried, whether or not shelled or peeled	2.9	3.2	5.8	4.1	7.1	12.7
1212 - Tobacco, wholly or partly stemmed/stripped	3.2	1.6	2.7	3.4	7.3	4.4
0711 - Coffee, not roasted; coffee husks and skins	3.2	2.7	1.8	2.5	3.1	2.9
0542 - Leguminous vegetables, dried, shelled, whether or not skinned or split	1.8	1.4	2.6	4.3	3.2	2.2
0345 - Fish fillets, fresh or chilled, and other fish meat	1.1	1.3	1.2	1.7	1.6	1.9
2225 - Sesame (Sesamum) seeds	1.4	2.1	4.7	2.1	2.6	1.7
0561 - Vegetables, dried, whole, cut, sliced, broken or in powder, but not further prepared	0.0	0.1	0.1	1.5	0.1	1.5
0344 - Fish fillets, frozen	1.4	0.7	1.0	0.6	0.7	1.4
0461 - Flour of wheat or of meslin	0.7	0.7	0.2	0.3	0.2	1.3
0011 - Bovine animals, live	0.0	0.0	0.0	0.1	0.0	1.2
0741 - Tea, whether or not flavoured	1.0	0.9	0.6	0.7	0.9	1.1
0752 - Spices (except pepper and pimento)	0.7	0.7	0.5	0.4	0.2	0.6
Agricultural raw material	5.5	3.4	2.4	3.2	3.4	3.6
2690 - Worn clothing and other worn textile articles; rags	0.1	0.0	0.0	0.0	0.6	0.7
Mining	17.1	10.6	13.2	11.5	8.3	3.7
Ores and other minerals	15.6	7.4	10.8	9.0	6.9	2.0
2891 - Precious metal ores and concentrates	7.3	5.1	8.2	7.6	6.5	1.5
Non-ferrous metals	0.2	0.1	0.3	0.2	0.2	0.4
Fuels	1.3	3.1	2.1	2.3	1.2	1.3
Manufactures	18.9	37.6	28.0	22.9	19.1	18.1
Iron and steel	0.9	0.9	0.5	0.5	0.4	0.6
Chemicals	3.7	2.7	2.3	2.1	2.6	4.2
541 - Soap; organic surface-active products and preparations for use as soap	0.4	0.3	0.3	0.3	0.3	1.2
5621 - Mineral or chemical fertilizers, nitrogenous	0.9	0.5	0.2	0.4	0.4	0.8
Other semi-manufactures	4.2	4.0	2.9	4.0	8.1	4.9
6672 - Diamonds (other than sorted industrial diamonds)	0.0	0.0	0.0	0.0	0.5	1.5
6414 - Kraft paper and paperboard, uncoated, n.e.s., in rolls or sheets	0.3	0.4	0.3	0.4	0.5	0.7
Machinery and transport equipment	6.0	26.1	17.3	9.2	3.3	2.4
Power generating machines	0.4	0.5	0.4	0.1	0.3	0.2
Other non-electrical machinery	3.0	21.4	1.7	1.5	1.2	1.2
Agricultural machinery and tractors	0.2	0.8	0.1	0.0	0.0	0.0
Office machines & telecommunication equipment	0.2	0.3	0.4	5.9	0.3	0.2
Other electrical machines	0.5	0.4	0.3	0.5	0.3	0.2
Automotive products	0.3	0.7	0.5	0.4	0.5	0.5
Other transport equipment	1.6	2.9	14.0	0.7	0.7	0.2
Textiles	1.9	1.8	2.7	4.5	1.7	2.8
6585 - Curtains and other furnishing articles, n.e.s., of textile materials	1.0	0.8	1.0	0.5	0.3	0.7
Clothing	0.2	0.3	0.5	0.6	1.0	1.4
Other consumer goods	1.9	1.8	1.8	1.9	2.0	1.7
Other	32.5	26.2	19.3	23.1	33.6	35.7
9710 - Gold, non-monetary	32.5	26.1	19.2	23.1	33.6	35.7

Source: WTO Secretariat's calculations, based on data provided by the authorities.

Table A1. 5 Merchandise imports by group of products, 2012-17

	2012	2013	2014	2015	2016	2017
Total imports (USD million)	11,715.7	12,525.4	12,288.9	14,784.2	7,913.9	7,761.3
	% of total					
Total primary products	44.6	48.3	39.7	57.7	31.3	31.9
Agriculture	11.1	8.6	10.5	6.4	12.0	11.2
Food	10.3	7.9	9.5	5.7	10.8	10.2
4222 - Palm oil and its fractions	2.1	1.5	2.9	1.6	3.4	3.3
0412 - Other wheat (including spelt) and meslin, unmilled	3.5	2.5	2.5	1.5	2.4	2.0
0612 - Other beet or cane sugar and chemically pure sucrose	1.3	1.1	0.8	0.7	1.6	1.4
Agricultural raw material	0.8	0.7	1.0	0.7	1.3	1.1
Mining	33.5	39.7	29.1	51.3	19.3	20.6
Ores and other minerals	0.3	0.4	0.3	0.3	0.6	0.4
Non-ferrous metals	0.5	0.5	0.8	0.4	0.6	0.6
Fuels	32.6	38.7	28.0	50.6	18.1	19.7
334 - Petroleum oils and oils obtained from bituminous minerals (other than crude)	31.0	37.2	26.8	49.8	17.0	18.1
Manufactures	55.4	51.7	60.3	42.2	68.7	68.1
Iron and steel	4.1	6.3	4.3	2.4	3.8	4.0
6732 - Flat-rolled products of iron or non-alloy steel, not clad, plated or coated	0.2	0.3	0.1	0.1	0.1	1.5
Chemicals	10.5	11.2	14.5	10.4	16.9	19.4
5429 - Medicaments, n.e.s.	1.1	1.2	2.5	2.1	3.1	4.0
5711 - Polyethylene	0.8	1.0	1.2	0.8	1.2	1.2
5751 - Polymers of propylene or of other olefins	1.0	0.9	1.1	0.7	1.1	1.1
5986 - Organic chemical products, n.e.s.	0.2	0.2	0.3	0.2	0.5	1.0
5629 - Fertilizers, n.e.s.	0.4	0.6	0.4	0.7	0.8	1.0
5514 - Mixtures of odoriferous substances and mixtures	0.4	0.5	0.6	0.4	0.9	0.9
5621 - Mineral or chemical fertilizers, nitrogenous	0.8	0.8	0.6	0.4	0.8	0.9
5416 - Glycosides; glands or other organs and their extracts; antisera, vaccines and similar products	0.2	0.5	0.7	0.4	0.6	0.8
Other semi-manufactures	7.4	7.1	8.8	5.6	9.4	7.8
6252 - Tyres, pneumatic, new, of a kind used on buses or lorries	0.7	0.8	0.8	0.5	0.9	0.9
Machinery and transport equipment	28.3	22.3	27.0	19.6	31.1	29.7
Power generating machines	1.3	0.8	1.4	0.6	1.5	3.4
7148 - Gas turbines, n.e.s.	0.1	0.0	0.6	0.0	0.1	1.2
Other non-electrical machinery	8.6	5.2	8.1	5.1	9.7	8.7
7239 - Parts of the machinery of civil engineering and contractors' plant and equipment, ships' derricks; cranes, etc.	2.0	1.1	1.0	0.6	1.2	1.0
Agricultural machinery and tractors	0.5	0.4	0.6	0.4	0.6	0.8
Office machines & telecommunication equipment	3.7	3.5	3.2	3.7	4.3	3.9
7643 - Transmission apparatus for radio-telephony, radio-telegraphy, radio-broadcasting or television	0.2	0.3	0.3	0.2	0.4	1.2
Other electrical machines	2.8	2.2	3.3	3.3	4.3	3.9
Automotive products	7.7	7.2	7.3	4.5	7.5	5.9
7812 - Motor vehicles for the transport of persons, n.e.s.	2.6	2.5	2.6	1.6	2.6	2.0
7821 - Motor vehicles for the transport of goods	2.2	2.1	1.8	0.9	1.8	1.6
7832 - Road tractors for semi-trailers	1.7	1.4	1.3	0.9	1.2	0.8
Other transport equipment	4.2	3.5	3.6	2.4	3.8	3.9
7851 - Motorcycles and cycles fitted with an auxiliary motor	0.6	0.8	0.8	0.6	1.1	0.9
Textiles	1.0	0.9	0.9	0.9	2.0	1.7
Clothing	0.5	0.6	0.6	0.4	0.9	0.8
Other consumer goods	3.6	3.3	4.2	3.0	4.7	4.8
Other	0.0	0.0	0.0	0.0	0.0	0.0

Source: WTO Secretariat's calculations, based on data provided by the authorities.

Table A1. 6 Merchandise imports by origin, 2012-17

	2012	2013	2014	2015	2016	2017
Total imports (USD million)	11,715.7	12,525.4	12,288.9	14,784.2	7,913.9	7,761.3
	% of total					
Americas	4.7	3.1	4.2	2.9	5.1	4.0
United States	2.0	1.9	2.9	2.2	3.2	2.5
Other America	2.7	1.2	1.3	0.7	1.9	1.5
Europe	27.4	25.8	21.3	10.3	15.0	17.7
EU(28)	12.4	9.9	10.4	6.8	12.4	14.0
Germany	1.6	1.4	2.0	1.1	2.4	3.8
United Kingdom	3.1	2.2	2.1	1.2	2.0	2.1
Italy	1.0	0.7	0.6	0.5	1.1	1.3
Netherlands	1.4	1.1	1.4	0.6	1.3	1.0
France	0.9	0.8	0.6	0.6	0.9	0.9
Finland	0.2	0.3	0.5	0.3	0.4	0.9
Belgium	1.9	1.2	1.0	0.4	0.8	0.8
EFTA	14.0	13.2	7.5	2.9	1.7	2.4
Switzerland	13.5	12.9	7.1	2.9	1.6	2.2
Other Europe	1.0	2.7	3.4	0.5	0.8	1.4
Turkey	1.0	1.0	1.1	0.5	0.8	1.0
Commonwealth of independent states (CIS)	1.1	1.0	1.2	1.1	1.5	1.3
Russian Federation	0.7	0.6	1.0	0.8	1.4	1.2
Africa	15.8	11.4	12.1	6.8	12.5	19.4
South Africa	8.0	5.8	4.8	3.5	6.0	13.7
Kenya	4.8	2.7	5.2	1.6	3.4	2.5
Middle East	20.7	14.5	12.3	47.6	11.6	13.0
United Arab Emirates	8.8	9.5	9.3	5.7	7.5	6.7
Saudi Arabia, Kingdom of	2.0	1.8	1.6	40.6	2.8	5.2
Asia	30.3	44.3	48.9	31.2	54.2	44.6
China	9.9	12.7	16.1	12.6	20.8	17.5
Japan	4.4	4.1	4.4	2.7	4.7	5.1
Other Asia	15.9	27.4	28.3	15.9	28.7	22.1
India	7.5	18.4	19.3	8.6	18.1	12.7
Malaysia	0.8	0.9	3.1	1.1	3.3	1.8
Korea, Republic of	1.0	1.2	1.3	1.5	2.1	1.6
Indonesia	2.0	1.2	0.7	1.0	0.8	1.4
Thailand	0.6	0.7	0.8	0.6	1.0	1.1
Australia	1.1	1.3	1.1	0.7	0.8	0.8
Other	0.0	0.0	0.0	0.0	0.0	0.1
Memo:						
EAC ^a	5.8	3.2	5.6	1.9	3.8	2.9

a Including all EAC WTO Members.

Source: WTO Secretariat's calculations, based on data provided by the authorities.

Table A3. 1 Excise taxes on goods and services, Zanzibar, 2017

HS Code	Description	Unit	Rate
20.09	Imported fruit juices (including grapes must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter	L	TZS 210.00 per litre
22.02	Water, including mineral waters and aerated waters containing added sugar or other sweetening matter of flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of Heading No. 20.09	L	TZS 210.00 per litre
2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	L	TZS 61.00 per litre
2202.90.00	Other	L	TZS 58.00 per litre
2202.91.00	Non-alcoholic beer	L	TZS 561.00 per litre
2203	Beer made from malt		
2203.00.10	Stout and porter	L	TZS 765.00 per litre
2203.00.90	Other	L	TZS 765.00 per litre
22.04	Wine of fresh grapes, including fortified wines; grape must other than that of heading No. 20.09		
2204.10.00	Sparkling wine		
2204.10.10	Beer with the grapes content exceeding 75%	L	TZS 2,349.00 per litre
2204.10.90	Other	L	TZS 2,236.00 per litre
2204.21.00	With the grapes content exceeding 75%	L	TZS 2,349.00 per litre
2204.21.00	Other	L	TZS 2,349.00 per litre
2204.29.00	Other	L	TZS 2,349.00 per litre
2204.30.10	With the grapes content exceeding 75%	L	TZS 2,349.00 per litre
2205.30.90	Other	L	TZS 2,349.00 per litre
2205.10.00	With the grapes content exceeding 75%	L	TZS 2,349.00 per litre
2205.10.90	Other	L	TZS 2,349.00 per litre
2205.90.10	With the grapes content exceeding 75%	L	TZS 2,349.00 per litre
2205.90.90	Other	L	TZS 2,349.00 per litre
2206.00.10	Cider	L	TZS 2,349.00 per litre
2206.00.20	Beer made from 100% local un-malted cereals	L	TZS 429.00 per litre
2206.00.90	Other	L	TZS 2,349.00 per litre
2208.20.00	Spirits obtained by distilling fermented sugar cane products	L	TZS 3,481.00 per litre
2208.30.00	Whiskies	L	TZS 3,481.00 per litre
2208.40.00	Rum and other spirits obtained by distilling fermented sugar cane products	L	TZS 3,481.00 per litre
2208.50.00	Gin and Geneva	L	TZS 3,481.00 per litre
2208.60.00	Vodka	L	TZS 3,481.00 per litre
2208.70.00	Liqueurs and cordials	L	TZS 3,481.00 per litre
2208.90.10	Distilled spirits e.g. Konyagi, Uganda waragi	L	TZS 3,481.00 per litre
2208.90.00	Other	L	TZS 3,481.00 per litre
24.02	Cigar, cheroots and cigaritto, containing tobacco	kg	30%
2402.20.10	Without filter tip and containing domestic tobacco contents exceeding 75%	mil	TZS 12,447.00 per mil
2402.20.90	Without filter tip and the domestic tobacco contents exceeding 75%	mil	TZS 29,425.00 per mil
24.03	Other	mil	TZS 53,235.00 per mil
2403.10.10	Other	mil	TZS 53,235.00 per mil
2403.10.10	Cut rag/filler	kg	TZS 26,888.00 per kg
2403.19.00	Water pipe tobacco specified in sub-heading note one to this chapter	kg	30%
2403.19.00	Other	kg	30%
2403.91.00	Homogenized or reconstituted tobacco	kg	30%
2403.99.00	Other	kg	30%
2710.12.10	Motor spirit (gasoline) regular	L	TZS 379.00 per litre
2710.12.20	Motor spirit (gasoline) premium	L	TZS 379.00 per litre
2710.19.21	Kerosene type jet fuel	L	Nil
2710.19.22	Illuminating kerosene	L	TZS 122.00 per litre
2710.19.29	Other medium oils and preparations	L	TZS 8.7145 per litre
2710.19.31	Gas oil (automotive, light, amber for high speed engines)	L	TZS 255.00 per litre
2710.19.32	Diesel oils (industrial, heavy black for low speed marine and stationary engines)	L	TZS 201.00 per litre
2710.19.41	Residual fuel oils (marine, furnaces and similar fuel oils) of 180 centistokes	L	TZS 97.00 per litre
2710.19.42	Residual fuel oils (marine, furnaces and similar fuel oils) of 180 centistokes	L	TZS 97.00 per litre
2710.19.43	Residual fuel oils (marine, furnaces and similar fuel oils) of 280 centistokes	L	TZS 97.00 per litre
2710.19.49	Other residual fuel oils	L	TZS 97.00 per litre
2710.19.51	Lubricating oils	L	TZS 500 per m ³
2710.19.52	Lubricating greases	L	TZS 0.75 per kg
2711.11.00	Natural gas	kg	TZS 114.00 per kg
2711.12.00	Propane	kg	TZS 114.00 per kg
2711.13.00	Butane	kg	TZS 114.00 per kg
2711.14.00	Ethylene, propylene, butylene and butadiene	kg	TZS 114.00 per kg
2711.19.00	Other	kg	TZS 114.00 per kg
3923.21.00	Of polymers of ethylene	kg	120%
3923.21.10	Shopping bags	kg	120%
3923.29.10	Shopping bags	kg	120%
8523.29.90	Recorded video and audio tape	u	TZS 50.00 per unit

HS Code	Description	Unit	Rate
8523.40.90	Recorded DVD, VCD, CD	u	TZS 50.00 per unit
8702.10.20	Of cubic capacity of 2,000 or more than seating capacity not exceeding 10 persons	u	10%
8703.22.90	Other	u	5%
8703.23.01	Of a cylinder capacity exceeding 1,500 cc but not exceeding 2,000 cc	u	5%
8703.23.99	Other	u	10%
8703.24.90	Other	u	10%
8703.31.91	Of a cylinder not exceeding 1,000 cc	u	Nil
8703.31.99	Other	u	5%
8703.32.91	Of a cylinder capacity exceeding 1,500 cc but not exceeding 2,000 cc	u	5%
8703.32.99	Other	u	10%
	Of a cylinder capacity exceeding 2,500 cc	u	5%
8703.33.90	Other	u	10%
8802.11.00	Of an unladen weight not exceeding 2,000 kg	u	20%
8802.12.00	Of an unladen weight exceeding 2,000 kg	u	20%
8802.20.00	Aeroplanes and other aircrafts of an unladen weight not exceeding 2,000 kg	u	20%
8802.30.00	Aeroplanes and other aircrafts of an unladen weight exceeding 15,000 kg	u	20%
8802.40.00	Aeroplanes and other aircrafts of an unladen weight exceeding 2,000 kg but not 15,000 kg	u	20%
9401.30.00	Swivel seats with variable height adjustment	u	20%
9401.40.00	Seats other than garden seats or camping equipment, convertible into beds	u	20%
9401.51.00	Of bamboo rattan	u	20%
9401.59.00	Other	u	20%
9401.61.00	Upholstered	u	20%
9401.69.00	Other	u	20%
9401.71.00	Upholstered	u	20%
9401.79.00	Other	u	20%
9401.80.00	Other seats	u	20%
9401.90.00	Parts	kg	20%
9403.10.00	Metal furniture of kind used in offices	kg	20%
9403.20.00	Other metal furniture	u	20%
9403.30.00	Wooden furniture of kind used in offices	u	20%
9403.40.00	Wooden furniture of kind used in the kitchen	u	20%
9403.50.00	Wooden furniture of kind used in the bedroom	u	20%
9403.60.00	Other wooden furniture	u	20%
9403.70.00	Furniture of plastics	kg	20%
9403.81.00	Of bamboo or rattan	kg	20%
9403.89.00	Other	kg	20%
9403.90.00	Parts	kg	20%
	Imported non-utility vehicle of 10 years or more from the year of its manufacture	u	25%
	Imported used spare parts motor vehicle, bicycles, motorcycles and used domestic appliances including refrigerators, washing machines, electric cookers, microwave ovens, vacuum cleaners, electric fences, air conditioners, electric radiators and all other related products, electric appliances including televisions, cartridges, printers, photocopiers, mobile phones and all other related products	u	25%
	Electronic communication services		17% of the dutiable value
	Pay to view television service provided by licensed cable television network or cable operator other than the Government or the Local Government Authority Operator		5% of the dutiable value
	Services provided by financial institutions		10% on charges or fees payable by a person receiving the service
	Money transfer and payment services provided by telecommunication service provider		10% on charges or fees payable by a person receiving the service
	Other imported service		12% of the dutiable value

Source: Act No. 8 of 2017, Excise Duty Act. Zanzibar House of Representatives online information. Viewed at: http://www.zanzibarassembly.go.tz/act_2017/act_8.pdf.

Table A3. 2 State enterprises, 2014

	Enterprise	Gvt shares (%)	Ministry oversight	Total income	Gvt subvention	Gain or loss	Total assets
Business-oriented institutions which the government is minority shareholder							
1	Arusha International Conference Centre (AICC)	100	Foreign Affairs	11,584,862,785.00	0	871,809,271.00	34,944,934,518.00
2	Business Registrations & Licensing Agency (BRELA)	100	Industries and Trade	2,658,812,906.00	0	789,607,460.00	11,699,363,780.00
3	Consolidated Holdings Corporation	100	Ministry of Finance	15,126,000,000.00	0	7,761,000,000.00	43,080,000,000.00
4	Contractors Registration Board	100	Ministry of Work	8,895,233,000.00	0	929,975,000.00	10,120,611,000.00
5	Energy & Water Utilities Regulatory Authority (EWURA)	100	Energy & Minerals	29,196,100,000.00	0	8,727,530,000.00	20,708,550,000.00
6	Medical Store Department (MSD)	100	Health and Social Welfare	243,730,243,369.00	0	605,031,619.00	294,852,294,157.00
7	National Development Corporation	100	Industries Trade & Marketing	6,261,639,000.00	0	3,007,857,000.00	135,061,663,000.00
8	National Institute for Productivity	100	Prime Minister's Office	774,547,266.00	0	(421,421,396.00)	16,376,607,792.00
9	National Ranching Company Limited (NARCO)	100	Livestock Development & Fisheries	5,914,159,000.00	0	(927,184,000.00)	154,779,817,000.00
10	Ngorongoro Conservation Area Authority (NCAA)	100	Natura Resources & Tourism	60,493,557,032.00	0	10,626,082,227.00	45,247,531,001.00
11	Sugar Board of Tanzania	100	Agriculture and Cooperatives	3,735,012,000.00	0	1,068,723,000.00	29,424,194,000.00
12	SUMATRA	100	Transport	23,048,771,000.00	0	2,848,483,000.00	24,497,113,000.00
13	Tanzania Civil Aviation Authority	100	Transport	32,310,691,000.00	0	1,157,229,000.00	36,240,690,000.00
14	Tanzania Communication Regulatory Authority	100	Science, Communication & Technology	73,622,124,207.00	0	12,042,380,296.00	123,632,908,544.00
15	Tanzania Government Flights Agency	100	Ministry of Transport	16,852,807,466.30	0	18,202,123.38	126,309,055,925.91
16	Tanzania Insurance Regulatory Authority (TIRA)	100	Ministry of Finance	7,369,317,762.57	0	1,842,212,481.56	13,214,359,604.07
17	Tanzania National Parks (TANAPA)	100	Natura Resources & Tourism	124,805,920,000.00	0	(6,406,083,000.00)	126,827,524,000.00
18	TEMESA	100	Work	27,586,170,148.69	0	1,065,014,268.92	63,421,220,023.56
19	Unit Trust of Tanzania	100	Ministry of Finance	5,964,111,117.00	0	493,681,662.00	33,865,355,400.00
20	VETA	100	Education & Vocational Training	60,511,094,000.00	0	(24,831,000.00)	176,587,502,000.00
21	Tanganyika Instant Coffee	10	Agriculture and Cooperatives	5,595,278,670	0	755,894	824,496,702
22	Tanganyika Planting Company Ltd (TPC)	25	Agriculture and Cooperatives	27,794,607,528	0	1,117,482,742	152,761,464,734
23	Tanscan Timber Company Ltd	49	Natural Resources & Tourism	19,006,700	0	-3,802,400	239,800,451
24	Tanzania Development Finance Ltd	32.1		4,999,000,000	0	3,256,000,000	26,322,000,000
25	Tanzania National Reinsurance Corporation Limited	1 Golden Share	Ministry of Finance	60,398,892,592	0	2,237,019,951	64,771,452,182
26	Tanzania Pharmaceutical Industries Limited	40	Industries Trade & Marketing	303,499,691	0	-1,614,919,942	33,219,211,449
27	Tazama Pipelines Limited	33	Transport	65,819,849,184	0	6,574,644,763	331,604,832,978
28	TBL	4	Industries and Trade-	904,629,000,000	0	177,128,000,000	738,340,000,000
29	TCC	2.5	Industries and Trade	452,482,000,000	0	82,852,000,000	248,749,000,000
30	TOL	9.59	Industries and Trade	10,975,937,000	0	998,495,000	18,276,353,000

	Enterprise	Gvt shares (%)	Ministry oversight	Total income	Gvt subvention	Gain or loss	Total assets
31	Williamson Diamond Limited	25	Energy & Minerals -	21,876,172,500	0	21,876,172,500	0
Business-oriented institutions owned 100% by the government							
1	Air Tanzania Company Limited	100	Transport	57,077,648,000	0	-17,926,656,000	31,452,967,000
2	Bank of Tanzania	100	Ministry of Finance	366,632,006,000	0	-16,754,925,000	10,238,994,992,000
3	Dar es Salaam Water & Sewerage (DAWASCO)	100	Water	25,409,371,000	0	-9,996,736,000	14,833,293,000
4	DAWASA	100	Energy & Minerals	21,360,580,000	3,786,481,000	-17,159,384,000	24,913,968,000
5	Gaming Board of Tanzania	100	Ministry of Finance	5,464,784,130	0	937,800,433	4,720,179,904
6	Kilimanjaro Airport Development Company Limited	100	Transport	16,090,060,000	0	220,687,000	10,832,615,000
7	Marine Service Company	100	Livestock Development & Fisheries	12,575,328,016	907,000,000	-1,285,782,277	8,694,432,710
8	National Housing Corporation	100	Lands, Housing & Human Settlement Development	938,763,958,000	0	614,733,981,000	3,017,758,048,000
9	National Insurance Corporation (NIC)	100	Ministry of Finance	36,613,470,000	0	-7,694,683,000	136,629,605,000
10	Tanzania Broadcasting Corporation	100	Information Culture & Sports	20,741,008,948	9,095,995,370	-109,920,995	53,958,501,586
11	Tanzania Electric Supply Company Limited (TANESCO)	100	Energy & Minerals	1,263,834,000	0	-467,704,000	3,773,862,000
12	Tanzania Fertilizer Company	100	Agriculture and Cooperatives	13,824,691,024	0	-1,815,018,421	28,371,678,873
13	Tanzania Ports Authority	100	Transport	429,733,234,727	0	111,184,897,472	908,829,685,365
14	Tanzania Posts Corporation	100	Transport	28,206,283,580	0	1,405,655,978	152,762,126,734
15	Tanzania Railway Limited	100	Transport	47,337,606,000	18,024,300,000	-23,601,173,000	69,605,897,000
16	Tanzania Standards Newspaper	100	Information Culture & Sports	12,229,749,207	0	-599,398,869	15,641,974,930
17	Twiga Bancorp Limited	100	Ministry of Finance	9,056,040,000	0	-9,804,550,000	59,185,578,000
Zanzibar							
	People's Bank of Zanzibar (PBZ)						
	Zanzibar Insurance Corporation (ZIC)						
	Zanzibar Broadcasting Corporation (ZBC)						
	Zanzibar Newspaper Corporation (ZNC)						
	Zanzibar Library Services Board (ZLSB)						
	Zanzibar Ports Corporation (ZPC)						
	Shipping Corporation of Zanzibar (SCZ)						
	Zanzibar Housing Corporation (ZHC)						
Public non-financial corporations							
1	Amani Hotel	100					
2	Bwawani Hotel	100					
3	Furaha ya Visiwani Zanzibar	100					
4	Sauti ya Tanzania Zanzibar	100					
5	Shirika la Bandari	100					
6	Shirika la Biashara va Mazari	100					
7	Shirika la Meli	100					
8	Shirika la Utalii	100					
9	Television Zanzibar (TVZ)	100					
10	Zanzibar Electricity Company (ZECO)	100					
11	Zanzibar State Trading Company (ZSTC)	100					
Central government units							
1	Balaza la Kiswahili Zanzibar	100					

	Enterprise	Gvt shares (%)	Ministry oversight	Total income	Gvt subvention	Gain or loss	Total assets
2	Chuo cha Hoteli -Maruhubi	100					
3	Chuo cha Kiislarn	100					
4	Chuo cha Uturnishi	100					
5	Karume Technical College	100					
6	Mbweni Chuo cha Afva	100					
7	Nkurumah Teachers College	100					
8	Office of Chief Government Statistician (OCGS)	100					

Note: The other category of state enterprises under the authority of the Treasury Registrar, "Non-business oriented institutions, which do not receive government subventions" comprise 20 enterprises, but due to their non-business nature and non-funding status, they are not included here.

Source: Office of the Treasury Registrar online information. Viewed at:
http://www.tro.go.tz/index.php?option=com_jdownloads&task=download.send&id=4&catid=4&m=0&Itemid=174&lang=en.