ANNEX 4

TANZANIA

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APPENDIX TABLES

I. ECONOMIC ENVIRONMENT

(1) MAJOR FEATURES OF THE ECONOMY

1. The United Republic of Tanzania (comprising mainland Tanzania and Zanzibar[1]) has a land area of 945,000 square km, of which some 46% is arable land. It borders Kenya and Uganda to the north; Malawi, Mozambique, and Zambia to the south; the Democratic Republic of the Congo, Burundi, and Rwanda to the west; and the Indian Ocean to the east. The capital is Dodoma, while Dar es Salaam is the commercial and business centre. In 2010, Tanzania's fast growing population reached 44.8 million (1.3 million in Zanzibar), with some 74% living in rural areas. The annual population growth rate was 3%, and about 44.4% of the Tanzanians were in the 0-14 age group.[2]

2. For over a decade Tanzania has pursued macroeconomic stability and structural reforms, which have allowed it to transform into a more market-oriented and outward-looking economy, and achieve solid growth. Nevertheless, during the review period (2005-10), the Government's fiscal deficit widened, and the pace of structural reform and privatization slowed down, with the State maintaining a significant role in the economy. While GDP per capita in mainland Tanzania increased from US$393 to US$551 over the period, Tanzania remains a least developed country, with a third of its population living below the national poverty line (2008).[3] In 2011, Tanzania ranked 152nd out of 186 countries in the UNDP Human development Index. Hence, reducing poverty and responding to the demands for public services and infrastructure of a rapidly growing population, while committing to fiscal sustainability is currently one of the Government's major challenges.

3. The composition of Tanzania's GDP did not change significantly during the review period. Services continue to be the leading sector of the economy, accounting on average for some 48% of GDP (at constant prices) throughout the review years (Table I.1). Trade, real estate, public administration, and tourism-related activities are the main service subsectors in terms of GDP contribution. Tourism plays a crucial role, generating about 28% of the country's foreign exchange earnings[4], and an estimated 11% of total employment.[5] Agriculture (including forestry and fishing) remains a key sector, providing for three quarters of rural incomes and a third of merchandise exports, although its share in GDP declined from 27.7% to 23.4% in real terms between 2005 and 2011. Manufacturing, which is dominated by agri-processing, has increased its contribution to GDP (from 8.9% to 10.4% during 2005-11), but is still underdeveloped, facing high production costs and poor infrastructure. The mining sector has experienced a boom on the back of high international gold prices but, while it accounts for almost a third of merchandise exports, its contribution to GDP remains small (on average 2.5% of GDP over the review period).

4. The official unemployment rate was 4.3% of total labour force in 2006 (latest available year). Agricultural activities provided the highest proportion of total employment (74.6%), followed by services (20.3%) and industry (5.0%).[6] Tanzania has a significant informal sector, estimated at nearly

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[1] The Islands of Zanzibar (Unguja and Pemba) are situated some 30 km from mainland Tanzania in the Indian Ocean.

[2] National Bureau of Statistics (2011c).

[3] The proportion of the population living below the international poverty line of US$1.25 a day (in purchasing parity terms) was even higher in 2008 at about two thirds (UNDP, 2011).

[4] BOT *Monthly Economic Review*, November 2011. Viewed at: http://www.bot-tz.org/Publications/MonthlyEconomicReviews/MER_%20Nov_2011.pdf [February 2012].

[5] World Travel and Tourism Council data, in *Tanzania Review 2011/2012*.

[6] World Bank Development Indicators. Viewed at: http://databank.worldbank.org [March 2012].

60% of gross national income[7], which plays a crucial role in providing employment opportunities. The Tanzanian authorities estimate that there are currently about 4.5 million informal sector workers in the country.

5. Tanzania accepted the obligations of Article VIII of the IMF Agreement in July 1996. No restrictions are imposed on payments and transfers for current international transactions. Tanzania maintains a floating exchange rate regime, whereby official exchange rates are essentially market-determined, with only sporadic interventions by the Bank of Tanzania (BOT, the central bank) to smooth out excessive volatility. During the review period, the national currency, the Tanzanian shilling (T Sh), depreciated by over 50% to reach T Sh 1,589 per U.S. dollar by end-March 2012.[8]

6. Tanzania's second National Strategy for Growth and Reduction of Poverty (NSGRP), 2010/11-2014/15, was launched in January 2011. The NSGRP provides a framework for achieving the Millennium Development Goals and Tanzania's Development Vision 2025, focussing on productivity and growth, and agricultural and private sector development.[9]

7. Tanzania is currently implementing a three-year macroeconomic programme under the IMF's Policy Support Instrument (PSI), approved in June 2010, whose main objectives are to maintain a strong fiscal position, low inflation, and low risk of debt distress, while accelerating growth in line with the NSGRP.[10] Tanzania also receives support under several World Bank projects, including the Poverty Reduction Support Credit Programme designed to improve the investment climate and competitiveness, and to ensure macroeconomic stability and sound public finances. The African Development Bank Group provides support under Tanzania's Country Strategy Paper for 2011-2015. Tanzania is highly dependent on foreign aid.

(2) RECENT ECONOMIC DEVELOPMENTS

8. The Tanzanian economy continued to perform strongly during the period under review. Real annual GDP growth averaged 6.8% during 2005-11 in mainland Tanzania, and almost 6.0% in Zanzibar (Table I.1). In 2011, real GDP in mainland Tanzania grew by 6.4% (6.2% in Zanzibar). During the period under consideration, the main drivers of growth were private consumption and gross fixed capital formation, mainly public investment. Exports also performed well, owing in part to favourable gold prices, but their contribution to GDP was smaller than the share of imports, thus resulting in negative net exports throughout the review period. Among the main economic sectors, communications, financial intermediation, and tourism-related services experienced the highest average annual growth rates during 2005-10. The lowest average growth rates were in fisheries and agriculture; in the latter sector, slow growth was in part due to unfavourable climatic conditions.

9. Tanzania managed to weather the recent global economic crisis well. In order to mitigate its effects, the Government implemented a supportive policy involving temporary tax reductions and a stimulus package totalling some 2% of GDP. Although activity slowed down in some sectors, such as agriculture, mining, and tourism in the aftermath of the crisis, it rebounded in the second half of 2009

[7] Economic Commission for Africa, African Union (2012).
[8] Bank of Tanzania online information. Viewed at: http://www.bot-tz.org/Archive/ArchiveDirectory.asp [March 2012].
[9] Tanzania's second NSGRP is commonly referred to as MKUKUTA II and MKUZA II (for Zanzibar). It adopts a results-based approach focussing on three clusters: raising economic growth and reducing poverty; improving the quality of life and social well-being; and improving governance and accountability.
[10] IMF(2011).

and reached almost pre-crisis levels in 2010, reflecting in part the Government's counter-cyclical policies. Given its limited exposure to international markets, Tanzanian's financial sector remained sound throughout the crisis.

Table I.1
Economic indicators 2005-11

	2005	2006	2007	2008	2009	2010	2011[a]
National accounts							
GDP at current market prices (T Sh billion)	15,965	17,941	20,948	24,838	28,213	32,293	37,717
GDP at current market prices (US$ billion)	14.2	14.3	17.0	20.8	21.4	22.9	24.2
				(% of GDP)			
Government final consumption expenditure	17.6	17.5	19.3	17.4	17.5	16.1	..
Private final consumption expenditure	66.3	68.0	67.9	66.5	65.5	62.6	..
Gross fixed capital formation	24.7	27.2	29.2	29.3	28.4	31.5	..
Changes in inventories	0.4	0.4	0.4	0.4	0.5	0.5	..
Net exports	-8.9	-13.1	-16.9	-13.6	-11.9	-10.7	..
GDP growth rate at 2001 prices (%)							
Mainland	7.4	6.7	7.1	7.4	6.0	7.0	6.4
Zanzibar	4.9	6.0	6.3	5.3	6.7	6.5	6.2
GDP per capita (current US$)							
Mainland	393	382	444	464	525	551	560
Zanzibar	227	368	414	534	557	561	..
Shares of GDP by economic activity at constant 2001 prices[b]				(% of GDP)			
Agriculture, hunting and forestry	26.1	25.4	24.6	24.0	23.3	22.7	22.1
Fishing	1.6	1.6	1.6	1.5	1.5	1.4	1.3
Industry and construction	20.2	20.5	20.9	21.2	21.4	21.6	22.0
Mining and quarrying	2.4	2.6	2.7	2.6	2.5	2.4	2.4
Manufacturing	8.9	9.0	9.2	9.4	9.5	9.6	10.4
Electricity, gas	2.2	2.0	2.1	2.0	2.1	2.1	2.2
Water supply	0.4	0.4	0.4	0.4	0.4	0.4	0.3
Construction	6.2	6.4	6.5	6.7	6.8	7.0	6.7
Services	46.4	46.9	47.3	47.8	48.3	48.8	49.5
Trade and repairs	13.1	13.5	13.8	14.1	14.3	14.5	14.7
Hotels and restaurants	2.5	2.4	2.4	2.3	2.3	2.3	2.2
Transport	5.2	5.1	5.1	5.1	5.1	5.1	5.1
Communications	1.7	1.9	2.1	2.3	2.7	3.1	3.4
Financial intermediation	1.7	1.8	1.8	1.9	1.9	2.0	2.1
Real estate and business services	10.2	10.2	10.2	10.2	10.2	10.2	10.3
Public administration	8.0	8.0	8.0	8.0	7.8	7.8	7.8
Education	1.9	1.8	1.8	1.8	1.8	1.8	1.8
Health	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Other social and personal services	0.7	0.7	0.7	0.7	0.6	0.6	0.6
Gross value added before adjustments	94.3	94.3	94.4	94.4	94.5	94.5	94.9
less FISIM	-1.0	-1.1	-1.1	-1.2	-1.2	-1.2	-1.3
Gross value added at current basic prices	93.3	93.3	93.3	93.3	93.3	93.3	93.6
Taxes on products	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Prices and interest rates							
Inflation (CPI, % change)	5.0	7.3	7.0	10.3	12.1	5.5	12.7
Deposit rates (average nominal interest rate)[c]							
Saving deposits	2.6	2.5	2.6	2.8	2.8	2.4	2.9
Fixed deposits	4.4	6.6	7.7	6.7	6.8	5.9	..

Table I.1 (cont'd)

	2005	2006	2007	2008	2009	2010	2011[a]
Lending rates (average nominal interest rate)[c]							
Short-term	16.1	15.8	14.0	13.9	14.6	13.9	13.7
Long and Medium term	15.4	14.5	15.7	16.6	15.2	14.7	14.4
Central government finance (% of GDP)	**2005/06**	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11[a]**	**2011/12**
Total revenue[d]	12.5	14.1	15.8	16.9	15.3	16.3	..
Tax revenue	11.5	13.0	14.5	15.9	14.5	15.2	..
of which:							
Import duties	4.8	5.3	5.5	5.8	5.5	6.5	..
Sales/VAT and excise on local goods	2.8	3.0	3.1	3.4	3.1	3.0	..
Non-tax revenue	1.1	1.1	1.3	1.0	0.8	0.8	..
Total expenditure[e]	22.9	23.1	23.0	26.4	26.9	26.9	..
Recurrent expenditure	15.7	16.2	14.7	18.4	18.3	19.0	..
Development expenditure	7.2	6.9	8.3	8.1	8.6	7.9	..
Grants	5.9	4.9	4.9	4.6	4.6	4.7	..
Overall balance excluding grants	-10.3	-9.0	-7.3	-9.6	-11.5	-10.6	..
Overall balance including grants	-4.4	-4.0	-2.4	-5.0	-6.9	-5.9	..
Total debt stock	67.3	40.7	39.3	43.4	44.8	49.6	..
External debt stock	57.5	30.8	30.3	34.7	36.0	39.6	..
Domestic debt stock	9.8	9.9	9.0	8.6	8.8	10.1	..
External debt service as % of exports	5.7	1.2	1.9	1.2	1.4	1.6	..
Memorandum	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Population (million)	38.8	39.9	41.1	42.3	43.5	44.8	46.2
Population growth	2.8	2.8	2.9	2.9	3.0	3.0	3.0
Inward FDI stock (% of GDP)	30.3	36.2	34.3	31.1	31.6	32.4	..
Exchange rate (TSh/US$, period average)	1,123	1,252	1,233	1,196	1,320	1,409	1,572
Real effective exchange rate (annual average, index 2000=100)[f]	70	66	65	69	72	68	64

.. Not available.

a Provisional.
b Numbers may not always add up to 100% due to rounding.
c For the period ended June.
d Includes local government authorities (LGAs).
e Excludes amortization and expenditure float.
f An increase indicates appreciation. Fiscal year data.

Source: Ministry of Finance, *The Economic Survey 2010*, viewed at: http://www.mof.go.tz; Bank of Tanzania, *Annual Report 2010/2011* (ISSN 0067-3757), viewed at: http://www.bot-tz.org; National Bureau of Statistics, Ministry of Finance, *Tanzania in Figures 2010*, viewed at: http://www.nbs.go.tz; Information provided by the Tanzanian authorities; Bank of Tanzania, *Economic Bulletin for the quarter ending March 2012* (vol. XLIV, No. 1), viewed at: http://www.bot-tz.org; World Bank, *World Development Indicators*, viewed at: http://databank.worldbank.org/ddp/home.do; and UNCTAD statistics online information, viewed at: http://unctadstat.unctad.org/.

10. In recent years, the thrust of monetary policy has been to control the growth of broad money and credit to the private sector, in order to keep inflation down, while achieving an appropriate level of liquidity. However, keeping inflation subdued has proved difficult due to high global energy prices and international/domestic food supply shocks. The depreciation of the Tanzanian shilling has further exacerbated inflationary pressures. The inflation rate (CPI) increased during most of the review period, except in 2007 and 2010 (Table I.1), reaching 12.7% in 2011, mainly on account of high food prices resulting from drought in the Eastern African region. In order to forestall inflationary pressures, in November 2011 the BOT tightened its monetary policy stance, raising the minimum reserve requirements and increasing the bank policy rate to 12%. Also, the BOT has relied increasingly on foreign exchange sales for sterilization of excess liquidity.

11. After years of fiscal discipline, and improvements in revenue collection resulting from tax reforms, since 2005 there has been a significant increase in Government expenditure (mainly driven by current spending), while revenue collection has remained practically stagnant. As a result, the Central Government's fiscal deficit has increased, reaching 10.6% of GDP (excluding grants) in 2010/11 (Table I.1). The expansionary fiscal policy adopted in response to the recent global economic crisis has partially contributed to widening the fiscal deficit. Within the framework of the IMF's PSI programme, Tanzania has agreed to pursue financial consolidation through rationalizing and prioritizing spending, broadening the tax base, limiting tax exemptions[11], and improving revenue collection methods. During the review period, import duties were, on average, equivalent to 5.5% of GDP (Table I.1).

12. A widening fiscal deficit has led to greater reliance on foreign grants, and an increase in non-concessional borrowing. Potential shortfalls in donor aid could further strain the Government's financial position.

13. During the review period, Tanzania's total public debt stock continued to increase, totalling US$12.6 billion at the end of November 2011 (US$9.1 billion in 2005), of which external debt accounted for 78.9% and domestic debt for 21.1%. Out of the external debt stock, 80.5% was public debt (Central Government and parastatals), and the rest was private. In terms of creditor category, 51.5% of external debt was multilateral and 17.4% bilateral; the remainder was split between commercial debt (22.4%) and export credits (8.7%).[12] As a proportion of GDP, the external debt stock almost halved between 2005 and 2007, but picked up in the following years to represent 39.6% of GDP in 2010 (Table I.1). External debt service as a proportion of exports declined during to 1.6% in 2010. While the current external debt is considered to be within sustainable levels, a growing fiscal deficit and increased reliance on non-concessional borrowing could compromise sustainability in the medium-term.[13]

(3) TRADE AND INVESTMENT PERFORMANCE

14. During most of the review period, Tanzania's overall balance of payments was in surplus (except in 2005 and 2011) (Table I.2). However, the current account deficit increased steadily between 2005 and 2008 to 12.4% of GDP.[14] It declined in the two following years, but rose again to more than 16% of GDP. The current account deficit resulted mainly from the traditional deficit in the merchandise trade balance, which in turn widened as a result of recurrent increases in the prices of imported food and fuels during the review period. On the other hand, the services trade balance showed a positive trend during the review period, but it was not enough to compensate for the deficit in merchandise trade. The current account deficit was offset by the expansion in the capital and financial accounts.

15. Gross official reserves increased steadily during the years under review, amounting to US$3,761 million at the end of 2011, sufficient to cover about 3.8 months of projected imports of goods and services (Table I.2).

[11] The cost of tax exemptions is estimated at 3.5 % of GDP a year. IMF (2011).

[12] BOT *Monthly Economic Review*, December 2011. Viewed at: http://www.bot-tz.org/Publications/MonthlyEconomicReviews/MER_Dec_2011.pdf [March 2012].

[13] IMF(2011).

[14] To help address a deteriorating current account balance, in 2009 Tanzania received IMF support under the Exogenous Shocks Facility. A total of US$328 million was disbursed in the 2009/10 fiscal year.

Table I.2
Tanzania's balance of payments, 2005-11
(US$ million)

	2005	2006	2007	2008	2009	2010	2011[a]
Current account	**-845**	**-1,174**	**-1,715**	**-2,564**	**-1,797**	**-1,924**	**-3,951**
Balance on goods and services	-1,233	-1,668	-2,172	-3,084	-2,391	-2,648	-4,533
Balance on goods	-1,295	-1,947	-2,634	-3,434	-2,536	-2,841	-4,730
Goods: exports f.o.b. [b]	1,703	1,918	2,227	3,579	3,298	4,324	5,098
Traditional	355	267	320	507	480	572	669
Non-traditional	1,325	1,476	1,705	2,605	2,380	3,188	3,764
of which gold	655	786	788	1,108	1,230	1,517	2,224
Unrecorded trade	23	174	202	467	439	564	665
Goods: imports f.o.b.	-2,998	-3,864	-4,861	-7,012	-5,834	-7,166	-9,828
Balance on services	62	279	462	350	146	193	197
Services: credit	1,269	1,528	1,876	1,999	1,855	2,046	2,363
Transportation	223	344	331	365	334	446	507
Travel	824	950	1,199	1,289	1,160	1,255	1,457
Other	223	234	346	345	360	346	399
Services: debit	-1,207	-1,249	-1,414	-1,649	-1,709	-1,852	-2,165
Transportation	-320	-418	-485	-699	-605	-723	-973
Travel	-554	-535	-595	-721	-766	-830	-899
Other	-334	-297	-333	-229	-338	-299	-293
Balance on income	-107	-95	-282	-314	-298	-327	-360
Balance on current transfers	496	589	739	834	891	1,051	941
Capital account	**393**	**5,184**	**912**	**537**	**447**	**536**	**638**
Financial account, excl. reserves and related items	**1,146**	**-4,082**	**852**	**2,459**	**1,890**	**2,407**	**2,799**
Net errors and omissions	**-923**	**533**	**356**	**-284**	**-173**	**-677**	**355**
Overall balance	**-229**	**461**	**405**	**148**	**366**	**343**	**-159**
Reserves and related Items	229	-461	-405	-148	-366	-343	159
Reserve assets	254	-127	-411	-147	-677	-369	163
Use of Fund credit and loans	-51	-334	7	0	311	26	-4
Exceptional financing	25	0	0	0	0	0	0
Memorandum items							
Gross official reserves	2,050	2,137	2,724	2,873	3,553	3,921	3,761
Months of imports	5.8	5.0	5.2	4.0	5.7	5.2	3.8
Balance of goods / GDP (%)	-9.2	-13.6	-15.6	-16.6	-11.7	-12.3	-19.5
Value of exported goods / GDP (%)	12.0	13.4	13.2	17.3	15.3	18.7	21.0
Value of imported goods / GDP (%)	21.2	27.0	28.9	33.9	27.0	30.9	40.6
Trade (exports and imports of goods and services) / GDP (%)	50.8	59.8	61.6	68.8	58.8	66.4	80.3
Balance of services / GDP (%)	0.4	1.9	2.7	1.7	0.7	0.8	0.8
Current account / GDP (%)	-6.0	-8.2	-10.2	-12.4	-8.3	-8.3	-16.3
Balance of current transfers / GDP (%)	3.5	4.1	4.4	4.0	4.1	4.5	3.9
Reserve assets / GDP (%)	1.8	-0.9	-2.4	-0.7	-3.1	-1.6	0.7

a Provisional.
b Annual data on goods export include adjustment for unrecorded cross-border trade.

Source: Bank of Tanzania. Viewed at: http://www.bot-tz.org/Publications/balanceofPayments.htm.

(i) Trade in goods and services

16. Tanzania's trade (exports and imports) of goods and services increased to reach 80.3% of GDP in 2011 (up from 50.8 in 2005), reflecting the increasing importance of trade for the economy. In 2010, Tanzania ranked 90th amongst world merchandise exporters (considering the EU as a single entity and excluding intra-EU trade), and 75th amongst importers. As regards trade in commercial services, Tanzania ranked 65th as an exporter and 77th as an importer.[15]

17. According to balance-of-payments figures, between 2005 and 2011, the value of Tanzanian exports of goods almost tripled, to US$5.09 billion in 2011. This was due mainly to an annual average increase of 19% in non-traditional exports (Table I.2). During the same period, the value of merchandise imports grew by an average 21.9% per year, amounting to US$9.8 billion in 2011.

18. Tanzania's export structure became more diversified during the review period. The predominant role in foreign exchange earnings shifted from traditional agricultural commodities (e.g. coffee, tobacco, tea, etc.) to non-traditional exports, such as minerals (mostly gold), manufacturing, and non-traditional agricultural products (floriculture and horticulture products, and fish). The contribution of traditional export products in total merchandise exports dropped from 21% to 13%, whereas the share of non-traditional exports was 73.8% in 2011.[16]

19. UN Comtrade figures also show that the share of agricultural exports in total merchandise exports fell by almost half between 2005 and 2011 (Table AI.1 and Chart I.1). On the other hand, exports of gold and ores (together with concentrates of precious metals) grew significantly during the period, making up 47.7% of merchandise exports in 2011 (39% in 2005). Benefiting from high international prices, gold exports have boomed in recent years and now account for 36.3% of goods exports, making Tanzania the fourth largest gold exporter in Africa. Manufactured products (mostly fertilizers, paper products, and textiles) increased their share in merchandise exports, from 11% to 16% between 2005 and 2011, and are destined mostly for the EAC common market.

20. The composition of imports also changed during the review period, as the weight of the oil bill in total import value became greater. While manufactures continued to be the main import category, their share in total imports decreased to 56% in 2011 (Table AI.2 and Chart I.1). Machinery and transport equipment remained the principal import items, followed by chemical products (pharmaceuticals, plastics and fertilizers, some of which are re-exported to neighbouring countries). The share of mining in total imports is influenced by the fluctuation of international fuel prices: it increased from 23.2% in 2005 to 33% in 2011. The increase in 2011 reflects both a rise in world oil prices and in the volume imported, which is partly associated with increased demand for thermal power generation. Agricultural products (mostly food) represented 10.7% of total merchandise imports in 2011 (the same as in 2005).

21. Tanzania's export markets also changed during the review period, partly reflecting the patterns of gold trade. Africa consolidated its position as Tanzania's main export market, absorbing 36% of total exports in 2011 (Table AI.3 and Chart I.2); South Africa received half of this share, consisting mostly of non-monetary gold. Exports to the EAC members, mostly manufactured products, increased by an annual average of 16.7% between 2005 and 2011, but their share in total exports decreased slightly, to below 9%. Within the EAC, Kenya is Tanzania's main export market, followed by Rwanda. The elimination of non-tariff barriers in intra-EAC trade could contribute to further increases in exports to the EAC market. In Europe, Tanzanian exports have shifted from the

[15] WTO (2011).
[16] Unrecorded export earnings made up the remaining 13.2% of total exports in 2011.

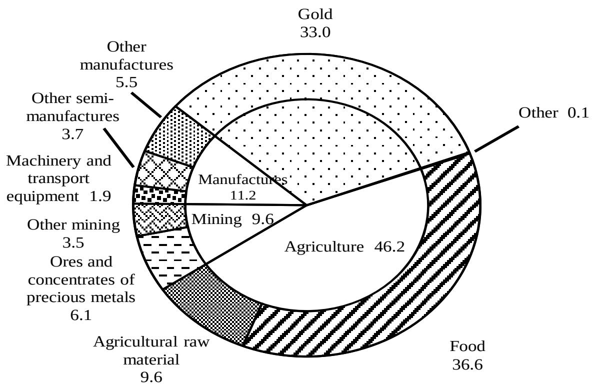
EU to Switzerland (mainly on account of gold sales); the latter's share in total exports rose from 8.7% in 2005 to 19.4% in 2011, while the EU's share declined from 26% to 12%. In Asia, China is Tanzania's main export destination, absorbing 14% of total exports (principally metal ores), followed by Japan (7.5%).

Chart I.1
Composition of merchandise trade, 2005 and 2011

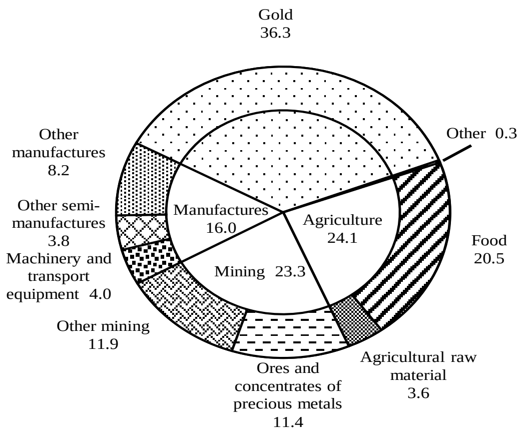
Per cent

2005 | **2011**

(a) Exports, including re-exports (f.o.b.)

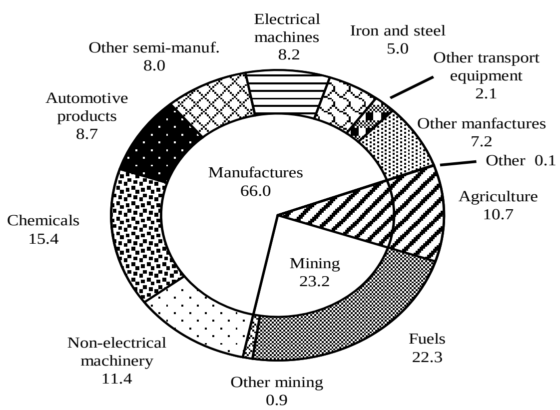


Total: US$1.7 billion

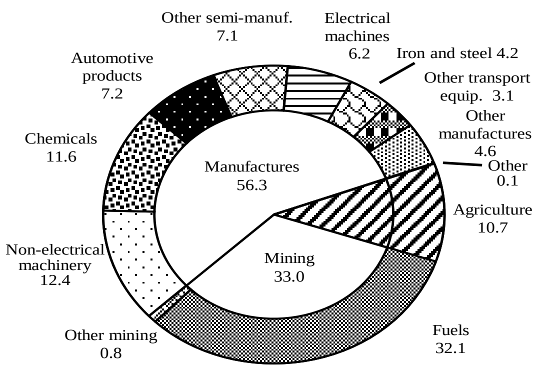


Total: US$4.7 billion

(b) Imports (c.i.f.)



Total: US$3.2 billion



Total: US$11.2 billion

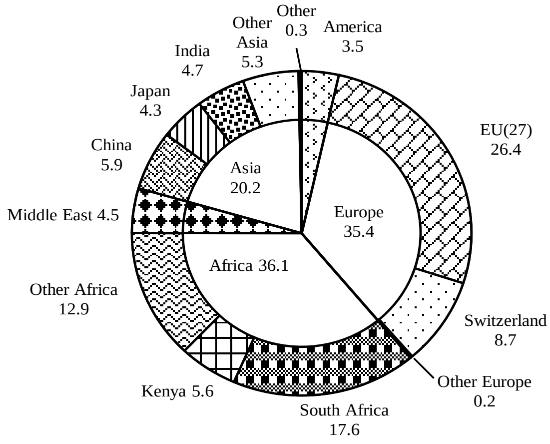
***Source*: UNSD, Comtrade database (SITC Rev.3).**

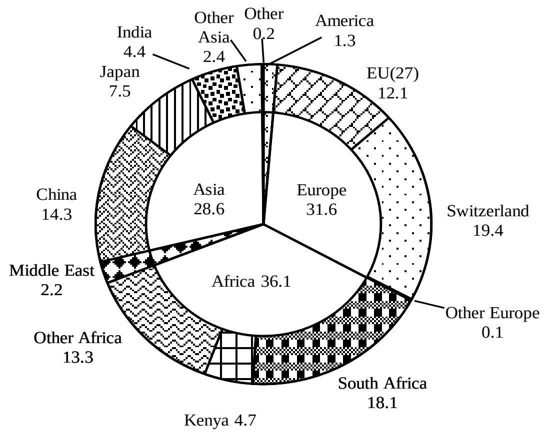
Chart I.2
Direction of merchandise trade, 2005 and 2011

Per cent

2005 **2011**

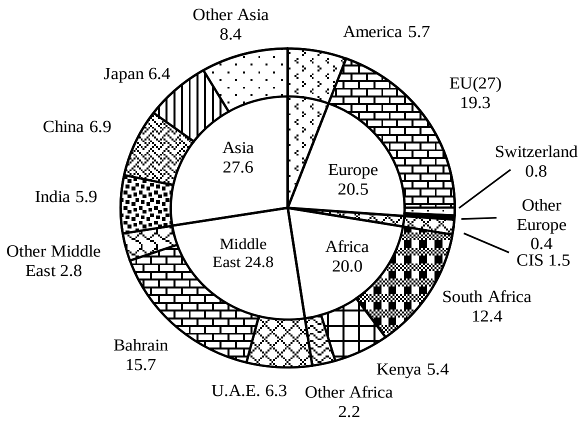
(a) Exports, including re-exports (f.o.b.)

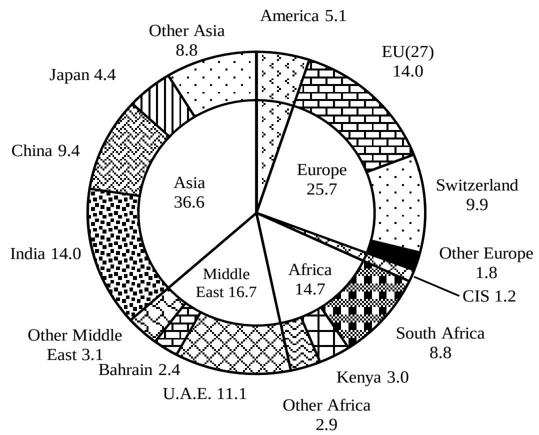




Total: US$1.7 billion **Total: US$4.7 billion**

(b) Imports (c.i.f.)





Total: US$3.2 billion **Total: US$11.2 billion**

***Source*: UNSD, Comtrade database (SITC Rev.3).**

22. During 2005-11, Asia maintained its position as the main exporting region to Tanzania, with a share in total imports averaging 35% throughout the period (Table AI.4 and Chart I.2). India more than doubled its share in total imports (to 14% in 2011), becoming Tanzania's main single source (mostly petroleum, pharmaceuticals, and iron and steel). The United Arab Emirates supplied 11% of Tanzanian imports (mainly oil) in 2011; and China supplied 9.4% (mainly road vehicles, telecommunications, and electrical equipment). Europe remains the second most important exporting region to Tanzania. However, the EU's share in total imports has decreased since 2005, whereas that of Switzerland has risen sharply. On the African continent, South Africa and Kenya are Tanzania's main suppliers, but their respective shares in total imports declined during the review period. The EAC as a whole accounted for only 3.4% of Tanzanian imports in 2011, down from 5.6% in 2005.

23. Between 2005 and 2011, the balance of trade in services was positive and receipts increased by 80% owing to strong performance in exports of transport, tourism and other business services (Table I.2). Services receipts rose to US$2.36 billion in 2011, with travel and transportation services accounting for 83%. The rise in transportation receipts was associated with an increase in the volume of transit goods to and from neighbouring countries, and improvements in cargo clearing at Dar es Salaam port. The increase in travel earnings was the result of a rise in the number of international visitors, as well as in the average length of stay and the average expenditure per person per night. In 2011, services payments rose by almost 17% over the previous year to US$ 2.16 billion, reflecting the rise in payments of international freight charges (consistent with the increase in imports of goods) and travel.

(ii) Investment

24. During the review period, Tanzania continued to receive significant inflows of foreign direct investment (FDI), albeit with a modest contraction in 2009 attributable to the dampening effects of the global financial crisis. The mining sector (particularly gold) has attracted the largest part of FDI, although manufacturing has recently received increased FDI inflows. Other economic activities (e.g. finance, transport, and communications) and commodities (iron ore, gas, coal, and uranium) are increasingly attracting foreign investors' interest.

25. According to UNCTAD statistics, FDI inflows into Tanzania increased from an annual average of US$355 million in 2000-04 to US$627 million during 2005-10 (Table I.3). In 2010, Tanzania's FDI inward stock represented 32% of GDP, above the average of East African countries (24%), but slightly below the average for Africa as a whole (33%).[17] As a percentage of gross fixed capital formation, FDI inflows declined during 2005-10, reflecting the increased participation of national investment in capital formation.

Table I.3
Investment, 2000/04 and 2005-10
(US$ million)

	2000-04[a]	2005	2006	2007	2008	2009	2010
FDI inflows	355	494	597	647	679	645	700
FDI inflows (% of gross fixed capital formation)	17.8	13.9	15.0	12.9	11.0	10.4	10.6
FDI inward stock	3,575	4,390	5,342	5,942	6,621	7,266	7,966
FDI inward stock (% of GDP)	30.9	30.3	36.2	34.3	31.1	31.6	32.4

a Simple average of 2000-04.

Source: UNCTAD statistics online information (access to database in April 2012). Viewed at: http://unctadstat.unctad.org/.

[17] UNCTAD (2011).

26. According to Tanzania's official figures, Canada became the main source of FDI into Tanzania in 2009 (latest year available), with 36.1% of total FDI inflows. In the same year, Kenya's share in total FDI inflows dropped by 50% (Table I.4).

27. During 2005-08, mainland Tanzania accounted, on average, for 95.6% of total FDI stock, and Zanzibar for the remaining 4.4%.[18] The proportion was practically the same in terms of FDI flows. The mining sector accounted for 27% of FDI stock in 2008, followed by manufacturing (23%), wholesale and retail trade (15.3%), finance and insurance (13.1%), transport and communications (8.4%), utilities (6.8%), construction (3.8%), and agriculture (2.3%).[19] Rigidities in the land tenure system partially explain the low level of investment in agriculture, which decreased from 3.1% in 2005.

Table I.4
Stock of FDI from major source of countries, 2005-09
(in percentage)

	2005	2006	2007	2008	2009
Canada	15.6	18.9	17.2	17.3	36.1
South Africa	20.0	21.9	22.0	22.3	23.4
UK	15.6	15.2	15.3	13.4	9.5
Mauritius	4.9	4.0	4.2	3.4	5.0
U.A.E.	1.4	1.7	2.6	3.6	3.1
USA	4.7	3.9	3.7	3.5	2.4
Kenya	3.6	4.1	4.7	5.1	2.3
Switzerland	1.4	3.2	2.9	2.7	1.5
Norway	1.4	2.0	2.4	2.9	1.2
Kuwait	0.2	2.2	3.2	3.5	0.7
Sub-total	68.9	77.1	78.2	77.7	85.2
Total	100.0	100.0	100.0	100.0	100.0

Source: BOT (2009), *Tanzania Investment Report 2009*, Dar es Salaam, and information provided by the authorities.

28. In 2010, Tanzania ranked 59th out of 141 economies in UNCTAD's Inward FDI Performance Index, compared with 83rd in 2008. It ranked 115th in UNCTAD's Inward FDI Potential Index in 2009 (118th in 2008).[20]

29. The fact that Tanzania managed to attract increasing FDI flows during the review period reflects not only investors' interest in the country's economic potential and its largely untapped natural resources, but also gradual improvements in Tanzania's investment climate. For instance, under the Government's Business Environment Strengthening programme (BEST), several measures have been taken to reduce administrative and regulatory burdens on businesses and improve government and judicial services to the private sector.[21] In addition, a Roadmap for Improving the Business Climate was adopted in 2010, with short-term actions to support private sector-led growth. Strategies to promote investment in key economic sectors through fiscal and other incentives have also been pursued (Chapters II and III). Improvements in Tanzania's investment environment, such as the

[18] BOT (2009b).
[19] BOT (2009b).
[20] UNCTAD's Inward FDI Performance Index ranks host countries by the amount of FDI they receive relative to the size of their economy, while the Inward FDI Potential Index ranks host countries by the amount of FDI they receive relative to their potential, based on 12 economic and policy variables (UNCTAD, 2011).
[21] The measures include the enactment of new legislation pertaining to business registration, property rights and labour laws.

reduction in the number in tax procedures and business start-up requirements, have been recognized by international bodies.[22]

30. Nevertheless a number of issues need to be addressed to increase the country's attractiveness to foreign investment and fully realize FDI opportunities. These include: improving infrastructure (mostly transport and ports), enhancing domestic competitiveness and labour skills, promoting private sector participation in the economy (including in utilities), and furthering EAC integration and harmonization of regional investment rules. The harmonization of the foreign investment regimes of mainland Tanzania and Zanzibar would also help simplify the overall investment framework and attract more FDI.

(iii) Outlook

31. Economic growth is expected to be robust in 2012 and beyond, supported by improvements in energy supply, prospects of increased FDI, and infrastructure developments. The BOT forecasts real GDP to grow by 6.8% in 2012 and by 7.0% in 2013.[23] The construction, mining, and services sectors (telecommunications and transport) will be the main drivers of economic growth, although production is expected to increase across all activities supported by normalized hydropower generation conditions. Consistent with a decline in global inflation, and supported by improvements in food supply (both domestically and regionally) and projected stability in global oil prices and in the Tanzanian shilling exchange rate, inflation is expected to subside to single-digit levels by mid 2013.[24] At the time of writing this report, the public deficit was expected to be reduced to about 6% of GDP in FY 2011/12, as a result of improved tax revenue collection and savings in recurrent and investment expenditure. According to the IMF, the authorities are committed to pursuing further fiscal consolidation to achieve an overall budget deficit of 5.5% of GDP in 2012/13.[25]

32. Tanzania's current account deficit (including transfers) is projected to widen to above 10% of GDP in 2011/12 and 2012/13, mainly on account of a deterioration of the merchandise trade deficit, resulting, in turn, from increased imports of fuel and capital goods, as infrastructure is scaled up.[26] The surplus in the services account is expected to be maintained, driven by increases in tourism and transport receipts, although freight expenses should also increase in tandem with the surge in the import bill. FDI into Tanzania is expected to grow, with the mining sector attracting large inflows, in gold mines as well as other commodities, such as iron ore, coal, gas, and uranium.

33. Current changes in the global economy offer Tanzania the opportunity to diversify its economy and export base, especially by boosting regional trade to offset the fall in demand in traditional export markets. Removing non-tariff barriers to trade and fostering harmonization of trade regulations within the EAC should help to increase regional trade. Other challenges facing Tanzania's economy in the short- to medium-term are achieving significant progress in poverty reduction, and raising enough resources to respond to the growing demand for public services, including much-needed improvements in infrastructure, while keeping a sound fiscal position and inflation under control.

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[22] See, for example, UNCTAD online information. Viewed at: http://www.unctad.org/en/pages/newsarchive.aspx?ReferencePageId=6119&Sitemap_x0020_Taxonomy=Investment Policy Reviews (IPR)&Product_x0020_Taxonomy=News [April 2012].

[23] Bank of Tanzania (2012a).

[24] Bank of Tanzania (2012b).

[25] IMF, Press Release 12/76. Press Statement by the IMF Mission to Tanzania, 13 March 2012. Viewed at: http://www.imf.org/external/np/sec/pr/2012/pr1276.htm [April 2012].

II. TRADE AND INVESTMENT REGIMES

(1) GENERAL FRAMEWORK[27]

34. The United Republic of Tanzania was formed by a union of Tanganyika (now mainland Tanzania) and Zanzibar on 26 April 1964.[28] It is a unitary Republic based on multiparty parliamentary democracy. The Tanzanian Government has authority over all Union matters in the Republic and over all subjects concerning mainland Tanzania, while the Revolutionary Government of Zanzibar has authority in Zanzibar over all non-Union matters, including investment, government procurement, privatization, competition, intellectual property, and sectoral strategies (e.g. agriculture, tourism, communications, transport, finance and land). Defence, home and foreign affairs, and foreign trade policy fall within the purview of the Union Government. However, Zanzibar has its own framework for domestic trade and export promotion strategies.

35. Article 4 of the Constitution of the United Republic of Tanzania, 1977, provides for three organs of Government: Executive, Judiciary and Parliament. The Executive is headed by the President of the United Republic who is also the Head of State, the Head of Government, and the Commander-in-Chief of the Armed Forces. It consists of the President, the Vice-President, the Prime Minister, Cabinet Ministers and the President of Zanzibar. The latter is the Head of the Executive for Zanzibar, Head of the Revolutionary Government of Zanzibar; and the Chairman of the Zanzibar Revolutionary Council. Presidents are elected for a period of five years and may only serve for two terms.

36. Tanzania's Judiciary is headed by the Chief Justice, who is appointed by the President, and works with the Registrar of the Court of Appeal as the Chief Executive Officer. The Principal Judge, assisted by the Registrar of the High Court, is in charge of the Administration of the High Court and all its subordinate courts. The Judiciary has the following organs: the Court of Appeal of the United Republic of Tanzania, the High Courts for Mainland Tanzania and Zanzibar, the Judicial Service Commission for Mainland Tanzania, magistrates courts and primary courts. The Judicial Service Commission for Mainland Tanzania consists of the Chief Justice of the Court of Appeal of Tanzania (Chairman); the Justice of the Court of Appeal of Tanzania; the Principal Judge of the High Court; and two members appointed by the President.

37. The judicial system of Zanzibar is distinct and separate from that of mainland Tanzania. The only exception to this is that Zanzibar shares the Court of Appeal of the United Republic with mainland Tanzania. All cases tried in Zanzibar, except those involving constitutional issues and Islamic law, may be appealed to the Court of Appeal. Article 114 of the Constitution of Tanzania expressly reserves the continuance of the High Court of Zanzibar institutions with their jurisdiction. Similarly, the Attorney General's Chambers of Zanzibar fall outside the purview of Union matters. They are a department of the Revolutionary Government of Zanzibar. The Attorney General's Chambers are part of the portfolio of the Minister of State in the Chief Minister's Office. The Court system in Zanzibar has a High Court, Kadhis courts, and the magistrates courts.

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[26] Economist Intelligence Unit (2011).

[27] Based mainly on the Constitution of Tanzania. Viewed at: http://nec.go.tz/publications/constitution.pdf.

[28] Tanganyika became independent on 9 December 1961, and a Republic in 1962. Zanzibar became independent on 10 December 1963, and the People's Republic of Zanzibar was established on 12 January 1964. Viewed at: www.tanzania.go.tz/government on 17 November 2011.

38. Parliament, which holds legislative authority, consists of the President and the National Assembly. The former exercises authority vested in him by the Constitution to assent to Bills enacted and proposed to him by the latter. Presidential assent is a prerequisite to the legislative process. Parliament operates through the National Assembly, which, aside from making law, has the authority to oversee and advise the Government and all its organs, in the discharge of their respective responsibilities.

39. The National Assembly consists of: members elected directly to represent constituencies; members elected by the House of Representatives from among its members; the Attorney General; members nominated by the President; and women members (being not less than 15% of the members of all other categories on the basis of proportional representation among those parties in the Parliament).[29]

40. The Government executes its functions through ministries led by Cabinet Ministers. Each ministry is charged with a sector portfolio and formulates policy in its area of responsibility.[30] The Ministry of Industry, Trade and Marketing (MITM) continues to have the leading role in formulating, implementing, and coordinating Tanzania's trade-related policies. MITM consults with relevant ministries and other institutions in trade policy formulation and/or implementation. The private sector also inputs the trade formulation process notably through trade associations such as the Confederation of Tanzanian Industries, and Tanzanian Chamber of Commerce, Industry and Agriculture.

41. Tanzania's National Public Private Partnership (PPP) Policy of November 2009 aims to contribute to national poverty-reduction objectives. Supportive legislation is in the Public Private Partnership Act No. 18 of 2010. It, *inter alia*, provides an institutional framework for the implementation of agreements between public and private sector entities; sets rules, guidelines and procedures governing public procurement and development and implementation of public-private partnerships. The PPP implementing Regulations are in Supplement No. 17 of 3 June 2011.

42. The Tanzanian legal system is based on British common law.[31] In general, policies are formulated and implemented by means of laws. The legislative process calls for Bills to be introduced by the Executive. Committees with jurisdiction review proposed legislation prior to its tabling. Legislation goes through three readings in Parliament. Once a Bill is passed, Presidential assent is required for enactment. The President may withhold assent, but if Parliament resubmits the Bill for Presidential assent after a six-month waiting period, the President must either grant assent or dissolve Parliament and call for new elections. When assent is given, legislation is published in the *Official Gazette* and implemented by the relevant ministerial authorities. Zanzibar's own House of Representatives may make laws for Zanzibar without the approval of the Union Government, in its areas of responsibility.[32]

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[29] Article 66 of the Constitution.

[30] The Cabinet of the United Republic comprises the Executive, Union ministers, and the Attorney General. It is the principal organ for advising the President regarding all matters concerning the exercise of his powers. The President presides over Cabinet meetings. In his absence, the Vice-President takes over this role. In the event that both are absent, the Prime Minister presides. Each ministry has a sector portfolio through Presidential instruments.

[31] The legal system in Tanzania evolved largely from British common law as a result of British rule over Tanganyika from 1919 until Independence in 1961. The legal system of Zanzibar has evolved from both British common law and Islamic law.

[32] See Article 64 (2), Constitution of Tanzania.

43. The bulk of Tanzania's trade legislation has not undergone fundamental changes, but some laws have been updated since its last Review. Tanzania's laws on international trade are contained in a variety of statutes (Table II.1). Treaties/international agreements, including the WTO Agreements, do not have the force of law, and need to be implemented through the national legislative process. In case of inconsistency between national law and treaties/international agreements, the former prevails. The Constitution is the supreme law in Tanzania; it is followed by principal laws (which include domesticated international laws and conventions); and subsidiary laws/regulations.[33]

Table II.1
Selected trade-related laws, June 2012

Area	Law
Customs	EAC Protocol, 2005
	EAC Customs Management Act, 2004
	Customs Tariff Act, 1976
	Excise Tariff Ordinance, Cap 332
	Finance Act, 1999
Services	EAC Common Market Protocol, 2010
Licensing of businesses	Business Activities Registration Act, 2007
	Companies Ordinance, Cap 212
Taxation	Value Added Tax Act, 1997
Import/Export control	Import Control Ordinance
	Export Control Act, Cap 293
	Foreign Exchange Act, 1992
	Anti-dumping and Countervailing Measures Act, 2004
Technical Barriers to Trade	Standards Act, 2009
Sanitary and phytosanitary measures	Food, Drugs and Cosmetics Act, 2003
	Animal Disease Act, 2003
	Veterinary Act, 2003
	Plant Protection Act, 1997
Investment	Mainland Tanzania Investment Act, 1997
	Export Processing Zones Act, 2002 (as amended in 2006 and 2011)
	Zanzibar Investment Promotion and Protection Act, 2004
	Zanzibar Free Economic Zones Acts, 1992 (amended in April 1997)
Mining	Mining Act, 2010
Petroleum	Petroleum Act, 2008
Government procurement	Public Procurement Act, 2011
Competition	EAC Competition Act, 2006
	Fair Competition Act, 2003
Intellectual property rights	Mainland Tanzania Patents Act, 1987
	Zanzibar Industrial Property Act, 2008
	Mainland Tanzania Trade and Service Marks Act, 1986
	Mainland Tanzania Copyright Act, 1989
	Zanzibar Copyright Act, 2003
Financial services	Banking and Financial Institutions Act, 2006
	Insurance Act, 2009
Telecommunications and postal services	Tanzania Communications Act, 1993
	Tanzania Broadcasting Services Act, 1993
	Telecommunication Incorporation Act, 1993
	Tanzania Communications Regulations Authority Act, 2003
	Universal Communications Services Access Act, 2006
	Electronic and Postal Communications Act, 2010

Table II.1 (cont'd)

[33] Information provided by Tanzanian authorities.

Area	Law
Transport	Transport License Act, 1973
	Surface and Marine Transport Regulatory Act, 2001
	Railways Act, 2002
	Ports Act, 2004
	Merchant Shipping Act, 2002
	Civil Aviation Act, 2006
Agriculture	Fertilisers Act, 2009
	Agricultural products (Control of Movement) Act, 1996
	Cashew nut Industry Act, 2009
	Cereals and other produce Act, 2009
	Meat Industry Act, 2006
	Hides, Skins and Leather Trade Act, 2008
	Animal welfare Act, 2008
	Livestock Identification, Registration and Traceability Act, 2010
	Fisheries Act, 2003
	Deep sea fishing Authority Act, 2007
Energy	Rural Energy Act, 2005
	Electricity Act, 2008
Others	Public Private Partnership Act, 2010
	Tanzania Trade Development Authority Act, 2009

Source: WTO Secretariat, based on information provided by the Tanzanian authorities.

(2) TRADE POLICY OBJECTIVES

44. Tanzania's Vision 2025 seeks to achieve high quality livelihood, peace, stability and unity, good governance, a well-educated and learning society; and a strong, competitive, diversified, and semi-industrialized economy, with a substantial industrial sector comparable to a typical middle-income country. This is to be achieved through macroeconomic stability, with low inflation and basic macroeconomic balances; a growth rate of 8% per annum or more; and an adequate level of physical infrastructure needed to cope with the requirements of the Vision in all sectors and for Tanzania to be an active, dynamic and competitive player in regional and world markets.[34]

45. Tanzania's National Trade Policy (NTP) was launched in February 2003 and is aimed at developing a competitive (open) economy and export-led growth. To this end, the NTP is to facilitate Tanzania's smooth integration into the multilateral trading system and roll back its gradual descent towards marginalization.[35] The Tanzania Trade Development Authority (TanTrade) was established by the Tanzania Trade Development Authority Act No. 4 of 2009. It is mandated to, *inter alia*, implement the National Trade Policy, the National Export Development Strategy, the Trade Integration Strategy, the Agricultural Marketing Policy and other sectoral policies; all of which aim at developing and promoting Tanzania’s internal and external trade.[36]

46. One of the main objectives under Tanzania's Sustainable Industrial Development Policy (SIDP) for 1996-2020 is the streamlining of mechanisms for export development strategy by: improving infrastructure; strengthening institutional reform; deepening the macroeconomic and legal framework; and enhancing competitiveness in areas where Tanzania has comparative advantages by, *inter alia*, addressing supply-side constraints. Other key objectives include improved transit and

[34] See The Tanzania Development Vision 2025. Viewed at: http://www.tanzania.go.tz/vision.htm. On 10 November 2011.
[35] Ministry of Industry and Trade (2003).
[36] TanTrade online information. Viewed at: http://www.tantrade.or.tz/docs.php?.page=1_1

cross-border trade, importation management, internal marketing and distribution, fair competition law and business licensing and related institutional frameworks.[37]

(3) TRADE AGREEMENTS

47. Tanzania is an active Member of the WTO. This is evidenced in the DDA negotiations as well as in the Organization's regular work. Tanzania submitted 45 notifications to the TBT Committee during 2009-10 (Table AII.1). Tanzania aligns itself with positions taken by the LDC, African, and ACP groups. It has coordinated the LDC group twice since its last Review, has been its focal point for the services negotiations in the past, and is currently the LDC focal point on Trade Facilitation negotiations.

48. Tanzania is a founding member of the EAC and is undertaking trade liberalization in this context. As an LDC, it is a beneficiary of the EU's Everything-but-Arms (EBA) initiative, the U.S. AGOA, and the GSP schemes of Australia; Canada; Japan, and New Zealand. Tanzania is also engaged in the Southern African Development Community (SADC) and participates in negotiations for the EAC-COMESA-SADC Tripartite FTA. In addition, Tanzania has participated in the Agreement on the Global System of Trade Preferences among Developing Countries (GSTP) since 19 April 1989. It participates in the U.S-EAC Trade and Investment Framework Agreement and is engaged in negotiations on the EAC-EU Economic Partnership Agreement.

(4) INVESTMENT FRAMEWORK

49. Tanzania has concluded bilateral treaties for the promotion and protection of foreign direct investment with Denmark; Egypt; Finland; Germany; Italy; Republic of Korea; the Netherlands; Sweden; Switzerland; and the United Kingdom.[38] It has double taxation agreements with Canada; Denmark; Finland; India; Italy; Norway; South Africa; Sweden; and Zambia.[39]

50. Commercial disputes between the Government and investors may be settled amicably through negotiations or submitted to arbitration, based on the Arbitration Laws of Tanzania for investors or the Rules of procedure for arbitration of the International Centre for the Settlement of Investment Disputes (ICSID). They may also be settled within the framework of any bilateral or multilateral agreement on investment protection agreed to by Tanzania and the investor's country of origin.[40]

51. Investment (local and foreign) is considered a non-Union matter and therefore mainland Tanzania and Zanzibar retain different investment programmes. However, both governments maintain restrictions on foreign investment in barbershops, hairdressing, beauty salons, and retail shops.[41] In addition, Zanzibar maintains investment restrictions on standard restaurants and tour operation (ground handling). Land is owned by the Government. However, it may be leased for up to 99 years, subject to approval by relevant government authorities. In Zanzibar, casino and gambling businesses are restricted, to both local and foreign investors.

[37] Ministry of Industry and Trade (1996).
[38] TIC online information. Viewed at: http://www.tic.co.tz/.
[39] TIC online information. Viewed at: http://www.tic.co.tz/.
[40] Other laws relevant to investment issues include the Law of Contract Act (R.E Cap 345); the Companies Act, 2002 (Act No. 12 0f 2002); Investment Guarantee: Section 22 of the Tanzania Investment Act, No. 26 of 1997 (this specifies that business or enterprises shall be neither nationalized nor expropriated by the Government); the Patent Act, 1987; Trade and Services Marks Act, 1987; Business Activities Registration Act, 2007; Companies Ordinance, Cap.212; and Arbitration Act, R.L Cap. 15.
[41] TIC online information. Viewed at: http://www.tic.co.tz/.

(i) Mainland Tanzania

52. The institutional and legislative framework governing investment in mainland Tanzania has remained basically unchanged since its last Review. It is based on the Tanzania Investment Act, No. 26 of 1997, which established the Tanzanian Investment Centre (TIC) as the agency responsible for administering the Act, and as a one-stop centre to deal with foreign and local investment. An entity needs to be legally established and registered as a Tanzanian business with the Registrar of Companies and the Tanzania Revenue Authority before the TIC can issue certificates of investment incentives.[42]

53. To set up a business in Tanzania, the following documents are required: certificate of incorporation; memorandum and articles of association; business licence; income tax clearance certificate; residence permit; lease agreement or title deed; business plan or feasibility study; and certificate of incentives for projects approved by the TIC.[43] According to the World Bank, starting a business in Tanzania involves 12 procedures and takes up to 29 days, which places Tanzania 123rd out of 183 countries.[44]

54. The threshold for TIC involvement (an incentive eligibility criterion) is US$300,000 for foreign investment and US$100,000 for local investors.[45] The TIC currently charges fees for certificates of incentives (US$750); application forms (US$100); and other services, such as work permits (10% of what is charged by the relevant department). With a few exceptions (see above), 100% foreign ownership is permitted in most sectors.

55. Special duty and tax incentives are granted to local and foreign companies involved in "lead" and "priority" activities (Table II.2). Lead activities include: agriculture, mining, petroleum, tourism, and economic infrastructure (e.g. road, railway, port facilities, and telecommunication). Priority activities include: manufacturing, natural resources (e.g. fishing and forestry), aviation, financial services, broadcasting, human resource development, and export-oriented projects.[46]

56. The Investment Act also allows for enhanced incentives for investments that are considered to be strategic to the economy. These additional incentives are granted at the discretion of the responsible Minister. The Act does not define strategic investment.

Table II.2
Investment incentives in mainland Tanzania

Sector	Duty (%)	VAT	Other (%)
Lead sectors			
Agriculture			
All capital goods	zero	Deferred	
Agricultural machinery/equipment	zero	Exempt	
Fertilizers and pesticides	zero	Exempt	
Farms implements and other inputs	zero	Exempt	
One non-utility administrative vehicle	zero	Deferred	
Corporate tax			30

Table II.2 (cont'd)

42 Part III, Section 17 (1-8), Tanzania Investment Act.
43 TIC online information. Viewed at: http://www.tic.co.tz/.
44 World Bank (2012b).
45 The TIC has no legal authority to deny investment, but no benefits are granted under the Investment Act unless the investment is above the threshold.
46 TIC online information. Viewed at: http://www.tic.co.tz/.

Sector	Duty (%)	VAT	Other (%)
Capital allowance			100
Withholding tax on interest			10
Withholding tax on dividends			10
Losses carried forward indefinitely			
Mining, petroleum, and gas			
All capital goods	zero	Relieved	
Spare parts	zero	Relieved	
Explosive and other supplies	zero	Relieved	
Fuel and oils	zero	Relieved	
Corporate tax			30
Capital allowance			100
Resident and non-resident withholding tax on technical services			5
Economic infrastructure			
All capital goods	zero	Deferred	
Deemed capital goods	zero	Deferred	
Vehicles (utility)	zero	Deferred	
Corporate tax			30
Withholding tax on dividends			10
Withholding tax on interest			10
Losses carried forward indefinitely			
Tourism			
All capital goods	zero	Deferred	
Hotel facilities, e.g. carpets, furniture, etc.	zero	Deferred	
Vehicles for tour operators	zero	Deferred	
Corporate tax			30
Capital allowance			50
Withholding tax on dividends			10
Withholding tax on interest			10
Losses carried forward indefinitely			
Priority sectors			
Capital goods	zero	Deferred	
Raw materials	zero	Deferred	
Utility vehicles	zero	Deferred	
Replacement industrial parts for the rehabilitation of privatized enterprises	zero		
Corporate tax			30
Capital allowance			100
Withholding tax on dividends			10
Withholding tax on interest	zero		
Losses carried forward indefinitely			

Source: Tanzania Investment Centre online information. Viewed at: http://www.tic.co.tz/.

(ii) Zanzibar

57. Zanzibar's investment regime is governed by the Zanzibar Investment Promotion and Protection Act of 2004.[47] In its Article 3, it sets up the Zanzibar Investment Promotion Authority (ZIPA) as the focal point for promotion and facilitation of investments in Zanzibar.[48] ZIPA acts as a one-stop facilitator for investors and is responsible for administration, control, and management of Zanzibar's Freeport and free economic zones.

58. Although 100% foreign ownership is permitted in most sectors, Zanzibar maintains some restrictions in certain sectors (see above). Article 11 (2) of the Zanzibar Investment Promotion and

[47] ZIPA online information. Viewed at: http://www.zanzibarinvest.org/ZIPA_act_2004.pdf.
[48] ZIPA online information. Viewed at: http://www.zanzibarinvest.org/.

Protection Act, 2004, grants the Minister discretion to specify by notice in the *Gazette*, any small-scale business or category thereof that may only be engaged in by Zanzibaris.

59. Zanzibar has officially designated free economic zones at Fumba in the island of Unguja, Micheweni on the island of Pemba, and the Amaan industrial park.[49] For authorization to operate in the free zone, a company must carry out an industrial or processing activity and must export no less than 80% of its products.[50] Two sites have been officially declared as free port zones (Maruhubi Free Port and Airport zone). The President has the right to declare other free zones when the need arises.

60. Other incentives include the possibility for funds transfer (Article 21, Zanzibar Investment Promotion and Protection Act of 2004), protection against compulsory acquisition (Article 22), and provisions for dispute settlement under, *inter alia*, UNCITRAL or ICSID processes.

[49] Operating under the Zanzibar Free Economic Zones Act No. 17 of 1992.
[50] ZIPA online information. Viewed at: http://www.zanzibarinvest.org/.

III. TRADE POLICIES AND PRACTICES BY MEASURE

(1) INTRODUCTION

61. Tanzania applies the EAC Common External Tariff (CET). In the WTO, Tanzania bound 13.5% of its tariffs lines, with ceiling rates of 120% for both agricultural and non-agricultural products; it also bound other duties and charges on products covered by its tariff bindings at zero. As of 1 July 2011, Tanzania replaced the destination inspection fee on imports with a customs processing fee and reduced its rate from 1.2% to 0.6% of the f.o.b. value. Local goods and imports are subject to a VAT of 18%; excise duty rates on a few products vary according to local-content levels. Tanzania applies import prohibitions and restrictions on certain goods under the EAC Customs Management Act.

62. During the review period, Tanzania continued to implement its customs modernization strategy. Customs reforms include rolling out the ASYCUDA++ system; setting up the Customs Service Centre to process all import declarations; strengthening the risk-management and post-clearing audit systems; introducing a compliant (i.e. authorized) traders system; and improving infrastructure. As a result, there have been improvements in cargo clearance times and revenue collection. Tanzania has implemented a destination inspection scheme since 2004. Nevertheless, in order to prevent imports of substandard products, the Tanzania Bureau of Standards introduced a pre-export verification programme to assess standards conformity in early 2012.

63. In 2004, Tanzania enacted national legislation on anti-dumping and countervailing measures, but it does not yet have a law on safeguards. The legislation is being reviewed with the aim of expanding its scope to Zanzibar. As of February 2012, Tanzania had never applied contingency trade remedies. A new Standards Act was passed in 2009 to revamp the role and powers of the Tanzania Bureau of Standards. In 2011, Zanzibar enacted a law providing for the establishment of its own standards body, which is yet to be set up. Tanzanian standards generally follow international or regional norms. By end 2011, Tanzania had 1,485 standards (510 compulsory and 975 voluntary). Since July 2009, Tanzania has made 44 notifications of technical regulations to the WTO. Tanzania's sanitary and phytosanitary (SPS) system did not undergo major changes during the review period. Improving enforcement capacity, agency coordination, and information and notification mechanisms are some of the key challenges in the SPS area. No SPS notifications have been made to the WTO.

64. Tanzania maintains several export promotion programmes, including the Duty Drawback Scheme and Manufacturing under Bond Scheme. In addition, both mainland Tanzania and Zanzibar operate their own export-processing zones (EPZs) and special economic/free zones, each providing different incentives. Minimum export requirements apply under the EPZs schemes. Export finance is offered by some public and private banks and there is an Export Credit Guarantee Scheme, but exporters continue to report problems to access credit. To promote local processing, export taxes are applied on raw cashew nuts and raw hides and skins, while raw fish exports are banned.

65. Government procurement, privatization, competition policy and intellectual property rights are non-Union matters, and so mainland Tanzania and Zanzibar have different legislation and institutions in these areas. In December 2011, a new Public Procurement Act 2011 was passed in mainland Tanzania, covering all types of procurement and public institutions; a preferential margin of 15% applies to local goods, and a margin of up to 10% to domestic contractors and service providers. In Zanzibar, the Public Procurement Act of 2005 remains in force. During the review period, the pace of privatization slowed down, as the divestiture of public utilities proved difficult; some 34 enterprises are still earmarked for privatization. No major changes have been made to the Fair Competition Act

of 2003 (Zanzibar has no competition legislation). Mainland Tanzania is currently developing an IPR policy and revising its IPRs laws in order to consolidate them and make them fully TRIPs compliant; the new law will cover all IPRs, including geographical indications, which are not currently regulated. Zanzibar enacted a new Industrial Property Act in 2008, covering the protection of all IPRs, except copyrights which are regulated by the Zanzibar Copyright Act of 2003. Combating counterfeit and piracy remains a major challenge in Tanzania.

(2) MEASURES DIRECTLY AFFECTING IMPORTS

(i) Registration, custom procedures, and customs valuation

66. Under the Business Activities Registration Act of 2007, all companies wishing to engage in trading in Tanzania, irrespective of their legal form, must register with the Business Registration and Licensing Agency (BRELA) of the Ministry of Industry and Trade (MIT).[51] Upon clearance of the company name by BRELA, a local company receives a certificate of incorporation for a fee ranging from T Sh 126,000 to T Sh 400,000, depending on the amount of capital; and a foreign company receives a certificate of compliance costing US$1,200. A company must then register with the Tanzania Revenue Authority (TRA) and other institutions as necessary, and obtain a business licence. BRELA's registration system is being computerized and will be linked to the TRA in the near future.

67. In January 2005, Tanzania adopted the EAC Customs Management Act. During the review period, the TRA continued to implement its customs modernization strategy, aimed at enhancing revenue collection and trade facilitation. Among the most important reforms undertaken were the nationwide rollout of the ASYCUDA++ system[52], which enables electronic submission of customs declarations[53]; the establishment of the Customs Service Centre in Dar es Salaam, where import declarations from all border stations are processed, thus providing uniform treatment of all valuation and classification issues; the strengthening of the customs risk-management and post-clearing audit systems, both set up in 2004; the introduction of a compliant (authorized) traders system; and the improvement of physical infrastructure, including the purchase of container scanners.

68. In the EAC context, Tanzania started implementing the Revenue Authorities Digital Data Exchange System (RADDEX) in 2009, an electronic information exchange system between EAC states' customs administrations. RADDEX is expected to improve monitoring of transit goods, foster trade facilitation, and reduce clearance times. The system has been in use with Uganda and Kenya since 2010. Also, feasibility studies for one-stop joint border posts (OSBPs) have been carried out for several border stations (e.g. Mutukula, Sirari, Holili, and Horohoro), and their construction is in progress, with the support of multilateral and bilateral funding. Tanzania conducted time release studies (TRS) in 2005 and 2009, which have served as a basis for monitoring customs clearance performance.

69. Since 2004, Tanzania has implemented a destination inspection system (DIS). Upon expiry of a seven-year contract with TISCAN (a subsidiary of Cotecna), in January 2011, the TRA took over the administration of the DIS. Nevertheless, imports of used motor vehicles remain subject to pre-shipment inspection to ensure compliance with technical regulations. As of February 2012, the

[51] Zanzibar has its own company registrar under the Ministry of Justice and Constitutional Affairs.

[52] By mid 2011, ASYCUDA++ had been rolled out to 24 border stations, accounting for 98% of trade transactions. Progress is under way to roll out the system to import declarations lodged through Zanzibar.

[53] ASYCUDA++ enables agents and importers to lodge customs declarations and supporting documents electronically through their own direct trade input (DTI) facilities, or via the DTI bureau at customs offices.

Tanzania Bureau of Standards has implemented a programme for pre-export verification of conformity to standards (PVoC); compliance with the PVoC is necessary for products subject to technical regulations and intended to be exported to Tanzania (section (2) (vii) below).

70. An import declaration form is required for all imports. A customs processing fee of 0.6% of the f.o.b. value of imports is due on all imported goods, except those that are non-commercial in nature, have no commercial value, are being re-imported, or are imported by a few specified institutions/companies.[54] Consignments with a value below US$500 are not subject to the customs processing fee. Goods in transit are exempt from customs duties, taxes and fees, but require a security bond or cash deposit, the amount of which is determined on the basis of the duties and taxes applicable on the importation of such goods. Import duties and fees may be paid electronically, through banks, or directly at customs offices. ASYCUDA++ was linked to commercial banks in January 2011 to facilitate and speed up payments.

71. Under the ASYCUDA++ computerized risk-management system, imports are channelled according to their risk level into a green line (low risk) for automatic customs clearance; a yellow line (medium risk) for document inspection; and a red line (high risk) for documentary and physical inspection. According to the TRA, 40% of imports pass through the green line, 20% through the yellow line, and 40% through the red line (of which 20% are subject to scanning).

72. A Compliant Traders Scheme was introduced in July 2008. Currently, some 54 traders are operating under the scheme, but further efforts are deemed necessary to ensure that compliant traders effectively benefit from direct release of their consignments. Implementation of a pilot programme is under way for authorized economic operators at the EAC level. The TRA is in the process of procuring a new web-based customs clearance system that will address shortfalls of ASYCUDA++. Other projects include the development of a single-window system at Dar es Salaam Port and the commissioning of an electronic tracking system for transit cargo.

73. Customs reforms, in particular through the Customs Modernization Strategy 2009/10-2012/13, have had a positive impact both on trade facilitation and revenue collection. Cargo clearance times have improved compared with the results of the 2009 time release study: in June 2011, the clearance time from arrival of cargo to removal was 12 days at the Dar es Salaam Port (down from the 15 days), and 5 days at Julius Nyerere International Airport (down from 7 days). However, the cargo clearance time across land-border stations increased from 2 to 3 days. Revenue collection also shows positive trends; revenue collected in mainland Tanzania increased from T Sh 883,620 million in 2005/06 to T Sh 2,336,366 million in 2010/11, while revenue collected in Zanzibar jumped from T Sh 14,504 million to T Sh 48,684 million over the same period.[55] Duties and taxes on imports accounted for almost 45% of total (net) tax revenue collected by the TRA in mainland Tanzania in 2010/11. Of the total revenue collected from imports, duties accounted for 21%, VAT for 39%, excise taxes for 26%, and other charges for 14%. In Zanzibar, duties and taxes on imports

[54] The exemption covers the Bank of Tanzania, the Ministry of Livestock Development, Air Tanzania, AG&P Gas Ltd., BGI Company (gas), Kilwa Energy Company Ltd., SUMA JKT (a military production unit), NGOs and religious organizations, embassies and UN agencies, and donor funded projects. Imports of raw materials for production purposes are also exempt from the customs processing fee.

[55] TRA, *The Implementation of Customs Modernisation: 2004-June 2011* (document provided by the TRA).

(including VAT and excise taxes) represent some 60% of total revenue collected by the TRA (Zanzibar).[56]

74. Tanzania has used the valuation methods in the WTO Customs Valuation Agreement since 1 January 2001. Nevertheless, the Used Motor Vehicle Valuation System (UMVVS), using a depreciation method, was introduced in June 2011 to address the complexities involved in determining the customs value of used cars. According to the TRA, the UMVVS has helped reduce motor vehicles clearance times by eliminating several processes, and has increased compliance. A new customs valuation database has been developed as a risk-management tool and has been in use since 1 May 2010; its stated objectives are to apply fair, equitable, and transparent custom values by using real-time and analysed data; eliminate double standards in valuation of imported/exported goods; facilitate customs risk management; and enhance trade compliance. The authorities have indicated that the database contains only reference prices, and that they do not maintain minimum prices.

75. Traders may appeal against customs decisions first to the Commissioner for Customs and Excise within the TRA; if not satisfied, they may refer the matter to the Tax Revenue Appeal Board, and subsequently to the Tax Revenue Appeal Tribunal, and finally the Court of Appeal.

(ii) Tariffs

(a) MFN applied tariff structure

76. Since January 2005, Tanzania has applied the EAC Common External Tariff (CET) (Common Report, Chapter III(1)(iv)).

(b) MFN tariff bindings

77. In the WTO, Tanzania bound 13.5% of its tariff lines, comprising all tariff lines for agricultural products (WTO definition) and 0.1% of tariff lines for non-agricultural products. The final bound rates are 120% for both agricultural and non-agricultural goods. This ceiling binding does not ensure predictability of the tariff regime.

(c) Tariff preferences

78. In accordance with the Protocol on the Establishment of the EAC Customs Union (Article 10), all EAC members eliminated all tariffs on intra-EAC trade in 2010 (Common Report Chapter III(1)(iv)).

79. Tanzania also grants tariff preferences on a reciprocal basis to members of the Southern African Development Community (SADC), of which it is a member.[57] As of 1 January 2011, Tanzania grants duty-free treatment to goods imported from all SADC countries, which qualify for SADC origin criteria and are accompanied by a certificate of origin from a competent institution.

[56] TRA online information, "National Tax Statistics". Viewed at: http://www.tra.go.tz/index.php?option=com_content&task=view&id=93&Itemid=70 [February 2012].

[57] SADC members are Angola, Botswana, Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Zambia, Zimbabwe, South Africa, and Seychelles.

(d) Tariff and tax exemptions and concessions

80. National exemptions from the CET may be granted by the EAC Council of Ministers on a case-by-case basis. In June 2011, Tanzania was allowed to delay application of the CET for one year and apply lower import duties for: road tractors for semi-trailers (0%), passenger buses (10%), trucks with carrying capacity of 5 to 20 tonnes (10%), and trucks with carrying capacity of over 20 tonnes (0%) (Common Report, Table III.3).[58] The Tanzanian authorities indicated that the rationale for requesting these exemptions was to help reduce transport costs and traffic congestion. Tanzania was also allowed to apply a 0% import duty on hard wheat to enable production of confectionary products at affordable prices.

81. Under the EAC Duty Remission Scheme, the Council of Ministers may authorize individual EAC states to grant approved national manufacturers the right to import free of duty specified raw materials and industrial inputs used in the manufacture of goods. The Legal Notice approving duty remission applies for 12 months and may be renewed every year. In June 2011, the Council of Ministers approved a customs duty remission for Tanzania for palm stearin-RBD (HS code 1511.90.40), which is used in the manufacture of soap and other products.[59] Goods currently under duty remission are: paper for printing books; unassembled bicycles and motorcycles; tread for re-treading; industrial sugar; spare parts for assembly of transformers and switch gears; spare parts for assembly of refrigerators and freezers; and spare parts for assembly of trailers.

82. Tariff and tax exemptions are also granted in the framework of export schemes, i.e. duty drawback, manufacturing under bond, and export processing zones and special economic zones schemes (section (3)(iv) and (v)).

(iii) Other duties and charges

83. In the WTO, Tanzania bound "other duties and charges" at zero, except for silk and woven fabrics (84%), and dummies and other figures (56%). Nevertheless, imports into Tanzania are subject to an *ad valorem* customs processing fee, with some exceptions (section (i) above). As of 1 July 2011, the rate of the customs processing fee was reduced from 1.2% to 0.6% of the f.o.b. value. A customs processing fee of US$10 per import declaration has been removed.

(iv) Internal taxes

84. Imports and domestic products are subject to internal taxes, including VAT and excise taxes. VAT is collected on all taxable goods and services sold or imported into Tanzania.[60] In July 2009, the standard VAT rate was reduced to 18% (from 20%). VAT is applied on the sale price of domestically produced goods and services, and on the c.i.f. value of imports (inclusive of customs and excise duties). Companies with an annual turnover of less than T Sh 40 million are exempt from VAT registration.

85. Exports of goods and services as well as certain charges related to international trade are zero-rated for VAT.[61] Also, a number of goods and services are exempted from VAT.[62] Capital

[58] The exemptions were published in the *EAC Gazette*, June 2011.

[59] Legal Notice No. EAC/29/2011, *EAC Gazette*, Vol. AT 1-No. 08, Arusha, 30 June 2011.

[60] In Zanzibar, VAT is collected by the Zanzibar Revenue Board; the rate is 18%, as in the mainland.

[61] International trade charges that are VAT zero-rated include supply of food and beverages for consumption or duty-free sale on aircraft or ships on journeys to destinations outside Tanzania; transport or any ancillary transport service or loading, unloading, shore handling, storage, warehousing, and handling supplies in

goods for investment are eligible for VAT deferment. In fiscal year 2010/11, revenue collected from VAT totalled T Sh 1,703.9 billion in mainland Tanzania, of which 53% came from imports; and in Zanzibar VAT on imports amounted to T Sh 18,498 million.[63]

86. Excise duties are levied on certain domestic and imported consumer goods at specific or *ad valorem* rates. The base for the *ad valorem* rate on imports is the c.i.f. value plus the import duty. *Ad valorem* rates apply to disposable plastic bags (50%), motor cars (5% or 10% depending on cylinder), over 10-year old motor vehicles (20%), satellite and cable television broadcasting (7%), mobile phone airtime (10%), and "luxury goods", such as cigars and cosmetics (30%). Specific rates are charged on petroleum products[64], cigarettes, beer, wine, spirits, soft drinks, and bottled water. Excise duty rates are up to three times higher for cigarettes, beer, and wine with less than 75% domestic content. The authorities have indicated that the rationale behind this measure is to encourage investment and local processing in the respective industries. Fiscal revenue from excise duties amounted to T Sh 968 billion in 2010/11 in mainland Tanzania, of which 63.4% came from imported goods; in Zanzibar, excise duties collected on imports amounted to T Sh 6,102.7 million.[65]

(v) Import prohibitions, restrictions, and licensing

87. Tanzania maintains import prohibitions under the Second Schedule of the EAC Customs Management Act (Common Report, Chapter III(1)(vii)), which also contains a list of restricted imports. The importation of restricted products into Tanzania requires permits from the appropriate government departments or institutions. For example, imports of firearms and ammunitions require a permit from the Ministry of Public Safety and Security; import permits for medicines and medical equipment are issued by the Ministry of Health and Social Welfare; plants and live animals require import permits from the Plant Health Service and the Directorate of Veterinary Services, respectively; while permits for certain food products are issued by the Tanzania Food and Drugs Authority. Commodity boards issue permits for the importation of a number of crops and other agricultural produce. For example, imports of sugar require a permit from the Sugar Board.[66]

(vi) Contingency trade remedies

88. The EAC Customs Union Protocol provides the legal basis for contingency measures at the regional level and for the establishment of an EAC Committee on Trade Remedies (Common Report,

connection with goods in transit through the United Republic of Tanzania (URT) whether such services are supplied directly or through an agent to a person who is not resident of the URT; services (handling, parking, pilotage, salvage, and towage) of any foreign ship or aircraft while in mainland Tanzania; and agricultural produce intended for export by cooperative unions and community-based societies registered with the TRA.

[62] Goods and services exempted from VAT include food crops and livestock supplies (unprocessed); pesticides and fertilizers; health supplies and hospital equipment; veterinary supplies; educational services/equipment; books and newspapers; public transport services; housing and land; finance and insurance services; water, except bottled or canned; funeral services; petroleum products; agricultural implements; tourism services; postal supplies; fishing gear; aircraft; computers, printers and accessories; locally manufactured yarn; games of chance; and the supply of packing materials to registered milk processors or manufacturers.

[63] TRA online inforamtion, "National Tax Statistics". Viewed at: http://www.tra.go.tz/index.php?option=com_content&task=view&id=93&Itemid=70 [February 2012].

[64] In addition, a fuel levy (Road toll) is charged on petrol and diesel at a rate of T Sh 200/litre.

[65] TRA online information, "National Tax Statistics". Viewed at: http://www.tra.go.tz/index.php?option=com_content&task=view&id=93&Itemid=70 [February 2012].

[66] The Sugar Industry Act (No. 26 of 2001) and Sugar Regulations, Government Notice No. 173 (2005).

Chapter III(1)(vi)). Nevertheless, Tanzania has passed national legislation on anti-dumping and countervailing measures, although it does not yet have legislation on safeguards.

89. The Anti-dumping and Countervailing Measures Act (Act No. 14), enacted in 2004, applies only to mainland Tanzania, but is being reviewed with the aim of expanding its scope to Zanzibar. Under the Act, anti-dumping duties may be imposed on any dumped import when it causes or threatens to cause material injury to Tanzanian industry, and when there is a link between dumping and injury. A product is deemed to have been dumped if its export price to Tanzania is less than the normal value of the good in the country of origin. A subsidy is defined as a financial contribution, or income, or price support by a public body that leads to market distortion. A countervailing duty may be applied to offset any subsidy granted in the country of origin or export upon the manufacture, export, or transport of goods that are imported into Tanzania and that cause injury.

90. A provisional duty may be imposed where a preliminary investigation shows the existence of dumping or subsidy, and there is sufficient evidence of injury. However, provisional measures must not be applied sooner than 60 days from the date of initiation of the investigation, and their application must not exceed six months.[67] Definitive anti-dumping and countervailing duties must not be kept in force longer than necessary to counteract the dumping or subsidy that causes injury, and in any case no more than five years. Interested parties may request the review of a definitive anti-dumping or countervailing duty, provided that a reasonable time has elapsed since its imposition.

91. Act No. 14 provides for the establishment of the Anti-dumping and Countervailing Measures Advisory Committee (ACMAC), under the MIT, to conduct anti-dumping and countervailing investigations in order to protect domestic industries. An investigation may be initiated through a written application to the Minister, by or on behalf of the domestic industry, or by any member of the ACMAC. The decision to impose anti-dumping or countervailing duties is made by the Minister on the advice of the ACMAC.

92. As of June 2012, the ACMAC had not been established, and no anti-dumping, countervailing or safeguard measures had been taken by Tanzania.[68]

(vii) Standards and other technical requirements

(a) Standards, testing, and certification

93. Standardization matters are governed by the Standards Act 2009, which repealed Act No. 3 of 1975, and re-established the Tanzania Bureau of Standards (TBS) with strengthened powers to carry out its functions. Other relevant legal instruments are the Standards Certification Regulation (1981), the Standards Tested Products Regulation (1984), and the Standards Compulsory Batch Certification of Imports (1998).

94. The TBS, a parastatal organization under the MIT, is responsible for the promotion of standardization and quality assurance within industry and commerce.[69] Its core functions include to: formulate and promulgate national standards; implement standards through third-party certification; provide inspection and testing services; provide training for industry quality management; and undertake calibration of industrial and commercial measuring equipment and instruments. The TBS is not a Union entity, but its system is followed by the Zanzibar Government and used by Zanzibar

[67] Article 48 of Act No. 14.
[68] Information provided by the authorities, and WTO document G/ADP/N/193/TZA, 22 June 2010.
[69] The TBS was established by Act No. 3 of 1975, and re-established by the Standards Act 2009.

companies. In 2011, Zanzibar enacted a law providing for the establishment of the Zanzibar Bureau of Standards (ZBS). At the time of writing this report, the ZBS had not yet been established.

95. By October 2011, Tanzania had 1,485 national standards, of which 510 were compulsory (technical regulations) and 975 voluntary.[70] Tanzanian standards and technical regulations are generally adopted or adapted from international standards, and relate mainly to food and agriculture, chemicals, textiles and leather, engineering, the environment and general techniques. National standards and technical regulations do not distinguish between domestically produced and imported goods. During the review period, Tanzania continued to harmonize its national standards and technical regulations with international or regional standards. At the EAC level, over 1,200 standards have been harmonized for uniform application by EAC members (Common Report, Chapter III(1)(viii)).

96. The TBS administers the National Standardization System, through which national standards and technical regulations are formulated. There are no differences in the formulation of standards and technical regulations. Both are prepared and discussed in technical committees comprising representatives from industry, government, and academia. However, when a standard is declared compulsory by the Board of Directors of the TBS, it is then recommended to the Minister (of MIT) for approval. Draft technical regulations are posted on the TBS website for public comment; the authorities indicated that the time period for submitting written comments is 60 days. Once approved, technical regulations are published in the official *Government Gazette* and become compulsory. Besides the TBS, several ministries and institutions are involved in the preparation, issuance, and implementation of standards and technical regulations, depending on the subject matter to be regulated.[71] The Weights and Measures Agency under MIT is responsible for legal metrology. Tanzania's quality assurance and conformity assessment infrastructure is fragmented (sector-based), and therefore the activities carried out by various regulatory bodies may at times overlap, thus increasing compliance costs for traders.

97. In order to curb the introduction of substandard products into Tanzania and protect consumers, on 1 February 2012 the TBS implemented a programme for the pre-export verification of conformity to standards (PVoC) for exports into Tanzania. All consignments subject to PVoC must obtain a certificate of conformity (CoC) issued by an authorized PVoC service provider in the country of export prior to shipment.[72] The CoC is mandatory for customs clearance; it confirms that the products comply with the relevant Tanzanian technical regulations or approved equivalent international/regional standards. Penalties are envisaged for regulated products arriving in Tanzania without a CoC, but they have not been applied so far. The Tanzanian authorities may nevertheless take random samples from imported consignments to verify compliance. The PVoC procedure applies to products subject to technical regulations, including toys, electrical and electronic products, automotive parts, cosmetics and chemical products, mechanical material and gas appliances, paper and stationery, furniture, safety equipment, food and food products, and used textiles.[73] There are

[70] Figures provided by TBS. National standards include product standards, test methods, codes of practice, and codes of hygiene (TBS online information. Viewed at: http://www.tbs.go.tz/standards).

[71] The ministries involved include the Ministry of Agriculture, Food Security and Cooperatives; the Ministry of Water and Irrigation; the Ministry of Livestock Development and Fisheries; the Ministry of Natural Resources and Tourism; the Ministry of Communications, Science and Technology; the Ministry of Infrastructure Development; and the Ministry of Health and Social Welfare.

[72] PVoC service providers are selected through international open tendering

[73] The list of products subject to PVoC is available at: http://www.intertek.com/uploadedFiles/Intertek/Divisions/Oil_Chemical_and_Agri/Media/pdfs/TanzaniaRegulated%20ProductsList.pdf.

three routes to obtain a CoC: consignment certification (for occasional exporters); product registration and certification of shipment (for frequent exporters); and product licensing (for manufacturers with high frequency and/or volume of shipments). Verification procedures and fees vary depending on the route, and range from US$250 to US$700 per shipment. Reportedly, some stakeholders, particularly small importers, have voiced concerns that the PVoC may cause delays in receiving import clearance due to lengthy verification procedures in the country of origin. In April 2012, the TBS agreed to exempt small importers from the application of the PVoC, allowing them to use the destination inspection system instead.[74]

98. Tanzanian products that conform with technical regulations are issued a "tbs" mark licence; imports are issued a batch certificate.[75] The TBS generally does not test Tanzanian exports unless specifically requested by the exporter.

99. Testing facilities provided by the TBS include seven laboratories: the Food Laboratory, the Chemistry Laboratory, the Textile and Leather Laboratory, the Electrical Engineering Laboratory, the Mechanical Engineering Laboratory, the Building and Construction Laboratory, and the Metrology Laboratory. Some of the activities of the food, textile, metrology, and chemistry laboratories have been accredited by the South African National Accreditation System (SANAS).[76] Other internationally accredited laboratories are the National Fish Control Laboratory, the Food Laboratory of the Tanzania Industrial Research Development Organization (TIRDO), and the environmental laboratory of the local branch of SGS. Eight additional laboratories are at different stages of the accreditation process.

100. The TBS established the Packaging Technology Centre (PTC) in 2008 to improve the packaging quality of Tanzanian products and facilitate their access to foreign markets. The PTC tests packages and packaging materials for local products to ensure that they meet international standards. The Centre also provides certification of packaging materials and packages, and offers training in packaging design for individuals and companies.

101. According to the authorities, Tanzania has not entered into any mutual recognition agreements. Nevertheless, in the context of the EAC, EAC members are required to recognize each other's certification marks, as provided by the EAC SQMT Act, 2006 (Common Report, Chapter III(1)(viii)). An EAC regulation to enhance recognition of certification marks has been approved and is expected to enter into force sometime in 2012. Effective recognition of national certification marks remains a major challenge for EAC integration.

102. Tanzania has notified the TBS as its national enquiry point under the WTO Agreement on Technical Barriers to Trade and the Agreement on Sanitary and Phytosanitary Measures.[77] In addition, the TBS has accepted the Code of Good Practice for the Preparation, Adoption and Application of Standards. Tanzania has made 44 notifications of technical regulations to the WTO

[74] allAfrica.com online information, "Tanzania: TBS Exemption Move to Boost Small Importers", 3 April 2012. Viewed at: http://allafrica.com/stories/201204030181.html [June 2012].

[75] Certification fees are 0.2% of the c.i.f. value for all imported products, except petroleum products.

[76] The Metrology Laboratory has been accredited in four fields (mass, small volume, temperature, and time and frequency), the Chemistry Laboratory has been accredited for drinking, mineral, and potable water, and the Textiles Laboratory has been accredited for condom testing (TBS online information. Viewed at: http://www.tbs.go.tz/index.php/tbs/aboutus/category/accreditation_information/ [March 2012]).

[77] WTO document G/TBT/ENQ/38/Rev.1, 8 July 2011.

TBT Committee since 2009.[78] It has also submitted a notification relating to its Implementation and Administration of the TBT Agreement.[79]

103. The TBS is a member of the International Organization for Standardization (ISO), the FAO/WHO Codex Alimentarius Commission, the East African Standards Committee (EASC), and the SADC Committee of Experts for Standards, Quality Assurance, Accreditation and Metrology (SQAMEG).

(b) Marking, labelling, and packaging

104. Tanzania generally follows ISO guidelines on marking and labelling. Labels on imports and on domestic products must describe the main characteristics of the product (e.g. main components, validity period, and possible interdiction of use). The TBS and other institutions, such as the Pharmacy Board, the National Food Control Commission, the Tanzania Pesticide Research Institute, and the Tanzania Atomic Energy Commission regulate marking and labelling for specific products.

105. The requirements for marking, labelling, and packaging apply to three broad product categories: food, non-food, and dangerous goods. Sensitive products such as food, pharmaceuticals and dangerous goods (e.g. explosives, flammable liquids, and oxidizing substances) must be well packaged, labelled and marked. Marking/labelling information requirements include: name of the product, date of manufacture and expiry, contents or ingredients, directions for use, storage conditions, warning/safety information and symbols, lot identification, country of origin, and name and address of the manufacturer. The design and construction of the packaging vary depending on the end-use of the product. The container should preserve and protect the contents for the required shelf- and use-life, and safeguard them from deterioration, damage or loss.

106. The TBS recently set up the Packaging Technology Centre, which offers a variety of testing, certification, and training services to the packaging industry (section (a) above).

(c) Sanitary and phytosanitary regulations

107. Tanzania's SPS regime consists of several pieces of legislation and involves multiple institutions.[80] Overall, the system has not undergone fundamental changes since Tanzania's 2006 TPR. Raising awareness on the importance of SPS issues, developing enforcement capacity, and improving coordination among the different regulators involved, remain important challenges.

108. Food safety management is a responsibility shared among several regulatory bodies, including the Tanzania Food and Drugs Authority (TFDA), the Tanzania Bureau of Standards, and the Fisheries Department of the Ministry of Livestock Development and Fisheries. The TFDA was created by the Tanzania Food, Drugs and Cosmetics Act (No. 1 of 2003), under the Ministry of Health and Social Welfare, and is responsible for controlling the quality and safety of food, drugs, cosmetics, herbal drugs, and medical devices. TFDA's core functions on food safety are to: regulate the importation, manufacture, labelling, marking, storage, sale, and distribution of food; register food products; prescribe minimum quality standards for imported and local food products; inspect and test food products at manufacturing sites and ports of entry to ensure compliance; enforce the regulations and apply penalties; and address consumer complaints. The TBS is responsible for setting compulsory

[78] WTO documents G/TBT/N/TZA/1 to 44 (various dates).

[79] WTO documents G/TBT/2/Add.94/Rev.1, 28 October 2010.

[80] SPS issues are not a Union matter, so mainland Tanzania and Zanzibar have separate legislative and institutional frameworks. Nonetheless, the requirements are very similar.

standards, and inspecting and certifying processed food products (see (vi)(a) above), while the Fisheries Department is in charge of testing and certifying processing and handling practices for fresh and frozen fish, and monitoring and certifying imports and exports of fish and fisheries products.

109. All importers of food must be registered with the TFDA and declare the types of food to be imported. An import permit is required from the TFDA for each consignment. The application for an import permit must be accompanied, *inter alia*, by a health certificate from the country of origin or a phytosanitary certificate in the case of unprocessed cereals or products of plant origin. Each imported food consignment is inspected by a TFDA agent, who may take samples for analysis if deemed necessary.[81] Consignments are tested at TFDA's own laboratory or outsourced to the Government Chemist Laboratory; there are no private food laboratories. In addition, where the food consignment is subject to a technical regulation, TBS carries out inspection and takes samples for testing at its laboratory. Moreover, all imported foods must be inspected for radiation by the Tanzania Atomic Energy Commission (TAEC). Such overlapping responsibilities, and insufficient coordination among the institutions involved in food safety control, increases red tape and transaction costs to traders. This is compounded by lack of resources, and insufficient testing infrastructure and inspection staff, and may result in long delays at border posts.[82]

110. On the positive side, significant progress has been made in food safety management in the fisheries sector, where restrictions in export markets in the past have driven efforts to achieve compliance with international standards. The Fisheries Department has been adequately resourced to perform its functions as regulator, and awareness and participation by the private sector have been crucial to the good functioning of the SPS system. Horticultural products, another key export sector, have also benefited from enhanced SPS management through private investment in infrastructure and operating systems. Compliance of horticultural products with international norms is essentially ensured through controls by private exporters and third-party certification. Most exporters of these products use foreign laboratories to carry out pesticide residue testing, especially when this is required by a foreign market regulator or buyer.[83]

111. Phytosanitary matters are governed by the Plant Protection Act of 1997 and the Plant Protection Regulations of 1999. The Plan Protection Act empowers the Ministry of Agriculture, Food Security and Cooperatives (MAFC) to control imports and exports of plants and plant products, and otherwise manage plant health risks so as to ensure sustainable plant and environmental protection, increase crop productivity and attain national food security.

112. Under the phytosanitary regulations, imports are grouped under three categories, depending on the distribution and type of pest: (i) permitted under certain conditions, i.e. plants and plant products, living cultures of fungi, bacteria, and all beneficial organisms including biological control agents and bio-pesticides; (ii) subject to quarantine (e.g. seeds, and non-native plants or crops); and (iii) prohibited, such as vegetative parts of plants (e.g. stems and leaves), soil, weeds, and narcotic plants.[84] Imports of packaging materials (i.e. hay, straw, rice husks, peat, chaff or other substances likely to support harmful organisms) are also prohibited. All import consignments must be accompanied by a phytosanitary certificate issued by the country of origin; they also require an import permit and are subject to inspection at the point of entry. Domestic crops do not require phytosanitary certification unless there is a localized pest outbreak in their production region.

[81] TFDA (2006).
[82] World Bank (2012).
[83] Henson (undated).
[84] WTO (2006).

113. The Plant Health Service (PHS) under the MAFC and the Tropical Pesticide Research Institute (TPRI) are both involved in inspection activities, and issuing import permits for plant and plant products, and phytosanitary certificates for exports; this results in duplication of functions and makes coordination difficult. In addition, the PHS is responsible for managing pest outbreaks, while the TPRI is in charge of pesticide registration and import quarantine services. Other agencies involved in SPS issues are the Plant Breeders Registrar, which regulates breeding activities and oversees application of the Convention on the Protection of New Plant Varieties (UPOV), and the Tanzania Official Seed Certification Institute, which offers seeds testing and sampling services. Imports (and exports) of plants and plant products are subject to a number of fees related to the issuance of permits and certificates, and other services such as inspection, treatment supervision, quarantine, field inspections, and extension services, all of which may considerably increase importation costs.

114. The PHS has 165 inspectors based at 28 entry points (out of 51), including the international airports, major sea and lake ports, and selected border posts. However, most entry posts are poorly equipped for pest inspection, staff often do not have specific training in phytosanitary matters and have little or no direct communication with PHS headquarters. Hence, pest surveillance capacity is severely constrained. Due to these shortcomings, Tanzania has suffered some outbreaks of plant pests and diseases (including cassava green mite, large grain borer in maize, banana wilt disease, and a variety of fruit fly that infests citrus and mango-growing areas).[85] While phytosanitary certificates for export are issued, there is no computerized system to retrieve export documentation or to trace consignments and investigate cases of non-conformity.

115. The legal framework for animal health matters did not change significantly during the review period, although some new laws were enacted.[86] The main laws regulating the sector are the 2003 Animal Disease Act and the 2003 Veterinary Act. The Animal Disease Act provides for general and compulsory animal disease control measures, protection of consumers against diseases found in animals or animal products, and the functions of inspectors. The Veterinary Act contains provisions for the registration of veterinarians, enlistment of paraprofessionals, establishment of the Veterinary Council, and regulation of animal health service delivery. This basic legislative framework broadly follows international norms, but some implementing regulations are still lacking, and new or updated laws are needed in certain areas, such as animal feed and animal breeding, veterinary drugs and aquatic animal health. The Livestock Identification, Registration and Traceability Act (No. 12), enacted in 2010, created a national livestock identification and registration system aimed at controlling animal diseases, enhancing food safety, regulating the movement of livestock and preventing theft, and improving livestock products and their access to markets.

116. The Directorate of Veterinary Services (DVS) of the Ministry of Livestock Development and Fisheries (MLDF) is the leading agency on animal health matters, and is responsible for controlling animal diseases, protecting consumers, and supporting the provision of animal health services. There are DVS inspectors at some 22 entry points. The DVS has 7 veterinary investigation centres throughout the country and 19 grounds that are used as quarantine stations. The DSV has a limited number of veterinarian staff, but some 170 government veterinarians are active at central and local levels. The DVS is the focal point for the World Organization for Animal Health (OIE).

[85] Henson (undated).

[86] Meat Industry Act (No. 10 of 2006), the Hides, Skins and Leather Trade Act (No. 18 of 2008), the Animal Welfare Act (No. 19 of 2008) and the Livestock Identification, Registration and Traceability Act (No. 12 of 2010).

117. Imports of live animals into Tanzania are subject to an import permit from the DVS. A sanitary/health certificate from a qualified veterinarian in the country of export must accompany every imported animal. Imported animals must be examined by a vet at the port of entry and are subject to quarantine regulations. Imported animals may enter only at designated posts. Imports of meat and edible meat offal require an import permit from the TFDA. Imports of live animals and animal products are subject to various fees relating to import permits and certificates, and inspection services.

118. Since 2005, Tanzania has prohibited the importation of poultry and poultry products to prevent the introduction of Highly Pathogenic Avian Influenza (HPAI). Also, imports (and exports) of certain fish and fishery products are banned under the Fisheries Act of 2003 and the Fisheries Regulations of 2009. These include poisonous fish; fish or fishery products containing biotoxins, toxins, prohibited antibiotics, veterinary drugs, and contaminants; fish or fishery products containing food additives not permitted or in amounts exceeding permissible levels; and fish or fishery products contaminated with radioactive material.

119. While animal disease surveillance and monitoring systems are in place, they are in need of upgrading and strengthening. Moreover, the capacity to perform risk assessment remains weak.[87] Hence, Tanzania is still strinving to control and eradicate a number of animal diseases that restrict the access of its exports to international markets and may negatively affect backward linkages with the tourism sector. Rinderpest, contagious bovine pleuropreumonia (CBPP) and foot-and-mouth disease (FMD) have been prioritized by the DVS in its surveillance programmes and international collaboration. However, control measures are often a reaction to disease outbreaks and rely on donor support.[88] In order to increase its livestock exports, for several years Tanzania has envisioned establishing disease-free zones, which would be recognized by trading partners in accordance with the OIE Terrestrial Animal Health Code. To date, no disease-free zones or compartments have been declared.[89]

120. Tanzania is a member of the Codex Alimentarius, the OIE, and the International Plant Protection Convention (IPPC). Within the context of the EAC, Tanzania works for the harmonization of SPS standards. In 2011, the EAC Council of Ministers adopted a draft EAC SPS Protocol, which is currently being reviewed for legal input (Common Report, Chapter III(1)(ix)).

121. Tanzania has notified the TBS and the Permanent Secretary of the MAFC as the enquiry points under the WTO Agreement on Sanitary and Phyotsanitary Measures.[90] During the review period, Tanzania made no SPS notifications, although a number of its TBT notifications were related to food products. Tanzania submitted to the SPS Committee a communication concerning its experience with technical assistance in the fisheries sector.[91] The WTO Secretariat was not able to find a national catalogue on SPS measures.

122. A National SPS Committee was established in August 2009 to serve as a platform for consultations and coordination among stakeholders on sanitary and phytosanitary issues. The committee is also meant to advise the Government on policies and regulations concerning SPS

[87] Abegaz Mulat (undated).

[88] An outbreak of Rift Valley Fever (RFV) was reported in 2007, followed by control measures.

[89] The authorities have indicated that surveys have been conducted in the Myomero district of the Morogoro region and in the Sumbawanga and Nkansi districts of the Rukwa region for the purpose of initiating the establishment of disease-free zones.

[90] WTO online information, "SPS Information Management System". Viewed at: http://spsims.wto.org [27 February 2012].

[91] WTO document G/SPS/GEN/687, 6 April 2006.

matters, monitor promulgation and implementation of national SPS measures, and ensure adoption of international standards and guidelines. The committee is also mandated to: improve Tanzania's implementation of the WTO SPS Agreement; discuss and prepare national positions and enhance the country's participation in regional and multilateral fora (including the WTO SPS Committee and the international standard-setting bodies); and make recommendations for technical cooperation relating to the implementation of SPS measures. The committee comprises stakeholders from the public and private sectors and meets on a quarterly basis.

(viii) Other measures

123. In general, Tanzania does not apply trade-related investment measures (TRIMs). However, in order to encourage local processing, the rate of excise taxes on wine, cigarettes, and beer vary according to local-content thresholds (section (2)(iv)).

124. Tanzania has no agreements with foreign governments or enterprises aimed at influencing the quantity or value of goods and services exported to Tanzania. Moreover, the authorities are not aware of any such agreements between companies established in Tanzania and foreign enterprises.

125. Tanzania maintains a strategic grain reserve (mainly for maize) managed by the National Food Reserve Agency, under the Ministry of Agriculture, Food Security and Cooperatives (Chapter IV(2)(iii)(a)).

126. Tanzania applies no trade sanctions other than those endorsed by the UN Security Council or other regional organizations of which it is a member.

(3) MEASURES DIRECTLY AFFECTING EXPORTS

(i) Registration and documentation

127. Exporters must register with the Business Registration and Licensing Agency (BRELA) of the MIT, and obtain a business licence; requirements are similar to those applying to importers (section (2)(i) above). Additionally, exports of certain products are subject to licences or permits issued by the relevant institutions, such as the Ministry of Agriculture, Food and Cooperatives (food), the Commodity Boards (coffee, tobacco, cotton, raw tea, pyrethrum, sisal, and sugar), the Fisheries Department, the Forestry Department, the Wildlife Department, and the Mining Department.

(ii) Export taxes

128. Tanzania maintains an export tax on raw cashew nuts of either 15% of the f.o.b. value, or US$160/tonne. Exports of raw hides and skins are also subject to an export tax, which was increased progressively during the review period from 20% to 90% of the f.o.b. value or T Sh 900/kg, whichever is higher.[92] Export taxes are designed to encourage local processing and value-added exports. In July 2006, the 2% levy on crop exports applied by the Commodity Boards was abolished (Chapter IV(2)(iii)(a)). Exports are zero-rated for VAT.

(iii) Export prohibitions, restrictions, and licensing

129. The Third Schedule of the EAC Customs Management Act provides for prohibited and restricted exports (Common Report, Chapter III (2)(i)). Tanzania prohibits exports of raw fish, scrap

[92] Amendment made to the Export Levy Act in June 2012.

metals, and used batteries. For food-security reasons, temporary bans or restrictions may be applied on exports of certain crops, such as maize, rice, and beans (Chapter IV(2)(iii)(a)). Exports of certain fish and fishery products are prohibited on sanitary and phytosanitary grounds (section (2)(vii)(c)). Exports of seashells species, sea turtles, and sea cucumber are also banned.

130. Export licences or permits from the relevant authorities are required for: food/staple (Ministry of Agriculture, Food Security and Cooperatives); forestry/wood logs (Forestry Department of the Ministry of Natural Resources and Tourism/MNRT); wildlife (Wildlife Department of the MNRT); minerals and gemstones (Mining Department of the Ministry of Energy and Minerals); and fisheries (Fishing Department of the Ministry of Livestock Development and Fisheries). Commodity Boards enforce quality standards on exports.

(iv) Export assistance, financing, and promotion

131. Tanzania maintains several schemes to assist exporters, including duty drawback, manufacturing under bond, and export processing zones (EPZs) and special economic zones (SEZs). The first two programmes apply both to the mainland and Zanzibar, while Zanzibar has its own EPZs and free-port zones schemes (section (v) below). The EAC Customs Management Act regulates these types of scheme (Common Report, Chapter III(2)(ii)).[93]

132. Under the duty drawback scheme, duties charged on imported inputs used for producing goods for export (or for transfer to an EPZ) are refunded. The purpose of the scheme is to avoid erosion of export competitiveness as a result of the import duties, and is meant to cater for exporters who do not rely heavily on imported goods. The manufacturing-under-bond scheme provides for the exemption of all duties and taxes on imports of capital equipment and inputs used in the manufacture of exports. It is intended to meet the immediate needs of companies producing exclusively for export.

133. Export finance on commercial terms is offered by several public and private banks. The government-owned Tanzania Investment Bank (TIB) provides pre-export financing and other financial services in support of exporting companies.[94] The National Bank of Commerce (NBC), in which the Government has a 30% stake, offers a range of trade finance services, including pre- and post-export financing, letters of credit, and guarantees.[95] In 2011, the NBC re-launched its trade finance services in Arusha an d Kilimanjaro. The Exim Bank Tanzania, a privately owned commercial bank, specializes in financing the procurement, processing and packaging of export crops (coffee, cashew nuts, cotton, and non-traditional crops such as sesame and pulses), and finances the procurement and distribution of agricultural inputs.

134. Tanzania operates an export credit guarantee scheme (ECGS), established in 2003 to improve credit conditions for exporters with viable business, but lacking adequate collateral to secure bank financing.[96] The ECGS is managed by the Bank of Tanzania (BOT), pending the formation of an independent Credit Guarantee Agency. The scheme 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 entity, majority owned by Tanzanian citizens; be

[93] The duty drawback scheme is covered under sections 138-139 of the EAC Customs Management Act; manufacturing under bond under sections 160-166; and export processing zones under sections 167-170.

[94] The TIB has the following share capital structure: Tanzanian Government (99.098%), Consolidated Holding Corporation (0.676%), and National Insurance Corporation of Tanzania Ltd. (0.226%).

[95] The Absa Group Ltd. of South Africa owns 55% of the NBC shares, and the International Finance Corporation owns 15%.

[96] United Republic of Tanzania (2003).

engaged in export business, value addition or employment generation, and with proven expertise in its particular type of business; have economically and financially viable projects as assessed by a financial institution; and offer appropriate enforceable security. For long-term projects, the borrower must contribute at least 25% of the project costs. The ECGS provides three types of guarantees to protect participating financial institutions (PFIs) against non-payment due to insolvency or protracted default: pre-shipment; post-shipment, and export production.[97] A fixed fee of 1.0% of the guaranteed amount of the credit facility is charged during the first year, and an annual recurring fee of 0.5% of the outstanding guaranteed amount in the subsequent years.

135. According to a study commissioned by the Tanzania Exporters Association (TANEXA), access to credit is still difficult for exporters, which in the TANEXA's view points to the need for improving the ECGS's performance. The study found that only 11 out of 22 registered PFIs have been involved in the ECGS; that only 89 projects were guaranteed between 2003 and 2009, and that the amount of capital dedicated to the scheme has been small. Other concerns raised were high ECGS costs and fees, cumbersome and lengthy procedures, and lack of involvement of foreign banks.[98]

136. Tanzania participates in the Africa Trade Insurance Agency, a multilateral development financial institution that provides credit and political risk insurance to facilitate access to trade finance for companies engaged in trade with participating countries.

137. The Tanzania Trade Development Authority (TanTrade) was established in 2009 to replace the Board of External Trade (BET).[99] Its main objective is to promote external (and internal) trade in goods and services both in mainland Tanzania and Zanzibar (except for matters related to internal trade). TanTrade advises the Government on trade policy formulation and implementation, and is mandated to implement the National Trade Policy, the National Export Development Strategy, the Trade Integration Strategy, and sectoral policies designed to develop trade. TanTrade provides support to exporters through, *inter alia*, training services, export planning, information on trade opportunities and regulations, tools for market research and analysis, and organization of trade fairs and exhibitions. Most of its services are free or low-cost. TanTrade is financed through appropriations from the Government budget, income generated from its own activities, and donations.

138. In Zanzibar, export promotion is guided by the Zanzibar Export Development Strategy (ZEDS, 2009-2015) prepared by government and private sector stakeholders, and issued in May 2009. The ZEDS provides an institutional framework and a set of concrete actions to increase Zanzibar's export competitiveness. In line with the Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA), ZEDS identifies three priority sectors: (i) agriculture (spices, fisheries, seaweed and salt, fruits and vegetables, and livestock), (ii) tourism, and (iii) manufacturing. The ZEDS secretariat, located within Zanzibar's Ministry of Tourism, Trade and Investment (MTTI) is responsible for export development and for the implementation, monitoring, and evaluation of the ZEDS.

139. The Zanzibar Chamber of Commerce, Industry and Agriculture supports the attainment of ZEDS objectives by issuing certificates of origin for Zanzibar exports, organizing and participating in trade fairs in Zanzibar and abroad, and providing advice to the Government on industrial and export policy issues. In the Chamber's view, in order to increase export competitiveness, further action is required to streamline business registration procedures, reduce cargo-clearance time at Zanzibar port,

[97] For further details see WTO (2006).
[98] Tanzania Exporters Association (2010).
[99] TanTrade was established under the Tanzania Trade Development Authority Act No. 4 of 2009. It also replaced the Board of Internal Trade.

develop airport and seaport infrastructure, simplify and reduce taxes, and improve access to export credit guarantees and to export financing for SMEs.

(v) Export processing zones and special economic zones

(a) Mainland Tanzania

140. Mainland Tanzania established its export processing zones scheme in 2003, with the aim of attracting investment for export-led industrialization, stimulating international competitiveness, promoting exports, increasing foreign exchange earnings, generating jobs, attracting new technologies, fostering value-addition, and accelerating economic growth. In 2006, the EPZ Act of 2002 was amended to strengthen supervision of the scheme and improve its incentive package. In addition, a new Special Economic Zones (SEZs) scheme was introduced in 2006, involving investments in manufacturing and services both for export and the local market.[100]

141. The Export Processing Zone Authority (EPZA), established in 2006 as an autonomous agency under the MIT, is responsible for managing and implementing the EPZ and SEZ schemes.[101] Its functions include granting licences to EPZ/SEZ investors; developing basic infrastructure (together with other partners) to support the operation of the economic zones; promoting investments; and facilitating administrative procedures for investors. The EPZA Board is responsible for monitoring the performance of the EPZ and SEZ schemes, giving general policy directions for the development of the economic zones, and determining priority sectors to be promoted.[102]

142. The sectors selected for EPZ investment are: textiles and garments; agri-processing; leather processing and manufacture of leather products; fish processing; lapidary (gold, diamonds, and gemstones, including tanzanite); wood products; electrical and electronic appliances; and information and communication technology industries (ICT). Priority sectors for SEZ investment include: agricultural and agri-industrial projects; industrial activities; tourism; commercial activities; forestry; ICT; and banking and financial centres. All areas of mainland Tanzania are open to EPZ and SEZ investments. At end 2011, there were six industrial parks, and land had been set aside in 18 regions for the development of EPZ/SEZ sites (500 to 9,000 hectares each).[103]

143. Local and foreign investors may participate in EPZ and SEZ schemes, if they meet the conditions required. However, both schemes are restricted to new investments only, so as to limit the

[100] EPZ set-ups include industrial parks and free points (stand-alone factory units). SEZs include: industrial parks, EPZs, free-trade zones, free ports, tourist parks, technological parks, and other areas as prescribed by the EPZA.

[101] Legal amendments in 2011 made the EPZA responsible for supervision of both EPS and SEZ schemes.

[102] The EPZ Council was renamed EPZA Board in June 2011 (Economic Zones Laws Miscellaneous Amendments Act, 2011). The Board consists of 11 members: the Minister of Industry and Trade as the Chairman; the Attorney General; the Permanent Secretaries of the Ministries of Finance; Water; Energy; and Local Governments; the Executive Secretary of the Planning Commission; the Commissioner General of TRA; the Commissioner for Lands; the Chairman of the Tanzania Private Sector Foundation; and the President of the Tanzania Chamber of Commerce, Industry and Agriculture.

[103] The industrial parks are Hifadhi EPZ (Dar es Salaam), Millenium Business Park EPZ (Dar es Salaam), Kisongo EPZ (Arusha), Kamal Industrial Park SEZ (Bagamoyo), Global Industrial Park SEZ (Dar es Salaam), and Benjamin William Mkapa SEZ (Dar es Salaam). The Bagamoyo SEZ, located 50 km north of Dar es Salaam, is one of the most important projects. It will be built on 9,000 hectares and take the form of a township, including industrial, technological, and tourism parks as well as a free-trade area, a logistic centre, and railway, port and airport facilities, thus helping to alleviate congestion problems in Dar es Salaam.

loss of existing tax revenues.[104] To be eligible under the EPZ scheme, a local investor must have a minimum annual export turnover of US$100,000, while a foreign investor must have an annual export turnover of no less than US$500,000. In both cases, a company must export at least 80% of the goods produced or processed in the EPZ; the remaining 20% may be sold on the domestic market (i.e. the EAC common market), subject to payment of applicable import duties, taxes, and charges. In order to qualify under the SEZ scheme, a minimum capital investment of US$100,000 is required from a local investor, and a minimum of US$500,000 from a foreign investor.[105] There is no export threshold for investments made under the SEZ scheme. Supplies of EPZ/SEZ companies are authorized by the Tanzania Revenue Authority not to charge VAT on the goods supplied.

144. All investors under the EPZ and SEZ schemes benefit from a range of incentives, including fiscal exemptions and privileged/expedited procedures to facilitate their set-up and operation (Table III.1). Incentives are divided into three categories under the SEZ scheme, according to the nature of the investment: infrastructure developers; investors producing for sale into Tanzania's customs territory; and investors producing for the export market. The EPZ scheme has only the latter incentives.

Table III.1
Mainland Tanzania: incentives under EPZ and SEZ schemes, 2012

	EPZ investors	SEZ investors		
		Developers	Investors producing for customs territory	Investors producing for export market
Exemption from				
Corporate tax for 10 years	Yes	Yes	No	Yes
Import duties and taxes on raw materials and capital goods related to production in the economic zone	Yes	Yes	Yes	Yes
Withholding tax on rent, dividend and interest for 10 years	Yes	Yes	Yes	Yes
Local government levies and taxes on products and/or services produced in the economic zone for 10 years	Yes	No	Yes	Yes
VAT on utility charges	Yes	Yes	No	Yes
Property tax for 10 years	No	Yes	No	No
Privileged/expedited procedures				
Visas at point of entry for key personnel	Yes	Yes	Yes	Yes
Work permits	Yes	Yes	Yes	Yes
Transfer of profits, dividends, and royalties	Yes	No	Yes	Yes
On-site customs inspection of goods	Yes	No	Yes	Yes
One-stop service centre	Yes	No	Yes	Yes
Access to export credit guarantee scheme	Yes	No	No	Yes

Source: EPZA online information. Viewed at: http://epza.co.tz/About-EPZ-Program.html and http://www.wpza.co.tz/About-SEZ-Program.html [March 2012], and information provided directly by the EPZA.

145. At end 2011, there were 44 companies (24 in industrial parks and 20 free points) operating under the EPZ and SEZ schemes, representing a total capital investment of US$650 million, and providing 13,500 direct jobs. In terms of activities, 36% of investments were made in agri-processing, 36% in engineering industries, 18% in textiles manufacturing, and 10% in mineral processing. As regards the origin of capital, 44% of investments were locally owned, 41% were foreign-owned, and 15% were joint ventures. Foreign companies are primarily from China, Denmark, India, and Japan. Exports from companies operating in EPZs amounted to US$105 million in 2009,

[104] Industries already benefiting from investment incentives under other schemes are not eligible.
[105] Economic Zone Laws (Miscellaneous Amendments) Act, 2011.

equivalent to 21% of manufacturing exports, and 3.4% of total exports.[106] The main export markets are the United States, the European Union, South Africa, and India.

146. Some of the main challenges facing EPZs and SEZs in mainland Tanzania are lack of physical infrastructure, erratic supply and high costs of utilities (power and energy), port congestion, insufficient skilled labour. In addition, there is a lack of funding for conducting feasibility studies and master plans, and developing infrastructure to support the operation of the EPZ/SEZ zones.

(b) Zanzibar

147. Zanzibar has its own investment policy and legislation. The Zanzibar Investment Promotion and Protection Act (ZIPPA) of 2004 provides for the establishment of export processing zones (EPZs) and free port zones. At the time of writing this report, the 2004 Act was being reviewed with the aim of streamlining procedures for the establishment of businesses as well as promoting local investment. The Zanzibar Investment Promotion Authority (ZIPA) is responsible for the operation of EPZs and free port zones. Priority sectors for investment under ZIPPA (2004) include: tourism, agri-processing (crops, spices, and livestock), horticulture and floriculture, fisheries and marine products, manufacturing, transport (air, sea, and hub ports), ICT, financial services, and infrastructure development (industrial estates and warehouses).

148. Investors wishing to establish under ZIPPA (2004) must meet minimum investment capital requirements, which are different for foreign and local investors (Table III.2), and obtain an Investment Certificate from ZIPA. In addition, an EPZ company must carry out an industrial or processing activity, and export not less than 80% of its production. The remaining 20% may be sold on the domestic market (i.e. the EAC common market) subject to payment of all applicable duties and taxes. No export threshold applies to companies established under free port zones.

Table III.2
Minimum investment capital requirements under ZIPPA, 2012

Project sector	**Proposed capital**	
	Foreigners (US$)	**Tanzanians (T Sh)**
Hotel	2,500,000	300,000,000
Agriculture, hunting, and forestry	500,000	50,000,000
Fisheries	500,000	100,000,000
Manufacturing	500,000	100,000,000
Electricity, gas, and water supply	500,000	100,000,000
Construction	500,000	100,000,000
Tour operation, diving and game fishing, wholesale business, and restaurants	200,000	22,000,000
Other services (transport, storage, communications, financial services, real estate renting, business activities, education, health and social work, recreation activities)	500,000	100,000,000

Source: Zanzibar Investment Promotion Authority (2011), *Guidelines to Investors*, Zanzibar.

149. Currently, there are three EPZs: the Fumba Free Zone (Unguja Island), the Micheweni Free Zone (Pemba Island), and the Amaan Industrial Park. The EPZ businesses currently include garment and shoe manufacturing, agri- and fish-processing, video and audio manufacturing, water and paint factories, and cosmetics. The free port zones are intended for the free storage of transit goods; they offer investment opportunities for activities such as warehousing, storage, labelling, packing, repacking, quality control services, simple assembling, minor processing, and export-oriented airport

[106] Data provided by the EPZA.

and seaport activities. At present, there are two such zones, the Maruhubi Free Port Zone and the Airport Free Port Zone. According to information provided by the Zanzibar authorities, capital investment stock under ZIPPA projects amounted to US$120.8 million in 2011. Investors under both the EPZs and free port zones are entitled to a package of fiscal and other incentives (Table III.3).

Table III.3
Zanzibar: incentives under ZIPPA, 2012

Incentives	Export processing zones	Free port zones
Exemption form import duty and taxes on machinery, equipment, construction/ raw materials and other inputs	Yes	Yes
Exemption from taxes on goods produced for export	Yes	Yes
Exemption from taxes on goods destined for re-export	No	Yes
Exemption for corporate tax	100% for the first 10 years, and 75% in the succeeding 10 years	100% for the first 20 years
Exemption from tax on dividends for 10 years	Yes	Yes
Exemption from any local taxes on products and/or services produced in the zone	Yes	Yes
On-site customs inspection of goods	Yes	Yes
No limit on duration that goods may be stored in free port	No	Yes

Source: ZIPA online information. Viewed at: http://zanzibarinvest.org/incentives.htm [March 2012].

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Incentives

150. In addition to the incentives granted under the EPZs and the special economic/free port zones schemes, mainland Tanzania and Zanzibar maintain different investment incentives programmes, mainly designed to attract and orient investments, foster the country's development objectives, promote valued-added activities, and introduce new industries and technologies. In general, incentives take the form of duty and tax exemptions and deferrals, and are offered to lead and priority sectors (agriculture, agri-processing, mining, tourism, petroleum and gas, and infrastructure) in mainland Tanzania, and in different economic sectors in Zanzibar (Chapter II(4)). As required by law, incentives are offered to both local and foreign investors.

151. In mainland Tanzania, most incentives are granted through the Tanzania Investment Centre (TIC), which is the primary government agency responsible for promoting and facilitating investment. The TIC issues certificates of incentives and investment guarantees, and registers technology agreements for all qualifying investments above US$300,000 for foreign investors, and US$100,000 for local investors. As a one-stop centre, the TIC also assists investors in obtaining all registrations and authorizations required to set up and operate their business. The Zanzibar Investment Promotion Authority is the focal point for investment promotion and facilitation in Zanzibar.

(ii) Government procurement

152. According to Tanzania's public procurement regulator, in FY 2010/11, 315 procuring entities (out of 390) reported a total of 142,396 contracts awarded. Amounting to T Sh 4.5 trillion, 72.5% of the contracts were for goods, 21.7% for non-consultancy services, 4.8% for works, 0.9% for consultancy services, and 0.1% for disposal of assets by tender. In value terms, works represented

60.1% of the value of all awarded contracts, followed by goods (30.1%), non-consultancy services (5%), consultancy services (4%), and disposal of assets (0.8%).[107]

153. Of the total value of contracts awarded in FY 2010/11, 49.2% were for executive agencies (such as TANROADS and TANESCO), 30.1% for parastatal organizations, 7.2% for local government authorities, 6.1% for ministries, 6.5% for independent government departments, and 0.9% for regional administrative secretariats. Procurement by TANROADS and TANESCO alone represented about 54% of the total value. Expenditure in procurement was equivalent to 41% of the budget received by the reporting entities.[108]

154. During the review period, Tanzania continued to strengthen the regulatory framework of its government procurement system. A new Public Procurement Act (2011) passed in December 2011, repealed the Public Procurement Act of 2004. As at June 2012, the new Act had not yet entered into force. The Act of 2004 and the procurement regulations issued in 2005 and 2007 are still applicable in mainland Tanzania[109]; Zanzibar has its own legislation (Public Procurement Act No. 9 of 2005). Tanzania is neither a signatory to, nor an observer in, the WTO Plurilateral Agreement on Government Procurement.

155. The Public Procurement Act of 2011 covers all procurement of goods, works, and services, as well as disposal of assets by tender, undertaken by all public institutions, non-government entities using public funds, and public-private partnership projects.[110] Public entities include ministries, parastatal organizations, government departments, and local government authorities. Tanzania has a decentralized procurement system, under which each procuring entity (PE) is mandated to carry out its procurement within the approved budget, and has its own procurement management units, evaluation committees, tender boards (responsible for reviewing tender documents and awarding contracts), and accounting officers, who are in charge of all procurement functions.

156. The Public Procurement Regulatory Authority (PPRA), established in 2005 under the Ministry of Finance, is responsible for monitoring and regulating procurement activities by PEs, and ensuring the application of fair, competitive, transparent, non-discriminatory, and value-for-money procurement standards and practices. The Government Procurement Services Agency of the Ministry of Finance was re-established in 2007, replacing the Government Stores Department. The Agency's functions include procurement and distribution of supplies to regional offices across the country and arranging procurement of "common used items and services" by PEs through framework contracts, as well as provision of warehousing and storage facilities.

157. Competitive tendering is the default method of procurement. However, PEs may restrict tenders in certain circumstances, such as unforeseeable urgency[111], or where there is a "need to achieve certain social objectives by calling for the participation of local communities". The

[107] PPRA (2011).
[108] PPRA (2011).
[109] Public Procurement (Goods, Works, Non-Consultancy Services and Disposal of Public Assets by Tender) Regulations 2005 (Government Notice No 97); Public Procurement (Selection and Employment of Consultants) Regulations 2005 (Government Notice No. 98); and Local Government Authorities' Tender Boards (Establishing and Proceedings) Regulations 2007.
[110] The defence and national security organs must comply with the 2011 Act in managing their procurement of non-restricted items, a list of which is to be agreed annually with the procurement authority.
[111] The conditions for emergency procurement are established in section 65 of the 2011 Act.

conditions and thresholds for using procurement methods other than competitive tendering are set out in the 2011 Act and specified in the regulations.[112]

158. Six procurement methods may be used (Table III.4): (i) international competitive tenders, open to any supplier, are used when the payment may be made in whole or in part in foreign currency or the estimated cost of the procurement exceeds certain pre-established thresholds; (ii) national competitive tenders, open to any supplier, are used when, *inter alia*, the payment may be made in local currency (up to pre-established thresholds), or the goods, works or services are available domestically at prices below the international market[113]; (iii) restricted tenders, where only pre-qualified candidates are invited to submit tenders[114]; (iv) competitive quotations, where the PE negotiates with at least three suppliers; (v) single source, where the PE negotiates the contract clauses with a single supplier (used for emergency situations); and (vi) minor-value procurement. In the case of projects funded by international institutions, the procurement regulations of those organizations are followed.

159. The PPRA has reported that for the FY 2010/11, domestic firms accounted for 37.2% of the total value of awarded contracts, foreign firms for 62.5%, and joint ventures between local and foreign firms for 0.3%.[115]

Table III.4
Public procurement methods and thresholds, 2012
(T Sh)

Method of tendering	**Goods (T Sh)**	**Works (T Sh)**	**Non-consultancy services (T Sh)**	**Disposal of assets (T Sh)**
International competitive tendering	No limit	No limit	No limit	No limit
National competitive tendering	Up to 800,000,000	Up to 3,000,000,000	Up to 500,000,000	Up to 3,000,000,000
Restricted tendering	Up to 400,000,000	Up to 1,500,000,000	Up to 200,000,000	Up to 100,000,000
Competitive quotations	Up to 80,000,000	Up to 100,000,000	Up to 50,000,000	n.a
Single-source procurement	Up to 500,000,000/-	Up to 800,000,000	Up to 100,000,000	n.a
Minor-value procurement	Up to 10,000,000	Up to 20,000,000	Up to 10,000,000	n.a

n.a. Not applicable.

Source: Public Procurement (Goods, Works, Non-Consultancy Services and Disposal of Public Assets by Tender) Regulations 2005 (Government Notice No. 97).

160. The 2011 Act and the regulations set out procedures and time limits for dealing with tender notices and documents, and with submission, receipt, and opening of tenders. They also contain provisions on the content of tender documents, and the use of standard tender documents (STDs) and neutral specifications. The PPRA has issued STDs (e.g. for the procurement of goods and works), as well as procurement guidelines (e.g. for evaluation of bids and preparation of responsive bids) and other standard forms. Competitive tenders must be advertised at least twice in newspapers of nation-wide circulation for national competitive bidding, and in international trade journals for international competitive bidding. The evaluation criteria must be specified in the tender document, including the

[112] Public Procurement (Goods, Works and Non-Consultancy Services) Regulations, Part VI.
[113] Public Procurement (Goods, Works and Non-Consultancy Services) Regulations, Section 66 (2).
[114] The Act and regulations contain provisions on how prequalification procedures are to be conducted.
[115] PPRA (2011).

factors to be taken into account; the lowest submitted price may not necessarily be the basis for awarding a contract. Procuring entities must notify all non-successful bidders of the results of the tender within a week. The award of contract must be published in the *Government Gazette*, the PPRA's journal and website, and in at least one local newspaper of wide circulation.[116] The PPRA's *Procurement Journal* (TPJ) was established in 2007 and has been published weekly since July 2010. Key procurement information, including awarded contracts, is also published in the PPRA's website and associated tender portal.[117]

161. In order to increase participation of local firms in public procurement, a preferential margin of 15% is to be given for goods manufactured or mined in Tanzania, and a margin of up to 10% for domestic contractors and service providers. Exclusive preference for local suppliers is mandatory for procurement below the following thresholds: goods, T Sh 200 million; non-consultancy services, T Sh 250 million; consultancy services, T Sh 500 million; and works, T Sh 1 billion.

162. The Public Procurement Appeals Authority (PPAA), established in 2005, is the highest instance for administrative review of complaints and disputes arising from the procurement process. There is a three-tier complaints system, under which a supplier may lodge a complaint to: (i) the accounting officer of the relevant PE; (ii) the PPRA; and (iii) the PPAA. There are time limits for a decision to be made in each stage, and in case the three levels fail to produce a decision within the prescribed time limits, the complainant may seek judicial review.

163. Tanzania's public procurement system has been the object of several external and internal assessments.[118] In general, while Tanzania has a sound and modern regulatory framework covering all aspects of the procurement process, it still faces a number of challenges to ensure its effective implementation. The PPRA recognizes that the PEs' performance needs to be improved in procurement planning, establishment of procurement management units, publication of awards, compliance with tender preparation times, contract management, record keeping, and professional skills.[119] The PPRA is implementing the Medium-Term Master Plan (2009-13), the main objectives of which are to: strengthen the linkage between the public procurement system and the economic growth objectives; improve PEs' compliance with procurement legislation; harmonize the procurement regulatory regime; professionalize the procurement function; and strengthen PPRA's operational and financial capacity.

(iii) State trading, state-owned enterprises, and privatization

164. Tanzania has made no notifications to the WTO regarding state-trading enterprises as defined in GATT Article XVII. According to the authorities, neither SOEs nor private companies officially hold any exclusive trade privileges or rights. However, companies such as TANESCO, the Tanzania Post Corporation (for reserved services), Tanzania Telecommunications Corporation Ltd. (for international and domestic basic voice services on the mainland), the crops marketing boards, and other public companies are operating under monopoly or hold exclusive rights in their respective field of activity (Chapter IV).

165. In the early 1990s, Tanzania embarked in a privatization and parastatal reform programme aimed at increasing the efficiency of the economy, reducing the fiscal burden of state-owned

[116] Regulation 67 (2), Government Notice No. 98 of 2005; and Regulation 97(11) and (12), Government Notice No. 97 of 2005.
[117] PPRA online information. Viewed at: http://www.ppra.go.tz.
[118] See World Bank (2003); and PPRA (2007).
[119] PPRA (2010).

enterprises (SOEs)[120], and promoting private-sector development. The World Bank provided technical and financial support for implementation of the privatization programme. The Parastatal Sector Reform Commission (PSRC), created in 1992, was responsible for executing the national privatization programme, which envisaged the divestiture of some 400 SOEs, until its legal existence ended in December 2007. As of that date, the Consolidated Holding Corporation (CHC) took over the PSRC's mandate, including the disposal of residual assets, divestitures, liquidation of public enterprises, monitoring and evaluation of privatized entities, and coordination of regulatory authorities. Additionally, the Treasury Registrar, under the Ministry of Finance, manages and oversees the performance of SOEs in which the Government still has interests, and of other public bodies and so-called "executive agencies" (e.g. TANESCO).

166. The choice of divestiture methods depends on the particular operating conditions and/or financial strength of the company to be divested. The methods include: sale of assets, sale of shares, joint ventures, liquidation, concessions (long-term contracts), leases and management contracts.[121] There are no restrictions to foreign participation in the privatization process.

167. Up until December 2009, 331 SOEs had been privatized. As of February 2011, 34 were in the process of privatization.[122] During the period under review, privatization lost some momentum and has shown mixed results. Whereas privatization of manufacturing, banking, hotels, and other commercial activities has been mostly successful, privatizations of utilities and infrastructure has been less so. In some instances, the privatized enterprises have been reverted back to public management or repossessed by the Government, as improvements under private management failed to materialize. This was the case for key infrastructure enterprises, including Air Tanzania Company Ltd (ATCL), Tanzania Railways (TRL), DAWASCO (Water and Sewerage Corporation), Tanzania Telecommunications Company Ltd (TTCL), and Tanzania Electricity Supply Company (TANESCO). The latter has now been withdrawn from the privatization list, as have other agencies such as Tanzania Port Authority (TPA), Mbozi Maize Farm Ltd, and Mbagala Sheet Glass Factory. By contrast, the lease contract of the container terminal at Dar es Salaam Port (TICTS) is so far an example of a successful divestiture (Chapter IV).

168. According to the World Bank, the impact of the privatization programme on aspects such as fiscal revenues and the reduction of fiscal burden were also mixed. For example, heavy debt burdens and large retrenchment costs claimed a large share of the receipts obtained from privatization. And while, overall, the divestiture programme led to a net reduction of the fiscal burden of SOEs on the budget, the Government is still paying important amounts in loans and subsidies to the SOEs.[123] Given these mixed results, the Government has taken a more cautious approach in re-admitting private investment in utilities and infrastructure. The Public Private Partnerships Act, adopted in 2009, and its supporting policy, is aimed at facilitating private investment in utilities.

169. Although the number of SOEs has been reduced significantly, they still have a major presence in the Tanzanian economy. Tanzania has about 238 public enterprises, of which more than half are majority government-owned (Table III.5).[124] The Government has a total equity of T Sh. 10.3 trillion in SOEs, which amounts to 30% of GDP at current prices. Some 60% of the Government investment is in ten corporations, including TANESCO, National Housing Corporation (NHC), Tanzania

[120] The term SOE is used here to include all enterprises where the Government has full ownership, or majority or minority shares.
[121] For more details on the divestiture methods see http://www.chc.co.tz/Privatisation/process.htm.
[122] United Republic of Tanzania (2010).
[123] World Bank (2010).
[124] Kabwe (2011).

Investment Bank, Tanzania Ports Authority (TPA), and Railway Assets Holding Company Limited (RAHCO).[125]

Table III.5
Tanzania: Government ownership in selected companies/institutions, 2009

SOE	Area of activity	State share 2009 (%)	Status 2009
Abood Soap Industries	Soap manufacturing	20	Joint venture
Air Tanzania Company Ltd.	Air services	100	Parastatal
Arusha International Conference Centre (AICC)	Conference services	100	Parastatal. Capital fund.
BP (Tanzania) Ltd.	Petroleum	50	Joint venture with BP Africa Ltd.
Carmatec	Agriculture mechanisation	100	Parastatal
Zain/Celtel Tanzania Ltd.	Telecommunications	40	Joint venture with CELTEL International Ltd. (Now Zain)
Chinese Tanzania Shipping Company Ltd.	Shipping	50	Joint venture with Chinese Government
Datel Tanzania Limited	Telecommunications	35	Joint venture (under privatization)
DAWASCO	Water supply and sewerage	100	Operator
East African Cables	Cable manufacturing	29	Joint venture with E.A. Cables Co. Ltd. Kenya (51%), TDFL (10%) and TANESCO (10%)
Friendship Textile Co.	Textile manufacturing	49	Joint venture: Dleqlu Textile Dyeing and Printing Group Co. Ltd. 51%
General Tyre EA Ltd.	Tyres manufacturing	74	Joint venture with Continental NA(26%), under liquidation by CHC.
Inflight Catering Services Co./LGS Sky Chef	Airline catering services	21	Joint venture
Kariakoo Market Corporation	Traditional market	100	Parastatal
Keko Pharmaceuticals Ltd.	Pharmaceuticals	40	Joint venture with Diocare Ltd. (60%); sale of Government shares in progress
Kisarawe Bricks Company (KIBRICO)	Brick factory	30	Sale of Government shares in progress
Kilimanjaro Airport Development Co. Ltd.	Airport services	24	Joint venture
Kilombero Sugar Co.	Cane sugar refining	25	Joint venture with Illovo & ED & F. Mar (75%)
Kiwira Coal Mines	Mining	30	Government to repossess 70% shares from TAN Power Resources Company Ltd.
Mbeya Cement Co. Ltd.	Cement production	25	Joint venture
Mbinga Coffee Curing Co. Ltd.	Coffee curing	43	Government shares proposed for sale
Mbozi Coffee Curing Co. Ltd.	Coffee curing	32	Government shares proposed for sale
Mikumi Wildlife Lodges	Tourist accommodation	100	Not operating. Under privatization
Moshi Leather Industries Ltd.	Leather and footwear	25	25% of shares are held by TIB on behalf of the Government
Mwananchi Engineering and Construction Company (MECCO)	Engineering and construction services	25	Sale of Government shares in progress
National Bank of Commerce (NBC) Ltd.	Financial services	30	Sale of Government shares in progress
National Housing Corporation	Real estate developer	100	Parastatal. Capital fund.
National Insurance Corporation (NIC) Ltd.	Insurance services	100	Under restructuring.
National Micro Finance Bank (NMB)	Micro finance	30	Sale of Government shares in progress
New African Hotel	Tourist accommodation	23	Sale of Government shares in progress
TANALEC Ltd.	Transformers and switch gears	30	Joint venture with TRANS CENTURY Ltd of Kenya (70%)
TANICA Ltd.	Instant coffee	10	Joint venture. Other shares held by Unions
TANSCAN Timber Company Ltd	Timber	49	Joint venture. Other shares held by Unions Sale of Government shares in progress

Table III.5 (cont'd)

[125] Figures provided in Kabwe (2011).

SOE	Area of activity	State share 2009 (%)	Status 2009
Tanzania Automobile Technology Centre (NYUMBU)	Automotive engineering	100	Parastatal
Tanzania Building Agency	Building industry	100	Accounts for year 2007/08 are still with the auditors
Tanzania Development Finance Ltd.	Financial services	32.1	All Government shares to be sold
Tanzania Electric Supply Co. Ltd. (TANESCO)	Electricity supply	100	Parastatal. Not for privatization
Tanzania Fertilizer Company (TFC) Ltd.	Fertilizer trading	100	State trading company
Tanzania Fishing company (TAFICO)	Fishing (shrimp)	100	Not operating; repossessed by Government. Disposal of assets in 2008.
Tanzania Investment Bank (TIB)	Financial services	99	Parastatal
Tanzania Petroleum Development Corporation	Oil and gas exploration	100	Parastatal
Tanzania Pharamaceutical Indutries (TPI) Ltd.	Pharmaceuticals production	40	Joint venture with Pharamaceutical Investment Ltd. (60%)
Tanzania Planting Company (TPC) Ltd.	Sugar production	25	Joint venture with Sukari Investment Co. Ltd. (75%)
Tanzania Ports Authority (TPA)	Port services and management	100	Parastatal
Tanzania Postal Bank	Financial services	45.3	To be restructured
Tanzania Posts Corporation	Postal services	100	To be privatized ("specified")
Tanzania Railways Corporation (TRC)	Railway transport	49	Repossessed by the Government in 2011
Tanzania Standard Newspapers (TSM)	Media	100	Parastatal
Tanzania Telecom Company Ltd. (TTCL)	Telecommunications	65	Public corporation
Tanzania Zambia Railways Authority (TAZARA)	Railway transport	50	Joint venture with Zambian Government
TAZAMA Pipelines Ltd	Pipelines	33	Joint venture with the Government of Zambia
TIPER	Oil refining	50	Joint venture with Agip
Twiga BankCorp	Banking services	100	Parastatal
Usafiri Dar-Es-Salaam (UDA)	Bus transport services	49	To be privatized
Williamson Diamond Mines	Mining	25	Joint venture with Petra Diamonds Ltd.

Source: Tanzania, Ministry of Finance and Economic Affairs, Treasury Registrar: Statement of Government Investment and Public Interest as of 30 June 2009; and World Bank (2010), *Implementation Completion and Results Report on a Credit to the URT for a Privatization and Private Sector Development Project*. Report No. ICR00001459.

(iv) Competition policy and price controls

170. The Fair Competition Act of 2003 (FCA 2003), which entered into force in May 2004, is the main legal instrument governing competition matters in Tanzania.[126] It is aimed at promoting and protecting competition in markets and preventing unfair and misleading market conduct, in order to increase economic efficiency, promote innovation, maximize efficient allocation of resources, and protect consumers. The FCA 2003 applies to all activities that affect Tanzanian markets.[127] It allows for co-existence with the competition provisions of sectoral regulatory authorities.[128]

171. The FCA 2003 prohibits anticompetitive agreements (i.e. price fixing; collective boycott by competitors; output restrictions between competitors; and collusive bidding or tendering), abuse of market power (dominant position *per se* is not prohibited), and mergers that create or strengthen a

[126] Zanzibar has no competition legislation.

[127] The FCA 2003 does not apply to agreements that relate to employment, agreements to ensure adherence to official standards, and actions in compliance with international treaties.

[128] These are the Energy and Water Utilities Regulatory Authority Act of 2001 (EWURA Act); the Surface and Marine Transport Regulatory Act of 2001 (SUMATRA Act); the Tanzania Civil Aviation Regulatory Act of 2003 (TCAA Act); and the Tanzania Communications Regulatory Act of 2003 (TCRA Act).

position of dominance in the market. Both in the case of dominant position and mergers, a test of legality (i.e. whether they harm competition) is applied when the market shares of the relevant companies is greater than 35%. Prior notification is required for mergers above certain thresholds, as determined and published by the competition regulator.[129] In deciding on the legality of an action, the competition regulator may take into account any potential benefits arising from it, such as greater efficiency in production, distribution or the allocation of resources; technical or economic progress; or protection of the environment. If the benefits are deemed greater than the harm to competition, a temporary exemption may be granted to carry out the action. The Fair Competition Act of 2003 is currently being revised to include a leniency programme, which should facilitate cartel investigations.

172. The Fair Competition Commission, a five-member collegiate body set up under the FCA 2003, is the main body responsible for implementing competition law. The Commission may launch an investigation to assess possible anti-competitive behaviour on its own initiative, upon request by a complaining party, or at the behest of the relevant Government Minister. The Commission has punitive powers : financial penalties cannot be less than 5% of the company's annual turnover, but not more than 10%. The Commission lacked staff capable of carrying out its full mandate until mid-2007. Since then, it has investigated anti-competitive and un-notified cases, and abuse of dominant position involving: beer, tobacco cigarettes, outdoor advertising, powder soap, and dairy products. Some cases have been concluded and parties found guilty of misconduct have been imposed penalties; other cases await determination by the Commission.

173. The FCA 2003 also established the Fair Competition Tribunal, which hears appeals against decisions by the Commission and by the sectoral regulatory bodies (EWURA, SUMATRA, TCAA, and TCRA). The decision of the Tribunal may: confirm, set aside, or amend the Commission's decision, or send the case, in whole or in part, back to the Commission. Any remedial action is stayed while the appeal procedure takes place.

174. While focussing on competition, the FCA 2003 also regulates fair business practices and consumer protection. It deals with misleading and deceptive conduct, unfair business practices, unconscionable conduct, implied conditions in consumer contracts, manufacturers' obligations, product safety, and product information. Adjudication of these issues is in the normal courts.

175. The EAC Protocol provides the legal basis for competition policy within the region. Implementation of the EAC Competition Act, adopted in 2006, awaits the establishment of national competition laws and institutions in three of the EAC members states (Common Report, Chapter III (3)(i)).

176. The Tanzanian authorities have indicated that the Government applies reference/indicative prices for certain products and services, including petroleum, electricity, water, crops regulated by marketing boards, and bus and maritime transport fares. The rationale for setting indicative prices is to ensure that the economy remains competitive (especially where there are few suppliers), to protect consumers, and to prevent formation of cartels. In the telecommunication sector, dominant operators must submit their tariffs for approval by the sector regulator (Chapter IV(5)(iii)).

(v) Intellectual property rights

177. Protection of intellectual property rights (IPRs) is not a Union matter, hence mainland Tanzania and Zanzibar have different IPRs legislation and institutions. Nevertheless, the United

[129] The Fair Competition Threshold for Notification of a Merger Order of 2006 set the threshold at T Sh 800 million (around US$550,000).

Republic of Tanzania, as a single entity, is responsible for matters covered under international treaties. The United Republic of Tanzania is a member of WIPO and has signed several WIPO conventions, including the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, the Nice Agreement on the International Classification of Goods and Services for the Purposes of the Registration of Marks, the Patent Co-operation Treaty (PCT), the WIPO Performance and Phonogram Treaty, and the WIPO Copyright Treaty (WCT). Tanzania is also a member of the African Regional Industrial Property Organization (ARIPO) and its protocols.

178. The main laws governing IPRs in mainland Tanzania are the Trade and Services Marks Act No. 12 of 1986 as revised in 2002, the Patent Registration Act No. 1 of 1987 as revised in 2002, the Patents Regulations of 1994, the Copyright and Neighbouring Rights Act of 1999 as revised in 2002[130], the Traditional and Alternative Medicines Act No. 23 of 2002, the Protection of New Plant Varieties Act No. 22 of 2003, the Seeds Act, the Merchandise Act of 1963, and the Fair Competition Act of 2003. Aside from the Merchandise Marks Regulations of 2008 (below), there were no major reforms to the IPR legal framework during the review period. The authorities have indicated that they are currently developing a national IPR policy and reviewing all IPRs laws with a view to consolidating them into one piece of legislation, making them fully TRIPs compliant, and incorporating TRIPs flexibilities. The new bill is intended to cover all IPRs, including geographical indications, which are not currently regulated in mainland Tanzania. It also envisages the creation of an intellectual property office. As of June 2012, the legislative process regarding the new IPRs bill was in progress.

179. In Zanzibar, the Industrial Property Act No. 4 of 2008, which entered into force in September 2008, repealed the Patents Decree (1932) and the Trade Marks Decree (1932). The Industrial Property Act of 2008 consolidates and codifies in a single statute the laws for the protection of trade and services marks, patents, geographical indications, industrial designs, layout designs of integrated circuits, and utility models. The Zanzibar Copyright Act of 2003 remains in force.

180. The Business Registration and Licensing Agency (BRELA), under the MIT, is the main agency responsible for patents and trade-marks administration in mainland Tanzania. The Copyrights Society of Tanzania (COSOTA), also under the MIT, is in charge of copyright protection and, at the same time, is a copyright collective management organization. The Plant Breeders Registrar in the Ministry of Agriculture is responsible for the protection of plant breeders' rights and oversees application of the Convention on the Protection of New Plant Varieties (UPOV), and the Tanzania Seeds Agency administers IPRs for seeds.[131] In Zanzibar, the Copyright Society of Zanzibar (COSOZA) is responsible for the administration of copyrights, and the body in charge of patent protection is the Registrar General's Office.

(a) Trade-marks

181. The Trade and Services Marks Act No. 12 of 1986 provides for the registration of trade-marks that meet the requirement of distinctiveness for goods or services. A mark may be a word, a combination of words (including personal names and slogans), a figure, a picture, a colour or

[130] Implementing regulations of the Copyright and Neighbouring Rights Act of 1999 as revised in 2002 are the Copyright and Neighbouring Rights (Production and Distribution of Sound and Audiovisual Recordings) Regulations of 2006, and the Copyright and Neighbouring Rights (Registration of Member and Their Works) Regulation of 2005.

[131] Other public bodies involved in IPRs protection are the Attorney General's Chambers, the police force, Customs, the FCC, the TBS, the TFDA, and the Commission on Science and Technology (COSTECH).

combination of colours, the shape of goods or packaging, or any combination of the above. Registration of trade-marks is granted for seven years, and may be renewed indefinitely for ten-year periods. Certification and collective marks may also be registered. A trade-mark registered by ARIPO is also protected in Tanzania. Registration by ARIPO is for ten years.

182. The Merchandise Marks Regulations of 2008, which allowed for the implementation of the Merchandise Marks Act (1963), provide for strengthened provisions to fight counterfeiting and piracy. For example, the regulations grant powers to the chief inspector under the Act to investigate counterfeit activities, initiate proceedings before the courts, conduct searches, seize and destroy suspected counterfeit products, and request the Customs Commissioner to suspend release of suspected counterfeits. The 2008 Regulations also authorize Customs to seize any goods imported or exported that are reasonably suspected to be counterfeit or violate other IPRs. Moreover, the Regulations provide a mechanism for criminal prosecution for IPR violations and prescribe penalties and fines for counterfeiting offences. The maximum fine is T Sh 50 million.

(b) Patents

183. Patents and utility models are protected under the Patent Registration Act No. 1 of 1987 and the Patent Regulations of 1994. An invention, whether for a product or process, is patentable if it is new, involves an inventive step and is industrially applicable. Patents are granted for ten years, renewable for two terms of five years each, subject to payment of annual fees. Protection for utility models is for seven years. Since Tanzania is a party to the PCT, it is possible to designate Tanzania in international patent applications filed under the PCT. Also, a patent granted by ARIPO designating Tanzania qualifies for protection in Tanzania once BRELA has been notified. In the case of infringement, a patent holder may initiate court proceedings for an injunction, damages, and other remedies provided for in civil law. The legislation provides for three types of compulsory licences.[132] The authorities have indicated that no compulsory licences have been granted.

(c) Industrial designs

184. Tanzania does not have an industrial design registration system. However, the Patents Act of 1987 provides that the protection of industrial designs registered in the United Kingdom are extended to Tanzania during the term of design registration. Also, designs registered by ARIPO designating Tanzania are protected for ten years. Design protection may be renewed by ARIPO for further periods up to a maximum of 25 years from the date of filing. New legislation on industrial designs is in the process of being prepared.

(d) Copyrights

185. Under the Copyright and Neighbouring Rights Act of 1999, copyright protection is granted for the life of the author plus 50 years. In the case of joint authorship, protection extends through the life of the surviving author plus 50 years, and anonymously published works and audio-visual works are protected for 50 years from the date of publication. A draft for a new Copyright Act (based on the African Copyright Law) proposes extending protection from 50 to 70 years in all three cases. The draft Act also envisages ending the conflicting dual role of COSOTA and establishing it as the copyright regulatory body with powers to licence private collective management organizations, such as the Tanzania Reproduction Rights Society (Kopitan), which is already operating. In addition, the draft Act increases penalties for copyright infringement (a minimum fine of T Sh 5 million, and at least three years in case of imprisonment); grants prosecution powers to the copyright office; and

[132] Part IX of the Patent Regulations of 1994.

provides for obligatory involvement of the police force in the enforcement of copyrights. COSOTA is a member of the International Confederation of Societies of Authors and Composers (CISAC).

186. There are no restrictions on parallel imports of goods and services containing any form of IPRs in mainland Tanzania or Zanzibar.

(e) Enforcement

187. Although some improvements have been made in recent years, the enforcement of IPRs laws continues to be a challenge both in mainland Tanzania and Zanzibar. In 2010, the authorities estimated that infringement was as high as 95% of all copyrighted works.[133] The Confederation of Tanzanian Industries estimated that counterfeit and pirated goods represented about 40% of the local market.[134]

188. Tanzania does not have a special tribunal for IPRs. Legal enforcement is through direct submission to Tanzanian courts. The High Court's Commercial Division has the authority to deal with intellectual property issues and to impose penalties for IPR violations. The High Court has handed down decisions in several cases involving trade-marks.[135] The Tanzanian Fair Competition Commission has taken action to fight counterfeits: it has apprehended importers of fake products, and seized and destroyed counterfeit goods.[136] However, the FCC's limited resources do not allow it to carry out effective investigations nation-wide. The Tanzanian Food and Drug Authority has impounded and banned anti-malarial and other drugs considered substandard or counterfeit. The Copyright and Neighbouring Rights Act (1999) allows COSOTA to institute criminal cases for copyrights infringement at the district court level.

189. According to the authorities, the judiciary's limited knowledge of IPR issues is among the many factors that stand in the way of effective IPR enforcement. In addition, the complexity of the legal system, high litigation costs, and insufficient remedies against IPR infringement result in few IPRs cases being taken to the courts. Other factors identified as constraining IPR enforcement include: the lack of an intellectual property policy, limited public awareness and understanding of the economic value of IPR protection, low penalties for infringements, limited capacity of governmental agencies responsible for IPR enforcement, coordination problems, and lack of IP infrastructure and financial resources.[137] Tanzania has notified to the WTO its priority needs for technical assistance and financial cooperation to implement the TRIPS Agreement.[138]

190. The EAC Treaty and the EAC Common Market Protocol provide the framework for regional cooperation and harmonization of IPRs polices. Accordingly, a draft EAC Regional IP Protocol and Policy on the utilization of public health-related WTO TRIPS flexibilities, and a draft EAC Anti-Counterfeiting Bill were being finalized at the time of writing this report (Common Report, Chapter III(3)(ii)).

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[133] WTO document IP/C/W/552, 21 October 2010, and information provided by the Tanzanian authorities.

[134] Managing Intellectual Property online information, "Tanzania's IP Changes Good for Business", 1 October 2009. Viewed at: http://www.managingip.com/Article/2306571/Tanzanias-IP-changes-are-good-for-business [March 2012].

[135] Commercial cases: No. 31 of 2004 and No. 8 of 2008, and Commercial Application No. 29 of 2011.

[136] According to the Director of Compliance of the FCC, between May 2007 and March 2010, the FCC destroyed counterfeit goods worth more than T Sh. 3 billion. AllAfrica.com online information, "Tanzania: U.S. Hails Region's Fight against Counterfeited Trade", 10 March 2010. Viewed at: http://allafrica.com/stories/printable/201003100999.html [March 2012].

[137] United Republic of Tanzania and WIPO (2012).

[138] WTO document IP/C/W/552, 21 October 2010.

IV. TRADE POLICIES BY SECTOR

(1) INTRODUCTION

191. Sectoral policies in mainland Tanzania and Zanzibar differ in, *inter alia*, agriculture, energy, telecommunications, and tourism. Agriculture remains a key sector of the Tanzanian economy. Currently, Tanzania is implementing a 15-year agricultural development programme aimed at increasing productivity and farm incomes through greater private-sector participation. Average tariff protection for agriculture (ISIC, division 1) is 17.7%. Commodity boards are still operating, although there has been some restructuring since 2006. Tanzania maintains several support measures for agriculture, including input subsidies, concessional credit, and a warehousing system. It also maintains price stabilization mechanisms for certain food crops, a strategic grains reserve, and temporary export restrictions on maize for food security reasons. Exports of raw fish are banned in order to encourage local processing.

192. The mining industry continued to boom during the review period, with the value of exports benefiting from rising international gold prices. The sector underwent legal reform, and royalties and taxes were increased in an attempt to maximize the sector's contribution to the economy. MFN import tariffs in mining and quarrying products (ISIC, division 2) average 4.8%. During the review period, institutional and legal reforms took place in the energy sector, designed to ensure availability and affordability of energy supplies, and foster private-sector participation. Nevertheless, power shortages and periodic failures, as well as relatively high electricity tariffs remain a key constraint for the development of economic activities.

193. Tanzania's manufacturing sector remains small and is dominated by agri-processing activities. An integrated industrial development strategy, announced in 2011, aims at diversifying the sector and fostering growth and value addition by, *inter alia*, developing industrial clusters and large-scale special economic zones. Targeted subsectors include fertilizers and chemicals, iron and steel, textiles, agri-processing, and light machinery. Several manufacturing industries benefit from incentive programmes both on the mainland and Zanzibar. Manufactured goods (ISIC, division 3) attract an average tariff of 12.5%, with rates ranging up to 100% on certain food products (e.g. sugar).

194. The services sector grew steadily during 2005-10. Tourism remains a key subsector, generating 28% of foreign exchange earnings and some 11% of total employment, while communications is the most dynamic, with an average growth rate of 21%. During the review period, Tanzania undertook reforms aimed at increasing efficiency in the services sector. In 2006, the telecommunications regulatory body introduced a new licensing regime, under which many new players have entered the market, making it one of the most competitive areas of the economy. The banking and insurance regulatory frameworks were revised with a view to strengthening and bringing them in line with international best practices. A number of development projects and increasing funds have been devoted to improving and expanding the transport network. However, more efforts are needed to improve the country's overall infrastructure and its capacity to deliver good quality and affordable services. Further liberalization of services should enhance the economy's efficiency and competitiveness. Tanzania's GATS commitments cover only hotels of four-stars and above.

(2) AGRICULTURE AND RELATED ACTIVITIES

(i) Main features

195. Agriculture is one of the key sectors of the Tanzanian economy in terms of its contribution to GDP and export earnings (Chapter I). Moreover, agriculture accounts for 75% of rural household

incomes and has linkages with the rest of the economy, providing inputs and raw materials for agri-processing activities and other industries. The sector is, therefore, at the core of national-growth and poverty-reduction strategies. Nevertheless, with average annual growth rates of 4% during 2005-10, the agriculture sector has not kept pace with the growth trajectory of the economy nor has it had a noticeable impact on poverty reduction. Moreover, agriculture's share in foreign exchange earnings has declined, as other economic sectors, such as mining and tourism, have increased their participation. FDI inflows into agriculture represent only 2.1% of the total.

196. Tanzania has 44 million hectares of arable land (Table IV.1), of which only 21% is under cultivation, predominantly by subsistence farmers cultivating farms of between 0.9 and 3.0 hectares, using traditional agricultural methods.[139] Production is highly dependent on rainfall and only 2%-3% of arable land is irrigated; use of fertilizer and improved seeds remains limited. Productivity is low and declining, and farmers' yields represent only 20%-30% of potential yields.[140]

Table IV.1
Main features of the agriculture sector, October 2011
(Million ha)

Total land	**94.5**
Arable land	44.0
Cultivated land	9.5
Area suitable for irrigation	29.4
Planted area under irrigation	0.2
Area of high development potential	2.3
Area of medium development potential	4.8
Land under medium- and large-scale farming	1.5
Range land	50.0
Land under livestock	26.0
Tsetse infested area	24.0
Total land allocated to smallholders	11.9

Source: The United Republic of Tanzania, Ministry of Agriculture, Food Security and Cooperatives, *Agricultural Policy Framework*. Viewed at http://www.kilimo.go.tz/help.htm [October 2011].

197. Overall, Tanzania is self-sufficient in food[141], but there are significant differences in food security among regions, and problems in distributing foodstuffs from surplus to deficit areas often arise due to inadequate infrastructure. When there are good rainfall conditions, Tanzania exports food surpluses (grains and cereals) to neighbouring countries. In poor seasons, the country as a whole is vulnerable to food shortages, and imports of certain food crops may be required.

198. Some of the main constraints on the growth of the agriculture sector include low use of technology, excessive reliance on rain-fed agriculture, inadequate storage facilities, limited access to inputs and finance, deficient transportation and marketing infrastructure, high production costs and taxes, insufficient extension services, and unsecured land property rights.

199. Foreigners may not own land in Tanzania (section 20 of the Land Act No. 4 of 1999). However, land may be leased to non-citizens for investment purposes under the Tanzanian Investment Act.

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[139] Only 10% of the arable land is ploughed by tractor.
[140] Sharma (2011).
[141] The national food self-sufficiency ratio fluctuated between 88% in 2003/04 and 112% in 2009/10 (MAFC, 2010).

(ii) Institutional and policy framework

200. The 2001 Agricultural Sector Development Strategy (ASDS) remains the main policy framework for agriculture. Its overall objective is to achieve sustained sectoral growth and reduce rural poverty, in line with the National Strategy for Growth and Poverty Reduction (NSGPR).[142] The ASDS's main strategies are: transforming the sector from subsistence to commercial agriculture; increasing private-sector participation, with the government providing an enabling environment for commercial activities; deregulating the delivery of support services with a delineation of public and private roles; improving the functioning of output and input markets; strengthening the institutional framework; and decentralizing implementation to the local level.

201. The ASDS is implemented through the Agricultural Sector Development Programme (ASDP), a sector-wide, 15-year investment programme launched in 2006. The first phase of the ASDP (2006-12) is being implemented, while its second phase is being developed. The main objective of the ASDP is to increase productivity, profitability and farm incomes by: (i) improving farmers' access to, and use of, agricultural knowledge, technologies, marketing systems and infrastructure; and (ii) promoting private investment in agriculture, based on an improved regulatory and policy environment.[143] The ASDP comprises a national and a local sub-programme, providing policies and actions for agricultural support at each level, as well as measures on cross-sectoral issues (i.e. managing links between agriculture and other sectors).

202. An evaluation commissioned found mixed results in the fifth year of ASDP's implementation. The programme succeeded in introducing a sector-wide approach in agriculture, streamlined planning and reporting systems, and achieved some increases in crop production (rice and maize). However, the adoption of improved technologies and productivity gains remained limited, and while the area under irrigation had increased, the productivity of irrigated land was still low due to insufficient use of improved agricultural inputs.[144] The move towards greater participation of the private sector has been slow. Most significantly, there has been little change in agricultural growth rates and in rural poverty reduction.[145] The next phase of the ASDP is to address such shortcomings.

203. Five ministries are involved in the implementation of the ASDP: Agriculture, Food Security and Cooperatives (MAFC); Livestock Development and Fisheries (MLF); Water and Irrigation (MWI); Industry and Trade (MIT); and the Prime Ministers' Office/Ministry of Regional Administration Local Government (PO-MRLAG). Local government authorities (LGAs) are responsible for coordinating programme implementation at the district level. An ASDP basket fund has been established with resources from the government and donor partners; 75% of funds are allocated to the Local Level Sub-programme and the rest is used by the National Level Sub-programme. Funding has been channelled mainly to irrigation programmes, agricultural extension services, and research and training.

[142] The NSGPR is commonly known as MKUKUTA. The NSGPR set a target of 10% annual growth for the agriculture sector.

[143] United Republic of Tanzania (undated).

[144] The area with irrigation infrastructure increased from 264,388 ha to 399,775 ha in 2006/07-2009/10.

[145] "Evaluation of the performance and Achievements of the Agricultural Sector Development Programme (ASDP)", 12 June 2011. Viewed at: http://www.kilimo.go.tz/attached%20web%20pages/ASDP/Documents/ASDP%20FINAL %20DRAFT.doc [8 November 2011].

204. The Kilimo Kwanza (Agriculture First), a high-level initiative launched in 2009, is expected to bring about green revolution to Tanzania and boost private-sector participation.[146] Kilimo Kwanza envisages increased government intervention in food markets, for instance, by establishing production arrangements for cash crops and food price stabilization mechanisms, and by strengthening the role of the National Food Reserve Agency, which manages the Strategic Grains Reserve (SGR). In particular, the initiative calls for maintaining food stocks for 6 to 12 months to ensure market stability. Other proposed actions for the development of agri-processing include measures to discourage exports of raw materials; implementing a "Buy Tanzanian" campaign starting with government procurement; providing incentives and other support to local agri-processors; and applying strict measures to curb the dumping of low-quality processed agri-products.[147] Some of these measures, such as input subsidies (see below) and measures to encourage local processing (e.g. of raw hides and skins) are already being implemented.

205. The Zanzibar Agricultural Transformation Initiative (ATI) 2010-2020 aims to make Zanzibar an agriculture-driven economy, self-sufficient in food, and a major agricultural exporter based on its comparative advantage in the production of cloves, tropical fruits, spices, and essential oils. ATI's specific objectives are to increase public and private investment in agriculture; enhance the productivity and competitiveness of the sector; promote export diversification; create employment and wealth; and deepen linkages with other growth sectors of the economy.[148] The ATI is in line with the Zanzibar Development Vision 2020 and Zanzibar's Strategic Plan for the Development of Agriculture (2005-10).[149]

206. Under the CET, the average applied MFN tariff on agricultural goods (WTO definition) remains relatively high at 20.2%, with rates ranging from zero to 100%. Using the ISIC (Rev. 2) sectorial definition, agriculture (including hunting, forestry and fishing) has an average tariff of 17.7%, with rates ranging from zero to 75%. Tanzania's average bound tariff for agricultural products is 120%.

207. Tanzania applies an export tax on raw cashew nuts of either 15% of the f.o.b. value or US$160/tonne, and a cess of 40% of the f.o.b. value on raw hides and skins, to encourage local processing. There are local taxes on some cereals as well as agricultural services fees. For food security reasons, temporary restrictions may apply on exports of certain crops, such as maize, rice, and beans; while exports of unprocessed fish are banned.

208. Tanzania maintains several support measures for agriculture, including input subsidies, concessional credit, a warehousing system, and extension services. In 2003/04 the Government restored subsidies for the transport of fertilizers[150], and in 2005 for maize and sorghum seeds. Since 2008, input subsidies have been delivered through the National Agricultural Input Voucher Scheme (NAIVS). The scheme provides vouchers for a 50% subsidy on a package of fertilizers and improved seeds for maize and rice growers in high potential areas. Inputs are distributed through private supplier networks, hence promoting private participation in the market. The Fertilizers Act (2009) established the Tanzania Fertilizer Regulatory Authority, whose responsibilities include registering

[146] The initiative originates from the Tanzania National Business Council, the top consultative body between the private and public sectors.

[147] "Ten Pillars of Kilimo Kwanza (Implementation Framework)". Viewed at: http://www.tzonline.org/pdf/tenpillarsofkilimokwanza.pdf [8 November 2011]. See also Sharma (2011).

[148] See Ministry of Agriculture and National Resources Zanzibar online information. Viewed at: http://www.kilimoznz.or.tz/images/Agrictransform/Agrictransform.pdf.

[149] On the Strategic Plan for the Development of Agriculture see WTO (2006).

[150] General fertilizer subsidies was removed in the early 1990s as part of liberalization reforms.

and licensing all fertilizer suppliers; issuing permits for import and export of fertilizers; and implementing policies and programmes to develop the industry. The scope of the NAIVS has been expanded since its inception to crops such as sorghum, sunflower, cotton, cashew nuts, coffee, and tea. The amount of fertilizer sold through the NAIVS increased from 108,703 tonnes in 2006/07 to 141,050 tonnes in 2009/10, but supply is still at around 60% of what is required.[151] Overall, fertilizer use remains very low (at 9-10 kg per ha) and use of improved seed represents only 7% of the needs.[152] On the other hand, input subsidies are quite costly. In 2009, the Government borrowed US$144 million from the World Bank/IDA to expand the scheme, and disbursed a similar amount from its own budget.[153]

209. The Agricultural Inputs Trust Fund (AGITF) provides smallholder farmers and agri-input dealers/stockers with loans at concessional rates between 6% and 8% (market rates are usually above 20%) for the purchase of inputs and equipment (e.g. tractors, power tillers, etc.). This is done in collaboration with local government authorities and micro-finance institutions. In 2009/10, the AGITF provided loans worth T Sh. 7.42 billion.[154] Although availability of small farm loans has increased through savings and credit cooperative organizations (SACCOs) and other credit associations, access to credit and financial services is still a serious constraint for many farmers. The 2004 Land Act (Amendment) allowed for land to be used as collateral, however commercial banks remain reluctant to grant loans to agriculture as it is seen as a relatively risky sector. Moreover, land titles are required to secure a loan, but the formalization of property rights has been slow and only a small percentage of land is registered. Hence, informal lending institutions, which tend to have higher interest rates, remain the major source of farm credit.

210. In 2007, the Government introduced the warehouse receipt system (WRS) in an effort to ensure fair and stable market conditions and liquidity for farmers, by enabling them to store their produce in warehouses and sell it at a later stage when prices are higher. The scheme is implemented either through primary cooperatives, farmers' organizations or SACCOs. These pay farmers upfront a percentage of the price (50% or 70%), less the price of the subsidized inputs for the next season. After storage and sale at auction by the warehouse manager, the farmer is paid the remaining percentage plus any bonus (less interest and administration costs). The system has been applied for cashew nuts and rice. A recent study found that the WRS was catalytic in improving marketing, production, and productivity of farm products, farmers' confidence, stability of producer prices, and technological update, as well as reducing the anti-competitive behaviour of large buyers. It has been suggested that the system should be extended to other crops.[155]

211. In general, agriculture is receiving increased attention and funding, and some improvements have been made in research and extension services. A programme to train additional agriculture extension officers was put in place in 2009, but there are still only a fraction of what is required; most training has concentrated on crops and livestock, but training on marketing and business remains weak.[156] Overall, extension services fall short of growing demand.[157]

[151] Ministry of Finance and Economic Affairs (2010).
[152] Msuya and Isinika (2011).
[153] Sharma (2011).
[154] MAFC (2010).
[155] Mashindano *et al.* (2011).
[156] MAFC (2010).
[157] According to a recent study, 34% of households receive extension services for crop production and about 15% receive services for livestock production (Mashindano *et al.*, 2001).

212. In Zanzibar, support for farmers includes provision of cheaper agricultural inputs (fertilizers and seeds), reduced-cost tractors for land preparation, and agricultural extension services.

(iii) Selected products

(a) Crops

213. Tanzania's traditional cash crops are coffee, cashew nuts, tobacco, cotton, sugar, tea, sisal, and pyrethrum. Their share in total exports has declined in recent years, and their production has fluctuated significantly with a number of instances of negative growth (Table IV.2). By contrast, output of non-traditional export crops, such as horticulture and floriculture products, oilseeds, and spices has expanded rapidly in recent years. The main food crop is maize, the staple food in most of the country; other food crops include cassava, sweet potatoes, banana, paddy rice, sorghum, millet, and beans.

214. Zanzibar's main crop is cloves, which accounts for over a quarter of the Island's merchandise exports. The government-owned Zanzibar State Trading Corporation (ZSTC) is by law the sole exporter of cloves and clove products. ZSTC provides financial support for the domestic purchase and distribution of clove tree seedlings. Other important crops in Zanzibar are coconuts, spices, rice, cassava, bananas, sweet potatoes and vegetables.

215. In mainland Tanzania there is a commodity board for each of the eight traditional cash crops (coffee, cashew nuts, cotton, sugar, tobacco, tea, sisal, and pyrethrum). Among other functions, the boards regulate products, inspect their quality, announce indicative prices (i.e. minimum farm prices), issue import and export permits, and collect and disseminate statistics.[158] In the past, commodity boards have been criticized for distorting prices and markets to the detriment of farmers,[159] as well as for applying restrictive buying rules and increasing transaction costs.[160] To address such concerns, the Government has taken measures to rationalize the roles, functions and funding of the crop boards. In July 2006, it abolished the 2% levy on crop exports applied by the boards, as well as the licence fees and obligatory contributions to crop development funds for research, training, and inputs. These changes were formalized through amendments to legislation in 2009, which also included a new definition of the boards' regulatory functions, now encompassing the protection of farmers' interest against syndicates of buyers, and of the stakeholders' functions and their funding. New provisions also allow for contract farming between farmers and buyers, processors or bankers, and for the boards' monitoring of contract implementation.[161]

216. Heavy taxation (estimated at about 20% of the sale prices) has been identified as an additional constraint on export crops. Local taxes vary by district creating uneven incentives, and are often collected as a cess on volume, thus resulting in higher per unit/price rates in low-price years. The Prime Minister's Office has issued a directive that local cess should not exceed 5%, however local taxes remain high, are, apparently, often renamed, and local authorities retain the power to introduce new levies. High taxes result in negative nominal rates of protection and discourage production.[162]

[158] WTO (2006).
[159] Integrated Framework (2005).
[160] Rutabanzibwa (2006).
[161] Crops Laws (Miscellaneous Amendments) Act, No. 20 of 2009, passed on 31 October 2009.
[162] Sharma (2011).

Table IV.2
Selected food crop production in Tanzania, 2005-10
('000 tonnes)

Crop type	2005	2006	2007	2008	2009	2010
Food crops						
Maize	3,219	3,423	3,302	3,556	3,326	4,475
Cassava	5,539	6,158	5,199	5,392	5,916	4,392
Sweet potatoes	2,793	4,189	3,965	4,138	3,729	..
Banana	2,972	3,507	3,083	2,947	3,219	2,925
Paddy	1,168	1,239	1,342	1,346	1,334	1,105
Sorghum	935	712	971	861	709	789
Wheat	102	110	83	92	95	97
Cash crops						
Seed cotton	378	131	131	201	369	268
Green tea leaves	133	123	159	148	142	151
Cashew nuts	90	88	91	98	49	119
Tobacco	57	51	51	55	163	94
Sisal fibre	28	31	33	34	26	42
Coffee	34	46	55	44	69	35

.. Not available.

Source: National Bureau of Statistics (2011), *CountrySTAT (Food & Agriculture Statistics).* Viewed at: http://www.countrystat.org/tza/cont/incTables/pageid/8_mega/en; and National Bureau of Statistics (2011), *Tanzania in Figures 2010.* Viewed at: http://www.nbs.go.tz/pdf/Tanzania_in_Figures2010.pdf.

Cashew nuts

217. Cashew nuts exports showed an increasing trend during the period under review. They overtook coffee to become Tanzania's main export crop in 2010 (Table IV.3). Production of cashew nuts fluctuated over the period, owing in part to inadequate processing capacity. Nevertheless, output more than doubled in 2010 to 119,000 tonnes (Table IV.2). Around 98% of the production is on small-scale farms, providing income for some 250,000 farmers. Processing capacity has expanded in recent years but remains insufficient and out-dated. Small-scale processing techniques fall short of ensuring consistent high quality produce for export, often resulting in international buyers rejecting the nuts. Most production is exported in raw form (mainly to India).

Table IV.3
Export value of crops in Tanzania, 2005-10
('000 U.S. dollars)

Crop type	2005	2006	2007	2008	2009	2010
Cashew nuts	46,959	50,608	41,284	69,374	90,225	125,144
Coffee	79,460	75,094	116,278	104,899	115,196	117,300
Cotton	68,839	45,933	40,409	80,899	89,040	72,444
Tea	26,677	33,099	39,748	42,545	68,140	49,214
Wheat flour	846	1,123	367	647	17,225	35,965
Rice milled	5,000	7,271	1,186	9,820	7,673	10,387
Sisal	8,309	7,577	6,337	15,691	8,550	8,182
Cloves	8,535	8,050	8,621	13,524	14,314	8,142
Other cereals	10	25	18	8	29,954	4,099

Source: National Bureau of Statistics (2011), *CountrySTAT (Food & Agriculture Statistics).* Viewed at: http://www.countrystat.org/tza/cont/incTables/pageid/8_mega/en.

218. The Cashewnut Industry Act (No. 18 of 2009)[163] established the Cashewnut Board of Tanzania (CBT) as a corporate body responsible for regulating the cashew sector. Among other functions, the CBT advises the Government on policies and strategies for the development of the cashew industry; regulates and controls the quality of cashew nuts, kernels, and cashew nut by-products; and implements regulations in respect of farming, marketing, processing, transportation, and storage. The CBT is also responsible for maintaining a register of cashew nut growers and dealers, and for granting licences for buying, processing, and exporting cashew nuts.

219. The price of raw cashew nuts is set by international buyers in the Tanzanian market, whereas the price of the processed nuts is set through global competition for various grades. Farmers sell their produce to primary cooperatives, which collect the nuts from their members and sell them to buyers. The price is negotiated between farmers' cooperatives and buyers on the basis of the indicative price (minimum producer price) announced by the CBT at the beginning of each buying season.[164]

220. The 2010/11 budget raised the export levy on raw cashew nuts from 10% to 15% of the f.o.b. value or US$160/tonnes, whichever is higher, in order to discourage the export of raw nuts and promote local value addition. District and other levies are also collected.[165] On the other hand, cashew nut growers are eligible for subsidized fertilizers and improved seeds under the NAIVS voucher system. In addition, since 2007, cashew farmers in some growing districts benefit from the WRS system, which enables them to store their produce in warehouses and sell it at a later stage when prices are more attractive (section (ii) above). Under the CET, imports of raw cashew nuts are subject to a 25% tariff.

Coffee

221. Coffee remains one of Tanzania's most important export crops, reaching US$117.3 million in export earnings in 2010 (Table IV.3). However, its share in total merchandise exports declined from 4.7% in 2005 to 3.0% in 2011 (Table AI.1). Coffee is grown predominantly by small-scale farmers (90%), and an estimated 2.1 million people derive their livelihoods from its cultivation.[166] Tanzania's coffee harvest in 2009/10 was 63% Arabica and 37% Robusta (in volume terms); Arabica fetched almost double the price of Robusta on world markets. Main export markets for coffee include Japan, Germany, Belgium, Italy, the Netherlands, Saudi Arabia, Russia, Australia, and Canada. Under the CET, a tariff of 25% is applied on imports of coffee, and tariffs between 20% and 25% on coffee products (e.g. extracts and essences).

222. Tanzania is the fourth-largest producer of coffee in Africa. Over the review period, coffee production showed significant fluctuations, reaching a peak of 69,000 tonnes in 2009/10 but only 35,000 tonnes in 2010/11 (Table IV.2). About 93% of coffee production is exported. The government-run Tanzania Coffee Board (TCB) regulates all coffee industry activities, controls standards and quality, and is responsible for licensing all operators (including exporters) involved in

[163] The Cashew Industry Act 2009 repealed the Tanzania Cashewnut Marketing Board Act of 1984.

[164] The minimum price is calculated on the basis of the raw cashew nut prices prevailing in various markets (e.g. India and Indonesia). The agreed price must ensure farmers at least 60% of the f.o.b. price for raw cashew nuts. Once the minimum price has been set, actual market prices are set through competition between buyers. If there is a wide fluctuation between the market and the minimum prices, farmers and buyers meet to review the situation and set another price agreeable to both parties but not below 60% of the f.o.b. price.

[165] These are: warehouse operator contribution (T Sh 21 per kg); cooperative union contribution (T Sh 21 per kg); and primary society contribution (T Sh 50 per kg).

[166] East and Southern Africa Agribusiness Network online information. Viewed at: http://ntwk.esaanet.com/index.php?option=com_content&view=article&id=258:coffee. [14 November 2011].

the business.[167] The Moshi Coffee Auction, managed by the TCB, remains the major channel for selling Tanzanian coffee to the global market; it handled 65% of export sales in 2011/12, while the remaining 35% were direct exports.[168]

223. Direct exports are permitted only for top quality coffees (Premium green coffee) that meet the criteria set by the TCB . Cooperative societies, farmers associations, individual farmers, and companies that have entered into farming contracts with farmers may qualify as direct coffee exporters; they must obtain an export permit and a quality certificate for every lot to be exported. Most clean coffee for export is still sold through auctions carried out twice a month at the head office of the TCB in Moshi (Kilimanjaro region); only licensed coffee exporters may participate as bidders.[169] In the internal market, coffee is bought from farmers at designated posts. Farmers are free to sell their coffee in cherry or parchment to any licensed coffee buyer. The buyer must send any parchment and/or cherry to a licensed coffee-processing factory and notify the TCB. Prices are negotiated between farmers and coffee buyers.

Maize

224. Maize is Tanzania's main staple food. It is predominantly grown by smallholders and is highly dependent on rainfall. Changing weather conditions and supply constraints result in seasonal surpluses and deficits, and may lead to food shortages in some areas. In 2009/10, maize production amounted to 4.4 million tonnes, the largest harvest during the review period (Table IV.2).

225. During the harvest season, farmers sell maize directly to traders, either at the farm level or at the village market. Farmers' returns are low owing to high transactions costs and their lack of bargaining power. This is compounded by insufficient price information, inadequate marketing infrastructure, and the lack of standardized weights and measures facilities. Traders transport maize to main urban markets and/or deficit areas within the country, or sell it to neighbouring countries often at more attractive prices.

226. There are no formal restrictions on exports of maize. However, the Government may apply temporary export-bans to respond to emergency food shortages, in which case it must notify the measure to the EAC Council of Ministers.[170] In practice, exports of maize are allowed only when food security has been ensured in all regions of Tanzania, and since there are frequent food shortages in certain regions of the country, exports of maize are subject to export bans on a regular basis.[171] This keeps domestic prices low, increases price volatility between harvesting and planting seasons, and discourages local producers by precluding them from taking advantage of better prices offered in neighbouring countries. However, as porous borders make export bans difficult to enforce, cross-border trade is reported to have taken place through unofficial routes.[172]

227. Tanzania maintains a strategic grain reserve managed by the National Food Reserve Agency (NFRA) under the MAFC. Its objectives are to stabilize grain prices, supply food in emergencies, and advise the government on food security policy. The NFRA purchases grains (mostly maize) in the

[167] According to the Coffee Industry Regulation of 2003, all people involved in the marketing chain must register with the TCB and obtain a licence.
[168] Information provided by the Tanzania Coffee Board.
[169] Coffee is traded in U.S. dollars. Prior to the auction session, the TCB sets a "reserve price" for each lot, based on expected prices in London and New York. Bids are made orally until the highest bidder is found.
[170] Article 19 of the EAC Customs Union Protocol.
[171] Economic and Social Research Foundation (2010).
[172] Economic and Social Research Foundation (2010).

market on the basis of forecast national food requirements, with a view to maintaining stocks for three months' consumption. It has been argued that due to the relatively small scale of its purchases, the NFRA's intervention has not had a noticeable impact in stabilizing grain prices.[173] The Minister of Agriculture sets minimum prices for maize in order to protect smallholder farmers' income.

228. Imports of maize (from outside the EAC market) require an import permit from the MAFC. To obtain an import permit, importers must have a trading licence and be registered with the Tanzania Revenue Authority. Maize is a sensitive product under the EAC's tariff and is subject to a common 50% import duty to protect local producers. However, in order to address food shortages, in recent years the Tanzanian Government has waived import duties on maize temporarily, in accordance with the provisions of the EAC Customs Union Protocol. Maize growers in high-potential areas benefit from subsidies for fertilizers and improved seeds under the NAIVS scheme (section (ii) above).

229. The Cereals and Other Produce Act (No. 19) of 2009 provides for the establishment of the Cereals and Other Produce Board as a corporate body for the promotion and development of edible grains (maize, oat, wheat, rice, millet and sorghum). The Board has been given wide commercial functions, including purchasing, selling, importing, exporting, processing, and providing warehousing of cereals. The Act also provides for the registration of cereals growers and dealers with the Board and for the licensing of all operators involved in the commercialization of cereals, as well as rules governing contract farming by registered farmers. According to the authorities, the main objective of the Board is to provide coordination and linkages between farmers and the market. At the time of writing this report, the Board had not yet been established.

(b) Livestock

230. The livestock sector grew at an average annual rate of 2.9% between 2005 and 2010[174], below the target of 9% set by the national strategy for growth and poverty reduction. Nonetheless, Tanzania is one of Africa's largest cattle producers and livestock keeping a key agricultural activity, providing the livelihood of an estimated 1.7 million households. Most smallholder farmers keep a small inventory of livestock.

231. Tanzania has 50 million hectares of range land, of which only half is used for livestock farming, mainly due to tsetse fly infestation. Three livestock production systems are commonly distinguished in the range land areas: pastoralism, commercial ranching, and agri-pastoralism. Pastoralism, mostly for livestock subsistence, is concentrated in the northern regions, where climatic and soil conditions are not suitable for crop production. Most livestock keeping households have a stock of less than ten head. Commercial ranching accounts for about 2% of the total cattle herd and 7% of the milk marketed, and is practiced mainly by the state-run National Ranching Company (NARCO). Agri-pastoralism combines livestock keeping with crop cultivation; it is practised in the low rainfall areas of the western and central regions, along with shifting cultivation of sorghum.[175]

232. Livestock production increased slightly over the review period. In 2009, there were 19.1 million cattle, 13.6 million goats, and 3.6 million sheep; poultry and pig numbers increased

[173] Minot (2010).
[174] National Bureau of Statistics (2011).
[175] FAO (2005).

faster, reaching 56 million and 1.5 million, respectively.[176] Total meat production was 422,230 tonnes, and milk production was 1.6 billion litres.[177]

233. Under the CET, imports of live animal are subject to tariffs ranging from 0 to 25%, with an average tariff of 18.3%. A 25% tariff applies to all imports of meat and edible offal. Dairy products are in the sensitive products category and are subject to import duties of up to 60%. In addition, SPS measures are maintained on live animal and animal products (Chapter III (2) (vii) (c)). Tanzania's exports of livestock products, mostly hides and skins, peaked at over T Sh 20 billion in 2007/08, but decreased sharply to just above T Sh 10 billion in 2008/09.[178] An export tax of 90% on the f.o.b. value or T Sh 900/kg, whichever is higher, is applied on exports of raw hides and skins, with the aim of encouraging local processing and value added.

234. The Ministry of Livestock Development and Fisheries is responsible for regulating and coordinating the livestock industry. Agencies under the Ministry's remit include veterinary laboratories, science organizations, and industry trade groups. Reflecting the fundamental ideas of the ASDS, a new National Livestock Policy (NLP) was launched in 2006, aimed at promoting the development of the sector in order to increase livestock keepers' income, attain self-sufficiency in food production of animal origin, and raise livestocks' contribution to GDP.[179] The Livestock Sector Development Strategy to implement the NLP was completed at the end of 2010. In addition, several laws were enacted during the reviewed period, including the Meat Industry Act (No. 10 of 2006), the Hides, Skins and Leather Trade Act (No. 18 of 2008), the Animal Welfare Act (No. 19 of 2008) and the Livestock Identification, Registration and Traceability Act (No. 12 of 2010). The latter created a national livestock identification and registration system with the purpose of controlling animal diseases and livestock theft, enhancing food safety, regulating the movement of livestock, and improving livestock products and their access to markets.

235. Eradicating livestock diseases that adversely affect access to external markets, remains a major challenge for Tanzania's livestock industry.[180] Currently, most production is for the domestic market. Other major challenges facing the sector include inadequate veterinary services, poor infrastructure, lack of reliable markets, low levels of investment, and insufficient processing industries. The Government is seeking to boost production in the sector through a loan facility by Tanzania Investment Bank.

236. Zanzibar has a predominantly agri-pastoralist livestock sector, characterized by the use of traditional methods, low productivity, poor processing and marketing infrastructure, and a large deficit in livestock products, which is addressed by imports. However, according to the Agriculture Transformation Initiative (ATI), Zanzibar has significant potential for market-led commercialization of livestock products, driven by domestic urban demand and the expansion of tourism. To realize this potential, the ATI calls for increasing investment in areas such as processing and value-added animal products, large-scale production of dairy cattle and poultry, processing and marketing of dairy, beef, and poultry products, provision of support services, and breed-improvement programmes. Zanzibar has an estimated 170,000 cattle, 53,000 small stock (goats and sheep) and 1 million poultry.

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[176] MAFC (2009).

[177] Ministry of Livestock Development and Fisheries online information. Viewed at: http://www.countrystat.org/tza/cont/pxwebquery/ma/215cpd050/en. [16 November 2011].

[178] MAFC (2009).

[179] Issues addressed by the NLP include animal registration and traceability, indigenous technical knowledge, emerging diseases, livestock products, regulatory institutions, and veterinary laboratory systems.

[180] Foot-and-mouth disease is a severe problem; and there are many livestock deaths from such diseases as helminthiosis and pleural pneumonia every year.

(c) Fisheries

237. The contribution of fisheries to Tanzania's GDP declined during the reviewed period, as the shares of other economic sectors increased. Annual average growth in the sector was 3.7%. Fish is the major source of protein for almost a third of the population. It provides direct employment to about 121,000 people in the mainland and 25,000 people in Zanzibar.

238. Total fish catch was 344,567 tonnes in 2009.[181] The sector is dominated by artisanal inland fishing, with lakes Victoria, Tanganyika, and Nyasa providing the bulk of the catch. Nile perch is by far the main commercial catch, followed by tilapia and dagaa. Marine fisheries include sardinellas, mackerel, and tuna from the Indian Ocean. Shallow water shrimp farming is still being developed, but has good potential. Also, in recent years small-scale seaweed farming has expanded in coastal areas as a means of generating income.

239. Between 2005 and 2008, fish exports averaged nearly US$160 million a year, but declined sharply in 2009 (to US$72.9)[182], largely due to the negative impact of the global financial crisis on external markets for Tanzanian fish, and to declines in catches. Exports of fish products accounted for 2.5% of total merchandise exports in 2011 (Table AI.1). Europe and Asia are the main markets for Nile perch and shrimp, while neighbouring countries, including the SADC region, are important markets for dagaa. In order to promote local processing, exports of raw fish are prohibited. Under the CET, imports of raw fish and crustaceans are subject to a tariff of 25%; and tariffs range between 10% and 25% for processed fish.

240. Fisheries are not a Union matter, therefore institutions and regulations differ between the mainland and Zanzibar, although they have a common regime for deep-sea fishing. In mainland Tanzania the sector is managed by the Ministry of Livestock and Fisheries and by district authorities at the local level. The Fisheries Act No. 22 of 2003 and its 2009 Regulations provide the main legal framework. The Act makes provisions for sustainable development, protection, conservation, aquaculture development, regulation and control of fish, fish products, aquatic flora and its products, and related matters. The Fisheries Development Fund envisaged by the Act to promote and assist the fisheries industry has not been established. The Act is currently being revised.

241. The Deep Sea Fishing Authority Act was amended in 2007 (Act No. 17/2007); changes relate mainly to institutional aspects of the deep-sea fishing regime. In particular, the Deep Sea Fishing Authority based in Zanzibar became operational and is responsible for the management of fisheries in the Exclusive Economic Zone (EEZ) of the United Republic of Tanzania.

242. Primary (artisanal) fishing is reserved for Tanzanian nationals, but there are no restrictions on FDI in the related secondary or tertiary activities, such as fish-processing facilities. There are 16 processing facilities in operation. Every fishing vessel must be registered and assigned an identification mark. A licence is required for any vessel engaging in fishing activities. Owners of foreign fishing vessels require prior approval from the Director of Fisheries before they are allowed entry into Tanzania. Fishing licence fees for foreign investors are, in general, higher than for national investors, and were increased in September 2008. Licences for foreign investors and for fishing vessels over 11 metres are issued by the Ministry of Livestock and Fisheries in Dar es Salaam, while licences for national investors and vessels under 11 metres are issued through regional/district offices. Licences for vessels to fish in the EEZ must be obtained from the Deep Sea Fishing Authority. In

[181] Bank of Tanzania (2011).

[182] National Bureau of Statistics online information, "CountrySTAT (Food & Agriculture Statistics)". Viewed at: http://www.countrystat.org/tza/cont/incTables/pageid/1_core/m_fisheries/en [November 2011].

general, the fees for foreign vessels are double those for local vessels.[183] Fees for export licences vary according to the type of product and whether the applicant is a Tanzanian citizen or a foreigner. An export royalty is charged according to the weight and grade of the product, except for seashells and aquarium fish, for which the royalty is on f.o.b. basis.[184]

243. The challenges facing the fishing sector include high government royalties on fish products, duplication and multiplicity of taxes, surcharges and levies on fish produce impose by various levels of government, and lack of effective stimulus packages. Other problems are declining catches of Nile perch (the major export product), lack of technology for deep-sea fishing, high transport costs, regular power cuts and insufficient storage and processing facilities.[185]

244. In Zanzibar artisanal fisheries dominate the sector, mostly producing for the national market. There are no large-scale commercial inshore fisheries, but the EEZ fishing activity is relatively important. The main export product is dried seaweed from extensive small-scale marine aquaculture, which accounted for about 14% of Zanzibar's merchandise exports in 2010, while fish and fish produce accounted for an additional 1.8%. The fisheries sector is managed by the department of Fisheries and Marine resources of the Ministry of Agriculture and Natural Resources. Zanzibar's exports of fish and fish produce amounted to US$0.4 million in 2010 (provisional figure), the same as in 2006.[186] According to the Agricultural Transformation Initiative, Zanzibar's marine resources in both territorial and EEZ waters are still under-utilized, hence the need to support and facilitate private investment in fish production, aquaculture, and handling and processing activities, such as smoking, sun-drying, freezing, and packaging.[187]

(3) MINING AND ENERGY

(i) Mining

245. Tanzania has abundant mineral resources, mainly gold, diamonds, and gemstones, but also copper, silver, salt, phosphate, bauxite, uranium, and other minerals. The mining industry has boomed in both mineral exploration and mining activities for over a decade. During the review period, the mining regime underwent legal reform, with increases on royalties and taxes, essentially with the aim of collecting a greater share of the country's mineral wealth and maximizing its contribution to the economy. Although the mining sector accounts for almost a third of merchandise exports, its contribution to GDP remains small (Chapter I, Table I.1).

246. The value of mineral exports, principally gold, doubled between 2005 and 2010 (Table IV.4). Exports of minerals increased by almost 23% in 2010 on account of rising gold prices in the world market and an increase in gold production in Tanzania. Most exports are generated by large-scale foreign-owned companies. FDI in mining totalled 1.6 billion in 2008, accounting for 27% of total FDI stock in Tanzania.[188] In the last few years, mineral exploration has increased in several parts of

[183] Deep Sea Fishing Authority Regulations, 2009. Viewed at: http://www.mifugo.go.tz/documents_storage/DSFA_REGULATIONS_2009.pdf
[184] Regulations Pertaining to Trade and Business of Tanzania Mainland Fisheries Resources. Viewed at: http://www.iornet.com/iorarc/studies/Regulations_Pertaining_to_Trade_and_Business_of_Tanzania_Mainland_Fisheries_Resources.pdf [December 2011].
[185] UNIDO (2009).
[186] Bank of Tanzania (2011a).
[187] For details of the ATI, see Ministry of Agriculture and Natural Resources Zanzibar online information. Viewed at: http://www.kilimoznz.or.tz/images/Agrictransform/Agrictransform.pdf.
[188] Tanzania Investment Centre (2009).

the country and recent discoveries of nickel, uranium, and coal deposits have spurred increased interest by investors.

247. The Tanzanian mining industry is regulated at the Union level. The principal regulatory body is the Ministry of Energy and Minerals (MEM). The sector is governed by the Mining Act 2010 and supporting Regulations, which replaced the Mining Act 1998 and the 1999 Regulations and introduced a number of significant changes (see below). Mining companies benefit from various investment incentives, such as exemption of import duties and VAT on equipment and essential materials. MFN customs tariffs in mining and quarrying (ISIC division 2) average 4.8%, and range from zero to 25%.

Table IV.4
Value of mineral exports, 2005-10
('000 U.S. dollars)

Mineral	2005	2006	2007	2008	2009	2010[a]
Gold	643,640	772,059	888,873	992,802	1,039,456	1,436,233
Diamonds	25,350	25,913	28,913	22,238	22,727	16,294
Gemstones	40,530	10,256	35,582	49,850	20,674	6,119
Copper	12,620	19,896	21,063	21,063	11,499	36,710
Silver	2,990	5,540	5,317	6,680	4,961	7,673
Salt	1,630	1,998	2,174	2,380	1,738	4,038
Phosphate	638	275	715	280	148	470
Gypsum	50	28	74	650	84	126
Bauxite	30	51	571	480	2,127	1,050
Total	**727,478**	**836,016**	**983,282**	**1,076,423**	**1,103,414**	**1,508,713**

a Provisional data.

Source: Tanzania Ministry of Energy and Minerals, Minerals Department.

248. Under the mining legislation, the United Republic of Tanzania owns the rights to minerals in, on or under all land, which may be licensed to mining companies by the MEM. Licences must be obtained for all mining activities, some of which may be granted only to Tanzanian citizens and/or companies incorporated locally. There are various types of licences.[189] Mining licences for minerals (other than building materials and gemstones) are granted for a maximum area of 10 km^2 and a period of ten years, renewable. Special mining licences for superficial or non-superficial deposits are granted for a maximum period of 25 years. Prospecting licences provide for exclusive prospecting rights for minerals in defined areas. Retention licences protect an identified mineral deposit within a licensed area that is potentially of commercial significance but cannot be developed immediately due to technical constraints or market conditions of a temporary nature. Primary prospecting licences and primary mining licences are reserved exclusively for Tanzanian citizens. There are also licences for dealers, brokers, and exporters of minerals. The Government may also enter into specific mineral development agreements in accordance with the Mining Act, mainly for purposes of determining tax incentives and fiscal stabilization.

249. In order to ensure security of tenure and transparency of mineral rights, the MEM introduced the Mining Cadastre Information Management System in 2004. In addition, the Licensing and Mineral Rights Management Section was established within the MEM to enhance efficiency in the

[189] For the conditions and fees for each type of licence, see Tanzania Investment Centre online information. Viewed at: http://www.tic.co.tz/TICWebSite.nsf.

processing and granting of licences. In 2010, a total of 5,294 mining and prospecting licences were issued, of which 586 were for prospecting.[190]

250. The Mineral Policy of 2009, based on an evaluation of ten years of implementation of the Mineral Policy of 1997, seeks to redress the perceived low contribution of the mining sector to Tanzania's GDP. It is regulated by the Mining Act 2010, which increased the level of royalties payable to the Government and placed restrictions on foreign participation in small-scale mining, to accommodate artisanal mining communities.

251. Some of the main changes introduced by the Mining Act 2010 are: (i) licences for dealing in minerals are now reserved exclusively to Tanzanians and corporate bodies under the control of Tanzanian citizens[191]; however, the agreements and licences previously granted to non-Tanzanian-controlled mining companies remain unchanged; (ii) licences to mine for gemstones are reserved to Tanzanians[192], but where projects require specialized skills, technology or a high level of investment the Minister (under MEM) may grant a licence to non-citizens provided their participation does not exceed 50% of the shares; (iii) the Government is to hold a stake in all future mining projects and will have a free carried share, the level of which is to be set on a case-by-case basis; (iv) the Minister is given the power to prescribe a standard model mining development agreement for all projects exceeding US$100 million; (v) royalties are now based on the gross value of minerals rather than on their net value, and their rates have been increased[193]; and (vi) mineral rights holders are subject to greater information disclosure requirements and may be required to list on the Dar es Salaam Stock Exchange. In addition, the revised Mining Act 2010 introduced a ban on the exportation of unprocessed gemstones and ores in a bid to spur local value addition, and the requirement that mining companies procure locally produced goods and services, so long as they meet international standards.

252. In June 2011, the Tanzanian parliament approved a new super-profit tax on the mining sector in an attempt to claim a greater share of the country's mineral wealth.[194] However, the Government has not yet indicated the rate of this tax or on which level of profits. It has not been clarified when the planned super-tax will be introduced or whether it will be levied solely on new mining sector entrants or on all mining companies currently operating in Tanzania.

253. The Sustainable Management of Mineral Resources Project (SMMRP) is a five-year (2010-14) programme co-financed by the International Development Association and the Tanzanian Government. The programme is designed to help the Government strengthen its capacity to manage the mineral sector and increase its competitiveness. SMMRP has four components: (i) improving the benefits of the mineral sector for Tanzania through promoting artisanal and small-scale mining, increasing linkages between the sector and the local economy, and

[190] Ministry of Finance and Economic Affairs (2011).

[191] This restriction applies only to "primary mining licences", which are granted to small-scale mining operations involving capital of less than US$ 100,000.

[192] Under the Act, gemstones include diamonds, tanzanite, emerald, ruby, sapphire, turquoise, and topaz.

[193] The new royalty rates are: uranium (5%), gemstones and diamonds (5%), metallic minerals such as copper, gold, silver and platinum (4%), industrial minerals (3%).

[194] According to a June 2011 report, annual gold exports tripled over the previous five years, to around US$ 1.5 billion, but government revenues from the mining sector remained static, at around US$ 100 million a year.

developing skills; (ii) strengthening governance and transparency in mining; (iii) stimulating investment in the mineral sector; and (iv) project coordination, monitoring, and evaluation.[195]

(a) Gold

254. Gold production has boomed over more than a decade, and Tanzania is now the fourth largest gold producer in Africa, after South Africa, Ghana, and Mali. This is the result of new discoveries as well as further exploration of some historical prospects. The main operating mines and prospects are located in northern Tanzania, around Lake Victoria, and in the south-west of country. Multinational companies active in gold mining in Tanzania include African Barrick Gold, AngloGold Ashanti, Minières du Nord, IAMGOLD, Resolute Mining, and Randgold. Following new discoveries of gold deposits, Tanzania could become the largest producer of the precious metal in Africa. Gold production is forecast to rise to 1.55 million ounces in 2012, before reaching a peak in 2016.[196] In 2010, the value of gold exports increased by 38.1% to US$1,435.5 million, mainly due to the significant increase in the world market price of gold. Imports of (non-monetary) gold are subject to a CET tariff of 25%.

(b) Diamond and other gemstones

255. Tanzania is an important producer of diamonds, with the bulk of production coming from the Williamson Diamond Mine (WDM) at Mwadui, an operating open-pit mine owned by Petra Diamonds Ltd (75%) and the Tanzanian Government (25%). Diamond production and exports fell in 2010, owing to the temporary closure of the WDM plant for expansion works. However, once mining resumes, diamond output at the mine is expected to increase substantially, with a yield of 600 carats a year over the medium-term.

256. Coloured gemstones are also mined extensively in the country. Tanzania is best known for its tanzanite, which is unique to the country, but it also produces ruby, sapphire, emerald, garnet, tourmaline, and other gemstones. Over 1,000 tonnes of gemstones (excluding tanzanite) are produced annually. Tanzanite production was some 10 tonnes in 2009.[197] The Mining Act of 2010 restricts the exportation of rough gemstones, with the aim of promoting local processing and employment. Under the CET, imports of gemstones are subject to an average tariff of 20%, with rates ranging from zero to 25%.

(ii) Energy

257. Biomass (firewood and charcoal) accounts for some 90% of total energy consumption in Tanzania. The remaining 10% is supplied from commercial sources, of which petroleum accounts for 8% and electricity for 2%.[198] Tanzania has diverse energy resources, most of which remain untapped. Hydropower potential is estimated at 4,700 MW, but only about 12% of it has been developed. Coal reserves are estimated at about 1,200 million tonnes, of which 304 million tonnes are proven. An estimated 4,635 billion cubic feet of natural gas has been discovered, of which about a third are

[195] Ministry of Energy and Minerals, SMMRP Brief. Viewed at: http://www.mem.go.tz/minerals/dev-projects.php. [November 2011].

[196] African Barrick Gold ABG online information. Viewed at: http://www.africanbarrickgold.com/operations/tanzania.aspx [November 2011].

[197] Bank of Tanzania (2011a).

[198] Ministry of Energy and Minerals (2009b).

exploitable.[199] The other, alternative energy resources (mini-hydro, geothermal, solar, and wind) have not been commercially exploited so far.

258. Power generation increased at an average annual rate of 6.5% between 2005 and 2010, and contributed some 2% to GDP each year. Nevertheless, it fell short of meeting growing demand, mainly from urbanization, rapid population growth, and the mining industry boom. The challenges facing the power sector include: shortage of generation; high system losses due to an aged network; inadequate maintenance and lack of investment; poor quality of supply with voltage fluctuations; high international fuel prices; and recurrent breakdown of facilities.[200] Overall, power shortages and periodic failures, as well as relatively high electricity tariffs impede the development of economic activities.

259. Several institutional and legal reforms took place during the review period, in line with the National Energy Policy of 2003, whose main objective is to develop the energy sector to ensure availability of reliable and affordable energy supplies. The Energy and Water Utilities Regulatory Authority (EWURA) became operational in 2006 to undertake regulatory and oversight functions. Under the Rural Energy Act (2005), the Rural Energy Agency and the Rural Energy Fund became operational in 2007, with responsibility to promote access to electricity services in rural areas. A new Electricity Act and a new Petroleum Act were introduced in 2008 (see (a) and (b) below). In 2009, the Power System Master Plan (2010-33) was put in place with the objective of meeting electricity demand over the short-, medium- and long-term through the expansion of generating capacity and transmission. The Power Sector Reform Strategy (2009) aims to restructure the country's electricity supply industry through greater private-sector involvement, promote regional electricity trading, and improve the performance of the energy sector.

(a) Electricity

260. Only about 14% of Tanzanian households have access to electricity, of which more than 80% are in urban areas (Table IV.5); this coverage is way below the Poverty Reduction Target, set at 20% by 2010.[201] Electrical power consumption was 84 kWh per capita in 2008, up from 69 kWh in 2006.[202] Industrial users account for 50% of total consumption, households and business for 40%, and public lighting for 10%. About 60% of total electricity delivered to the national grid comes from hydropower plants; the rest comes mainly from thermal generation, while natural gas generation has been increasing gradually since 2008. Tanzania imports electricity from Uganda and Zambia to supply regions of the country that are not connected to the national grid.

261. Until 2008 the state-owned company TANESCO had a legal monopoly in the generation, transmission, and distribution of electricity. Under the Electricity Act 2008, which seeks to attract private investment to the sector, independent power plants (IPPs) are allowed to generate and distribute electricity directly to end-users, provided they obtain a licence. Nevertheless, TANESCO has the right of first refusal for the supply of electricity to all intensive electrical energy consumers.[203] Although a few IPPs are currently operating, the electricity industry remains vertically integrated with TANESCO retaining a dominant position.

[199] Mkawakupi *et al.* (2010).
[200] Mkawakupi *et al.* (2010).
[201] Ministry of Energy and Minerals (2009a).
[202] World Bank online information. Viewed at: http://data.worldbank.org/indicator/EG.USE.ELEC.KH.PC.
[203] The Act Establishing TANESCO, Part VII section 41(b).

Table IV.5
Selected indicators of electrification in Tanzania, 2005-09
(Million KWh)

	2005	2006	2007	2008	2009
Peak demand (MW)	552	603	653	694	755
Installed capacity (MW)	953	958	1,226	905	1,051
Generation (GWh), of which	3,665	3,588	4,212	4,422	3,834
- hydro	1,781	1,439	2,524	2,649	2,242
- thermal	1,884	2,149	1,688	1,773	1,592
Imports (Uganda, Zambia) (GWh)	50	61	60	52	41
Cumulative losses as % of generation	30	26	24	25	26
Number of customers	605,246	654,180	686,000	725,000	750,000
Electrification rate per population (%)	8.2	10	10.6	12	14

Source: TANESCO (2009), *Power System Master Plan*, June 2009, and MEM (2009), *Joint Energy Sector Review Report.*

262. The Electricity Act 2008 established the separation of powers between the MEM and EWURA. The MEM is responsible for policy formulation and is required to prepare a Rural Electrification Plan, while EWURA has regulatory powers, including setting tariffs, issuing licences, dealing with technical and safety standards, and approving power purchase agreements for electricity sales to TANESCO's national grid and mini-grids. EWURA is currently working on a methodology to determine tariffs for each segment of the industry, i.e. generation, transmission, and distribution. At present, there are five tiers of electricity tariffs for end-users: (i) low domestic use; (ii) general use (light industry, commercial activities, and public lightning); (iii) low voltage supply; (iv) high voltage supply; and (v) bulk sales to Zanzibar. The authorities have indicated that electricity tariffs are based on a cost-recovery approach. In 2012, electricity tariffs were increased by an average 40%.

263. The Rural Energy Agency (REA) provides subsidies to TANESCO in order to extend grid electricity to rural areas where it would otherwise be unprofitable to invest. A 3% levy is added on electricity tariffs to pay for this subsidy. The Electricity Act 2008 increased penalties for non-compliance with its provisions, and established that all electricity-related disputes be settled by the EWURA,

264. Zanzibar buys its electricity from TANESCO. Electricity is supplied through the 100% government-owned Zanzibar Electricity Corporation, which replaced the Zanzibar State Fuel and Power Corporation in 2006. Currently, there are no private suppliers. The Department of Energy and Minerals in the Ministry of Water, Construction, Energy and Lands is responsible for energy policy formulation in Zanzibar. Electricity tariffs are set by the Ministry. A new Energy Policy, approved in 2009, provided for the liberalization of the energy market and the participation of the private sector in power generation and distribution. The policy has yet to be implemented.

(b) Petroleum

265. Tanzania does not produce petroleum or gas. It imports oil and petroleum products for domestic consumption and for transit to countries in the region. From July 2009 to June 2010, a total of 1,557.8 million litres of petroleum products were imported for the local market, and 797.9 million litres for neighbouring countries.[204]

266. The up-stream petroleum industry is governed by the Petroleum Exploration and Production Act of 1980. The state-owned Tanzania Petroleum Development Corporation (TPDC), a non-Union

[204] EWURA (2010).

institution, is responsible for overseeing the development of petroleum and gas exploration and production activities.[205] It also participates in production-sharing agreements with foreign companies. Some 14 exploration companies are active in the country. Incentives available for exploration projects and the development of wells include: tax exemption on equipment and material used for exploration; recovering costs for exploration, development, and production; and negotiated levels of profit oil/gas split. No liquid hydrocarbons have been found so far, but several gas-fields have been discovered (e.g., Songosongo, Mnazi Bay, Mkuranga, and Kilwa).

267. Since the liberalization of the downstream petroleum industry in 2000, oil marketing companies operating in Tanzania are allowed to import, store, transport, and distribute petroleum products. The petroleum downstream industry was the object of legal and institutional reform during the reviewed period. The Petroleum Act, approved in 2008, separated the responsibilities of the MEM from those of EWURA. The MEM is responsible mainly for policy formulation, whereas EWURA has regulatory functions. The Act also introduced provisions for public safety and environmental protection, increased penalties for non-compliance, and provided that disputes related to petroleum be settled by EWURA.

268. EWURA's functions include licensing of operators, product quality inspection, standard setting, and rule making. In addition, EWURA sets cap prices for petrol, diesel, and kerosene, which are reviewed and published monthly. In recent years, the EWURA has stepped up actions to curb illegal practices, such as adulteration of finished petroleum products, trading without a licence, overpricing[206], and under-delivery (e.g., use of un-calibrated pump meters). It has also monitored the quality of products and issued new rules on marking, quality, testing, and sampling of petroleum products. As of June 2010, EWURA had granted 60 wholesale licences and 775 retail licences, and was processing over 300 more applications.[207]

269. EWURA also regulates downstream natural gas activities in mainland Tanzania, including processing, transportation, storage, and distribution. Marketing and sales of natural gas are not regulated. The exploration, field development, and production of natural gas are regulated by the MEM. The Songosongo and Mnazi Bay fields are currently producing gas. Gas is used for electricity generation and thermal application in over 25 major industries in Dar es Salaam.

270. In Zanzibar the import and distribution of petroleum and gas are handled by the private sector. Importers and distributors set prices for these products and submit them to the Government for approval. The government-owned Petroleum Trade Corporation was closed in March 2006. Ten fuelling stations are currently being operated by private dealers. There is no proper regulatory body for hydrocarbons in Zanzibar; the Department of Energy and Minerals oversees the sector. Zanzibar is seeking to attract foreign investors to engage in oil and gas exploration in its territorial waters. Issues pertaining to revenue sharing and the environmental effects of hydrocarbon exploration are being considered by the governments of Zanzibar and the mainland.

(4) MANUFACTURING

271. The manufacturing sector grew at an annual average rate of 8.6% during 2005-10. Manufacturing exports, mostly directed to the East African Common market, have surged in recent years and now account for over a quarter of total exports. Nevertheless, despite the implementation of industrial development programmes and incentives, the sector remains underdeveloped and its

[205] Prior to 2000, TPDC was the sole company dealing with petroleum products.
[206] A fine of T Sh 3,000,000 is imposed on traders involved in overpricing.
[207] EWURA (2010).

contribution to GDP is limited (Chapter I, Table I.1). The manufacturing sector employed over 108,000 people in 2010.

272. Manufacturing is dominated by agri-based industrial activities, which constitute about 70% of industrial output. The sector exhibits little diversification and a low level of value addition. The most important industries include food-processing, beverages, and tobacco; textiles and leather products; non-metallic minerals; chemical, rubber, and plastic products; cement; and oil refining. Some industries have been particularly dynamic in recent years, including production of Konyagi (a local spirit), wheat flour, pyrethrum, iron sheets, cement, and batteries. On the other hand, production of aluminium, textiles, wood products, certain foodstuffs, beer, and cigarettes has been declining, in part due to the impact of the global economic recession.

273. The major challenges facing Tanzania's manufacturing sector include high production costs and taxes, lack of modern technologies and equipment, limited access to long-term financing, insufficient industry linkages, low labour productivity, shortages of electricity supply, and under-developed physical infrastructure.[208] Most manufacturing activities are located in Dar es Salaam and around the larger cities, particularly Arusha. About 97% of manufacturing concerns are micro and small enterprises with less than ten workers.

274. Under the CET, manufactured goods (ISIC 3, Revision 2) are subject to an average tariff of 12.5%, with rates ranging up to 100% on certain food products such as sugar (Common Report, Table III.1). Tanzania's manufacturing sector relies on imported industrial inputs and intermediate products. Under the EAC Customs Management Act 2004, the Council of Ministers may approve temporary duty remissions for certain industrial inputs imported by EAC states. In the case of Tanzania, the Council of Ministers approved a customs duty remission for one year (1 July 2011 to 30 June 2012) for palm stearin-RBD (HS Code 1511.90.40), a solid substance obtained from fractioning palm oil.[209] Also, under the Protocol on the Establishment of the EAC Customs Union, Tanzania obtained waivers, until July 2012, allowing it to apply lower customs duties of 0% and 10% on road tractors, and for certain motor vehicles for the transport of people and goods.

275. The Ministry of Industry and Trade (MIT) is responsible for policy formulation and the overall running of the manufacturing sector. Other institutions involved in promoting the industrial sector include the National Development Corporation (NDC), the Small Industries Development Organization (SIDO), the Tanzania Industrial Research Development Organization (TIRDO), and the Export Processing Zones Authority (EPZA). The Business Registration and Licensing Agency (BRELA), a semi-autonomous agency under the MIT, is responsible for business regulation and facilitation.

276. According to the National Development Vision 2025, the industrial sector is to play a leading role in transforming Tanzania from an agricultural economy into a semi-industrialized one by 2025. The Sustainable Industrial Development Policy (SIDP, 1996-2020) declared the Government's decision of withdrawing the public sector from productive activities and enabling the private sector to become the principal vehicle for economic growth.

277. The Integrated Industrial Development Strategy (IIDS), announced by the MIT in 2011, provides a road map for carrying forward the implementation of SIDP objectives in the new economic environment. The IIDS's target is for the manufacturing sector to diversify and grow by an average

[208] Ministry of Industry, Trade and Marketing (2010).

[209] Legal Notice No. EAC/29/2011, *East African Community Gazette*, Vol. AT 1-No. 08, Arusha, 30 June 2011.

15% per annum, to reach 23% of GDP by 2025. Its strategic objectives are to build-up an internationally competitive industry through the development of industrial clusters and large-scale special economic zones; to make Tanzania an industrial and logistic hub in East and Central Africa through the improvement of the existing development corridors and the creation of a new gateway port; to promote rural and resource-based industrialization; to strengthen the SME sector; and to provide adequate infrastructure facilities for industry. Several manufacturing subsectors have been targeted under the IIDS on the basis of their potential market size, value addition, and impact on poverty reduction: i.e. fertilizers and chemicals, iron and steel, textiles, agri-processing (edible oil, cashew nuts, fruit processing, and milk products), leather products, and light machinery.[210] The IIDS is already being implemented in some subsectors such as leather, textiles, garments, iron, and coal.

(5) SERVICES

(i) Overview

278. Services are the leading sector of the Tanzanian economy in terms of GDP contribution. Trade and repairs is the single most important contributor, while the communications subsector is the most dynamic. During the review period, Tanzania's services trade account showed a consistent surplus, which amounted to US$197 million in 2011 (Chapter I, Table I.2).

279. Between 2005 and 2010, Tanzania's services sector grew relatively robustly, at an average of 8% per year. Several institutional and legal reforms aimed at increasing efficiency were introduced, including the restructuring or concession of some state-owned enterprises in the sector. Nevertheless, more efforts are needed to improve the country's overall infrastructure and its capacity to deliver good quality, affordable services. Further liberalization of services should enhance the economy's efficiency and competitiveness, in particular by reducing costs related to financial services, telecommunications, and transport.

280. Under the General Agreement on Trade in Services, Tanzania scheduled commitments only on four-star hotels and above (Table IV.6). It did not participate in the GATS Fourth and Fifth Protocols, on basic telecommunications and financial services, respectively.

Table IV.6
Tanzania's GATS specific commitments, 2012

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Tourism and travel-related services			
Hotels of four stars and above	(1) None	(1) None	
	(2) None	(2) None	
	(3) Acquisitions of domestic firms and mergers by foreigners are subject to approval The acquisition of land by foreigners or domestic companies which are deemed foreign because of foreign equity ownership is subject to approval	(3) Unbound	
	(4) Unbound except for measures concerning senior managers that possess skills not available in Tanzania	(4) Unbound	

Note: Mode of supply: (1) Cross-border supply; (2) Consumption abroad; (3) Commercial presence; and (4) Presence of natural persons.

Source: WTO document GATS/SC/84, 15 April 1994.

210 Ministry of Industry and Trade (2011).

(ii) Financial services

281. Since its liberalization in 1991, Tanzania's financial sector has undergone substantial structural change and legal reform, including the strengthening of its institutional and regulatory framework. Financial intermediation grew by an average annual rate of 10.5% between 2005 and 2010. The financial sector's assets totalled T Sh 10,040 billion in December 2009.[211] Banking institutions dominate the financial landscape, accounting for some 75% of the sector's assets, followed by pension funds (21%), insurance companies (2%), and remaining financial intermediaries (2%).[212]

282. At end 2011, the financial sector comprised 30 fully fledged commercial banks and 14 financial institutions. Of the 44 institutions, 22 were locally owned and the rest were owned by foreign entities. Five institutions were majority state-owned and 39 were majority privately owned. There were 179 foreign exchange bureaux, and a number of other informal financial intermediaries, such as savings and credit cooperatives (SACCOs).[213] In addition, there were 27 licensed insurance companies.[214]

(a) Banking

283. The banking system continues to show a significant, albeit decreasing concentration of total assets. The six largest banks held about 66% of all banking assets at end 2011[215], down from 90% in 2005. While some state-owned banks have been privatized, significant state-ownership still exists in certain major banks, notably the NBC, the NMB, and the Peoples Bank of Zanzibar. The central bank, the Bank of Tanzania (BOT), is responsible for supervising banks and other financial institutions, including mortgage financing, development financing, and lease financing. A separate regulator oversees the insurance industry (section (b) below).

284. Tanzania's banking system remained resilient to the recent global financial crisis due to its limited exposure to international capital and financial markets, and the progressive strengthening of its regulatory and supervisory framework. The banking industry is sound, adequately capitalized and has high liquidity levels, but asset quality and earnings have deteriorated somewhat. As of 31 December 2010, the ratio of core capital to total risk weighted assets plus off balance sheet was 18.2% (i.e. above the minimum regulatory ratio of 10.0%); the ratio of non-performing loans to gross loans was 9.3% (up from 6.7% at end 2009); the return on assets was at 2.1%; and the ratio of liquid assets to demand liabilities was 45.2%, well above the minimum regulatory ratio (20.0%).[216]

285. The credit market has been very dynamic in recent years. Lending to the private sector grew by 16.2% in 2009 and 20.0% in 2010, and accounted for about 20% of GDP at end-December 2010.[217] The sectoral distribution of commercial banks' credit in 2009 was: trade, 19.01%; mining and manufacturing, 12.11%; agriculture, 10.35%; transport and communication, 9.29%; building and

[211] Bank of Tanzania (2010).
[212] *Tanzania Review 2011/2012*.
[213] Information provided by the Bank of Tanzania.
[214] Tanzania Insurance Regulatory Authority online information. Viewed at: http://www.tira.go.tz/licensed/companies [27 January 2012].
[215] The six largest banks were the Cooperative and Rural Development Bank (CRDB), the National Microfinance Bank (NMB), the National Bank of Commerce (NBC), Standard Chartered, Exim Bank, and Stanbic Bank. Information provided by the Bank of Tanzania.
[216] Bank of Tanzania (2011b).
[217] Bank of Tanzania (2011b).

construction, 5.07%; education, health and other services, 11.1%; and others, 33.07%.[218] Nevertheless, access to financial services remains very limited, even by regional standards, with only 12.4% of the adult population using banks and other formal financial institutions.[219] Moreover, commercial banks' lending rates are still too high, and the spread between lending and deposit rates, at 12.18% (December 2009), needs to be further reduced.

286. In a bid to increase access to financial services, Tanzania launched mobile phone payment services; by mid 2010 these were provided by two commercial banks and four mobile network operators. Given the importance of developing a supervisory framework for this fast-growing industry, the BOT has signed an MOU with the Tanzanian Communication Regulatory Authority, providing a mechanism for regulatory and supervisory coordination between the two regulators.

287. During the review period, Tanzania continued to reform its banking regulatory and supervisory framework with a view to bringing it in line with modern business practices and the Basle Committee's Core Principles for effective banking supervision. Two major pieces of legislation were passed: the Banking and Financial Institutions Act 2006 (BFIA 2006), which replaced the BFIA 1991, and the Bank of Tanzania Act 2006, which amended the BOT Act 1995, specifying the objectives and functions of the BOT, including in relation to the regulation and supervision of banks and financial institutions.

288. The BFIA 2006 consolidated laws relating to banking so as to harmonize the operations of all financial institutions, foster sound banking activities and regulate credit operations. It strengthened the BOT's independence by giving it enhanced powers to grant, suspend, and revoke banking licences, and to prescribe and enforce prudential controls for capital adequacy, minimum reserve requirements, liquidity ratios, credit concentration, foreign exchange exposure, asset classification, provisioning, and stricter financial reporting requirements. The 2006 Act also established a Credit Reference Bureau. The 2008 Banking and Financing Institutions Licensing Regulations set out the minimum conditions for entry/exit into the banking system, establishing subsidiaries, new branches and representative offices, and cover all aspects of the banking licensing application process.

289. In order to establish a bank or a financial institution in Tanzania, a licence must be obtained from the BOT; no distinction is made between local and foreign entities. Under the BFIA 2006, the minimum core capital requirement for a commercial bank to start operations is T Sh 5 billion; this was increased to T Sh 15 billion in July 2010. A financial institution (other than a community bank, microfinance company or financial cooperative) must have start-up core capital of not less than T Sh 2.5 billion or such higher amount as the BOT may determine. In addition, commercial banks and financial institutions must maintain, at all times, core capital of not less than 10% of their total risk-weighted assets and off-balance-sheet exposure, and total capital of not less than 12% of total risk-weighted assets and off-balance-sheet exposure.[220] The minimum capital requirement for community banks is being reviewed, with the purpose of increasing it from T Sh 250 million to T Sh 2 billion.

290. The BFIA 2006 introduced new provisions to reduce the level of risks banks and financial institutions incur, by restricting their credit exposure to individual customers and lending to connected parties. Banks and financial institutions are prohibited from lending to a single person any amount in excess of the equivalent of 5% of their core capital; for a micro-finance institution the maximum is

[218] Bank of Tanzania (2009a).

[219] *Tanzania Review 2011/2012*.

[220] The minimum start-up core capital requirements are: (i) community banks, T Sh 250 million; and (ii) microfinance companies or financial cooperatives, T Sh 200 million for a unit microfinance company and T Sh 800 million if operating nationwide. The BOT may determine higher amounts.

3%. Exceptions may apply if lending is: (i) guaranteed by the Government of Tanzania; (ii) secured against cash or near cash items; (iii) guaranteed by a first class international bank; or (iv) against securities issued by the Government of Tanzania or the BOT. The BFIA 2006 lists activities that banks and financial institutions may undertake, such as acceptance of deposits, lending, financial leasing, money transfers, issuing credit cards, travelers cheques, banker's drafts, and financial advisory services.

291. The BFIA also contains provisions allowing the BOT to share information with other appropriate supervisory authorities, both within Tanzania and abroad, provided that the exchange of information is on a reciprocal basis. Internally, the BOT, the Capital Markets and Securities Authorities, the Gaming Board of Tanzania, and the Tanzania Insurance Regulatory Authority constituted the Tanzania Financial Regulators Forum in 2007, with the objective of enhancing the effectiveness of regulations, promoting financial stability, and sharing supervisory information. At the regional level, the BOT continues to cooperate closely with the central banks of the EAC member states, with which it has signed memoranda of association, with the aim of harmonizing banking supervision practices across the region.

(b) Insurance

292. Tanzania's insurance sector was liberalized in 1996. Since then, the number of insurance companies, including several international firms, has progressively grown. As of 31 December 2010, there were 27 registered insurance companies. Of these, 22 were privately owned with at least 30% Tanzanian ownership; three were 100% owned by Tanzanian nationals; and two companies were 100% state-owned (National Insurance Company (NIC) and Zanzibar Insurance Company (ZIC)). By type of business, there were 18 general insurance companies, 1 long-term (life) insurance business, 4 composite insurers[221], and 1 reinsurance company, as well as 75 registered insurance brokers, 520 registered insurance agents, and 43 registered loss adjusters.[222]

293. At the end of 2010, total assets of insurance companies amounted to T Sh 355.7 billion. Five companies held about 70% of the sector's overall assets, with the state-owned NIC accounting for some 39%. The general insurance product mix was: motor insurance, 31%; fire, 20%; health, 18%; accident, 13%; and other classes, less than 7% each.[223] The insurance market grew by 24% in 2010 measured in gross premiums over the previous year. Nevertheless, Tanzania's insurance penetration (premiums as a percentage of GDP) remained low, at 0.86%.[224]

294. Tanzanian residents may not be insured by insurance companies not registered in Tanzania, but Tanzanian companies may insure non-residents.

295. Insurance premiums are set by insurance companies and subject to TIRA approval (see below). Insurance against third-party liability is compulsory for automotive vehicles and motorcycles.

296. During the review period, the insurance sector underwent legal and institutional reform. The Insurance Act of 2009, which repealed the Insurance Act of 1996, introduced some important changes in the sector's regulation, geared towards aligning the Tanzanian insurance market with best

[221] Composite insurers undertake both long-term and general insurance. Under the Insurance Act 2009, they were given until end-2012 to separate the two businesses.
[222] TIRA (2011).
[223] TIRA (2011).
[224] TIRA (2011).

international practices. One of the most important changes was the establishment of the Tanzania Insurance Regulatory Authority (TIRA) as an independent regulator, replacing the former Insurance Supervisory Department of the Ministry of Finance. The TIRA's main objectives are to promote and maintain an efficient, fair, safe, and stable insurance market, and protect policyholders. The Commissioner of Insurance is the Chief Executive Officer of the TIRA and has powers to ensure compliance with the Act by insurers and insurance intermediaries, and to issue "cease and desist" orders to any registered insurer that, in his/her opinion, is conducting business in an unlawful or unethical manner.

297. The National Insurance Board, established by the 2009 Act, is responsible for advising the Authority on matters pertaining to the regulation and supervision of the insurance business and for ensuring that the TIRA undertakes its activities in a competent manner.[225] The 2009 Act also established a special Insurance Tribunal and an Insurance Appeals Tribunal, as well as new provisions on offences and penalties. Another important change is the prohibition of composite insurance businesses (a combination of life and general insurance); insurers may now transact either general insurance or life insurance, or establish two separate companies. Existing composite insurers were given a transition period of three years (until end 2012) to separate their businesses. Banks are not allowed to supply insurance services.

298. Under the Insurance Act of 2009, an insurer must be a resident company registered under Tanzanian law; at least one third of its controlling interest must be held by citizens of Tanzania, and at least one third of the company's board members must be Tanzanian citizens. On the other hand, insurance brokers and agents are not required to be Tanzanian nationals. The 2009 Act establishes prudential requirements for insurers, and mandates insurance companies to maintain minimum paid-up capital levels that may vary depending on the type of business and must be adjusted yearly to inflation (Table IV.7). It also provides for the establishment of statutory technical reserves, minimum solvency margins, adequate reinsurance arrangements, investment requirements for insurers, as well as fit-and-proper criteria for directors of insurance companies.

Table IV.7
Minimum paid-up capital requirements for insurers, 2010-12[a]
(T Sh billion)

Type of business	Minimum paid-up capital		
	2010	2011	2012
Long-term (life) insurance	1	1.25	1.50
General insurance	1	1.25	1.50
Composite insurance (long-term and general) (until end 2012)	1.30	1.060	2.00

a Minimum amounts to be maintained by 31 December of each year. For subsequent years the amounts are adjusted according to inflation (CPI).

Source: TIRA (2009), *Prudential Requirements for Tanzania Insurers*. Power point presentation, 1 December, Dar Es Salaam.

299. The Tanzania National Reinsurance Corporation Ltd. (TAN-Re), which commenced operations in 2004, is the only reinsurer in the country. TAN-Re was established to reduce the importation of reinsurance cover, so as to increase the premium retention capacity of the domestic insurance industry. TAN-Re is mostly owned by Government and parastatal institutions (53%), domestic insurance companies (29%), and a foreign investor (11%). Until 2004, Tanzanian insurers were required to cede to TAN-Re a portion of liabilities of every policy issued by them, plus a portion

[225] The Board of Insurance consists of a Chairman, appointed by the President, and no more than seven members appointed by the Minister of Finance and drawn from both sides of the Union.

of their treaty reinsurance. Mandatory cessions no longer apply. Currently, about 92% of TAN-Re's business is in the local market. At end 2010, its net assets totalled T Sh 18,153 million, up from T Sh 13,392.7 million in 2009.[226]

(iii) Telecommunications

300. Telecommunications is one of the most liberal and fastest growing sectors of the Tanzanian economy, with annual growth rates averaging 20.8% during 2005-10. The establishment of the Tanzania Communications Regulatory Authority (TRCA) in 2003, and subsequent regulatory reforms marked a new era for the sector, characterized by the arrival of new entrants, increased competition and investment, adoption of new technologies, and improved penetration rates.

301. Following the global trend, fixed-line subscriber numbers showed a modest increase to 174,511 (0.39 subscriptions per 100 inhabitants) during 2005-10. By contrast, mobile cellular subscriptions grew exponentially, to almost 21 million, reaching a penetration rate of 46.8% (Table IV.8), and the number of internet subscribers increased 5.2-fold. The liberalization of VoIP telephony, the introduction of 3G broadband services, and the country's connection to international submarine fibre-optic cables[227], are boosting the internet sector, which until recently had lagged behind due to the low level of development of the traditional fixed-line network. Nevertheless, internet usage remains low (11%)[228] compared with other EAC countries (Kenya 25.9%, Uganda 12.5%, and Rwanda 13%) and the broadband market is still largely unexploited.

Table IV.8
Selected telecommunication indicators, 2005-10

	2005	2006	2007	2008	2009	2010
Fixed telephone subscribers ('000)	154.3	152.0	163.2	123.8	172.9	174.5
Fixed telephone subscribers per 100 inhabitants	0.4	0.38	0.4	0.29	0.4	0.39
Mobile cellular subscribers ('000)	2,964.0	5,609.0	8,252.0	13,006.7	17,469.4	20,983.8
Mobile cellular subscribers per 100 inhabitants	7.63	14.05	20.09	30.77	40.14	46.8
Percentage of population using Internet (%)	4.3	5.8	7.2	9.0	10.0	11.0
Fixed internet subscribers ('000)	92.0	129.0	181.0	251.8	397.5	487.2
Fixed internet subscribers per 100 inhabitants	0.24	0.32	0.44	0.6	0.91	1.09
Fixed broadband subscribers ('000)	1.4	1.7	2.1	2.5	2.8	3.1
Fixed broadband subscribers per 100 inhabitants	0.0	0.0	0.01	0.01	0.01	0.01

Source: ITU online information. Viewed at: http://www.itu.int/ITU-D/ict/statistics [January 2012].

302. Tanzania's telecommunication market is very competitive. There are two fixed-line operators, seven active mobile networks[229], and over 68 internet/data application services licensees.[230] The partially government-owned fixed telephone operators are the Tanzania Telecommunications Company Ltd. (TTCL) and the Zanzibar Telecommunications Company (ZANTEL), which also

[226] TIRA (2011).
[227] The submarine cables SEACOM and EASSy landed in the country in July 2009 and April 2010.
[228] The number of internet users, which is greater than the number of suscribers, was estimated to be 4.8 million in June 2010. TCA (2010).
[229] The mobile operators are TTCL, Zantel, Vodacom, MIC Tanzania ltd., Airtel Tanzania Ltd., Dovetel (T) Ltd., and Benson Informatics Ltd. Another six licensees are currently not active.
[230] Of the 68 internet/data application services licensees, 46 were active as of June 2010.

provide mobile telephone services. Until February 2005, the TTCL had an exclusive licence to provide fixed-line basic telephony on mainland Tanzania, and a de facto duopoly with ZANTEL in Zanzibar. However, ZANTEL's licence coverage was extended to the mainland in 2006, and it is fast increasing its presence, offering lower rates in fixed, broadband, and mobile telephony.

303. Telecommunications is a Union matter. The Ministry of Communications, Science and Technology, established in 2008, is responsible for policy formulation and implementation related to telecommunications, postal services, and information and communications technology (ICT). Among the main policies guiding the sector are the National Telecommunications Policy (NTP) of 1997, and the National ICT Policy of 2003. The NTP provides a "vision" to 2020 and is aimed at ensuring the accelerated development of telecommunications infrastructure so as to provide access to telecommunication services for all sectors of the economy and the population.

304. The legal framework is provided by the Tanzania Communications Act No. 18 (1993), the Tanzania Broadcasting Services Act No. 6 (1993), the Tanzania Communications Regulatory Act No. 12 (2003), and the Universal Communications Service Access Act (2006). All of these were updated and consolidated in the Electronic and Postal Communications Act of 2010. The new Act requires all telecom companies to list on the Dar es Salaam Stock Exchange within three years. A wide range of regulations pertaining to the telecommunication sector, such as interconnection rates, tariffs, competition, accounting separation, etc., have been passed since 2005.

305. The TCRA is an autonomous agency responsible for regulating the postal, broadcast and electronic communication industries. It is mandated to promote competition and economic efficiency, manage the radio frequency spectrum, grant licences and enforce licence conditions, set standards for equipment and services, regulate rates and tariffs, protect consumer interests, and monitor the performance of regulated activities. In 2006, the TCRA introduced the Convergence Licensing Framework (CLF), under which a large number of new players have entered the market. There are four new types of licence: the Network Facilities Licence, the Network Services Licence, the Application Services Licence, and the Contents Services Licence (Table IV.9). Licences may cover international, national, regional or district market segments. The licensing regime is technology-neutral, and therefore includes VoIP services, which have been liberalized since 2005. Companies with excess capacity in their private networks (e.g. railway and utility companies) are allowed to participate in the market.

306. Retail tariffs for telecom services are market-determined and hence not subject to regulation. However, dominant operators are required to submit their tariffs to the TCRA for approval prior to application. Wholesale tariffs, such as interconnection rates, are determined by the TCRA based on forward-looking long-run incremental-cost (LRIC) methodologies.

307. Increased market competition, including through the liberalization of international gateways since 2005, has led to a reduction of tariffs for all telecommunication services. For instance, pre-paid telephone average tariffs per minute dropped by about 40% in 2009 (from T Sh 359 (US$0.3) to T Sh. 216 (US$0.2)); and since the landing of the SEACOM submarine cable in Dar es Salaam, the TTLC has reduced its internet tariffs by more than 50%. In addition, in order to reduce mobile termination rates, the TCRA introduced a stage decrease of maximum interconnection rates from US$0.0783 per minute in early 2008 to US$0.0716 per minute in January 2012.[231] Nevertheless,

[231] Vodacom Tanzania took TCRA to the Fair Competition Tribunal over the interconnection rates, claiming they would be to the disadvantage of mobile operators. Other, smaller mobile companies favoured the proposed rates.

Tanzania's telecommunication tariffs are still high by regional standards[232], and the regulator's efforts to reduce prices are undermined by high import duties, taxes, and special levies on telecom equipment and services, which increase prices for operators and end-users. Telecommunications equipment is subject to a 20% import duty and 18% VAT, and an excise tax of 10% is imposed on mobile airtime.

Table IV.9
Telecommunication licences issued under the Convergence Licensing Framework, 2006 and 2011

Type of licence	Coverage	End 2006	End 2011
Network facilities license	To install, own, control and provide access to electronic communication facilities (e.g., fixed links, radio communication transmitters, satellite stations, submarine cable, fibre and copper cable, towers, etc.) to other licence operators.	5	21
Network facilities services licence	To operate and maintain public electronic communication networks with various technologies (CDMA, GSM, WCDMA, ADSL) that involve intelligent network platforms. These include mobile services, fixed-line services, bandwidth services and broadcasting distribution services	5	16
Application services licence	To provide electronic communication services to end-users, either through the establishment of private facilities and networks, or through procurement and reselling of services from licensed facilities/network service providers (e.g. internet service providers and payphone services).	24	83
Content services licence	To provide content services such as satellite broadcasting, broadcasting terrestrial free-to-air TV, and cable TV.	..	72

.. Not available.

Source: TCRA online data. Viewed at: htpp://www.tcra.go.tz/licensing/CLFlicensed_operators.php [2 February 2012].

308. The TCRA Act gives the telecommunications regulator the power to deal with competition issues, and to investigate and make appropriate recommendations to the Fair Competition Commission (FCC) or any other relevant authority, on issues concerning: (a) any contravention of the Fair Competition Act 2003, the Bureau of Standards Act 1975, or any other written law; and (b) actual or potential competition in any market for regulated services, or additional costs in the market that are likely to be detrimental to the public.[233] So far, the TCRA has not intervened in any competition cases or reported any case to the FCC.

309. Cross-subsidization is regulated through the Electronic and Postal Communications Act of 2010 and associated regulations. The latter contain provisions that require tariffs to be transparent, objective, cost-oriented and non-discriminatory[234], and that prohibit acts of unfair competition, including predatory pricing and cross-subsidization, among others.[235] In addition, the regulations require operators to account for revenues and costs separately for each business unit or service.[236] Respondents to a survey conducted prior to the entry into force of the regulations noted alleged cross-subsidization and predatory low-pricing practices in the telecom market.[237]

310. Number portability has been available in Tanzania since 2008, and its use has been made popular by new market entrants. Given that there is still room for telecom network deployment in the country, local loop unbundling is not considered an option for the time being, instead, incentives are

[232] TCRA (2009).
[233] Tanzania Communications Regulatory Act No. 12 of 2003, Part III, paragraph 19 (2).
[234] Electronic and Postal Communications (Tariff) Regulations, 2011, regulation 4(2).
[235] Electronic and Postal Communications (Competition) Regulations, 2011, regulation 6(a).
[236] Electronic and Postal Communications (Accounting Separation) Regulations of 2011.
[237] Materu-Behista and Diyamett Bitrina (2010).

offered to operators for infrastructure investment and cost-sharing in backbone network deployment. A national fibre-optic backbone infrastructure has recently been built. The first phase was completed in May 2010, connecting Dar es Salaam with towns and cities in northern and eastern Tanzania, and to neighbouring Burundi, Rwanda, Kenya, and Uganda. The second phase of the network was completed in 2012 and connects southern and eastern towns and cities with Zambia and Malawi. The backbone is 100% owned by the Government and managed by the TTCL.[238]

311. In accordance with the provisions of the Universal Communications Services Access Act of 2006, the Government of Tanzania has established a Universal Communication Access Fund (UCAF) to enable accessibility for communication operators in the provision of communications services, with the aim of promoting social, economic, and educational development in under-served rural and urban areas. The UCAF is financed through appropriations by the parliament; money allocated by the TCRA via subsidies; the universal service levy, paid by communication licensees; grants, donations, and contributions from local and foreign entities; and levies and contributions received for services provided by the Fund. In 2009, Tanzania received US$100 million from the World Bank to promote affordable communication services across the country.

(iv) Transport

312. Tanzania's transport network is crucial to connect the country's largely rural population to services and economic opportunities in urban areas, and transfer goods and people from local to national and global markets. It also links Tanzania's landlocked neighbours to international markets. Given its strategic role, the transport sector has been the object of several institutional reforms and development programmes in recent years, and accounts for a large share of public investment.[239] Despite progress made, the sector continues to face many challenges, including inadequate network length, insufficient rehabilitation and maintenance of roads and railways, high costs, lack of efficient intermodal connections, and poor urban mobility.

313. The Ministry of Transport (MOT), established in January 2011, has primary responsibility for formulating, planning, and coordinating sectoral transport policies and for overseeing their implementation, in collaboration with other transport agencies. The MOT aims to ensure the availability of high quality, safe and cost-effective transport infrastructure and services, to contribute to Tanzania's socio-economic development. The main policy guiding the sector is the 2003 National Transport Policy, which is currently being reviewed. The ten-year Transport Sector Investment Programme (TSIP), put in place in 2007, provides a roadmap for achieving transport-related goals. It is being implemented in two phases; the second phase is due to begin in 2012/13 and end in 2016/17. More than 60% of the financial requirements for the TSIP have been earmarked for roads development. In order to promote private-sector participation, a Public Private Partnership (PPP) Policy and Act have been developed.

314. Virtually all Tanzania's international trade (exports, imports, and transit goods) is transported by ocean freight. Air freight transport accounts for less than 1%, and about three quarters of international transport via ocean freight is taken by road. Transit trade makes up about a quarter of Tanzania's international transport.

[238] The national ICT backbone has over 10,000 km of fibre-optic cable, linking nine cross-border points and giving access to submarine cables (SEACOM, EASSy, SEAS (Q2, 2012), and TEAMs (via Horohoro).

[239] Allocations of funds to the transport sector increased from around T Sh 170 billion in 2001/2002 to over T Sh 1,100 billion in 2010/2011.

315. Tanzania has two main transport corridors: the Central Transport Corridor connects Dar es Salaam and the coastal regions to the western and Lake Victoria regions of the country, thereby also linking Tanzania's main port to Burundi, Rwanda, Uganda, and the Democratic Republic of Congo. The Southern Corridor connects Dar es Salaam to Zambia in the south-west by rail and road. The Central Transport Corridor is being improved to connect Dar es Salaam to Kigoma at the border with Burundi.

(a) Road transport

316. Tanzania's total road network is estimated to be 86,472 km, of which about 7% is paved. The Tanzania National Roads Agency (TANESCO), under the Ministry of Works, is in charge of 19,246 km of regional roads and 10,601 km of trunk roads. The remaining network (56,625 km) of urban, district, and feeder roads is under the responsibility of the Prime Minister's Office for Regional Administration and Local Government.

317. Periodic maintenance, rehabilitation, and upgrading of roads have the highest priority under the TSIP. To this end, increasing resources have been channelled through the Road Fund.[240] As a result, the condition of roads has improved in the last five years. According to a recent assessment, 88% of trunk and regional roads and 59% of district, feeder and urban roads were in good or fair condition in 2010/11, compared with 79% and 55.5%, respectively in 2006/07.[241] Upgrading and construction of rural roads have also been undertaken in Zanzibar (Pemba Island). Nevertheless, the national road network remains inadequate, due to insufficient funds for rehabilitation and maintenance, while traffic has increased substantially.

318. Road transport is regulated by the 1973 Transport Licence Act. The Surface and Marine Transport Regulatory Authority (SUMATRA) is responsible, among other tasks, for issuing, renewing, cancelling, and amending road service licences. Licence fees are different for local and foreign carriers.[242] The road transport business is dominated by private operators. Prices are set by operators, taking into account their operational costs plus a profit margin, and are subject to approval by the Government. Cabotage is not allowed in road transport.

(b) Railway transport

319. Tanzania's railway system is 3,673 km long. It consists of two separate railway networks that operate on different gauges: the 2,706-km network operated by Tanzania Railways Limited (TRL, formerly TRC), and the 975-km line run by Tanzania-Zambia Railway Authority (TAZARA). The two systems connect 14 of the 21 regions of mainland Tanzania and neighbouring countries. However, the lack of a standard gauge, makes provision of integrated services difficult, both within and outside the country. Overall, the railway system is in very poor condition, with inadequate infrastructure, lack of maintenance and rehabilitation, outdated equipment, and stiff competition from road transport. As a result, freight volume and passenger numbers have declined in recent years, especially in the case of TRL (Table IV.10).

[240] The Road Fund is financed mainly through the fuel levy. In fiscal year 2011/12, the Road Fund collected T Sh 316.5 billion, of which T Sh 282 were allocated to road maintenance.

[241] Information provided by the Ministry of Transport.

[242] For details on licence fees and conditions see SUMATRA online information. Viewed at: http://www.sumatra.or.tz/index.php?option=content&task=view&id=18&Itemid=2.

Table IV.10
Movement of cargo and passengers by railway, maritime, and air transport, 2005-10

	2005	2006	2007	2008	2009	2010
Rail transport:						
Tanzania Railways (TRL)						
Freight ('000 tonnes)	1,129	775	714	505	453	256
Passengers ('000)	674	594	585	459	443	290
Tanzania Zambia Railways (TAZARA)						
Freight	632	601	539	528	383	523
Passengers	933	890	1,090	1,047	997	767
Marine transport						
Dar es Salaam Port						
Ships calls - costal ships	3,895	4,154	3,038	518	2,169	..
Cargo ('000 DWT)	4,307	6,762	7,426	7,167	8,103	8,814
Passengers ('000)	1,072	664	714	310	141	..
Tanga Port						
Ships calls - Costa ships	215	281	242	139	221	..
Cargo ('000 DWT)	289	519	542	178	510	..
Passengers ('000)	6.4	6.6	7.1	8.3	0	..
Mtwara Port						
Ships calls - costal ships	107	110	99	30	20	..
Cargo ('000 DWT)	96	152	147	115	132	..
Passengers ('000)	28	9.4	10	0	0	..
Air transport:						
Precision Air and Fly 540						
Freight ('000 tonnes)	1.2	1.5	1.1	1.0	..	74
Passengers ('000)	602	580	761	737	359	689
Other internal airlines						
Passengers ('000)	360	431	313	350	261	763

.. Not available.

Source: National Bureau of Statistics (2011), *Tanzania in Figures 2010*. Viewed at: http://www.nbs.go.tz/pdf/Tanzania_in_Figures2010.pdf. [November 2011].

320. Under the 2002 Railways Act, the government-owned Tanzania Railway Corporation (TRC) was given in concession to Tanzania Railways Limited (TRL) in 2007. However, as the performance of the company in private hands continued to decline, the Government bought it back in 2011. TRL's interim management has prepared a plan to revitalize the business, and a railways infrastructure fund is being planned. TAZARA, jointly owned by Tanzania and Zambia, has lacked sufficient funds to run at a profit. In 2010, the railway's average revenue was around US$3 million per month, but at least US$5 million were needed to cover monthly operational costs. Discussions on the restructuring of TAZARA are ongoing.[243] The Government's short-term priority is to revitalize the existing railway infrastructure and replace the rolling stock to bring it back to a sustainable level of operation.

(c) Air transport

321. Tanzania has over 60 airports, airstrips, and aerodromes serving domestic and international traffic. The four major international airports are Dar es Salaam (JNIA), Kilimanjaro (KIA), Zanzibar (ZIA), and Mwanza (MWZ). The Tanzania Airports Authority (TAA), a semi-autonomous government agency, manages 62 airports and airstrips. The Kilimanjaro International Airport is the only airport operated by a private company (KADCO), under a concession. Handling services at the Dar es Salaam and Kilimanjaro International Airports are provided by Swissport.

322. Under the Civil Aviation Act (revised in 2006), the Tanzania Civil Aviation Authority (TCAA) is responsible for the provision of air navigation services and safety. It also has regulatory functions with respect to the aviation subsector, including licensing of air services and personnel.

[243] *Tanzania Review 2011/2012*.

Under the Zanzibar Airport Authority Act of 2011, the Zanzibar Government is to set up its own airport authority (ZAA) to operate, manage, control, and develop the airports established in Zanzibar's isles (Unguja and Pemba).

323. In recent years, the TAA and the TCAA have implemented a number of development projects with a view to modernizing Tanzania's airports and expanding the air transport infrastructure. Works have included rehabilitating taxiways and runaways at the Dar es Salaam International Airport, upgrading the Kilimanjaro and Zanzibar International Airports, and improving the infrastructure of a number of domestic airports, including the airport on Mafia Island, located off the east coast of Tanzania.

324. Consequently, the local aviation industry has grown in the past few years, new airline companies have entered the market, and the number of schedule flights has increased. As of March 2011, 57 air operators had been licensed by TCAA (up from 46 in 2008), of which 40 were operational.[244] Nonetheless, Tanzania's air freight volume (1 million tonnes-km in 2009) remains quite low, even by regional standards.[245] According to data from TAA, 2.27 million domestic and international passengers were served through the airports managed by TAA in 2010/11, up from 1.96 million in 2008/09.

325. Some major foreign airlines operate in and out of Tanzania.[246] Tanzania does not impose equity limits or restrictions on foreign companies establishing and providing air transport services. However, cabotage is not allowed. No restrictions apply on the transport of freight from the country.

326. The national carrier, Air Tanzania Company Ltd. (ATCL), was partially privatized in 2002. In March 2006, the Government bought back its 49% stake, because the company had accumulated losses of T Sh 24.7 billion. Despite the Government's efforts to find a new investor to run the national carrier, ATCL was grounded in March 2011, after its only remaining operational aircraft was sent for extensive maintenance abroad. Precision Air and Fly 540, both Tanzanian carriers, took over the destinations previously served by ATCL. ATCL resumed service in November 2011 and announced plans to increase its fleet over the next five years.

327. Tanzania is a signatory of the Chicago Convention, and abides by the standards and practices of the International Civil Aviation Organization. Tanzania has concluded bilateral air services agreements with 48 countries of Africa, Asia, Europe, and America.[247] As of March 2011, foreign carriers were operating under 21 of these agreements.

(d) Maritime and lake transport

328. Tanzania has 63 ports, of which 9 are along the coast of the Indian Ocean and 54 on internal lakes. Four major ports can accommodate deep-sea and costal transport: Dar es Salaam, Tanga,

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[244] TCAA online information. Viewed at: http://www.tcaa.go.tz/licensing_airservices.php [February 2012].

[245] Air freight is the volume of freight, express and diplomatic bags carried on each flight stage (from takeoff to the next landing) measured in metric tonnes times kilometres travelled. Kenya's air freight was 272 million tonnes-km, and Uganda's was 27 million tonnes-km. World Bank online data. Viewed at: http://data.worldbank.org/indicator/IS.AIR.GOOD.MT.K1 [February 2012].

[246] These include British Airways, Delta Airlines, Egypt Air, Emirates Airlines, Kenya Airways, KLM, Qatar Airways, South African Airways, Swiss, and Turkish Airlines.

[247] For the list of countries with which the United Republic of Tanzania has signed air service agreements, see TCAA online information. Viewed at: http://www.tcaa.go.tz/licensing_bilateral.php.

Mtwara and Zanzibar. During the year ending June 2011, Tanzanian ports handled over 11 million tonnes of cargo.[248]

329. The port of Dar es Salaam handles over 90% of the country's international trade. It is also one of the EAC's two main ports (the other is Mombasa, in Kenya) and an important gateway for Tanzania's landlocked neighbours (Burundi, Rwanda, Democratic Republic of Congo, Malawi, Uganda, and Zambia). The Dar es Salaam container terminal is operated by Tanzania International Container Terminal Services (TICTS), under a leasing arrangement. As cargo volumes have expanded, the Dar es Salaam port has faced congestion problems. In the context of this review, the authorities indicated that these problems had been solved. The Government plans to develop two new container terminals to expand cargo-handling capacity.

330. Tanzanian ports are owned by the State. The Tanzania Ports Authority (TPA), a parastatal set up in 2005, operates most ports and all lake ports. In Zanzibar, ports are managed by the Zanzibar Ports Corporation, which is 100% state-owned. The TPA is implementing a Ports Master Plan with a view to moving to a landlord model of port management by 2020. Hence, the Dar es Salaam container terminal, the Kigoma cargo terminal, and a few other ports have been leased out to private operators. Other projects are under way to increase private-sector participation, taking into account commercial viability. The Government has ended the TICTS's monopoly in an effort to increase efficiency by allowing competition in the provision of services.

331. In the past few years, Tanzania has improved in its capacity to move goods and handle trade logistics. For example, import container dwell time was reduced from an average of 20 days in January 2009 to 10 days in June 2011, and ship turn-around time dropped from 18.9 days to 5.1 days.[249] In addition, the establishment of inland container depots by the TPA has significantly facilitated the movement of containers, thus alleviating congestion at the Dar es Salaam port. Customs clearance times have also been reduced due to extended working hours at the customs department and other improvements. Nevertheless, challenges remain, such as capacity constraints in the face of growing traffic demand, and inadequate links to other transport modes such as rail and road.

332. Maritime transport is mostly provided by private operators. In addition, Tanzania has a joint shipping line with China, the SINOTASIP. In 2010, the company transported 456,000 tonnes of cargo, up from 132,000 tonnes in 2009.[250] SUMATRA, the shipping subsector regulator is responsible for issuing shipping licences, keeping the shipping register, and overseeing ocean freight rates. Under the Merchant Shipping Act 2002, in order to be registered and obtain a shipping licence, an applicant must be a citizen of Tanzania or a company incorporated under Tanzanian law in which at least 50% of the share capital is owned directly or indirectly by a Tanzanian citizen. Companies that are wholly owned by Tanzanians must have capital of not less than US$10,000, while companies jointly owned by Tanzanian and foreigners must have capital of not less than US$100,000. In 2011, there were 33 licensed shipping agents. Maritime transport cabotage is not permitted. Prices of local maritime transport services for passengers are subject to approval by the Government.

333. In Zanzibar, maritime transport services are regulated by the Zanzibar Government. Some maritime transport services are provided by the private sector. The Maritime Transport Act No. 5, enacted in 2006, provides for the establishment of the Zanzibar Maritime Safety Administration and the Tanzania Zanzibar International Register of Shipping (TZIRS). Registration of merchant ships is

[248] Information provided by the Ministry of Transport.
[249] Information provided by the Ministry of Transport.
[250] Ministry of Finance and Economic Affairs (2011).

open to all national or foreign corporations and individuals. Tanzania Zanzibar ships fly the flag of the United Republic of Tanzania but are registered under Zanzibar legislation. The Zanzibar Shipping Corporation owns only two vessels and faces the challenge of ensuring adequate marine transport links in the Zanzibar isles.

334. Inland water transport is carried out on Lake Victoria, Lake Tanganyika and Lake Nyasa. The main lake ports, Mwanza, Kigoma, and Kyela are used to transport goods and passengers inland and between neighbouring countries. Lake transport services are provided by the Marine Services Company Limited (MSCL), a state-owned corporation that operates ferries, cargo ships, and tankers on the three main lakes.[251] In 2010, MSCL transported 77,776 tonnes of cargo and 325,595 passengers. The company has a fleet of 14 vessels.[252] Lake transport services are also provided by private operators.

(v) Tourism

335. Tourism is a major contributor to the Tanzanian economy in terms of GDP and employment (estimated at around 1.1 million direct and indirect jobs in 2011).[253] Moreover, the sector generates some 28% of the country's foreign exchange earnings.[254] Increased investment in tourism services has led to improvements in air access, road networks, and hotel infrastructure, both on the mainland and Zanzibar. The sector received approximately 9.6% of total investment in 2011.[255]

336. Tanzania has a rich variety of tourist attractions, including abundant wildlife, natural beauty, unspoiled beaches, and archaeological sites, all of which make it a unique and fast-growing tourist destination. The country boasts seven UNESCO world heritage sites (Ngorongoro Conservation Area, Serengeti National Park, Mount Kilimanjaro, Selous Game Reserve, Stone Town in Zanzibar, and the ruins of Kilwa Kisiwani and Songo Mnara), as well as marine parks and other historical and cultural sites. With 16 national parks, 33 game reserves, and 43 game controlled areas, some 28% of Tanzania's total land is set aside for conservation.

337. In 2009, Tanzania's tourism industry suffered as a result of the effects of the global recession on its major source markets, but it began to recover the following year (Table IV.11). Average spending per tourist per day more than doubled between 2005 and 2010, boosting tourism earnings. Total receipts from tourism rose to US$1.25 billion in 2010, from US$823 million in 2005. In the year ending October 2011, travel receipts reached US$1.4 billion.[256] The number of hotels and rooms has also increased, but average room occupancy per year remains relatively low. The United States, the United Kingdom, Germany, and Italy are Tanzania's major tourist source markets.

338. The Ministry of Natural Resources and Tourism (MNRT) formulates tourism policy and oversees the development of national parks, game parks, beach resorts, and other tourism attractions. The first National Tourism Policy (NTP), promulgated in 1991, provided overall objectives and strategies aimed at developing sustainable and quality tourism (low-volume, high-value tourism). In 1999, the NTP was reviewed in order to increase private-sector participation and address concerns

[251] MSCL was the Marine Division of the Tanzania Railways Corporation until 1997.

[252] MSCL online information. Viewed at: http://www.mscltz.com/about.html [February 2012].

[253] Data of the World Travel and Tourism Council, cited in *Tanzania Review 2011/2012*.

[254] Bank of Tanzania *Monthly Economic Review*, November 2011. Viewed at: http://www.bot-tz.org/Publications/MonthlyEconomicReviews/MER_%20Nov_2011.pdf [February 2012].

[255] *Tanzania Review 2011/2012*.

[256] Bank of Tanzania *Monthly Economic Review*, November 2011. Viewed at: http://www.bot-tz.org/Publications/MonthlyEconomicReviews/MER_%20Nov_2011.pdf [February 2012].

related to environmental protection, local community participation, and poverty alleviation. The Tourist Act, passed in 2008, provides for an overall legal and institutional framework for the tourism industry, including the administration, registration, licensing, and control of tourism facilities and activities. The Act established the Tanzania Tourism Licensing Board, which is responsible for issuing licences and advising the Minister on matters related to the Tourism Act. As of 15 September 2010, Tanzania had 705 licensed tourism operators.[257]

339. The Tanzania Tourist Board (TTB) is the main body responsible for promoting Tanzania as a tourist destination. Promotion activities include participation in tourism fairs, road shows, media/public relations, and advertising in local and international media. The TTB is trying to diversify tourism products and markets. It is focussing on niche markets, such as bird watching, hunting, fishing, and scuba diving, as well as cultural, conference, and eco-tourism. It is also targeting newly emerging source markets, such as China, India, Japan, and Eastern Europe.

Table IV.11
Tourism in Tanzania, 2005-10

	2005	2006	2007	2008	2009	2010
Number of tourists	613,000	644,000	719,000	765,000	714,367	782,699
Tourists in hotels	590,000	605,000	673,722	715,000	665,480	719,097
Earnings (US$ million)	823	950	1,037	1,354.0	1,159.8	1,254.5
Average earnings per tourist (US$)	1,342	1,475	1,442	1,700.0	1,625.0	..
Average number of days per tourist	12	12	12	12	11	11
Average expenditure per tourist per day (US$)	140	155.1	198.1	265.0	231.0	328.0
Number of hotels	495	503	515	520	529	..
Number of rooms	31,365	31,689	31,870	32,045	32,315	..
Number of beds	56,562	56,781	56,995	57,205	58,167	..
Number of tourist nights (million)	10.6	11.8	12.7	13.8	10.7	..
Average room occupancy per year (%)	48	48	48	49	47	..
Total number of employees in tourism	199,000	199,300	250,000	250,500	250,800	..

.. Not available.

Source: Ministry of Finance and Economic Affairs (2010), *The Economic Survey 2009.* Viewed at: http://www.tanzania.go.tz/economicsurvey1/2009/THE%20ECONOMIC%20SURVEY%202009.pdf; and Ministry of Finance and Economic Affairs (2011), *The Economic Survey 2010.* Viewed at: http://www.mof.go.tz/mofdocs/Micro/eco_report/KITABU%20CHA%20HALI%20YA%20UCHUMI%20WA%20TAIFA%20KATIKA%20MWAKA%20%202010.pdf.

340. Notwithstanding its many attractions, Tanzania's tourism sector remains relatively under-developed. Some of the main challenges it faces are poor infrastructure and high transport costs which raise tour operators' costs; insufficient international-standard hotels; high park entrance fees; relatively high hotel rates; limited air connections; and lack of skilled labour.

341. There has been significant investment in tourism facilities in recent years, including the construction of several international tourist-class and luxury hotels. Efforts are being made to introduce a hotel classification standard (under a joint EAC initiative), which should help avoid misclassification. In addition, a project is currently under way to set up a training facility for the tourism industry (National College of Tourism Project).

[257] Ministry of Natural Resources and Tourism online information. Viewed at: http://www.mnrt.go.tz/index.php?option=com_phocadownload&view=category&id=1:fees&Itemid=53 [2012].

342. Investment in tourism activities (e.g. hotels and lodges, conference and eco-tourism, and tour operators and transport) is open to local and foreign investors, with a few exceptions, and several investment incentives are available (Chapter III(3)(v)). However, in order to register and benefit from such incentives, higher levels of investment are required from foreign investors. Foreigners are only allowed to invest in four-star hotels and above, while travel agent services, trekking and tour guides, and car-hire services are reserved for Tanzanian citizens. Neither locals nor foreigners may own land in mainland Tanzania or Zanzibar for hotel construction, but may obtain a lease for up to 99 years. Any investor (local or foreign) who wishes to invest in a wildlife protected area must obtain approval from the MNRT.

343. The tourism sector is subject to numerous taxes and fees, including a Tourist Agency Licensing (TALA) fee. Overall, the hotel subsector attracts 14 types of taxes/fees, while 11 types of taxes/fees apply to the travel and tour subsector.

344. In Zanzibar, tourism is the leading sector of the economy, contributing 20% to GDP and accounting for 80% of foreign exchange. The industry provides more than 11,500 direct jobs, and another 45,000 indirect jobs.[258] The tourism sector has grown rapidly in recent years, attracting more than 58% of all investment projects approved by the Zanzibar Investment Promotion Authority (ZIPA). In 2010, 132,836 tourists visited Zanzibar, up from 92,161 in 2004. The main source markets are Italy, the United Kingdom, the United States, South Africa, Germany, Sweden, and other European countries. At end 2010, Zanzibar had 225 hotels and guest houses, 102 tour operators, and 500 tour guides.[259]

345. Zanzibar has its own tourism policy, with different tax and incentive regimes. The industry is regulated by the Zanzibar Commission for Tourism. Policy is guided by the Promotion of Tourism Act (1996), the Zanzibar Tourism Master Plan (2003), and the Zanzibar Tourism Policy (2004). The main policy objective is to promote the sustainable development of tourism, to provide quality and diversified tourism services, and to increase the contribution of tourism to poverty alleviation. A new tourism policy is currently being prepared. Some of the challenges facing Zanzibar's tourism industry are insufficient air connections, poor infrastructure, multiplicity of taxes, limited access to credit by local investors, and inadequate funds for promotion and marketing. Local and foreign investment is encouraged in most tourism activities (except ground handling and tourist guide services), and a range of investment incentives are offered by the ZIPA. However, the minimum capital requirement for a foreign firm to establish a hotel in Zanzibar is US$4 million.

[258] Information provided by the Zanzibar Commission for Tourism.
[259] Information provided by the Zanzibar Commission for Tourism.

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APPENDIX TABLES

Table AI.1
Structure of exports, 2005-11
(US$ million and %)

	2005	2006	2007	2008	2009	2010	2011
Total (US$ million)	1,672	1,865	2,139	3,121	2,982	4,051	4,735
				(%)			
Total primary products	55.7	51.1	53.9	50.3	51.4	55.5	47.4
Agriculture	46.2	39.9	41.5	35.4	32.9	29.0	24.1
Food	36.6	33.3	33.9	28.3	25.7	23.6	20.5
0711 Coffee, not roasted	4.7	4.0	5.3	3.2	3.7	2.5	3.0
0577 Edible nuts fresh, dried	2.8	2.7	1.4	2.3	3.1	3.1	2.7
1212 Tobacco, wholly or partly stemmed/stripped	6.2	5.2	4.0	5.5	3.0	2.8	2.0
2225 Sesame (Sesamum) seeds	1.1	1.1	0.8	1.0	2.2	1.2	1.5
0542 Leguminous vegetables, dried, shelled	1.8	1.1	2.4	2.1	2.0	2.3	1.4
0344 Fish fillets, frozen	3.0	2.3	3.1	1.8	1.9	1.8	1.3
0345 Fish fillets and fish meat, fresh or chilled; fish meat frozen	4.8	7.0	3.9	2.0	1.6	1.1	1.2
0741 Tea	1.6	1.8	1.8	1.4	2.3	1.2	1.0
0461 Flour of wheat or of meslin	0.8	0.6	1.9	1.2	0.5	1.1	0.8
0752 Spices (except pepper and pimento)	0.5	0.4	0.4	0.5	0.6	0.2	0.7
Agricultural raw material	9.6	6.6	7.6	7.1	7.1	5.4	3.6
2631 Cotton (other than linters), not carded or combed	4.1	2.5	1.9	2.6	3.0	1.8	1.1
Mining	9.6	11.2	12.4	15.0	18.5	26.5	23.3
Ores and other minerals	6.4	10.1	11.2	12.1	17.7	24.4	22.3
2891 Ores and concentrates of precious metals	6.1	9.5	9.4	11.2	16.7	11.4	11.4
2877 Manganese ores and concentrates	0.0	0.0	0.0	0.0	0.0	8.8	10.1
Non-ferrous metals	0.8	0.2	0.5	0.6	0.2	0.2	0.3
Fuels	2.4	1.0	0.7	2.2	0.7	1.9	0.8
Manufactures	11.2	16.1	20.1	23.5	17.9	20.3	16.0
Iron and steel	0.9	0.8	0.5	1.8	0.7	1.1	1.0
Chemicals	1.5	4.9	2.8	3.0	2.7	4.3	2.8
Other semi-manufactures	3.7	3.7	6.7	5.6	3.8	4.5	3.8
6673 Precious and semi-precious stones (excl. diamonds)	1.6	0.7	2.1	1.4	0.7	0.7	0.7
6414 Kraft paper, etc., uncoated, n.e.s., rolls/sheets	0.1	0.4	0.5	0.8	0.7	0.5	0.6
Machinery and transport equipment	1.9	3.4	4.5	6.4	5.2	4.4	4.0
Power generating machines	0.0	0.1	0.7	0.1	1.2	0.7	0.4
Other non-electrical machinery	0.7	1.6	1.2	1.8	1.3	1.6	1.5
Agricultural machinery and tractors	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Office machines & telecommunication equipment	0.3	0.2	0.2	0.2	0.4	0.4	0.1
Other electrical machines	0.3	0.4	1.3	3.1	1.4	0.9	1.1
7758 Electro-thermic appliances, n.e.s.	0.0	0.1	1.0	1.1	1.1	0.7	0.6
Automotive products	0.3	0.5	0.6	0.3	0.4	0.6	0.3
Other transport equipment	0.3	0.6	0.5	1.0	0.4	0.2	0.5
Textiles	1.8	2.1	2.6	3.6	4.1	2.9	2.4
6585 Curtains and other textile furnishing, n.e.s.	0.5	0.7	0.9	1.8	1.8	1.9	1.4
Clothing	0.4	0.2	0.5	0.4	0.3	0.3	0.2
Other consumer goods	0.9	1.1	2.6	2.6	1.2	2.8	1.8
8933 Floor, wall or ceiling coverings, etc. of plastic	0.1	0.0	1.4	0.2	0.1	0.9	0.6
Other	33.1	32.8	26.0	26.2	30.7	24.1	36.6
Gold	33.0	32.8	25.9	24.3	27.4	23.9	36.3
9710 Gold, non-monetary (excl. gold ores and concentrates)	33.0	32.8	25.9	24.3	27.4	23.9	36.3

Source: WTO Secretariat estimate, based on UNSD, Comtrade database SITC Rev.3 data.

Table AI.2
Structure of imports, 2005-11
(US$ million and %)

	2005	2006	2007	2008	2009	2010	2011
Total (US$ million)	3,247	4,527	5,919	8,088	6,531	8,013	11,184
				(%)			
Total primary products	33.9	38.1	43.7	39.8	33.5	39.5	43.6
Agriculture	10.7	12.9	12.5	8.6	9.8	10.8	10.7
Food	9.6	12.1	11.7	7.8	8.9	10.0	9.9
0412 Other wheat (including spelt) and meslin, unmilled	2.7	2.5	3.9	2.2	3.2	3.6	3.6
4222 Palm oil, fractions	2.7	4.6	3.8	2.2	1.6	2.2	2.5
0612 Other beet, cane and chemically pure sucrose,solid form	0.8	0.6	0.7	0.4	0.7	0.9	1.0
Agricultural raw material	1.1	0.8	0.8	0.8	0.9	0.9	0.8
Mining	23.2	25.2	31.2	31.2	23.6	28.6	33.0
Ores and other minerals	0.2	0.2	0.1	0.3	0.3	0.3	0.3
Non-ferrous metals	0.7	1.0	1.2	1.5	0.7	0.8	0.6
Fuels	22.3	24.0	29.9	29.4	22.6	27.6	32.1
Manufactures	66.0	61.9	55.4	60.1	66.5	60.5	56.3
Iron and steel	5.0	4.6	4.1	4.9	5.0	4.3	4.2
Chemicals	15.4	11.4	11.5	11.6	12.0	13.1	11.6
5711 Polyethylene	1.5	1.3	1.2	1.1	1.3	2.1	1.4
5429 Medicaments, n.e.s.	2.2	1.4	2.4	1.3	1.1	1.2	1.4
5629 Fertilizers, nes	0.8	0.6	0.4	0.9	0.5	0.7	1.0
5751 Propylene polymers or of other olefins	1.1	1.0	1.0	0.9	0.9	1.0	0.8
5621 Mineral or chemical fertilizers, nitrogenous	1.3	0.7	0.6	1.4	1.1	0.9	0.7
Other semi-manufactures	8.0	8.6	7.0	7.8	8.6	8.1	7.1
6612 Portland cement and similar hydraulic cements	0.2	0.2	0.5	0.5	0.6	0.7	0.6
6252 Tyres, pneumatic, new, for buses or lorries	1.0	0.9	0.7	0.6	0.7	0.6	0.6
Machinery and transport equipment	30.4	31.5	27.5	30.8	35.2	29.7	28.9
Power generating machines	1.1	2.5	3.4	1.6	1.1	0.9	3.1
7148 Gas turbines, n.e.s.	0.2	0.0	0.8	0.0	0.1	0.0	1.3
7165 Generating sets	0.4	1.9	0.9	0.9	0.5	0.6	1.0
Other non-electrical machinery	10.4	9.8	6.8	9.8	12.0	9.5	9.3
7239 Parts n.e.s., of machinery of 723 and 744.3	1.3	1.4	1.3	1.8	1.7	1.3	1.8
7232 Mechanical shovels, etc., self-propelled	0.6	0.5	0.4	0.8	0.7	0.8	0.8
Agricultural machinery and tractors	0.4	0.3	0.4	0.4	0.5	0.7	0.6
Office machines & telecommunication equipment	5.8	5.9	5.8	5.0	5.0	3.9	3.7
Other electrical machines	2.3	2.5	1.9	2.3	3.9	2.7	2.5
Automotive products	8.7	9.0	7.5	8.1	10.2	9.3	7.2
7821 Goods vehicles	2.7	2.9	2.5	2.9	3.3	2.8	2.4
7812 Motor vehicles for the transport of persons, n.e.s.	3.6	3.7	3.0	2.7	3.7	3.7	2.3
7832 Road tractors for semi-trailers	0.4	0.7	0.8	0.6	0.7	0.7	1.1
7831 Public-transport type passenger motor vehicles	0.9	0.9	0.7	1.0	1.5	1.2	0.7
Other transport equipment	2.1	1.8	2.1	3.9	2.9	3.4	3.1
7851 Motorcycles and side-cars, etc.	0.2	0.2	0.3	0.3	0.5	0.6	0.7
Textiles	1.8	1.3	1.3	1.1	1.2	1.1	1.0
Clothing	0.5	0.5	0.4	0.5	0.6	0.6	0.4
Other consumer goods	4.9	3.9	3.6	3.4	3.9	3.5	3.2
Other	0.1	0.0	0.9	0.1	0.1	0.1	0.1

Source: WTO Secretariat estimate, based on UNSD, Comtrade database SITC Rev.3 data.

Table AI.3
Destination of exports, including re-exports, 2005-11
(US$ million and %)

	2005	2006	2007	2008	2009	2010	2011
Total (US$ million)	1,672	1,865	2,139	3,121	2,982	4,051	4,735
				(%)			
America	3.5	1.6	3.4	2.1	2.0	1.6	1.3
United States	1.1	1.2	2.9	1.8	1.6	1.2	1.1
Other America	2.4	0.4	0.5	0.2	0.4	0.3	0.3
Europe	35.4	41.3	40.4	38.2	36.3	30.2	31.6
EU(27)	26.4	21.6	19.7	17.2	16.6	12.5	12.1
Germany	4.7	6.0	4.7	2.2	1.9	3.4	4.8
The Netherlands	6.0	5.6	4.9	5.2	6.1	2.3	2.0
Belgium	2.2	1.6	1.8	1.6	2.7	2.4	1.8
Italy	2.4	1.9	2.7	2.2	1.8	1.7	1.1
United Kingdom	7.9	3.8	1.4	2.7	1.1	0.8	0.6
EFTA	8.8	19.3	20.6	20.3	19.7	17.6	19.5
Switzerland	8.7	19.3	20.5	20.2	19.6	17.5	19.4
Other Europe	0.2	0.4	0.1	0.7	0.1	0.1	0.0
Commonwealth of Independent States (CIS)	0.3	0.1	0.6	0.2	0.2	0.1	0.2
Africa	36.1	34.4	30.9	32.9	25.1	35.2	36.1
South Africa	17.6	14.7	9.5	8.5	6.3	10.7	18.1
EAC	9.7	10.3	12.1	11.4	9.6	13.8	8.6
Kenya	5.6	5.6	5.8	8.1	6.5	8.0	4.7
Rwanda	0.4	0.3	0.8	0.7	0.5	2.9	2.0
Uganda	2.9	2.4	2.2	1.9	1.7	1.5	1.1
Burundi	0.8	2.1	3.3	0.7	0.8	1.4	0.8
D.R. Congo	3.7	3.1	3.9	4.6	2.9	3.9	2.7
Mozambique	0.5	0.7	1.0	1.1	0.7	0.5	1.4
Malawi	0.7	1.1	1.1	1.6	0.9	1.1	1.3
Zambia	1.4	1.6	1.4	1.5	1.6	1.5	1.3
Congo	0.5	0.3	0.5	1.0	0.6	0.7	0.8
Angola	0.1	0.2	0.1	0.0	0.0	0.1	0.6
Middle East	4.5	3.3	5.8	3.6	4.7	2.1	2.2
United Arab Emirates	2.1	2.6	4.6	2.2	3.1	1.5	1.6
Asia	20.2	19.2	18.9	23.1	31.7	30.9	28.6
China	5.9	8.0	7.3	8.7	13.0	16.2	14.3
Japan	4.3	4.4	3.0	4.7	6.0	5.4	7.5
Six East Asian Traders	3.7	1.4	1.7	1.8	3.9	1.4	0.9
Other Asia	6.3	5.4	6.9	7.9	8.8	7.9	5.9
India	4.7	3.4	3.7	5.5	6.3	5.6	4.4
Indonesia	0.4	0.4	0.7	0.8	0.7	0.4	0.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: WTO Secretariat estimate, based on UNSD, Comtrade database SITC Rev.3 data.

Table AI.4
Origin of imports, 2005-11
(US$ million and %)

	2005	2006	2007	2008	2009	2010	2011
Total (US$ million)	3,247	4,527	5,919	8,088	6,531	8,013	11,184
				(%)			
America	5.7	4.5	5.8	4.6	4.2	3.4	5.1
United States	3.2	2.8	3.2	2.8	2.2	1.9	2.7
Other America	2.5	1.7	2.6	1.8	2.1	1.5	2.4
Argentina	0.8	0.3	1.5	0.8	0.6	0.4	1.1
Europe	20.5	19.5	23.0	19.6	22.6	22.5	25.7
EU(27)	19.3	17.2	17.7	16.6	19.1	14.4	14.0
United Kingdom	3.8	3.5	2.9	2.2	2.8	2.6	2.6
The Netherlands	2.1	1.9	1.4	2.6	1.9	1.8	2.5
Germany	2.8	3.4	2.6	2.7	3.5	2.3	1.6
Sweden	2.2	1.2	1.8	1.9	1.3	0.8	1.6
Belgium	1.5	1.7	1.9	1.8	1.7	1.7	1.6
France	2.2	1.3	2.2	2.0	1.7	1.6	1.5
Italy	1.3	2.0	1.4	1.2	1.5	1.2	1.3
EFTA	0.9	1.7	4.5	2.0	2.3	7.2	10.5
Switzerland	0.8	1.5	4.3	1.7	2.1	7.0	9.9
Other Europe	0.3	0.7	0.8	1.1	1.2	0.8	1.2
Turkey	0.3	0.7	0.8	1.0	1.2	0.7	1.1
Commonwealth of Independent States (CIS)	1.5	1.6	2.4	2.2	1.4	2.0	1.2
Russian Federation	1.0	1.0	1.2	0.9	1.0	1.3	1.0
Africa	20.0	20.3	14.2	18.8	17.2	15.6	14.7
South Africa	12.4	12.6	10.1	10.3	10.5	9.6	8.8
EAC	5.6	4.9	1.9	5.5	4.9	3.7	3.4
Kenya	5.4	4.8	1.7	5.3	4.7	3.4	3.0
Middle East	24.8	26.8	22.0	17.7	14.6	13.0	16.7
United Arab Emirates	6.3	11.0	13.2	12.1	9.7	8.4	11.1
Bahrain	15.7	9.1	2.9	0.5	0.6	0.7	2.4
Saudi Arabia	1.4	5.4	3.7	3.3	2.5	2.5	1.3
Asia	27.6	27.3	32.7	37.1	40.0	43.5	36.6
China	6.9	6.8	7.0	8.9	10.6	10.9	9.4
Japan	6.4	5.7	4.4	4.5	6.5	7.1	4.4
Six East Asian Traders	3.4	5.1	9.6	9.9	6.9	10.1	4.0
Singapore	0.3	0.3	4.3	5.5	2.9	5.5	1.1
Other Asia	10.8	9.6	11.7	13.8	16.0	15.4	18.7
India	5.9	5.3	8.7	10.7	11.8	11.2	14.0
Indonesia	2.8	3.1	2.2	1.2	1.7	1.4	2.3
Australia	1.5	0.7	0.5	1.3	1.9	2.0	1.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: WTO Secretariat estimate, based on UNSD, Comtrade database SITC Rev.3 data.

Table AII.1
Tanzania's notifications to the WTO, 2006-12

WTO Agreement/description of requirement	Most recent notification
Sanitary and Phytosanitary Measures	
Technical Barriers to Trade	
Article 2.9.2	G/TBT/N/TZA/1, 2 September 2009
	G/TBT/N/TZA/2, 2 September 2009
	G/TBT/N/TZA/3, 2 September 2009
	G/TBT/N/TZA/4, 2 September 2009
	G/TBT/N/TZA/5, 2 September 2009
	G/TBT/N/TZA/6, 2 September 2009
	G/TBT/N/TZA/7, 2 September 2009
	G/TBT/N/TZA/8, 2 September 2009
	G/TBT/N/TZA/9, 2 September 2009
	G/TBT/N/TZA/10, 2 September 2009
	G/TBT/N/TZA/11, 2 September 2009
	G/TBT/N/TZA/12, 2 September 2009
	G/TBT/N/TZA/13, 2 September 2009
	G/TBT/N/TZA/14, 2 September 2009
	G/TBT/N/TZA/15, 2 September 2009
	G/TBT/N/TZA/16, 2 September 2009
	G/TBT/N/TZA/17, 7 April 2010
	G/TBT/N/TZA/18, 19 November 2010
	G/TBT/N/TZA/19, 19 November 2010 (Article 10.6)
	G/TBT/N/TZA/20, 19 November 2012
	G/TBT/N/TZA/20/Corr.1, 7 December 2010
	G/TBT/N/TZA/21, 19 November 2010
	G/TBT/N/TZA/22, 19 November 2010
	G/TBT/N/TZA/23, 19 November 2010
	G/TBT/N/TZA/24, 19 November 2010
	G/TBT/N/TZA/25, 19 November 2010
	G/TBT/N/TZA/26, 19 November 2010
	G/TBT/N/TZA/27, 19 November 2010
	G/TBT/N/TZA/28, 19 November 2010
	G/TBT/N/TZA/29, 19 November 2010
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Source: WTO documents.