TANZANIA

INVESTMENT CLIMATE STATEMENT

2015

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Executive Summary

Since the late 1990s, Tanzania has sustained an average rate of 6-7 percent economic growth due to a stable political environment, reasonable macroeconomic policies, structural reforms, and a resiliency from external shocks and debt relief. In 2014, to better reflect economic activities, Tanzania's National Bureau of Statistics (NBS) revised the national accounts using 2007 as a base year, which revealed a more sizeable economy with a 31.4 percent larger 2013 GDP. According to the NBS, real GDP for Q2 of 2014 grew at 6.9 percent, year-on-year, a slight decrease from 7.6 percent in Q2 2013. Growth has been driven by transportation, communication, agriculture, manufacturing, electricity, wholesale and retail trade, real estate, and business services. The IMF projects the economy will continue to grow around 7 percent in the medium-term as both public and private investment accelerates and lower inflation boosts consumption. Inflation has continued to decline due to crop production, lower food prices, and lower petrol prices. The NBS reported overall inflation in February 2015 decreased to 4.2 percent compared to 6.0 percent the previous year. The Tanzanian shilling (Tsh) depreciated at an annual rate of 6.0 percent to the USD from Tsh 1609 in December 2013 to Tsh 1706 in December 2014.

The energy and mining sector's contribution to GDP will rise in the long-term as deposits of coal, natural gas, and uranium are extracted. Tanzania's services sector is growing strongly, driven by telecommunications, banking, and trade. Untapped potential in the tourism sector can only be utilized with increased infrastructure investment. Corruption, especially in government procurement, privatization, taxation, and customs clearance, remains a major concern for donors and foreign investors. U.S. businessmen have identified petty corruption, particularly among customs and immigration agents and traffic police, as hindrances to investment.

The government of Tanzania (GOT) has taken deliberate steps to encourage private sector-led growth. In February 2013, President Jakaya Kikwete launched the Big Results Now (BRN) initiative to streamline results delivery in six priority areas, including energy and agriculture. After a meeting of the National Business Council in November 2013, the GOT added a seventh area on a business-enabling environment to the BRN list. Meetings were held in March 2014 to determine key issues to address to improve the investment climate.

Tanzania held its fourth multi-party general elections on October 31, 2010. The ruling Chama Cha Mapinduzi party faced its most serious competition in the multi-party era. President Kikwete was re-elected with 61.7 percent of the vote, reduced from 80 percent in 2005. The country is preparing for its next general election which is expected to take place in October 2015. A special session of Parliament rewrote the constitution and presented a draft for a public referendum, scheduled for April 30, although later postponed indefinitely. The process exposed strong divisions and led to a boycott by an opposition coalition.

The GOT continues to pursue economic policies to reduce poverty, encourage good governance, and protect workers' rights. Despite these efforts, widespread poverty persists with 43.5 percent of Tanzania's population living below the extreme poverty line of USD 1.25 per day. Tanzania's 6-7 percent average annual GDP growth has been hardly perceptible among Tanzania's predominantly rural (70 percent) population. Inclusive, broad-based growth is stymied by slow growth in labor intensive sectors (agriculture employs 77 percent of Tanzania but has grown at just 4 percent per year over the past decade) and a high and steady population growth rate.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The Government of Tanzania (GOT) generally has a favorable attitude toward foreign direct investment (FDI) and has had considerable success in attracting it. Tanzania has attracted USD 1.87 billion of FDI inflows since 2013, a 72 percent increase from the previous year and the highest in the East Africa region. The UN Conference on Trade and Development's (UNCTAD) 2014 World Investment Report listed a total of USD 12.72 billion of FDI stock currently in Tanzania.

In recent years, the government has sought to attract investment in both productive and extractive sectors, including agriculture with the Kilimo Kwanza (agriculture first) strategy and the development of the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), and mining, with both sectors eligible for 100 percent capital expenditure deductions.

The Tanzania Investment Center (TIC), established by the Tanzanian Investment Act of 1997, was created to be "the primary agency of the government to coordinate, encourage, promote, and facilitate investment in Tanzania". The agency acts as a one stop facilitative center for investors, helping them to obtain permits, licenses, visas, and land access among other support. Registering with TIC is not mandatory, but offers incentives for joint ventures with Tanzanians and wholly owned foreign projects investing a minimum of USD 300,000.

TIC-approved projects receive TIC certificates of incentives which include VAT and import duty exemptions and 100 percent repatriation of profits, dividends, and capital after tax. Similar incentives are offered to investors in semi-autonomous Zanzibar through the Zanzibar Investment Promotion Authority (ZIPA). TIC promotes investment and trade opportunities in agriculture, mining, tourism, telecommunications, financial services, energy, and transportation infrastructure. The Tanzania Investment Regulations of 2002 distinguish strategic investors, eligible for additional incentives, stating that such investors may be selected by the government based on a number of criteria including the size of the investment and its impact on the national economy, significant job creation potential, and the introduction of new technology, among others. However, investment incentives can be unpredictable; in 2014 the government moved to limit the scope of incentives by increasing the investment threshold to qualify as a strategic investor to USD 50 million for foreign investors, with the limit remaining at USD 20 million for Tanzanian investors.

U.S. investors have commented that while the business climate has generally improved over the past decade, in certain sectors the legacy of socialist attitudes has not fully dissipated, sometimes resulting in suspicion of foreign investors and slow decision making.

Other Investment Policy Reviews

In 2013, the Organization for Economic Cooperation and Development (OECD) Investment Policy Review of Tanzania came up with four key policy recommendations: (i) rationalize investor rights and obligations and make them easily accessible, (ii) increase land tenure security for agricultural investors, (iii) enhance private investment in public infrastructure, and (iv) better promote and facilitate investment for both domestic and foreign firms. The Review is the result of a self-assessment undertaken by a national task force composed of government agencies, the private sector, and civil society. This task force is led by the Prime Minister's Office and plans to review its Investment Promotion Policy and Investment Act in order to tackle remaining challenges which are encumbering the growth of investments in the country.

The World Trade Organization (WTO) also published a Trade Policy Review in 2013, but the report covers all of the East African Community (Burundi, Kenya, Rwanda, Tanzania, and Uganda). The main areas for improvement revolve around the five member countries implementing the common external tariff (CET) and their inability to harmonize trade, export, and tax policies.

The GOT to a degree, has responded to the call to reform and improve the investment climate. The National Business Council was successful in lobbying the government to include investment climate reform to the existing Big Results Now (BRN) initiative, a program aimed at reforming key sectors through public and private partnerships, to include investment climate reform. Representatives from the public and private sector gathered for several weeks of meetings to determine a strategy for the new BRN priority focusing on a business-enabling environment. The following areas were identified as the most severe impediments to growth: regulations; access to land; taxation and fees; corruption; labor law and skill-set; and contract enforcement, law and order. Institutional reform recommendations include legislative and regulatory changes aimed at streamlining business registration and operations; enforcing property rights; removing labor and product market rigidities; enhancing transparency; and reinforcing the rule of law. Tanzania is also in the process of legislating a National Private Sector Development Policy, which the government hopes to pass by the end of 2015.

Laws/Regulations of Foreign Direct Investment

There are no laws regulating general foreign direct investment (FDI) into Tanzania. The 2014 Capital Markets and Securities (Foreign Investors) Regulations set limitations on foreign investment in government bonds and publicly traded securities, though controversy has held up implementation of the Regulations.

In 2009, the GOT issued the Public-Private Partnership (PPP) Policy with the PPP Act and PPP Regulations released in 2010 and 2011, respectively. The arrangement covers all areas of investment including foreign investment, with an emphasis on infrastructure development within sectors focusing on construction of roads, rails, ports, airports, power generation and transmission, and agriculture. The Act was amended in 2014, and was signed and published in the Gazette in December 2014, and thus is now law. Previously, the PPP Act had a Coordination Unit under the Prime Minister's Office (PMO), which has been replaced under the Amendment by a PPP Centre (still under the PMO), though it should be noted that the PMO PPP Centre is not yet operational. Several PPPs under the Act are in process, but none have yet reached financial close.

Industrial Promotion

Tanzania established export processing zones (EPZs) and special economic zones (SEZs) following the enactment of the Export Processing Act of 2002 and the Special Economic Zone Act of 2006. These economic zones are assigned geographical areas or industries designated to undertake specific economic activities with special regulations and infrastructure requirements. Industries in the EPZ requires the manufacturers to export 80 percent or more of the goods produced while SEZ has no specific condition for export, allowing manufacturers to sell part or all produced goods in the local markets.

The Export Processing Zones Authority (EPZA) oversees the incentive packages that are awarded to businesses. Investment incentives in the EPZs offer the following exemptions: corporate taxes for a period of 10 years; duties on capital goods and raw materials; VAT payment on utility services and construction materials; withholding taxes on rent, dividends, and interests; and exemption from pre-shipment or destination inspection requirements. Investment in SEZs offers similar incentives but it does not include a 10-year exemption from corporate taxes. Currently there are six SEZ industrial parks and 52 stand-alone EPZ factories. Twenty regions have earmarked areas between 500 to 9,000 hectares specifically for EPZ/SEZ.

Limits on Foreign Control

Foreign investors generally receive domestic treatment in Tanzania but limits still exist in a number of sectors. TIC continues to improve investment facilitation services by providing joint venture opportunities between local and foreign investors. Despite improvements in recent years, investment challenges remain. The Tourism Act of 2008 bars foreign companies from engaging in mountain guiding activities and only Tanzanian citizens can operate travel agencies, car rental services, or engage in tour guide activities. The 2010 Mining Act gave the Minister of Energy and Minerals discretion to require foreign mining companies to give the government an ownership share in order to receive a Mining Development Agreement. The Electronic and Postal Communications Act of 2009 made it mandatory for telecommunications companies to list on the Dar es Salaam Stock Exchange (DSE). Though enforcement has not begun yet, the Ministry of Communication, Science, and Technology said in early 2015 that all such companies will be listed on the DSE by the end of the year. The law also requires at least 35 percent local ownership of a company. Telecommunications companies are opposed to the proposal, arguing that the poor performance of the DSE could undervalue their shares. There is concern that these types of laws could set a precedent that could deter foreign ownership in other sectors.

The 2014 Capital Markets and Securities (Foreign Investors) Regulations allow foreign investors to purchase equities and corporate debt listed on the DSE without limitations. The Regulations also open up government issued securities to purchase by investors from within the East African Community (Burundi, Kenya, Rwanda, Tanzania, and Uganda) with total foreign ownership limited to 40 percent. However, there is uncertainty as to whether the implementation of the new rules regarding equities and corporate debt has occurred, as the DSE has indicated it is still operating under previous regulations which limit foreign investment to 5 percent for a company and 60 percent aggregate in any one company listed.

Privatization Program

Tanzania is still in the process of transitioning to a more liberalized market economy. The government retains a dominant presence in telecommunications, banking, energy, and mining. The GOT has sought foreign investors to manage formerly state-run companies in public-private partnerships, but successful privatizations have been rare. Though there is an official privatization program, bidding criteria are not always clear and transparent. In 2009-10 the GOT took back its control of formerly privatized Tanzania Railways Limited, General Tyre, and Kilimanjaro International Airport based on mismanagement.

Screening of FDI

TIC does not follow specific screening criteria but considers factors such as; foreign exchange generation, import substitution, employment creation, linkages to the local economy, technology transfer, and expansion of production of goods and services. Currently, companies are not required to disclose proprietary information or meet standard fair competition practices in order to be approved. Projects with all required documents submitted are for the most part accepted.

Competition Law

The GOT passed the Fair Competition Act of 2003 to promote and protect effective competition in trade and commerce and to protect consumers from unfair and misleading market conduct. The Fair Competition Commission (FCC), established under the Act, is an independent government body mandated to intervene, as necessary, to prevent significant market dominance, price fixing, and extortion of monopoly rent to the detriment of the consumer, and market instability in the country. The FCC deals with all issues of anti-competitive conduct and has the authority to restrict mergers and acquisitions if the outcome is likely to create dominance in the market or lead to uncompetitive behavior.

Investment Trends

According to UNCTAD’s 2014 World Investment Report, Tanzania attracted USD 1.87 billion of FDI inflows in 2013, outstripping the traditional FDI destinations in East Africa, including Kenya, which only managed to attract USD 514 million. Tanzania has a total USD 12.72 billion of FDI stock, a significant increase from USD 620 million in 1995.

Large natural gas findings off the southern coast of Tanzania have greatly influenced investment trends over the past few years. Many multinational corporations (MNCs) have entered the Tanzanian market with major investment in the energy sector focused on developing the natural gas resources.

Tanzania is a member of the East African Community's (EAC) customs union which came into force on January 1, 2010. In July 2010, the member states (Burundi, Kenya, Rwanda, Tanzania, and Uganda) enacted a common market protocol to allow free movement of goods, people, and capital within the region. The EAC is one of the largest economic blocs in Africa with a total population of roughly 150 million and a combined GDP (current market price) of USD 108.98 billion in 2013. The foreign direct investment (FDI) stock in the region has risen from USD 2.61 billion in 1995 to USD 46.40 billion in 2013. Although the EAC member countries continue to discuss economic integration and harmonize regulations, non-tariff barriers such as the administration of duties and other taxes and corruption remain a problem.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	119 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	131 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	123 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 630	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) or USD 4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015.

2. Conversion and Transfer Policies

Foreign Exchange

Tanzanian regulations allow unconditional transfers through any authorized bank in freely convertible currency from net profits, repayment of foreign loans, royalties, fees charged for foreign technology, and remittance of proceeds. The only official limit to transfers of foreign currency is on the amount of cash being carried by individuals traveling abroad, which cannot exceed USD 10,000 over a 40-day period. Shortages of foreign exchange occur rarely. Bureaucratic hurdles continue to cause delays in processing and effecting transfers; delays can range from days to weeks. Investors rarely use convertible instruments.

Remittance Policies

The Embassy is not aware of any recent complaints from investors regarding delays in remitting returns and there have been no remittance policy changes this year.

3. Expropriation and Compensation

The GOT may expropriate property after due process for the purpose of national interest. The Tanzanian Investment Law guarantees:

- Payment of fair, adequate, and prompt compensation.
- A right of access to the Court or a right to arbitration for the determination of the investor's interest or right and the amount of compensation.
- Any compensation shall be paid promptly and authorization for its repatriation in convertible currency, where applicable, shall be issued.

GOT authorities do not discriminate against U.S. investments, companies, or representatives in expropriation. Since 1985, the Government of Tanzania has not expropriated any foreign investments.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The Tanzanian legal system is based on the English Common Law system. The first source of law is the Constitution of 1977 (although a new constitution, which was approved by a special Constituent Assembly, is awaiting a public referendum which was set for April 30 but has been postponed); followed by statutes or acts of parliament; and case law, which are reported or unreported cases from the High Courts and Courts of Appeal and are used as precedents to guide the lower courts. The Court of Appeal of Tanzania, which handles all the appeals from Mainland Tanzania and Zanzibar, is the highest ranking court in the country, followed by the High Court of Tanzania, which handles all types of civil and criminal cases and commercial matters. There are three specialized divisions within the High Courts: Commercial, Labor, and Land. The Labor and Land divisions have exclusive jurisdiction over their respective matters, while the Commercial division is without exclusive jurisdiction. The High Court of Tanzania and the District and Resident Magistrate Courts also have original jurisdiction in commercial cases subject to specified financial limitation.

Apart from the formal systems of courts, there exist quasi-judicial bodies including the Tax Revenue Appeals Tribunal, which was established under the Tax Appeals Act, and the Fair Competition Tribunal, which was established under the Fair Competition Act. Notwithstanding the court and quasi-judicial bodies, Tanzania also has alternate dispute resolution procedures in the form of arbitration proceedings.

Judgments originating from countries whose courts are recognized under the Reciprocal Enforcement of Foreign Judgments Act (REFJA) are enforceable in Tanzania. To enforce a foreign judgment from a court in listed countries, the judgment holder has to make an application to the High Court of Tanzania to have the judgment registered. Countries currently listed in the REFJA include Botswana, Lesotho, Mauritius, Zambia, Seychelles, Somalia, Zimbabwe, Swaziland, the United Kingdom, and Sri Lanka.

The Judiciary in Tanzania was named as the second most corrupt institution, after the Tanzania Police Force, according to the 2013 Transparency International Global Corruption Barometer. The selection and appointment of judges in Tanzania is criticized for its non-transparent nature. The Judiciary Service Commission proposes a list of candidates to the president who then appoints them as judges. However, the criteria and process for identifying the candidates is unknown.

Bankruptcy

According to the 2015 World Bank's Ease of Doing Business report, it takes an average of three years to conclude bankruptcy proceedings in Tanzania. The recovery rate for creditors on insolvent firms was reported at 21.2 cents on the U.S. dollar, with judgments typically made in local currency.

Investment Disputes

Investment-related disputes in Tanzania can be protracted. The local Commercial Court, established in 1999, is headquartered in Dar es Salaam and operates two sub-registries located in the cities of Arusha and Mwanza. The sub-registries, however, do not have resident judges. A judge from Dar es Salaam will conduct a one-week session every month at each of the sub-registries. The government intends to establish more branches in other regions including Mbeya, Tanga, and Dodoma in the coming years, though progress on this has stagnated. Court-annexed mediation is also a common feature of the commercial dispute resolution system in the country.

Despite the legal mechanisms in place, foreign investors have complained that the GOT does not always honor the terms of the agreements. Additionally, investors continue to face challenges receiving payment for services rendered for GOT projects. The GOT has acknowledged the problem as being affiliated with the current budget crisis, leading many government ministries to try to work with significantly reduced budgets. The GOT is engaging in a number of strategies to pay off arrears, including those incurred in the energy sector.

International Arbitration

Under Tanzanian regulations, disputes between a foreign investor and the Tanzanian Investment Center that are not settled through negotiations may be submitted to arbitration through one of several options:

- Arbitration based on the arbitration laws of Tanzania.
- Arbitration in accordance with the rules of procedures of the International Centre for Settlement of Investment Disputes (ICSID).
- Arbitration within the framework of any bilateral or multilateral agreement on investment protection to which the government and the country of the investor are parties.
- Arbitration in accordance with the World Bank's Multilateral Investment Guarantee Agency (MIGA), to which Tanzania is a signatory.

- Arbitration in accordance with any other international machinery for settlement of investment disputes agreed upon by the parties.

The current Arbitration Act of Tanzania does not follow the provisions of the ICSID and New York conventions. An international arbitration award will be deemed enforceable once it is filed and recognized by the local domestic court, subject to the provisions of the Arbitration Act of Tanzania.

After a recent case involving Standard Chartered Bank – Hong Kong and the Tanzania Electric Supply Company (TANESCO), there is concern over Tanzania's commitment to upholding ICSID awards. On April 23, 2014, the Tanzanian High Court ordered both parties in on-going ICSID arbitration proceedings to refrain from "enforcing, complying with or operationalizing" a decision made by the Tribunal in ICSID proceedings from February 12, 2014. Some have interpreted the ex-parte injunction as a clear breach of the provisions of the ICSID Convention and the actions of the High Court put Tanzania in violation of its international law obligations.

ICSID Convention and New York Convention

Tanzania is a state member to both the International Centre for Settlement of Investment Disputes (ICSID convention) and the Multilateral Investment Guarantee Agency (MIGA). ICSID was established under the auspices of the World Bank by the Convention as a venue to settle investment disputes. MIGA a World Bank-affiliate issues guarantees against non-commercial risk to enterprises that invest in member countries. Tanzania is a signatory to the convention on the Recognition and Enforcement of Arbitration Awards (1958 New York convention).

Duration of Dispute Resolution

A lack of court capacity remains an issue, with cases currently backlogged two to four years. Tanzania recently moved to a computerized arbitration system aimed at solving business related disputes within a short period of time, but backlogs remain.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

The GOT uses the World Trade Organization's (WTO) Trade-related Investment Measures (TRIMs) to promote development objectives, encourage investments in line with national priorities, and attract and regulate foreign investment. Trade development instruments that Tanzania has adopted include Export Processing Zones (EPZs), Investment Code and Rules, and Export Development/Promotion and Export Facilitation. EPZs were established by the 2002 EPZ Act and are open to both domestic and foreign investors. The Export Processing Zones Authority (EPZA) is charged with designating suitable areas for the location of EPZs. The EPZA also oversees incentive packages such as exemptions from corporate tax and withholding taxes on rent, dividends and interest; remission of customs duty, value-added tax (VAT) and other taxes on raw materials and capital goods; and exemption from VAT on utilities, wharf charges, and levies imposed by local authorities.

Investment Incentives

The Tanzania Investment Center (TIC) offers a package of investment benefits and incentives to both domestic and foreign investors without performance requirements. A minimum capital investment of USD 300,000 if foreign owned or USD 100,000 if locally owned, however, is required. These include:

- Discounts on customs duties, corporate taxes, and VAT paid on capital goods for investments in mining, infrastructure, road construction, bridges, railways, airports, electricity generation, agribusiness, telecommunications, and water services.
- 100 percent capital allowance deduction in the years of income for the above mentioned types of investments – though there is ambiguity as to how this is accomplished.
- No remittance restrictions. The GOT does not restrict the right of foreign investors to repatriate returns from an investment.
- Guarantees against nationalization and expropriation. Any dispute arising between the Government and investors can be settled through negotiations or submitted for arbitration.
- Allowing interest deduction on capital loans and removal of the five-year limit for carrying forward losses of investors.

The Export Processing Zones Authority (EPZA) oversees Tanzania's Special Economic Zones (SEZs) and Export Processing Zones (EPZs). EPZA aims to attract investment by creating a healthy business environment through the development of strong industrial and commercial infrastructures and by offering investment incentives and facilitation services. Investment incentives offered for EPZs include:

- An exemption from corporate taxes for 10 years.
- An exemption from duties and taxes on capital goods and raw materials.
- An exemption on VAT for utility services and on construction materials.
- An exemption from withholding taxes on rent, dividends, and interests.
- Exemption from pre-shipment or destination inspection requirements.

SEZs offer similar incentives, excluding the 10 year exemption from corporate taxes.

The Zanzibar Investment Promotion Agency (ZIPA) and the Zanzibar Free Economic Zones Authority (ZAFREZA) offer roughly equivalent incentives as those offered by the Mainland's TIC and EPZA policies.

Research and Development

All foreign firms may participate in government and donor-funded research and development programs.

Performance Requirements

There are currently no requirements that foreign investors buy from local sources, export a certain percentage of output, or only access foreign exchange in relation to exports. Investors who utilize the services of EPZA and work specifically within an EPZ are required to export 80 percent of goods produced. There is no export requirement for SEZs.

The Ministry of Energy and Minerals (MEM) drafted a Local Content Policy (LCP) scheduled to be considered for adoption in 2015, though it is unclear if this will happen. The LCP only applies to the oil and gas sector and has five key focus areas: capacity building and technology transfer; participation of Tanzanians and Tanzanian- owned entities; procurement and usage of locally produced goods and services; fabrication and manufacturing in-country; and socio-economic responsibilities. While specific details will likely come in a Local Content Act once the Policy is adopted, the LCP does state that the Government shall ensure that there will be specified thresholds for local participation in each stage of the value chain.

In March 2015, Parliament passed the Non-Citizens (Employment Regulation) Act, which introduced tougher rules for employers who want to hire foreign workers. The Act gives the Labor Commissioner within the Ministry of Labor and Employment the power to approve or deny all work permit applications from foreigners. The Labor Commissioner must determine if "all possible efforts have been explored to obtain a local expert" before approving any application. In addition to other requirements, the Act requires employers to submit "succession plans" for their foreign employees, detailing how knowledge and skills would be transferred to local employees. At the time of this report, the Act has not been signed into law by the President and the Ministry has not yet issued the regulations which could, for example, exempt some sectors.

Data Storage

One of the features of the draft Local Content Policy (LCP) includes requirements for companies to procure locally produced goods. The LCP, however, has not gone into effect yet and only regulates the oil and gas sector.

The GOT tabled the National Systems Payment Bill in early March, which would require all banks, both local and foreign, to have their computer servers physically located in Tanzania. The Bill comes with continued government effort to better monitor financial transactions and control cybercrime.

6. Right to Private Ownership and Establishment

Tanzanian regulations allow foreign and domestic private entities to establish and own business enterprises and engage in legal forms of remunerative activity. The Business Registration and Licensing Act establishes licensing regulations for business operations. It provides the right to establish private entities freely, to own property both movable and immovable, and to acquire and dispose of property including interest in business enterprises and intellectual property. The Act stipulates that no business entity can enter into business activities in Tanzania before obtaining a business license through the Business Registration and Licensing Agency (BRELA). Registration fees and charges for foreign companies are significantly higher than for domestic companies. The government is now implementing the Business Activities Registration Act of 2007, which aims to reduce administrative barriers with one centralized licensing database.

7. Protection of Property Rights

Real Property

Land ownership remains restrictive in Tanzania. Under the Land Act of 1999, all land in Tanzania belongs to the state. Procedures for obtaining a lease or certificate of occupancy can be complex and lengthy, both for citizens and foreign investors. Less than 10 percent of land has been surveyed, and registration of title deeds is currently handled manually, mainly at the local level. Foreign investors may occupy land for investment purposes through a government-granted right of occupancy (derivative rights), or through sub-leases through a granted right of occupancy. Foreign investors can also partner with Tanzanian leaseholders to gain land access.

Under the Tanzania Investment Act 1997 and the Land Act of 1999, occupation of land by non-citizen investors is restricted to lands for investment purposes. Land can be leased for up to 99 years, but the law does not allow individual Tanzanians to sell land to foreigners. There are a number of opportunities for foreigners to lease land, including through TIC, which has designated specific plots of land (land bank) to be made available to foreign investors. Foreign investors may also enter into joint ventures with Tanzanians, in which case the Tanzanian provides a lease over the land. The GOT plans to expand TIC's land bank and modernize its land titling and registration system, though both changes are long delayed in execution.

Secured interests in property, both movable and real, are recognized and enforced under various laws in Tanzania. There is no single comprehensive law to secure property rights. Though TIC maintains a land bank, restrictions on foreign land ownership can significantly delay investments. Land not already processed for investment in the land bank has to go through a lengthy review and approval process by local-level authorities, as well as the Ministry of Lands, Housing, and Human Settlements Development and the President's Office, in order to be officially re-designated from village land, with customary rights of occupancy, to general land, which can be titled for investment and sale.

The Ministry of Lands, Housing, and Human Settlements Development handles registration of mortgages and rights of occupancies. The Office of the Registrar of Titles is responsible for issuing titles and registering mortgage deeds. Title deeds are recognized as a mortgage for securing loans from banks. Traditional Certificates of Occupancy for village land are still being piloted for use as collateral, and this is currently limited to groupings of village-level borrowers. In the category of Registering Property, Tanzania ranking has fallen six places from 117 in 2014 to 123 in the 2015 World Bank's Ease of Doing Business report.

Intellectual Property Rights

The Fair Competition Commission (FCC), housed in the Ministry of Industry and Trade, is charged with protecting property rights in Tanzania. The agency is responsive to requests for assistance from private companies, but lacks resources for comprehensive identification of counterfeits and nation-wide investigations.

The process for taking action against counterfeiters is as follows: the petitioner, who must be the owner of the brand or its legal representative, sends a letter requesting FCC action and pays an investigation fee of Tsh 3 million (USD 1,619); following a consultation with the petitioner, the FCC raids the suspected offender and confiscates all counterfeit goods. The offender can choose to sign a written confession and pay a fine, which ranges from Tsh 200,000 (USD 108) to Tsh 8 million (USD 4,318), depending on the value of the confiscated goods. Alternatively, the case can be forwarded to the Director of Public Prosecution (DPP) for a court hearing. If the offender is found guilty and convicted, he may be sentenced to jail for a period ranging from 4-15 years, receive a fine of between Tsh 10-50 million (USD 5,397 - USD 26,986), or receive both a jail term and a fine. The confiscated goods are destroyed at the expense of the offender. The vast majority of offenders confess and pay the lower fine rather than engaging in the court process, which can drag on for years.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so companies should consider applying for trademark and patent protection in a quick manner. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors.

Resources for Rights Holders

Contact at Mission:

Paul Strauss
Economic Officer
U.S. Embassy
686 Old Bagamoyo Road
P.O. Box 9123
Dar es Salaam, Tanzania
Tel: +255 22 229229-4166
Email: DRSCommercial@state.gov

Robert J. Donovan
Senior Commercial Officer
U.S. Embassy
686 Old Bagamoyo Road
P.O. Box 9123
Dar es Salaam, Tanzania
Tel: +255 22 229-4243
Email: RJ.Donovan@trade.gov

Country resources:

Companies may wish to seek advice from local attorneys or IP consultants who are experts in Tanzanian law. A list of local lawyers is available at:
http://tanzania.usembassy.gov/list_of_lawyers2.html

8. Transparency of the Regulatory System

Tanzania is working to improve transparency and has made major strides in putting business registration procedures online.. In an effort to address transparency challenges, Tanzania joined the Open Government Partnership (OGP) and is currently on the Steering Committee that guides the ongoing development and direction of the OGP. The government released its second OGP National Action Plan in 2014 which listed five priority areas: a Freedom of Information Act, the national budget, data, land, and the extractives industries. Progress has been slow, however, the government is preparing to adopt a Freedom of Information Act which was formally tabled in Parliament in April and is expected to be further debated by the end of the year. OGP demonstrates the government's awareness of the issue, but challenges remain and legal, regulatory, and accounting systems often lack transparency and are not fully consistent with international norms.

Opportunities exist to provide input as government officials are relatively accessible, especially to industry associations. The Tanzania Chamber of Minerals and Energy was heavily involved in the years-long dialogue process that led to the Mining Act of 2010. However, this is not consistent across sectors, as the Electronic Communications Act, which requires telecommunications firms to list on the DSE, was passed in early 2010 with little opportunity for stakeholder comment. Businesspeople complain the government is not sufficiently responsive to the private sector's concerns. Proposed laws and regulations are sometimes published in draft form for public comment. Even when draft policy is released for public comment, companies often complain that their comments are not fully considered and rarely have an impact on submitted legislation.

The private sector is represented through numerous private associations such as the Confederation of Tanzania Industries (CTI), TIC, and the umbrella Tanzania Private Sector Foundation (TPSF), which, among other activities, provides grants and business training for small local businesses. The Tanzania Chamber of Commerce and Industry Association issues certificates of origin for companies exporting to the U.S. under AGOA. The Tanzania National Business Council (made up of 50 percent government and 50 percent private sector representatives) is the dialogue institution through which the government interacts with diverse stakeholder representatives from the private sector to discuss strategic issues related to the investment process and business environment in Tanzania. The Council is chaired by the President of Tanzania. Although it is expected to meet twice a year, it often goes for extended periods without convening any meetings. The President participates in several roundtables such as the Local Investors' Round Table (LIRT), International Investors' Roundtable (IIRT), and the Chief Executive Officers' (CEO) Roundtable on a periodic basis to discuss specific issues aimed at improving Tanzania's business competitiveness.

Under the Tanzania Investment Act, the TIC strives to be a 'one-stop shop' that provides fast track assistance to obtain approvals and permits such as work permits, industrial licenses, and trading licenses from various ministries. The Business Activities Registration Act (BARA), enacted in February 2007, is implemented by the Business Registration and Licensing Agency (BRELA). BRELA intends to start a simplified and decentralized registration system which establishes a single national database for all registered businesses. The Tanzanian judicial system continues to function inefficiently and suffers from corruption. These factors increase the cost and difficulty of doing business in Tanzania, particularly with regard to dispute resolution.

Tanzania is preparing to implement the fifth edition of the Taxpayers' Service Charter, a charter which stipulates taxpayers' rights, obligations and service standards expected from the Tanzania Revenue Authority (TRA). The tax policy reform agenda includes abolition of nuisance taxes, harmonization of the regulatory framework, establishment of a clear incentive regime, and gradual reduction in rate structure. The GOT has broadened tax incentives and incorporated them in the relevant tax laws to attract more investments. However, in a haphazard effort to expand the tax base, tax policy has fluctuated wildly in recent years, seeing close to 40 percent tax increases in the telecommunications sector, the removal of numerous tax exemptions, the introduction of a number of nuisance taxes, as well as the introduction of a new Value Added Tax Act in 2014, which was passed by Parliament, though it faced strong opposition from the private sector, but is not yet operational.

The following laws were established to support GOT efforts to strengthen regulatory efforts:

The Fair Competition Act, 2003:

According to the Fair Competition Act, the Fair Competition Commission (FCC) will work to develop and promote polices to enhance competition and consumer welfare and help to publicize consumer information and guidelines relating to the obligations of persons under the Act and the rights and remedies available to consumers under the Act.

The Energy and Water Utilities Regulatory Authority (EWURA) Act, 2001:

The functions of EWURA include: licensing, tariff review, monitoring performance and standards with regards to quality, safety, health and environment. EWURA is also responsible for promoting effective competition and economic efficiency, protecting the interests of consumers and promoting the availability of regulated services to all consumers including low income, rural, and disadvantaged consumers in the regulated sectors.

The Surface and Marine Transport Regulatory Authority (SUMATRA) Act, 2001:

SUMATRA is a multi-sector regulatory agency which was established by an Act of Parliament (No. 9) of 2001 to regulate rail, road, and maritime transport services.

The Tanzania Civil Aviation Authority (TCAA) Act, 2003:

TCAA is mandated to ensure safety, security, and regularity of civil aviation in Tanzania by providing effective oversight and efficient air navigation services while protecting the environment and safeguarding the interest of consumers and the public.

The Tanzania Communications Regulatory Authority Act, 2003 (TCRA):

The functions of TCRA include: issue, renew, and cancel licenses; establish standards for regulated goods and regulated services; establish standards for the terms and conditions of supply of the regulated goods and services; regulate rates and charges; monitor the performance of the regulated sectors; and facilitate the resolution of complaints and disputes.

Tanzania is a member of the U.N. Conference on Trade and Development's international network of transparent investment procedures: http://www.eregulations.org . Foreign and national investors may be able to find information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures at: http://tiw.tic.co.tz// single window or http://www.tic.co.tz/menu/179?l=en information portal

9. Efficient Capital Markets and Portfolio Investment

The Capital Markets and Securities Authority (CMSA) Act facilitates the free flow of capital and financial resources to support the capital market and securities industry in Tanzania. Tanzania restricts the free flow of investment in and out of the country. Tanzanians cannot sell or issue securities abroad, unless approved by the Capital Markets and Securities Authority. Currently, foreign investment restrictions are unclear due to a 2014 amendment to the Act. Previously, aggregate foreign ownership was limited to 60 percent of the aggregate value of any listed corporate security, with any individual entity limited to 5 percent. The 2014 amendment revokes the previous act and lists no limits on foreign investment, but the Dar es Salaam Stock Exchange (DSE) has reported that the 60 percent limitation was still being implemented. The DSE further forbids companies with more than 60 percent foreign ownership from listing.

Despite progress, the country's capital account is not fully liberalized and only foreign individuals or companies from the other East Africa Community (EAC) nations (Burundi, Kenya, Rwanda, and Uganda) are permitted to participate in the government securities market. Even with this recent development allowing EAC participation, ownership of government securities is still limited to 40 percent of each security issued.

Money and Banking System, Hostile Takeovers

As of 2013, although only 12 percent of the population participates in the formal banking sector, most banks were considered to be well capitalized and liquidity was well above the regulatory requirements, making the banking industry consistently profitable. By the end of 2013, the banking sector composed of 53 banking institutions consisting of 34 fully fledged commercial banks, 12 community banks, five financial institutions, and two microfinance companies taking deposits from customers. Five of the banks are state-owned and the remaining 48 are privately owned financial institutions; they are evenly split with half the banks being majority local-owned and the other half majority foreign-owned

The banking sector is adequately capitalized and has limited reliance on foreign borrowing. Private sector companies have access to a variety of commercial credit instruments including documentary credits (letters of credit), overdrafts, term loans, and guarantees. Foreign investors can open accounts and make deposits in registered private commercial banks. Interest earned by non-residents or foreign investors from deposits in banks registered by the Bank of Tanzania (BOT) is exempt from income tax, in accordance with the Income Tax Act of 2004. Foreign exchange regulations have been eliminated to attract investors and simplify international transactions.

Foreign investors can get credit in the local financial market, where credit is allocated on market terms. Recent bank lending rates ranged from 15-18 percent for ordinary borrowers. Corporate borrowers can negotiate lower lending rates. Credit to the private sector continues to grow, though there are few local institutions large enough to finance significant deals such as infrastructure projects and power stations.

The Banking and Financial Institution Act of 2006 establishes a framework for a Credit Reference Bureau and permits banks and financial institutions to release information to licensed reference bureaus in accordance with regulations and allows credit reference bureaus to provide to any person, upon legitimate business request, a credit report. Currently, there are two private credit bureaus operating in Tanzania, Creditinfo Tanzania Limited and Dun & Bradstreet Credit Bureau Tanzania Limited.

There are no cross-shareholding and stable shareholder arrangements restricting foreign investment through mergers and acquisitions. There are no measures designed to protect against foreign hostile takeovers.

10. Competition from State-Owned Enterprises

Public enterprises do not compete under the same terms and conditions as private enterprises because they have access to government subsidies and other benefits. SOEs are active in the power, communications, railway, telecommunications, aviation, and port sectors. SOEs typically report to ministries and are led by a board. Typically, a presidential appointee chairs the board but it is also composed of private sector representatives. SOEs are not subjected to hard budget constraints. SOEs do not discriminate against or unfairly burden foreigners, though they do have access to sovereign credit guarantees. With emerging potentials in the oil and gas sector, investors continue to monitor the potential increase of governmental influence on these economic activities.

OECD Guidelines on Corporate Governance of SOEs

Tanzania has in place modern shareholders protection mechanisms that at least meet the minimum standards set out under the OECD principles on corporate governance.

SOEs are required to publish details of subsidies received for the current and previous years, the percentage of the government's holding, and its value at cost for the current and previous years. Additional information available to the public includes subsidiaries (above 50 percent), associates (20-50 percent), and shareholdings of below 20 percent. The financial results of these entities are not consolidated within the main financial statements of the GOT. Details such as the balance at the year-end (and for the previous year) of any funds operating within ministries, departments, and agencies are provided.

Sovereign Wealth Funds

Not applicable to Tanzania.

11. Corporate Social Responsibility

CSR is practiced mainly by large foreign firms in the banking, mining, oil and gas, and telecommunications sectors and is generally viewed favorably. Companies typically pay for media coverage of their charitable activities. Tanzania also has guidelines on corporate governance by publically listed companies.

OECD Guidelines for Multinational Enterprises

The government of Tanzania is currently working on guidelines for domestic and foreign companies in terms of CSR.

12. Political Violence

Tanzania has been one of the most politically stable countries in Africa. Since gaining independence, Tanzania has enjoyed a remarkable degree of peace and stability compared to its neighbors in the region. Tanzania has held four national multi-party elections since 1995, the most recent in 2010. Elections on the mainland have been generally free of political violence. The 2010 elections in Zanzibar, held following changes to the constitution to mandate formation of a Government of National Unity, were the most peaceful since Zanzibar's entry into the union.

Tanzania's next general election is scheduled for October 2015. The GOT in 2013, also launched a constitutional review process, although it has postponed a planned April 30 public referendum to vote on the draft passed by a special Constituent Assembly in 2014. The constitutional reform process yielded tensions and public debate on a number of controversial issues including the status of the Union between mainland Tanzania and Zanzibar.

In addition to monitoring the political climate in the run up to the completion of the constitutional review and 2015 elections, foreign investors remain concerned about land tenure issues. Although the government owns all land in Tanzania and oversees the issuance of land leases of up to 99 years, many Tanzanian citizens feel that foreign investment has led to exploitation of Tanzanian resources. This has resulted in conflict between investors and residents in some areas. In Arusha, some of these conflicts have led to violence, prompting the GOT to emphasize its commitment to supporting foreign investment while also ensuring the intended benefit of the investments to Tanzanian citizens. In March, Tanzania expressed interest in creating a task force to prepare the country to join potentially the Voluntary Principles Initiative on Security and Human Rights in the extractives industry, though no formal commitment has been made by the government.

13. Corruption

Corruption remains a major concern for donors and foreign investors. While giving or receiving a bribe (including bribes to a foreign official) is a criminal offense in Tanzania, enforcement of laws, regulations, and penalties to combat corruption is largely ineffective. Corruption is endemic and measures to combat it are applied impartially to both foreign and domestic investors. Corruption persists in government procurement, privatization, taxation, and customs clearance. U.S. businessmen have identified petty corruption, particularly among customs and immigration agents and traffic police, as an obstacle to investment.

Transparency International (TI) has consistently rated Tanzania poorly for its perceived corrupt business practices. TI’s 2014 Corruption Perception Index (CPI) placed Tanzania at 119 out of 175 countries surveyed, dropping down from 111/177 in 2013, with a score of 31. The score indicates the perceived level of public sector corruption on a scale of 0-100, where 0 means that the country is perceived as highly corrupt and 100 means it is perceived as clean. TI’s 2013

Global Corruption Barometer (GCB) for Tanzania reported the police being perceived as most corrupt followed by the judiciary, with religious organizations being perceived as least corrupt.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Tanzania is a party to the UN Convention against Corruption but not a signatory to the OECD Convention on Combating Bribery. In an effort to deal with corruption, the GOT put in place the National Anti-Corruption Strategy (NACS) and sector-specific action plans for all ministries, independent government departments, executive agencies, and local authorities. The Anti-Corruption Bill, commonly referred to as the Prevention and Combating of Corruption Bureau (PCCB) Act, became operational in 2007. The Act created the PCCB, agency which is responsible for combating corruption alongside international, regional, and local watchdog organizations. Following a large scandal in the energy sector in late 2014, Parliament passed a resolution ordering review of the PCCB Act with the aim of ensuring the agency has all the necessary power to fight corruption. Overall, corruption-related court cases have progressed slowly and several other well-publicized scandals have yet to result in prosecutions.

Resources to Report Corruption

Government agency responsible for combating corruption:

The Director General
Prevention and Combating of Corruption Bureau
P.O. Box 4865
Dar es Salaam, Tanzania
Email: dgeneral@pccb.go.tz
Phone: +255 (0)22 215-0043
Website: http://www.pccb.go.tz

14. Bilateral Investment Agreements

Currently, the United States of America and Tanzania do not have a bilateral investment agreement. However, Tanzania is a member of the East African Community (EAC), which signed a Trade and Investment Framework Agreement (TIFA) with the United States in July 2008. Under the U.S.-EAC Trade and Investment Partnership Initiative, the United States and EAC are seeking to expand trade and investment ties and dialogue with the private sector.

Bilateral Taxation Treaties

Tanzania does not have a bilateral taxation treaty with the United States.

15. OPIC and Other Investment Insurance Programs

In 1996, the Overseas Private Investment Corporation (OPIC) signed an incentive agreement with the GOT. The number of U.S. subsidiaries and affiliated companies eligible for OPIC financing remains small, yet a growing number of companies have received OPIC funds for operations in Tanzania.

Tanzania is an active member of the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group that promotes foreign direct investment in developing countries by offering political risk insurance (guarantees) to investors and lenders, and by providing technical assistance to help developing countries attract and retain foreign investment.

16. Labor

Tanzania faces persistent shortages of skilled labor. While the number of university graduates, specializing in business management and information technology, continues to grow, tertiary education is limited. Foreign investors find that local labor is insufficient to fill even their administrative position needs. Only few professions within the EAC, such as teaching English and science, are granted cross-border access to Tanzania's labor market without a work permit. Tanzania's recent signing of a Mutual Recognition Agreement with Kenya and Uganda, which recognizes the credentials and legalizes the employment of engineers in any of the member states, reflects progress in the regional integration process. Labor and immigration regulations permit foreign investors to recruit up to five expatriates with the possibility of additional work permits granted under specific conditions. As an incentive under the EPZ Act, the government may provide work permits for management and technical staff when these skills are unavailable locally. In March 2015, however, Parliament passed the Non-Citizens (Employment Regulation) Act which introduced tougher rules for employers who want to hire foreign workers. The Act gives the Labor Commissioner within the Ministry of Labor and Employment the power to approve or deny all work permit applications from foreigners. The Labor Commissioner must determine if all possible efforts have been explored to obtain a local expert before approving any application. In addition to other requirements, the Act requires employers to submit “succession plans” for their foreign employees, detailing how knowledge and skills would be transferred to local employees. At the time of this report, the Act has not been signed into law by the President and the Ministry has not yet issued the regulations which could, for example, exempt some sectors.

Tanzania's minimum wage is set by categories covering 12 employment sectors. The minimum wage ranges from Tsh 100,000 (USD 54) per month for agriculture laborers to Tsh 400,000 (USD 216) per month for laborers employed in the mineral sector (companies with mining and prospecting licenses). Tanzania's minimum wage was last changed in July 2013.

The Union and Zanzibar governments have separate labor laws. Workers on the mainland have the right to form and join independent trade unions. As of 2012, approximately 13 percent of the formal sector work force is made up of unionized workers, including members of the Trade Union Congress of Tanzania (TUCTA), the leading labor federation. In the agricultural sector, the country's largest employment sector, an estimated 5-8 percent of the work force was unionized.

The law provides for collective bargaining in the private sector. In the public sector, the government sets wages administratively, including for employees of state-owned enterprises. On the mainland, disputes were regulated and resolved by mediation through the Commission for Mediation and Arbitration.

Mainland workers have the legal right to strike and employers have the right to a lockout after complying with certain legal requirements and procedures. The law restricts the right to strike when to do so would endanger the life and health of the population. Workers in certain sectors (water and sanitation, electricity, health services and associated laboratory services, firefighting, air traffic control, civil aviation telecommunications, and any transport services required for the provisions of these services) are restricted from striking. Workers in other sectors may also be subject to this limitation.

The labor law in Zanzibar applies to both public and to private sector workers. Zanzibar government workers have the right to strike as long as they follow outlined procedures in the Employment Act of 2005. They are not allowed to join mainland-based labor unions. The Zanzibar labor law requires a union with 50 or more members to be registered and sets literacy standards for trade union officers. An estimated 40 percent of the Zanzibar workforce is unionized. Several law provisions, including the Constitution, provide for imposition of compulsory labor for purposes of economic development. The ILO advises that the Government bring these provisions into compliance with the ILO Forced Labor Conventions (C-29). Child labor remains a problem. Cloves, coffee, sisal, tea, tobacco, Nile perch, gold, and tanzanite are included on the U.S. government's List of Goods Produced by Child Labor or Forced Labor.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

The 2006 Economic Processing Zones (EPZ) Act authorized the establishment of Special Economic Zones (SEZs) to encourage Greenfield investments in the light industry, agro-processing industry and agriculture sectors. The GOT's Export Processing Zones Authority (EPZA) continues to promote EPZs to attract investments in agribusiness, textiles, and electronics. EPZA has earmarked 4,000 hectares for export clusters, though on-site infrastructure and facilities are lacking. Six zones have already been developed; one is owned by the GOT and the rest by the private sector (85 companies are registered under EPZA to operate in two categories - infrastructure development and manufacturing). The Tanzania Revenue Authority (TRA) has an office in the Mabibo EPZ complex to streamline tax and revenue procedures for participants and the GOT hopes to increase the presence of other GOT offices in additional EPZ areas. Investors in EPZs are eligible for various incentives including prime locations near ports and main roads, exemption on interest and dividend taxes for 10 years, duty free importation of capital goods, exemption on VAT for utilities, and exemption of local tax levies.

EPZA made the following steps toward improving the investment climate:

- Streamlining bureaucratic procedures and requirements, the EPZA has reduced the amount of time required to register and license new investors from a reported maximum seven days in 2010 to two to three days in 2012.
- The establishment of a one-stop-shop at the Benjamin William Mkapa Special Economic Zone puts various procedures from different departments under one roof (e.g. applying for work permit and licensing applications).
- The EPZA has set aside additional land, equipped with infrastructure, for EPZ activities in Bagamoyo and Mkuranga. The authority has earmarked an additional 16 sites countrywide for development.

- Goods destined for EPZA registered companies have been accorded special treatment and exemptions and are treated as transit cargo. This results in faster clearance and lower clearance costs.
- Efforts are progressing to make Zanzibar's Malindi Port a free port. In addition, free economic zones have been established in three areas of Pemba and Zanzibar. The GOT intends to establish free trade zones at the Tanga and Kigoma ports. Foreign owned firms have the same investment opportunities as host country entities in Foreign Trade Zones.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		**USG or international statistical source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2013	32,900	2013	33,230	www.worldbank.org/en/country
Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	n/a	n/a	2013	367	U.S. Bureau of Economic Analysis
Host country's FDI in the United States ($M USD, stock positions)	n/a	n/a	2013	-7	U.S. Bureau of Economic Analysis
Total inbound stock of FDI as % host GDP	n/a	n/a	2013	1.1%	U.S. FDI only (38.3% total FDI)

*Tanzania statistics gathered from the Tanzania National Bureau of Statistics, National Accounts of Tanzania Mainland 2001 - 2013.

Table 3: Sources and Destination of FDI

Top country sources of FDI into Tanzania include South Africa, the United Kingdom, Kenya, Canada, and China. According to TIC, the UK was the largest source of FDI in 2013, outside of Africa. FDI continues to grow, particularly in the sectors of telecommunications services, energy infrastructure, road construction, breweries, tourism / hotels, mining, and agriculture. The Bank of Tanzania restricts Tanzanians from investing abroad, while very few international firms (primarily Kenyan) list on the Dar es Salaam Stock Exchange. There is currently no information on Tanzanian FDI abroad (FDI outflows), as Tanzanians are legally barred from participating in foreign investment funds or offerings.

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	12,741	100%	Total Outward	0	100%
South Africa	3,221	25%			
United Kingdom	2,328	18%			
Barbados	1,874	15%			
Canada	1,333	10%			
Kenya	622	5%			
"0" reflects amounts rounded to +/- USD 500,000.					

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio investment statistics are not available for Tanzania.

19. Contact for More Information

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