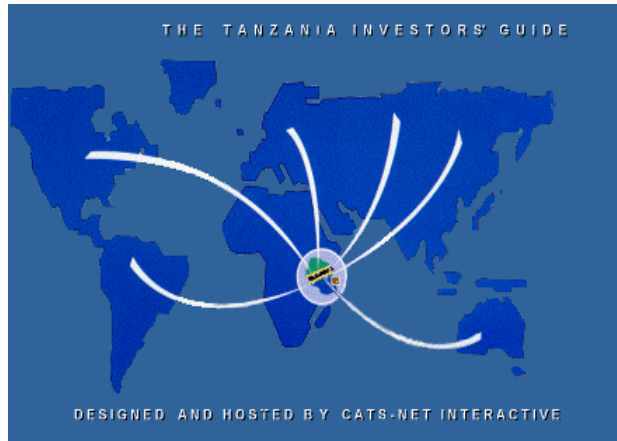


INVESTORS' GUIDE TO
TANZANIA





TANZANIA WELCOMES YOU



TANZANIA :YOUR INVESTMENT DESTINATION IN SUB- SAHARAN AFRICA

«Policies are in place for Tanzania to become a major investment destination in the whole of sub-Saharan Africa. All economic sectors are open to foreign direct investors including banking and Insurance. The economy is picking up as Tanzania follows the reform programme started in 1986 with the support of the World Bank and IMF. Special efforts have been directed at the tourism, mining, construction and energy sectors. These are now at centre stage, along with on going efforts to transform agriculture from subsistence farming to a modern commercial industry».

Quoted from The President of UNITED REPUBLIC OF TANZANIA, BENJAMIN WILLIAM. MKAPA.

BASIC DATA

LAND AREA :947.087 sq.km.
POPULATION:31.0 million(1999est)
POPULATION GROWTH RATE: 2.8% per annum
CURRENCY:Tanzania shilling:Tshs800=US\$1 (2000)
Official Language: Kiswahili&English
MAIN EXPORT: Coffee, Cashewnuts, Tobacco, Cotton, Tea, Manufactured Goods and Minerals
CAPITAL CITY: Dodoma
COMMERCIAL CITY: Dar-Es salaam
GDP PER CAPITAL:USD 276.6
GROWTH RATE: 4.0% (1998)
LITERACY RATE:85%

THE LAND

The United Republic of Tanzania which includes the Island of Zanzibar and Pemba lies on the East coast of Africa. It has a common border with eight countries: Kenya and Uganda to the north; Rwanda Burundi and Congo to the west; Zambia, Malawi and Mozambique to the south. Tanzania boasts the highest mountain in Africa, Mount KILIMANJARO (5895m above sea level), a highland plateau, several inland water ports on three Great lakes and a coastline of 800 kilometres bordering the Indian Ocean.

GOVERNEMENT

Mainland Tanzania gained independence in December 1961 While Zanzibar gained Independence in January 1964 through a revolution. The two countries united to form the United Republic of Tanzania in April, 1964. Tanzania adopted a multi-party political system in July 1992 the country maintains an excellent record of political stability and has held successful general elections in both 1995 and 2000.

Tanzania is a member of the United Nation, UNIDO, the World Bank, the IMF, the Commonwealth, the non-aligned Movement, SADC, PTA, and the ADB. It is also a signatory to the Lome Convention.;

THE ECONOMY

Since 1986 , Tanzania has been implementing a series of recovery and adjustment programmes with the support of World Bank and IMF.

The Government has withdrawn from business. The tax system has been simplified and strengthened, public spending reorganised, inflation lowered and the exchange rate stabilised. Individuals can move the capital freely in and out of the country. All aspect of the economy have been liberalised. Restriction on trade, foreign exchange rates, private investments, private banking and interest rates now belong to the past. The reform programme is resolutely market oriented and private sector investor friendly. The Government has in place a new investment policy TIA 1997 which was formulated to replace old National Investment Promotion and Protection Policy with the aim of creating better and conducive Investment climate. Tanzania has also embarked on other measures to improve investment climate and some of which are as follows.

- Anacted latest mining Act 1998 and Land Act 1999 , Petroleum Act 1980.
- Adopted integrated road rehabilitation program with the World Bank
- Initiated Privatisation programme with the establishment of the Presidential Parastatal Reform Commission PSRC (1993).

WHY SHOULD YOU INVEST IN TANZANIA:

- ◆ Tanzania is a sizeable country in Africa and enjoys excellent geographical location with a diverse investment opportunities.
- ◆ Is a gateway to East and Central Africa. Six Land locked countries have access to Tanzania Ports.
- ◆ A sizeable domestic and Sub regional market with a wide local raw material supply.

- ◆ Enjoys abundance of natural wealth which offers:
 - i) Tremendous Investment opportunities in agriculture, mineral and energy resources
 - ii) A land of spectacular natural beauty with mount Kilimanjaro rising to the North and the National Parks and Game Reserves covering one-seventh of the country.

There are the home of the largest wild animals population in the world

- ◆ It has in-expensive and un-exploited labour
- ◆ It offers the package of incentives to investors
- ◆ Allows unconditional transfer of capital and profits
- ◆ It enjoys political stability with a suitable market policy

INVESTMENT OPPORTUNITIES

Tanzania under the new enacted investment code TIA 1997 has been able to identify and categorize investment opportunities into **Lead** and **Priority** sectors :

- **LEAD SECTORS :** Mining, Infrastructure, (e.g . Road Construction, Bridges, Air ports, Generation of Electricity, Telecommunications, Water Services, Back-up services to Mining and the Like) and Export Processing Zone.
- **PRIORITY SECTORS :** Agriculture including livestock, Air Aviation, Commercial Buildings, Commercial Development and Micro finance Banks, Export processing , Geographical special development areas, Human resources development, Manufacturing, Natural resources, including fishing, Rehabilitation and Expansion, Radio and Television broadcasting, Tourism and tour Operation.

INVESTMENT BENEFITS AND INCENTIVES

Tanzania offers a well balanced package of incentives which have been spelt out under TIA 1997 to investors who have chosen Tanzania as their investment destination.

- ❖ **Investment Guarantees and Settlement of disputes:** Investment in Tanzania are guaranteed against nationalisation and expropriation. Tanzania is a member of both the International centre for Settlement of Investment Disputes(ICSD) and Multilateral Investment Guarantee Agency (MIGA).

- ❖ **Favourable investment allowances and deductions(100%) on Industrial Buildings, Plant & Machinery and on Agriculture expenditure.**
- ❖ **Deferment of VAT payment on project capital assets.**
- ❖ **Import duty drawback on raw materials**
- ❖ **Zero rated VAT on manufactured exports**
- ❖ **Straight line accelerated depreciation allowance on capital goods.**
- ❖ **Yearly appreciation of unrecovered capital investment in mining.**
- ❖ **five year carry- over of all business losses against future profits**
- ❖ **A reasonable corporate tax rate (30%) and low withholding tax rates on dividends (10%) and on loan interest (0%)**
- ❖ **The right to transfer outside the country(100%) of foreign exchange earned, profits and capital**
- ❖ **Automatic permit of employing 5 foreign nationals on the project holding certificate of incentives.**
- ❖ **Reduced import tariffs on project capital items. 5% import duty for investment in Priority areas and zero % for investment in Lead sectors**

TANZANIA INVESTMENT CENTRE

Tanzania Investment Centre(TIC) is a one stop agency of the government of Tanzania established under the Tanzania Investment Act NO26 of 1997 to promote, co-ordinates and facilitate investment into Tanzania. The centre is a focal point for all investors and performs all liaison work for the investor from enquires right up to project start up. The centre deals with all enterprises whose minimum capital investment is not less than US\$ 300000 (Fr 2,700,000) foreign owned and US\$ 100000 (Fr 700,000) if local owned .Enterprises engaged in **Mining** , and **Petroleum** , shall follow the approval process contained in their respective laws. But the centre shall assist all investors to obtain permits, authorisation etc. required by other laws to set up and operate investment in Tanzania.

PROJECT OPPORTUNITIES :

- i) Portfolio of 25 project opportunities in various sectors
- ii) Studies in Textile and Leather Industry
- iii) Fruits and vegetables sector opportunities
- iv) Food Industries studies and program available

ORGANISATIONS TO ASSIST YOU

In TANZANIA



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