



INDUSTRIALIZATION IN TANZANIA; STATUS & WAY FORWARD

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WHY IS INDUSTRIALIZATION IMPORTANT TO TANZANIA?



1. Tanzania Development VISION 2025:

“Tanzania to transform from low income to medium income economy by 2025”

2. The 5 years National Development Plan 2016/17 – 2020/21 gives industrialization first priority, it has the theme:

“Nurturing Industrialization for Economic Transformation and human Development”

3. The CCM Election Manifesto 2015 gives two key targets to the Industry Sector that should be achieved by 2020:

- ❑ *Contribution of the sector to the GDP be increased to 15% (current contribution 8%),*
- ❑ *Employment from Industry be 40% of total employment (current share 19.1%)*



“SERIKALI YA MAGUFULI ITAKUWA YA VIWANDA”



WHY INDUSTRIALIZATION?



INDUSTRIES

INCOME

EMPLOYMENT

**FOREIGN
CURRENCY**

TRADE

OUR STRENGTHS!

1. Strategic Location of Tanzania

Tanzania borders 8 countries, 6 of which are landlocked.

2. Plenty of Raw Materials

Availability of abundant natural resources and other raw materials.

3. Market Opportunities

Tanzania enjoys preferential Market Access with: EAC (130m people); SADC (300m people); AGOA – US (over 6,000 items); EBA of the EU; China(Over 4,000 items), Canada, Japan etc

4. Competitive Legal Framework

Good investment Policies; Attractive incentives; Free repatriation of Funds.

5. Investment Guarantees

- Guarantees against nationalization and expropriation.**
- Member of Intern. Centre for Settlement of Investment Disputes (ICSID) and**
- Multilateral Investment Guarantee Agency (MIGA).**

6. Best facilitation services to investors

One Stop Service Centres (TIC & EPZA)

7. Peace and Political stability

TREND OF INDUSTRIAL DEVELOPMENT SINCE INDEPENDENCE

PERIOD	No. OF INDUSTRIES
1961-1970	125
1971-1980	411
1981-1990	1,188
1991-1995	1,176
1996-2000	3,430
2001-2005	5,153
2006-2010	26,831
2011-2014	50,656



NUMBER OF INDUSTRIES BY EMPLOYMENT SIZE



	Number of Industries		Employment	
Employment Size	Number	%	Number	%
1 to 4	44,931	88.7	86,960	32.9
5 to 9	3,956	7.8	38,376	14.5
10 to 19	990	2	6,767	2.6
20 to 49	429	0.8	12,388	4.7
50 to 99	161	0.3	11,986	4.5
100 to 499	150	0.3	43,363	16.4
Above 500	39	0.1	64,384	24.4
Total	50,656	100	264,223	100
NBS, 2015				

Number of Industries by Region

								(Number)
Region	Employment Size							Total
	1 - 4	5 - 9	10 - 19	20-49	50-99	100-499	500+	
Dodoma	1,699	128	36	9	1	2	0	1,875
Arusha	1,947	212	68	36	24	10	6	2,303
Kilimanjaro	1,595	101	53	28	9	4	2	1,792
Tanga	1,553	184	44	13	10	10	1	1,815
Morogoro	2,998	230	47	13	3	5	6	3,302
Pwani	1,309	188	41	16	2	6	0	1,562
Dar es Salaam	6,215	974	235	130	67	70	14	7,705
Lindi	702	127	24	6	0	1	0	860
Mtwara	956	91	20	8	3	0	1	1,079
Ruvuma	3,358	136	16	6	0	1	0	3,517
Iringa	2,368	91	27	16	2	7	3	2,514
Mbeya	2,802	123	25	20	2	7	3	2,982
Singida	1,497	119	34	9	2	0	0	1,661
Tabora	937	72	19	2	2	1	0	1,033
Rukwa	869	66	11	1	2	1	0	950
Kigoma	874	148	21	6	1	0	0	1,050
Shinyanga	922	219	73	25	2	1	0	1,242
Kagera	2,141	187	51	21	5	6	1	2,412
Mwanza	1,263	114	43	19	14	11	1	1,465
Mara	3,377	132	36	24	2	2	0	3,573
Manyara	2,121	128	20	10	6	3	0	2,288
Njombe	1,664	61	10	4	0	2	1	1,742
Katavi	219	21	2	1	1	0	0	244
Simiyu	680	84	27	6	1	0	0	798
Geita	865	20	7	0	0	0	0	892
Total	44,931	3,956	990	429	170	150	39	50,656

Source: National Bureaus Of Statistic (NBS), 2015



INDUSTRIALIZATION ROLES



Role of the Government:

Creating an enabling environment (policies, basic infrastructure and facilitation services)

Role of the Private sector:

Investing in production/processing; exploring business opportunities



INDUSTRIALIZATION STRATEGIES



Overall Industrialization Strategy:

***CREATING A CONDUSIVE INDUSTRIALIZATION ENVIRONMENT BY
ADDRESSING THE PRESENT INDUSTRIALIZATION CHALLENGES***



PRESENT INDUSTRIALIZATION CHALLENGES



- 1. Limited Serviced Land**
- 2. Infrastructure**
 - Power**
 - Water**
 - Gas**
 - Road and railway networks etc**
- 3. Access to Finance**
- 4. Skills**
- 5. Non-protection of local industries**
 - multiplicity of taxes and levies**
 - Imported goods that can be produced locally**
 - Tax evasion**
 - Export of raw materials**



THE STRATEGIES



1. Address the issue of serviced land and infrastructure by emphasizing on the SEZ and EPZ concepts:

Key Priorities:

- Bagamoyo SEZ project – Involves construction of a port, a SEZ and supporting infrastructure; Total area 2500Ha. Construction to begin early 2017.**
- Mtwara Freeport Zone – Total area 110Ha.**
- TAMCO Industrial park – 230 Acres**
- Bagamoyo Industrial park – 1000 Acres**
- Kigoma SEZ – 3000 Ha.**

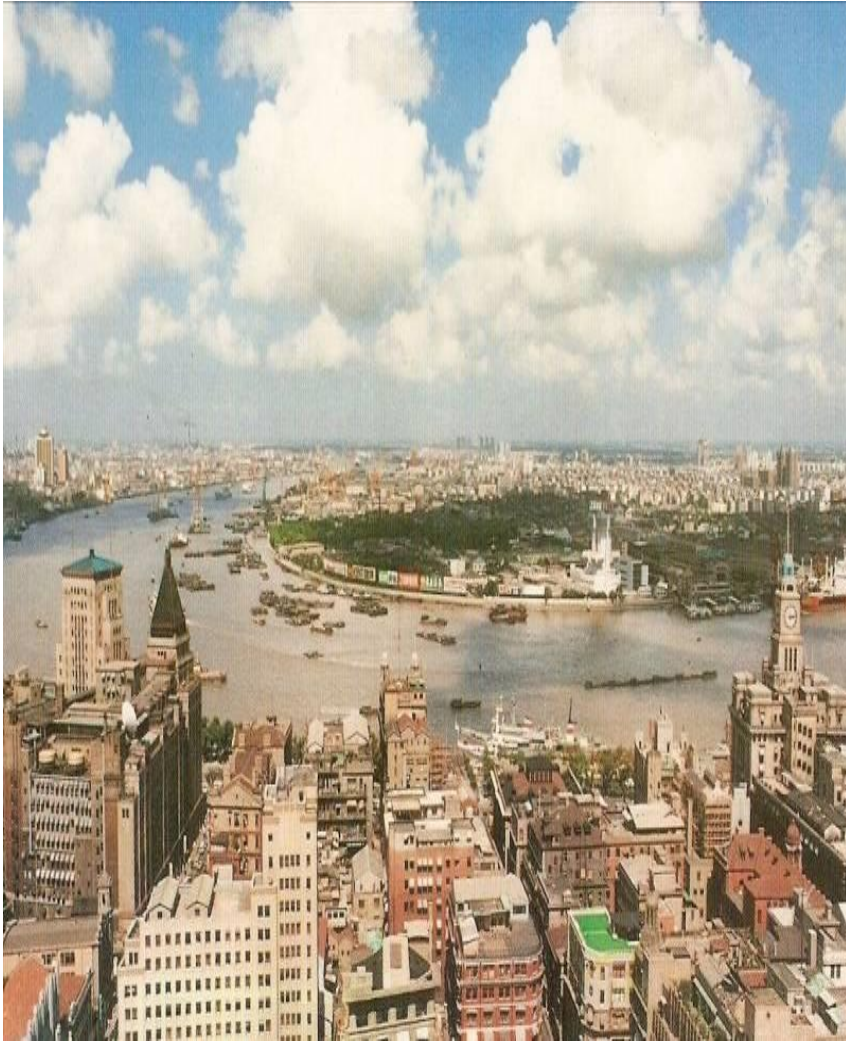
SHENZHEN (CHINA) 30 YEARS AGO



TODAY'S SHENZHEN SEZ (2012 sq. km.)



SHANGHAI PUDONG IN 90'S



TODAY'S SHANGHAI PUDONG SEZ



**Athi River EPZ – KENYA
(1000 acres)**



**KIGALI SEZ - RWANDA
(700 acres)**





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FEATURE STORY

Building Engines for Growth and Competitiveness in China: Experience with Special Economic Zones and Industrial Clusters

- December 19, 2010—In the past 30 years, China has achieved phenomenal economic growth, an unprecedented development “miracle” in human history. Since the institution of its reforms and Open Door policy in 1978, China’s gross domestic product (GDP) has been growing at an average annual rate of more than 9 percent. In 2010, it has surpassed that of Japan and become the world’s second-largest economy.
- **How did China achieve this rapid growth?** What have been its key drivers? And, most important, what can be learned from China’s success? Policy makers, business people, and scholars all over the world continue to debate these topics, but one thing is clear: **the numerous special economic zones (SEZs) and industrial clusters that emerged after the country’s reforms are without doubt two important engines of China’s remarkable development.**
-It is estimated that as of 2007, **SEZs** (including all types of industrial parks and zones) accounted for about **22% of national GDP**, about **46% of FDI**, and **about 60% of exports and generated in excess of 30 million jobs....**



INDUSTRIALIZATION STRATEGIES



- 2. Address the issue of access to Finance to set up Enterprises by introducing an Industrial Development Bank (start with a window at the Tanzania Investment Bank).**
- The Bank will be for both SMEs and Large industries.**



INDUSTRIALIZATION STRATEGIES



- 3. Re-posses non-performing privatized factories which have clear breach of contracts and re-allocate them to other serious investors.**

- 4. Promote investments in the following areas;**
 - (i) Factories using local raw materials (agroprocessing, wood processing, meat, fish, leather, edible oil, etc.)**
 - (ii) Factories depending on resources availed in various geographical locations (edible oil – Singida and Dodoma; leather – Dodoma, Lake zone, Arusha; Fish processing – Lake zone and coast regions; cashewnuts – Southern TZ etc.**



INDUSTRIALIZATION STRATEGIES



- (iii) Factories producing products for local use and export (Textiles and garments)**
 - (iv) Labour intensive factories (light manufacturing and Steel production)**
 - (v) Basic industries (Mchuchuma Coal, Liganga Iron Ore, Engaruka Soda Ash, Fertilisers, Cement and Petrochemical industries).**
- 5. Strengthen the role of SMEs - Construct more SMEs' Industrial sheds; set aside land for SME practices in LGAs and villages; Review policies.**



INDUSTRIALIZATION STRATEGIES



6. Protect local Industries:

- Harmonize taxes and levies in the sector**
- Develop policy on imported goods that can be manufactured locally**
- Fight tax evasion with full strength**
- Develop policy to restrict export of Raw products**

7. Develop special linkage with other Ministries and Departments;

Agriculture – for raw materials

Education – Skills

Energy – power etc.



CONCLUSION



- 1. The Ministry is finalizing a 5 years Industrial Development strategy; the document will be shared with all stakeholders before being officially released.**
- 2. The role of the private sector in the industrialization process is absolutely crucial, close link with the Government should therefore be always maintained.**
- 3. “TANZANIA YA VIWANDA INAWEZEKANA”
Let’s work together, to realize our mission!**



PROMOTE INDUSTRIALISATION IN TANZANIA BY BUYING TANZANIAN PRODUCTS





**I THANK YOU FOR YOUR
KIND ATTENTION**