



# COTTON, TEXTILE AND APPAREL SECTOR INVESTMENT PROFILE SUMMARY

## TANZANIA



### TANZANIA: AN OVERVIEW

The United Republic of Tanzania was established in 1964 when the sovereign states of Zanzibar and Tanganyika united.

Tanzania encompasses 947,300 km<sup>2</sup>, which includes 54,337 km<sup>2</sup> of inland water. The island of Pemba is roughly 984 km<sup>2</sup> and the island of Zanzibar is 1,657 km<sup>2</sup>. One of the five East African countries, Tanzania is located south of the equator. Mainland Tanzania is situated between the area of Tanganyika, the Great Lakes of Victoria, Nyasa and the Indian Ocean. It boasts roughly 1,400 kilometres of coastline and is bordered by eight countries: the Republic of Uganda, the Republic of Burundi, the Republic of Kenya, the Republic of Rwanda, the Republic of Zambia, the Republic of Malawi, the Democratic Republic of the Congo and the Republic of Mozambique. Due to six of these countries being landlocked, Tanzania provides natural access to the region.

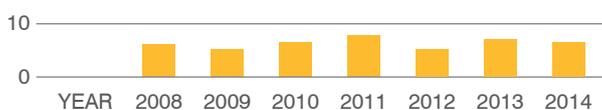
From 2006 to 2014, Tanzania's GDP increased at an average 6.4%. This growth record has been outstanding. Tanzania ranks among the top 20 fastest-growing world economies and has been above the Sub-Saharan average of 5.2%.

#### Key facts

Capital:	Dodoma
Area:	947,300 km <sup>2</sup>
Population:	51.82 mm (2014)
Labour force (over 15 years):	25.28 mm (2014)
Youth literacy rate (15–24 years):	86% (2012)
	<i>Male:</i> 87% (2012)
	<i>Female:</i> 85% (2012)
GDP (nominal):	US\$ 48.06 bn (2014)
GDP growth:	7% (2014)
FDI inflow:	US\$ 2.04 bn (2014)
Exports:	19.5% of GDP (2014)
Imports:	29.9% of GDP (2014)
Govt expenditure:	US\$ 8.43 bn (2015 est.)
Govt. revenue:	US\$ 6.82 bn (2015 est.)
Currency:	Tanzania shilling (TZS)
Language:	English, Swahili (official languages)

\*Source: TIC, 2014; World Bank, 2015; CIA, 2016

#### Tanzania's gross domestic product growth, %



\*Source: World Bank, 2015



## WHY TANZANIA?

### Advantage Tanzania

#### PEACE AND POLITICAL STABILITY

- Tanzania is a democracy and has a multi-party electoral system.
- Tanzania is one of Africa's most peaceful and politically stable countries, and is free of ethnic cleavages and labour unrest.
- Since its 1961 independence, Tanzania has not had a civil war or any noteworthy internal strife.

#### STRATEGIC LOCATION

- Tanzania is linked directly to the Indian Ocean, which gives it trade links to Asia.
- Tanzania is located between the ocean and six landlocked countries (the Republic of Rwanda, the Republic of Malawi, the Republic of Uganda, the Republic of Zambia, the Democratic Republic of the Congo and the Republic of Burundi) that rely on Tanzania for passage of goods.

#### MAJOR REGIONAL INTEGRATION AND TRADE

- Tanzania is the perfect starting point for accessing the East African Community's (EAC's) growing market. Tanzania is a member of the EAC, along with Uganda, the Republic of Kenya, Burundi and Rwanda.
- Tanzania is a Southern African Development Community (SADC) member.
- Tanzania qualifies for the USA's African Growth and Opportunity Act (AGOA), which offers duty-free exports to the USA from certain sectors.
- The European Union's (EU's) Everything But Arms (EBA) initiative enables Tanzania to export some goods to the EU tariff-free.
- Tanzania's special preferential tariff agreement with the People's Republic of China allows it to export in excess of 400 products made in Tanzania to China tariff-free.

### Strong and growing government support for the subsector

The relationship between the garment and textile subsector and the Government of Tanzania continuously grows stronger. In 2012, the government established the Textile Development Unit (TDU) at the Ministry of Industry and Trade, with the chief task being to support the growth of a large and globally competitive garment and textile subsector.

The Textile and Garment Manufacturers Association of Tanzania (TEGAMAT) was established in 2013 to represent the industry's interests. TEGAMAT, the TDU and the government are working closely together to improve the incentives for investors, input quality, the upgrading of the industry and the regulatory environment. Additionally, the TDU will assist new investors to find empty factory space in identified regions and connect investors with joint venture partners.

### Investment guarantee

In Tanzania, investors are guaranteed against expropriation and nationalization. The country is a signatory of several bilateral and multilateral agreements on promotion and protection of investments. For example, the country is a member of Africa Trade Insurance Agency (ATIA) and the Multilateral Investment Guarantee Agency (MIGA).

### Predictable fiscal investment regime

Due to its predictable fiscal investment regime, its foreign direct investments are increasing. Meanwhile, structural and economic reforms have resulted in considerable progress in creating an effective market economy, making it among the world's top 10 fastest-growing economies.

### Investment incentives

Compared to other African countries, Tanzania has a competitive and well-balanced fiscal incentives package. In order to offer a competitive fiscal regime on foreign trade, the country has signed double taxation treaties with many countries and is still in the process of negotiating with other countries.

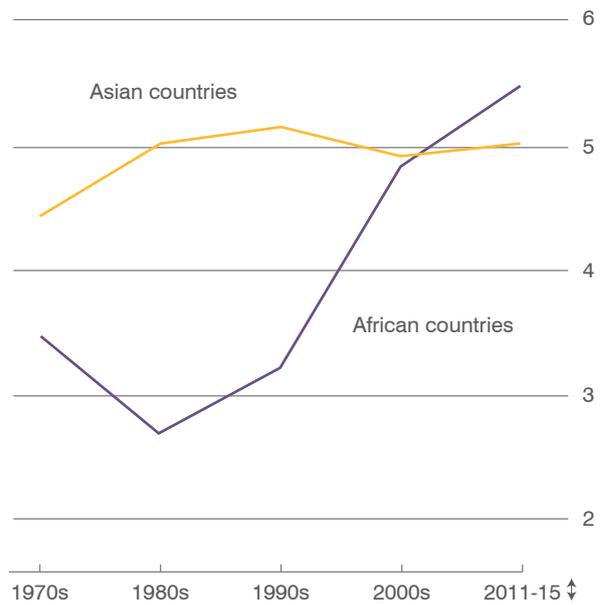


**World's ten fastest-growing economies\***  
Annual average GDP growth, %

2001-2010 ↑		2011-2015 ↓	
Angola	11.1	China	9.5
China	10.5	India	8.2
Myanmar	10.3	<b>Ethiopia</b>	<b>8.1</b>
Nigeria	8.9	Mozambique	7.7
<b>Ethiopia</b>	<b>8.4</b>	<b>Tanzania</b>	<b>7.2</b>
Kazakhstan	8.2	Vietnam	7.2
Chad	7.9	Congo	7.0
Mozambique	7.9	Ghana	7.0
Cambodia	7.7	Zambia	6.9
Rwanda	7.6	Nigeria	6.8

\*Source: The Economist, IMF

**GDP growth, unweighted annual average, %**



\*Excluding countries with less than 10m population and Iraq and Afghanistan ↑ 2010 estimate ↓ Forecast

**Abundant and Attractive Human Capital**

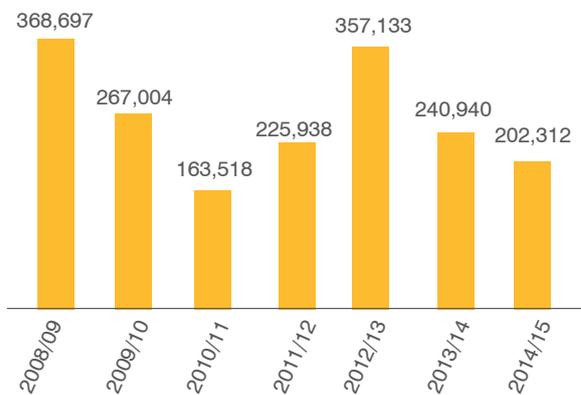
- Tanzania has a vast quantity of experienced human capital.
- Tanzania has put into practice advanced immigration policies and encourages skilled people from across the globe to apply for residence in Tanzania and contribute to its economic growth.
- Tanzania can offer work permits for technical staff and management if these skills are not on hand locally.

**Access to conventional and organic cotton**

Tanzania is one of Sub-Saharan Southern Africa's larger producers of conventional cotton, and it is the largest African producer of organic lint. Having the raw material resource nearby presents opportunities for firms that want to invest in textile production. The decision of the Tanzania Cotton Board to develop concession areas in the Eastern Cotton Growing Area (ECGA) provides the opportunity for textile manufacturers to set up operations that are directly linked to farming and ginning operations.



**Seed cotton production 2008/09-2014/15 (tons)**



\*Source: OTEXA, AGOA

## INVESTMENT OPPORTUNITIES

### Production of good-quality yarn

Due to aged spinning mills, production of good-quality yarn is a challenge in Tanzania. As a result, many textile mills that target export markets import fabrics. Investment in modern spinning machineries will revolutionize and broaden the scope of textile manufacturing in the country, thus allowing mills to diversify products base.

### Expansion of knit garments

Tanzania needs to expand its knit garment exports in order to fully exploit AGOA, EU and South African markets. Investors interested in producing knit garments are invited, as this is where backward linkage is likely to occur.

### Developing an ethical value chain

As the fourth producer of organic cotton and now trading Cotton made in Africa lint, Tanzania is well positioned to develop an ethical value chain from where retailers will source their textile requirements.



## INVESTMENT FACILITATION AND SERVICE DELIVERY

Services provided	Delivery time frame	Fees
TIC application form	Immediately	US\$ 100
Investment guide	Immediately	Free
Provision of Investment Act	Immediately	Free
Certificates of incentives	7 days	US\$ 1,000
VAT registration	7 days	Free
Tax clearance	1 day	Free
Tax identification number	1 day	Free
Customs approval import list	14 days	Free
Business name search	1 day	Free
Business licensing	1 day	Fee varies
Company registration	3 days	TZS 50,000 – TZS 371,200
Residence permit class A	14 days	US\$ 3,355
Residence permit class B	14 days	US\$ 2,255
Special pass for classes A & B	1 day	US\$ 660
Work permit class A – Self-employed investors (owner of the business, Directors)	16-17 days	US\$ 1,000
Work permit class B – non-citizen employees who possess prescribed profession including medical and health care professionals, experts in oil and gas, teachers and University Lecturers in Science and Mathematics	16-17 days	US\$ 500
Work permit class C – non-citizen employees who are in possession of such other profession apart from those in category B	16-17 days	US\$ 1,000

\*Source: TIC, 2014

## KEY CONTACTS

Tanzania Investment Centre (TIC)

Phone: +255 222 116 328/32

E-mail: [information@tic.co.tz](mailto:information@tic.co.tz)

Web: [www.tic.co.tz](http://www.tic.co.tz)

Export Processing Zones Authority

Phone: +255 222 451 827/9

E-mail: [info@epza.go.tz](mailto:info@epza.go.tz)

Web: [www.epza.go.tz](http://www.epza.go.tz)

Business Registration and Licensing Agency (BRELA)

Phone: +255 222 180 141/180 113

E-mail: [usajili@brela.go.tz](mailto:usajili@brela.go.tz)

Web: [www.brela.go.tz](http://www.brela.go.tz)

Textile Development Unit  
Ministry of Industry and Trade

Phone: +255 222 127 898/97

E-mail: [info@tdu.or.tz](mailto:info@tdu.or.tz)

Web: [www.tdu.or.tz](http://www.tdu.or.tz)

Ministry of Industry and Trade

Phone: +255 222 127 898/97

E-mail: [ps@mit.go.tz](mailto:ps@mit.go.tz)

Web: [www.mit.go.tz](http://www.mit.go.tz)