

Business in Tanzania
FIELD AFRICA



Tanzania Market Overview

Since the 1990s, Tanzania has been emerging from its socialist past and adapting to the globalized market system. The government has instituted economic reform, including liberalization of agricultural marketing, lifting of foreign exchange controls, deregulation of price controls, privatization of state-owned parastatals, and implementation of a new investment code offering competitive incentives for foreign investment. These significant economic reforms have been coupled with impressive macroeconomic stability, leading to steady growth over the last ten years. Still, Tanzania remains one of the poorest countries in the world and is highly dependent on foreign aid.

Basic economic statistics for 2003:

- GDP – US\$ 9.6 billion
- Real GDP Growth – 5.6%
- GDP per capita – US\$ 266
- Inflation – 4.4%
- Total Exports – US\$ 1.142 billion
- Total Imports – US\$ 1.972 billion
- Exports to U.S. – US\$ 24.2 million
- Imports from U.S. – US\$ 63.6 million

Primary destinations of exports, 2003 (with percent of total):

- Japan (11.8%)
- India (8.8%)
- Netherlands (8.3%)
- UK (5.5%)

Primary origins of imports, 2003 (with percent of total):

- South Africa (10.5%)
- China (9.7%)
- Japan (6.1%)
- India (5.9%)

Market Challenges

Doing business in Tanzania, like in any emerging market, has its challenges:

- Unreliable, high-cost power
- Undeveloped road and transportation systems
- Widespread corruption, particularly in customs and tax authorities.
- Largely unskilled local work force



Market Opportunities

Tanzania's emerging economy is full of opportunities, as evidenced by the steady rise of foreign direct investment in the last decade. Leading sectors include:

- Mining of gold, diamonds, and other minerals
- Agribusiness and Food Processing
- Telecommunications and Information Technology
- Petroleum, Gas and Energy Infrastructure
- Tourism

In addition, U.S. consumer goods are increasingly attractive to the growing consumer market.

The privatization of major utilities and smaller parastatal companies continues, including the electric utility (TANESCO), the Harbors Authority (THA), and telephone company (TTCL). Privatization creates opportunities for US companies to supply goods and services or to invest directly.

More information can be found at the websites of the Tanzania Investment Center and the Presidential Parastatal Sector Reform Commission.

Market Entry Strategy

To enter the Tanzanian market, personal relationships make a big difference. Successful U.S. companies have taken the time to visit Tanzania, get to know the market and meet with potential partners. Marketing U.S. goods is generally done through a local agent or distributor. Successful investing generally requires an American (or other ex-pat) representative on the ground.

Contact Details

If you would like to further discuss your research requirements, please contact our fieldwork director on:

- tel: (+27) (0)31 277 2050
- fax: (+27) (0)31 202 1982
- email: info@fieldafrica.com

