President of the Revolutionary Government of Zanzibar,
Honourable Amani Karume;
Honourable Prime Minister and Ministers;
Chairman of the Commonwealth Business Council;
Baroness Lynda Chalker;
Generals and Captains of the Private Sector;
Conference Participants;
Distinguished Guests;
Ladies and Gentlemen.

Robert Louis Stevenson, the Scottish novelist, poet and essayist, did not hold politicians in very high regard. For, in his Familiar Studies of Men and Books (1882) he wrote:

“Politics is perhaps the only profession for which no preparation is thought necessary.”

How prepared for politics I was, it is not for me to say. But I can assure you I prepared very well for my encounter with you today. For I need your money; and I am ready to go the whole hog to make it easier – much easier – for you to invest in Tanzania to mutual benefit.

So, I join the Minister, Honourable Dr. Kigoda, in welcoming you all to Tanzania and to this timely and exceptionally important conference for us.

We welcome back those of you who have been here before; and we especially welcome those of you setting your feet on our soil for the first time. You see, we have a proverb in Kiswahili that says, “Mgeni njoo, mwenyeji apone”, that is to say, “Welcome, my guest, that I too may benefit.” Frankly, the intent of you all being here is to convince you that if you invest in Tanzania you can profit and make us profit as well in the process.

This conference provides an ideal forum for us to discuss how to develop such a win-win relationship, underwritten by the spirit of smart partnership. You come at a time when we are hosting all our development partners under a framework called, “The Consultative Group Meeting”. But, one of the most important aspects of our deliberations is to convince the donor community that we in Tanzania are managing our economy as well as we could; that we remain committed to poverty reduction, thereby increasing the people’s purchasing power; that we deserve more resources from them in terms of grants and loans that, among other things, will enable us to educate and provide adequate health care for those Tanzanians you would wish to employ if you were to invest here, and improve the infrastructure and investment environment that will make it worthwhile for you to invest in our country. These two propitious events happening in Dar es Salaam at this time are mutually supportive, and thus very welcome.

I should, perhaps, add that my vision, indeed sense of mission, is to build the foundations and frameworks that will as soon as possible transform Tanzania’s relationship with the donor community from one based largely on aid, to one largely based on investment and trade. I think it is an achievable aspiration, and I count on you who have a pivotal role to play in bringing about such a transformation.
Let me also express my gratitude to the organisers of this conference, for what is obviously a preparatory job very well done. I hope the conference will provide an opportunity for potential investors – domestic and foreign - to interact and explore mutually beneficial business relationships.

As for me, I would like to limit my remarks to two main themes, namely:

- The ongoing programme to substantially strengthen the investment climate in Tanzania, for both foreign and domestic investors; and
- The immense potential for private investment abounding in our country.

**Improving the Investment Climate**

Mr. Chairman,

At the previous investment forum in 1996, my Government made several pledges, including the continued improvement of the investment climate, and an on-going dialogue with the private sector, both domestic and foreign, to ensure that the concerns of each side are known to the other side, in a mutually supportive and facilitative relationship.

I think we, on the Government side, have done much to keep our side of the bargain. Those who recall how things were then will know what I mean. What you see today may still not be good enough in comparison to more developed countries, but compared to where we came from it is not an exaggeration to say that, thanks to a firm political commitment and the support of members of the Consultative Group I mentioned earlier, the investment climate is much better now.

We designed and began to implement an on-going comprehensive programme to shape up the investment climate. The programme had four mutually reinforcing tracks.

The first track was to lead us to minimal political risk, that bane of our continent spread by a mass media that sees only chaos, war, famine and instability in Africa. In that regard, successive governments in Tanzania have systematically and relentlessly striven to create an investment climate that is stable and free from political risk. From independence, we have continued to deepen the roots of a unified nation, characterized by ethnic, religious, and cultural tolerance and harmony. The development and use of Kiswahili as a lingua franca; was extremely helpful as was a shared sense of national purpose.

In parallel with these domestic efforts, the Government of Tanzania has continued to play an active role in the resolution of conflicts in neighbouring countries. Our northern town of Arusha has hosted so many conflict resolution efforts that President Clinton christened it as the “Geneva of Africa”. We hope that the end of these conflicts will not make Tanzania marginal to the region, but rather make it an anchor for regional growth, commerce and prosperity. This also is an achievable aspiration, and we need you to work with us to make it so.

Mr. Chairman,

We have also sought to minimise political risk by being as coherent and consistent as possible with regard to the policy framework that is supportive of private sector development and investment. Since the mid-1980s, the Government has persevered in economic reforms that paved the way for a freer market economy in Tanzania, including virtually unimpeded systems of external trade and payments.

We are now in the process of building foundations that will entrench these reforms and avoid policy reversals, even after I leave office. Moreover, in support of these initiatives, Tanzania is participating freely and wholeheartedly in regional and extra-regional political risk-guaranteeing schemes, including MIGA, OPIC, AFRIEXIM Bank, the recently launched African Trade Insurance Agency (ATIA), and international schemes for the settlement of investment disputes. We are, in that regard, quite pleased that one of these reputable institutions, MIGA, has acknowledged recently that Tanzania is a country with zero political risk. And we are resolved to keep it that way.
Mr. Chairman,

The second track we have followed is an irreversible path of macroeconomic reforms aimed at eliminating “non-political” risks to investment. Thanks to prudent fiscal and monetary policies, domestic inflation, like the dinosaurs, has become a thing of the past in our nation. We intend to keep it that way. Accordingly, key economic variables, such as the exchange rate, interest rates, and wage rates are now easier to predict, thereby facilitating investment-related calculations.

Looking ahead, the Government intends to consolidate further the macroeconomic situation, and to deepen fiscal and monetary reforms in directions that would support higher rates of savings and investment – both foreign and domestic - and accelerate the pace of economic growth. To this end, the Government will continue to safeguard the independence of the Central Bank, the Bank of Tanzania, in the conduct of our monetary policy. Moreover, the Central Bank is in the process of increasing further its capacity to supervise the financial system effectively.

In the fiscal area, an avenue has been created for the private sector to work hand in hand with the government, through the Tanzania National Business Council, and the Tanzania Private Sector Foundation, in identifying further reforms that will simplify the tax system, enhance tax compliance and administration, and strengthen the role of the tax system in promoting Tanzania’s economic development. These reforms will continue to be supported by public expenditure policies, and the restructuring of the public enterprises, to ensure that all our investors have access to reliable and regionally competitive social and economic infrastructure and utilities, including electricity, water, transport and telecommunications.

In this regard, I am glad to inform you that a competent Executive Board has already been established and launched to oversee the management of the power company, TANESCO, with the singular objective of bolstering its operational efficiency and ensuring Tanzania has regionally competitive power tariffs. Likewise, in the transport sector, important remedial institutional steps have been taken. As a result, substantial efficiency gains have been registered in the overall management of the port of Dar es Salaam and the two international airports. Road construction, maintenance and repair are advancing at a commendable pace. The privatisation of the operations of the DAWASA (Dar es Salaam Water and Sanitation) should be completed in the next six months.

In addition, the Government has been implementing measures directed at minimizing transaction costs to the investor. Such measures have included the rationalization of the Tanzania Investment Centre (TIC) to buttress its role as a one-stop-centre for investors. Besides, a National Investment Steering Committee has been established, under the chairmanship of the Prime Minister, to provide for “fast-track” resolution of the more difficult issues that could face an investor.

In order to provide a firm basis for agreements with investors, including their rights and privileges, the Government has formulated development policies for key sectors notably mining, tourism, agriculture, and industry, and enacted necessary laws to give legal effect to the policy direction and environment for investment.

In parallel with these efforts, the Government is implementing a far-reaching programme to promote good governance and combat corruption. I have specifically requested that full documentation on this important subject be provided to the participants at this conference.

Mr. Chairman,

In preparation for this meeting, I asked my people to give me some concrete examples of improvements in areas of concern to investors and traders. I was told, for instance, that:
In Tanzania today, business registration and licensing can be accomplished within 10 days, with only “one-stop” at the TIC.

In Tanzania today, all immigration-related issues raised by investors can be settled in 14-21 days.

If you need land for your investment project in Tanzania, just make a one stop at the TIC.

Since the leasing of the container terminal to a private operator, the turn-around time for container ships is down to less than 24 hours, making the Dar es Salaam port truly competitive in the region in that area.

Those are some of the things I was told; but I would frankly like to know about any recent experiences to the contrary from you. I can assure you that such issues will receive immediate attention.

Mr. Chairman,

The third track we have taken in efforts to promote a better climate for private investment, is a determined pursuit of policies aimed at opening up Tanzania’s access to wider markets, thereby allowing investors in Tanzania to enjoy economies of scale. Four developments in this regard are note-worthy.

First, Tanzania is in the process of creating free trade areas with 13 other countries in Southern Africa, in the context of the Southern African Development Community, (SADC), and with two other neighbouring countries (Kenya and Uganda), under the East African Community, (EAC). These efforts, which will eventually culminate in higher forms of market integration, will open up to investors located in Tanzania a market of 260 million people, with a combined purchasing power of over USD 200 billion.

Second, Tanzania has now fulfilled all the requirements needed to enable its investors to access the African Growth and Opportunity Act, (AGOA). This will open immense opportunities for textile and other processed exports from Tanzania to the huge American market. There are also enormous opportunities for investors in Tanzania to exploit duty free access to markets in the European Union under the EU-ACP Cotonou Agreement.

Third, the Government is now attaching even greater importance to the imperative of ensuring a level playing field in the domestic market, and is, therefore, working closely with the private sector to determine dumping and other unfair trade practices, and take prompt remedial measures.

Fourth, in order to enable investors in Tanzania to exploit fully these regional and international trading opportunities, the Government is in the process of establishing well-equipped export-processing zones in Dar es Salaam, as well as in other parts of the country such as Arusha, Mwanza, Bukoba, Kigoma, Mtwaras, and Tanga. We are also working on the enabling and supporting legislation.

With the kind of free trade arrangements Tanzania is party to, and if you look at the map of Eastern, Central and Southern Africa, you will realise the unique opportunity to access a huge and growing market in this area from our territory. Today, there is concern about insecurity in the Great Lakes Region; but as you know we are making good progress in conflict resolution in both Burundi and the Democratic Republic of Congo.

Once these conflicts are resolved, and as economic growth picks up in the area, an economic processing zone in a place like Kigoma will have no rival whatsoever in supplying the huge market in mine-rich Eastern Congo, as well as in Rwanda, Burundi and even Zambia. Even I, who is not an economist or an entrepreneur, can see the enormous potential of a well-focussed EPZ in a place like Kigoma, linked by rail to Dar es Salaam, and at the heart of a huge undeveloped market. Today, Kigoma is a centre for refugees. Together, we can ensure that tomorrow it will be the centre of commerce in the Great Lakes Region, with a
mining boom in Eastern Congo. The time to prepare Kigoma for that eventuality is now, and my government will work with pioneering investors to further develop this concept.

We must not only think in terms of markets abroad. We must prepare to take advantage of the advent of peace, and economic growth in the Great Lakes region. For, as the African proverb has it, “It is because of a future need to scratch oneself that one grows fingernails”. Let us then grow nails, not to prepare to scratch anyone, but to prepare to supply the region with consumer goods from Kigoma.

Mr. Chairman,

The fourth track on the agenda to develop a superior climate for investors in Tanzania is the Government’s resolve to work closely with the private sector, in the spirit of a full “smart partnership”, to develop institutions, policies, and reforms that will promote rapid and substantial expansion of private investment. The Tanzania National Business Council, which was inaugurated five months ago, is providing the “HUB” for this partnership. Looking into the future, we are determined that legitimate private sector concerns channelled through this “HUB” will be integrated appropriately into our macroeconomic and structural policies.

The Opportunities for Private Investment in Tanzania

Mr. Chairman,

Let me now turn to opportunities for investment. At this stage of our country’s development, I can say, confidently, that Tanzania offers immense opportunities for small, medium and large investors, both foreign and domestic. Let me try to spell out some of the areas suitable for such investments.

Mineral Prospecting, Exploitation, and Processing

Mr. Chairman,

Although Tanzania has already created a name for itself as an important destination for investments in mining, there is still ample scope to prospect for hydrocarbons and minerals. The early birds have begun to catch the worm. Some early investors are now well poised to reap handsome profits from the exploitation of already-proven reserves of gemstones and other minerals. But here, too, remains immense potential for joint-partnerships with international companies and domestic investors to exploit the proven, or known, reserves of natural gas, coal, gemstones, and other minerals and base metals. Still to be exploited are profitable opportunities in the processing of our minerals, including investments in the lapidary industry. A gas pipeline to neighbouring countries would, in my view, be a most worthwhile investment.

Exploitation of Tanzania’s Agricultural Potential

Mr. Chairman,

At present, only a fraction of the country’s arable land is under cultivation. A large part of the unutilised land is situated in favourable agro-climatic areas, or within readily accessible sources of water. Opportunities for ranching are equally huge. There is, therefore, a great opportunity for agricultural investment that can supply the region with food as well as industrial and high-value crops, destined for overseas markets. Tanzania, for instance, is the place for organic farming. A revised Land Act has been promulgated with a view to, among other things, facilitating investors’ access to land, securing land rights, and increasing the role of land as collateral for bank credit. As I speak, we are consulting to see how the relevant regulations can solve any lingering investor and bank concerns regarding land.

Agro-processing

Mr. Chairman,
Most of Tanzania’s cash crops are presently exported in raw or minimally processed form. There are, therefore, profitable opportunities to add value to these crops through local processing of products destined for export markets, often under preferential trade access mechanisms. Moreover, the processing of the by-products of sisal and other crops is also likely to enhance substantially investment profitability.

**Tourism and Fish Resources**

Mr. Chairman,

Tanzania – the land of Kilimanjaro and Zanzibar - has immense tourist attractions and resources, and is renowned for its 23.5 million hectares of land (about the size of the United Kingdom) set aside for its world-famous wildlife and botanical sanctuaries, mountains, vast beaches, and marine attractions. Following the Government’s decision to entrust the development of this sector largely to private investors, substantial progress has been achieved. This, notwithstanding, only a fraction of the sector’s enormous potential, especially in the middle and southern parts of the country, has so far been tapped. The exploitation of Tanzania’s fish resources, inland and in the Indian Ocean, is also picking up, but there remains ample room for more profitable export-oriented investments. It is significant that Tanzanian exports of fish fillets from Lake Victoria are now our largest export item to the European Union.

**Development of the Energy Sector**

Mr. Chairman,

Tanzania has enormous and untapped hydropower potential, natural gas and coal; the national grid is awaiting connection to that of neighbouring countries, to the south and north. The exploitation of biogas, solar, and other environmentally friendly sources of energy is still in its infancy. There is, therefore, enormous potential for investment in this area, including projects that are now under preparation such as the Mtwara Corridor power projects.

**Roads and Telecommunications Infrastructure**

Mr. Chairman,

Given the large size of our country, and the need to develop a well-integrated economy, the Government attaches special importance to investments in the construction of roads, including those under the Build, Operate and Transfer (BOT) framework. Equally important are investments in road construction, maintenance and repair, including those entailing joint partnerships with local firms.

**Trainable and Computer Literate Labour Force**

Mr. Chairman,

The Government is fully aware that Tanzania’s ability to participate in the global market will require that the country invest substantially in its labour force, to raise the average standard of education and make the labour force computer-literate, thereby increasing the ability of Tanzanian investors to respond quickly and flexibly to world markets dominated by ICT forces. There are immense—and, I should say also, very profitable—opportunities to establish ICT education and training facilities in Tanzania, including through joint-partnership ventures with local investors.

Mr. Chairman,

I have taken the liberty to dwell on our initiatives to attract foreign investment into Tanzania, and to outline the investment potential existing in our country. I was led to believe that the focus of the Commonwealth-Tanzania Investment Conference was on issues relating to the flow of foreign investment from other countries into Tanzania. I pray that I have
convinced more of you to be part of the winning investment team for the Tanzania of the 21st century.

I have promised here, as I am sure my Ministers and other officials will, that we will do all that is in our power to deal with the remaining impediments to investment. I, however, remain mindful of our own limited capacities to remove all impediments at once.

An encounter is reported between two friends. The first one looks at his friend’s tie and remarks.

“John, how come you’re still wearing this old fashioned tie? It’s terribly outdated!”

“Yes, I know Ted,” he replied, “But my salary too is outdated.”

Like John I do realise that the “tie” of our investment climate may not be the latest fashion in the world; but it works, and, who knows, with our development partners in the Consultative Group still in town, we might have more resources with which to solve more of the problems investors would wish to see resolved.

In conclusion, let me underline my abiding commitment to dialogue. In my six years now as President, in politics and in economics, I have seen the power of dialogue in building relationships of trust and confidence, in neutralising sentiments of doubt and mistrust, and in opening up new possibilities and avenues of solving the seemingly intractable problems that characterise human existence.

I hope this conference will be another opportunity for dialogue that will further improve Tanzania’s image as an investment destination, and above all sharpen our understanding of your concerns and enable the exchange views on the best way forward. Together, in smart partnership, we can do it for mutual gain.

I thank you for your attention. I declare the Commonwealth-Tanzania Investment Conference open.