

# Tanzania

**Jakaya Kikwete**  
President of  
Tanzania



## Political stability and social development add value to Africa's reformist frontrunner

Number ten in the World Bank's ranking for starting a business in sub-Saharan Africa; the least corrupt member of the East African Community (EAC); the eleventh best destination for investment in Africa; sustained growth of 6% since 2001. In Tanzania, the numbers are starting to add up.

International respect for Tanzania is growing, through improved macroeconomic performance and a leading role within the EAC. In early 2007 further attention was drawn through the appointment of former Tanzanian foreign minister Asha Rose Migiro as deputy secretary general of the UN.

After years of economic hardship and instability, President Jakaya Kikwete and his government are now driving the country forward with strong economic policies, a receptive attitude to trade and a clear strategy for social development.

After reaching HIPC completion in 2001, Tanzania has continued to work with the IMF on its Poverty Reduction Strategy and the more recent Policy Support Instrument, which provides a framework for policy development and a guarantee to donors.

In 2005 the government implemented "The Mkukuta Strategy", or the National Strategy for Growth and Reduction of Poverty, underlining Tanzania's dedication to lowering inflation and improving GDP. Three key clusters provide a focus for the strategy: the growth of income, improved quality of life, and increased accountability, the latter designed to improve standards in government, the civil service and the justice system. Health and education are key areas for improving social well-being, while increase in FDI lies at the heart of income growth. "Africa needs investment," says President Kikwete. And its origin is clear: "There is capital in Asia that looks for prospective markets outside of Asia. Africa presents that prospective market."

Asian investment in Tanzania, as in the whole of Africa, is growing at break-

neck speed. But Tanzania's strategic position, with the port of Dar es Salaam facing eastwards, makes Tanzania a gateway to East Africa.

The diversification of export markets has revolutionised perspectives. Now almost 20 per cent of Tanzanian exports go to China and India, while they return 16% of imports. "Our economy is growing," says Foreign Minister Bernard Membe, "and we have noticed the change now that we are in business with China, India and other Asian countries."

Relations with Asia aren't only about trade; the continent provides motivation. "Asian countries inspire us to go the extra mile," says Minister Membe. "If they've made it, we can too. We have made up our mind to follow them."

Infrastructure development remains a priority for Tanzanian-Asian relations. Chinese companies are lending their skill to many industries, including construction. An example is The Beijing Construction and Engineering Group that built the Benjamin Mkapa National Stadium, which opened in August 2007. Korean companies are in talks with the government about various infrastructure projects and the Korean Government is working with its Tanzanian counterpart to build the Malagarasi Bridge, which will open up the western region to its neighbours. Meanwhile, in a recent WTO meeting in Dar es Salaam, Japan pledged to help African nations increase trade and development.

Small wonder, then, that President Kikwete and his government are looking East, and his position as honorary global chair of the 2nd World Tourism Marketing Summit in Beijing this weekend further serves to confirm this shift.

The number of Asian investors in Tanzania continues to rise, aiding growth, development and, ultimately, the country's main aim to become one of Africa's brightest investment destinations. ●

**"Asian countries inspire us to go the extra mile. If they've made it, we can too. We have made up our mind to follow them"**

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**Air Tanzania** The Wings of Kilimanjaro

INTERVIEW: JAKAYA KIKWETE

## A leader for the new Africa

**You have been a leader throughout your career and you now lead your country. How has your experience influenced your presidency?**

There are two kinds of leadership found in the military. One is what they call a leader, the other an administrator. The leader is supposed to be the one to be able to give the vision, the direction. The administrator, after being given the task, has to have the ability to use the resources available to implement that task. For me, being an executive president is the ability to use the combination of both. You have the task of giving the vision and then the task of implementing that vision.

**Tanzania is both a regional role model and leader.**

We are proactive in regional and international affairs. Through being proactive we are friends with almost everybody in the world. At times we are given a kind of status that is normally associated with big countries and big economies, but we are a small country. Now our challenge is to make use of this, and make good economic gains.

**In what ways can Asia contribute to Africa's growth?**

Firstly, Asia looks for markets to invest, while Africa is thirsty for investment. Secondly, Asia is the technological powerhouse; this is another area where Asia can contribute. We also look for markets like Asia, with its huge population and increasing demands, for our traditional and agro-commodities. Asia also has the capacity to contribute to the advancement of our education and technical training. Finally Asia is a source of imports for us. Many consumer items are from Thailand, China, and Korea. The majority of cars on our roads are Japanese. Asia is quite critical for Africa's development.

**Which are the key sectors with the greatest potential for investment?**

I had a belief that someday the mining sector would surpass the agriculture sector as the major source of exports for Tanzania. It's almost getting there. I also believe that for an economy to take off, you need a sector that propels it. I have always had the belief that the mining sector is the sector that will propel the economy forward. We still have a few things to sort out, but with the increasing investment in mining, I believe that it will eventually surpass agriculture as the country's leading sector.

### ECONOMY

## Reforms lead finance sector



**The Ministry of Finance has set itself the task of reducing inflation, courting increased foreign direct investment, tackling corruption and simplifying the tax collection process**

Sweeping reforms and sustained economic growth have put Tanzania on the map for Asian investors.

While the world braces for a possible American recession, Asian powerhouses such as China and India have begun to look elsewhere for investment opportunities. They are discovering that some previously overlooked African countries now offer attractive and secure emerging markets.

Among the East African community, Tanzania has proven itself a worthy competitor, consistently outperforming investor expectations and offering other sub-Saharan African nations a model for significant economic improvement. The country's recent economic success is due to a series of shrewd reforms. Evidence of this is apparent across the board: GDP has risen consistently, inflation is down, an ambitious micro-economic policy aimed at eradicating poverty is underway, and international investor confidence has been restored.

Tanzania's financial sector is experiencing its strongest and most sustainable economic growth to date. According to Minister of Finance Zakia Hamdani Meghji, these economic improvements can be attributed to, "sound macroeconomic policies, investment in infrastructure, the creation of anti-corruption agencies and a commitment to cutting inflation." Recent independent reports support Mrs Meghji's assertion. The government's commitment to reducing inflation and tackling corruption helped Tanzania rank among the top ten reformers in the World Bank's annual Doing Business Report. The IMF revealed in a separate macro-economic analysis that since the year 2000, real GDP growth has averaged 6.3% per annum, and is scheduled to exceed 7% next year, placing Tanzania at the forefront of sub-Saharan economies.

Gaining domestic and foreign investor confidence in a developing African nation over the long term, however, can be tricky. To ease speculation the World Bank, in conjunction with the Tanzanian government, funded and created a semi-autonomous regulation agency, the Tanzania Revenue Authority. According to Commissioner General Harry M. Kitillya the authority is "committed



**Tax revenues have risen by nearly \$140 million**

to improving revenue collection in a cost-efficient way, promoting tax compliance through fair, equitable and transparent application of tax laws, and improving staff competence and accountability." In its first decade, the agency has increased tax revenues from an average of \$34 billion per month in 1995-96 to \$170 billion in 2005-6.

Improved tax regulation and collection has enhanced transparency, reduced corruption and encouraged foreign lenders to set up shop in Tanzania. Mrs Meghji notes: "An increasing number of banks are establishing themselves here." The Bank of India recently announced a plan to invest \$10 million into a subsidiary in the capital city of Dar es Salaam. The country's total banking assets increased by nearly 32% in 2005, with over \$2.9 billion in financial reserves. Private sector confidence remains strong with nearly \$1.14 billion lent out in credit.

Foreign investors are looking to Tanzania not only for its burgeoning market but also for its competitive advantages. As the chief executive officer of the Dar es Salaam Stock Exchange (DSE), Jonathan A. Njaue, explains, "One of the advantages of setting up a DSE listed company is a 5% withholding tax charged on dividends payable for listed equities, versus 10% charged for unlisted equities." A variety of tax advantages, more accessibility to lending and improvements in infrastructure have drawn significant interest from the foreign community.

As foreign investment continues to flow, Tanzanians can look forward to improvements in infrastructure and local economic conditions.

Reforms have inspired two initiatives to help battle poverty and boost local economies. Between the Mkukuta Strategy, which aims to improve economic conditions for the poor, and the Mkurabita Strategy, enacted to empower the marginalised majority in the informal sector by recognising their properties and registering them to be used as collateral, more attention is being paid toward jump-starting microfinancing. Mrs Meghji explains, "Through a joint program with Grameen Bank we can help small rural entities gain access to credit, thereby gaining capital, creating jobs and improving the welfare of our citizens." ●



**Zakia Hamdani Meghji**  
*Minister of Finance*

**"We are helping small rural entities gain access to credit, thereby creating jobs and improving the welfare of our citizens"**

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## BANK OF TANZANIA

## Turning the financial tide

 **Turning the Tanzanian economy around after the fiscal crises of the late seventies was no mean feat. Projected 2008 growth of 7% is testament to the dedication of the Bank of Tanzania to the task**

Thirty years ago, the Tanzanian economy was growing at 1.82%, interest rates were hovering at around 30% and inflation was at an all-time high of more than 20%.

Today, things have changed. Just this month IMF officials visiting the country praised Tanzania for its economic growth. They declared further progress as highly likely and growth over 7% in 2007-8 is already on the cards.

The implementation of prudent tax and monetary policies has allowed for this turnaround. While the Ministry of Finance has been in charge of devising fiscal strategies, the Bank of Tanzania (BoT) is striving to fulfil its single policy objective of price stability. But these two organisations, according to BoT's Deputy Governor Juma Reli, share a joint venture, "We work hand-in-hand with the Ministry of Finance. Whatever we do, the Ministry of Finance is highly involved."

Reducing inflation is a major goal for BoT, with rates fluctuating from 9% in July to the most recent 7.8% in August. The target of 5% by the end of this

year remains a challenge, but it is still the Bank's priority.

"The government was appointed to formulate and implement monetary policy, directed to the economic objective of maintaining price stability" states Mr Reli. "We want the people to know that we are serving them by maintaining macroeconomic stability and the stability of the currency."

Stability and growth remain core objectives of BoT's work and Tanzania's economic development. The banking sector, a key industry for growth in any developing economy, is still small but increasingly vibrant.

"The competitiveness of the banking sector can be measured by an increased number of banks and financial institutions to the current thirty-three that we have in Tanzania," says Mr Reli. "Strong support from the government and an appropriate regulations framework are major factors that have contributed to the increased competition in the market."

Consumer lending remains a challenge for commercial banks and financial institutions due to non-performance, but BoT remains positive. "We are succeeding in making people more responsible in terms of paying their loans," says Mr Reli.

Micro-financing is another part of the solution. The government has already appointed two banks with a guarantee to lend micro-credits. Meanwhile, BoT is also committed to the development and regulation of this initiative. Mr Reli explains: "To increase access to credit, the country has encour-

aged people to open up Savings and Credit Cooperative Societies (SACCOS). These SACCOS will obtain loans from the financial sector and they will be able to lend money to the people in poor villages."

A key stakeholder in the Tanzanian economy, its growth and development, BoT is working on the implementation of programmes such as the Second Generation Financial Sector Reforms. Backed by the World Bank, it provides strategies for the development of the financial sector, which in turn support further economic growth.

A technological revolution is another step forward for banking in Tanzania and BoT wants to be at the forefront. "As the leader in the financial sector, if we don't start, others won't follow suit. We want to be at the forefront as far as technology and modern banking are concerned."

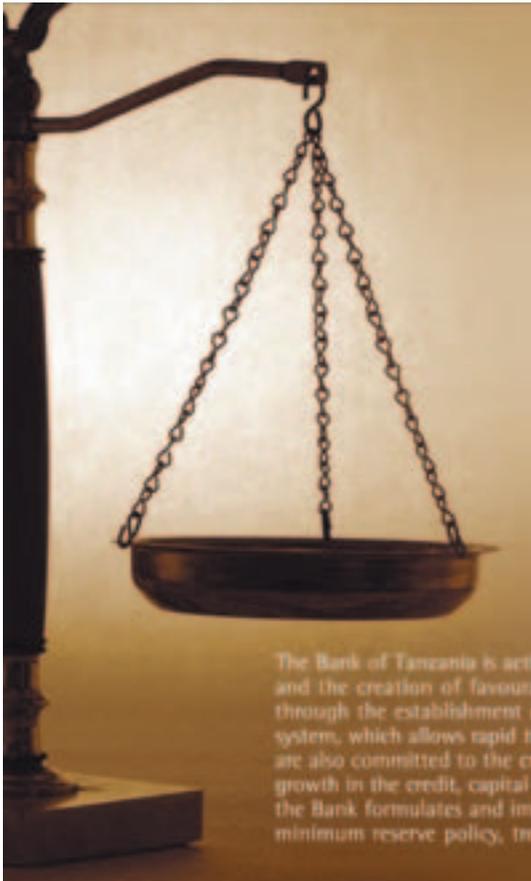
Asian nations will most certainly be interested in these developments.

Last year the Bank of India announced its intention to open a bank in Tanzania in late 2008 and India has also been exporting knowledge of monetary and economic issues and management to Tanzania.

Many changes have been made since the crisis of excessive inflation and interest rates. With those changes under its belt, what does the future hold for BoT? Mr Reli's institution has a clear mission: "We are committed to becoming a modern Central Bank, which aims to give value to the country and its people." ●



**Juma H. J. Reli**  
Deputy Governor,  
Bank of Tanzania



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## Creating Stability For Tanzania

At the Bank of Tanzania, we are committed to achieving maximum growth for the nation's economic prosperity. Price and financial stability is the decisive cornerstone of a successful economic policy that can control inflation, strengthen purchasing power and alleviate social poverty. Since the enactment of the Bank of Tanzania Act 1995, we have been working to promote sustained economic growth in the medium- and long-term. By actively monitoring inflation, we are preventing adverse affects on consumption, saving and borrowing, which may impede the timely achievement of the country's Financial and Economic Reforms Programme.

## Creating Stability for You

The Bank of Tanzania is actively involved in the promotion of financial development and the creation of favourable conditions for sound investment. We achieve this through the establishment of an effective, well regulated and transparent banking system, which allows rapid transactions and provides complete financial services. We are also committed to the creation of a well-capitalised financial system that fosters growth in the credit, capital and foreign exchange markets. To achieve this objective, the Bank formulates and implements monetary policy, by using instruments such as minimum reserve policy, treasury bills, bonds and foreign exchange interventions.



VODACOM

## Telecoms for all Tanzanians



**Local and national-level communications in Tanzania are being revolutionised by the application of new technologies through Vodacom. Tanzania has one of only two 3G HSDPA networks in Africa**

The Dar es Salaam International Trade Fair has celebrated numerous editions since its inception in 1963. But until this year never had it provided journalists covering the event with a media centre.

Thanks to Vodacom, Tanzania's largest mobile phone operator, laptops with a connection to the provider's 3G HSDPA network were provided free of charge to the press, eager to file their articles on one of East Africa's biggest trade events.

Of course, Vodacom Tanzania (Ltd) is not only revolutionising the work of journalists. In the seven years since its founding, its approach and achievements have changed the face of the Tanzanian mobile phone industry. Over 3.7 million subscribers now benefit from the company's innovative approach to services, transmission and distribution, improving human relations through increased connectivity and business procedures via secure connections and increased accessibility.

"Our goal is to connect every Tanzanian, to empower them with meaningful access to telecommunications and to make telecommunications technolo-

gy available throughout the country," says Dietlof Mare, managing director of Vodacom Tanzania (Ltd). "Our challenge is to offer high quality mobile services, even in locations where communication networks are hard to come by."

How does Vodacom keep itself one step ahead of the competition? "We have been able to keep pace with market growth and development simply through differentiation and innovation," he says.

Tanzania's underdeveloped infrastructure means communicating is not easy. Vodacom, however, is consistently finding solutions to ensure the effective distribution of services and coverage for their customers. With recent growth in mobile phone subscription, Tanzania has become one of Africa's ten largest markets. As a subsidiary of Vodacom (Pty) Ltd, which has over 34 million subscribers throughout Tanzania, Mozambique, Lesotho, DRC and South Africa, the company is able to apply tried and tested business strategies.

Distribution agreements with local partners throughout the country help to reduce costs and also create what Mr Mare calls "a network of entrepreneurs". Meanwhile, schemes such as VodaFASTA - an electronic airtime distribution and recharge service - allow customers to recharge airtime through registered vendors.

He added that, "VodaFASTA strengthens our distribution capabilities and essentially ensures availability of airtime on every street corner in Tanzania. The experience is completely hassle-free, fast and se-

cure." The establishment of only the second 3G HSDPA network in Africa has provided mobile internet access and video calling, among other services, to Vodacom customers in Dar es Salaam. The rest of the country enjoys GPRS/EDGE coverage.

And it doesn't stop there. "We plan to expand our data services," says Mr Mare. "Our company sees no business as off-limits. Here in Tanzania there is plenty of opportunity for further growth."

Opportunities can be opened out to Asian investors too. According to Vodacom Tanzania, "Vodacom invests a huge sum every year in the acquisition of better and newer technology. With the advanced communications tools that Asia has, Vodacom can form a mutually profitable collaboration."

Connecting Tanzanians is not the only goal for Vodacom, however. The company's foundation also ensures that Tanzanians receive help in key areas of development. More than 40 education, health and environmental projects have received support through provision of equipment or funding from the Vodacom Foundation. Furthermore, the company sponsors female engineering and IT students through their studies, presenting them with the possibility of employment in the company after graduation.

Vodacom's work is changing Tanzania, whether through improved connectivity or responsible behaviour. In short, Vodacom's network touches everyone and offers a different experience throughout the country. ●



**Dietlof Mare**  
Managing Director,  
Vodacom Tanzania

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## AGRICULTURE AND MINERALS

**Ripe for investment**

 Precious natural resources and fertile, unexploited lands offer a rich set of investment opportunities. International interest has been piqued, and with it comes expertise and equipment

As yet another indication of the country's increasing maturity and stability, Tanzanian ministry and trade officials have begun to actively pursue foreign companies and investors to increase added value to two of its economy's most important contributors: mining and agriculture. The effort focuses on introducing imported equipment, facilities and techniques to improve production and take advantage of the country's untapped land and natural resources.

"We want our agriculture to be modernised, whereby a small-scale farmer could produce enough per hectare to sustain his family and earn a profit," relates the Minister of Agriculture Stephen Wassira. Various things need to happen to guide Tanzanians out of a subsistence-based system towards one of surplus. A broad-based strategy involves integrating successful irrigation, seeding, and crop-rotation techniques from countries such as Vietnam and Indonesia, places that have achieved what Mr Wassira refers to as "agricultural revolutions." The transition from subsistence to surplus production is not only crucial to propelling Tanzania's economy forward, since agriculture accounts for 43% of the country's GDP, but it also provides a series of



**Agriculture accounts for 43% of Tanzania's GDP**

opportunities for foreign investors.

The macro-reform is focused on inviting foreign companies, through an array of tax breaks and incentives, to set up production facilities in the country and demonstrate how to add much-needed value to Tanzania's exports. Tanzania is Africa's largest gold producer after Ghana and South Africa, and the fourth-largest in the world. After agriculture, mining accounts for almost 40% of Tanzania's exports. Gold production comprises nearly 3.2% of GDP, generating more than \$500 million each year.

Officials have decided that to make any one of Tanzania's various commodities competitive for the global market - whether it be tanzanite or cotton - foreign expert knowledge and state-of-the-art facilities will be required. "Most of our materials are exported raw, with no value addition," relates Minister of Energy and Minerals, Nazir Karamagi, "but

Asia has managed to place itself in a value-addition industry. We aim at gaining experience from them. We want them to establish refining factories here." Consequently, officials are pushing for large-scale commercial farmers, manufacturers and foreign companies to establish plants, work in conjunction with local companies and enter into lucrative trade agreements.

Entities such as the Board of External Trade are helping to facilitate mutually beneficial relationships between international companies and local organisations. In the words of Director General Ramadhan Khalfan, "If we could venture into a partnership with the Asian countries on skills and knowledge transfer it would really be beneficial for both participants." Tanzania already has strong bilateral relations with China and India, which they are intending to increase. In a recent summit, China revealed its intention to make a big investment in Africa in order to exploit the country's natural resources.

The Minister of Industry, Trade and Marketing, Basil Mramba, calls the strategy a "win-win policy" for both parties: foreign companies stand to benefit from significant tax incentives, cheap labour, and active collaboration with local officials while Tanzanians should enjoy more jobs and increased tax revenue. ●



**A Golden Opportunity for Investment**

Tanzania Airports Authority (TAA) invites prospective investors to invest in its airports under a Design, Build, Operate and Transfer (DBOT) arrangement. Being an operator of 62 airports in the Tanzania mainland, TAA intends to commence with the economically viable airports, which are Julius Nyerere International Airport, Arusha Airport and Mwanza Airport.

For further details, please contact:  
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## INFRASTRUCTURE

**Clear Waters**

**Tanzanians authorities look East to Asian experts and contractors for ways to improve their infrastructure, particularly in water quality and distribution, with the aim of 90% capacity by 2010**

Although providing clean, potable water to every citizen should be at the top of every government's agenda, it is not. Water remains a precious and vital resource for eastern Africa. "Water is essential; wherever there is water there is life," Archard R. Mutalemwa, CEO of the Dar es Salaam Water and Sewage Authority, remarks. Mr Mutalemwa knows very well that proper water management is essential to his country's physical and financial well-being. He and many Tanzanian officials are determined to bring clean water to the majority of the country, and to prove their point, they have embarked on a massive project that seeks to improve the country's water capacity and distribution from its current 78% to 90% by 2010. Achieving their ambitious goal will require a tremendous level of improvement in logistics and infrastructure.

In the early 1990s, Tanzanian authorities loosened their grip on infrastructure contracts and are now actively inviting the private sector to participate in construction essential to reaching their

2010 goal. Their intent is focused on attracting companies that possess the infrastructure technologies and know-how to move a third world country closer to achieving first world status. Some of the obvious exemplars of competitive companies have come from India and China. "In the water sector so far there have been various direct investments from Asia. We have worked with a good number of Chinese contractors," Mr Mutalemwa revealed. He admitted that Tanzanians were initially wary of giving large construction contracts to the Chinese because of their low bids. However, after having overseen many of the infrastructure projects he is pleased to admit, "time has proven that they are good people to work with; all their projects have been completed on time and the quality of the work was very good." India, too, has provided key materials and technologies to improve construction. "We have been importing a lot of construction materials from India, especially pumps that have helped us in improving our service delivery of water to several regions in the country."

As is often the way in Africa, the largest obstacle in improving water quality is not disease or political instability but securing funding. "The biggest challenge we face right now is access to financing," Mr Mutalemwa further admitted. Nevertheless, the Tanzanian government's decision to open bidding to the private



**Israel Sekirasa**  
*Director General,*  
*Sumatra*



**Indian and Chinese contractors are playing an important part in the country's water provision facilities**

sector has improved not only water quality but also the economy. "The increase in foreign investment has created jobs and investment opportunities, both of which are serving the people," notes Permanent Secretary of the Ministry of Water, Patrick Rutabanzibwa.

As the demand for these massive infrastructure projects swells, the Ministry of Infrastructure has formed certain organisations to ensure fair and ethical conduct on the part of the contractors. The Surface and Marine Transport Regulatory Authority (Sumatra) oversees the vast majority of infrastructure projects and serves, in the words of Director General Israel Sekirasa, "to assist the investor by promoting effective competition as well as ensuring fair play with due regard to consumer interests." The organisation has played a crucial role in preserving Tanzania's competitive advantages.

Furthermore, Sumatra has given ample reassurance to many Asian investors and, as a result, has increased foreign direct investment. "We are attracting investments in infrastructure and getting the private sector more involved in infrastructure development, maintenance and service provision," Mr Sekirasa states.

The combination of Tanzania's geographical position between the Middle East and eastern Africa coupled with its improved economic and political situation has many Asian investors buzzing. "The government has liberalised the market and adopted appropriate macro-economic policies; we provide transparent and efficient processes to make sure that things run smoothly for foreign investors," Mr Sekirasa observes.

The 2010 goal not only provides an interesting investment opportunity but stands to improve the lives of Tanzanian citizens. Mr Sekirasa was quick to pinpoint the groups that will see immediate improvements in the quality of water and of life. "Among those who will benefit are the poor households and the general public." ●



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# moving forward

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## AVIATION

## Kilimanjaro From Above

 Improved air transport is opening Tanzania's doors to Asian investment and forging air links between the two continents that will in turn foster mutually beneficial business agreements

Standing 5,895 meters tall, the sheer height of Mt. Kilimanjaro alone attracts tourists from around the globe year after year. A select group of these travellers set out on a gruelling multi-day hike and eventually summit Africa's highest mountain, claiming to be able to see the curvature of the earth from the peak. For those without the means or desire to make the arduous climb up Kilimanjaro on foot, the recent increase in air traffic to and from Tanzania - thanks to efforts by the government and aviation officials - mean air travellers may get the opportunity to enjoy an equally stunning view of Mt. Kilimanjaro and the earth from the comfort of their airline seats.

More planes, new routes and improved quality are all in the offing for the Tanzanian aviation sector, which is, quite literally, taking off. One of the country's main airlines, Air Tanzania Company Limited (ATCL), has announced it is adding five new Airbus aircraft to its fleet and intends to open up new routes to Asia. "We are determined to establish routes to the Far East and to the Asian community, with a view to carrying business people from both continents," David Mattaka, CEO of ATCL, says. Direct flights to and from Asia will greatly benefit the East African country currently experiencing an increase in foreign investment and interests. "Why travel all the way to Europe to get to Tanzania when we can find a way to work together?"

Mr Mattaka may receive an answer to his question very soon. Southern China Airlines is said to be interested in buying into the airline, which in turn would link the Chinese carrier's flights to the region. Optimistic Asian investors and open barriers to the East are precisely what Tanzanian companies like ATCL have been actively seeking. The opportunity to enter into lucrative partnerships and trade agreements with Asian companies is essential to promoting Tanzanian interests. Furthermore, should the government-backed airline prove profitable over the long term, it will serve as an important symbol of success for Tanzanian companies that struggled during the years preceding democracy and economic liberalisation.

"One of the things that really inspires us to work as hard as we do is a sense of national pride. I would like to see Air Tanzania become the flag

carrier for the nation," Mr Mattaka asserts. As things stand, ATCL is currently on a path to achieve Mr Mattaka's vision. Recent reorganisation has increased employment by bringing many activities back to Tanzanian soil, and a new IT provider is set to enhance revenue through accurate billing and verification, lower accounting costs, increased productivity, and the elimination of some training costs. ATCL has also secured key funding and support from the airline industry. "Despite our size, many manufacturers want to be part of a growing airline; they enjoy watching us grow with time," Mr Mattaka remarks.

Another key element in increasing the profitability of big transport carriers like ATCL is improvements in aviation infrastructure. The government, together with the support of private industry, has made upgrading transportation in-



**David Mattaka**  
CEO, Air Tanzania  
Company Limited

frastructure one of its most important priorities. Officials are eager to capitalise on Tanzania's key location on the eastern African seaboard, since the country's airports and seaports serve as gateways to landlocked countries such as Rwanda, Burundi and Uganda.

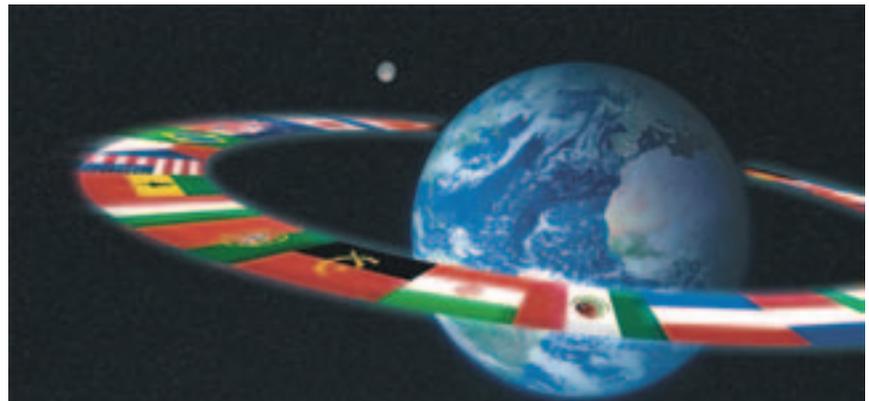
Leading the campaign is the Tanzania Airports

Authority (TAA). The group is intent on making the capital city, Dar es Salaam, one of Africa's major hubs. To prove how serious they are, Director General of the TAA, Prosper Tesha, highlighted some of the developments already completed. "Many runways and parking areas have been upgraded, and we have plans for another terminal to be built within the next year." He and other officials are looking to involve countries such as China in the large-scale projects. "In terms of airport development we are seeking Chinese collaboration, as it is an area where they have grown quite quickly."

Private Asian involvement, through contracts and funding, will prove crucial in supporting Tanzania's growing trade. Minister of Infrastructure and Development Andrew Chenge explains, "by opening up our country we will be able to trade competitively and efficiently, in a similar fashion to what has been achieved by our colleagues in Asia." ●



ATCL is a leading the shift towards new routes linking Asia and Africa



For nearly 30 years, the Tanzania Board of External Trade has been helping investors and groups to establish global business partnerships by organising international and specialised trade fairs, exhibitions, research missions and meetings. BET also offers consultancy services to producers, exporters and importers in order to facilitate their participation in the global market place.

## Fostering Foreign Trade



Board of External Trade  
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**Tanzania's tourism offer is second-to-none and provides a source of year-round revenue. Beaches, wildlife and the island of Zanzibar form a colourful mosaic**

## TOURISM

### The eye of the beholder

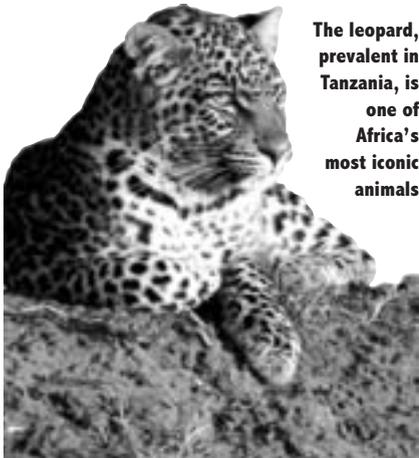


**Nowhere in the world is there a greater opportunity to get up close and personal with some of the world's most alluring wildlife. The Tanzanian Tourist Board is keen to protect its greatest assets**

The jeep stops. It's time. Look into its eyes and the beast will look back. Take a moment to size each other up, just the lion and you.

Tourism in Tanzania is all about those quiet moments, when humans and animals come into close proximity. "Our tourism is conservation-orientated," says Tanzanian Minister of Tourism Jumanne Maghembe. "We don't want to put pressure on wildlife; we don't want fifty cars around one lion. We want it to be the other way around: two cars should be watching forty lions."

Ranked in the world's top 30% in terms of best natural and cultural resources according to the World Economic Forum's 2007 Competitiveness Report on Travel and Tourism, the Tanzanian experience focuses on its flora, fauna and people. Home to 14 national parks, Africa's highest mountain and a broad range of cultures, Tanzania provides its visitors with a holiday experience where getting close to nature is the easiest activity of all.



**The leopard, prevalent in Tanzania, is one of Africa's most iconic animals**

Over 700,000 tourists visited Tanzania in 2006, a figure which is predicted to increase to around 1.5 million over the next five years. "The Serengeti is larger than Belgium but it has only 940 beds," says Mr Maghembe. "We want to increase that number to 4,500 by 2010."

While British tourists currently make up the majority, the 2004 Agreement on Destination Status between China and Tanzania has allowed the African country to market itself to travellers from the East. The arrival of travellers from Asia will extend the Tanzanian tourist season, making for a year-round source of revenues. Indian tourists, only a five-hour flight away from Tanzania's natural wonders, are already filling up the country's calendar.

Currently, over 17% of Tanzania's GDP comes from tourism and natural resources. New targets in Asia will aid in realising government hopes to increase that figure to 25% by 2010. "We believe that we will be contributing much more by 2010," says the minister, "so the Asian market is key to increasing income in tourism, based on safari and the beaches on offer."

While numbers are important, quality and sustainability remain key for the Tanzania Tourist Board. "Our way is to maintain our low-hauling, high-yield tourism policy," says Managing Director Peter J. Mwenguo. "We are not aiming for big numbers because our product is very fragile. 70% of our products are wildlife-based and conservation is paramount. Tanzania has been categorised as a world heritage site because of our consciousness for conservation."

Any benefits from tourism will, however, be forwarded to Tanzanian people. "I would like to see benefits trickle down to our grassroots," says Mr Mwenguo. "We have a system that gives some of the revenues to the communities; if they can see the benefits of tourism, they will participate in our initiatives."

Infrastructure development is an essential part

of the Tanzanian plan. There is currently a shortage of hotel rooms and the amount needs to be increased to accommodate the country's tourism ambitions. Plans for new airports are also under way, facilitating visits to strategic tourist sites throughout the country.

Meanwhile, with the FIFA World Cup coming to South Africa in 2010, Tanzania is preparing for fallout in terms of visiting teams and tourists. There are several projects in preparation. Hotels, a stadium, and a new convention centre will welcome visitors by 2010.

For now being a tourist in Tanzania offers a range of unique experiences. One of these can be found at the Ngorongoro Conservation Area. Covering over 8,000 square kilometres, it was declared a World Heritage Site in 1979. A visit to the Ngorongoro Crater, almost 20 kilometres in diameter, will give visitors the opportunity to see its 25,000 animals, including five lion prides, the secretive leopard and a wide array of birds. As the Ngorongoro Conservation Area Authority's Director of Operations Bernard Murunya suggests, "A six hour drive through the crater will bring you close to more wildlife than anywhere else in the world."

Sensitivity to wildlife throughout the country's national parks mean that animals migrate freely from one to the next. The Serengeti National Park and Ngorongoro exchange animals according to their seasonal movement and the Serengeti, probably Tanzania's most famous park, also provides the visitor with spectacular access to its animal inhabitants.

Another route, the spice route, awakens our imagination to the Zanzibar archipelago. Situated off the coast of Tanzania, these islands provide tourists with the history of the traders and raiders that arrived on their shores.

Some remnants are now in ruins, but through its language and culture the islands bring guests face to face with the past. ●



**Jumanne Maghembe**  
*Minister of Natural Resources and Tourism*



**Peter Mwenguo**  
*Managing Director, Tanzania Tourist Board*



**Bernard Murunya**  
*Director of Operations, Ngorongoro Conservation Area Authority*



TANZANIA

The Land of Kilimanjaro and Zanzibar



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## to investors and tourists

**With natural wonders** ranging from snow in the tropics atop Mt. Kilimanjaro and wild animals dotting the landscape of the Serengeti, to picture perfect beaches spanning the coastline, Tanzania is a world of diverse opportunities for both tourism and investment. There is enormous potential for increasing the number of hotels, lodges and tented camps not only within game parks, cultural and historical sites and towns, but also along Tanzania's 1,000 kilometres of virgin beaches. Whether for holidays or for investment, **Tanzania is a friend to all.**