

**REMARKS BY THE DEPUTY MINISTER FOR INDUSTRY AND TRADE HON.**  
**RITA MLAKI (MP.) ON POTENTIAL INVESTMENT OPPORTUNITIES**  
**IN AFRICA AND HOW THE DIASPORA CAN EXPLOIT THEM**  
**AT THE AFRICA DIASPORA INVESTMENT FORUM**  
**HELD AT THE MAYOR OF LONDON'S OFFICE,**  
**LONDON, ON 19<sup>TH</sup>-20<sup>TH</sup> NOVEMBER, 2004**

**Distinguished Conference Chairperson,**  
**Your Excellency, Mr. Lee Jasper, the Mayor of London's Office,**  
**Mr. Nick Leake, the Commission for Africa, United Kingdom,**  
**Mr. Samwel Dossou Aworet, Vice President of Africa Business Roundtable,**  
**Your Excellencies Ambassadors, High Commissioners and Diplomats,**  
**Members of Parliament from United Kingdom,**  
**Dignataries from Africa,**  
**Distinguished Guests from the Dispora,**  
**Distinguished Business Executives and Business Persons,**  
**Distinguished Participants,**  
**Invited Guests,**  
**Ladies and Gentlemen:**

On behalf of the Government of the United Republic of Tanzania, my delegation and on my own behalf let me at the outset express my sincere appreciation at the privilege accorded to me to give brief remarks on the potential investment opportunities that exists in Africa and how the Diaspora can exploit them. I also feel duty bound to express my profound gratitude to the British Government which has always been a wonderful host of the Africa Diaspora; and the organisers of this forum, the African Business Roundtable, the NEPAD Business Group and the African Stock Exchange Association and all others who supported including putting in place necessary arrangements to facilitate this forum. We appreciate the time and efforts which have made this event possible in a big way.

**Chairperson,** This event is a very fundamental occasion to us all and especially those of us from Africa for the following reasons:-

- It provides opportunity for interface between the business people from Africa and our sisters and brothers living abroad, the Africa Diaspora businesses to interact and get to know each other.
- It facilitates African countries to get an opportunity to brief the Africa Diaspora on the investment opportunities and potentials that exist in Africa and over and above all;
- It makes a milestone in creating everlasting relationship with Africa Diaspora in supporting economic development and growth in Africa.

It is my expectation that after this forum, the Africa Diaspora Community will know better investment and trade opportunities that exist in Africa and in particular Tanzania so as to be able to make firm decisions aimed not only at harnessing the potentials but to work together for the betterment of our economies. I therefore believe that this conference has been organised at an opportune time when both ` parties need each other badly.

**Chairperson,** Sub Sahara African countries entered the 20<sup>th</sup> century as a poor and mostly colonized region. It has entered the 21<sup>st</sup> century no longer a colony but still a relatively poor corner of the globe as it is faced with enormous development challenges which include low income per capita, supply constraints, low market share in the world trade and poverty. Let me tell you what you probably know about Africa's grim statistics to emphasize the challenges facing this continent. While the Sub Sahara Africa has the lowest average income in the world (excluding South Africa) with just about USD 315 per capita, the total region's income is just over that of Belgium, but is divided among 48 countries with median GDP of barely USD 2 billion. Most disappointing is the fact that the region's share in the world trade declined from 6% in the 1970's to 2% in 2000. The share of Africa in world exports declined from 4.7% in 1970's to 2% in the 1990's with the decline in the share of Africa's Least Developed Countries being even more drastic from 0.6% to 0.2% in the same period. These trends suggest that Africa is increasingly been less competitive relative to the rest of the world economy. These show that productivity growth, technological learning and innovations have been low relative to other regions and hence there is a need for foreign sources of capital in the form of Foreign Direct Investments (FDIs) to accelerate

rate of growth of our economies. We also need expertise, experienced management and market linkages which can facilitate business people in Africa to produce quality goods and access markets and enhance benefits from globalization through minimisation of risks of marginalisation. To facilitate inflow of the needed capital investment, a number of reforms have been, and continue to be undertaken by the different African countries to be able to create the enabling environment conducive enough to attract investments in the respective economies.

**Chairperson,** In order for all of us to realise the magnitude of reforms which has been undertaken in Africa, I will use the example of Tanzania. For more than one decade ago, the Government of Tanzania has launched and implemented comprehensive economic reforms. The reforms have focussed mainly on creating and sustaining conducive environment attractive to Foreign Direct Investments, (FDIs) and facilitating the development of a vibrant domestic private sector to ensure sustainability of the attained successes. In this regard the Tanzanian economy has been transformed from a command economy to a market led one thus changing the role of the Government from direct involvement in business to the traditional functions of Government of facilitation and regulatory. These measures are being implemented with renewed vigour and drive and there has been significant and notable achievement.

To this effect, the Government of Tanzania has recorded commendable achievements in respect of attainment of macro-economic stability and comprehensive economic reforms. Achievements at the macro level include several notable milestones such as reducing inflation from an all-time high figure of 35% in 1994 to a single digit of 4.2% in 2004; sustaining a stable exchange rate regime, which is more conducive to the export sector; increase of gross official reserves to a level equivalent to 8.9 months of imports of goods and services over the last five years; improved competitiveness, lower tariffs, increased trade volume to mention only few.

**Chairperson,** The above achievements have being attained due to good governance, peaceful working environment and political stability which are the major attributes of the culture and tradition of Tanzania. The Government will continue with measures to improve the enabling environment so as to make Tanzania an investment destination.

Since the private sector is the engine of growth all efforts are being marshalled to make it more organised and vibrant so that it can take its due leadership. So you will find a growing private sector ready to co-operate with you on all your endeavours.

**Chairperson,** The above reforms, policies and legislations put in place, enacted laws to suit and enhance the needs of investors, made Tanzania investment destination in Africa as a result of competitive investment climate. This was confirmed by the African countries Improvement Index report published by the Centre for International Development in 2000/2001 at Harvard University in a report titled "The Africa Competitiveness Report" which ranked Tanzania the first while in the African Foreign Investors Survey 2003 report by UNIDO ranked Tanzania the first in IPA performance for the last three years. Tanzania will continue to improve its performance so that it position itself as a competitive economy to take advantage of the opportunities of emerging markets associated with developed countries' preferential market access. The opportunities include Everything But Arms (EBA) scheme under European Union, the African Growth and Opportunity Act (AGOA) scheme under the U.S A., Preferential Assistance for Capacity Building in Trade (PACT) under Canada and Japanese Generalized Schemes of Preferences. These opportunities are incentives for investments supporting or targeting export markets considering that sustainable growth is based on the capacity to produce and export. At this juncture, our government's goal is to change its configuration with all development cooperation partners so that trade based on local production can provide the driving force for development. With this in mind the Government is determined to continue building an enabling environment that allows Tanzania to continuously attract Foreign Direct Investments and including those from the Diaspora.

In ensuring compliance with foreign investment laws Tanzania like many African countries has entered into several international agreements. Tanzania is now a signatory in several multilateral and bilateral agreements on promotion and protection of foreign investment such as Multilateral Investment Guarantee Agency (MIGA) and International Centre for Settlement of Investment Disputes. Investments therefore in Tanzania are guaranteed against nationalisation and expropriation. Tanzania is also a founder and active member of the World Bank Foreign Investment Insurance Wing.

**Chairperson,** It is our hope that in the endeavour of Africa to hasten rate of growth through benefits emerging from opportunities of market access, we can count on remittances from our sisters and brothers in the Diaspora to work intandem with FDIs to facilitate Africa to build capacity to produce and export for the sustainability of economic growth. I urge the Diaspora to use their experience, exposure, skills, financial capabilities and market network to invest in Africa and team up with other Africans to provide necessary capacity building and market linkages to harness the God-given natural resources potentials. This is the best way to exploit the existing opportunities.

**Chairperson,** The economic power of the Africa Diaspora has reached critical mass ready to provide undaunted synergies which if properly tendered can be effectively leveraged to improve health conditions and reduce poverty in Africa. The Africa Diaspora potential and capacity to intervene in Africa's development agenda can be demonstrated by remittances made by Africa Diaspora to the African countries in 2003 which according to a survey conducted by AfricaRecruit the same was USD 300 billion. However, although this is a colossal amount of money, the same survey indicated that only 6% of the remitted money was invested. This is where the crack of the matter comes as this level of investment is too small at any standard to realise significant impact on the economy due to massive development needs of Africa. African countries have been and continue to rely greatly on aids and technical assistances from development partners as well as FDIs for economic growth. In order to transform the vast potential goods and services into real wealth heavy investments are required. This shows therefore that, substantial sources of resources for the development of Africa need to come from our own efforts. We need to work together to pool surplus resources within Africa and from the Diaspora if we really want to realise tangible wealth from the Africa vast potentials which are God-given such as abundant natural and human resources available in Africa. However, this process in turn required vast capital investment, skilled labour and experienced management which almost all African countries lack.

**Chairperson,** My President, His Excellency Benjamin Mkapa, when opening a meeting of this kind on Black Business Executive Circle recently in Dar Es Salaam, he said, "While we strive to promote conducive investment environment in Africa for FDIs, we should not overlook home grown capital within Africa which understands Africa as is not afraid of Africa". I urge all of you from the Diaspora to work together with African countries to push high the economic development agenda of African countries through NEPAD as you know Africa better than anybody else and surely risks involved in investing in Africa can not frighten you as you have grown immunity and stability in the convening time. While everything in the globalised world is observing rules of origin including materials to stitch your shirt, we from Africa is our turn to observe the same rules of origin in the development agenda. We should therefore strive to change the African countries and development partners' cooperation from the traditional donor recipient to development partners both seeking economic gains.

**Chairperson,** When it comes to giving foreign investors choices to invest in any of the African countries, I would advice them to do so in Tanzania due to wide range of factors that provide the rationale for investors and business people to concentrate investment in Tanzania. These include:-

- (a) Political stability, peace and tranquillity.
- (b) Stable economic and fiscal policies.
- (c) Abundant of natural resources.
- (d) Attractive investment incentives package including capital and profits transfer guarantee.
- (e) Investment guarantees and more efficient commercial dispute settlement.
- (f) Facilitation in establishment of enterprises.
- (g) Easier access to credit in the domestic banking sources to investors.
- (h) Suitable geographical location as the gate-way to the East African Community (EAC) and Southern Africa Development Community (SADC) markets. These markets when combined have more than 304 million people.
- (i) Transparency.

In this regard investing in Tanzania will provide you access to whole region of East and Southern Africa.

**Chairperson,** Tanzania like many African countries offers enormous investment opportunities which offer comparative advantages that can be turned into competitive advantages easily. Entry points include:-.

**(a) Agriculture**

Agriculture remains the backbone of many African countries economies. In Tanzania agriculture contribute about 50% to GDP, over 50% to foreign exchange earnings and about 80% of total employment. Priority is accorded to crops such as coffee, cotton, tobacco, sisal, cashewnut, sugar and pyrethrum, horticulture/floriculture and agro-processing including fruit canning and preservation. These are areas with great potential in the context of supply capacity and emerging market access opportunities at the regional and global levels.

**(b) Manufacturing sector**

The industrial sector is the gateway to modernization. Existing opportunities include: manufacturing of fertilizers using local natural resources, basic industrial chemicals, chemicals from extracts, pharmaceutical and medicinal preparations, yarn production, manufacturing of all types of garments, leather products, joint venture partnership in Cut, Make and Trim (CMT) units.

**(c) Mining sector**

The mining sector is the fastest growing one in Tanzania in terms of investment inflows, rising contribution to GDP and share in exports. Tanzania now is being among the top destinations for mineral prospecting investment in the whole of Sub Saharan Africa, particularly in gold, and is set to become the third largest producer in the continent after South Africa and Ghana. There are many other opportunities in this area.

**(d) Tourism sector**

Tourism is the new pacemaker for growth. Given the natural resources and attractions available in Tanzania, tourism is envisaged to offer a new source of big push towards rapid economic growth.

**(e) Infrastructure sector**

Investment in this sector includes road and bridges construction. There are many investment opportunities based on the Build Operate and Transfer (BOT) or the Build Own Operate and Transfer (BOOT) concepts.

**(f) Stocks**

You can as well invest in stocks by acquiring shares in privatised enterprises through Stock markets.

On this note, I would like to thank all of you who have chosen to leave other engagements and participate in this forum. I am sure you will not be disappointed for choosing to do so. I would once again like to express my sincere appreciation to the organizers of this seminar. We all appreciate the tireless efforts of all the concerned parties including.

**Chairperson, Participants, Ladies and Gentlemen,** with these few remarks, I thank you all for your kind attention.