



Why invest in Tanzania's agriculture?

Enabling Environment

Peace and political stability

Long-term political stability and democratic institution including an elected National Assembly, elected President and two-term limit on presidential tenure.

SAGCOT

Government has come together with the private sector and donor community to develop sustainable, profitable agribusinesses across the high-potential Southern region of Tanzania. This region is a key focus for efforts to improve the operating environment for investments in agriculture. Through the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), US\$3.5b will be mobilized in investment into this region over the next 20 years.

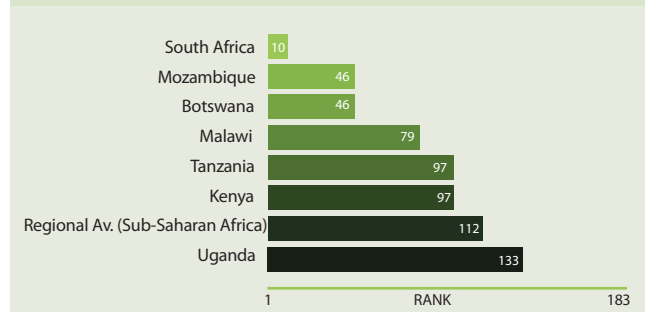
Infrastructure

Tanzania is strategically located and accessible by all modes of transport. Dar es Salaam port offers a gateway to other international markets. The Tazara Railway links Dar es Salaam to Zambia and passes through the SAGCOT region.

Market access

A fast-growing population of almost 45 million provides a ready domestic market. Tanzania is a member of SADC and the EAC, totalling some 300 million potential

Protecting investors: How Tanzania and other regional economies rank on strength of investor protection index



Source: World Bank, 2012

consumers, as well as the Indian Ocean Rim - Association for Regional Co-operation (IOR-ARC) and WTO. Tanzania also has preferential market access through the US African Growth and Opportunity Act, as well as the EU's Economic Partnership Agreements (EPA).

Agricultural policy framework

Tanzania has a strong Government commitment to policy formulation, regulatory functions, research, extension, training, and provision of information to continuously improve the agricultural sector in Tanzania.

Investment laws and guarantees

Tanzania has an independent judiciary, among other organs of the State, and recognises the right of individuals to acquire and own property.

The 1997 Tanzania Investment Act provides guarantee against any expropriation and nationalisation of business enterprises by Government. Tanzania is also a member of various multilateral and bilateral agreements such as MIGA and ICSID, which provide investor security.

Free repatriation of funds

Transfer of funds allowed through any authorized bank in freely convertible currency of net profits, repayment of foreign loans, royalties, fees charges in respect of foreign technology, remittance of proceeds and payment of emoluments, etc.

Monetary and fiscal systems

Monetary policy and the banking sector are well regulated to ensure price stability and balanced, sustainable growth. Financial sector is liberalized and the market for foreign exchange is open.

Investment Incentives

Zero-rated duty on capital goods, all farm inputs including fertilizer, pesticides and herbicides.

Favourable investment allowances and deductions on agricultural machinery and implements.

100% capital allowance in the agriculture sector.

Deferment of VAT payment on project capital goods.

Import duty drawback on raw materials for inputs for export products.

Zero-rated VAT on agricultural exports and for domestically produced agricultural inputs.

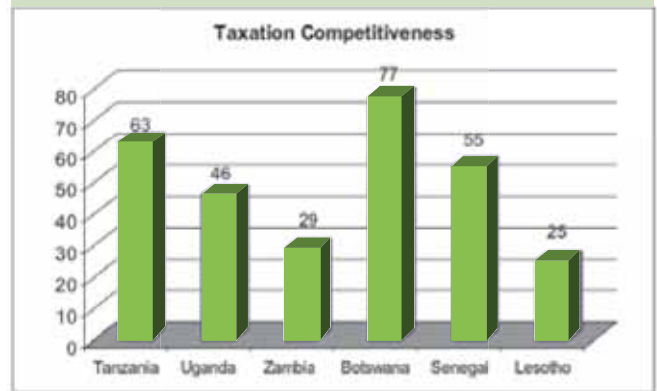
Indefinite carry-over of business losses against future profit for income tax.

Reasonable corporate and withholding tax rates on dividends.

VAT waived on spare parts.

'CESS' tax repeal in the process.

Taxation competitiveness across the region



Source: Tanzania Investment Centre (TIC) on UNCTAD Compass, 2008

Climate and Topography

Available arable land. Tanzania has 44m ha, of which only 10.1m ha are currently under cultivation.

Irrigation potential. Some 29.4m ha suitable for irrigation. Many lakes, rivers and underground watersources for irrigation.

Conducive climate. Predominantly tropical with bimodal and unimodal rainfall pattern. Temperatures range from 10°C to 35°C.

Supportive Services

Tanzania Investment Centre (TIC)

"One-stop shop" for investment services, including company registration, business licenses, work and residence permits, land acquisition processes, and tax registration. Has successfully launched the Investment Partnership Programme and an Investment Forum will be held in November.

Extension services

Enabling farmers to increase agricultural production and productivity is a government priority. Farmers are empowered to identify and analyze their agricultural problems to enable profitable and sustainable agriculture.

Agricultural research services

Government encourages and supports agricultural research services. There are currently two universities, many colleges and research stations for training and agricultural research.

Labour availability

Trainable skilled labour available at relatively low cost. Government has a long-term commitment to develop a pool of well-trained and educated specialists in agriculture.



Source: World Bank, 2012

1 'CESS' tax: a surcharge on agriculture income tax.



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