



Ministry of Foreign Affairs

# A GUIDE TO DOING BUSINESS IN TANZANIA 2022

*Commissioned by the Netherlands Enterprise Agency*

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International.*



A GUIDE TO

# DOING BUSINESS IN TANZANIA 2022

FOR DUTCH BUSINESSES

# TANZANIA AT A GLANCE

Tanzania is East Africa's second-largest economy after Kenya. With approx. 61.4 million people, Tanzania is considered as an attractive (consumer) market for foreign exporters. In addition to its relative large population, Tanzania also reached an important milestone in 2020, when it formally graduated from low-income country (LIC) to lower-middle-income country (LMIC) status. This achievement reflects sustained macroeconomic stability that have supported growth as well as the country's rich natural endowments and strategic geographic position in the region.

Tanzania has benefited from a relatively stable political environment and reasonable macroeconomic policies that has allowed it to maintain sustained 6 to 7% growth rates since 2000. The COVID-19 pandemic did however not spare Tanzania, but economically it fared better than many of its neighbors. Tanzania has witnessed strong nominal economic growth, its fast-growing population (2.8% per year, world's 12th fastest) has kept average income levels relatively low. The annual GDP growth rate is projected to rise to 4.5% in 2022.

Tanzania is ranked among the top five most innovative countries in Sub-Saharan Africa, According to the new [Global Innovation Index \(GII\)](#) 2021 report Tanzania benefits from a relatively closely interlinked innovation system and good international connectivity, with strong university-industry research collaboration and cluster development.

Over the past years, public and private sector participants encountered a more challenging business environment and questions have been raised about long-term prospects for foreign direct investment (FDI). Aggressive revenue collection (taxation and audit) practices and difficulties in obtaining work permits for expatriates have been particularly reported to be challenging for doing business in Tanzania.

In March 2021, Tanzania sworn in its first female President Samia Suluhu Hassan following the death of the former President John Pombe Magufuli. Upon assuming office, President Samia is prioritizing efforts to improve the business environment and revive regional and international relations.

## COVID-19 situation in Tanzania

Kindly consult the [website](#) of the Tanzanian Ministry of Health or the [Dutch travel advice](#) (Dutch only) for the latest updates.

# DUTCH FOOTPRINT IN TANZANIA

The Netherlands has a long and constructive history in Tanzania. The relationship focuses on strengthening aid and trade cooperation, thus enhancing economic self-sufficiency, reducing aid dependency, and strengthening mutually beneficial trade relations. The Dutch government contributes approx. EUR 28 million annually on programs focusing on private sector development, strengthening civil society organizations, food and nutrition security and tackling climate change. The Netherlands for example supports the organisation Trade Mark East Africa (TMEA) to improve the efficiency and capacity of the Dar es Salaam port.

Within the EU, The Netherlands continues to be Tanzania's second largest trade destination. There are around 80 Dutch companies active in Tanzania. Several large Dutch corporates are operating in Tanzania, like Philips, Heineken, Asilia Lodges, KLM, Rijk Zwaan, East West Seeds and Enza Zaden as well as many other locally established horticultural, tourism and hospitality companies. Most Dutch companies have made substantial and long-term investments in Tanzania. These investments have played a significant role in accelerating Tanzania's progress towards sustainable development as an engine of economic growth and employment, as a key contributor of government revenues, and as a driver of innovation, capacity building and technology development.

Tanzania's exports to the Netherlands are dominated by agricultural commodities and crude materials, while imports from the Netherlands include mostly chemicals and related products and machinery and transport equipment.

Economic key data Tanzania	
Population	61.4 estimated million (2021, UN)
GDP	USD 62.4 billion (2020, World Bank)
GDP per capita	USD 1,076 (2020, World Bank)
GDP growth	3.5 – 5.5% (2021, World Bank)
Inflation	3.9% (2020, World Bank)
Total exports	USD 4.96 billion (2020, World Bank)
Top export goods	Agricultural commodities with tobacco, coffee, cotton, cashewnuts, tea and cloves
Key export countries	India, China, United Arab Emirates, the Netherlands and Germany
Total annual Dutch exports to TZ	EUR 98 million (2021, CBS)
Total imports	USD 9.55 billion (2020 World Bank)
Top import goods	Wheat, machinery, transport equipment, petroleum and chemical products
Key import countries	China, India and the United Arab Emirates
Total annual Dutch imports from TZ	EUR 50 million (2021, CBS)
Global competitiveness Index	Ranked 117 out of 141 (2019)
Corruption Perceptions Index	Ranked 94 out of 180 (2020)
Global Innovation Index	Ranked 90 out of 132 (2021)
Moody's rating	B2
Average number of staff in Tanzania per Dutch enterprise	200

## GETTING STARTED

The following key (government) organisations and business networks can further help facilitate setting up a business in Tanzania. They know the local players, networks and markets, and could assist with overcoming the language and cultural barriers. The Embassy can assist you with getting in touch with these organisations.

**The European Union Business Group Tanzania (EUBG)** acts as a business association in support of the European private sector operating in Tanzania. This group allows firms to exchange information and experiences, and carry out advocacy and lobby activities. [Website](#)

**Tanzania Investment Centre (TIC)** is a government agency responsible for promoting and facilitating investments, offering services to existing and new investors, assisting investors in obtaining permits, licenses and visas, and providing aftercare services to registered investors. [Website](#)

**Tanzania Bureau of Standards (TBS)** deals with quality checks, labelling and technical regulations. [Website](#)

**Tanzania Revenue Authority (TRA)** is responsible for managing the assessment, collection and accounting of all government revenues. [Website](#)

**Tanzania Port Authority (TPA)** is responsible for promoting the use, development and management of ports and their hinterlands. [Website](#)

**Business Registrations and Licensing Agency (BRELA)** is mandated to register companies, business names and intellectual property rights. [Website](#)

**The Association of Tanzania Employers (ATE)** is the largest representative Employers' Organization in Tanzania representing the interest of employers on labour and employment issues. [Website](#)

**Netherlands African Business Council (NABC)** is an organization based in the Netherlands that a.o. connects Dutch companies with economic opportunities in Africa. [Website](#)

**Southern Agricultural Growth Corridor of Tanzania (SAGCOT)** works as a broker and catalyst of partnerships among registered partner organizations to incubate initiatives around inclusive, sustainable and viable agricultural value chains. [Website](#)

**Tanzania Horticultural Association (TAHA)** is an apex member-based private sector organization that advocates for the growth and competitiveness of the horticulture industry in Tanzania. [Website](#)

**Tanzania's Export Processing Zones Authority (EPZA)** is a governmental agency for promoting investments in Tanzania's Special Economic Zones, including development of infrastructure, provision of business services and issuing licenses. [Website](#)

## OPPORTUNITIES - PROSPECTIVE SECTORS

The current President's pro-business approach focuses on regaining investors trust in the country and bring back investors who shifted their businesses to other countries due to a less conducive business environment in the past years. The president has identified the following ten key priority sectors: livestock, agriculture, real estate industry, energy, tourism and hospitality, pharmaceutical, transportation, mining, manufacturing and agro processing.

The Embassy sees in particular opportunities for Dutch expertise and investment in agriculture, tourism and logistics. There are also potential opportunities in Dutch branded consumer goods and in other services sectors such as food, personal care and household goods.

**Agriculture:** The agriculture sector is the main economic stay for the majority of Tanzanians. The sector employs about 80% of rural population and it remains to be the main source of income and food. Commercial agriculture remains well below potential accounts for less than 3% of the country's Foreign Direct Investment (FDI). Over 40 years, the Netherlands is working together with Tanzania to develop the agriculture sector focusing on the areas where the Dutch has expertise in. The sectors include horticulture, potatoes, aquaculture, poultry, dairy and spices. The Netherlands has signed two MoUs with the Government of Tanzania on the development of potatoes and aquaculture & poultry sectors. The aim of these MoUs is to develop robust and competitive value chains, with a focus on facilitating the sustainable development of the private sector and technology transfer. There are particular opportunities for Dutch investors and businesses in the agricultural sector in the areas of reduction of postharvest losses and climate smart agriculture (capacity building, knowledge transfer and technology).

**Tourism:** Tanzania is one of the top tourists destinations in Africa. The sector is vital to the Tanzanian economy. Tourism generated USD 1 billion in revenues in 2020 versus 2.6 billion in 2019, and created 1,550,100 jobs, which is equivalent to 11.1% of the country's total employment. Tanzania plans to increase the number of tourists from 1.5mil (2019) to 5 mil (2025). As such, new avenues are being introduced in the sector such as cultural tourism and sports tourism. Europe accounts for the largest share of arrivals and European businesses account for the majority of all tourism investments in the country. Investment opportunities available range from accommodation facilities, air and ground transport services, visitor attractions and infrastructure development.

**Logistics:** The Tanzanian Government has prioritised to develop the country infrastructure system, by upgrading (air) ports and the country road and railway system. The Dar es Salaam port is Tanzania's principal port with a capacity of 10.1 tonnes per year. The port handles over 92% of the total maritime ports throughput and 4.1 million tonnes of dry cargo and six million tonnes of bulk liquid cargo annually. It serves landlocked countries of Malawi, Zambia, The Democratic Republic of Congo, Rwanda, Burundi, and Uganda. These countries are connected to the port through two railway systems, road network, as well as the TAZAMA oil pipeline to Zambia. Principal lake ports on Tanganyika include Kigoma and Kasanga. These ports provide trade connections between Burundi, Eastern Democratic Republic of the Congo, and Zambia.

The Embassy sees particular investment opportunities in container terminal port concession at the Dar es Salaam port and supply of cold storage transportation for agriculture products.

## DO'S AND DON'TS

**BE PREPARED:** Good preparation is key. Get to know the local economic, political and cultural context. Make good use of the knowledge and services offered by trade associations and government authorities and consult reliable local partners who are familiar with the African/Tanzanian way of business. It is important for entrepreneurs to travel to Tanzania and experience the country first hand. Do not run your business from your office in the Netherlands.

**BUILD RELATIONSHIPS:** Invest in relationships with reliable local partners. This can speed up the preparatory phase considerably, as it can give you inside market knowledge and access to local networks.

**KNOW YOUR CHALLENGES:** Manage your expectations, especially when it comes to culture and language, laws and regulations, intellectual property rights, trade barriers, logistics, personnel and bureaucracy. Develop a solid business plan and carry out market research: set clear goals and ambitions and know your niche market and your competitors. Do not underestimate the need for quality checks on progress and produce.

**ACT RESPONSIBLY:** Be aware that corruption is still widespread in Tanzania, even though the government is making efforts to curb it. Entertaining corrupt practices is not only bad for business, it is also a punishable offence in the Netherlands. The Dutch government supports enterprises that are adhering to the rules of international responsible business conduct.

**BUSINESS CARDS:** Have some business cards made as they are important and widely used.

**LANGUAGE:** Although English is the business language in Tanzania, it may be useful to find reliable interpreters for important business meetings. It helps to break the ice if you know some greetings and simple phrases in Kiswahili.

**PATIENCE:** Be patient. Things do not move at the same pace as in Europe. Meetings do not always start on time and people will sometimes not show up. Government representatives may for example have to attend to other priorities at short notice.

## SUPPORT AND FUNDING OPPORTUNITIES

In cooperation with the Embassy, the [Netherlands Enterprise Agency \(RVO.nl\)](#) and [Invest International](#) offer a range of services and financial arrangements to entrepreneurs who want to do business in Tanzania, including the most relevant instruments described below. Most of these arrangements are based on a tender principle and have closing dates. Please consult RVO for the latest updates. The Embassy can support you with finding the most appropriate instrument based on your size and type of business.

**[Dutch Good Growth Fund \(DGGF\)](#)** This instrument provides finance for SMEs who want to invest in emerging markets and developing countries.

**[Development Related Infrastructure Investment Vehicle \(DRIVE\)](#)** This instrument facilitates investment in infrastructure projects that help create a good business climate and boost entrepreneurship in the areas of water, climate, food security, and sexual and reproductive health and rights (SRHR).

**[Fund against Child Labour \(FBK\)](#)** This instrument provides funding and advice to international entrepreneurs and organizations that are fighting against child labour in the value chain (**New funding open for 2022**).

**[Partners for Water \(PvW\)](#)** This instrument supports knowledge and funding to organizations that are working to increase the water safety and water security in the world. (**New funding open for 2022**).

**[DHI](#)** This instrument supports demonstration projects, feasibility studies and investment preparation projects (DHI). (**New funding open for 2022**).

**[Starters International Business - \(SIB vouchers\)](#)** This instrument is useful for companies to use the voucher (up to 2500 euro) while exploring the market/legal advice etc.

**[Orange Carpet Visa Facility](#)** The Orange Carpet Visa Facility facilitates the issuance of visas with a business purpose. This facility offers Tanzanian staff of Dutch companies and organizations a fast-track visa application procedure. If interested, please consult the Tanzania page for further information here.

### **European Investors Business Dialogues for 2022:**

For improving Tanzania's business climate and promoting trade and investment, the European Business Group Tanzania (EUBG) is an important partner for the Netherlands. This year, the EUBG, in collaboration with the Embassy, is planning to organize dialogues on Agriculture, Tourism, Taxes and Blue Economy in Zanzibar. The objective of these dialogues is to explore opportunities and challenges for European/Dutch investors in these sectors. These dialogues are aimed to establish a platform where business environment issues will be discussed and to explore sustainable solutions. For (established) Dutch companies seeking information on these dialogues, please follow our social media channels for the latest updates or consult the EUBG directly via [info@eubgtz.com](mailto:info@eubgtz.com).

## CONTACTS AND FURTHER READING

**Economic team at the Netherlands Embassy**  
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**Agriculture team at the Netherlands Embassy**  
[dar-lnv@minbuza.nl](mailto:dar-lnv@minbuza.nl)

**Updates on agricultural developments in Tanzania**  
<https://www.agroberichtenbuitenland.nl/landeninformatie/tanzania>.

**Facebook:** [@Embassy of the Netherlands in Tanzania](#)

**Instagram:** [@netherlandsintanzania](#)

**The European Union Business Group Tanzania (EUBG) :**  
[info@eubgtz.com](mailto:info@eubgtz.com)

**[World Bank Tanzania Country Overview](#)**

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