

RPTB1

## TRADE AND INVESTMENT PROMOTION PLANNING SYSTEM

## 90/91 TRADE AND ECONOMIC OVERVIEW

Mission: NAIROBI

Country: TANZANIA

A new five-year development plan was introduced in 1988/89 with a major focus on liberalization, the private sector and the production of agricultural exports. Plans included increases to investment levels in infrastructure, particularly in transport and communications, and in the agricultural sector. The recent collapse in world coffee prices however is having serious effects on Tanzania's plans as it has reduced the availability of foreign exchange. Tanzania must rely on foreign aid donors for two-thirds of its import requirements. It is in the process of negotiating another agreement with the IMF.

Overall, the Tanzanian economy has shown some signs of recovery in recent years, however the process is very slow and the country still has a long way to go to reach export levels of the late 1970's. Private importers do not normally look to Canada for products because of distance and cost. The main target for Cdn companies in Tanzania therefore continues to be in competing for contracts for projects financed by the IFI's. Canadian companies have been successful in the past (e.g. N.D.Lea and CPCS).

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Another potential area of interest is in investment. The government has not produced the long-awaited investment code (although Zanzibar has one), but is willing to negotiate with interested foreign investors. The process can, however, be laborious. Foreign investors, while not yet numerous, are showing increasing interest. Canadian companies have been looking into the mining and agricultural sectors. Tourism is another area where a number of foreign companies, including one from Cda, are looking into possibilities.

Regarding specific sector opportunities, the oil and gas sector appears to have potential. Despite some promising signs, however, only small amounts of gas have been discovered and the government has not yet decided how the field will be exploited. Shell Oil is continuing to explore on the mainland and the government wants to attract exploration offshore. If drilling activity picks up, there could be some prospects for Canadian suppliers.

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Transportation and the power and energy sectors are major areas for concentration by aid donor agencies. The World Bank is financing projects in both the road and railway sectors sub-sectors. Canadian companies have been successful in winning several of these contracts and there will continue to be opportunities over the period ahead.