



United Republic of Tanzania

MINISTRY OF AGRICULTURE AND FOOD SECURITY

A SUMMARY OF INVESTMENT OPPORTUNITIES AVAILABLE IN THE TANZANIA'S AGRICULTURAL SECTOR

1.0 BACKGROUND INFORMATION

Location: Latitudes 1° - 12° South of Equator and longitudes 29° - 41° East of Greenwich

Land Area: 945,000 km²

Inland Water: 62,000 km²

Forest and Woodland: 3350 km²

Arable Land: 44 million hectares out of which 10.1 million hectares are currently under cultivation.

Irrigation: About 29.4 million hectares are suitable for irrigation; out of which 2.3 million hectares are of high development potential and 4.8 million hectares are of medium development potential. There are many lakes, permanent and seasonal rivers and underground water sources for irrigation and other uses.

2.0 CLIMATE

Climate: Predominantly tropical

Rainfall Pattern: Bimodal and Unimodal

- Bimodal pattern of rainfall is characterized by short and long rains in regions around Lake Victoria Basin, Northeastern Highlands and North Eastern Coastal and Hinterland areas. Short rains occur during the months of September to December, with total rainfall ranging between 200 and 500mm while long rains range between 300 and 600mm in March to May.
- Unimodal areas receive rains from November to April, ranging between 500 and 1000mm and cover the rest of the country.

Temperature: Temperatures range from 10°C to 35°C depending on altitude and season, usually cool from end of May to end of August

3.0 IMPORTANCE OF AGRICULTURE

Agriculture accounts for about 80% of the employed population and contributing about 50% of GDP and about 66% of merchandise exports.

4.0 AGRICULTURAL POLICY FRAMEWORK

The government through the agricultural sector ministries namely; the ministries of, Water and Livestock Development, Agriculture and Food Security, Cooperatives

and Marketing and Tourism and Natural Resources are responsible for services such as policy formulation, regulatory functions, research, extension, training, and provision of information aiming at creating a conducive environment for increased private sector participation in production, processing, marketing of agricultural commodities and inputs.

The Agricultural Sector Vision

The government and stakeholders in agriculture envisage an agricultural sector that by the year 2025 is modernized, commercial, highly productive and profitable, utilizes natural resources in an overall sustainable manner and acts as an effective basis for inter-sectoral linkages.

5.0 INVESTMENT OPPORTUNITIES IN THE CROP SUB-SECTOR

Tremendous investment opportunities are available in production, processing, marketing and service provision in the crop sub sector as follows:

Coffee

- Opening up new large-scale coffee estates in Ruvuma, Mbeya, Iringa, Kigoma and Arusha regions.
- Establishment of coffee processing plants.

Cotton

Tanzania's cotton is of medium staple length range: ranging from 28.2mm to 28.7mm for type I, 27.4mm to 27.9mm for type II and 26.7mm to 27.2mm for type III.

Investment opportunities in the cotton industry include:

- Establishment of larger-scale cotton production farms, particularly in Morogoro, Coast, Singida, Tanga and Iringa regions.
- Establishing textile and spinning industries.

Tobacco

- Establishing large scale tobacco farms in Mbeya, Singida, Shinyanga, Rukwa, and Tabora regions.
- Purchase of tobacco and construction of processing factories

Sisal

- Establishment of large scale sisal plantations in Tanga, Coast and Morogoro regions.

- Investment in new plantations and joint venture in the privatized sisal estates.

Currently only 4% of the sisal plant is utilized for fiber and twine production. Investment opportunities are available in sisal spinning and weaving, production of alcohol, particle boards, biogas, and citric acid and in establishment of pulp factories.

Spices

- Establishment of spice production, processing and marketing infrastructure in the coastal and high altitude areas of Tanga, Cost, Mtwara, Lindi, Morogoro, Mbeya, Kilimanjaro, Kagera and Kigoma regions.
- Establishment of spice processing and marketing infrastructure.

Tea

- Establishment of large scale tea production through opening up new plantations in Mbeya, Iringa, Mara and Tanga regions.
- Establishment of tea processing factories

Pyrethrum

- Establishment of contract and large scale farming of pyrethrum in high altitude regions of Iringa, Mbeya, Arusha and Kilimanjaro.
- Establishment of Pyrethrum crude extracts refineries.

Cashew nut production and processing

- Currently 90 percent of cashew nuts crop is exported as raw cashew and therefore there are good opportunities to establish cashew processing industries.
- Investment in large scale cashew production
- Investment in cashew marketing.

Sugarcane production

- Tanzania current level of sugar self sufficiency is about 75 percent. There are good opportunities in establishment of new sugarcane estates in Coast, Ruvuma, Kagera, Mara, Mbeya, Kilimanjaro and Kigoma regions and in sugarcane processing factories.

Floriculture

- Open flower farms in Tanga- Usambara, Iringa, Mbeya, Kagera, Arusha Kilimanjaro and Morogoro regions.
- Invest in Lowland flower farming in Tanga, Dar es Salaam, Mtwara and Lindi regions.
- Flower seed production in Arusha, Mbeya, Iringa and Kilimanjaro.

Fruit and vegetable Production and processing

Tanzania is richly endowed with a large variety of fruits and vegetables. Less than 10% of fruits and vegetables produced are processed. There is room for large scale production of a range of tropical as well as temperate fruits and vegetables. The following are possible areas for investment:

- Processing and canning factories in regions with high potential for production of fruits and vegetables.
- Open fruit and vegetables plantations for domestic and export markets.

Potential areas for horticultural crops are Arusha, Kilimanjaro, Tanga, Morogoro, Dar es Salaam, Dodoma, Iringa, Mbeya, Mwanza and Kagera.

Maize: Large scale production of maize in high potential areas of Manyara, Kigoma, Kagera, Rukwa, Mbeya, Iringa Morogoro and Ruvuma regions.

Wheat

- Investment in large scale production of wheat in Arusha, Manyara, Iringa Mbeya, Kagera, Kigoma, Rukwa and Kilimanjaro.
- Investing in existing Hanang wheat farms - about 28,000 hectares, Manyara region.

Rice: Suitable areas for rice production are available in Mbeya, Rukwa, Tabora, Mwanza, Shinyanga and Kigoma regions. Bananas: Investments opportunities are

available in production of banana and banana products for domestic and export markets. Areas which are producing and have high potential for expansion of banana production are in Kagera, Kilimanjaro, Morogoro and Mbeya regions.

Oilseed production and processing: Sesame, Sunflower, Palm oil and soybeans in various areas of the country.

Other crops: Cassava, Irish potatoes, sorghum, millets and various legumes can be produced in large quantities for food and feed for domestic and export markets.

Agricultural inputs

- Establishing factories for manufacturing/assembling of farm machinery and implements (e.g. tractors, ploughs etc)
- Investment in manufacturing of fertilizers and agricultural chemicals.
- Establishment of factories for packaging material for various agricultural commodities.

Investment Incentives Package in agriculture sector:

1. Zero-rated duty on capital goods, all farm inputs including fertilizer, pesticides and herbicides.
3. Favorable investment allowances and deductions on agricultural machinery and implements.
4. Deferment of VAT payment on project capital goods.
5. Imports duty drawback on raw materials for inputs for exports.
6. Zero-rated VAT on agricultural exports and for domestically produced agricultural inputs.
7. Indefinite carry-over of business losses against future profit for income tax.
8. Reasonable corporate and withholding tax rates on dividends.

For more information please visit the Tanzania Investment Center Website at: www.tic.go.tz