



## Dr. Bilal Urges Government to Reduce Regulatory Authorities

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H. E. Dr. Mohamed Gharib Bilal, the Vice President of the United Republic of Tanzania.

**T**he Vice President of the United Republic of Tanzania Dr. Mohamed Gharib Bilal has said that there was an urgent need to reduce and harmonise some of the regulatory authorities to minimize cost and speed up operations in the industrial sector.

Dr. Bilal made the observation before the CTI delegation during the consultative meeting at his residence in Tunguu, Zanzibar when the CTI Chairman Dr. Samuel M Nyantahe told him that multiple and overlapping regulatory agencies with different responsibilities affected the performance of the industrial sector.

The Chairman cited an example of the Diary sector which was being regulated by up to nine Regulatory Authorities with different responsibilities.

Speaking to the CTI delegation which was led by the Confederation's Chairman Dr. Nyantahe, the Vice President said that some of the regulatory authorities were established to serve certain purposes which were no longer applicable.

Dr. Bilal gave as an example that TBS should concentrate only on standards development and leave regulatory issues to other Authorities. He emphasized on the importance of establishing an independent and out of the government a strong consumer society to enhance safety of consumers in the country.

He advised CTI to sit together with the National Council for Technical Education (NACTE) to design a curriculum relevant to industries with the view to helping graduates from higher learning institutions to be employed in industries that use modern technologies.

Dr. Bilal commended CTI for partnering with the government to ensure that there was a conducive environment for industries to operate and prosper, and assured the delegation of the government's commitment to continue supporting industrialisation.

During the discussion, Dr. Bilal exchanged views with the CTI delegates on various issues including the Confederation's contribution to the Small and Medium Enterprises (SMEs) as they played a very great role in the country.

Dr. Nyantahe told the Vice President that the industrial sector contributed about 9 per cent of GDP while providing 18 per cent of formal employment. He said the sector also contributed about 40 percent total government revenue and 15.4 percent of foreign exchange earnings.

However, he said, the manufacturing sector was one of the smallest in East and Southern Africa, citing some of the factors limiting its performance being Power supply which is unreliable and expensive Transport problems particularly lack of efficient and effective roads and railways, plus problems of clearing of Cargo from Dar es Salaam port where Tanzania was fairing very badly as it took 21 days to clear cargo from Dar es Salaam port compared to 7 days in Mombasa port due to poor infrastructure.



# AN ICD CAUSES SEVERE CONGESTION TO CHANG'OMBE INDUSTRIES

*\*Industry owners cry foul as they lose businesses*



A congestion along Saza and Mbozi roads.

The Confederation of Tanzania Industries (CTI) has asked the government to find immediate and lasting solution to the congestion being caused by an Inland Container Depot (ICD), which is paralysing production at Chang'ombe Industrial area.

CTI is calling for government to act because the congesting is severely affecting its members' businesses along Chang'ombe Saza and Mbozi roads as heavy trucks waiting to load and off-load containers seal off the roads completely. Movement of goods and services to and from more than 18 industries situated along and around the

two roads has been hampered.

CTI call has come following its visit to the area where it observed long queue of heavy trucks waiting to enter the ICD claimed to be owned by Fantuzi Investment Limited at Chang'ombe industrial area. The affected industries have signed a petition asking the Government to stop the truckers from blocking Saza and Mbozi roads as well as the two roads connecting to the ICD.

It has been very difficult for customers to go to the affected industries since most of the time the roads are completely blocked and sometimes the blockage extends up to some of these industries' gates.

Apart from production and goods' movement concerns, owners of the industries fear that in case of fire or any other disaster, rescue measures won't save anything due to impassable roads caused by the heavy truckers at the ICD.

In the petition, the affected companies are requesting all responsible authorities to take immediate measures, including ordering the ICD owners to carry out activities during the night. As a long-term solution the industries' owners want the responsible authorities to order relocation of the ICD to another place where it would not affect business activities of other industries.

The Tanzania Road Agency (Tanroads) Dar es Salaam Region has been informed about the problem but no measure has been taken yet to address the matter. CTI has engaged the Regional Commissioner, Hon. Saidi Meck Sadiki and the local government authorities, including Directors of Dar es Salaam City Council and Temeke Municipal Council to intervene and find a permanent solution to the problem. If continues, the problem will inflict heavy losses to the industries in particular and national economy in general.



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# EAC Starts to Remove Tax Distortions



The Secretary General Amb. Dr. Richard Sezibera signing one of the EAC Policy Statements. (Library Photo).

The East African Community (EAC) has decided to progressively implement harmonisation of partner states' tax policies and laws on domestic taxes as one of the measures towards complete removal of tax distortion.

According to the EAC Business Council, Several initiatives including conducting of analytical studies have been undertaken to ensure an appropriate mechanism towards harmonisation of domestic taxes (Excise, VAT, and Income).

Among the studies undertaken was an assessment of the likely impact of a regional harmonised excise tax regime on Government Tax Revenue.

The assessment was made on the revenue implications of the proposed methods of harmonisation of tax regimes, excise rates, tax base and exemption in the EAC.

The EAC Business Council said the study analysed and proposed a common list and rates of excisable goods and services across the EAC and made assessment of the exemptions granted by EAC partners states excise tax laws and proposed an appropriate exemption regime.

It is understood that a well structured domestic tax harmonisation of excise taxes is a key facilitator for EAC cross border trade and investment as well as proper functioning common market to ensure tax systems of the States had little interference in free trade and competition.

"Continued existence of discriminatory tax systems in the EAC region has hampered the enjoyment of the four freedoms (free movement of persons, free movement of workers, free movement of services and free movement of capital) granted by the Common Market Protocol" the study revealed.

## Some of the study findings:

-Burundi collected the bulk of excise duty from beer alcohol and soft drinks, Kenya collected its bulk from Tobacco and Alcohol and there was insignificant price distortion when soft beverages are exported from within the EAC partner states since the value of the products and the excise component was low.

-The excise duty revenue collected on soft drinks in Rwanda is extremely high at 15% compared to other partner states. Overall, the bulk of the East African excise duty is collected from Alcohol, Tobacco and motor vehicles with alcohol and tobacco contributing to an average of 58% of excise tax revenue in the EAC.

-Kenya and Uganda turned out to have the largest list of excisable goods. This means there was a need to harmonise the list of the excisable products to not only ensure a common list for the EAC Partner states, but also one that is in line with the international practice on excisable products.

-The study proposed the setting of a floor (minimum rate) and a ceiling (maximum rate) of excise duty within which all countries will then have to operate. On the other hand, Partner States need to establish agreed criteria for granting excise duty exemption across the Partner States to guide each Partner State as they seek to establish their own list of exempt items/institutions.

- The Partner States also are advised to agree on common warehousing procedures, declaration and documentation requirements for products destined for another Partner State.

- Unfortunately, the findings add, the EAC lacked a common list of excisable products which caused variations in the excisable products from one partner state to another. However, it was deduced that such a list for excisable services was not necessary as the excise tax legislation did not affect or hamper free movement of services in the EAC.

## Study recommendations:

1. To define a common list of excisable goods that will then be adopted across the EAC
2. The adoption of the following list as the main excisable goods: Alcoholic beverages, Cigarettes, Motor vehicles, and Petroleum products
3. Harmonised classification rules should be developed to complement the definitions that are currently in use.

# BUSINESS OPPORTUNITIES

## DAR INVESTMENTS PROMOTION EXHIBITION IN OFFING

The Confederation of Tanzania Industries (CTI) is delighted to inform its members that there will be a three days Investments Promotion Exhibition and Conference at Golden Tulip Hotel in Dar es Salam in March, 2015.

The Investment Promotion Exhibition and Conference (TIPEC) which is being prepared by the East African Unique Co. Ltd, is scheduled to commence on **March 10<sup>th</sup> and end on 12<sup>th</sup>**.

The Executive Director for East African Unique Co. Ltd, Rodgers Mbagha said that TIPEC will bring under one roof different projects in Tanzania, from both public and private sector to discuss various issues pertaining to investments.

"TIPEC will bring under one roof investors from different projects in Tanzania (from both public and private sector) who are looking for other investors, buyers, partners, financiers, suppliers of different technologies, and services providers from local and international arena to explore the available investment opportunities" Said Mbagha in a letter of invitation to the CTI and its members.

It is being proposed that during the exhibition, short presentations from partners be made before the guest of honour (name not yet confirmed) officially opened the event.

The CTI members wishing to participate to the exhibition would enjoy 10 percent discount of the actual exhibition fee which is between US\$ 2,500 and 3,000 depending on location at the venue.

TIPEC is being prepared in partnership with seven institutions which are the Tanzania Private Sector Foundation (TPSF), Tanzania Investment Center (TIC), Tanzania National Business Council (TNBC), and Export Processing Zone Authority (EPZA).

Others are the Tanzania Trade Development Authority (TANTRADE), Tanzania Chamber of Commerce, Industries and Agriculture (TCCIA) and the CTI.

For more information visit the website: ([www.investmentpromotion.co.tz](http://www.investmentpromotion.co.tz))

## 5<sup>th</sup> EDITION OF THE ANNUAL INVESTMENT MEETING IN DUBAI

The 5<sup>th</sup> Edition of the Annual Investment Meeting will be held in Dubai, United Arab Emirates at the Dubai International Convention and Exhibition Centre. The event will take place from **30<sup>th</sup> March to 1<sup>st</sup> April 2015**. For further information please visit on [www.aimcongress.com](http://www.aimcongress.com)

## INVITATION TO PARTICIPATE IN THE 56<sup>TH</sup> ZIMBABWE INTERNATIONAL TRADE FAIR

The Trade Development Authority (TanTrade) is organising Tanzanian participation to the 56<sup>th</sup> Zimbabwe International Trade Fair (ZITF 2015) scheduled to take place from **21<sup>st</sup> – 25<sup>th</sup> April 2015** in Bulawayo, Zimbabwe.

Interested companies should therefore observe the following conditions:

- Prepare good quality products, promotional literatures and export price lists
- Designate your officer to promote your product samples during the Fair or you may wish to entrust TanTrade official with some basic information about your products and let them represent your company
- Companies falling under SMEs should be able to afford to pay for the costs associated with participation (transport, accomodation and the general upkeep while in Zimbabwe) and should have the capacity to supply to external market
- Companies that are not SMEs and wish to join the Tanzania's delegation should pay for the costs associated with participation and contribute TZS 500,000/- to cover stand rental and the general administrative costs.

For further details please contact Mrs. Anna Bulondo of TanTrade on [info@tantrade.or.tz](mailto:info@tantrade.or.tz) You may wish to visit the ZITF website: [www.zitf.net](http://www.zitf.net)



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