

THE UNITED REPUBLIC OF TANZANIA
EXPORT PROCESSING ZONES AUTHORITY (EPZA)
EPZ PROGRAMME IN TANZANIA

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ОБЪЕДИНЕННАЯ РЕСПУБЛИКА ТАНЗАНИЯ
УПРАВЛЕНИЕ СВОБОДНЫМИ ЭКОНОМИЧЕСКИМИ
ЭКСПОРТНЫМИ ЗОНАМИ (УСЭЭЗ)
ПРОГРАММА СЭЭЗ В ТАНЗАНИИ

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ESTABLISHMENT OF EPZs

- The Export Processing Zones (EPZ) Act was established in April 2002.
- Effective implementation of the Act started in March 2003.
- In Feb., 2006 the Act was amended to strengthen supervision of the programme and to improve the Incentive package.

OBJECTIVES OF ESTABLISHING EPZs

- To attract and promote investment for export-led industrialization.
- To increase Foreign Exchange earnings.
- To create and increase employment opportunities.
- To attract and encourage transfer of new technology.
- To promote processing of local raw materials for export (value addition).

EPZ STRUCTURE

- EPZ Council – is composed of 7 Ministers, Attorney General, Governor of the Central Bank, Chairman of TPSF, Executive Secretary of the TNBC and Sectr. General of TUCTA. It approves EPZ plans and programmes and gives general policy directions.
- Minister Responsible for Industry – is Chairman of the Council and has authority and power to declare EPZs.
- Export Processing Zones Authority (EPZA) – is Responsible for EPZ programme design, management and Investor facilitation.

TYPES OF EPZ SET-UPS IN TANZANIA

- Industrial Parks
- Stand Alones (single factory units)

TYPES OF EPZ INVESTMENTS

- EPZ Developer – Investment in construction of EPZ factory buildings and warehouses for lease or hire/rent
- EPZ Operator – Undertaking EPZ manufacturing operations
- EPZ Service Provider – Provision of EPZ utility Services.

EPZ INCENTIVES

Fiscal Incentives:

- Exemption from corporate tax for ten (10) years.
- Exemption from withholding tax on rent, dividends and interests for 10 years.
- Remission of custom duty, VAT and other taxes on raw materials and goods of capital nature related to production in EPZs.
- Exemption from taxes and levies imposed by Local Government Authorities on products produced in EPZs.
- Exemption from VAT on utility and wharfage charges.

Non-Fiscal Incentives:

- Exemption from pre-shipment or destination inspection requirements.
- Unconditional transferability of profits, dividends, royalties, etc.
- Lower port charges compared to other cargo box rate (transit cargo).
- Accessing the export credit guarantee scheme.
- Allowance to sell 20% of goods to the domestic market.

PROCEDURAL INCENTIVES

- One –Stop–Service Centre by EPZA for setting up, facilitation and aftercare service.
- Operation is under one license issued by the EPZ Authority.
- Rapid project approval.
- On site customs inspection in the Export Processing Zones.
- Heavily composed EPZ Council to avoid bureaucracy in decision making.

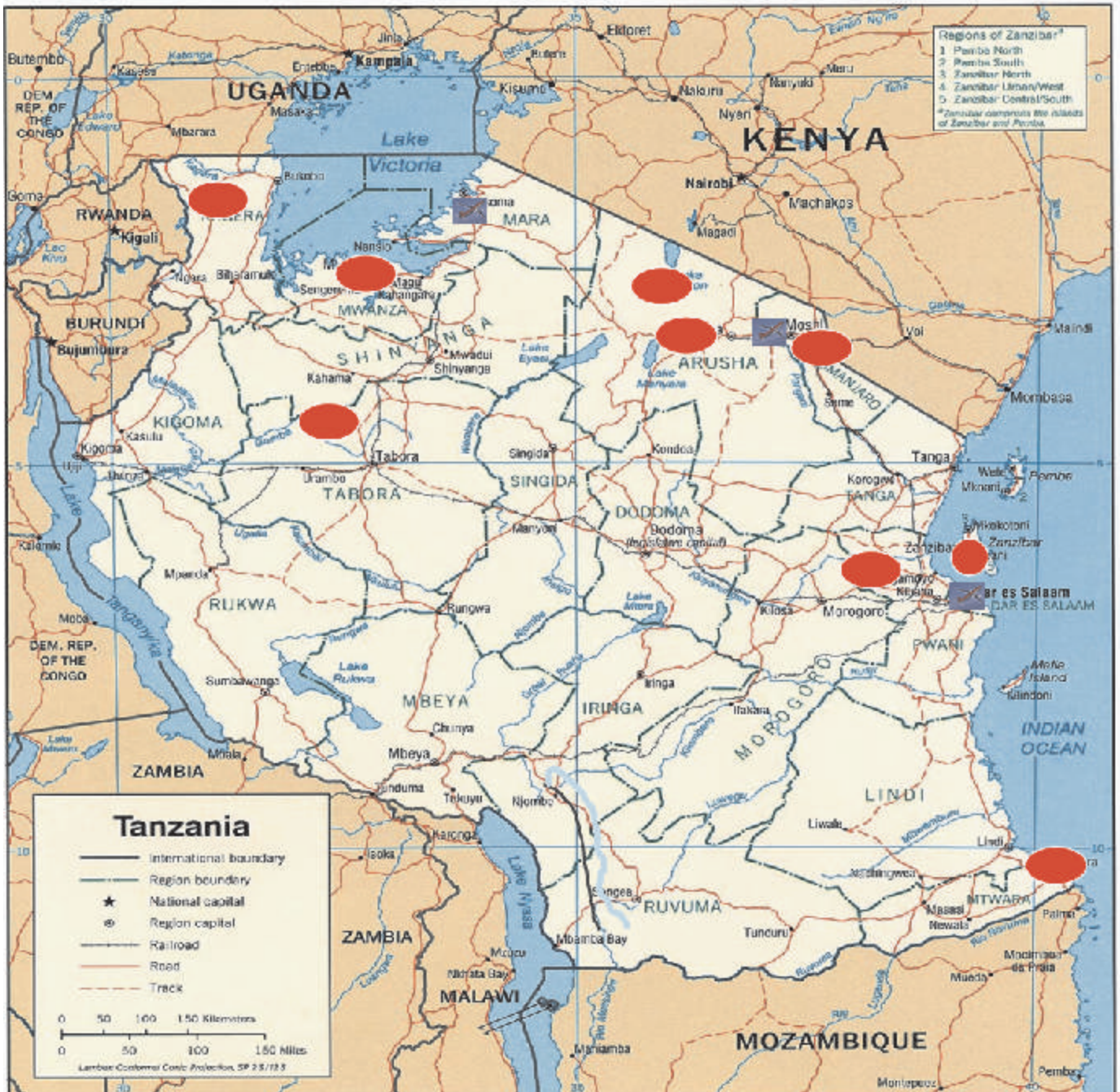
EPZ ELIGIBILITY

- Be new investment.
- At least 80% of goods produced/ processed should be exported.
- Annual export turnover should not be less than US\$ 100,000.

IDENTIFIED LOCATIONS FOR EPZ DEVELOPMENT

Include:

- Dar es salaam
- Coast Region
- Tanga
- Mwanza
- Kilimanjaro
- Arusha
- Manyara
- Kagera
- Shinyanga (Isaka)
- Mtwara
- Kigoma



CURRENT STATUS OF EPZs

- Eight (8) companies licensed as EPZ Developers (2 Industrial Parks, 6 Single Factory Units)
- Ten (10) companies licensed as EPZ Operators:
 - Five in textiles/garments
 - One in Mineral processing (jewellery)
 - One in Fruits Processing
 - Three in reconditioning mechanical, electrical and electronic devices.

HOW TO INVEST IN EPZs

- Investor makes enquiry on area(s) of interest, submits a short project proposal to the EPZA.
- EPZA makes preliminary evaluation and advises the investor accordingly.
- Investor incorporates a company, locates a premise.
- Investor completes application form and submits with MEMAS, environmental clearance certificate, evidence of premise, business plan/export plan.
- EPZA evaluates the submission, on satisfaction, issues a license.
- Investor begins operations.

TIME TO INVEST (In Industrial Parks)

- Preliminary evaluation of the proposal 3 days
- Company Registration 3 – 5 days
- EIA clearance
 - If no full EIA is required 7 days
 - If full EIA is required 3 months
- Evaluation and licensing 5 days
- Residential Permit Class 'A' or 'B' 14 days.

SECTORS FOR EPZ INVESTMENT

Include:

- Textiles and Garments
- Agro processing
- Leather processing and manufacture of leather products
- Fish processing
- Lapidary (gold, diamonds and gemstones, including the famous tanzanite)
- Wood products
- Electrical & Electronic Appliances
- Information and Communication Technology (ICT) industries.

SPECIAL ECONOMIC ZONES (SEZ)

- Is a strategy to implement the “Mini Tiger Plan 2020”
- Is aimed at fast-tracking economic growth and poverty reduction
- Involves other sectors than manufacturing (Agriculture, Tourism, Mining, Forestry, etc)
- Combines both export oriented investments and investments targeting the domestic market.
- SEZ Act was passed in Feb., 2006.

WHY INVEST IN TANZANIAN EPZs

- Political stability of nearly 40 years
- Availability of a variety of raw materials
- Availability of preferential trade markets (AGOA-USA; EBA- European Union; Japan; Canada; China) and regional markets (SADC; East African Community).
- Availability of skilled labour force
- A lucrative package of incentives
- Free repatriation of foreign exchange
- It is the gateway for regional and international trade (Tanzania borders 8 landlocked countries)
- Has 4 international airports (Dar es salaam, Mwanza, Kilimanjaro and Zanzibar) and four major sea ports (Dar es salaam, Tanga, Mtwara and Zanzibar)
- Simplified bureaucracy; activities are streamlined through EPZA.

SUMMARY:

EPZA invites investor from Russia to invest in:

- Construction of EPZ factory buildings and warehouses (EPZ Industrial Parks).
- EPZ Manufacturing/Processing Operations
- Provision of EPZ Services