

**THE SIGNIFICANT ROLE OF TANZANIA'S DIPLOMACY TOWARDS  
ECONOMIC DEVELOPMENT**

By

**MAGOMA, Suleiman Masegesa**

**THESIS**

Submitted to

KDI School of Public Policy and Management

In Partial Fulfillment of the Requirements

For the Degree of

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Committee in charge:

Professor Shadikhodjaev, Sherzod, Supervisor



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Approval as of December, 2019

## **DEDICATION**

This thesis is dedicated to the government of the United Republic of Tanzania under the great leadership of H.E. Dr. John Pombe Magufuli, the President of URT as a way of honoring the key contributions of his government through the Ministry of Foreign Affairs and East African Cooperation in achieving the social and economic development of Tanzanian people through the effective implementation of Economic Diplomacy.

## **ABSTRACT**

Soon after the achievement of independence and later the unification between Tanganyika and Zanzibar to form the United Republic of Tanzania in 1964. The Tanzanian government adopted several strategies to address the problem of poverty that the country experienced from the 1960s to 1990s so different programs, initiatives and strategies were introduced in order to promote economic development in the country. Diplomacy was considered to be one of the key strategies used by the government of Tanzania to promote economic growth. Before 2001 Tanzania had no comprehensive written foreign policy instead the conduct of diplomacy and other foreign relation matters was being guided by the set of circulars and guidelines including Presidential Circular No. 2 of 1964, Arusha Declaration 1967, and Tanzania Policy on Foreign Affairs of 1967. All these guiding documents insisted on promoting good diplomatic relationship with other countries, human dignity and equality, sovereignty of all independent states, promoting African Unity and supporting the liberation struggle of other African countries from colonialism.

The social, political and economic changes including the shift from centrally planned economy to the market-led economy, adoption of multi-party system in 1992, achievement of political independence of all African states (end of colonial rule), collapse of USSR and later the rise of globalization which was characterized by the development of ICT that occurred in the early 1990s within, and outside the country has influenced Tanzania to change its focus from advocating for the liberation of African countries from the hands of colonial rule and put more emphasis on other issues of national interest to promote national development. Hence the government of Tanzania adopted a new foreign policy of 2001 which emphasizes on achievement of economic development by ensuring the promotion and protection of national interests through the execution of sustainable economic diplomacy

This study has assessed and examined the significant contribution of Tanzania's diplomacy towards the economic development by describing and analyzing the evolution of Tanzania's foreign policy, major actors and players for the conduct of economic diplomacy and how the implementation of Tanzania's diplomacy has contributed to the economic prosperity by attracting of FDI, growth of trade activities, tourism sector and development of other economic sectors in the country through the rapid increase of external assistances.

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## ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
AGOA	African Growth Opportunity Act
AU	African Union
BOT	Bank of Tanzania
CSOs	Civil Society Organizations
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of Congo
EAC	East African Community
EALA	East African Legislative Assembly
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ICT	Information Communication and Technology
KDIS	KDI School of Public Policy & Management
LDCs	Least Developed Countries
LGAs	Local Government Authorities
LTPP	Long-term Perspective Plan
MDGs	Millennium Development Goals
MDAs	Ministries, Departments & Agencies
MFAEC	Ministry of Foreign Affairs and East African Cooperation
MKUKUTA II	National Strategy for Growth and Poverty Reduction
MNRT	Ministry of Tourism and Natural Resources
NBS	National Bureau of Statistics
NFP	New Foreign Policy
NGOs	Non-Governmental Organizations
PTAs	Preferential Trade Arrangements
PAP	Pan African Parliament
RECs	Regional Economic Cooperation
SADC	Southern African Development Community
TASAF	Tanzania Social Action Fund
TIC	Tanzania Investment Center
TRA	Tanzania Revenue Authority
TTB	Tanzania Tourism Board
UAE	United Arab Emirates
UK	United Kingdom
URT	United Republic of Tanzania
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
US\$	United States Dollar
USSR	Union of Soviet Socialist Republics
WB	World Bank
WTO	World Trade Organization

## CHAPTER ONE

### GENERAL INTRODUCTION

#### 1.1 Background Information

After the attainment of independence and later the unification between Tanganyika and Zanzibar to form the United Republic of Tanzania in 1964, the government adopted various strategies to ensure the economic growth (URT, 2010). Diplomacy was among the key strategies used by the government in ensuring the promotion of development in a country through the establishment of diplomatic relations with other countries together with regional and international organizations. In the early years after its independence, the execution of foreign affairs was based on principles and ideas of equality, freedom, non-alignment, pan- africanism, respect for human rights and dignity.

Tanzania's foreign policy during that time was highly influenced by the political desire of self determination of African countries, and that is the reason why Tanzania participated fully in supporting liberation struggles in many African countries such as South Africa, Mozambique, Namibia, Angola, Zambia and Zimbabwe from the hands of colonial rule (URT, 1969). Tanzania views diplomatic relations as an important instrument towards the achievement of better quality of life of citizens and economic growth which can be achieved through interactions and cooperation with the international community,

After the achievement of Independence in most of the African countries by the mid of 1990s, Tanzania went through political and economic development transformations such as the shift from centrally planned economy towards market-led economy; and adoption of a multi-party system. All these changes made Tanzania reduce its focus on the liberation struggle and

hence put more emphasis on the pursuits of national interest to ensure the promotion of development of a country. In addition, the downfall of USSR and the rapid growth of globalization accompanied by the development of information & communication technology and economic integration together with political and economic changes that took place within the country, called for the adaptation of new foreign policy which placed emphasis on the protection of national interest and promotion of national development particularly social and economic development. Hence Tanzania adopted New Foreign Policy of 2001 which aimed at promoting and protecting social, political, cultural and economic interest through the execution of sustainable economic diplomacy.

Through the effective participation and better implementation of the current foreign policy 2001, Tanzania has benefited in various social and economic sectors, some of these achievements includes expansion of trade activities, increase of FDI, growth of tourism sector and the development of other economic sectors through external assistance and support from development partners..The key players and actors in the implementation of Tanzania's foreign policy includes: the President, MFAEC, Ministries, MDAs, Judiciary, Parliament, Diaspora, Media, Private sector, CSOs, individuals.etc. The Ministry of Foreign Affairs is the overall coordinator of the country's engagements in foreign relations and the leading instrument in the formulation and implementation of the foreign policy (MFAEC 2017).

Therefore, the study has described, examined and assessed the significant contribution of Tanzania's diplomacy towards the achievement of economic development after the achievement of independence in 1961.

## **1.2 Objectives of the Study**

- ❖ To analyze and examine the key contributions of several actors and stakeholders used by Tanzania's government in the conduct of foreign policy.
- ❖ To assess whether the effective execution of the current foreign policy 2001 brought impacts on growth of trade, increase of FDI, tourism sector and increase in external assistance.
- ❖ To examine the role of diplomacy towards the economic growth in Tanzania.

## **1.3 Research Questions**

This study is guided by the question below:

- ❖ What are the contributions of diplomacy towards the promotion of economic development in Tanzania?

In responding to this research question, the study has examined and assessed the significant contribution of Tanzanian diplomacy on economic development.

## **1.4 Significance of the Study**

This research intends to examine the correlations between diplomacy and economic development of Tanzania. By doing so, the study will not only focus on describing the correlation between Tanzania's foreign policy and other contributing factors for economic development like external assistance, foreign direct investment, trade and tourism but also by stressing on other circumstances such as behavior, mentality and working environment of the potential actors that contribute to economic growth through the formation and execution of foreign policy by focusing on Tanzania as a case study. This thesis will clarify the extent to which Tanzania's diplomacy could affect economic growth of that particular country.

## **1.5 Research Methodology**

In order to achieve the purpose of the research, the author has reviewed all primary data that is related to Tanzania's economic trend, current Foreign Policy (2001), Tanzania development plan, Tanzanian ambassadors guidebook, documented experiences from the current and former Tanzanian diplomats and other important reports and guidelines from the MFAEC, MNRT, Tanzania Investment center and other key stakeholders responsible for the practice of Tanzanian foreign policy

Besides primary data, the researcher conducted literature review based on the secondary data from the previous studies and documented experiences of various scholars in the field of diplomacy by considering the activities, key stakeholders in the execution of economic diplomacy. Other secondary sources such as books, reports, speeches of Tanzanian leaders, academic journals, articles, online publications were used to analyze whether the implementation Tanzania's diplomacy has brought positive impact on economic growth or not. Furthermore, Tanzania's Development Vision 2025 and MKUKUTA II were also used to guide the search for opportunities for trade and investment development and other economic benefits brought under the umbrella of economic diplomacy implemented by Tanzanian government.

## **1.6 Structure and format of the study**

This study consists of six chapters as follows;

**Chapter One:** Presents the overall introduction and background of the study, aims and objectives of the study and the research question. The chapter also provide for the research methodology and significance of the study.

**Chapter Two:** Focuses on both theoretical and conceptual framework. The chapter will review the two major theories relevant to the study including realism and liberalism theory as obtained from the literature to be consulted during the study. The definition and broader analysis of the key concepts such as diplomacy, economic diplomacy and foreign policy are also documented in this chapter.

**Chapter Three:** Describes the general background and evolution of the Tanzanian foreign policy after the achievement of independence in 1961 to date by assessing and analyzing the traditional foreign policy practiced early after the attainment of the independence in 1961 and the current Tanzania's foreign policy of 2001 which advocate for the conduct of economic diplomacy.

**Chapter Four:** Focuses on the key actors and stakeholders responsible for the execution of foreign policy which is a blueprint for the conduct of economic diplomacy in Tanzania.

**Chapter Five:** Describes the positive impacts brought as a result of the effective implementation of the current foreign policy 2001 towards the development of the country by focusing on how Tanzania's diplomacy has contributed to the economic development by promoting trade activities, attraction of FDI, development of the tourism sector, improvement of infrastructure, increase of external assistance etc.

**Chapter Six:** This is the concluding chapter. It summarizes and makes a conclusion with regards to the findings and results as obtained from the study and hence provides necessary recommendation for the improvement of the Tanzania's new foreign policy.

## **1.7 Chapter Summary**

This is the introductory chapter of the study. It is in this chapter where the background information of the study has been given. Also the researcher has briefly outlined the aims and objectives of the study and the motivation behind the topic selection. Furthermore, in this chapter the researcher has briefly outlined the research question followed by the significance of the study and the research methodology.

The upcoming chapter will review the two major theories relevant to the study such as realism and liberalism theory as obtained from several literatures. Also chapter two will analyze and define the key concepts to be considered in this study: Diplomacy, Economic diplomacy and Foreign policy as defined and discussed from several literatures.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Theoretical Framework**

One of the basic roles and responsibilities of any state is to do the best to pursue and achieve their national interests for the better welfare of its people. The pursuit of economic prosperity, national security, the stability of the nation, cultural and political liberalization and any other aspect of the development of the nation is the number one priority to any country in the world (Kyengo, 2006). The desire towards the pursuit of national economic interest by the states can be described within two broad theoretical perspectives in the field of International relations: realism and liberalism.

##### **2.1.1 Realism Theory**

Realism is believed to be one of the most influential theories and dominant paradigms in the field of International Relations. The basic core assumptions that explain the basis of the realist perspectives such as statism, survival, and self-help are very relevant and highly applicable in most of the situation in global politics (Dunne & Schmidt, 2001). Under these realistic perspectives, State is believed to be the main actor in the execution of all affairs of the country; that is to say the state is the major instrument towards the implementation of economic diplomacy. However, a lot of criticism has been directed to the realistic scholars for ignoring the important contributions of the international institutions in today's world political system.

In this world of globalization and international integration, economic diplomacy is considered as the best strategy towards the pursuit of national interest to achieve the desire for the economic growth of any state. According to the realism school of thoughts, the behavior of

the states is determined or influenced by the need to achieve the national interest (Russett & Starr, 1989).

Moreover, Realism theory mainly focuses on power and security as it is believed that states exist in a self-help system due to the lack of overarching power to enforce the laws or aggressive behaviors. In addition, Hans Morgenthau and Daniel Bernhard revealed that, states are self-interested and power seeking rational actors aimed at maximizing their security and chances of survival. However, other realist scholars view WWII as the clear justification of the relevance of the theory.

All in all, since realism theory advocates for the state as a main actor in the international politics or execution of economic diplomacy of a particular country, therefore this school of thought is very relevant to this study due to the fact in Tanzania, the state is the main actor in the implementation of diplomacy. The state actors such as the President, Ministry of Foreign Affairs, Ministries, Departments and Agencies are responsible for the implementation of Tanzania's diplomacy to ensure the pursuits of Tanzania's social and economic interest as described in chapter four of this research paper.

### **2.1.2 Liberalism Theory**

Liberalism perspectives do not view states as the only actor in international affairs. Instead they also acknowledge the significant role of the international organizations and institutions in dealing with international spheres or in influencing global politics. (Grecio, 1990) maintained that, in the liberal perspective, normally states don't regard each other as enemies, but instead they see each other as a development partner or potential stakeholders that can play an essential role in securing their national interests. Many criticisms from liberal activists were

directed to the realist scholars for ignoring the role of international organizations in the international systems.

Furthermore, liberals believe in economic, social and cultural interdependence among the states as a way to ensure the pursuit of the national interest of states and promote peace and stability among nations since interdependence among the states reduces the possibilities of the countries to engage in conflicts. Unlike realism, under liberalism, states are not only concerned with maximizing their power but states have different interests with different strategies or approaches in pursuing those interests. Promoting peace, stability and cooperation are among the key strategies used by the states to pursue their national interest.

Despite the existing logical differences between the two theories with regards to their views and perception on the position of the state in the global affairs, both realist and liberalist scholars share basic core assumptions. For example (Stein, 1993) claims that, both realist and liberals agree on the absence of global state over and above all other individual states accepted as a legitimate authority to enforce the law or punish the aggressive behaviors done by the state. Stein further argued that both realists and liberal perspectives see the states as an important instrument in international systems. The only difference is that, although realists view the state as only an actor in the international system, but on the other hand liberal scholars regards both state and non state actors such as international organizations or institutions as a key instrument in the conduct of global affairs or diplomacy.

Based on the contributions of both state and non-state actors in the implementation of global affairs of the states as emphasized by liberalist scholars, this theory is relevant in this study because in Tanzania, apart from the government, the non-state actors such as NGOs

,CSOs, Diaspora, private sector, development partners, individuals, citizens and media, are among the critical actors and have a significant role in the execution of economic diplomacy for the betterment of social and economic development of Tanzania.

The application of realism and liberalism theory is very important in this study because it has been used as a guideline for the researcher on analyzing and assessing the role of both states and non state actors in ensuring the pursuit of national economic interest. In addition, since the focus of the study is to examine and assess the significant role of Tanzania's diplomacy towards economic development, these theoretical perspectives will also guide the study on assessing the key actors involved in the implementation of diplomacy to ensure the promotion of social and economic development of Tanzania.

## **2.2 Conceptual Framework**

### **2.2.1 Diplomacy**

Diplomacy is a broad concept, and it has been defined by various scholars in different ways as far as the international politics is concerned. Despite their differences in definition, they all agree that diplomacy is associated with the relationship between states. States uses various means and strategies such as dialogue, negotiations, and other means to achieve their national interest with other states. (Mkhabela, 2013) argued that diplomacy is a tool of foreign policy and can be described as a means of managing relations between a state and other states or actors. He further revealed that diplomacy involves agreements signed between states which should be in accordance with international laws. In addition, (White, 2005), defined the concept of diplomacy in two perspectives such as macro and micro perspectives. Under micro perspectives, he described diplomacy as a “process of communication” between states for the intention of prevention of conflicts or war among them through dialogue or cooperation. In the macro

perspective, he defined diplomacy as a “policy instrument” used by the states to achieve the objective of its national interests (p. 388-389).

Similarly, (Morgenthau, 2006), described the meaning of diplomacy in two different dimensions. In the first dimension, he associated diplomacy with the **formation of foreign policy**. Since foreign policy is formed and shaped in accordance with the interest of a particular country or state, therefore he maintained that diplomacy was the way in which the states use their resources for the aim of securing maximum power. In his second dimension, he explained the role of diplomats in the **implementation of foreign policy**. He further added that diplomats execute foreign policy through various ways such as negotiations, dialogue, compromise or sometimes threat for the aim of achieving their national interest. After combining these two dimensions, we can simply describe diplomacy as the formation of foreign policy and the role of diplomats in achieving their national interests. On the same note, (Sorphorn,2013), defined diplomacy as “the process of forming foreign policy by taking into account all potential resources of a state and the implementation of foreign policy by diplomats to pursue their national interests.” (p.5)

In brief, based on the various definitions of diplomacy provided by different scholars in the field of international relations, we can conclude by saying that diplomacy is the process in which the state uses its potential resources in the formation and implementation of its foreign policy for the aim of achieving its national interests in relation with other states. In addition, since diplomacy is an important instrument in ensuring maximization of power and economic interest of the state, therefore understanding the significant relationship between diplomacy and economic development is very essential in this study.

### **2.2.2 Economic Diplomacy**

The desire of the states to pursue their national interest through the function of diplomacy can justify the existing relationship between diplomacy and development. The powerful states can use their military capability to conquer other states and acquire more resources from the weak countries as the quickest way of achieving their national interests, but this strategy is contrary to the international laws and it is not accepted in the international politics as an effective or legitimate way of using power. Instead, states can use their power in attaining their national interests through negotiations and dialogue. This is what diplomacy is all about. Through diplomacy, states can promote trade, investment, tourism and attain other economic advantages for the interests of their country. This is what economic diplomacy is concerned with.

According to (Mushelenga, 2015) economic diplomacy is a technique or strategy used by the states for the aim of building economic relationships between one state and another to achieve economic benefits through economic cooperation in various aspects such as trade, tourism and increasing investment opportunities among the partner states.

Moreover, (Okoth, 2012) maintained that economic diplomacy is the tactic used by the states to achieve their national interest, particularly economic interests, by cooperation with other states through well-informed negotiations and dialogue. Similarly, (Rana, 2007) viewed economic diplomacy as how states deal with the rest of the world to secure their national gains and interests with regards to trade promotion, FDI attraction and other economic benefits through the agreed economic cooperation among the partner states.

According to (Mkhabela, 2013) the concept of economic diplomacy focuses on how states make decisions within their countries, how they operate their external economic relations,

and how they negotiate internationally. Mkhabela further, believes that economic diplomacy consists of a combination of all those processes.

In conclusion, all literature above describes economic diplomacy in the context of existing relationships between diplomacy and economic development. Furthermore, since they all agree that the primary motivation of states in international politics is to pursue their economic interest; this study defines economic diplomacy as an instrument used by the states in the international political arena in order to create good relations among states so as to maximize each nation's economic interests through negotiations, dialogue, and persuasion. Apart from political stability which can be obtained from the maintenance of good relations and cooperation among the states, economic diplomacy can also promote the expansion of trade activities and market opportunities and hence stimulate the economic development in their countries.

### **2.2.3 Foreign Policy**

Foreign policy is an essential instrument in the international relations discipline and it is regarded as a blueprint that provides essential guidelines and frameworks for the implementation of diplomacy in any country. The only aspect that distinguishes it from other policies is that, foreign policy is implemented for the aim of achieving the national interests in relations to other states.

According to (Modelski, 1962) foreign policy is a system of activities developed by the state to transform the action or behavior of other states as a way of modifying their self concerns to the global environment. Modelski believes that, the primary role of foreign policy is to ensure the attainment of the national interest by changing the existing behaviors of other states. However, (Padelford, & Lincoln, 1967) argues that foreign policy is an essential aspect in the

situation where the state translates its desired targets and interests into action in order to attain these objectives and protect its national interests. Nevertheless, (Gibson, 1944) described foreign policy as an extensive strategy, plan or guideline which provides the information, experience and knowledge on how the government or state should administer its activities with the rest of the world for the aims of promoting, advocating, and protecting the interest of the particular state.

The views and perceptions of the above scholars and writers clearly show that national interests and foreign policy cannot be separated by any means because every country in the world establishes and implements its foreign policy for the aim of promoting stability and achieving social, political, and economic benefits of its nation in relation to other states. Since many scholars in the international relations field agree that diplomacy is all about execution of foreign policy, then, in order to assess the contribution of diplomacy towards achievement of economic development, the study will focus on analyzing how the effective execution of Tanzanian foreign policy under the umbrella of diplomacy has brought positive impacts towards its economic development.

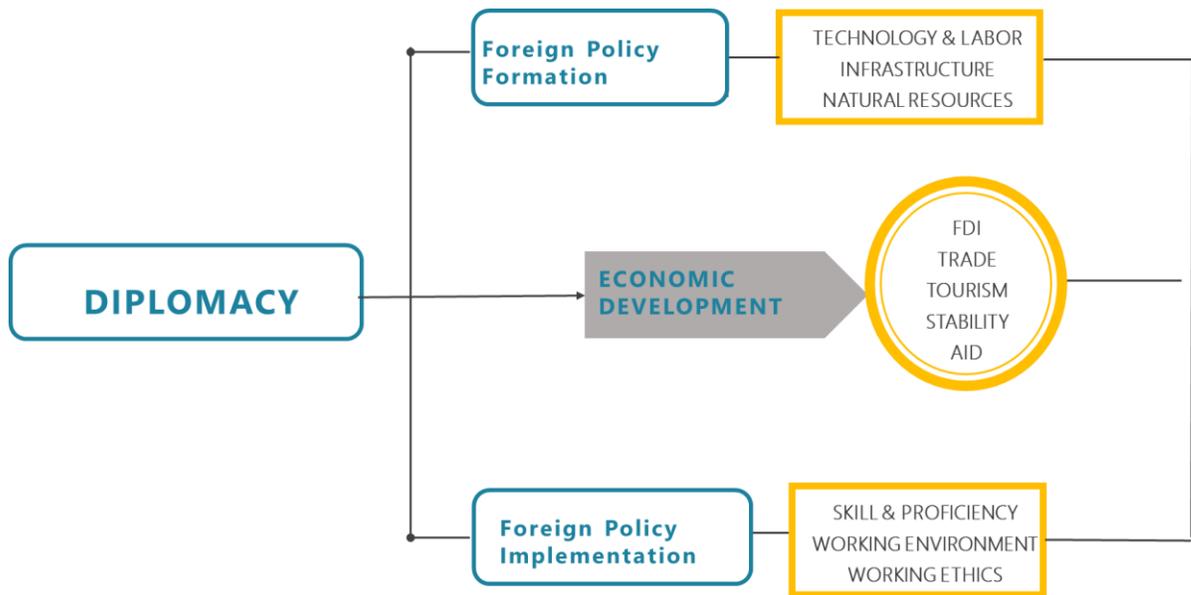
### **2.3 The Relationship between Diplomacy and Economic Growth.**

Figure 2.1 below clearly indicates the existing relationship between diplomacy and economic development. The chart is divided into two parts, the first part which contains diplomacy and the second part which contains economic development. The first part of the figure clearly shows the two important elements to be considered regarding the concept of diplomacy. Those elements are the *formation of foreign policy* and the *implementation of foreign policy*. This argument is similar to the research by Sorphorn, (2013) where he argued that diplomacy involves the formation of foreign policy and implementation of foreign policy. In order to ensure the establishment of better foreign policy, it is important for the state to take into consideration

all the potential elements such as natural resources, infrastructure, human capital (labor), technology, and other favorable conditions. On the other hand, successful diplomacy can be attained if foreign policy is implemented well. In order for the foreign policy to be implemented well, it is important to enhance, empower and enable diplomats to perform their job effectively by providing them with better working environments (through the provision of basic needs like sufficient salary, working equipments etc) and adhering to internal compliance by working in accordance with the principles and guidelines set by the state to achieve their national goals. Lastly, the diplomats should have the required skills that could enable them to perform their duties effectively with a high level of integrity and patriotism.

The second part of the chart shows the extent to which diplomacy can affect economic development by strengthening and promoting Foreign Direct Investment, trade activities, tourism, stability and increasing external assistance in the respective country.

Figure 2.1 the Relationship between Diplomacy and Economic Development.



SOURCE: AUTHOR

## 2.4 Chapter Summary

This chapter is focus on the theories and concepts relevant to the study based on theoretical and analytical frameworks. In the theoretical framework the research has discussed the two important theories of international relations such as realism and liberalism theory and describes how these theories are relevant to the study. All scholars and literatures consulted by this study agree that both realists and liberalists believe in the states as a main actor in the implementation of international affairs of the particular country. Liberalist scholars went further by explaining that, state and non--state actors as the major players of the international matters of the state. On the conceptual framework, the chapter has defined the key concepts of the study, diplomacy, economic diplomacy and foreign policy as described by several literatures consulted in the study. Also the chapter describes how diplomacy affects economic development by promoting trade activities, FDI, tourism, external assistance and growth of other economic sectors. Since the study aimed to analyze the contribution of Tanzania’s diplomacy toward the

economic development, then this chapter is very important because it describes how diplomacy of a certain country can contribute to economic development of that particular state.

The following chapter will describe the evolution of Tanzanian foreign policy by assessing and analyzing the (previous) traditional foreign policy early after the attainment of the independence in 1961 and the implementation of sustainable economic diplomacy as described in the current foreign policy of 2001.

## CHAPTER THREE

### EVOLUTION OF TANZANIA'S FOREIGN POLICY

#### 3.1 The Traditional Foreign Policy early after the attainment of the Independence in 1961

After the attainment of independence in 1961, Tanzania's Foreign Policy was articulated in various directives, circulars, and guidelines such as Presidential circular No. 2 of 1964, Arusha Declaration of 1967, and Tanzania Policy on Foreign Affairs of 1967. Those documents were used to guide the execution of Tanzania's diplomacy. The major emphasis of the traditional foreign policy was more on political relation based on following objectives;

- The protection of equality among the people, freedom and justice
- Preserving sovereignty and Tanzania's independence
- Help the fight against colonization and its impact to ensure all African countries are liberated from the colonial rule
- The support for non-alignment policy
- Promotion of unity and cooperation among African countries
- Promotion of good neighborliness with other countries.

Due to its commitment towards realization of the above objectives, Tanzania participated in supporting the liberation of some African countries such as Namibia, Mozambique, Zimbabwe, Angola, Comoro, South Africa, Seychelles and Guinea Bissau against colonialism. Also, under the implementation of this traditional foreign policy, Tanzania did not engage only in the resolution of conflicts in some of African countries such as Rwanda, Burundi, DRC, Zimbabwe and Madagascar, but also donated troops to peacekeeping missions in Darfur, Sierra Leone, Comoros, DRC and Lebanon. In addition, Tanzania took part in the formation of AU, SADC, EAC, and COMESA and hosted the headquarters of the African liberation movement.

The Traditional foreign policy enabled Tanzania to participate effectively on the diplomatic scene and establishing a number of diplomatic missions abroad which has made the country to emerge as an active player and well respected in the International platform and the world at large.

### **3.2 Economic Diplomacy in the Tanzania's current Foreign policy of 2001**

Following the social, political and economic transformation that occurred in the early 1990s within and outside the country, Tanzanian government saw the need of changing its Foreign policy objectives so as to comply with the world changes. Hence the government of Tanzania adopted the new foreign policy of 2001 which emphasizes on the achievement of economic development for the aim of promoting and protecting the national interest such as social, political, cultural and economic interests through the execution of sustainable economic diplomacy.

The current foreign policy of 2001 is a blueprint on how the government should engage with other key actors and make use of available opportunities for political, social, cultural, and economic development, and it was formed on the basis of the following main objectives;

- To forecast, advocate and safeguard the national interests through sustainable economic diplomacy.
- To promote diplomatic relations with other states as well as international entities and ensure those international organizations are operated in accordance with Tanzania's interests.
- To build self-sufficient economy, protection of national peace and security and strengthening the international efforts in ensuring peace and stability all over the world.

Following the government ambitions of becoming a semi- industrialized country by the year 2025, the 5th phase government under President Dr. John Pombe John Magufuli, has shown its commitment towards the realization of that particular goal.

In his speech given to the Parliament on 20<sup>th</sup> November 2015, President Magufuli argued that, Industrialization will be the first priority to his government.

Similarly, the government views economic diplomacy as an important tool towards the transformation of the Tanzania's economy into the middle income and semi industrialized country. In his Budget vote speech of 30<sup>th</sup> May 2019 for the financial year 2019/2020 given to the National Assembly, the Minister of Foreign Affairs and East African Cooperation, His Excellency Professor Palamagamba John Kabudi insisted that, the fifth phase government is committed on strengthening and advancing the economic diplomacy for the aim of achieving the industrialization goals.

In addition, during his interview with "The Business Year" (TBY), the former Minister of Foreign Affairs and East African Cooperation, His Excellency Ambassador Dr. Augustine P. Mahiga (10<sup>th</sup> December 2018) described that, Tanzanian government through the Ministry of Foreign Affairs has adopted economic diplomacy in recent years to respond to the reality of the international economy by reaching out to other states for economic development. He further argued that through the execution of economic diplomacy the government of Tanzania was able to reach out to the business community from various part of the world for direct investment, economic institutions including IMF and emerging economic actors and individuals that have played a great role toward the rapid increase of access to opportunities in the international arena.

Moreover, His Excellency Dr John Pombe Magufuli, the President of the United Republic of Tanzania in his speech delivered during the Inauguration of 11th Parliament on 20<sup>th</sup> November 2015, he promised that, The government will continue promoting and developing its relationship with other countries in the world for the aim of protecting the interests of Tanzanians by taking advantage of the opportunities that resulted from the good relationship with other states to build our economic partnerships by using the economic diplomacy strategy. Due to the better implementation of economic diplomacy through existing bilateral and multilateral relations, the country has benefited in various social and economic sectors including infrastructure development, growth of trade, increase of FDI, growth of tourism sector and development of other economic sectors as described in chapter five of this study.

### **3.3 Chapter Summary**

Tanzania's foreign policy is the blueprint which guides the country towards the execution of its domestic policy through the engagement with other countries. Foreign policy has never been static or unchanged instead it needs to be dynamic, flexible and progressive to accommodate changes that take place within the country or in the international spheres while its basic principles remain the same.

Before 2001, Tanzania didn't have the formal written and comprehensive foreign policy and during that time the major priority behind the execution of Tanzania's diplomacy was based on promotion of African unity and pan africanism , building friendship with other countries, protect sovereignty, human dignity and ensure the attainment of political independence of all African countries.

The social, political and economic changes that occurred in the early 1990s within and outside the country has influenced the country to see the need for adopting new foreign policy

that could address those significant changes the country went through. The significant changes that took place in Tanzania and other part of the world in 1990s includes the shift from centrally planned economy towards market-led economy; and adoption of multi-party system in 1992, achievement of political independence of all African states (end of colonial rule), collapse of USSR and the emergence of globalization. All these changes has influenced Tanzania to change its focus from advocating for liberation of African countries from the hands of colonial rule and puts more emphasis on other issues for the best interest of the country (promotion of national development). Hence the government of Tanzania adopted new foreign policy of 2001 which emphasizes on achievement of economic development by ensuring the promotion and protection of the national interests through the execution of sustainable economic diplomacy.

The next chapter will highlight and discuss the key actors and stakeholders involved in the execution of Tanzania's diplomacy.

## **CHAPTER FOUR**

### **ACTORS AND KEY STAKE HOLDERS IN THE IMPLEMENTATION OF TANZANIA'S ECONOMIC DIPLOMACY**

The government is mandated with the duty of operating, handling and managing the administration of the state. The government is comprised of various institutions responsible for administer and oversee the government itself and the citizens as well. Many scholars have agreed that states are the main actor in the conduct of all affairs in the international sphere. However, apart from the government, non-state actors also play an essential role in the formation and implementation of Tanzania's foreign policy which aimed at protecting the national interest through the execution of sustainable economic diplomacy.

#### **4.1 State Actors**

##### **4.1.1 The Presidency**

The president as the head of the state and the government is directly responsible and has significant influence in the formation and implementation of foreign policy which is a blueprint towards the conduct of diplomacy of a particular country (Hill, 2003). Similarly, in the Tanzanian case the president is not only regarded as the first diplomat in the land but also, he plays a critical role in the formation and implementation of foreign policy for the betterment of economic interests of the state. The president is responsible for the appointment of ministers, ambassadors and has influence on the execution of economic diplomacy. In addition, Tanzanian president is the chief foreign policy maker and plays the central role in foreign policy formulation and implementation, followed by the Vice President, President of Zanzibar and Prime Minister and assisted by the Ministry for Foreign Affairs, other MDAs and LGAs. .

#### 4.1.2 The Ministry of Foreign Affairs

The ministry of Foreign Affairs is regarded as a primary actor in the formation, coordination and execution of foreign policy in any government. The successful execution of economic diplomacy in any state depends on the commitment of the Ministry of Foreign Affairs and the government as a whole towards the engagement in economic diplomacy for betterment of the national interests of that particular country (Okoth, 2012).

The Ministry of Foreign Affairs is charged with the responsibility of consulting other organs of the government and other key stakeholders in the formation and implementation of foreign policy. (Hill, 2003) identified the following basic functions to be performed by the Ministry of Foreign Affairs:

- i. **Routine information-gathering:** The Ministry of Foreign Affairs is responsible for sharing the important information obtained from their credible diplomats (ambassadors) representing their countries abroad. One of the basic task of the ambassadors is to collect, accumulate and analyzing the potential information gathered from their countries of representation and sent those information to their home countries.
- ii. **Policy making:** Despite of the role of the politicians in the formation of policies, they need the professional assistance from the Ministry of Foreign Affairs experts on various issues not limited to scrutinize incoming data, interpret and forecast other states and provide the professional advice and guidelines towards the formation and implementation of foreign policy.
- iii. **Memory:** In the Ministry of Foreign Affairs, diplomats and foreign affair's staff are responsible to keep records for the interest of the state. It is very important for the ministry to archive information about the commitments of the government and treaties

into a system for future references, especially when it comes to foreign policy making and restructuring and establishment of the country's long-term plans.

Similarly, In Tanzania the Ministry of Foreign Affairs is the chief adviser to the president with regards to the formation and execution of Tanzania's foreign policy and serves as a coordination ministry for the execution, present and explain foreign policy to the national assembly, Judiciary, general public, foreign governments and international organizations on behalf of the Tanzanian government. Also the ministry is responsible for promoting and protecting the Tanzania's economic and social interests through its effective engagement in RECs as well as bilateral and multilateral diplomatic relations. (MFAEC, 2017)

In line with the Tanzania's constitution and other national guidelines, the Ministry of Foreign Affairs is mandated to perform the following functions;

- Formation and execution of the Tanzania's foreign policy which is an essential instrument for pursuing, forecasting , promoting and protecting national interests and values in the international arena.
- Representing Tanzania in regional, international, bilateral and multilateral negotiations with other states
- Promote and develop diplomatic and economic cooperation between Tanzania and other states and international organizations as well.
- Representing and safeguarding the national interests and the national dignity in the international sphere in line with local and international laws
- To guide and oversee Tanzania's embassies and consulates located in different part of the world.

The above functions are carried out by the Minister for Foreign Affairs who is also the head of the ministry followed by the Deputy Minister, Permanent Secretary, Ministry's staffs at the headquarters and diplomatic missions abroad and other important stakeholders.

#### **4.1.3 Ministries, Department and Agencies**

Apart from the Ministry of Foreign Affairs, the implementation of Tanzania's foreign policy which is a clear guide in pursuing and implementing economic diplomacy can be conducted by other government institutions such as Ministries, Departments and government agencies. Tanzania's ministries, department and agencies play an important role with respect to the government representation and involvement in the international conferences, policy dialogue with their peers. In addition, MDAs and LGAs are the key players in the implementation of Tanzania's economic diplomacy. They execute foreign policy objectives on the issues related to their mandates. For example, since economic diplomacy goes together with the promotion of trade activities, the Ministry for Trade and Industry in consultation with the Ministry for Foreign Affairs will take charge in facilitating the bilateral and multilateral trade policies and trade agreements/treaties. Some of the government institutions and departments such as TIC, MNRT, Bank of Tanzania etc charged with economic mandates are among the key actors for the execution of economic diplomacy for the economic benefits of the nation.

#### **4.1.4 Legislature**

The legislature is also among the important actors in the implementation of Tanzania's economic diplomacy through its significant role of ratification of bilateral trade agreements and the effective participation in the international parliamentary forum such as EALA and PAP where they discuss the multilateral trade regime.

#### **4.1.5 Judiciary**

Judiciary is one the key player in the formation and execution of foreign policy which is regarded as a blueprint for the implementation of Tanzania's diplomacy. The court implements foreign policy due to its significance role in the interpretation of the laws and other policies in the country. Furthermore, Judiciary is responsible for interpreting bilateral and multilateral treaties, contracts and conventions.

#### **4.1.6 Diplomatic missions abroad**

The increasing importance of international trade and diplomatic relations has created a new focus to the role and development of state economy through diplomatic missions (Kemal, 2014).

Currently, Tanzania has a total of 41 diplomatic missions abroad/embassies, 3 consulates and 35 honorary consulates in different parts of the world. As a state negotiation and promotion agency, Tanzania's diplomatic missions abroad has played an important role in promoting and protecting Tanzania's social and economic interest abroad through the implementation of sustainable economic diplomacy.

Under supervision from the MFAEC, Tanzania's embassies abroad are required to perform their duties in accordance with the Tanzania's constitution, current foreign policy (2001), Government Standing Orders, Foreign Service Staff Regulations, Foreign Service Financial Rules and Procedures, and the international treaties and convention such as Vienna Convention on Diplomatic Relations of 1961 as well as the Vienna Convention on Consular Relations 1963.

In order to ensure the achievement of socio-economic interests abroad through the effective execution of sustainable economic diplomacy, Tanzanian diplomatic missions abroad are mandated to perform the following duties;

- (i) Attraction of Foreign Investments;
- (ii) Promotion of Trade;
- (iii) Promotion of Tourism;
- (iv) Search for Appropriate and Affordable Technology;
- (v) Solicitation of External Development Assistance;
- (vi) Negotiation for Better Terms of Borrowing;
- (vii) Enhancement of the Country's Image.

## **4.2 Non State Actors**

Liberalism scholars do not view the state as the only main actor in the international politics instead they also acknowledge the significant role of non state actors such as international organizations and institutions in dealing with international spheres or in influencing global politics. The below non state actors have an important role to play in the implementation of economic diplomacy as described in the Tanzania's foreign policy of 2001.

### **4.2.1 NGOs and CSOs**

Non-state actors such as NGOs and CSO are among the key players in the implementation of economic diplomacy. Apart from advocacy, lobbying and dialogue with the international community, NGOs and CSOs also play an important role in supporting the country development initiatives by funding development projects in different part of the country.

#### **4.2.2 Private sector**

Due to the key contribution of private sector towards economic growth by participation in trading activities and investment within and outside the country, private sector is considered as among the important actors in the implementation of foreign policy in Tanzania due to the fact that the current foreign policy 2001 put more emphasis on economic diplomacy. Therefore, the involvement of private sector is very essential during the formation and execution of foreign policy due to their key contribution to the economic growth.

#### **4.2.3 Diaspora**

One of the unanticipated and progressively important non-state actors in economic diplomacy is the Diaspora (Okoth, 2012). In the today's world there is no way we can ignore the contribution of Diaspora to the social and economic development.

The Tanzanian Diaspora implements economic diplomacy through the investment, transfer of remittances, skills and technology into the country. The data revealed by BOT indicated that, Tanzanians in the Diaspora had remitted the total amount of \$ 2.283 billion between 2013 and 2017. This amount is not enough compared to the amount contributed by Diaspora from other African countries. Therefore in order to increase the participation and contribution of Tanzanians in the Diaspora to the economic development, the government should come up with the Diaspora policy which will not only recognize them as a key stakeholder towards the economic development, but also provide guidelines on how they can participate in social, political, cultural and economic matters of their country as well as partner with the government to provide social services to the Tanzanians living in the country.

#### **4.2.4 Academic and Research Institutions**

Due to the dynamic and complexity nature of the international politics, Academic and Research institutions plays a vital role in the formation and implementation of foreign policy. These institutions provide general knowledge, skills and critical information obtained from research regarding how the government and non state actors should engage the foreign entities in the implementation of diplomacy. Similarly, these institutions cooperate with the government to ensure the promotion of education, training and research in foreign matters.

#### **4.2.5 Development Partners**

Development Partners are identified in the current foreign policy as one of the major actors in the practice of economic diplomacy. Development partners implements economic diplomacy through the great support in different development projects designed by the government. The effective engagement of development partners in financing development agenda is very important with regards to the implementation of foreign policy.

#### **4.2.6 Media**

The media is among the major actors in the execution of diplomacy because of its significant role in public diplomacy and in projecting good image of the country to the world about the political and security situation, national policies, opportunities and the potentials of a particular country.

The government of Tanzania recognizes the key contribution of the media in the conduct of economic diplomacy. Tanzania uses both local and international media including print, electronic and social media to create awareness on foreign policy matters within and outside the country. Also the media has helped to government to spread the information about the country in

the important areas such as culture, diversity of tourist attractions, and other opportunities available in the county. Therefore the media has been used in promoting tourism, trade activities, culture and FDI.

#### **4.2.7 Individuals /citizens**

Citizens in different capacities such as individual or in group's level are also considered as among the key player for the execution of foreign policy. They can implement economic diplomacy through their interaction with their peers from other countries. Furthermore, the Tanzanian government recognizes the key contributions of celebrities and other influential people in the execution of Tanzanian foreign policy. The summary of the key actors in the conduct of economic diplomacy is shown in the table 4.1 below.

Table 4. 1: The Key Actors involved in the Implementation of Tanzania’s Economic Diplomacy.

	<b>Engagement level</b>	<b>Actors /players/stakeholders</b>	<b>Influences/Activities</b>
1	<b>National level</b>	President Ministry of Foreign Affairs Parliament Judiciary Missions abroad Individuals Ministries, Department & Agencies NGOs & CSOs Media Academic and Research Institutions	Foreign policy
2	<b>Bilateral level</b>	Head of States Missions abroad Media Private sector Chamber of commerce NGOs & CSOs Financial institutions Transnational companies	Bilateral Negotiations/ Public-private partnerships Negotiations
3	<b>Regional level</b>	States Embassies UN and its agencies Customs unions Government officials Monetary unions Media Chambers of commerce Multinational corporations Financial institutions	Foreign policy, Bargaining as a bloc
4	<b>International level</b>	States Head of States Ministry of foreign affairs Government officials Ministers UN and its agencies Development partners Media Diaspora CSOs	Foreign policy, Bargaining as a bloc

### 4.3 Chapter Summary

All in all, the government and non state actors are the key implementers of Tanzania's diplomacy for the best interest of the country as maintained in Tanzania's foreign policy of 2001. The state actors responsible for the conduct of economic diplomacy in Tanzania includes the Presidency, Ministry for Foreign Affairs, MDAs, LGAs , Judiciary, and Parliament while the non state actors are NGOs & CSOs, Private Sector, Diaspora, Media, Academic & Research Institutions, Development Stakeholders citizens and. Individuals. These actors are required to perform their duties with regards to the economic diplomacy and other duties of national interest in accordance with the Tanzanian constitution, other national laws and policies. LGAs including District, Urban, Municipal and City Councils implement diplomacy with their respective counterparts from other states. While Tanzanian Diaspora implements economic diplomacy through the investment, transfer of remittances, skills and technology into the country

The next chapter will explain and analyze the significant impact of the implementation of Tanzania's economic diplomacy(foreign policy) towards the economic development of the country by focusing on how Tanzania's diplomacy has contributed to the economic development by promoting trade activities, attraction of FDI, development of tourism sector, improvement of infrastructure, increase of external assistance etc.

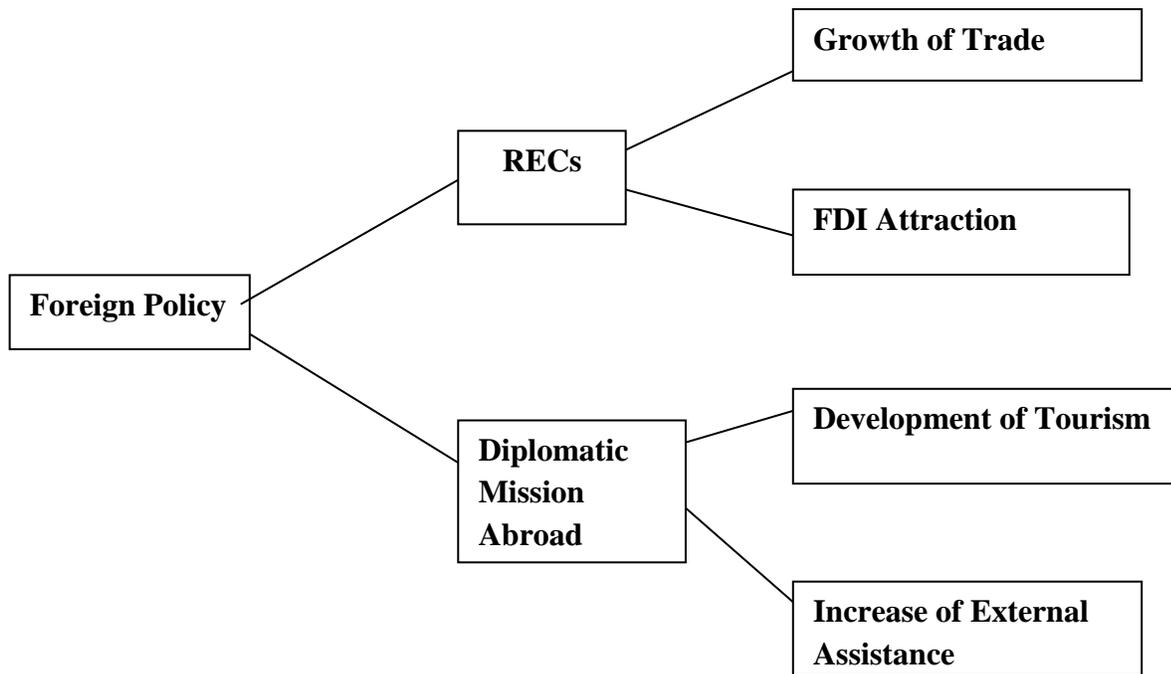
## **CHAPTER FIVE**

### **IMPACT OF THE IMPLEMENTATION OF TANZANIA'S ECONOMIC DIPLOMACY**

As explained in chapter three of this research, foreign policy is a blueprint that provides guidelines on how the country should conduct economic diplomacy. Therefore when analyzing the impact of the implementation of economic diplomacy it is obvious that we are stressing on the impact of the foreign policy execution. In addition, when we analyze the contribution of foreign policy towards development, it is very important to consider the two areas in which foreign policy influences the development of a particular country. Those areas include economy and politics. The study will focus on economic area by analyzing the contribution of foreign policy towards the economic development.

Given the fact that Foreign Policy and national interest are indivisible, Tanzania's foreign policy highlighted two key strategies to be used in the pursuit of national interest. These strategies include the active and meaningful participation in RECs and through the effective use of the Tanzania's Diplomatic Mission abroad in promoting economic development.

Figure 5.1: Impact of Tanzania's Foreign Policy on Economic Development



Source: Author.

As clearly indicated on figure 5.1 above, Tanzania has benefited economically in terms of growth of Trade, increase of FDI, development of tourism and increase of external assistance as a result of the key contribution of its embassies located in different part of the world and through the active membership and meaningful participation of Tanzania in RECs including EAC, SADC, AU as described below;

### 5.1 Growth of Trade Activities

Tanzania has witnessed the significant growth or performance in the international trade as a result of the expansion of several diplomatic missions in different part of the world, and the active engagement of the country in the potential regional economic integrations and the key

multilateral organizations since 2001. The increasing number of commercial diplomats in the Tanzanian embassies is a clear justification of the government commitment in promotion of trade activities. To ensure the realization of foreign policy objective, Tanzanian commercial diplomats are well prepared by the government to ensure that they perform their duties for the best interest of the country. Those duties include promotion of trade activities, FDI and strengthening cooperation with other countries with regards to exploiting new technology. The active and meaningful participation of Tanzanian diplomats in the bilateral and multilateral platforms has expanded the market for Tanzanian products in the foreign countries and attracted investors from various countries to invest in Tanzania.

Furthermore, State visits by Tanzania's leaders particularly the presidents accompanied by the business delegations has contributed to the rapid growth of trade activities with regards to the increasing of the Tanzania's exports in the international markets.

In addition, one of the key strategies used by any country to ensure the growth of market for its product to the foreign market is through becoming a member of RECs with the rest of the world. With regards to ensure the pursuit of one of the objectives of foreign policy of 2001 that of strengthening RECs, Tanzania has been a member to various potential regional economic integration and multilateral organization for the aims of promoting and protecting its national interests. Some of these regional and multilateral organizations includes; UN, WTO, SADC, EAC and AU. Furthermore, Tanzania is a signatory to various international agreements on economic cooperation arrangements including; EBA between European Union (EU) and the LDCs, as well as AGOA between USA and some African countries.

The commitment of Tanzania to the above international and RECs has stimulated the growth of trading activities since Tanzania's government reduced import taxes and eradicate other non-trade barriers which have then resulted to the rapid increase of flow of goods into Tanzania and from Tanzania to other member countries. Therefore, its membership to the key international organizations and RECs has increased the flow of foreign commodities into Tanzania and markets for its domestic products. As a loyal and committed member to RECs below, Tanzania has exploited the following economic benefits;

#### **5.1.1 East African Community (EAC)**

Despite being among the founding member of EAC, Tanzania has been a key beneficiary of various economic opportunities resulted from the EAC integration. According to the EAC Trade and Investment Report of 2017, the Tanzania's trade value in EAC grew by 11.1% from US\$ 637.1 million in 2016 to US\$ 707.7 million in the year 2017 In which, Tanzania's domestic exports to EAC member states increased by 43.5% from US\$ 300 million in 2016 to US\$ 430.5 million in 2017. The better performance is largely influenced by the increase in exports to the EAC market.as a result of strong diplomatic relations between Tanzania and EAC partner states. Some of products exported to the EAC market include live animals, fruits, paper products and edible vegetables. Kenya is considered to be the important trading partner for Tanzania, accounting for 68% of total Tanzania's exports and imports in EAC followed by Rwanda, Burundi and Uganda as shown on Appendix 1 of the study.

#### **5.1.2 Southern Africa Development Community (SADC)**

As one of the key founders of SADC which was established in 1992 for the aim of achieving development by promoting economic growth and strengthening standard of life of the peoples of partner states, Tanzania continues to be active with the significant influence to the

SADC member states. For example, Tanzania hosted the 39<sup>th</sup> Ordinary SADC Summit of the Heads of State and Government which was held on 17<sup>th</sup> and 18<sup>th</sup> August 2019 in Dar es Salaam.

Tanzanian President H.E. Dr. John Pombe Magufuli was elected by the summit as a current SADC Chairperson (2019-2020). Due to good history, contribution and position of Tanzania in the international politics particularly African politics, Tanzania has been trusted with higher positions in various RECs including SADC. For example, the current SADC Executive Secretary who is also the first female to hold that position, Dr. Stergomena Lawrence Tax is a Tanzanian citizen.

Moreover, Tanzania has been and continues to benefit from SADC through export expansion and diversification of its product into SADC market. According to the Economic and Operation Annual Report released by the Bank of Tanzania (BOT) for the year 2017/2018, Tanzania's export to SADC partner states grew from US\$ 397.2 million in 2016 to US\$ 445.5 million in 2017. Tanzania's major exports products to SADC market include; wheat flour, cement, gold, cigarettes, juice, fish, glass, footwear, brick and ceramic. The report further mentioned South Africa as the Tanzania's major trading partner in SADC contributing 70.9% of the overall Tanzania's intra- SADC trade followed by DRC, Malawi, Mozambique, Angola and Botswana. Major Tanzania's import from SADC partner states includes; maize, iron sheet, lubricant, sugar, beer, motor vehicles, seeds, gas and apple where many of these products are imported from South Africa, Zambia, Mauritius and Malawi.

### **5.1.3 African Union (AU)**

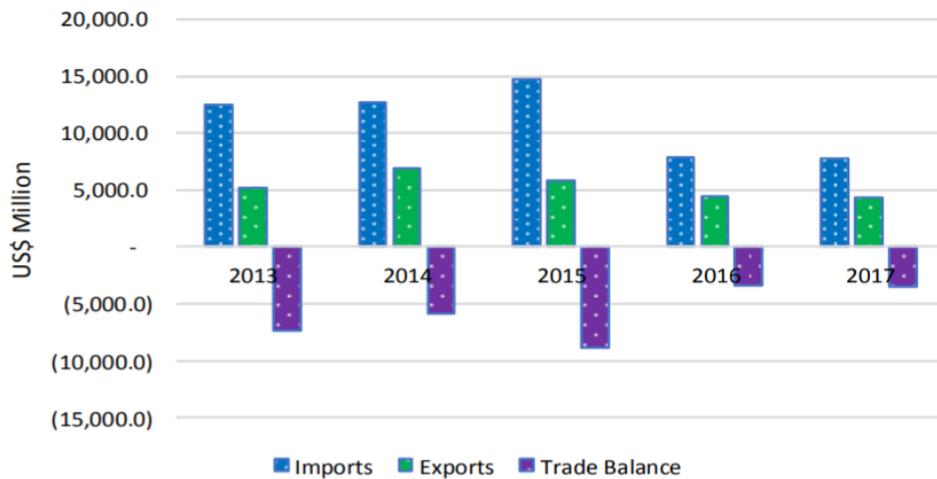
Through its committed and active membership in AU, Tanzania has succeeded in increasing its international and diplomatic stature. Through effective engagement in AU

integration, Tanzania has been able to ensure that its national interests are reflected in the AU's final decisions. This has enabled the country to benefit in several ways. For instance, Tanzania is a host to various AU key institutions including Nelson Mandela African Institute of Science and Technology, Pan African Postal Union, and African Court on People and Human Rights. Furthermore, as AU active member, Tanzania has benefited economically through various initiatives such as New Partnership for Africa's Development (NEPAD); and African Economic Platform (AEP). Tanzania is looking forward to exploiting trade and investment potentials of the single continental market for goods and services that is expected to be offered by Continental Free Trade Area (CFTA). (MFAEC, 2017)

#### **5.1.4 Tanzania in the International Trade**

The strong diplomatic relations between Tanzania and other countries in the world and fear multilateral trade negotiations with its partner states has enabled the country to have a good performance record in the international trade. For instance, as illustrated in Appendix II, Tanzania's total trade raised from US\$2.3 billion in 2001 to US\$ 34.4 billion in 2015 and the share of trade to the national GDP raised from 24 percent in 2001 to 36 percent in 2015. However, various reports shows the marginally decrease of the total Tanzania's trade by 1.5% from US\$ 12.3 billion in 2016 to US\$ 12.1 billion in the year 2017. The decrease in the total trade believed to be caused by the decline in merchandise export and imports in that particular year. Tanzania's main trading partners are China, Kenya, India, South Africa, United Kingdom, Vietnam, Japan, UAE, EU, EAC and SADC, countries. The Tanzania's major commercial trading cities and region are Dar es Salaam, Zanzibar, Arusha, Mwanza, Mbeya, Kigoma and Kilimanjaro.

Figure 5. 2: Tanzania’s Exports, Imports and Trade Balance 2013 – 2017 (US\$ million)



Source: TRA & NBS, 2018

Despite the economic benefits including growth of trade activities resulted from the participation of Tanzania on regional economic cooperation. Several challenges limit the effective participation of Tanzania in the regional and international economic integration for the economic interest of the country. Some of these challenges are poor participation of private sector, poor coordination mechanism for negotiation and execution of regional agreements/treaties, insufficient infrastructure especially transport network and the growth of informal trade that can limit the competition in the regional trade arrangements.

In conclusion, despite the above challenges, Tanzania has gained benefits with regards to growth of trade activities as illustrated in (Appendix I & Figure 5.2) as a result of its active engagement into the regional and economic integration guided by the implementation of economic diplomacy in accordance with Tanzanian Foreign Policy 2001. Also the government should address those challenges so as to enable the country to achieve the significant growth of social and economic benefits through its involvement in economic integration with other countries.

## 5.2 Attraction of Foreign Direct Investment

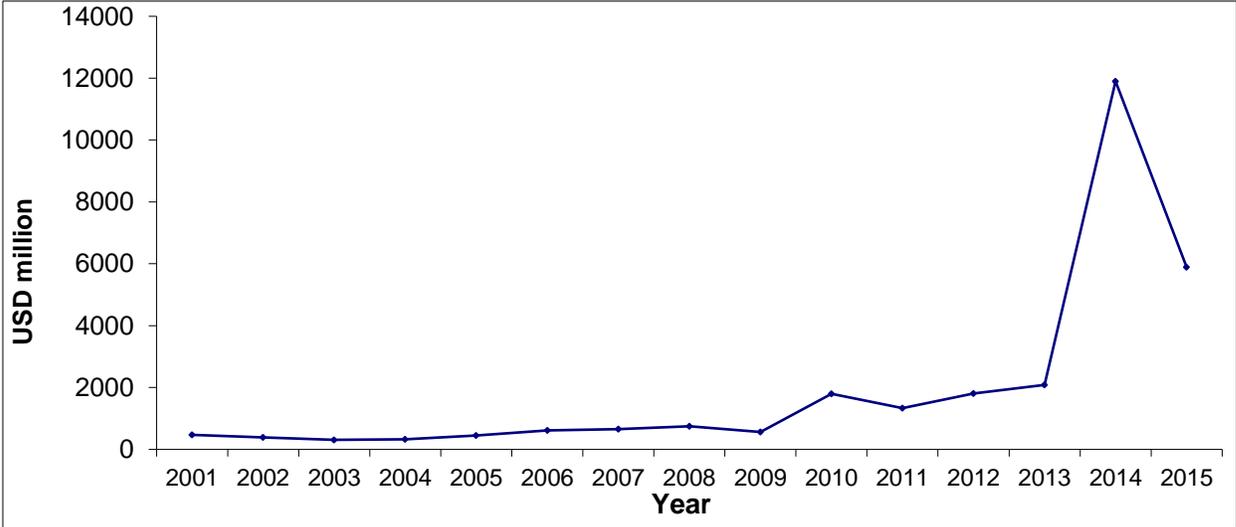
Following the Tanzania's ambitions of transforming the economy of the country into the middle and semi industrialized state as specified on Tanzania Development vision of 2025, the government of Tanzania has undertaken several measures to ensure the promotion of investment opportunities, tourism and business activities through the implementation of sustainable economic diplomacy as specified in sections C, D, E, F, G, and H of the current foreign policy of 2001. Tanzania has witnessed the significant growth of FDI as results of the key contributions of its Embassies and through the effective participation of the Tanzania in potential RECs.

The main objective behind the effective engagement of Tanzania to the regional and international integration is to attract foreign direct investment to Tanzania due to its critical role on economic growth. Tanzania views FDI as a catalyst for economic development that is a reason why in the mid 1980s the government adopted major policy and structural economic reforms aimed at improving investment environment in the country so as to increase employment opportunities, improve infrastructure, increase domestic production, increase delivery of social services, improve technology and many other economic benefits resulted from FDI.

According to Asiedu, (2006), Foreign Direct investment in any country is highly influenced by several factors including availability of natural resources, market size, political stability and government policy on investment. Similarly, Tanzania is considered to be among the main investment destination in the African continent due to peace and political stability of the country, strategic geographic location and its accessibility to the markets (as it borders Kenya, Uganda, Rwanda, Burundi, DRC, Zambia, Mozambique & Malawi), rich natural resources (such as gold, diamonds, tanzanite & natural gas) arable land, tourist attractions and its

attractive investment incentives & guarantees. For example, for the period 2001-2015, Tanzania witnessed the sharp increase of FDI flows (**Figure 5.3**) due to several factors including the massive investment in energy sector. Mining and manufacturing sectors have played a significant role towards the increase of FDI inflows in Tanzania accounting for more than 60% of the overall FDI stock in 2014

*Figure 5.3: Tanzania's Foreign Direct Investment inflows 2001 -2015*



Source: TIC

The World Economic Outlook report 2016 named Tanzania as one of the fastest growing economies in the world ranked number 9 out of 190 countries. Several investment reports shows the better performance of Tanzania with regards to FDI attraction than many other African countries, and ranked in the top ten list of attractive business locations in Africa (Rand Merchant Bank RMB statistics of 2016). UNCTAD, (2016) statistics shows Tanzania as a major recipient of FDI than other East African countries where it attracted FDI worth US\$ 1.35 billion than other EAC partner states such as Uganda US\$ 541 million, Rwanda US\$ 410 million, Kenya US\$ 394 million and Burundi received US\$ 0.1 million of FDI. However, the World Investment Report of 2018 clearly shows the decrease by 14 percent of the total

investment flows for Tanzania from US\$ 1.35 billion in 2016 to US\$ 1.2 billion in 2017. Table 5.1 below illustrates the flow of foreign direct investment into Tanzania from 2016 to 2017.

Table 5. 1: FDI inflows to Tanzania, 2016-2017

Partner State	Source	2016		2017		% Change, (2017 over 2016)	
		No of Projects	Values	No of Projects	Values	No of Projects	Values
Tanzania	Kenya	12.0	6.5	21.0	32.5	75.0	402.9
	Uganda	2.0	3.1	3.0	0.6	50.0	-82.3
	Rwanda	1.0	0.4	1.0	0.3	0.0	-28.6
	Burundi	0.0	0.0	0.0	0.0	-	-
	South Sudan	0.0	0.0	0.0	0.0	-	-
	Rest of World	136.0	4812.3	226.0	3284.7	66.2	-31.7
	<b>Total</b>	151.0	4822.3	251.0	3318.0	66.2	-31.2

Source: TIC, 2018

As illustrated in the table 5.2 below, in 2017 Tanzania registered a total of 251 projects including 143 manufacturing sector, 19 projects on agricultural sector (such as agriculture, hunting, fishing & forestry) and 28 projects registered on Real Estate, Finance, Insurance and Business Services) The total investment in utilities sector was worth US\$ 299.6 million while FDI flows in transport and communication sector amounted to US\$ 48.2 million, services sectors US\$ 51 million and US\$ 45.5 million received from wholesale, trade and tourism sector.

Table 5. 2: Sectoral FDI Distribution, 2016–2017 (US\$ Million)

Sector	2016			2017		
	No. of projects	Amount (US\$ m)	Employment	No. of projects	Amount (US\$ m)	Employment
Agriculture, fishing, forestry & hunting	22	522.5	4,403	19	321.00	2,071
Construction	4	69.7	667	2	6.3	77
Manufacturing	109	407.1	6,384	143	2,326.2	14,383
Mining & Quarrying	-	-	-	-	-	-
Finance, Insurance, Real estate & Business services	39	855.5	2,979	28	220.30	2,657
Community, Social & Personal services	20	40.2	761	19	51.0	1,101
Wholesale, retail trade, Tourism	25	96.2	1,493	19	45.5	998
Transport, Communication & Storage	17	323.7	1,337	16	48.2	1,201
Utilities (water & energy)	7	2,424.7	163	5	299.6	407
<b>TOTAL</b>	<b>243</b>	<b>4,739.5</b>	<b>18,187</b>	<b>251</b>	<b>3,318.1</b>	<b>22,895</b>

Source:TIC,2018

The major sources and providers of Foreign Direct Investment into Tanzania are Denmark, Germany, China, South Africa, UK, Kenya, Canada and India. According to EAC Trade and Investment Report 2017 (p. 91) “Investment flows from Denmark amounted to US\$953 million and established 4 projects, while the investments flows from Germany amounted to US\$ 946.9 million, established 2 projects, investment flows from China amounted to US\$376.2 million and created 11,577 jobs in 2017. Investment flows from India and UK amounted to US\$ 227.1million and 177.9 million respectively created 339 jobs while investment from Kenya amounted to USD32.5 million created 914 jobs in 2017.” As illustrated in the table 5.3 below.

Table 5. 3: Tanzania’s major providers of FDI 2016-2017

2016				2017			
Country	Number of Projects	Employment	Value (Million US\$)	Country	Number of Projects	Employment	Value (Million US\$)
Mauritius	6	235	2,405.12	Denmark	4	2,581	952.98
China	17	4,598	650.11	Germany	2	2,440	946.91
United Kingdom	1	4,508	375.64	China	104	6,555	376.17
Iran	59	1,600	313.15	India	33	2,023	227.05
Congolese	34	680	300.00	UK	13	1,016	177.86
Libyan	3	115	238.32	Maritius	8	780	121.17
Indian	2	1,008	110.26	Luxembourg	1	2	108.90
British Virgin Island	2	771	64.06	Australia	4	477	92.38
USA	1	224	30.86	Kenya	21	914	32.49
United Arab Emirates	4	28	25.01	Ukraine	2	321	31.56
<b>Sub Total</b>	<b>129</b>	<b>13,767</b>	<b>4,512.53</b>	<b>Sub Total</b>	<b>192</b>	<b>17,110</b>	<b>3,067.45</b>
<b>Other Countries</b>	<b>114</b>	<b>4421</b>	<b>227.00</b>	<b>Other Countries</b>	<b>59</b>	<b>5,786</b>	<b>250.56</b>
<b>Total</b>	<b>243</b>	<b>18,187</b>	<b>4,739.53</b>	<b>Total</b>	<b>251</b>	<b>22,895</b>	<b>3,318.02</b>

Source: EAC Trade & Investment Report 2017 & TIC 2018.

In conclusion, despite the better record of increasing FDI inflows into the country, but still Tanzania faces several challenges which need to be addressed in order to attract more investors. Some of these challenges are poor infrastructure particularly roads to reach the rural areas, lack of designated areas for investment projects and lack of enough and reliable electricity. All these challenges tend to slow down the rapid movement of investors in the country as expected by the government.

### 5.3 Development of Tourism

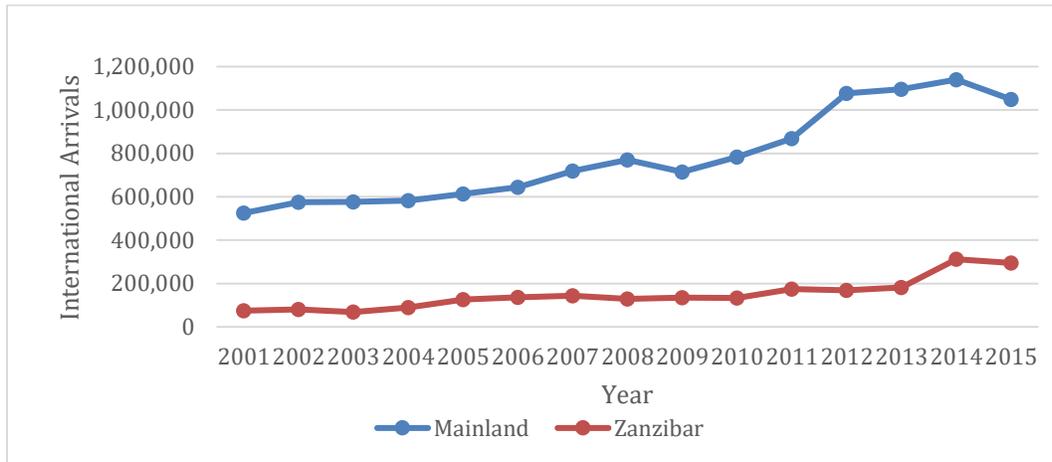
As a home to the leading tourism attractions (wildlife sanctuaries) such as 16 National Parks (including Serengeti National park which is the largest national park in the world & the Ngorongoro Crater which boasts as among the eight wonders of the world), attractive game reserves and the home to mountain Kilimanjaro the highest mountain in the African continent. In addition, several reports including (safaribookings.com in 2013) named Tanzania as one of the fastest growing tourist destinations in the world.

Following the commitment of the government on achieving economic development through implementation of sustainable diplomacy as well stipulated in the foreign policy of 2001, Tanzanian government through its embassies abroad have played a key role with regards to the promotion of Tanzania's tourism sector

as a result of the effective execution of public diplomacy in their countries of representation and by Influencing upon Airlines in countries of accreditation on the possibility of introducing direct flights to Tanzania, organizing mini tourism fairs and presentation tours in their host country, developing closer contacts with tour operators in countries of accreditation and convincing them to attract more tourists, organize tourism package to Tanzania and embarking on serious marketing promotion aimed at attracting more tourists to visit Tanzania. For example on 12<sup>th</sup> May 2019 Tanzania received the first batch of 330 tourists from China out of 10,000 Chinese tourists who are expected to visit Tanzania by December 2019 as a result of marketing approach implemented in cooperation with the Embassy of Tanzania in China and TTB through Tour Africa-New Horizon project done by Chinese Touch Road International Holding group. Furthermore, , in his speech delivered to the special committee formed to address the challenges facing tourism sector in Tanzania on 10<sup>th</sup> January 2018, His Excellency. Dr. Hamisi Kingwangalla, the Minister for Tourism and Natural Resources revealed that, Tourism sector has been among the major contributor of economic development in the country and it contributed 25 percent of the country's foreign currency in 2017 where it contributed US\$ 2.1 billion to the national GDP (Namkwahe, 2018).

In addition, from 2001 to 2015, Tanzania witnessed a significant growth in attracting large number of tourists and the increase of foreign currency in the country as illustrated in the figure 5.4 and Appendix III.

Figure 5.4: International Arrivals for Tanzania, 2001-2015



Addressing the National Assembly on 05<sup>th</sup> April, 2019, His Excellency Kassim Majaliwa, the Tanzania’s Prime Minister, argued that the revenue from tourism sector raised by 7.13% from US\$ 2.19 billion in 2017 to US\$ 2.43 billion in 2018 due to the increasing number of tourist arrivals. For example in 2018, total number of 1.49 million tourists from various countries visited Tanzania compared to 1.33 million tourists who visited the country in 2017. Moreover, the International Visitors’ Exit Survey Report of 2017 revealed by NBS indicated that Tanzania received the total number of 1.2 million tourist arrivals in 2016 and the earnings from tourism sector in that particular year amounted to US\$ 2, 13 billion.

The Tourism sector is a key sector with a significant role towards the economic development of Tanzania through creation of employment opportunities and attracting capital for investment in the country because as tourist arrivals increases, the employment opportunities for Tanzanians and investment in various economic sector such as hotels, lodges, recreational facilities, tour operators and transport services also increases. Following the strong commitment of the government towards the implementation of Tanzania’s foreign policy which advocates for

international economic integration through economic diplomacy, the tourism sector has grown significantly as shown in figure 5.3 and Appendix III of this study.

Despite the existing diplomatic relations between Tanzania and other countries, the number of assertive campaigns undertaken by the government agencies, private and foreign companies has also attracted many tourist visits in Tanzania.

#### **5.4 Growth of other Economic Sectors through the Increase of External Assistance**

The effective implementation of the principles of Foreign Policy 2001 which emphasize on promotion of good neighborliness, strengthening of economic cooperation with international development partners and supporting the non alignment policy; has made Tanzania a respected country with strong diplomatic relations with the rest of the world. Therefore the government of Tanzania has been taking advantages of its diplomatic influence and relationship with other countries and international organizations to address its internal challenges and priorities through development cooperation and economic partnership with its development partners for the aim of implementing various projects and programs which contributes to the growth of social and economic sector for the betterment of the economic development of Tanzania.

For instance, in his speech for the estimates of government revenue and expenditure for the financial year 2019/2020, delivered to the national assembly at 13<sup>th</sup> June 2019, the Minister for Finance and Planning His Excellency Dr. Philip I. Mpango revealed that, in 2018/2019 Tanzania received the total of 1.70 trillion Tanzanian shillings as a grants and concessional loans from development partners. He further added that for the current financial year 2019/2020, Tanzania is expected to receive 2.78 trillion Tanzanian shillings as grants and concessional loans for supporting development projects from the development partners and supporters. This is

highly influenced by the existing diplomatic relations between Tanzania and the donor countries as well as international organizations. Tanzania's largest aid contributor and development partners include WB, USA, AfDB, UK and EU

In addition, through its effective engagement in RECs under the guidance of the Tanzania's foreign policy which insists on implementation of economic diplomacy, Tanzania has been able to attract many investment projects in various important sectors such as agriculture, health, transport, education, water and energy sector. For example, Tanzania received grants and concessional loans from WB, AfDB and Kuwait Fund to support infrastructure development including construction of Tanzania's airports, roads and waterways. In the energy sector, Tanzania received funds from the development partners such as WB for construction of power generation plants and transmission lines which have connected most parts of the country to the national power grid. Furthermore, WB and USA funded several education programs including primary and secondary education development programs aimed to support the initiatives done by the government to improve the education sector in Tanzania.

Also, the development partners such as AFDB also funded water projects amounting to US\$ 109.58 million to ensure the sustainable distribution of reliable water and sanitation services especially in the rural communities and hence resulted to the improvement of water accessibility in the country from 9.6% in 2001 to 15.6% in 2015.

With regards to health sector, Tanzania has used Diplomacy to convince the development partners to invest in health sector. The support from the UN agencies and other international organizations has resulted to the improvement of health services in the country. For instance, WB funded the implementation of project aimed at strengthening the provision of health sector in the

country. Further, through the support of development partners, Tanzania implemented with success the Millennium Development Goals especially goal number four of minimizing child mortality where child mortality of children under five years decreased from 147 in 1999 to 54 in 2013 per every 1,000 live births.

Also, Agricultural sector has improved as a result of the strong diplomatic relations between Tanzania and international development partners. The Southern Agriculture Corridor of Tanzania (SAGCOT) is one of the notable examples of the results of those relations being an outcome of the World Economic Forum held in Dar es Salaam in 2010. On the same vein, WB financed agricultural project such as Tanzania Accelerated Food Security project which aimed at ensuring food security in the country.

The government of Tanzania in collaboration with the development partners including UN agencies and foreign countries has implemented several programs and projects aimed at alleviating poverty in the country. For example, in 2015, Tanzania received 2.4 billion Tanzanian shillings seed capital from UNCDF as a grant to support government and private sector developers in the country. World Bank financed different projects including Tanzania Productive Social Safety Net, TASAF and Tanzania Poverty Reduction Support Credit initiated by the government for the aim of reducing poverty and promoting economic growth.

Table 5. 4: External Loans and Grants 2015/16 - 2019/20

		Tshs Million					
		2015/16	2016/17	2017/18	2018/19	2018/19	2019/20
		Actual	Actual	Actual	Budget	Likely	Budget
<b>General budget Support</b>	Grants	0	190,303	247,285	236,264	0	146,822
	Concessional Loans	291,381	152,482	0	309,501	354,657	125,990
	<b>Total</b>	<b>291,381</b>	<b>342,785</b>	<b>247,285</b>	<b>545,765</b>	<b>354,657</b>	<b>272,813</b>
<b>Baskets Funds</b>	Grants	86,199	168,984	117,165	92,163	92,163	164,713
	Concessional Loans	161,842	104,991	71,078	33,701	33,701	34,746
	<b>Total</b>	<b>248,041</b>	<b>273,975</b>	<b>188,243</b>	<b>125,864</b>	<b>125,864</b>	<b>199,460</b>
<b>Projects</b>	Grants	409,157	733,208	566,198	752,982	752,982	896,987
	Concessional Loans	777,825	1,124,190	1,464,294	1,252,035	1,252,035	1,414,416
	<b>Total</b>	<b>1,186,982</b>	<b>1,857,399</b>	<b>2,030,492</b>	<b>2,005,016</b>	<b>2,005,016</b>	<b>2,311,404</b>
<b>Grand Total</b>		<b>1,726,404</b>	<b>2,474,159</b>	<b>2,466,020</b>	<b>2,676,645</b>	<b>2,485,536</b>	<b>2,783,676</b>

Source: Ministry of Finance and Planning

Besides the economic achievements resulted from the implementation of diplomacy, Tanzania also remains committed in supporting the international efforts towards maintenance of world peace and security. In pursuit of one of the objective of foreign policy. Tanzania played a critical role at the international platform through its active involvement in conflict resolutions and participation in peacekeeping missions. Currently Tanzania has donated 2,279 peace keepers in six UN missions around the world. Force Intervention Brigade (FIB), operating under the mandate of the UN Mission in DRC (MONUSCO), is Tanzania's largest mission. In addition, in 2015 EAC nominated the former Tanzanian President His Excellency Benjamin William Mkapa to facilitate the inter-Burundi peace dialogue following the political violence caused by the re-election of President Pierre Nkurunziza in 2015. Furthermore, Tanzania also played a key role in resolving Madagascar political crisis.

In contrast, apart from political and economic achievements resulted from its participation in the RECs; the promotion of Tanzanian culture in the international ground is also one of the key priorities indicated in the foreign policy. Therefore, Tanzania has been using its

diplomatic influence to promote Kiswahili language in the international arena. Due to the important contribution of Tanzania with regards to the promotion of culture, Kiswahili language was declared as one of the official language in couple of RECs including EAC, SADC and AU. Furthermore, EAC Kiswahili Commission is currently based in Zanzibar. The use of kiswahili language as one of the official language in these regional organizations has advanced the cultural identity which acted as an important tool towards connecting and uniting people from different countries and hence simplify trade and investment activities as well as in strengthening friendships and good neighborliness in the region.

## **5.5 Chapter Summary**

Implementation of sustainable economic diplomacy guided by the current foreign policy 2001 had brought impact to the social, political and economic development of Tanzania. The particular policy has increased the performance and participation of Tanzania in potential RECs and international organizations such as EAC, SADC, AU, UN and WTO where Tanzania acquired social and economic benefits including attraction of FDI, growth of trade activities, improvement of infrastructure, development of other economic sector, improvement of social services delivery which has helped in reducing the problem of poverty in the country and hence promoted the development of Tanzania's economy.

Despite the recorded benefits resulting from the execution of the current foreign policy 2001, there are number challenges which affect or limit the effective implementation of the current foreign policy. Those challenges includes shortage of funds, lack of adequate personnel (human capital), lack of coherent and consistent multi-institutional framework for execution and poor link between the policy itself and other national development plans and strategies. Therefore the government should address these challenges by allocating enough financial

resources, increase human capital and include other national development plans and strategies during the formation of new foreign policy. This will help increase the effective and meaningful participation of Tanzania in the execution of economic diplomacy for the betterment of the country with the view of achieving the rapid growth of Tanzania's economy.

The next chapter will summarize and make conclusions based on the findings obtained from this study and provide necessary recommendation.

## CHAPTER SIX

### CONCLUSION AND RECOMMENDATIONS

#### 6.1 Conclusion

As we have clearly defined diplomacy as a process in which the country uses its potential resources in the formation and execution of foreign policy in order to achieve its national interest's particularly social and economic interests in relation with other countries. Based on the existing correlation between diplomacy and economic growth as clearly indicated in this study, we can strongly argue that Tanzania has achieved its economic development as a result of the effective implementation of Foreign Policy (2001). Tanzania gained economic advantages through the growth of trade activities, increase of FDI, growth of tourism sector and increase of external assistance.

In addition, both state and non state actors including Presidency, Ministry of Foreign Affairs, MDAs, Diaspora, NGOs, CSOs, media, individuals and citizens have played a key role throughout the process of execution of foreign policy. On the same note, through its membership and commitment to the International organizations and potential RECs such as EAC, SADC, IOR-ARC, WTO, UN, and AU as well as becoming a signatory to various international agreements/treaties on economic cooperation arrangements including; Everything But Arms (EBA) between European Union and the LDCs African Growth Opportunity Act (AGOA) between some of the African countries and USA, Tanzania has gained economic benefits through expansion of market for its domestic products, flow of foreign goods and services into the country, development of tourism sector, growth of external assistance and increase of foreign direct investment in the country which has contributed to the increase of employment

opportunities, improvement of infrastructure, development of social services including education and health sector.

Therefore, this research finds that the Tanzania's diplomacy under the implementation of foreign policy which has more emphasis on economic diplomacy has brought benefits towards the economic growth through promotion of trade activities, increase of FDI, growth of external aid and assistances and development of tourism sector.

Despite the several economic achievements resulted through the execution of Foreign policy 2001, but still there are numbers of challenges which limit the effective implementation of Tanzania's diplomacy. Some of those challenges are lack of coherent and consistent multi-institutional framework for execution, insufficient human resources and shortage of funds. In addition, one of the serious challenge and problem is that the government did not consider other development plans and strategies during the process of formulation of foreign policy of 2001. The key national development plans and strategies such as Tanzania Development Vision 2025, MKUKUTA – II, Tanzania Long-term Perspective Plan (LTPP) 2011/12-2025/26, dramatically increases in human trafficking, generation of security threats and dynamic of conflicts, discovery of oil and gas and the contribution of Tanzanian Diaspora and private sector were neither considered nor taken into consideration during the formation of foreign policy of 2001 and hence limits the effective execution of foreign policy of 2001 for the economic interest of the country.

## **6.2 Recommendations**

Evaluation of Tanzania's Foreign Policy of 2001 commissioned by the Ministry of Foreign Affairs and East African Cooperation as instructed by the Cabinet was conducted for the

aim of assessing the performance and impact of Foreign Policy 2001 and come up with the suggestions on whether there is need for developing a new foreign policy to address the current and future situations or not. Based on several challenges and problems witnessed from the current foreign policy 2001, the Evaluation report suggested the need for the government to formulate a new foreign policy and its implementation strategy (MFAEC, 2016).

In order for Tanzania to improve its performance in the international system and achieve rapid social and economic growth, the drafting and execution of the proposed new foreign policy should consider the following recommendations:

- i. The Tanzanian government should take into consideration other key national development plans and strategies during the process of drafting and implementing the proposed new foreign policy. These national plans and strategies include Tanzania Development Vision 2025, MKUKUTA – II, Tanzania Long-term Perspective Plan (LTPP) 2011/12-2025/26, a dramatic increase in human trafficking, the generation of security threats and the dynamic of conflicts and discovery of oil and gas. These key national development plans and strategies are designed by the government to promote economic growth have significant effect on the implementation of foreign policy which is a blueprint on how Tanzania could achieve its social and economic interests through its interaction with other countries. Therefore, Tanzania will be in a better position of achieving the massive economic growth by obtaining the huge increase of FDI, rapid growth of trading activities, increase of tourism activities and significant increase of external assistance which will lead to the improvement of living standard of Tanzanians.

- ii. The proposed foreign policy should recognize the contribution of the Tanzanian Diaspora and private sector to the national development and create good environment that could motivate them to participate effectively in social and economic affairs of the country by setting up the clear guidelines and procedures to guide and encourage their participation to the economic development of Tanzania.
- iii. The proposed New Foreign Policy should provide for the greater participation of youths in the international matters. Since in the today's world there is no way we can ignore the contribution of youths in economic development in both local and international level, therefore apart from them being equipped with special skills and expertise in that particular policy, the youths who are among the key implementers of foreign policy also needs to have the ability to embrace the Tanzania's traditions, values and maintaining high degree of patriotism. This will motivate them to learn, act and participate in the international debate and hence increase professional development of human resources in Tanzania's diplomacy and global politics for the best interest of economic development of Tanzania.

To ensure the effective and meaningful engagement of Tanzania in regional economic integration, the new foreign policy should specify clearly the national interests and priorities in EAC, SADC, AU, WTO and other regional economic communities which Tanzania is a member.

### **6.3 Chapter Summary**

The study clearly finds that Tanzania's diplomacy has brought significant effects to the Tanzania's economy through attraction of FDI, development of trade, international assistance growth of tourism sector, improvement of infrastructure and service delivery. However, despite the above economic achievements, the implementation of Tanzania's diplomacy has been affected by several challenges such as shortage of enough human and financial resources, lack of

coherent and consistent multi-institutional framework for execution and poor link between the policy itself and other national development plans and strategies. The evaluation conducted by the Tanzania's Ministry of Foreign Affairs to assess the impact of the implementation of the current foreign policy of 2001 suggested the need for the country to adopt the new foreign policy that could address the above challenges and increase the effective participation of Tanzania in the international scene through the meaningful and effective implementation of sustainable economic diplomacy for the better interest of the country.

Therefore, to achieve more economic benefits through the execution of Tanzania's diplomacy, the government should include and take into consideration all national development plans and strategies during the whole process of drafting and execution of the proposed new Foreign policy. That particular policy should recognize the contribution of youths, Tanzanian Diaspora and private sector by encouraging them to participate in the conduct of Tanzania's economic diplomacy. This will enable Tanzania to gain more economic benefits and hence ensure the achievement of the government objectives of promoting economic development for the best interest of the Tanzanian people.

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## APPENDICIES

Appendix I: Tanzania's Trade with EAC Partner States, 2013-2017 (US\$ million)

		2013	2014	2015	2016	2017	% Change			
							2014	2015	2016	2017
Kenya	Imports	336.00	657.9	237.3	266.4	203.4	95.8	-63.9	12.3	-23.6
	Exports	864.00	577.6	210.9	189.7	308.9	-33.1	-63.5	-10.1	62.8
	Total trade	1,200.0	1,235.5	448.2	456.1	512.3	3.0	-63.7	1.8	12.3
	Trade Balance	528.0	- 80.3	- 26.4	- 76.7	105.5	-115.2	-67.1	190.5	-237.6
Uganda	Imports	58.00	48.2	39.2	30.6	36.1	-16.9	-18.7	-22.1	18.2
	Exports	76.00	93.0	56.2	28.1	33.0	22.4	-39.6	-50.0	17.4
	Total trade	134.0	141.2	95.4	58.7	69.1	5.4	-32.4	-38.5	17.8
	Trade Balance	18.0	44.8	17.0	- 2.4	- 3.1	148.9	-62.1	-114.4	27.0
Burundi	Imports	2.00	0.6	1.0	0.8	0.2	-70.0	66.7	-23.0	-68.9
	Exports	68.00	61.6	39.8	55.0	53.8	-9.4	-35.4	38.1	-2.2
	Total trade	70.0	62.2	40.8	55.8	54.0	-11.1	-34.4	36.6	-3.2
	Trade Balance	66.0	61.0	38.8	54.2	53.5	-7.6	-36.4	39.7	-1.3
Rwanda	Imports	1.00	3.2	1.1	1.1	1.3	220.0	-65.6	1.5	17.3
	Exports	110.00	47.3	30.5	65.6	68.7	-57.0	-35.5	115.0	4.8
	Total trade	111.00	50.5	31.6	66.7	70.0	-54.5	-37.4	111.0	5.0
	Trade Balance	109.0	44.1	29.4	64.5	67.4	-59.5	-33.3	119.2	4.6
South Sudan	Imports	0.00	-	-	-	2.1	-	-	-	-
	Exports	0.00	-	0.1	-	0.2	-	-	-	-
	Total trade	0.00	-	0.1	-	2.3	-	-	-	-
	Trade Balance	0.00	-	0.1	-	- 1.9	-	-	-	-
Intra-EAC**	<b>Imports</b>	<b>397.0</b>	<b>709.9</b>	<b>278.6</b>	<b>298.8</b>	<b>243.2</b>	<b>78.8</b>	<b>-60.8</b>	<b>7.3</b>	<b>-18.6</b>
	<b>Exports</b>	<b>1,118.0</b>	<b>779.5</b>	<b>337.4</b>	<b>338.3</b>	<b>464.5</b>	<b>-30.3</b>	<b>-56.7</b>	<b>0.3</b>	<b>37.3</b>
	<b>Total trade</b>	<b>1,515.0</b>	<b>1,489.4</b>	<b>616.0</b>	<b>637.1</b>	<b>707.7</b>	<b>-1.7</b>	<b>-58.6</b>	<b>3.4</b>	<b>11.1</b>
	<b>Trade Balance</b>	<b>721.0</b>	<b>69.6</b>	<b>58.8</b>	<b>39.4</b>	<b>221.4</b>	<b>-109.1</b>	<b>4.0</b>	<b>-32.9</b>	<b>461.27</b>

Source: TRA & NBS, 2018

## APPENDIX II

### Tanzania Trade Performance 2001 -2015 (TSHS Millions)

Year	GDP		Total GDP	Imports		Exports		Total Trade
	Mainland	Zanzibar		Mainland	Zanzibar	Mainland	Zanzibar	
2001	9,100,274	222,300	9,322,574	1,502,851	15,044	738,857	6,811	2,263,563.00
2002	10,444,507	255,900	10,700,407	1,605,426	16,044	962,892	8,738	2,593,100.00
2003	12,107,062	286,700	12,393,762	2,206,610	71,538.9	1,267,322	17,093.3	3,562,564.20
2004	13,971,592	344,300	14,315,892	2,972,046	79,611.7	1,582,111	14,221.6	4,647,990.30
2005	19,112,830	395,700	19,508,530	3,729,555	120,700.9	1,874,265	12,703.1	5,737,224.00
2006	23,298,435	510,000	23,808,435	4,846,100	87,465.3	2,156,732	15,424.3	7,105,721.60
2007	26,770,432	586,400	27,356,832	6,022,490	107,689.9	2,628,866	21,177.7	8,780,223.60
2008	32,764,940	748,100	33,513,040	8,459,222	93,439.6	3,194,929	30,189.2	11,777,779.80
2009	37,726,824	879,200	38,606,024	7,626,538	120,882.0	3,671,935	29,744.5	1,449,099.50
2010	43,836,018	946,800	44,782,818	10,000,799	129,136.8	4,050,561	17,906.7	14,198,403.50
2011	52,762,581	1,344,100	54,106,681	15,305,652	164,187.1	7,331,020	61,261.4	2,862,120.50
2012	61,434,214	1,565,200	62,999,414	16,218,662	271,273.1	8,658,371	67,390.5	5,215,696.60
2013	70,953,227	1,489,900	72,443,127	17,631,859	208,100	8,223,206	87,800	6,150,965.00
2014	79,718,416	2,133,500	81,851,916	18,041,732	279,600	11,366,504	133,600	9,821,436.00
2015	90,863,681	2,308,000	93,171,681	19,542,332	156,900	14,692,918	42,400	4,434,550.00

Source: BOT & NBS

### APPENDIX 1III

#### International Arrivals to Tanzania 2001 - 2015 (Numbers).

Year	Mainland (number)	Zanzibar (number)
2001	525,122	75,000
2002	575,000	80,000
2003	576,000	68,365
2004	582,000	89,695
2005	612,754	125,522
2006	644,124	137,111
2007	719031	143,265
2008	770,376	128,445
2009	714,367	134,954
2010	782,699	132836
2011	867,994	175,067
2012	1,077,058	169,223
2013	1,095,884	181,301
2014	1,140,156	311,891
2015	1,048,944	294,243

Source: NBS