

**Africa Programme  
Meeting Summary**

# Tanzania's global economic diplomacy

## Evaluating international partnerships for prosperity

27 July 2023

Roundtable meeting in Dar es Salaam, United Republic of  
Tanzania

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## Introduction

On 27 July 2023, the Chatham House Africa Programme and the Konrad-Adenauer-Stiftung (KAS) Tanzania office convened a private roundtable meeting in Dar es Salaam. The discussion focused on the priorities for Tanzania's engagement on the international stage, including the effectiveness of global partnerships for trade, investment and infrastructure development, and the country's agency in responding to shared challenges such as climate change.

The roundtable marked the third event in a project partnership series between KAS and Chatham House on *Tanzania's Foreign Policy Agenda: Economic Diplomacy and International Agency*. The series aims to encourage informed dialogue and debate at an important moment for Tanzania's external engagements: the country's main foreign relations strategy document, the 'New Foreign Policy', was adopted in 2001, but an official review has been commissioned by President Samia Suluhu Hassan and is to take place in 2023.

The first event under this collaboration, a webinar on Tanzanian agency in the international system,<sup>1</sup> was held in November 2022; and a roundtable event in Arusha, focused on regional foreign policy, was held in May 2023.<sup>2</sup> This Dar es Salaam roundtable meeting was held under the Chatham House Rule.<sup>3</sup> The following document summarizes the key findings and themes of the discussion.

## The economic diplomacy agenda

The 'New Foreign Policy' of 2001 placed a spotlight on economic benefit as the primary objective of Tanzania's foreign policy and adopted the concept of economic diplomacy as the mechanism to achieve this goal. The policy's framing means that wider diplomatic decisions hinge upon their economic implications: even ostensibly political concerns such as conflict prevention or mediation should be approached as possible catalysts for economic cooperation.

Although 2001 marked the official beginning of economic diplomacy as a stated strategic aim, some roundtable participants indicated that the concept was not wholly new. Rather, it was argued that economic diplomacy effectively began at independence in 1961, and that key historic foreign policy decisions – such as Tanzania's support for liberation movements in Southern Africa – were still motivated by the ultimate aim of economic benefit. Tanzanian foreign policy today continues to influence and be influenced by economic factors across a number of sectors and issues, which are summarized under the following headings.

<sup>1</sup> Chatham House (2022) 'Tanzanian agency in the international system', meeting summary, 24 November 2022, <https://chathamhouse.soutron.net/Portal/Public/en-GB/RecordView/Index/202188>.

<sup>2</sup> Chatham House (2023), 'Tanzania's regional role', meeting summary, 18 May 2023, <https://chathamhouse.soutron.net/Portal/Public/en-GB/RecordView/Index/203404>.

<sup>3</sup> When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

## Tourism

Tanzania is endowed with natural resources and tourism represents a vital source of foreign exchange earnings. Economic diplomacy should continue to highlight the heritage available to tourists in visiting the country, and initiatives such as the 'Royal Tour' documentary – in which President Samia appeared – have helped to raise this international profile. Nonetheless, there is room for improvement in terms of connecting this external promotion to domestic development. Participants highlighted that destinations in Tanzania's southern regions remain underdeveloped for tourism compared to the northern circuit, and that the potential for ocean and beach tourism has still not been fully explored, considering that the country has one of Africa's longest coastlines.

In terms of trade, economic diplomacy has a role both in promoting Tanzania's exports abroad and in negotiating preferential treatment and access to markets. However, these policy issues have implications not just for Tanzania individually, but also for its status within regional groupings. Kenya signed an Economic Partnership Agreement with the European Union in June 2023, securing its access to EU markets while also gradually removing tariffs for certain imports over several decades. It was questioned in the roundtable whether Tanzania's foreign policy strategy offers a clear route forward on this issue, given that the Kenya deal would appear to contradict the East Africa Community (EAC)'s Common External Tariff policy.

Regardless, participants noted that insufficient domestic supply capacity for exports has also prevented Tanzania from making full use of existing trade arrangements such as the African Growth and Opportunity Act or the Everything but Arms initiative with the US and EU respectively. More broadly, as Tanzania develops, trade agreements will shift from preferential access towards some degree of reciprocity – and that this is a long-term issue which foreign policy strategy should be prepared to address; in addition to seizing new opportunities such as the African Continental Free Trade Area.

## Foreign investment

The discussion highlighted that the attraction of foreign direct investment (FDI) into Tanzania has often met with resistance, with investment deals progressing slowly. This reflects a failure by Tanzania to move quickly enough to leverage its post-independence history of relative peace and stability for economic development. Improvements in Tanzania's domestic business environment are therefore also a prerequisite for more effective implementation of economic diplomacy.

Debate centred around differing reasons for the challenges in attracting FDI. On the one hand, these were attributed to Tanzania's economic history in the early decades of independence, implying that the legacy of socialism continues to restrain the openness to foreign investment in the modern era. In addition, discussion touched upon the issue of trust between government officials and the private sector. While many Tanzanian politicians hold business interests in addition to their political roles, the overlap between business and politics is less

marked than in neighbouring Kenya – a factor which was deemed potentially to contribute to the resilience of mistrust against the private sector.

Other contributors questioned the degree of significance assigned to Tanzania's socialist past, and instead cited citizens' more recent experiences with major corruption scandals and a lack of transparency in investment contracts. It was alternatively argued that questioning the business logic of particular deals should not be dismissed as an endorsement of socialism – but rather that it centred on the extent to which capital investments would benefit local populations, rather than being concentrated in overseas contractors and supply chains. In this respect, contributors acknowledged that not all FDI will directly benefit Tanzania to the same extent. A greater distinction could be made between attracting greenfield investors – who are more likely to be new investors who come with existing external supply chains – and developing relationships with established investors; while improving local capacity is also of critical importance to this issue.

It was noted that there have been issues with the practical implementation of tax incentives and other benefits offered to new foreign investors. However, a cabinet reshuffle in July 2023 created a new Ministry of Planning and Investment, which now sits within the President's Office. If effective use is made of it, this reorganization could offer an opportunity to ensure that investment commitments are honoured on both sides. Ultimately, the ongoing foreign policy review must take into account the diversity of different institutions – both public and private – that have a role to play in the implementation of economic diplomacy: it must also seek to improve coordination between these bodies and the Ministry of Foreign Affairs and East African Cooperation.

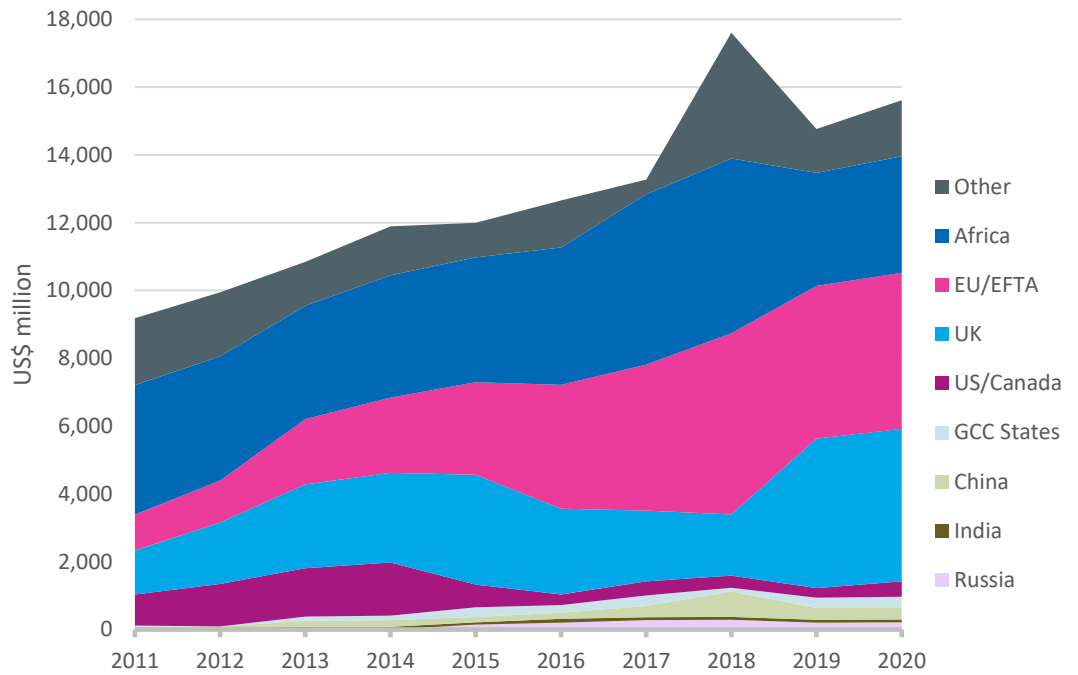
### **Infrastructure investments and Dar es Salaam Port**

Discussion over economic diplomacy and FDI inflows have been of particular relevance in mid-2023 due to Tanzania's negotiations on the takeover of the operations of Dar es Salaam Port by the Emirati firm Dubai Ports World. These talks fall under a wider intergovernmental agreement between Tanzania and the United Arab Emirates, which may extend to other port agreements.<sup>4</sup>

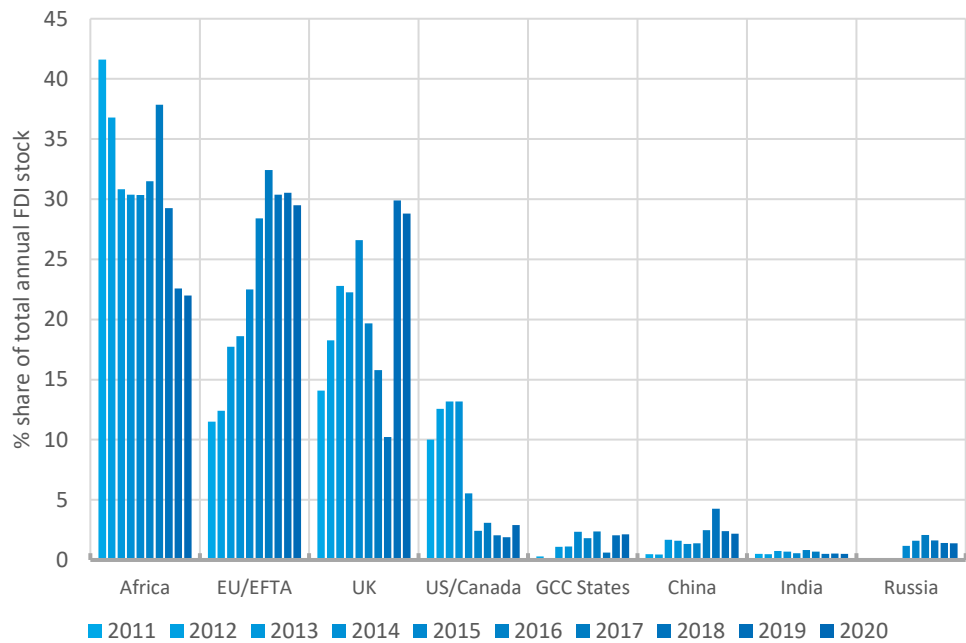
While debate over the port has become highly polarized, issues of economic diplomacy remain central to the controversy, as the intergovernmental agreement between Tanzania and the Emirate of Dubai arose out of a memorandum of understanding signed by President Samia at Expo Dubai 2022. Participants indicated that there have been deficiencies in terms of Tanzania's approach and its advance preparation for such investment summits. In particular, concerns were raised over whether the agreement would effectively strike a balance between Tanzania's sovereignty and accommodation of international investment, while ensuring that normal citizens benefit from investment inflows.

<sup>4</sup> The United Republic of Tanzania and the Emirate of Dubai (2022) 'Economic and Social Partnership for the Development and Improving Performance of Sea and Lake Ports in Tanzania', 3 October 2022, <https://www.scribd.com/document/654437537/Intergovernmental-Agreement-TZ-Dubai-DP-World>.

**Figure 1a.** Tanzania's FDI stock by source, 2011–2020



**Figure 1b.** Share of Tanzania's annual FDI stock by source, 2011–2020



Source: Bank of Tanzania, Tanzania Investment Centre and Tanzania National Bureau of Statistics (2023), *Tanzania Investment Report 2022: Foreign Private Investments*, <https://www.nbs.go.tz/index.php/en/investment-statistics/899-tanzania-investment-report-2022>.

Note: GCC States refers to the six states of the Gulf Cooperation Council: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. EU /EFTA data includes EU member states and members of the European Free Trade Association: Iceland, Liechtenstein, Norway and Switzerland.

## Diversifying partnerships: emerging power engagement

Tanzania's foreign policy review is taking place in a global context characterized by increasing multipolarity. Within this, much focus has been placed on the rise of so-called 'emerging powers' to challenge an international system that was previously dominated by Western institutions and countries. China, India, Türkiye, the Gulf States and Russia have all been noted in this respect for their engagement with Tanzania.

Nonetheless, it is important to recognize that many of these 'emerging' partnerships already have an extensive history of cooperation. In the case of China or India, for example, Tanzania has long been engaged in friendly relations and has been linked via South–South cooperation and the Non-Aligned Movement. However, other relationships have developed at a faster pace in more recent years, such as Türkiye or the Gulf States – as seen once again in the debate over the Dar es Salaam port deal. Participants noted that this trajectory is likely to continue, and that Tanzania should be prepared for greater involvement from these partners.

Importantly, these engagements have afforded Tanzania an unprecedented degree of leverage and choice in its foreign relations. President Samia's foreign trips since taking office in 2021 include a number of state visits to the US and countries in Europe, but also to Beijing, Oman, Dubai and Doha, among other non-Western partners. Roundtable attendees noted that maintaining a diverse array of partnerships may offer benefits for Tanzania in terms of exploiting great power competition for maximum benefit, while also protecting sovereignty by avoiding over-reliance on a single partner or group of countries. However, it was also highlighted that this should not be interpreted as being simply about pitting China against the West: rather, it should also be seen in terms of competition among emerging powers themselves and the opportunities this may offer. In the case of Tanzania's Standard Gauge Railway (SGR) project, for example, several tenders for the initial phases were initially expected to be granted to Chinese firms but were later given to a Turkish company.

Fundamentally, Tanzania cannot afford to move slowly in exploiting the opportunities made available by the rise of newer global powers, as the current situation cannot be seen as permanent. It will be important to strike a balance between acting fast in the context of this fluidity and remaining principled on national interest and values.

## Foreign policy values

Tanzania's foreign policy approach is often attributed, to varying degrees, to the influence of national interest, core principles and personalities. Various contributors to the discussion noted the foremost role of the president in formulating and implementing foreign policy. The centralization of power in

Tanzania in the head of state means that the vast majority of foreign policy rests upon their framing of the issues, rather than necessarily representing an institutional view. It was suggested that Tanzania would benefit from having a more formalized mechanism to advise the president on foreign policy choices.

The issue of values has an important bearing on Tanzania's relationships with traditional Western partners. Some participants questioned the effectiveness of traditional budget support and development aid provided to Tanzania, arguing that it has served to aggravate corruption and enrich local elites. A reset of Tanzania's relationships with European partners, for example, might involve those countries focusing on areas in which they enjoy a strong comparative advantage, such as human capital, education and green technology; and to ensure the inclusion of the private sector. Conditionality of support in relation to values was also identified as a sticking point for Western partners, in contrast to China's approach, and has invited accusations of hypocrisy. Participants acknowledged that these accusations were often justified – and that conditions were often imposed without a comprehensive effort to listen to and understand Tanzania's approaches and principles – for instance, around its stance on the Russia–Ukraine conflict.

Participants also noted that Tanzania's adherence to core foreign policy principles has also shifted over time. Notably, there is a perception within Tanzania that the country had sacrificed benefits in the past due to an unwillingness to deviate from its historical stance, and that such benefits should now be seized. Such dynamics were seen to be at play in Tanzania's relations with Morocco and with Israel, with signs of increasing cooperation in recent years despite a history of contestation.

## Multilateral engagement and leadership

Tanzania has traditionally punched well above its weight on the international multilateral stage. Participants commented that during the Nyerere presidency, much of the rest of the world looked at Africa through Tanzania, notably through its active role in lobbying for China's readmission to the UN. Nonetheless, this influence has clearly waned over the past decade.

There are signs, however, that Tanzania is attempting to resume a more active leadership role on the international stage. Examples include the current candidacy of former Tanzanian foreign minister Liberata Mulamula for the position of secretary-general of the Commonwealth; and President Samia's speech at the 2021 UN General Assembly, which attracted significant international attention. It was also noted that in July 2023 Tanzania hosted the Africa Heads of State Summit on Human Capital in Dar es Salaam, together with the World Bank – a move seen as demonstrating Tanzania's international re-engagement.

Nonetheless, participants noted that more work is needed to rehabilitate Tanzania's profile with external partners, and to show a willingness to adhere to and follow through on international commitments. For example, while it was acknowledged that Tanzania has a long history of hosting refugee populations, there have been incidents in recent years where this commitment has wavered through pressured returns; while the government's 2019 decision to withdraw from accepting cases at the African Court on Human and Peoples' Rights has been equally damaging in terms of external perceptions of Tanzania.

Discussions also touched upon the issue of Tanzania's non-alignment policy, and its decision to abstain or be absent from UN votes since 2022 on the Russia–Ukraine conflict. It was acknowledged that Tanzania had decided not to vote in accordance with the UN Charter on this issue. However, some participants stated that Tanzania has a right to reject an interpretation of the conflict as taking place between Russia and the West. Rather, due to strong historic ties with the former Soviet Union – including, notably, in education, with many senior Tanzanian officials having undertaken studies in the USSR – the war was perceived to reflect a conflict between two friends of Tanzania. This framing was seen as a key factor in the decision to abstain or not to vote.

## Climate change

Climate change was not directly addressed within Tanzania's 2001 New Foreign Policy, but its links to migration, natural disasters and security challenges, together with multilateral negotiations on emissions targets, have since placed it as an increasing priority on the foreign policy agenda. This includes a drive for greater visibility and leadership, with the acting director-general of the Tanzania Meteorological Authority, Dr Ladislaus Chang'a, having been elected in July 2023 as vice-chair of the Intergovernmental Panel on Climate Change.

Nonetheless, meeting contributors questioned how much of the global and continental climate change agenda is internalized within Tanzanian policy, rather than it being a response to external international frameworks. In particular, the discussion highlighted the importance of mainstreaming climate change within the economic diplomacy agenda as part of the review of foreign policy strategy. In this respect, it will be vital for Tanzania to pursue opportunities for international green financing to fund its transition and to closely watch the experience of countries such as South Africa in their respective energy transitions. Tanzania's foreign policy should also support and facilitate the domestic private sector to pursue its potential for carbon trading.

The discussion also highlighted questions over Tanzania's ability to reconcile its commitment to international climate issues with domestic projects in development, including plans to exploit its major gas reserves as well as the development of the East African Crude Oil Pipeline (EACOP). With several international partners dropping out of EACOP funding over environmental issues, some meeting participants questioned whether this equated to an unfair punishment of Tanzania as a proportionately much less significant contributor to international carbon emissions historically. Accordingly, this question should



be factored into the formulation of any climate change strategy within the foreign policy review.

## Conclusion: implications for the Foreign Policy Review

Tanzania's Ministry of Foreign Affairs is expected to conclude its review of foreign policy within the third quarter of 2023. The new policy is likely to include several focuses that were not previously emphasized, or adaptations to existing principles. These include the blue economy and maritime security issues; a more advanced policy for the promotion of Kiswahili abroad (moving from a cultural approach towards viewing it as a commodity); greater inclusion of gender and youth issues; environmental and climate change issues; and human rights, emphasizing the unfeasibility of a one-size-fits-all approach.

A number of points were proposed for consideration as the process continues. Several participants raised the issue of public awareness of foreign policy: querying whether most Tanzanian citizens were fully aware of foreign policy formulation and could relate it to questions of national interest. In particular, it was highlighted that only five per cent of the Tanzanian population is over the age of 60<sup>5</sup> – meaning that a high proportion of citizens did not personally experience key historical foreign policy approaches.

Second, the extent of public debate and openness to criticism of foreign policy was noted as a critical factor for success. It was highlighted that dissenting views around key foreign policy issues, such as major foreign infrastructure agreements, have not been allowed to be exchanged freely in Tanzania – but that this was arguably not the case at the peak of Tanzania's international profile under the leadership of President Julius Nyerere. Nonetheless, the increasing presence of diplomatic representatives on social media was seen as a small positive step in terms of public accountability.

Ultimately, it was noted that there is a fundamental need for Tanzania's foreign policy to be more fluid and able to move quicker to accommodate changing circumstances. Sufficient mechanisms were arguably not in place to enable a responsive shift to economic diplomacy in 2001 – although an implementation action plan was launched by President Benjamin Mkapa in 2004. If this core issue is not addressed, there is a danger of the new foreign policy strategy backfiring and resistance from the public due to a perceived separation of foreign and domestic policy. If economic diplomacy is to continue, it must offer value for money for citizens.

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<sup>5</sup> Mboghoina, T. and Osberg, L. (2020), 'Social protection of the elderly in Tanzania: current status and future possibilities', Research on Poverty Alleviation (REPOA) special paper 10/5, <https://www.repoa.or.tz/wp-content/uploads/2020/07/10-5%20%20WEB.pdf>.

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