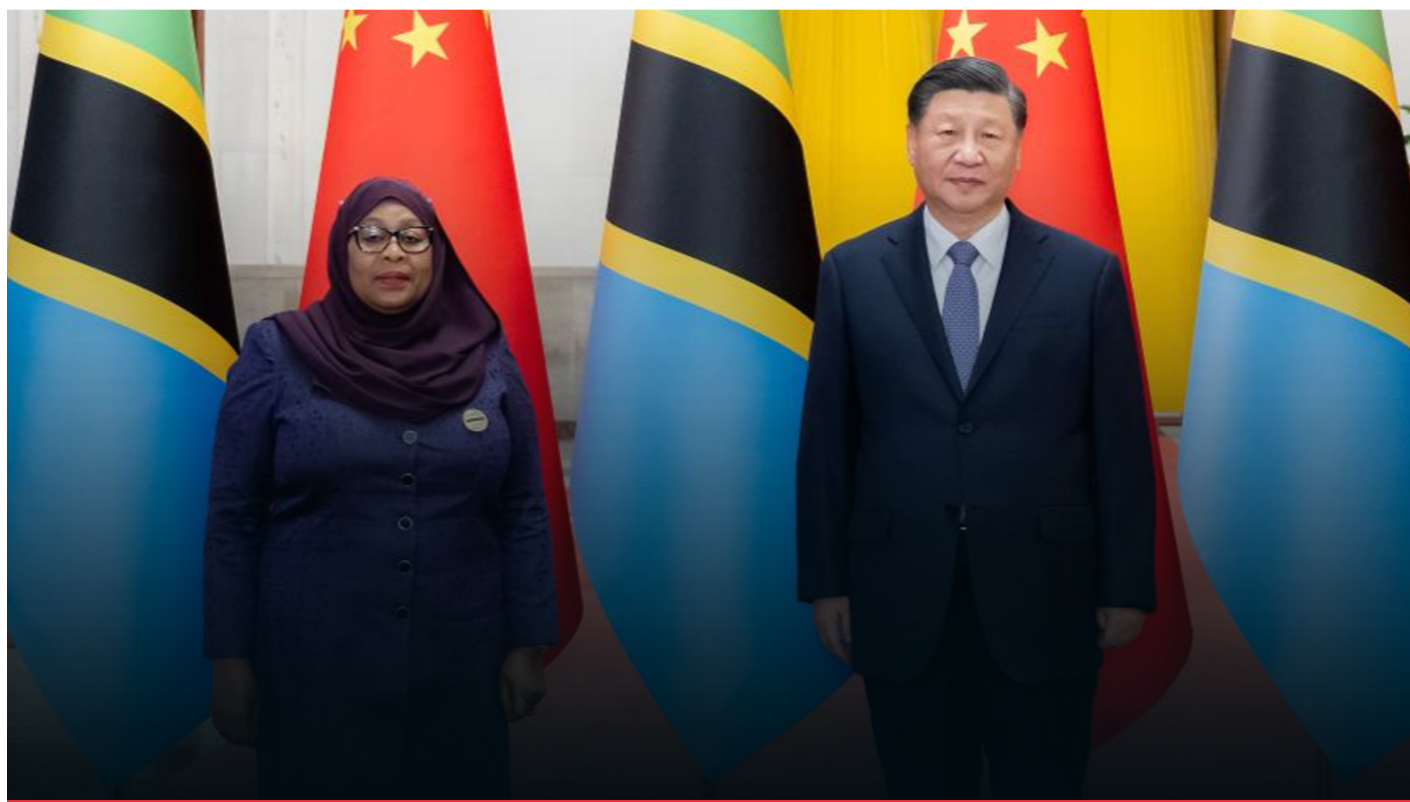


Tanzania's Strategic Positioning in China-Africa Relations Ahead of President Samia's FOCAC Visit



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President Samia's upcoming visit to China for FOCAC reflects Tanzania's strategic positioning within China-Africa relations, emphasizing economic cooperation and infrastructure development. This aligns with broader African engagement with China, which remains pivotal for the continent's growth, despite the challenges related to debt and project sustainability.

President Samia Suluhu Hassan's Visit to China:

In September 2024, President Samia will visit China for the Forum for China-Africa Cooperation (FOCAC), where she is expected to sign new loan deals and strategic aid agreements. This visit reflects the ongoing strengthening of Tanzania-China relations and is in line with Tanzania's freshly revised foreign policy that emphasizes economic diplomacy and non-alignment.

China's Commitment to Tanzania:

During Minister January Makamba's visit to Beijing in May 2024, China expressed its willingness to finance the next phase of bilateral projects already underway in Tanzania and to enter into new strategic project sponsorship pacts. This commitment is significant as it signals China's continued investment in Tanzania's development, particularly in infrastructure and industrial projects.

Tanzania-China Bilateral Relations:

In November 2022, during President Samia's previous visit to Beijing, 15 bilateral agreements were signed. These included an upgrade of the Tanzania-Zambia Railway (TAZARA), a \$13.49 million debt waiver, and a \$56.72 million concessional loan for Zanzibar's International Airport terminal. The relations were elevated to a "comprehensive strategic cooperative partnership," which is China's highest level of diplomatic engagement.

Tanzania's Foreign Direct Investment from China:

Chinese companies are the largest source of Foreign Direct Investment (FDI) in Tanzania, with investments totalling \$9.8 billion by October 2022. These investments span sectors like transportation, real estate, manufacturing, mining, and agriculture, underscoring China's critical role in Tanzania's economic development.

Tanzania-China Trade Relations:

In 2022, Tanzania's export trade to China was valued at \$600 million, with a target to increase this to \$1 billion by 2025. Major exports to China include oily seeds, copper, and precious metal ores, while imports from China include footwear, fabrics, and electronics.

China's Broader Role in Africa:

China's lending to Africa saw an increase in 2023, with \$4.61 billion in loans approved, marking the first annual rise since 2016. Between 2000 and 2023, China lent a total of \$182.28 billion to Africa, focusing on energy, transport, and ICT sectors. This increase in loans reflects China's strategic focus on managing risks in debt-laden African economies while maintaining its influence through initiatives like the Belt and Road Initiative (BRI).

FOCAC and China's Strategic Interests:

The FOCAC conference, which incorporates 53 African countries, is a key platform for China to expand its footprint across the continent. This year's event is expected to attract many African leaders as China seeks to strengthen its economic ties with Africa, particularly in infrastructure development and industrial cooperation.

Implications for Africa:

Africa's engagement with China through platforms like FOCAC and BRI has significant implications for the continent's development. While China's investments and loans have facilitated substantial infrastructure projects, they have also raised concerns about debt sustainability and the long-term quality of partnerships. However, China's recent loan increases and strategic investments indicate a continued commitment to Africa, albeit with a more cautious approach.

President Samia Suluhu Hassan's upcoming visit to China for the Forum for China-Africa Cooperation (FOCAC) and the expected signing of new loan deals and strategic aid agreements have several implications for Tanzania's economic development

President Samia's visit to China and the resulting agreements are likely to have a positive impact on Tanzania's economic development by enhancing infrastructure, diversifying the economy, expanding trade, and strengthening diplomatic relations. However, careful management of the associated debt and strategic planning will be essential to fully realize these benefits and ensure long-term economic stability.

Increased Foreign Investment:

Boost in Infrastructure Development: China's commitment to financing ongoing and new projects in Tanzania, particularly in infrastructure, will significantly enhance the country's economic capacity. Investments in sectors like transportation (railways, ports), energy, and ICT will improve connectivity, reduce transaction costs, and stimulate economic activities.

Job Creation: The influx of Chinese investments will likely create employment opportunities in various sectors, particularly in construction, manufacturing, and services, thereby reducing unemployment and improving livelihoods.

Trade Expansion:

Enhanced Export Opportunities: With the goal to increase Tanzania's exports to China from \$600 million in 2022 to \$1 billion by 2025, there will be a greater emphasis on boosting the production and export of Tanzanian goods. This could lead to diversification in Tanzania's export base, increased foreign exchange earnings, and improved trade balance.

Access to Chinese Markets: Duty-free access for up to 98% of Tanzanian products, including avocados and wild aquatic products, will open new markets for Tanzanian producers and could lead to a surge in agricultural and manufacturing exports.

Economic Diversification:

Development of Strategic Sectors: The new agreements are expected to focus on energy, minerals, green development, and the digital economy. By leveraging Chinese expertise and capital, Tanzania can diversify its economy, reduce reliance on traditional sectors like agriculture, and foster sustainable development in emerging industries.

Improved Bilateral Relations:

Strengthening of Diplomatic Ties: The elevation of Tanzania-China relations to a "comprehensive strategic cooperative partnership" during President Samia's previous visit signals deepened cooperation that goes beyond economic interests to include cultural, educational, and technological exchanges. This holistic partnership can lead to long-term stability and growth.

Debt and Economic Management:

Debt Sustainability Concerns: While Chinese loans and investments are beneficial, they also come with the risk of increasing Tanzania's debt burden. Effective debt management will be crucial to ensure that these loans are used productively and do not lead to unsustainable debt levels that could hinder long-term economic growth.

Focus on Non-Alignment and Economic Diplomacy:

Tanzania's revised foreign policy, which emphasizes non-alignment and economic objectives, allows the country to attract investments from multiple global powers without being entangled in geopolitical conflicts. This approach can enhance Tanzania's bargaining power and allow for more favorable terms in international agreements.

Long-Term Economic Growth:

Infrastructure as a Growth Driver: The development of key infrastructure projects, such as the Tanzania-Zambia Railway (TAZARA) and Zanzibar's International Airport terminal, will enhance Tanzania's connectivity with regional and global markets, facilitating trade, tourism, and investment. Improved infrastructure is a fundamental enabler of long-term economic growth.

Increased Competitiveness:

By upgrading infrastructure and diversifying the economy, Tanzania can increase its competitiveness in the global market. This can attract more foreign direct investment (FDI) and promote sustainable economic growth.



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