

**Remarks by H.E Samia Suluhu Hassan, Vice President of The
United Republic of Tanzania During The 2nd East African
Business and Entrepreneurship Conference and Exhibition
Held on 14th November 2017 at the Dar Es Saaaam Serena Hotel**

**Honourable Amb. Dr. Augustine Mahiga (MP), Minister for
Foreign Affairs and East African Cooperation of the United
Republic of Tanzania;**

**Ambassador Liberat Mfumukeko, Secretary General of the East
African Community;**

Mr. Jim Kabeho, Chairman of East African Business Council;

**Mr. Felix Mosha, Vice Chairman of East African Business
Council;**

Ambassador of the Federal Republic of Germany to Tanzani;

EABC Board Members;

**High Commissioners, Ambassadors, Development Partners and
other members of the Diplomatic Corps present ;**

Officials from the East African Community Partner States;

Members of the Business Community;

Members of the Press;

Distinguished guests;

Ladies and Gentlemen

A very good afternoon to you all.

At the outset allow me to thank the Almighty God for granting me good health and being able to join you here today at the opening of the Second East African Business and Entrepreneurship Conference.

It is with great pleasure and honour that I join you here today on behalf of His Excellency Dr. John Pombe Joseph Magufuli, President of the United Republic of Tanzania who had equally wished to join you *personally*. However, due to other pressing exigencies, he could not.

His Excellency, the President sends you his fraternal greetings and assures you of his continued support in all your endeavours at making the region an economy powerhouse.

In this regard, I kindly request you to indulge me the honour of representing him. And rest assured that, I will be absolutely faithful to his instructions, and true to the feedback that I will get from this Conference.

At this juncture let me take this opportunity on behalf of the Government of the United Republic of Tanzania to extend to you, a very hearty and cordial welcome to our country and to this Conference. I trust that the organizers have done everything within their means to make you comfortable. Karibuni sana.

Excellencies, Ladies and Gentlemen;

The theme, “***Accelerating Industrialization, Innovation and Investment in the East African Community***” is relevant and timely. Tanzania, like the rest of the East African Partner States, aspires to

transform to a semi-industrialized and a middle income country by 2025.

We are all aware that, the importance and the urgency of pursuing the industrialization agenda in our region have both economic and political dimensions.

If you take Tanzania as an example you will find that over two third of our labor force is deployed in the rural areas, mostly dealing with the agricultural activities. Yet agricultural activities contribute less than a third of the national income.

What does this mean? It means that productivity is very low in the agricultural sector and therefore there is an urgent need to address this problem. Having over two third of the national labor force contributes less than a third of the national income it is clear that output per person in the agricultural sector is way below the national average.

But this also means that our people who depend on agriculture to earn a living are mostly wallowing in poverty. If you think of the national income as a cake, the figures tell us that over two third of our people get to enjoy less than a third of the national cake. In this context it comes as no surprise that poverty is still widespread in the rural areas.

But one thing we all know is that productivity growth in the agricultural sector is still severely constrained by uncertainties in the market, which are in most cases unfavorable to our farmers. When there is a bumper harvest farmers tend to suffer low prices, and when drought occurs they experience crop failure and suffer low income. Either way farmers are losing. With these uncertainties farmers cannot mobilize sufficient resources to boost productivity and thus they continue to wallow in abject poverty.

Excellencies, Ladies and Gentlemen;

The scenario I just described above can be changed only if we focus on an industrialization agenda that is hinged on value addition of our agricultural produce. Value addition must form the heart of our regional industrialization agenda. We should aim at ensuring that we have manufacturing activities that will process our coffee, tea, cashew nuts, cotton, skin and hides, and so on, in order to add value before we consume or export. By promoting industries with strong linkages to our agricultural sector we will create a stable market to farmers and livestock keepers, and by so doing we will create more favorable economic conditions for productivity growth in the agricultural sector.

So, the economic imperative for industrialization is clear. Industrialization is one of the major ways of addressing low productivity in the agricultural sector and thus reducing poverty in the rural areas and addressing inequality nationally. And of course this is

why we always insist that our industrialization agenda does not mean we are neglecting the agricultural sector. Agricultural development and industrialization must go hand in hand.

In the urban areas we see a rapidly expanding middle class as our economy continues to grow. But this middle class has an appetite for goods that we hardly produce nationally or in the region. It is the middle class that drives imported cars, use foreign made air conditioners, dress in style with imported clothes and generally increases our import needs. In some instances, this is the middle class that consumes juice and milk imported from as far away places as the Middle East even as our farmers and livestock keepers fail to secure markets for their fruits and milk.

At the same time there is a growing army of unemployed youth in our urban areas. Every item that the middle class import, be it a watch, a television, a car, cloth and so on, constitute an act of exporting employment opportunity, - an opportunity that our youth are denied through these imports.

Our demography is such that majority of our people are young. This is a blessing but only if we can secure sufficient employment to our youth. The need to address youth unemployment in urban areas constitutes another economic imperative for industrialization.

But the imperative for industrialization goes beyond economics. There is a strong political imperative for pursuing the industrialization agenda in the region. If we fail to address issues of poverty, income

inequality, youth unemployment and gender imbalances, the legitimacy of our states will be weakened and the civic bonds that hold us together as people will be strained and might even rupture.

To us therefore, industrialization is relevant not only because of economic reasons but also because it enhances shared prosperity that is so important for civil harmony. It does this by increasing employment of our youth, reducing poverty and redressing inequality.

Excellencies, Ladies and Gentlemen;

The conference theme also touches on matters of innovation. Obviously innovation is very important for industrialization. It is not meaningful to conceive industrialization as a mere process of building more and more factories. Our dream of industrialization cannot be, and should not be, a dream of simply relocating factories from overseas to our region.

If we pursue industrialization in that way then we will only manage to stimulate growth that will come to a halt once we have established enough factories in our region. The phenomenon Industrialization must involve a process of innovation and entrepreneurship. It is only through innovation and entrepreneurship that our industrial products will remain competitive and sustainable. And it is also through innovation and entrepreneurship that we can hope to adopt available technology to our regional conditions and needs.

It is my hope that your reflections on issues of innovation and entrepreneurship will help us shed more light on what more needs to be done both by the governments and the private sector in the region.

Excellencies, Ladies and Gentlemen;

The role of the private sector as the bedrock of our economy cannot be understated. This is because of their direct involvement in establishing the total package of the industrialization factors such as innovations, research, markets etc. On the other hand, we the **governments and public sector must vigorously be involved** creating and sustaining enabling environment for private investment in industrial development.

We stand ready and steady to play our role on the following areas which might herald to profound changes that are called for;

First, We the governments will prudently maintain law and order and guarantee peace and stability of our countries.

This is the number one item in the business environment because nobody, except perhaps the warlords, can conduct profitable business in a country that is not peaceful and stable.

This item does not feature in the World Bank's Annual Easy of Doing Business Report but nevertheless it is the most important component of business environment.

The second is the promotion and the maintenance of macroeconomic stability. Again, it is important that we do not lose

focus on sound macroeconomic policy as one of the defining character of business environment in an economy. Nobody, for example, would be willing to invest in an economy with a runaway inflation as it rapidly erodes the worthiness of enterprise.

The third, the governments must invest in human capital as well as physical capital. With regard to human capital the government has a role of fostering education, skills, health services and such other issues that make the labor force more productive. Likewise, the government has the role of investing in infrastructure such as, power/energy, roads, ports, railways, energy, water, communication and such other public goods and services that make it possible for private investment to flourish.

It is because of this we see governments in the region investing heavily in road and railways constructions, port modernization, power generation and distribution, water supply systems and aviation industry. It is no wonder that the current Government in Tanzania has doubled the budget for development expenditure in the national budget in order to accelerate public investment in infrastructure.

For example one of the major public investments that will soon be implemented is the construction of hydropower plant at the *Steiglers Gorge* that would generate 2100 Megawatt in a swoop. We are doing this because we understand that one cannot talk of business environment if roads are impassable, if there is no reliable, affordable

and constant power supply and if our ports are not as efficient and effective as they should be. Furthermore, we have embarked on the construction of the standard gauge railway line with the central corridor and we are revamping all our railway systems.

Excellencies, Ladies and Gentlemen;

The last role of government is to mainstream regulatory mechanism in order to promote efficiency in the government agencies that offer regulatory services to the private sector.

This is the component that features in the 'World Bank's Annual Easy of Doing Business Report', and it has been given significant importance in business environment. Regulations are important because they protect both the consumers and the producers and they also protect our environment, but we need to streamline them to remove duplications, minimize the financial costs and make them less cumbersome. We need to continuously improve the efficiency and effectiveness of public services such as business registration, customs clearance and such other services.

We cannot succeed to promote both domestic and foreign investment in our region if we do not effectively promote peace and stability, maintain stable macroeconomic environment, accelerate public investment in human capital and infrastructure and improve our regulatory regime and promote efficiency and effectiveness in service delivery.

It is undoubtedly known that the East African Community is the most advanced regional economic bloc in Africa. Our integration boasts a number of benefits such as huge labour and consumers markets which are essential tools for industrialization. This is to say integration favours our industrialization policy.

I wish to reiterate that the United Republic of Tanzania remains committed to the East African Community. We will stand by every decision that we have made together as a regional bloc, and we will continue to implement fully each and every article and provision that we have agreed upon. We remain committed to free trade across our borders and we will continue to invest in infrastructures that facilitate trade with the rest of our East African partner states.

However, it is important to note that in our integration efforts we must continue to encourage our people and businesses to observe existing laws and regulations that govern our Community as a whole and those that operate within each Partner State.

In addition we must guard jealously our achievements in the regional integration against any external influence that may try to pull us apart. Whatever we agree collectively in the Community must always bind us together in our engagement with the rest of the world.

Excellencies, Ladies and Gentlemen;

It is heartening to note that the East African Business Council is playing an important role of bringing together the private sector of our

region. We can all bear testimony of the imminent role the Private sector has been playing in ensuring that our Community continues to gain strength with time and that our people enjoy the prosperity that comes with economic integration. It is my sincere hope that the conference deliberations and interactions that will be made during the exhibitions will strengthen the bonds that hold us together as one people with common destiny in the region. Furthermore, I do hope that your deliberations will be a catalyst in accelerating industrialization, innovation, investment and entrepreneurship in the East African Community.

Finally, I wish you fruitful reflections and deliberations and a successful exhibition. I know most of you have been to Dar es Salaam before but this should not deny you a chance to explore other areas of the city or even catch a ferry to Zanzibar. Once again I welcome you all to Dar es Salaam and I wish to thank the organizers for the exemplary organization of the conference.

It is now my singular honor and privilege to declare the Second East African Business and Entrepreneurship Conference and Exhibition officially opened.

Excellencies, Ladies and Gentlemen, I thank you for your attention.

