

**A KEYNOTE ADDRESS BY AMBASSADOR OMBENI YOHANA SEFUE,  
CHIEF SECRETARY OF THE UNITED REPUBLIC OF TANZANIA, AT THE EAST AFRICAN  
BUSINESS COUNCIL (EABC) BUSINESS LEADERS' SUMMIT DINNER, AT MOUNT MERU  
HOTEL-ARUSHA, 1<sup>ST</sup> MARCH, 2016**

**Theme:** "Enhancing the Role of the Private Sector as Driver of the EAC Integration Process"

- Mr. Dennis Karera, Chairman of the East African Business Council, our gracious host;
- Honourable Dr. Augustine Mahiga, Minister of Foreign Affairs, East African, Regional and International Cooperation and Chair of the EAC Council of Ministers;
- Honourable Ministers/Cabinet Secretaries;
- The Secretary General of the East African Community;
- The Honourable Speaker of EALA;
- His Lordship Judge President of EACJ;
- Members of EALA and National Parliaments;
- Members of the Diplomatic Corps;
- The Business Community;
- Distinguished Guests;
- Ladies and Gentlemen;

I know you had invited, and you were expecting, the President of the United Republic of Tanzania, His Excellency Dr. John Pombe Joseph Magufuli. He had wanted to join you this evening. He is as anxious to make your acquaintance, as I am sure you are to make his. Unfortunately, at this, his first EAC Heads of State Summit, his engagements have conspired to make it impossible for him to be here personally and he sends his

deep apologies. I kindly ask you to indulge me the honour of representing him, and be “his master’s voice”. I can assure you that even though I am a substitute, I will try to be absolutely faithful to his instructions as to what I should speak to you tonight.

It is certainly a great pleasure to join you at this colourful and timely event, which marks the culmination of your daylong deliberations. The event is colourful not only because of the great food, beverages and entertainment that have been prepared for us, but also because of the diversity of stakeholders from the private, public, and civil society sectors that are present in this room – a true reflection of what makes us a Community – people, not institutions.

I would normally begin a speech such as this by welcoming you to Arusha. But with you that is not necessary, because Arusha is the home of the East African Community and the East African Business Council. So I know you are all not just feeling at home, but you are at home!

And since you are all at home, I will keep my speech fairly short. Speaking at dinner is always an unpleasant proposition. If you speak before people eat, you get accused of keeping them away from their food; if you speak after they have eaten, you are accused of giving them indigestion. Both ways you lose! So I will try cut my losses by being as brief as I can focusing on the following three points that the President asked me to talk about:

- Tanzania’s commitment to East Africa and the EAC’s integration process, and the pivotal role of the business community for its success;

- The Community-related priorities of the Fifth Phase Government in Tanzania and the opportunities those priorities offer for the East African private sector;
- The role of the private sector, in building a sustainable and resilient future for our Community - focusing in particular on the Code of Conduct that has been pre-launched earlier today.

## **1.0 Tanzania's Commitment to the EAC Integration Process**

**Ladies and Gentlemen,**

The people of East Africa have every reason to feel good about our achievements and to be optimistic about our shared future and prosperity. EAC has truly come of age and continues to register tremendous progress in terms of regional cooperation, integration and development. The combined GDP of the Partner States has grown almost two-fold over the last five years, from \$ 75 billion in 2011 to the current \$147.5 billion. The market size of our community has also expanded from 130 million in 2011 to the current 146 million people. With an enviable mix of abundant resources at our disposal, including the newly discovered hydrocarbon reserves in parts of our Community, there is no reason why together we cannot achieve stronger economies, sustainable development and decent livelihoods for all our people.

You know, nothing is more important for you in business and for us in government as to ensure a decent life, prosperity and certainly jobs for our people. You and us cannot be like the doctor who after examining a patient handed him a prescription and said:

“Take this medicine after each meal.”

“But, Doc,” confessed the patient, “I haven’t eaten in four days.”

“Fine,” said the Doc. “The medicine will last longer.”

*We cannot be so callous!*

President Magufuli wants to work with you to build a Community that cares and provides for its people. And I am here to tell you how he plans to work with you.

### Reducing the Cost of Doing Business

Tanzania, under President Magufuli, as before him, is keen to reduce the cost of doing business. We are supportive of various initiatives aimed at harmonizing our tax regimes. All measures aimed at reducing the cost of doing business will receive even greater attention under President Magufuli. These include the removal of a substantial number of existing Non-Tariff Barriers (NTBs) as required by Article 13 of the Customs Union Protocol. We note, with satisfaction, that other Partner States have also been working hard to boost intra EAC trade in line with the said Protocol and already more than 90 NTBs have already been lifted. These and other measures will go a long way in reducing the cost of doing business in our region, and facilitate the free movement of goods across our region.

Furthermore, the Government has reduced roadblocks and weighbridges along the Central corridor from over 50 to the current five (5) in an effort to reduce the time of transporting goods from Dar es Salaam port to neighbouring countries. The remaining weighbridges are located in Mikese (Morogoro); Nala (Dodoma); Njuki (Singida); Mwendakulima (Shinyanga); and Nyakahura (Kagera). The Government has installed a One-Stop Inspection Station (OSIS) equipped with modern facilities such as Weigh-in-Motion System in one of these weighbridges, with a view to reduce the time spent in

weighing trucks from three (3) minutes to less than one (1) minute per truck. The plan is to install similar stations in two more locations along the Central Corridor. As you all know President Magufuli was Minister for Works before; so you can rest assured that he will ensure these initiatives are completed and successful.

### Improving services at the Dar es Salaam Port

In addition to these measures, the Government is improving the business environment at the Dar es Salaam Port. Tanzania, like Kenya, takes seriously its responsibilities to our landlocked brothers and sisters. That is why, the cost of clearing goods has been reduced and capacity of the port to handle goods has been enhanced. Further measures such as dredging of the entrance channel; construction of two new berths; strengthening and deepening of berths; development of the Roll-on - Roll off (RO-RO) berth and construction of new dry ports will go further in decongesting the container traffic at the port and improving the port's capacity and efficiency. The Government is also strengthening security at the port as well as curbing corruption and theft. The goal is to ensure quality, efficiency and hassle-free services to our clients.

### Trade Facilitation Measures through One Stop Border Post

#### **Ladies and Gentlemen,**

A few days ago, we launched the first One Stop Border Post (OSBP) in Holili/Taveta border towns of Kenya and Tanzania. This colourful event reaffirmed the enduring commitment of both Kenya and Tanzania to the EAC integration process. The facility, which incurred approximately \$12 million to build, will ease the movement of people from our two countries, including business men/women, farmers and transporters who hitherto have been spending a lot of time and money at the border posts. We are deeply

indebted to Trade Mark East Africa for supporting intra-EAC trade through the funding of the OSBP. And while we are looking forward to achieving similar progress in other areas, our priority now is to equip the personnel working at the border post with the necessary capacity, attitude and aptitude to undertake their responsibilities effectively and efficiently.

### Infrastructure Development

I need not mention to you the importance of infrastructure to the business environment. That is why it is the joint vision of all partner States of the EAC to achieve a modernized and revamped regional railway and road network, efficient telecommunication and adequate, reliable, affordable and clean power supply. Tanzania fully supports the Power Interconnection Projects and the implementation of the EAC Power Master Plan.

On Thursday this week, President Magufuli and President Kenyatta will lay the foundation stone for the road project that connects Arusha with Holili/Taveta and Voi in Kenya. Likewise, Northern and Central Transport Corridors are in different stages of implementation. I wish to underscore here, that these two projects are not competing but complement each other and are meant to provide our landlocked brothers and sisters with more choices of transporting their goods, to and from the Indian Ocean.

### Measures adopted to create favourable environment for the private sector development

I can also share with you tonight that the Government has amended the Capital Markets and Securities (Foreign Investors) Regulations 2003, so as to allow foreign investors to purchase securities of listed companies. Through the said amendments we have also removed restrictions inherent in the capital markets on secondary trading of

bonds. These interventions are meant to create a conducive environment for the private sector to undertake business in Tanzania.

And, to ensure that goods produced in the country are competitive in the domestic, regional and international markets, we have:

- Adopted a Roadmap for the Improvement of the Business Environment whose steering committee is composed of Chief Executives of the relevant Ministries;
- Simplified payment systems by developing and adopting Tanzania Interbank Settlement System (TISS) that feeds into the East African Payment System (EAPS);
- Upgraded the Customs System of the Tanzania Revenue Authority from ASCYUDA++ to TANCIS to facilitate customs procedures in cargo handling;
- Enhanced power generation capacity using alternative sources such as natural gas which is abundantly available in the country;
- Transformed the Business Registration and Licensing Agency (BRELA) into a modern business facilitation centre by going digital, accompanied by online services to customers; and
- Strengthened democracy and governance, with a view to ensure the preservation of peace, security and tranquillity in the country.

**Ladies and Gentlemen,**

I could go on, but the point I am making is that President Magufuli will be your partner in ensuring your businesses grow, and with it ensure all economies of member

countries of the EAC grow. You work for your money, you pay taxes, and governments must provide the environment for the success you deserve.

Now, I have to say this really quietly, so that no waiter can hear me. One businessman upset at a waiter's unwarranted expectations of generosity quipped,

“A waiter is one who believes that money grows on trays.”

I can assure you that our government knows money does not grow on trays; you work hard for it! So we will work with you to create a favourable environment for you to make money so that we too can rightly get our fair share of it for the good of the country, and the region.

## **2.0 Priorities of the Fifth Phase Government**

**Ladies and Gentlemen,**

Let me now turn to the priorities of the Fifth Phase Government, under the leadership of President Dr. John Pombe Joseph Magufuli, especially those priorities relevant to EABC stakeholders. As I have said earlier, the Fifth Phase Government, like those preceding it, recognizes and values the important role of the private sector, as an engine of economic growth and a driver of national and regional efforts towards poverty reduction, income generation and job creation.

It is for that reason, less than a month after assuming the high Office, and even before he had formed his Cabinet, the President met with the Tanzanian private sector to elaborate his vision and priorities, as well as assure them of the Government's readiness to work very closely with them. Today, he wants you in the region to know that he

extends that same readiness to work with the business community of the entire East African Community.

The priorities of the Fifth Phase Government were enunciated by the President during the General Elections and he underscored them when officiating the National Assembly on 20 November, 2015. In summary, the priorities are:

1. Reducing bureaucracy and red tape so as to expedite implementation of government decisions and projects;
2. Increasing revenue collection and putting in place a conducive environment for investment for the benefit of the country, especially in the industrial sector;
3. Controlling expenditure (frugality), by avoiding unnecessary spending;
4. Strengthening delivery of public services, especially in the social sector; and
5. Promoting and ensuring respect for the rule of law and reinvigorating work discipline, ethics and integrity among public, private, and civil society sectors.

## Cutting the Red-Tape

### **Ladies and Gentlemen,**

It should come as good news to everyone, especially the business fraternity that President Magufuli and his Government will not tolerate bureaucracy and red tape that stands in the way of achieving important Government objectives or which create favourable conditions for corruption and other nefarious activities.

## Increasing Revenue Collection

Now this is my favourite area when interacting with the private sector, because it truly illustrates the famous idiom of “scratch my back and I will scratch yours.” When a Government puts in place conducive conditions for businesses to thrive, when it issues massive tax reliefs, when sometimes it relocates its people to provide land for investors, it does not do so as a favour or charity, but as way to enable businesses to make profit, create jobs, and pay taxes so that the Government may serve its people better. When businesses don’t pay their taxes, they undermine Government’s capacity to deliver essential services to its people. When businesses don’t pay tax, the Government struggles to implement its development programmes, many of which are beneficial to the private sector. And when this happens, it betrays the confidence and trust that is essential for a meaningful public private partnership.

## Investment in Industries

But it is not only about paying tax. It is also about poverty reduction and creation of markets for smallholder farmers, jobs for graduates, and opportunities for young entrepreneurs and innovators. The Fifth Phase Government is for **green investment**, especially in industries. Like other EAC Partner States, and indeed all developing

countries, Tanzania is desirous to transform its economy to a middle-income status by 2025. We want to build an industry-based and propelled economy that is capable of creating decent jobs, and one that stimulates the development of other sectors like agriculture, enhances foreign exchange earnings, and improves the quality of the lives of our people. We want industries whose raw materials are found in East Africa and whose products can be consumed by our people and neighbours.

If the emerging middle-class in urban East Africa does not consume what the rural East Africa is producing, we shall never stem rural-urban migration or resolve the income inequality quandrum that often destabilises societies. We must add value to what our region produces before we look outside. So for businesses that are serious about investing in Tanzania in this area, President Magufuli asked me to tell you “We are open for business” like never before.

### **3.0 Responsibilities of the Private Sector**

#### **Ladies and Gentlemen,**

In addition to its tax compliance obligations, the business sector has environmental and social responsibilities as well. Leadership on this front must come from all of us – the private, public and civil society sectors, alike. We expect the private sector to invest in renewable energy and set us on a path of low carbon growth.

Likewise, we expect the Sector to be a reliable partner in developing sustainable cities. In this regard, I encourage the private sector to embrace the 2030 Agenda for Sustainable Development, especially in areas of sustainable consumption and production by exploring the potential of recycling and waste management that can be a

lucrative business in a community of 146 million people. Businesses elsewhere are discovering that there is **wealth in wastes**. Don't delay. Act now!

Similarly, there is corporate social responsibility, which some businesses have been discharging quite satisfactorily. I encourage you to continue doing so, especially, focusing on areas like health, education, water and energy. Similarly, in all your investments, be sure to take good care of Mother Nature and avoid activities that deplete the environment.

### **Dear Friends and Members of the EABC,**

Nothing depletes the social fabric like corruption and lack of integrity. All governments in the world stress the importance of ethics and integrity in their ranks. Tanzania has created the legal framework for promoting and reinforcing a culture of ethics among public servants as well as sanctioning the violators of the Code of Ethics. And in August last year we added the missing link by introducing the Integrity Pledge for the Private Sector.

The move came in recognition of the uncontested fact that to a large extent the private sector provides the supply-side of corruption and therefore, if it so chooses, it can contribute tremendously to the elimination of the vice. It is very encouraging to note that more than 400 companies in Tanzania have already signed on to this Integrity Pledge, thus acknowledging that "**being good is good business.**" And to assure a level-playing field, no company will henceforth be registered by the Tanzania Business Registration and Licensing Agency without signing the Integrity Pledge. President Magufuli is a friend of the business sector, but he is not a friend of a corruptive business sector.

That is why President Magufuli asked me to tell you how pleased he is that today you pre-launched the EABC Code of Conduct and Ethics. He heartily commends you for this welcome initiative. This instrument, comprising rules and procedures, incentives and penalties, and a mechanism for monitoring and evaluation, has set the bar very high for other Regional Economic Communities. I welcome the fact that the Code complements comparable efforts being undertaken at national and corporate levels. It is important to realize however that, the effectiveness of these instruments will not be determined by the lofty promises they embody, but rather by the meaningful and comprehensive discharge of the responsibilities inherent in their provisions, by all concerned. Ultimately, it is your actions not words that will bring the much needed change to make East Africa a corruption free business environment.

**Ladies and Gentlemen,**

It would be remiss of me, if I conclude without addressing some important issues pertaining to the EABC and its members.

First, the issue of land for the EABC Headquarters here in Arusha. You may recall that the Government of Tanzania has made several offers of a piece of land for this purpose, including at the Diplomatic enclave at Laki Laki. I encourage the EABC Secretariat to discuss the pending issues with the Ministry of Foreign Affairs, East Africa, Regional and International Cooperation with a view to concluding the matter soon, in the spirit of "Hapa Kazi Tu!"

Second, I wish to allay some concerns regarding foreigners in Tanzania. For reasons best known to themselves, some news outlets have accused the Fifth Phase Government in Tanzania of being anti-foreigners. There is no truth in this allegation. Let it be known that Tanzania's doors are open to all law-abiding citizens of the EAC and the world.

What is important is for all brothers and sisters who come to Tanzania, like in any other country, is simply to regularize their stay. I do not think that is too much to ask.

### **Ladies and Gentlemen,**

To conclude, let me stress the importance of the private sector for the wellbeing of the East African Community and its people. The Fifth Phase Government of Tanzania, as I am sure all EAC Member States, will continue to create a favourable environment for the private sector to flourish, for we know “when the private sector thrives, there is plenty of revenue for the public sector.” The economists among you know about something called “comparative advantage.” You guys in business know how to make money, and we in government know how to tax you. Because we all can’t be in business, or do well in business. Like the despondent fellow, with no knack for business, who after venturing into the unfamiliar territory of the stock market with disastrous consequences lamented to his business-savvy friend thus:

“I never did too well on the market. When I bought stocks to go up, they went down. When I bought them to go down, they went up. It’s a good thing for me they couldn’t go sideways.”

But more seriously, government and the business sector must work together, for we need and depend on each other, and we owe it to our people to live up to this responsibility, because it is the only way we can build the East Africa we aspire for and the East Africa we wish for the children of our children. Let us build a prosperous, safe and secure East African Community together, for we truly are “**One People, with One Destiny.**”

God Bless Africa, God Bless East Africa, God Bless the people of East Africa.

**Asanteni kwa Kunisikiliza**