

Mining opportunities in Tanzania

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Tanzania has a very conducive investment environment which includes the availability of untapped mineral resources, a stable social and political climate, a stable, predictable, internationally competitive and non-discriminatory fiscal regime, an emerging economy with high growth potential, a transparent regulatory and administrative system; and the availability of a geological resource database with adequate information and the underlining supportive infrastructure which are key to the development of the mineral sector.

Although agriculture is the backbone of the economy of Tanzania at present, mining is one of the major contributors to economic growth. The sector had a growth rate of 9.6 per cent in 2021 compared with 6.7 per cent the previous year. The contribution to GDP now stands at 7.2 per cent for 2021 compared to 6.7 per cent in 2020. It is expected to reach 10 per cent by 2025. For the full year of 2021 mineral exports accounted for USD \$3.1 billion. Gold production contributed the greatest extent to the growth of the sector.

Tanzania is one of Africa's most mineral-rich countries with minerals such as precious metals (gold, silver), base metals (copper, lead, iron, manganese), technological metals and rare earth elements (tantalum, niobium, nickel, cobalt, lithium, graphite, vanadium, tungsten, tin, etc.), gemstones (tanzanite, diamond, garnets, sapphire, ruby, spinel, rhodolite, tourmaline, etc.), industrial minerals (ilmenite, rutile, zircon sands, gypsum, graphite, dolomite, calcite, limestone, kaolin, phosphates, bauxite etc.) and coal as an energy mineral. There are also naturally occurring resources such as ground water, carbon dioxide and helium gas.

These mineral deposits are in abundance and require investment for exploration, production, value addition and processing for various uses in modern industries. Most parts of the country have not been fully explored while demand for raw materials is growing, the population is increasing, and the construction sector is rapidly growing, creating a huge demand locally and internationally.

Small scale mining is growing so rapidly that it contributes more than 40 per cent of the 7.9 per cent of GDP from the mining sector. Small scale miners own large parts of the reserve as well, but they need serious investors (technology and capital) to support them. To this end, we still need FDI and international partnerships. Foreign investors are further encouraged to enter into

joint ventures with Tanzanians, especially small-scale miners or Tanzanian-owned companies, and to purchase minerals from local sources with these partnerships.

Tanzania is not only a source of raw materials which are exported abroad for further processing. There is a need to invest in downstream activities such as jewellery manufacturing and mineral processing by focusing on sustainable production practices. According to the 2017 amendment of the Mining Act all minerals shall be value added before exportation. There is a big opportunity to have cutting and polishing industries, jewellery manufacturing, smelters and refineries in Tanzania.

To that end, the government of the United Republic of Tanzania has taken serious initiatives to promote the mining sector including reviewing the mining laws (Mining Act Cap 123) and regulations, the provision of a conducive environment for investment in the mining sector, the establishment of mineral markets for small-scale miners whereby currently mineral markets number 42 and buying centres number 78, the curbing of mineral smuggling, the promotion of in-country value addition programs as well as the setting up of industries that manufacture finished products, the establishment of the smelters and refineries, the exemption of capital gains taxes on the transfer of licenses from investors who form joint venture companies with the Government, the lowering of royalties in coal from 3 per cent to 1 per cent for local consumption to promote industrial development, and the lowering of the royalty rate from 6 per cent to 4 per cent for miners selling gold to refineries in Tanzania.

Due to those initiatives, Tanzania is expecting to have more than ten new future projects coming in the period of 4 years' worth US\$5.64 billion in FDI. Those projects are the Lindi Jumbo Graphite Project at Ruangwa, Lindi at the end of 2022, the Singida Gold Mine Project at Ikungi, Singida in 2023, the Ngualla Rare Earth Project at Ngualla, Songwe also in 2023, the Mkuju River Uranium Project at Namtumbo, Ruvuma, the Faru Graphite Project at Mahenge, Morogoro both again in 2023, and the Nachu Graphite Project at Ruangwa, Lindi and the Nyati Heavy Mineral Sands Project at Kigamboni, Dar es Salaam, both in 2024, the Kabanga Nickel Project at Ngara, Kagera in the year 2025, the Nyanzaga Gold Project at Sengerema, Mwanza and Engaruka Soda Ash Project at Monduli, Arusha both also in 2025 and the Tajiri Heavy Mineral Sands Project at Pangani, Tanga in 2026. **E**