

The Economist Review

Industrialized Tanzania

Tanzania has emerged as one of the fastest-growing economies in Africa in the early twenty-first century. Despite this rapid growth, however, structural transformation of the economy remains the country's central challenge. This paper reviews the Tanzania industrialization and industrial policymaking process. Tanzania government has pursued development and practiced an active industrial policy. However, a review of industrial policies in various priority sectors shows that the outcome has been uneven across sectors, indicating the importance of the strong interaction

between industrial structure, linkage dynamics, and politics/political economy for the evolution and effectiveness of an industrial policy. After examining the fundamental weakness in Tanzania economic structure, this paper will illustrate why

and how industrial policy must focus on manufacturing and exports to generate structural transformation and accelerate catch-up. Tanzania experience shows that an activist industrial policy goes hand in hand with an activist state.

Industry Development Strategy

The first strategy, Industry Development Strategy by introducing External Capital, is the strategy mainly by inviting enterprises to set up factories in industrial estates with basic infrastructure such as land, traffic system, water supply and electric power. The second strategy, Industry Development Strategy by Utilizing Local Resources, is the strategy for generating value added products and promoting industry by highly advanced utilization of local resources such as mineral, agricultural, forestry, and marine resources; traditional technology and culture; and human resource.

In order to promote and accelerate inclusive and sustainable industrial development with respect to tax reform and policy planning. Tanzania need to establish a new modern industrialized (in both by introducing External Capital and Utilizing Local Resources) as a nation, 63.2% of the results respond on the main strategy that recommended as a Tanzania National to develop to promote and accelerate inclusive and sustainable industrial development needs to set up and taking in to careful consideration on Technology upgrades 57.9% respond to Establishing a strong base for facilitating research, innovation and development, 45.6% accelerate tax reform and procedures relief, 38.6% respond to develop skillful human development.

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Industrial Development Strategies Recommended to Promote and Accelerate Inclusive Industrial Development



TICGL OUTLOOK

In the process of industrialization, industrial agglomeration is observed in the urban area, and then income disparities are increased between urban and rural areas. The principal strategy to reduce income disparities is inviting enterprises having excellent factories in the urban area to set up branch factories in the rural area. The income disparities give the rural area a labor wage advantage that can attract industries.

In the stage of further industrial development with industrial agglomeration being observed in the rural area as well, expanding the strategy of inviting enterprises become possible utilizing agglomerated industry, technology, human resources, etc. Simultaneously, for further Industry Development Strategy by Utilizing Local Resources , it is possible to prepare conditions such as spinouts from engineers or the development bodies and product innovation by linkage with industry, academy, and government or with other industries.

Industry Development Strategy by External Capital and Utilizing Local resources are apt to be considered as opposing each other, as External Capital is for inviting industries from outside and Local Resources , for establishing industries by one's self. However, they have many common points to prepare conditions for industrial development and to promote industry matching with the regional circumstances. Emphasis is put on the preparation of production environment when External Capital is applied. Emphasis is put on human resource development and preparation of supporting system for start-up new businesses and industries when Local Resources is applied. In spite of such differences, they have many common factors, i.e. preparation of production bases, labor force development, human resource development, and preparation of the environment for industrial development such as linkage between industry-academia-government and the living environment, etc.

In other words, it is not easy to develop a new local industry in a region where people have a negative attitude toward the idea of introducing enterprises from outside, and it is not possible to attract

enterprises to the region where the new local industry is nipped off.

The strength of industrial requirement is different depending on the type of industry. Industry into the following four types according to their strength of industrial requirement:

- ① Infrastructure-oriented industry
- ② Consumer-market-oriented industry;
- ③ Labor-oriented industry; and
- ④ Resource-oriented industry.

Industry is not always involved in only one type, but sometimes in two or more types. Each type of industry is characterized as follows:

1) Infrastructure-oriented Industry

The term "Infrastructure-oriented industry" can be defined as the type of industry that shows a strong tendency to be located in the region with a particular infrastructure such as a large port, a vast industrial area, an abundant supply of industrial water and a high-speed traffic network.

This type of industry mostly belongs to the industry largely depending on imported resources or the mechanical industry treating large and heavy goods. Typical examples are iron and steel industry (blast furnace steel making, electric furnace steel making, etc.), petroleum refining, petrochemical, paper and pulp, aluminum smelting, copper smelting, lead smelting, zinc smelting, shipbuilding, car manufacturing, etc.

2) Consumer-market-oriented Industry

The term "Consumer-market-oriented industry" can be defined as the type of industry that shows a strong tendency to be located in the region close to the product market or having a large consumption. The market largely varies with the type of industry and it is categorized into markets requiring urban function, population, industrial agglomeration, agricultural agglomeration, etc.

Products requiring urban function are related with knowledge, information, logistics, construction, etc. Typical industries requiring urban functions are car manufacturing, computer, publishing and printing, ceramics, construction materials, steel processing, medical machines, etc. Most products requiring population are those related with food, clothing and shelter. Other products under this group are textile goods, furniture, fitting, wooden goods, etc. Those requiring agricultural agglomeration are livestock feed, fertilizer, carton boxes for packaging, various agricultural materials, etc.

3) Labor-oriented Industry

The term “Labor-oriented industry” can be defined as the type of industry that shows a strong tendency to be located in the region where labor is available at low wage rate or a large number of labor is available.

Industries requiring a large number of labor are shipbuilding, car manufacturing, steelmaking, electric machinery, precision machinery, etc. Most factories belonging to industries such as food, garment, textile goods, electric machinery parts and electronic parts require a large number of labor at low wage rate.

4) Resource-oriented Industry

The term “Resource-oriented industry” can be defined as the type of industry that shows a strong tendency to be located in the region that yields mineral resources, agricultural products, marine products, and forest products.

Typical industries categorized into this type are cement, agro-processing, livestock processing, marine product processing, woodworking, etc.

There are several location tendencies of industry, as mentioned above. It is important to clarify what regional conditions meet with which type of industry, and then the industries to be introduced to the region should be chosen.

Prepared by:-
Amran Issa Bhuzohera,
Senior Economist-TICGL
Tanzania Investment and Consultant Group Ltd
+255 734 862 343
Email: seroforum@gmail.com
Website: www.ticgl.com

