

**BRIEF REPORT ON THE 7:30 BREAKFAST DEBATE – AUGUST 28<sup>TH</sup> 2009**  
**China- Africa Trade & Investment Trends: Development & Environment Footprint**  
**In Tanzania**

African Countries Tanzania being one of them has a wealth of natural resources if managed sustainably can support people's livelihoods Tanzania is a rich country that can provide significant contribution to China SHIFT IN strategy

The speed of economic globalization accelerated over the last two decades  
Per capita consumption levels in OECD led to dramatic increase in demand for nat. Resources

Policy Forum on this month's Debate dedicated to the issue of China- Africa Trade & Investment Trends: Development & Environment Footprint in Tanzania. The presentations debate was done by Dr. Cosmas Sokoni Department of Geography –University of Dar es Salaam and Dr Moyo S.S. from ESRF. Mr. Alex Ruchyahinduru facilitated the debate.

The first presentation was done by Dr. Cosmas Sokoni; He started by giving the The overview of the Global consumption of the natural resources. China has become a crucial link in the global supply chain that connects resource providers and end users

African governments strongly welcomed China's growing presence on the continent. They appreciate economic boost, and pragmatic and speedy way of delivering aid

China is therefore, the top importer of Tanzania's timber, a timber trade is a state-regulated trade plagued by corruption, poor management, and illegal logging, the timber income contribution to the economy has skyrocketed. Between 1997 and 2005 Tanzania's timber export market increased by almost 1,400 percent in value. China accounted for all indigenous hardwood logs and three-quarters of sawn wood and raw material exported between July 2005 and January 2006

He said that China role in forestry sector the industry is characterized with low investment in management of natural resources, there are unutilized investments opportunities which exist and managed by FBD are 13 million hectares of forest reserves. The division also administers 20.8 million hectares of unreserved forests in public lands and investment in value adding plants are minimal.

On his conclusion he said that, contrary Chinese investors have reported a number of barriers that contributed to poor performance of this business.

The second presentation was done by Dr. Cosmas Sokoni. He said that Tanzania and China have a long history of cooperation, growth of Chinese investment, trade; aid to TZ is a reality. There have been mixed and critical views on Tanzania-China relationship like mutually beneficial? Or profit / resource seeking / new imperial power. We need to understand trends and patterns of Chinese investment for informed decision making.

He further gave the Overview of bilateral agreements, China involvement in Tanzania is backed by bilateral agreements that is cultural cooperation (1962, 1964, 1992), Economic and technical cooperation, trade agreement, financial support: Aid, donation, Debt cancellation and Projects: Tazara, stadium and water project

Perspective on China involvement in Tanzania is varying internationally and local level, so there is a need for the government on how prepared is the government, private sector and general public to tap the opportunities arising from Chinese investment and trade? The government of Tanzania needs to identify and set priorities on the implications to the competitiveness of local firms and products; employment. The need for government to guide the development of businesses within the framework of mutual cooperation Regulatory and monitoring frameworks: quality of products; control of illegal trade; labor relations; labor migration; subcontracting issues; protection of indigenous firms.

On his conclusion he said that, China has a lot to offer e.g. in the areas of renewable energy (solar, wind etc.), efficient production technologies, appropriate technologies for Tanzania. It is for Tanzania to seek priorities and request what it needs. China's policy in TZ is based on reciprocity; learn from and draw upon each other's experience in governance and development, strengthen exchange and cooperation in education, science, culture and health. Tanzania can benefit substantially and score positively on environmental management, conservation and poverty reduction through cooperation with China.

He concluded that in Zambia, the idea behind the CDF is to empower local communities by providing a pot of funding for health, education and other initiatives. Some great projects have actually been accomplished through it. So as in Tanzania Parliament as an institution will never touch the money. So its power will never be robbed. MPs have personal responsibilities of observing regulations while utilizing these funds.

The discussant Mr. Riziki Silas Shemdoe and Festo Maro commented on the two presentations, generally commented that, As China's population grows richer, demand for natural resources will increase, China can access natural resources through purchases on international commodity markets, or through outward investments. Much of the natural resources imported are re-exported in the form of value added inputs or products for consumption in other countries. E.g. > 70 percent of its timber is processed into furniture and exported to the US and EU. Outward investments are supported by new policies being implemented in China, i.e. part of a strategy known as 'going global'. According to the author's source, Tanzania lose USD 58 Million b/n 2004 and 2007. Major reason for the losses was due to poor governance and corruption in the forestry sector

#### **Comments and Questions from Plenary Discussion:**

1. Are we really benefiting from the business relation with China
2. Why fast growing investment of China in Africa?
3. China has strategy for Africa as far as business it concerns but does Africa have strategy for China investment?
4. Tanzania have good policies in place as investment it concerns, if properly followed would not be a problem
5. To a large extent the government have not taken measures to make awareness of the fund

6. Is there any example of environmental degradation in Tanzania since examples have sited from Gabon

**Respond to the Comments:**

1. The is not China to invest in Africa but rather a demand and supply
2. There is vivid example in southern Tanzania on environmental degradation
3. We lack enough up-to-date data on Chinese investment in Africa, this is a challenge
4. to some extent yes Tanzania like any other African Country we are benefiting from the Chinese investment

Mr. Alex Ruchyahinduru from policy forum closed the discussion and welcomed the participants to the other next month breakfast debate.

