

IMPACT OF THE CHINA COMPANIES DEVELOPMENTAL WORKS IN TANZANIA WITH SPECIAL REFERENCE TO DAR ES SALAAM AND ITS PROS AND CONS

FR.JEYARAJ STEPHEN MANICKAM

*Research Scholar,
Department of Finance and Accounts,
DMI - University,
Zambia, Southern Africa.*

Dr.M.AROCKIA G RUBAN

*Research Guide,
Department of Finance and Accounts,
DMI-University,
Zambia, Southern Africa.*

ABSTRACT

China rise as a global economic power house continues to generate interest, concerns and attention of a variety of stakeholders, ranging from the academic, policy-makers, politicians, media, to investors. China's unprecedented and sustained economic growth, since the reforms of the 1980s, has leapfrogged to become a key player in the global economy in the early twenty first century. Indeed, China's GDP has grown at over 9 percent per annum over the past two decades and a half. It is predicted that China will become the largest economy in the world by 2020, thus overtaking the GDP of USA. The main drivers of China's economic growth is; high-skilled, relatively cheap and disciplined quality and abundant human capital, a set of effectively functioning market institutions, a high rate of capital accumulation, high absorption capacity of technology, coupled

with the culture of savings, hard work and modesty. These drivers in turn have made it possible for the country to attract massive foreign investment. Economic Growth: Chinese investment has contributed to Tanzania's economic growth Infrastructure Development Projects like the Central Railway Line rehabilitation have improved connectivity and transportation and in construction Agriculture is the main production and agri based industries are the aftermath of the China and Tanzania relationship.

INDEX TERMS: China, Development Works, Pros and Cons.

I. INTRODUCTION

China's involvement in Tanzania's development, particularly through its companies, has had a significant impact on various sectors of the Tanzanian economy. The companies have assisted the growth of the Tanzania in a enormous way. In the research paper the overall growth of the Tanzania with the china aid and its bilateral trade and investments in the agriculture, industrialization has brought rapid development in Tanzania. Though China companies are assisting in the years of development Tanzania government starting from the Julius Nyerere till today they focus in the development process. water projects, railway projects and infrastructure are concerned more. Specially in the commercial capital of Tanzania dares salaam the growth comparing to the past years it is accelerating in its growth. Though there are other countries invest in the country but china is the leading investor. At the same time there is threat of debt , and sustainability and resources squandering are the major concern , low labor wage payment for maximum work load and dependency on them is alarming the country`s rapid growth.

II. OBJECTIVES

China companies' developmental work in Tanzania is crucial for ensuring that the investments align with Tanzania's development priorities and yield sustainable benefits. Here are some potential objectives:

- 1) To improve Tanzania's infrastructure, including transportation networks, energy

facilities, and telecommunications systems, to enhance connectivity and facilitate economic growth.

- 2) Increased road and bridge infrastructure, expanded access to electricity, enhanced telecommunications coverage.
- 3) Promote industrialization through investments in manufacturing, agro-processing, and other value-added industries.
- 4) Growth in manufacturing output, establishment of industrial parks, increased value addition in the agriculture sector. To generate employment opportunities for Tanzanians and enhance local skills development through training programs and technology transfer initiatives. Investments in community development projects (e.g., education, healthcare, infrastructure), engagement with local stakeholders, adherence to ethical business practices.
- 5) To promote technology transfer and innovation by facilitating the exchange of knowledge and expertise between Chinese companies and Tanzanian counterparts.

III. RESEARCH DESIGN

In this study the descriptive research is used. In the study secondary and tracery data are utilized. The data collection methods collected through the government web pages and other written articles, books based on the China - tan bilateral trade agreement.

IV. BRIEF HISTORY OF TANZANIA

Tanzania was known as Tanganyika and Zanzibar was always seen with Tanzania before independence. Tanzania is one of the birthplaces of ancient humans. In 1886, Tanganyika was designated as a sphere of influence for Germany, and in 1890 Zanzibar became a United Kingdom "protectorate," and in November 1917 the entire territory was under United Kingdom control. After a long struggle, the people of Tanganyika and Zanzibar formally declared their independence on 9 December 1961 and 12 January 1964. On October 29 1964 the country was renamed as Tanzania with Julius Nyerere as the first and founding president of the independent Tanzania and was re-elected. He was the visionary of the present Tanzania, he was ruling until his voluntary retirement.

- ✓ **Geography:** Tanzania has three islands. Tanzania is another landmark that adds to the scenic view of the country. The country naturally has the largest concentration of wild animals. It also has pristine sandy beaches and Africa's highest mountain, Mt. Kilimanjaro.
- ✓ **Natural Resources:** The main natural resources in Tanzania are land, rivers, lakes, the ocean, and forests/woodlands. Natural resources are used for crops cultivation, grazing (for livestock), wildlife, wood (as an energy source and for building materials), fishing and minerals' mining.
- ✓ **People and Culture:** Tanzanian culture is a delightful mix of influences with over 120 tribes. Tanzania is one of the most

culturally diverse countries in the world. Each of the 120 tribes has their own tradition and culture and dance.

- ✓ **Language:** commonly the national language is Kiswahili. Every tribe speaks their own distinct language. It is said that over 120 languages are spoken in Tanzania. Also, English is widely spoken in Tanzania due to foreigners visiting the country.

V. HISTORICAL RELATIONSHIP BETWEEN CHINA AND TANZANIA

The African continent experienced tremendous growth and change. After colonial powers pulled out, brand-new states lacked the capacity and experience to effectively govern. The profound and long-lasting Tanzanian-Chinese relationship continues to be characterized by significant trade, diplomatic exchanges and Chinese assistance and investment in Tanzania. Tanzania and China have enjoyed a very special connection that years back from the days of the generation of leadership of the founding fathers of these nations, namely the late Mwalimu Julius K. Nyerere. The intentions and execution of China-Tanzania relations have not changed significantly over time; therefore, Chinese participation is not to be apprehensive in Tanzania. The two countries maintained close party-to-party and military-to-military interaction.

VI. CHINA AND TANZANIA AGRIBUSINESS

Chinese engagement in agriculture and rural development in Tanzania is long-standing and covers multiple activities. Very active as a donor in the 1960s and 1970s, Chinese engagement slowed in the 1980s, shifting away from new projects into efforts to boost the sustainability of past projects. Chinese engagement in agriculture and rural development in Tanzania is long-standing and covers multiple activities. Very active as a donor in the 1960s and 1970s, Chinese engagement slowed in the 1980s, shifting away from new projects into efforts to boost the sustainability of past projects the Tanzanian government has put forward the "agriculture first" strategy and the Southern Economic Development Corridor plan to vigorously promote agricultural production and continuously increase grain production. At present, Tanzania is self-sufficient in crop crops in good years and can export small quantities to neighbouring countries. China's assistance to agriculture and rural development in Tanzania has been extensive, with multiple projects going back to the first economic and technical cooperation and loan agreements in 1964. Between 1964 and 1970, China financed the Ruvu State Farm, Upenja State Farm, Urafiki Cotton Textile Factory, Ubungo Farm Implements Factory, Mbarali RiceChalinze Rural Water Supply Project.

VII. TANZANIAN AGRICULTURAL STRATEGY

Fifty years after independence, Tanzanian agriculture remains dominated by smallholder farmers growing food crops with hand hoes, dependent on an uncertain rainfall.

Yields are low. . As a result of the market-oriented reforms, the entire agricultural sector, such as production and processing, input importation and distribution and agricultural marketing, has opened up to private investment, and the private sector is now expected to carry out most of the production, processing and marketing functions. The Agricultural Sector Development Strategy (ASDS), prepared in 2001, has set the road map for the sector until 2025.

VIII. CHINA ASSISTANCE IN TANZANIA

It is important to note that whilst Chinese overseas financial flows may have development impacts, not all flows are necessarily intended solely for development purposes. For example, "resources for infrastructure" loans involve the Chinese government offering loans for a package of multipurpose projects, including infrastructure, in order to facilitate access for its companies to a country's natural resources. A large portion of Tanzanian exports to China are raw materials and agricultural products, while more than half of its imports from China are made up by machinery, electronics, and capital goods.

According to the statistics of China's Ministry of Commerce, in 2022, China's direct investment in Tanzania was US\$51.73 million, and by the end of 2022, the cumulative stock of China's direct investment in Tanzania exceeded US\$1.44 billion.

IX. INFRASTRUCTURE DEVELOPMENT

A large portion of Tanzanian exports to China are raw materials and agricultural products, while more than half of its imports from China are made up by machinery, electronics, and capital goods. According to data from the Tanzania Investment Centre According to data from the Tanzania Investment Centre

- ✓ **Construction Development:** According to the statistics of China's Ministry of Commerce, in 2022, China's direct investment in Tanzania was US\$51.73 million, and by the end of 2022, the cumulative stock of China's direct investment in Tanzania exceeded US\$1.44 billion.
- ✓ **Construction Companies:** fourteen of the 31 currently registered foreign construction companies in Tanzania are Chinese. According to the statistics of the ministry of commerce of China, in 2022, Chinese enterprises contracted 93 new contracts in Tanzania, with a new contract value of us\$4.672 billion, a year-on-year increase of 53.3%, and a turnover of us\$1.302 billion. There are more than 50 Chinese-funded companies involved in production contracting business in Tanzania, focused in the fields of infrastructure construction such as railways, highways, airports, bridges, water affairs, and hydropower stations.
- ✓ **Manufacturing and Industrialization:** China has provided training to Tanzanians in a myriad of fields, including manufacturing, agriculture, and

business. Tanzania aims to become a semi-industrialized nation by 2025. In this regard, Chinese investment has been instrumental. The manufacturing sector in Tanzania received \$417 million in investment from China in 2020, supporting the country's industrialization drive.

X. CHALLENGES AND OPPORTUNITIES

- ✓ **Opportunities:** Belt and road benefits, opportunity for the development of commodity value, employment and job opportunities, availing of high technology products, rapid ready-made products availability.
- ✓ **Challenges:** De-industrialization of Tanzanian infant industries, cheap and counterfeit goods, local labor displacement, domination over natural resources, debt trapping

XI. FINDINGS

Through the research Africa continent is with the huge natural resources specially in the country Tanzania the potentiality of growth is unimaginable.

But due to the colonization in the country the potentiality was not uncovered at every space of development. But after gaining the relationship with China in the post independent period. The China companies started to invest in the country the potentiality of growth was uncovered it financial stability started to be accelerating. Today the China companies stand in the first place in the country as the highest foreign direct investor

and almost 40 companies have been started. especially in the commercial city of Dares salaam the development is speeding up in the rocket speed and the contribution is mostly from the China companies in the infrastructure, agriculture and agricultural oriented industries and new technology are utilized. But natural resources are at the risk of squandering in the excuse of development.

XII. CONCLUSION

Tanzania is very prosperous country in terms all the resources. Tanzanians are very generous and open minded and very receptive people. They respect everyone there are many tribes but there, so far not even single tribal clash. such peaceful country which welcomes countries with the huge investment in the country at the same time. it has to be keen on protecting its natural resources and this is the time for the country men to stand up with their own business for the better future of the country providing their contribution in all sphere of development. depending on the financial aid of the foreign countries especially china companies which brings rapid development, is alarming the country that is debt trapping. if the China withdraws its support from Tanzania, it may suffer just like SriLanka country . so self-reliant business and encouraging countrymen to be shining stars in fields like academy, commerce , trade, finance , science, technology and human resource will future more stabilize the growth of the country.

REFERENCES

- 1) African Development Bank and African Development Bank Group. "Africa Is Now the Fastest Growing Continent in the World." Banque Africaine De Développement - BâtirAujourd'hui, Une Meilleure Afrique Demain, 22 Feb. 2019, www.afdb.org/fr/news-andevents/africa-is-n
- 2) Alden, Robert. "KEY MEN AT THE BANDUNG PARLEY; Chou Gets the Most Attention; Nehru Seems Unhappy." New York Times. April 24, 1955.
- 3) Babu, Abdul M. The Future that Works: Selected Writings of A.M. Babu. Africa World Press, 2002.
- 4) Bartlett, Kate. "China Cancels 23 Loans to Africa Amid 'Debt Trap' Debate." VOA, August 25, 2022. www.voanews.com/a/china-cancels-23-loans-to-africa-amid-debt-trapdebate-/6716397.html. Bertelsmann Stiftung's Transformation Index (BTI). "Tanzania Country Report." <https://btiproject.org/en/reports/country-report/TZA>.
- 5) Edwards, S. (2012). 'Is Tanzania a Success Story? A Long Term Analysis'. National Bureau of Economic Research Working Paper Series, No. 17764. Lin, J. Y. (2011). 'New Structural Economics: A Framework for Rethinking Development'. World Bank Policy Research Working Paper Series, available at: , accessed 30 August 2012.

- 6) Haidari Amani, et al., "Understanding Economic and Political Reforms in Tanzania," GDN Report, 2004, p. 38.
- 7) Tanzania: Special Country Report (2014), Tanzania Investment Center, p. 11. Note that all the data should be read with caution, because when Tanzania removed exchange controls, the absence of data tracking mechanisms creates serious data problems. Tanzania Investment Report (2001), published jointly by the Bank of Tanzania, Tanzania Investment Center and National Bureau of Statistics, p. 4. In addition, scholars have also criticized the optimistic reporting of Tanzania's economic statistics. See Michael F. Lofchie, The Political Economy of Tanzania: Decline and Recovery, University of Pennsylvania Press 2014, p. 205 (pointing out that "Tanzania has a multidimensional need for the donor presence and donor agencies have an institutional interest in maximizing the appearance of benevolent outcomes").
- 8) National Development Plans.
- 9) Tanzania Investment Report, various editions.
- 10) Tanzania Investment Report 2014, Bank of Tanzania, p. 16.
- 11) World Investment Reports, various edition.
- 12) <https://english.news.cn/africa/20240328/e8a12cac7d98450185c358f0737f9495/c>.
- 13) <https://www.tic.go.tz/uploads/documents/en-1715082410-TIC%20Investment%20Bulletin%20%20Jan%20to%20March%202024.pdf>.
- 14) China and Tanzania on Economic and Trade Relations and Economic and Technical Cooperation, Chinese Embassy in Tanzania, <http://tz.china-embassy.org/eng/ztxx/jj/t421433.htm> (last visited: August 15, 2017).
- 15) <https://www.usaid.gov/tanzania/agriculture-and-food-security>
- 16) https://www.nbs.go.tz/nbs/takwimu/Tourism/Tanzania_Investment_Report_2022.
- 17) <https://www.cn.tzembassy.go.tz/tanzania/category/natural-resources>.