

TATIC

Tanzania Trade and Investment Coalition

TANZANIA TRADE AND INVESTMENT COALITION

ACTIVITIES REPORT. 2022



Tanzania Trade and Investment
Coalition (TATIC),
21 CHATO STREET
REGENT ESTATE,
WAKILI HOUSE, GROUND FLOOR.
PO BOX 31543
DAR ES SALAAM.

BACKGROUND

TATIC envisioned a prosperous nation with equitable and inclusive development for current and future generations by Promoting sovereignty over trade and investment for fair and equitable human development. For the year 2022 TATIC has managed to achieve the following;

1. Conducted engagement and advocacy with the decision-makers;

TATIC in achieving this strategic outcome on advocacy, engagement and lobbying has held several engagement activities for the year 2022. TATIC held various engagements and advocacy in collaboration with other CSOs and stakeholders. The following engagements were held;

i. Engaged with Ministries and Departments (MDAs) and agencies on the Tanzania BITs with Canada, China and Mauritius.

Bilateral Investment Agreements (BITs) are agreements signed between two states to attract and protect investors and investment of each contracting party in the other party's territory. To attract FDIs, Tanzania has signed 20 treaties with other countries around the world. Among the signed treaties 12 are in force which are Tanzania BITs with Canada, Finland, Italy, Mauritius, China, India, Denmark, Netherlands, Switzerland, the United Kingdom (UK), Sweden, and Germany and 8 are not in force. TATIC through its members engaged with 15 representatives from government institutions including the Ministry of Finance and Planning, the Ministry of Trade, industry and Investment, the Ministry of Constitution and Legal Affairs, the Office of the Attorney General and the Solicitor General Office on the possibilities to terminated and/or review the three BITs that are near to expire before the automatic renewal. During the engagement, they were able to be taken through the analyses of the respective BITs, discussed and agreed on key aspects to carry forward to inform the government to review and /or terminate them.

ii. Engaged with the Ministry of Investment, industry and Trade and submitted an analysis of the Tanzania Investment Development Policy of 2022

As reflected in most government's major policies, strategies and plans, attracting and mobilising private sector investments, both domestic and foreign, to spur growth, productivity and economic development has been at the heart of the Government of Tanzania since independence. To attain this objective and given policy evolution, the Government has been conducting periodic reviews of investment policies, strategies and plans to consider the state of implementation as well as challenges arising from implementing the previous policy; and changes that have taken place domestically and in the international arena. Through the reputation and strong relationship that has been built with different government institutions, the coalition was consulted on the ongoing development of Tanzania's Investment policy. A review of the first draft of the policy was conducted and the report to the Ministry of Investment, Trade and Industry. The ministry acknowledged and appreciated the submission from the coalition and they assured more engagement and involvement of the coalition in various activities of the ministry.



TATIC team and government representative during NIDP analysis submission at the ministry of trade, industry and investment.

iii. Engagement with the Parliamentary Standing Committee on Energy and Mineral

In early 2022, the Office of the Parliament identified and communicated the need for training of members of the National Assembly on bilateral and multilateral trade agreements. On the 6th of June 2022, TATIC through TATIC conducted a training session for the Parliamentary Standing Committee on Minerals and Energy. The training focused on the Investor-State Dispute Settlement Mechanism (ISDS) and Energy Charter Treaty (ECT). Tanzania has signed several Bilateral Investment Treaties (BITs) for attracting and promoting inward investments. Tanzania has signed a total of 20 BITs where 11 are in force and 2 are terminated and 7 are signed but not in force. Treaties with investment provisions that Tanzania signed six which are the EAC treaty, SADC Treaty, Au Treaty, Cotonou Agreement (ACP-EU) (2000), SADC Investment Protocol (2006) and EAC - US TIFA (2008). In addition to that Tanzania signed a Double Taxation Agreement (DTA) with Italy, Zambia, South Africa, Sweden, Denmark, Norway, Finland, India, Canada and the UAE. Both BITs and ECT allow for the ISDS component which has been a big challenge in most developing countries. Tanzania included as the result of many cases of ISDS Tanzania has faced, costing a lot of money which is detrimental to the social economy of the country. Through the engagement, parliamentarians recommended that there should be a national framework law to monitor the implementation of the IIAs in Tanzania to mitigate the risks of ISDS in Tanzania.



2. Training and capacity building

TATIC in achieving this strategic outcome on capacity building and enhancing knowledge to members and the general public has held several training activities for the year 2022. TATIC held various capacity-building sessions in collaboration with other CSOs and stakeholders as follows;

i. Strengthened stakeholders' knowledge of Energy Charter Treaties and their impacts on the EAC region and publication of fact sheet

Following the collapse of the Soviet Federation in the 1990s, there emerged a need to shift the orientation of the Euro-Russia relationship towards a global market-based economy. The Energy Charter Treaty of 1994 (ECT) was developed to institutionalise Europe relations with the energy-rich economies in the former USSR countries. ECT is administered with two other non-binding political declarations namely; the European Energy Charter of 1991 and the International Energy Charter of 2015 (IEC). The need arose to admit more countries under the ECT after the successful admission of most European countries. Although the IEC is a non-binding agreement, it has been used as a strategic tool to attract countries towards the ECT. Tanzania is a signatory to the International Energy Charter (IEC) of 2015 but has not acceded to the Energy Charter Treaty (ECT). To join the ECT, a country starts by expressing interest, then prepares an accession report followed by an invitation to join the treaty and finally ratifies the treaty domestically. TATIC and its members, Media representatives and academia have been involved in various awareness-raising sessions on ECT and its impacts and analysis work to strengthen their knowledge and understanding. The coalition conducted awareness-raising sessions with members from trade unions, CSOs, academia and media on IIAs, ISDS and energy charter treaties. During training, members suggested that the coalition should continue with constructive criticism that aims not only to state the existing investment and trade agreements problems but also to recommend approaches on how to overcome the existing problems. To achieve these objectives TATIC should collaborate with East Africa Trade Network and other partners. Furthermore, TATIC through the coalition analysed ECT and developed a fact sheet. The facts sheet provides different facts about ECT experienced by countries that ratified it. The facts sheet was published into a leaflet and launched at the engagement with the Parliamentary Standing Committee on Energy and Minerals. It was titled "Ten Facts about the Energy Charter Treaty". The publication provides key issues and lessons learned from ECT across the world to key stakeholders including decision-makers and government institutions.



ii. Enhanced knowledge of government representatives on the effects of AfCFTA.

The African Continental Free Trade Area is a free trade area which is an ambitious trade pact to form the world's largest free trade area by connecting almost 1.3bn people across 54 African countries. Signed in Kigali Rwanda in 2018 by 44 African Union nations out of 55, with trade commencing on 1 January 2021. The agreement aims to create a single market for goods and services to deepen the economic integration of Africa. The trade area could have a combined gross domestic product of around \$3.4 trillion, but achieving its full potential depends on significant policy reforms and trade facilitation measures across African signatory nations.

As a new agreement that will have effects on Tanzania's investment and trading policies, TATIC through TATIC enhanced the knowledge of fifteen (15) government representatives from the Ministry of Constitutional and Legal Affairs, Ministry of Trade and Investments, Ministry of Foreign Affairs and East Africa Community, Ministry of Finance and Planning, Office of Attorney General and Office of Solicitor General. The facilitation aimed at enhancing knowledge of key standard features of AfCFTA while comparing it to available regional trade areas such as the East Africa Community (EAC), Southern African Development Community (SADC) and North American Free Trade Area (NAFTA). The training session aimed at preparing government institutions for investment, Intellectual Property Rights (IPRs) and protocol agreements that were to be concluded in 2022. Through the training the government invited representatives from the coalition in the review of the Investment protocol before the submission of the government of Tanzania to comment on the protocol.



iii. Enhanced knowledge of TATIC members on the effects of AfCFTA

AfCFTA protocol among other objectives aims at reducing tariffs among members and covers policy areas such as trade facilitation and services, as well as regulatory measures such as sanitary standards and technical trade barriers. TATIC conducted a learning session with its members on the effects of AfCFTA. The learning session members were able to discuss AfCFTA negotiations, implementation and implications for Tanzania. The focus also was on the historical perspectives regarding African independence into which he stated the three groups that determined how African Independence should be which were the Brazzaville Group, Casablanca group and Monrovia group. Participants were introduced to AfCFTA and its assumption of being a blueprint for attaining inclusive and sustainable development across the continent over the next 50 years and aiming at creating a continental market for goods and services, with free movement of people and capital. Session participants also discussed on negotiation phases under AfCFTA which are; trade in goods with the aims of progressively eliminating tariffs; progressively eliminating non-tariff barriers; enhancing the efficiency of customs, trade facilitation, and transit; promoting cooperation on technical barriers to trade (TBTs) and sanitary and phytosanitary (SPS) measures; developing and promoting regional and continental value chains; and promoting socio-economic development, diversification, and industrialization across Africa. Tariff liberalization for sensitive products is to be eliminated after 10 years (non-LDCs) or 13 years (LDCs), and non-sensitive products are to be eliminated after five years (non-LDCs) or 10 years. The members acknowledge that the coalition has a role to play to continue to provide awareness to different stakeholders on the impacts that are to be affected by the protocol when it starts to be implemented while ensuring decent jobs and generation of government revenue.

iv. Enhanced knowledge of government representative members on IIAs

On 10th March, TLS(a Member of TATIC) hosted under TATIC a capacity building dialogue on IIAs and disputes settlement mechanism, the case study was on extractives and energy sector. The main emphasis was on raising awareness on ECT whereby the Ministry of energy had requested. At the time there were no funds to conduct the activity, TLS,(TATIC's member) had organised their activity with the respective ministries, they managed to accommodate TATIC.



Training session going on in Morogoro

3. Analysis, publication and dissemination

I. Analysis and publication of policy briefs on the East Africa Investment model treaty

The East Africa Investment Model treaty is a non-binding document which seeks to assist and guide partner states in negotiating and drafting their investment treaties. However, policy-makers and citizens have inadequate awareness and knowledge, notwithstanding its potential impact. The Model Treaty was adopted in 2016 as a non-binding treaty model which addresses the investment relationship between EAC partner states and other countries. The Model draws from the approaches set out in the 2012 Model Bilateral Investment Treaty Template of the Southern African Development Community (the SADC Model BIT) among other model treaties.

In the 2022 financial year, TATIC analysed the EAC investment model treaty. Through the analysis of the model, it is observed that the treaty is inward-looking and there is no harmonisation of EAC member state agendas on the treaty. Also, TATIC observed that there is inadequate awareness and knowledge among policymakers and citizens, notwithstanding the potential impact of the model treaty amongst state parties. The treaty is a non-binding document that seeks to assist and guide partner states in negotiating and drafting their investment treaties. In addition, the coalition successfully developed and disseminated two policy briefs on national control over the economy, weakening the governance and sovereignty of the state over its economy. For the state to realise benefits from the investment, it should have adequate policy space to regulate and encourage citizens to participate in building its economy. Traditionally International Investment Agreements have hindered States from exercising control over their economy which undermines their sovereignty. There are several provisions under the model which affect the ability of the host states to regulate and hold investors accountable. The government has the mandate of enhancing the welfare of the citizens by protecting policy space. Any article that takes away the ability of the state to enforce or govern may weaken national sovereignty.

ii. Analysis of the Impacts of AfCFTAs on Tariffs and government revues, local industries, employment and food security

Prof Matambalya, a member of TATIC from Mwalimu Nyerere Foundation, took the working group through the terminologies on AfCFTA text to have a better understanding. Several Ministries have been involved such as of Constitutional & Legal Affairs, Ministries of Foreign Affairs, Ministry of Industry and Trade, Attorney General's Chamber and Solicitor General's Office both involved in a way on the AfCFTA's investment protocol negotiations were trained by Prof Matambalya on its understanding of, its impacts on the country positive or negatives, bearing in mind that country will have to conduct impact study in order to measure tangible benefits. For a country to accrue benefits of AfCFTA, there must be framework conditions within the country else it will be difficult to benefit more in AfCFTA. Ministry of Trade and Investment has invited TATIC to enhance the capacity of government MDAs on 3 protocols, investment, IPR and E-commerce.

THE CITIZEN
Monday 19 December 2022

Why CSOs, trade unions are key in AfCFTA negotiations

By The Citizen Reporter
@TheCitizenTZ
news@tz.nationmedia.com

Dares Salaam. The Tanzania Trade and Investment Coalition (Tatic) says Civil Society Organisations (CSOs) and trade unions should participate in the ongoing African Continental Free Trade Area (AfCFTA) negotiations.

Their involvement will guarantee that the protocols and annexes related with the AfCFTA take CSOs and trade union demands into account.

Tatic also wants labor unions to be involved in a strategic and consistent way to ensure that agreements include key provisions to promote decent work, gender equality, and qualification recognition in the public sector.

Tatic made these conclusion remarks in the document dubbed, AfCFTA: Implications on development for Tanzania.

The document was prepared after the July 2022, meeting of the AfCFTA council of ministers

that flagged off the "AfCFTA Initiative on Guided Trade" aimed at testing the basis of environmental, legal and trade policy for intra-African trade.

During the meeting, eight countries, including Rwanda, Cameroon, Egypt, Ghana, Kenya, Mauritius, Tanzania and Tunisia were selected to start trading under the AfCFTA framework on a pilot basis.

The initiative's objectives include testing environmental, legal and trade policy, demonstrating the AfCFTA functioning as well as sending an important political message to countries that are yet to submit their provision schedules on tariff concessions to the respective authorities.

"The earmarked products on the Guided Trade Initiative (GTI) include: ceramic tiles; batteries, tea, coffee, processed meat products, corn starch, sugar, pasta, glucose syrup, dried fruits, and sisal fibre, amongst others," reads the document.

The document outlines the AfCFTA implications to Tanzania

and East Africa as boosting intra-Africa trade, industrialisation, job creation and labour rights.

"The AfCFTA agreement, its related annexes and protocols contain no mechanisms to effectively enforce fundamental labour rights or promote decent jobs therefore posing a number of threats to decent work," reads the document.

"For instance, the deal could reduce tariffs on certain agricultural products, which will allow cheaper products into markets to affect workers employed in agriculture, therefore leading to retrenchments, low wages and reduced workers' benefits," reads another part.

Women workers would be disadvantaged, according to the document, because they are more likely to be displaced from stable employment in agriculture to jobs in the informal sector, where exploitative conditions are common, as well as increased gender inequalities.

In the document, Tatic says the AfCFTA will bring down barriers to trade and services; such commitments could mean that governments have to withdraw regulations or practices to promote social and employment rights that could be challenged and potentially dropped as a "barrier" to trade in services.

Labour unions should be involved to ensure that agreements include key provisions to promote decent work TATIC | REPORT

iii. Analysis of the proposed National Investment Development Policy (NIDP) and its investment Bill

Tanzania Land Alliance funded this activity under their program, this was to answer the President's call on several initiatives from CSOs and government organs to propose for different laws. The ministry of Industry, Investment and Trade has released its National Investment Development Plan which was open for different stakeholders to be involved and share their views on the plan. This will replace the National Investment Promotion Policy of 1996, followed by National Investment Act 1997, the establishment of Tanzania Investment Centre as a one stop centre for all investment related matters in 1997 and the Tanzania Development Vision (TDV 2025). On 14th June the NIDP comments were presented through a joint session to the Ministry of Industry and Trade and the discussion was appreciated by the present MiT officials. TATIC's analysis covered ; the political economy/ investment framework of the country, Gaps that were identified by TATIC and Our general recommendations



iv. Analysed three Tanzania Bilateral Investment Treaties that are near to expire

Tanzania as a signatory to various BITS cannot avoid the Investors-State Dispute Settlement (ISDS). These agreements' main purpose is to protect the investment of a country and investors in another country. They protect national regulatory reforms and other tax reforms whereby the investor under BITS can claim compensation when any local reform affects or alters its investment. Developing countries are using BITS mode to attract investors and mitigation measures over political risks. TATIC through TATIC was able to analyse three Bilateral Investment Treaties (BITS) that are near to expiration. The three analysed BITS are between Tanzania and Canada, Tanzania and China and Tanzania and Mauritius. The three analysed BITS provided a basis for engagement with government ministries and other institutions to terminate or review the contracts for renegotiation. The coalition was able to learn from real experiences on the causes for losses of various arbitration cases that resulted from BITS for the government of Tanzania. It has been observed that these BITS do not stimulate Foreign Direct

Investment (FDI), for example, Canadian investment in Tanzania since the signing of BITs in 2013 has fallen from \$472 Million in 2013 to \$ 3.8 million in 2017. TATIC through the coalition submitted the analysis to government institutions and the government institutions acknowledged the negative impacts resulting from BITs.



5. Other interventions

I. Publications

- Published and shared fact sheets on the Energy Chartered Treaty-ECT 10 facts with the parliamentary standing committee of Energy and Minerals
- Published simplified Bit's handbook in Swahili i.e., KITABU CHA MIUMBI
- EAC 2 policy briefs
- AfCFTA facts



5. Other interventions

ii. Collaborations

- Africa Trade Network: Attended a strategic meeting in Uganda with the aim of resuscitating the Africa Trade Network organised by SEATINI & Third World Network (TWN)
- Attended the WTO public forum with a support from TWN
- Attended the inauguration of the report on invisible barriers to trade
- Attended a seminar on aligning public finance with the 1.5C goal and a just energy transition for Africa.
- With the ATN & EATN , TATIC released a statement on EPA amidst there was rumours that Tanzania was going to sign EPAs, written submission and zoom session



lii. The Annual General Meeting

TATIC held its AGM in November to reflect on the work that has been done throughout the year and plan ahead. During the meeting there were some capacity building sessions and group discussions facilitated by the members.



Different activities during the AGM

TATIC

Tanzania Trade and Investment Coalition

TANZANIA TRADE AND INVESTMENT COALITION



www.tatic.or.tz
info@tatic.or.tz
+255 758 484 003