

Briefing

The legal framework of the port sector in Tanzania

The port sector in Tanzania is one of the largest of East and Central Africa, serving Tanzania as well as the neighbouring landlocked countries of Malawi, Zambia, Democratic Republic of Congo, Burundi, Rwanda and Uganda through its three major sea ports, particularly through Dar es Salaam, Tanzania's largest city and commercial hub for the region. There is huge potential for growth given the expanding oil and gas and mining sectors, however there are challenges that will need to be overcome to achieve this.

The Ports Act 2004

The Ports Act 2004 (the **Act**) established the Tanzanian Ports Authority (the **TPA**) as the principal regulator of all ports in Tanzania, as a parastatal public corporation operating under the Ministry of Transportation (**MoT**). This entrusted the TPA with enhancing Tanzania's geographical advantages as a maritime nation by:

- promoting the effective management and operations of sea and inland waterways ports;
- facilitating cargo and passenger services loading and unloading;
- developing, promoting and managing port infrastructure and superstructure;
- maintaining port safety and security; and
- contracting with other persons or bodies in order to secure port services.

In order to achieve these aims, the Act gave the TPA a wide variety of functions and powers, including in

relation to the administration of port land and waters, the regulation of the port, contracting with third parties to perform any of the TPA functions, public emergencies within the ports and security within the ports.

Tanzanian Ports Authority (TPA)

The TPA currently wholly owns and operates all thirteen shipping ports in Tanzania, in line with the Government of Tanzania's policy to retain 100% ownership of ports' major assets. This includes the three main sea ports of Dar es Salaam, Tanga and Mtwara, the three smaller sea ports of Kilwa, Lind and Mafia and all lake ports. The TPA has a seven strong board of directors, responsible for its daily operations in addition to a management team of 23, who are responsible for the management of individual ports.

The Port of Dar es Salaam

The Port of Dar es Salaam is the principal port of Tanzania and the wider region, serving both Tanzania and the neighbouring landlocked

countries. It currently handles approximately 95% of Tanzania's international sea trade. It is the fourth largest port on Africa's eastern seaboard with a current capacity of 4.1 million tonnes of dry cargo and 6 million tonnes of liquid cargo, 3.1 million tonnes of general cargo and 1 million tonnes of containerized cargo. The port contains 2 kilometres of quays with 11 deep water berths and connected by railway to Kidatu, 300 miles west of Dar es Salaam.

Its principal exports include coffee and tea, cotton lint, cashew nuts, sisal fibre and twine, seed beans, tobacco, sugar, oil seeds and peas, hides and skins, and copper, while its major imports include machinery, food grains, chemicals, fertilizers, sugar, motor vehicles, crude oil and petroleum products, spare parts, plastics and textiles.

With the discovery of large natural gas reserves in Tanzania, liquefied natural gas is likely to be added to the list of prominent exports in the future.

Challenges

The Port of Dar es Salaam is geographically well positioned to act as the main hub for the trade of goods between East and Central Africa and Europe, the Middle East, Asia, Australia and the Americas, however it is not currently taking full advantage of this position. Shipping costs remain 25% higher than average for the rest of sub-Saharan Africa and approximately 50% higher than the average for the rest of the world, primarily due to poor efficiency. The port's constant delays increase the inventory cost for goods, particularly high value goods. According to the World Bank, delays and additional monetary costs at the Port of Dar es Salaam are the equivalent to a tariff of 22% on container imports and approximately 5% on bulk imports when compared to the Port of Mombasa in Kenya. In order to match Mombasa, the TPA needs to take action in order to improve the competitiveness and efficiency of

the Port of Dar es Salaam, including improving cargo clearance delays, customs delays, shore handling operations, cargo and passenger safety and port security.

Looking to the future

The TPA has committed to spending USD 211 million between June 2013 and June 2014 in an attempt to alleviate the problems set out above. This investment will be concentrated on the following improvements:

- strengthening and deepening seven berths;
- construction of new conveyor belts and silos; and
- construction of new berths.

The Tanzanian Shipping Agents Association (**TASSA**) has lobbied the TPA to deepen the port's channel in order to accommodate third generation cargo ships with a capacity of over 4,500 containers, which would significantly increase shipping through the port, however this has so far fallen on deaf ears.

Conclusion

Should the TPA continue to invest in the Port of Dar es Salaam in order to address its in-built inefficiencies and its related lack of competitiveness, it has the potential to experience huge growth in the coming years, particularly with the development of the oil and gas and mining industries in Tanzania. The World Bank estimates that if efficiency levels in Dar es Salaam were increased to those in Mombasa, the port could generate USD 1.8 billion of additional revenue. It will take significant investment, both in the port itself and in transport links to the wider region, as well as reform of current working practices in order to reach its full potential, but if successful, it could become the most important trading hub in East and Central Africa.

Further information

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