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# Chinese Involvement in Tanzania and Its Local Impacts

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# CHINESE INVOLVEMENT IN TANZANIA AND ITS LOCAL IMPACTS

by  
Maho Fujita

Honors Thesis  
Presented to the Honors Council of  
Bucknell University  
May 9<sup>th</sup>, 2017

Approved:

A handwritten signature in black ink, appearing to read "C C Fourshey". The signature is written in a cursive style with large, sweeping letters.

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Prof. Cymone Fourshey

Thesis Advisor

A handwritten signature in black ink, appearing to read "David Mitchell". The signature is written in a cursive style with a large, prominent "D".

Prof. David Mitchell

Chair, Department of International Relations

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Thank you.

Maho Fujita

## Abstract

The rise of China is among the most discussed and watched topics in the fields of African Studies and International Relations. One area of particularly noticeable and rapid expansion is in Africa. This thesis aims to answer the question of what impact Chinese involvement is having on the population of Tanzania and to what extent is it beneficial to and what extent detrimental to the nation. I do so by examining the impact of Chinese investment from three perspectives: 1) case studies from Tanzania in regard to local communities and individual's perspectives; 2) views of Chinese workers in Tanzania; and 3) state rhetoric and relations from both Tanzania and China. The relationships China has developed in Eastern Africa, the Indian Ocean littoral and inland, has a history many centuries old, but in terms of the post-Communist shifts in China and the post-socialist *Ujamaa* state of Nyerere, the economic, diplomatic, and social relationships being built are relatively recent events (1990s) and thus are new subjects of scholarly study, which remain under-researched. Likewise US aid regimes have acquired more attention in the scholarship to date than Chinese investment or aid in Tanzania specifically. While much of the research focuses on macro level influences of Chinese investment, this thesis employs perspectives from local communities and workers whose lives have been directly and indirectly impacted by Chinese investments in Tanzania.

Based on qualitative and quantitative evidence collected in Tanzania, I argue that Chinese investment in Tanzania has helped many local people by increasing mobility and business opportunities with inexpensive infrastructure from means of transportation and communications technologies. However, in exchange for affordability and fast delivery of Chinese products that represent one level of investment, local communities in Tanzania very often purchase low quality products that consistently do not last and may have other less beneficial social, health, or economic consequences. Chinese investors as well as local communities in Tanzania are interested in the short-term benefit and opportunities of the infrastructure and consumer goods imported from China to Tanzania, but may not always be prioritizing all of the negative long-term impacts, support, and improvement. Moreover, the potential for dependency of Tanzania on Chinese capital inputs would likely ultimately undermine the capability of the Tanzanian state to control the allocation of investment and plan its economic growth independently, strategically, and in its own interests. While China is very clear that its relationships in Africa are not exploitative in a colonial sense, some analysts accuse China of exploitation for lack of interest in social issues, health, or education. These are heavily debated critiques within Tanzania and one's that both the Tanzanian and Chinese governments defend against. For the governments the short-term benefits seem to be justified in subtle ways as a means that will lead to longer-term improvements despite the negative consequences of lower quality imports and infrastructure.

## Chapter 1 Introducing Tanzania to China

### 1.1 Introduction

The rise of China is among the most discussed and watched topics in the fields of African Studies and International Relations. China's economic growth since the 1990s has led it to the position of the second largest economy globally. There is no day that China is not in US news coverage suggesting fears of competition. Some scholars and politicians have described China as a competitive threat to other nations in many aspects including economic and military.<sup>1</sup> Others in the developing world however, consider China to be a development model for their future. In addition to its economic presence in the world market, China has become visible in many fields of business transnationally. One area of particularly noticeable and rapid expansion is in Africa. Since 2000 China has emerged as the African continent's largest trading partner, though this varies by country. Chinese direct investment in and lending to African countries has grown rapidly according to available data.<sup>2</sup> Even though Chinese investors tend to focus on resource-rich countries as they choose sites for investment, such as South Africa, Zambia, Nigeria, Angola, and Zimbabwe, at the sector level, the most recent data reveal a growing diversification in investment targets. At thirty percent of Chinese investing, natural resource industries still account for the largest share, but finance, construction, and manufacturing now make up half of total Foreign Direct Investment.<sup>3</sup> My own interest in the Chinese economic endeavors globally

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<sup>1</sup> As recently as 16 January 2017, A *Washington Post* headline read "Donald Trump's team has questions about China in Africa. Here are answers." The headlines focus on the new administration, but it signals a wider underlying concern on which many nations have focused, rightly or wrongly. Janet Eom, <<[https://www.washingtonpost.com/news/monkey-cage/wp/2017/01/16/heres-how-chinas-interests-in-africa-will-shape-u-s-china-relations-in-the-trump-era/?utm\\_term=.2977cb63addb](https://www.washingtonpost.com/news/monkey-cage/wp/2017/01/16/heres-how-chinas-interests-in-africa-will-shape-u-s-china-relations-in-the-trump-era/?utm_term=.2977cb63addb)>>

<sup>2</sup> Wenjie Chen, David Dollar, and Heiwai Tang, "Why Is China Investing in Africa? Evidence from the Firm Level," *The World Bank Economic Review*, 1, (September 30, 2016), 1.

<sup>3</sup> Miria A Pigato, Wenxia Tang, 2015. *China and Africa: expanding economic ties in an evolving global context*. Washington, DC ; World Bank Group.

combined with an interest in African countries' economic struggles towards infrastructure development and key indicators like economic wealth, health, and education led me to pursue an examination of China in Africa and specifically Tanzania-China relations.

This thesis aims to answer the question of what impact Chinese involvement is having on the population of Tanzania and to what extent is it beneficial to and what extent detrimental to the nation. I do so by examining the impact of Chinese investment from three perspectives: 1) case studies from Tanzania in regards to local communities and individual's perspectives; 2) views of Chinese workers in Tanzania; and 3) state rhetoric and relations from both Tanzania and China. The relationships China has developed in Eastern Africa, the Indian Ocean littoral and inland, has a history many centuries old, but in terms of the post-Communist shifts in China and the post-socialist *Ujamaa* state of Nyerere, the economic, diplomatic, and social relationships being built are relatively recent events (1990s) and thus are new subjects of scholarly study, which remain under-researched. Far better studied are the economic impacts of Indians and Arabs in Tanzania both historically and in more recent decades.<sup>4</sup> Likewise US aid regimes have acquired more attention in the scholarship to date than Chinese investment or aid in Tanzania specifically. While much of the research focuses on macro level influences of Chinese investment, this thesis employs perspectives from local communities and workers whose lives have been directly and indirectly impacted by Chinese investments in Tanzania.

Based on qualitative and quantitative evidence collected in Tanzania, I argue that Chinese investment in Tanzania has helped many local people by increasing mobility and business opportunities with inexpensive infrastructure from means of transportation and communications

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<http://documents.worldbank.org/curated/en/241321468024314010/China-and-Africa-expanding-economic-ties-in-an-evolving-global-context>

<sup>4</sup> James R. Brennan, *Taifa: Making Nation and Race in Urban Tanzania* (Athens: Ohio University Press, 2012), 194-195; Erik Gilbert, *Dhows and the Colonial Economy of Zanzibar: 1860-1970* (Oxford: James Currey, 2004), 150-151.



technologies. However, in exchange for affordability and fast delivery of Chinese products that represent one level of investment, local communities in Tanzania very often purchase low quality products that consistently do not last and may have other less beneficial social, health, or economic consequences. Chinese investors as well as local communities in Tanzania are interested in the short-term benefit and opportunities of the infrastructure and consumer goods imported from China to Tanzania, but may not always be prioritizing all of the negative long-term impacts, support, and improvement. Moreover, the potential for dependency of Tanzania on Chinese capital inputs would likely ultimately undermine the capability of the Tanzanian state to control the allocation of investment and plan its economic growth independently, strategically, and in its own interests. While China is very clear that its relationships in Africa are not exploitative in a colonial sense, some analysts accuse China of exploitation for lack of interest in social issues, health, or education. These are heavily debated critiques within Tanzania and one's that both the Tanzanian and Chinese governments defend against. For the governments the short-term benefits seem to be justified in subtle ways as a means that will lead to longer-term improvements despite the negative consequences of lower quality imports and infrastructure.

## **1.2 Methodology**

This study consists of three parts: laying out a theoretical approach to the Tanzanian economic development project of the last two decades through an examination of international relations theory and development literature, qualitative evidence from Tanzanian newspaper articles, and interviews with Tanzanians. The quantitative analysis comes from a sampling of published government statistical data. A review and analysis of the scholarship regarding the relationship between China and Tanzania specifically focused on Chinese investment in development in Africa provides an important foundation upon which this work builds. The

limited research available focuses on the early partnership between the two countries and most commonly applies a Marxist or class based theoretical perspective on the affinity between the nations. There is a more limited body of literature available for Tanzania-China relations in scholarship of the last decade. This newer scholarship has shifted away from Marxist analysis and explanations; rather it applies a dependency theory framework for recent Chinese investment in Africa more broadly and uses the Asian development model to explain why African nations are willing partners in Chinese investment. Though the latest scholarship is more critical of Tanzania-China relations than earlier research, this new corpus does highlight both positive and negative implications of recent Chinese investment on development in Africa.

For this work, I conducted interviews in Tanzania between May and June 2016 with thirteen local Tanzanians and two Chinese workers. The interviewees were located in different parts of Tanzania – Dar es Salaam (mega-urban port city), Arusha (urban inland), Mbulu (rural mountain village), and Tanga (semi-urban port city) – and interviewees came from different socio-economic backgrounds. There are two female interviewees in my sampling; the other fourteen were male. The interviewees ranged in age from 30s to 50s. Most of the interviews with Tanzanians were conducted in English, while several were conducted in Kiswahili through translators. The interviews with Chinese workers were conducted in a mixture of English and Chinese as the present author understands and speaks some Chinese. All the interviews were conducted one-on-one. The average length of interviews was several hours over the course of a full day spent with the interviewee at their place of work or going about their everyday life tasks. I took notes during interviews. I created a set of interview questions that were similar but not identical for Tanzanian and Chinese interviewees and used them as the basis of interviews. Since people had different experiences with Chinese investment not all questions were applicable to

everyone. Despite the limited scope of interviewees, they provided important insights that helped fill in gaps left by news articles and government data. Thus, the interview responses are used to shed light on and test some of the official published data and official news.



**Map 1 Tanzania and the three regions where interviews were conducted**

For a variety of reasons, it was challenging to gain access to official government statements through interviews. Official employees were not willing to speak on the record, perhaps for abundance of caution of being held accountable for a statement or for not having official permission to comment on a particular topic. The same was true for Chinese government officials in Tanzania. For example, I was able to interview a retired TAZARA employee, while the current director of TAZARA was unwilling to speak to me when I went to his office. Moreover, since I did not have an official research permit in hand from the Tanzania Commission for Science and Technology, and as a young student who is an outsider, I faced a

number of challenges gaining access to government officials. Therefore, these interviews were conducted with regular people working in various cities in Tanzania as either citizens or Chinese employees of Chinese companies or Chinese government projects. Often discussions of foreign investment focused on the relations in the state-to-state level projects. However, these interviews reveal experiences of people who have direct impacts of Chinese involvement in Tanzania.

During interviews with local Tanzanians their personal impressions of and experiences with Chinese investment were recorded. The lists of questions for Tanzanian and Chinese workers in Tanzania are in Appendix at the end of this paper. Interviews allowed me to delve into interviewees' ideas about what constitutes development and the contrast between their ideal notion of development and the reality of current situations from their perspective. In interviews with Chinese workers, interviewees tended to talk about their personal experiences in Tanzania, as well as the significance and implication of their work in development of Tanzania. The interviews have captured micro scale impacts of Chinese investment on Tanzanians' lives, which will be useful in the analysis of each of the governments' stated goals in these partnerships and how local residents perceive these partnerships. Interviews included questions about their personal experiences with and observations of the past and the recent Chinese investments. In addition, I asked about their concept of development to illustrate a gap or similarity between the reality and their ideal development method. Questions for Chinese workers focused on their work in Tanzania and its significance, from their perspective, regarding their personal role and their country's role in development of Tanzania.

The interviews are a small sample of larger conversations. Given the short time staying in the interviews do not necessarily represent all views from both Tanzania and Chinese sides. The small sample size does provide insights into how some Tanzanian and a few Chinese perceive partnerships and projects between China and Tanzania. The interviews are represent broader conversations with a wide variety of

individuals over the course of six weeks.

Statistical and quantitative data from government has been used to supplement the interviews. The quantitative data was culled and mined from local English language Tanzanian and East African regional newspapers published between 1999 and 2016 as well as governmental and national bank publications available at the National Central Library in Dar es Salaam and the University of Dar es Salaam library.

The primary news media used for this analysis include *Daily News*, *The Citizen*, *The African*, *The East African*, *Business Times*, and *The Guardian*. In addition to providing statistical data on Chinese investment, the local newspapers illustrate trends and local editorials and Tanzanian commentaries on Chinese investment and the economic relationship between China and Tanzania over the last two decades. Government and national bank publications provided the statistical data of economic activities between two countries, which was used to analyze the impact of plans and undertakings on development in Tanzania primarily, although some implications for Chinese economic gains and benefits are also gleaned from the data. Legal and official statements from both countries shed light on the power relationship between the two nations.

Analysis of development studies scholarship on Chinese investment outlines the framework of development in Africa more broadly for understanding where Tanzania fits in to a bigger picture of China's foreign investment policies and projects. Interviews with local Tanzanians and Chinese workers present, through micro perspectives, the social and personal perceptions of Tanzanian development. Lastly, the statistical data reveals some of the economic, financial, and infrastructure benchmarks and impacts of Chinese investment in Tanzania and allows for analysis of the significance of Chinese investment on Tanzanian development. This set of complimentary data that is both qualitative and quantitative, local, national, and

transnational, and comes from the perspective of official government media and the voice of people on the ground reveals a complex picture of Tanzanian-Chinese partnerships.

## **Chapter 2: History**

### **2.1 Pre-colonial History**

Tanzania is located in Eastern Africa bordering the Indian Ocean. It lies between Kenya, Democratic Republic of Congo, Zambia, Malawi, and Mozambique.<sup>5</sup> Historically people populating what is today known as Tanzania have used their strategic location to develop international trading with various territories along the Indian Ocean littoral. Such relationships with countries like India and the Arabian Peninsula stretch back several thousand years. By 1000 AD Arabs and Indians sought trade products such as gold, ivory, slaves and wax from places along the coast of East Africa. Due to its strategic position to both East Africa's lucrative products and Western Indian Ocean maneuvering for trade, the Omani kingdom during the seventeenth century, moved their capital from the Arabian peninsula to the island of Zanzibar, which they seized control of in order to capitalize on its pivotal location.<sup>6</sup> During the eighteenth-century many ships from India and Arabic counties came to Tanganyika and became the center of exchange of goods in East Africa due to the monsoons winds and the currents of the ocean. From November to February the northeast monsoon covers the western Indian Ocean as far south as Mozambique and as far north as Mogadishu in Somalia. The winds are steady and light, and they permit the departure of trading ships called dhows from the Arabian coast and East India, taking twenty to forty days to reach their destinations in East Africa. This pattern of circulation is reinforced by the equatorial current, which flows southwards after striking the Somali coast, thus

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<sup>5</sup> "The World Factbook: TANZANIA," Central Intelligence Agency, January 12, 2017, , accessed February 01, 2017, <https://www.cia.gov/library/publications/the-world-factbook/geos/tz.html>.

<sup>6</sup> Gilbert, *Dhows and the Colonial Economy of Zanzibar*, 23-25.

facilitating the voyage from the north.<sup>7</sup> The combination of monsoon wind and the current of the ocean provides ships the winds necessary to go northeast October to June for six months and southwest for the other six months July to September.

## 2.2 Colonial History

During the nineteenth century, parts of East Africa were colonized by Germany from 1880 to 1919. As part of German East Africa under German rule, Tanganyika experienced two main dominant changes. The first was the re-ordering of its various interior and coastal economies into a colonial pattern and second incorporation into the world's disease environment.<sup>8</sup> In the case of the latter, many cattle died from the spread of disease brought by techniques and products introduced from Germany. This created heavy competition for the severely reduced numbers of surviving cattle. Moreover, the spread of smallpox in 1893 killed 600 people, which was a tenth of the population in Dar es Salaam at that time.<sup>9</sup> It was only 6000 population city at that time, yet now it has grown to be 4.3 million size of a large city now. In terms of the first factor, Tanganyika's economy was recreated to feed into German economic interests and their contributions to the international market. Moreover, German settlers and colonial officials owned much land on which they created plantations where they forced the Tanganyika population into labor to produce cash crops, such as sisal, coffee, and rubber.<sup>10</sup>

After the end of WWI, the treaty of Versailles, in 1919, Britain gained stewardship of Tanganyika which was shifted from a former colony Germany into a United Nations mandated

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<sup>7</sup> Abdul Sheriff, *Slaves, Spices, and Ivory in Zanzibar: Integration of an East African Commercial Empire into the World Economy, 1770-1873* (Ohio University Press, 1987), 21.

<sup>8</sup> John Iliffe, *A Modern History of Tanganyika* (Cambridge: Cambridge Univ. Press, 1999), 123.

<sup>9</sup> *Ibid*, 124.

<sup>10</sup> *Ibid*, 146; Thaddeus Sunseri, *Vilimani: Labor Migration and Rural Change in Early Colonial Tanzania* (Portsmouth, NH: Heinemann, 2002).

territory. British policy of indirect rule instituted from the 1920s onwards encouraged indigenous African administration along traditional lines, through local councils and courts.<sup>11</sup> After WWII, the Tanganyika region was placed under United Nations (UN) trusteeship. This was intended to ensure Britain would promote “the political, economic, social and educational advancement of the peoples of Trust Territories; to examine petitions from the Territories; and to undertake special missions to the Territories.”<sup>12</sup> In theory, this was to help facilitate independence and to prevent long-term dependency. Various independence movements accelerated in Africa following WWII. In Tanganyika, the fight for independence followed a political and constitutional struggle with Britain more than a militarized struggle like those that emerged in Kenya and Algeria. There were a number of political parties that vied for leadership in Tanganyika, including the Tanganyika Africa National Union (TANU), led by Julius Nyerere. Following a hard fought independence movement, Tanganyika became an independent republic on 9 December 1961. Following a revolution in 1964, Zanzibar joined Tanganyika and the combined territories became known from then on as Tanzania.<sup>13</sup>

## **2.3 Independence History**

### **2.3.1 China-Tanzania Relations History**

Following Independence, Nyerere sought to build an independent Tanganyika that was economically self-sufficient in terms of resources and manufacturing. To achieve this and avoid falling into a dependent and vulnerable position tied to Britain, Nyerere and his government

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<sup>11</sup> “HISTORY OF TANZANIA,” HISTORY OF TANZANIA, , accessed March 20, 2017, <http://www.historyworld.net/wrldhis/PlainTextHistories.asp?historyid=ad23>.

<sup>12</sup> “The United Nations and Decolonization,” United Nations, , accessed March 20, 2017, <http://www.un.org/en/decolonization/trusteeship.shtml>.

<sup>13</sup> “Tanzania gains independence,” South African History Online, March 16, 2011, accessed March 20, 2017, <http://www.sahistory.org.za/dated-event/tanzania-gains-independence>.



sought partnerships outside the European colonial cohort. He began to build a relationship with China. The relationship between Tanzania and China traces back to 1960s when the two countries established diplomatic relations on 9 December 1961 and with Zanzibar when Tanganyika and Zanzibar were united and became the United Republic of Tanzania on 26 April 1964.<sup>14</sup> Since then the relations between the two countries have been affected by the Cold War, liberal capitalist economic and political reforms, and a wave of globalization. The form of partnership has been transformed by those factors over time. Seven decades of the relationship can be divided into two phases: the socialist period, from 1961 to 1989; and the last 27 years, which gives a unique context to explain the relationship between the two countries.

The first President of Tanzania, Julius Nyerere worked to unite Tanzania under the socialist ideology and gained international stature for fighting against colonial injustices and their freedom crusades.<sup>15</sup> He was inspired by dependency theory, “which explains underdevelopment simply in terms of the loss of surplus in the colonial and neo colonial economy or solely in terms of what it failed to achieve in economic terms.”<sup>16</sup> A basis of dependency theory was conceptualized by Raul Prebisch to explain Latin American countries’ economic conditions as a consequence of their former colonial status and their twentieth century relations to other countries, in particular those between more developed and less developed countries.<sup>17</sup> Neoclassical economic theory, however, assumes that economic growth results in net benefit to all, most of the time, or Pareto Optimal. Pareto Optimal means that a state of resource

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<sup>14</sup> Chinese Foreign Ministry, “Tanzania,” Tanzania, October 10, 2006, , accessed February 02, 2017, <http://www.china.org.cn/english/features/focac/183419.htm>.

<sup>15</sup> George B. N. Ayittey, “The Wrath of the People,” in *Africa unchained: the blueprint for Africa's future* (New York, NY: Palgrave Macmillan, 2005).

<sup>16</sup> Bonny Ibhawoh, and J. J. Dibua “Deconstructing Ujamaa: the legacy of Julius Nyerere in the quest for social and economic development in Africa”. *African Journal of Political Science* 8, 1 (2003): 59-83. 78.

<sup>17</sup> Vincent Ferraro, “Dependency Theory: An Introduction,” in *The Development Economics Reader*, ed. Giorgio Secondi (London: Routledge, 2008), 58-64; Raul Prebisch, *The Economic Development of Latin America and its Principal Problems* (New York: United Nations, 1950).

distribution which benefits at least one person and harms no one else, thus neoclassical theory would say harm is not caused by one party benefitting from a situation.<sup>18</sup> The current economic situation shows that developed nations still have consistent economic growth, while developing countries experienced lower levels of growth, which could contradict the neoclassical perspective. Prebisch and Andre Gunder Frank made the argument that indeed economic growth in industrialized countries has negative impacts on developing countries, high development and profit in certain countries, they contend is not a neutral and unrelated factor in the lower development of and profit in other countries.<sup>19</sup> This they rationalize is because economies of developing countries are based on exports of raw materials to developed countries that use those materials to create manufactured products. Developing countries import those finished products. Because raw materials yield lower overall prices than the finished products, this creates a trade imbalance for countries exporting raw materials but not manufacturing finished products. Scholars like Prebisch and Walter Rodney argued that partly due to their colonial past and partly the result an entrenched trade system that became well established in the nineteenth and twentieth centuries, developing countries do not have enough wealth to invest in refining raw material into manufactured goods in order to grow their economies. This unbalanced exchange increases the dependency of developing countries on developed countries. “Dependency can be defined as an explanation of the economic development of a state in terms of the external influences-- political, economic, and cultural--on national development policies.”<sup>20</sup> Dependency theory provides one explanation of why developing countries stay poor while industrialized,

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<sup>18</sup> Investopedia Staff, “Pareto Efficiency,” Investopedia, March 18, 2016, accessed March 31, 2017, <http://www.investopedia.com/terms/p/pareto-efficiency.asp>.

<sup>19</sup> Sing C. Chew and André Gunder Frank, *The Underdevelopment of Development: essays in honor of Andre Gunder Frank* (Thousand Oaks, Calif.: Sage, 2002).

<sup>20</sup> Osvaldo Sunkel, “National development policy and external dependence in Latin America,” *Journal of Development Studies* 6, no. 1 (1969): 23, doi:10.1080/00220386908421311.

developed countries become wealthier.

Based on this theory Nyerere thought that Tanzania could develop by reducing his country's dependence on Britain and the West in general. Thus he adopted a self-sufficiency policy and a non-aligned position in world affairs.<sup>21</sup> Self-sufficiency policies include increasing access to health care and education.<sup>22</sup> In addition, he sought out ways to develop Africa holding significant disadvantage of colonial legacies, in order to catch up with the rich countries. As one of the ways to develop Tanzania, President Nyerere decided to partner with China under the Chairman Mao Zedong to strengthen transnational ties, economic partnerships, and security in the era of the Cold War between the US and USSR.<sup>23</sup> In June 1964 Vice-President Rashidi Kawawa and the Zanzibar Foreign Minister, Abdulrahman Babu visited Beijing where they signed an agreement for 320 million Shs. of development aid. A Tanzanian embassy was opened in the Chinese capital in October three years after Tanzanian independence. President Nyerere made visits to Beijing, China himself in 1965 and he was greatly impressed with the achievements of the Chinese people in developing their country.<sup>24</sup> During the visit, he signed the Sino-Tanzania Treaty of Friendship of 1965.<sup>25</sup> This treaty “conformed to the fundamental interests of the people of the two countries, helps promote the solidarity between them as well as among Asian and African peoples and the common struggle against imperialism, and conduces to peace in Asia, Africa and the world.”<sup>26</sup>

During the visit he was very fascinated by the Chinese egalitarian values and told

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<sup>21</sup> Martin Bailey. “Tanzania and China.” *African Affairs* 74, no. 294 (1975): 40.  
<http://www.jstor.org/stable/720907>.

<sup>22</sup> Julius K. Nyerere, “Education For Self-Reliance,” *The Ecumenical Review* 19, no. 4 (1967): ,  
doi:10.1111/j.1758-6623.1967.tb02171.x.

<sup>23</sup> George T. Yu, *China and Tanzania: a study in cooperative interaction* (Berkeley: Center for Chinese Studies, University of California, 1970).

<sup>24</sup> Bailey. “Tanzania and China.”,40.

<sup>25</sup> Yu, *China and Tanzania*, 13.

<sup>26</sup> *Peking Review*, No.9 February 26, 1965, 9.

Parliament that “they (the Chinese government) are able to do this (helping Tanzania with development) only because they are a frugal people: they husband their resources very carefully indeed, and only spend money on things which are absolutely essential.”<sup>27</sup> He drew moral from Chinese values for Tanzania. He mentioned that frugality should be the style of government in Tanzania and banned hard liquor at Government reception and ruled that no car cost more than 23 thousands dollar should be purchased from public funds.<sup>28</sup>

In the same year as the President’ first visit, Chou En-lai visited Dar es Salaam, Tanzania and initiated an economic and technical assistance program to Tanzania.<sup>29</sup> Even at the time of the Cultural Revolution in China when Chinese domestic politics and economy was disordered, their relations continued and President Nyerere visited Beijing China for a second time in 1968 to solidify his nation’s partnership with China. Clearly, both countries were working to build and maintain strong bi-lateral relationships both politically and economically.

In 1970 the Chinese took over from the Canadians as the major supplier of military assistance to Tanzania, both in terms of equipment and training for the army, navy, and air force.<sup>30</sup> Tanzania and China developed their relations without significant conflicts. This was emphasized by President Nyerere’s third visit to Beijing in March 1974 when China offered a further loan of 565 million Shs.<sup>31</sup> One of the significant investments that shows strong cooperation between the two countries is TAZARA railway. TAZARA railway is 1,860 kilometers of single-track railway, which facilitates inland communication between Tanzania and Zambia, and its creation was necessary for newly independent countries to start sustaining

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<sup>27</sup> Colin Legum and Geoffrey Mmari, *Mwalimu: the influence of Nyerere* (London: Britain-Tanzania Society in association with J. Currey, 2003), 5.

<sup>28</sup> Legum and Mmari, *Mwalimu*, 11.

<sup>29</sup> Yu, *China and Tanzania*, 13.

<sup>30</sup> Bailey. “Tanzania and China.”, 40.

<sup>31</sup> Bailey. “Tanzania and China.”, 40.

themselves in terms of economic development and moving products trans-regionally.

Western countries and international institutions like the World Bank insisted that in regards to TAZARA “the project was economically not viable.”<sup>32</sup> Moreover, western countries were concerned about the potential for newly independent African nations to lean towards a socialist system and implement socialist policies.<sup>33</sup> China, on the other hand, needed allies through a diplomatic relationship with socialist countries. Therefore, in July 1970, China became a single investor of TAZARA and gave Tanzania and Zambia an interest free loan repayable in thirty years, totaling 988 million Yuan (3.26 billion dollar in current value), to support costs of construction of line and stations.<sup>34</sup> The loan is repayable over thirty years, which means that repayments should have been done between the year of 1983 and 2012.<sup>35</sup> Extra costs later increased this figure to 1094 million Yuan (3.60 billion dollar), which was provided in the form of a Chinese grant. In addition to financial support, China also provided material and technical supports. They sent 13500 technical and engineering personnel to border towns between Tanzania and Zambia.<sup>36</sup> They also taught 38000 Tanzanian and Zambian workers sophisticated techniques for the future development of Tanzania and Zambia.<sup>37</sup> Over 160 workers, among them sixty-four Chinese lost their lives during the construction of the railway.<sup>38</sup> Even after completion of construction of TAZARA railway in 1975, two years ahead of schedule, China

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<sup>32</sup> “Our History,” TAZARA, , accessed February 03, 2017, [http://TAZARATAZARAsite.com/?page\\_id=131](http://TAZARATAZARAsite.com/?page_id=131).

<sup>33</sup> Grace Kambaulaya, “TAZARA among beneficiaries in China’s new \$60bn aid fund,” *The Guardian*, May 21, 2016. 3

<sup>34</sup> “Home,” TAZARA, , accessed February 03, 2017, [http://TAZARAsite.com/?option=com\\_content&view=article&id=70&Itemid=80](http://TAZARAsite.com/?option=com_content&view=article&id=70&Itemid=80).

<sup>35</sup> Neville Maxwell, *China's Road to Development*, 2nd ed. (Burlington Elsevier Science, 2014), 292.

<sup>36</sup> “Our History,”.

<sup>37</sup> Jamie Monson, *Africa's Freedom Railway: How a Chinese Development Project Changed Lives and Livelihoods in Tanzania* (Indiana University Press, 2009).

<sup>38</sup> “Our History,”.

helped for a year operating the railway.<sup>39</sup> Until today the importance of this relationship is commemorated with photos of the three presidents of that establishing era at the entrance of TAZARA railways office. Though the west saw the project as unviable, it continues to exist today though it does struggle, symbolically it is important in representing technology, progress, and the durability of the Tanzania-China relationship.



**Picture1: Pictures of Tanzanian President Nyerere, Chinese Chairman Mao, and Zambian President Kaunda at the TAZARA office entrance<sup>40</sup>**

### 2.3.2 Motives of China Tanzania relations

There are several motives for developing partnership between the two countries during the socialist period. China perceived Tanzania as a country struggling against the forces of imperialism and colonialism and for national liberation and reconstruction.<sup>41</sup> Chinese foreign policy at that time put heavy importance in assisting overcoming struggles against imperialism. In addition to the financial support, technical assistance to TAZARA construction was highly

<sup>39</sup> “Our History,”.

<sup>40</sup> Photo by Maho Fujita June 2016.

<sup>41</sup> George T. Yu, *China's African policy: a study of Tanzania* (New York: Praeger, 1975), 14.

visible project to demonstrate the rapid technological capability.<sup>42</sup>

On the other hand, Tanzania wanting reduce their dependency on Britain and other European countries was seeking for new allies rather than European countries. They also realized that there is no complete development model to copy due to difference in cultural, environmental and political context. They had to learn from both East and West to create the best model for Tanzania.<sup>43</sup> For Tanzania, China was both a champion of national liberation against foreign domination and a model for national development. President Nyerere supported a violent struggle for freedom when peaceful change became absolutely impossible and China was the foremost supporter of the doctrine.<sup>44</sup> Moreover, Tanzania perceived China as an alternative socialist development model, which was shaped by similar political experiences and achieved certain economic political and social standards.<sup>45</sup> Tanzanian officials aspired to remake a socialist industrial development they had observed in China.<sup>46</sup>

In the eyes of Tanzanian government, China's dedication in constructing relationship and providing aid for development projects could be seen as the act of friendship. Through this rhetoric of friendship, Tanzania was able to gain a political ally as well as financial provider. From a dependency theoretical perspective, China's aid to TAZARA played a similar role as other western countries. Unlike western countries, there is no significant record on Chinese exploitation of resource and trade of manufacturing goods. China only provided financial support, human resource and material for the project. However, this reliance defeated the

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<sup>42</sup> Martin Bailey, "China and Tanzania: a friendship between most unequal equals," *Millennium 2*, no. 1 (1973): 25, doi:10.1177/03058298730020010401.

<sup>43</sup> Information Service Division, Ministry of Information and Tourism, United Republic of Tanzania, press release, 14 July 1972.

<sup>44</sup> Yu, *China's African policy*, 24.

<sup>45</sup> Yu, *China's African policy*, 26.

<sup>46</sup> "China's Assistance in the Construction of the Tanzania-Zambia Railway," *China's Assistance in the Construction of the Tanzania-Zambia Railway*, accessed February 03, 2017, [http://www.fmprc.gov.cn/mfa\\_eng/ziliao\\_665539/3602\\_665543/3604\\_665547/t18009.shtml](http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18009.shtml).

purpose of Tanzanian policy of self-dependent, since it was impossible for them not to rely on anyone for financial resource due to lack of capital in the economy. Lack of choice forced Tanzania to rely on China and they justified Chinese act as act of friendship. In this way they were able to execute a development project between Zambia and Tanzania.

## **2.4 Recent Relations**

### **2.4.1 Transition Period**

After President Nyerere stepped-down in 1985, four presidents that have taken the office. They are able to take a responsibility up to two terms, ten years of presidency. Ali Hassan Mwinyi (1985-1995), Benjamin Mkapa (1995-2005) and Jakaya Kikwete (2000-2015) and John Magufuli (2015-Present) have been in the office and implemented different domestic policies as well as foreign policies from a socialist approach.

President Nyerere's policies on reducing dependency on the west failed partly due to a communal farming policy he instituted called *Ujamaa*, which rooted in historical Tanzanian values on familyhood and communalism.<sup>47</sup> Implementation of *Ujamaa* included nationalization key sectors and communization of agricultural activities was not successful and led to reduction in productivity and it triggered increase in dependency on international aid.<sup>48</sup> International aid was an extreme case of dependency as Tanzania was no longer under its own agenda but rather was required to implement structural adjustment programs to access the much-needed aid. Structural adjustment emphasized economic "liberalization" and required minimizing state involvement in the running of utility companies, manufacturing industries, and the agricultural

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<sup>47</sup> Bonny Ibhawoh, and Dibua J. I. 2003. "Deconstructing Ujamaa: The Legacy of Julius Nyerere in the Quest for Social and Economic Development in Africa." *African Journal of Political Science / Revue Africaine De Science Politique* 8 (1): 62.

<sup>48</sup> Alistair Boddy-Evans, "What Was Ujamaa and How Did It Affect Tanzania?," Thought Co, February 4, 2017, , accessed March 25, 2017, <https://www.thoughtco.com/what-was-ujamaa-44589>.



sector and the dropping of trade barriers.<sup>49</sup>

China has had measurable success and has some factors that have assisted in that process. China's recent economic achievement is based on mixed of state controlled economic systems and successful integration to the world economy. During Mao's era, Chinese government controlled production through central planning and a closed market from the world market.<sup>50</sup> After his death, China opened up the economy, while they internally used a socialist market economy approach to take competitive advantage of its low labor cost specifically to improve its economic status in the world. Much like colonizing nations did with their colonial populations, China sought to use a cheap labor market within China to maximize profits in manufacturing and trade. Since the 1990s, China has transitioned its economy to freer market. China's Gross Domestic Production, which is an important measure of its economic standing is the second highest in the world and a figure that continues to grow. The shift from economic socialism in both Tanzania and China in the short-term weakened the relationship between China and Tanzania in many ways at least initially. The number of official visits and partnerships decreased during the transition period.

Tanzania was challenged in realizing its full potential as a socialist country on the scale of China, which related to multiple factors. One of those has been the democratic change in political leadership consistently every 10 years and with those shifting visions that leaders have brought to the table. Also important is Tanzania's size and importance in the global hierarchy of nations. President Mwinyi was elected after Nyerere's presidency at a time when the socialist

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<sup>49</sup> Andrew E. Temu and Jean M. Due, "The Business Environment in Tanzania after Socialism: Challenges of Reforming Banks, Parastatals, Taxation and the Civil Service," *The Journal of Modern African Studies* 38, no. 4 (2000): 683-712; Kighoma A. Malima, "The IMF and World Bank Conditionality: Tanzanian Case," *Africa Development / Afrique Et Développement* 10, no. 1/2 (1985): 285-97; Ibhawoh and Dibua, "Deconstructing Ujamaa," 59-83.

<sup>50</sup> Zhiquan Zhu, *China's New Diplomacy: Rationale, Strategies and Significance*. (Farnham, Surrey, England: Ashgate Pub. Co, 2013).

project was viewed as a failure by many from the outside in terms of its ability to produce wealthy economy and position of economic strength for Tanzania. Mwinyi concluded that the socialist economic approach, *Ujamaa*, was simply not compatible with the global capitalist market system. It left Tanzania isolated and unable to produce growth. He took a shift from the socialist approach and relaxed import restrictions and encouraged domestic private enterprise throughout the 1980s. During his second term, multi-party politics were introduced under pressure from World Bank, IMF and other foreign donors. He pushed for a western defined “liberalization” of morals, beliefs, values and the economy within the legal framework.<sup>51</sup> During his presidency, he did maintain relationships with their old ally and he made two trips to China in 1987 and 1992 and two top Chinese leaders, Prime Minister Zhao Ziyang and Vice Premier Zgy Ribgji, visited Tanzania in 1983 and 1995 right before the end of his term. These visits did not seem to bring about new projects but mainly dealt with improvement planning on management of TAZARA.<sup>52</sup> President Mwinyi declared that “Tanzania (would) pursue a friendly policy towards China.”<sup>53</sup> This friendly policy seemed to be overshadowed in the following years by structural adjustment, World Bank, and USAID relationships.

On November 2005 President Benjamin Mkapa was elected as President with strong support of former president Julius Nyerere with a strong anti-corruption message to his campaign. Perhaps due to Mwinyi’s increased focus on private enterprise, there may have been some anxiety about people achieving success through bribery. Even though Mkapa's anti-corruption efforts are part of liberal reforms, they were based on the assumption that corruption is an individual act or personal misuse of public office for private gain. His campaign was not

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<sup>51</sup> James R. Brennan, Andrew Burton, and Yusufu Qwaray. Lawi, *Dar es Salaam: histories from an emerging African metropolis* (Dar es Salaam: Mkuki na Nyota Publishers, 2007), 252.

<sup>52</sup> Jamie Monson, “Remembering Work on the TAZARA Railway in Africa and China, 1965-2011: When New Men Grow Old.” *African Studies Review* 56, 1 (2013): 45-64. doi:10.1017/S000202061300005.

<sup>53</sup> China.org.cn, 28 November 2011.

entirely successful in eliminating perceptions or even realities of corruption, because he failed to account for a dynamic supporting environment for corruption.<sup>54</sup> In addition to anti-corruption efforts, Mkapa also privatized state-owned corporations and instituted full-fledged free market policies. He went even further than Mwinyi bringing in more foreign capital through not just aid but also companies. His policies were supported by an argument that attracting foreign investment over aid would promote economic growth. These policies aligned with the World Bank and IMF, which advocate for economic liberalization and free market in developing countries to allow in foreign investors for land development and industry building. World Bank and IMF support resulted in the cancellation of some of Tanzania's foreign debts, a positive for the nation in theory.<sup>55</sup> Investment and presence of the western investment increased during Mkapa's presidency, though so too did the proliferation of foreign NGOs and foreign aid. Furthermore, the August 1998 bombing of the US Embassy in Dar es Salaam pulled Tanzania closer to the US and other western countries in a newly envisioned crisis and economic opportunity to fight against terrorism. The 1990s and early 2000s serve as a stark contrast to the 1960, 1970s, and early 1980s in terms of Tanzania's alliances economically and in terms of foreign affairs. But the 1990s serve as an interesting bridge between the old and new relationship forged by Tanzania and China.

#### **2.4.2 Revival Era**

During colonial times and throughout the post-colonial era under *Ujamaa* policy, Tanzania's economy has largely been dependent on agriculture, which currently contributes to a

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<sup>54</sup> Bruce Heilman and Lawrean Ndumbaro, "Corruption, Politics and Societal values in Tanzania: An evaluation of the Mkapa administration's anti corruption efforts," *African Journal of Political Science* 7, no. 1 (2002): 1, doi:10.4314/ajps.v7i1.27322.

<sup>55</sup> Heilman and Ndumbaro, "Corruption, Politics and Societal,".

large segment, at 30%, of the country's GDP.<sup>56</sup> However, the government is working to diversify economic output and to develop the private business sector. A series of market-based reforms have reportedly led to greater stability in the private sector and the government believes that this is the key to on going economic growth.<sup>57</sup> After two presidents who favored integration with the west, Jakaya Kikwete who served as the Minister of Foreign Affairs under the rule of President Mkapa was elected as president in 2005. His policies embarked of fulfilling the 'Tanzania's Vision 2025'. This is the vision of moving the country from a low-income country to a middle-income country.<sup>58</sup> There is also another model of fast-tracking the economic uplifting of the country that is dubbed the 'Big Results Now'. This model was borrowed from Malaysia and has also been a success in Nigeria and currently is being implemented in Rwanda. This plan concentrates on improving the following areas: 1) Mobilization of resources, energy and natural gas, water; 2) Development of education and transport; and investment in the agricultural sector.<sup>59</sup> Under his presidency inflation rates dropped and Tanzania's economy grew notably allowing the nation to pay off some of its foreign debt.<sup>60</sup>

After Kikwete was elected in 2005, Chinese Prime Minister Wen Jiabao's visit in 2006 reactivated the relationship between the two nations, though on a new economic basis. Both governments have continued to claim their historical ties through the socialist era and praise their friendship. However, it was clear that the Tanzania-China relationship was becoming much more

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<sup>56</sup> "Economic Growth and Trade," Tanzania | U.S. Agency for International Development, November 17, 2016, , accessed February 01, 2017, <https://www.usaid.gov/tanzania/economic-growth-and-trade>.

<sup>57</sup> Bernard Lugongo, "China to back TZ industrial growth," *The Citizens*, May 23, 2016, Tanzania edition, 7.

<sup>58</sup>The United Republic of Tanzania Planning Commission, *The Tanzania Development Vision 2025*, <http://www.unesco.org/education/edurights/media/docs/061eb2eed52b8f11b09b25a8845436f19d5ae0ad.pdf>.

<sup>59</sup>U.S. Agency for International Development, "Economic Growth and Trade," Tanzania | U.S. Agency for International Development, November 17, 2016,, accessed February 01, 2017, <https://www.usaid.gov/tanzania/economic-growth-and-trade>.

<sup>60</sup> Lugongo, "China to back,".

business-oriented. Moving away from keeping afloat the older projects launched in the 1960s and 1970s, China decided to increase and diversify its economic presence in this country, in an attempt to catch up with Tanzania's other western partners.<sup>61</sup> During Wen's visit, five agreements were signed: diplomatic, health, agriculture, transport and telecoms, including projects such as a loan to rehabilitate the passenger cars of the TAZARA railway and even a health program in China's construction of a malaria prevention and treatment center.<sup>62</sup>

Since 2006, visits of high level officials of both countries have increased once again. President Kikwete travelled to China three times: in 2006, on the occasion of the third Forum on China Africa Co-operation (FOCAC); in 2008 and again in October 2014 to celebrate the 50th anniversary of the establishment of diplomatic relations between the two countries. Chinese President Hu Jintao and his successor Xi Jinping made visits to Tanzania, in 2009 and 2013.<sup>63</sup> In 2007, this increasing cooperation with China was due to a "no strings attached policy" of China. This meant China, unlike the World Bank, IMF, the US, and Britain did not make demands for political or economic changes which made it easier for Tanzania to engage in projects and business ventures with China than with the West because, "China does not ask many questions like the West does."<sup>64</sup>

African nations, including Tanzania, have struggled to achieve economic growth since they gained independence from colonial rulers starting in the late 1950s and even for a few countries not until the early 1980s or even 1990s did they achieve independence. Few countries in Africa have realized effective and efficient means to leverage their natural resources for their

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<sup>61</sup> Jean-Pierre Cabestan and Jean-Raphaël Chaponnière, "Tanzania's all-weather friendship with China in the era of multipolarity and globalisation: towards a mild hedging strategy," *African East-Asian Affairs*, 0, no. 3 (2016): , doi:10.7552/0-3-176.

<sup>62</sup> "Update On Trade and Cooperation with China." March 9, 2007. Tanzania

<sup>63</sup> Cabestan and Chaponnière, "Tanzania's all-weather friendship with China," 6.

<sup>64</sup> Kamata Ng'wanza, "Perspectives on Sino-Tanzanian Relations," In Adem Seifudein (ed.), *China's Diplomacy in Eastern and Southern Africa* (London: Ashgate, 2014), 94.

own national prosperity. Furthermore, lucrative resources like diamonds and gold have resulted in large inequalities that have reduced peace and amplified insecurity in many of these locations. Many northern hemisphere countries, seen as economically developed, hold great influence across the globe and have implemented foreign aid and investment to African nations, yet the impacts of those investments have often been minimal, ineffective, or even had negative outcomes in creating economic power for African countries. China provided a model reflecting an alternative method for economic development. For Tanzania, China is providing a more relatable pathway than any northern hemisphere countries which achieved their economic strength more than a half-century ago.

However, there are also many challenges for Tanzania to imitate China's development model. Compared to China, Tanzania has a much smaller population of 53.47 million (1.371 billion in China),<sup>65</sup> more limited market reach and very high land to human population ratio. Tanzanian currency is weak in the market, they have primarily raw materials to export, and labor cost is relatively expensive in Tanzania compared on a global scale. People have user rights on the land they occupy and they put land to use for subsistence farming and as a place to build their homes from locally available materials including bricks. With abundant land and a low population density in rural areas, people are capable of self-sustaining through farming and animal husbandry as well as a number of knowledge based professions that involve the making of various locally and regionally desired finished products. Artisans and technicians sell their skills at furniture craft, tool production, beer making, tailoring, auto-repair, and other such services. People can survive relatively easily without relying on the global market at least in terms of food and land access. Thus, not all people necessarily feel the need to develop state

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<sup>65</sup> The World Bank, Population, total (2015).  
<http://data.worldbank.org/indicator/SP.POP.TOTL?locations=CN-TZ>

projects or to participate daily in a market with a consumption driven system.

In the context of historical experiences and global and political realities, this study investigates the relationship between China and Tanzania in the last decade to better understand the economic and social effects of Chinese involvement in Tanzania. My findings show a mixed perception on both sides as to the benefits of the Chinese investment. How investment influences people's lives is seen as positive though with some notable negative repercussions and people are conflicted about whether real measurable development is being achieved in Tanzania, which presents a complicated picture of increased national debt due to a growing dependency on Chinese assistance and products as more people come to perceive participation in the consumption driven market as a regular necessity and not just a want or choice that one can do without. Analysis includes the conflicts or challenges that Chinese investments created in Tanzanian society, economy and cultures at the local level.

## **2.5 Chinese Investment trends through newspaper articles**

The past three Tanzanian presidents have moved away from socialist self-reliance economic approaches and shifted focus towards integration of Tanzania into the world economy through trade and investment. During the socialist era, aside from its regional partners – Kenya and Uganda – China was one of the closest partners for Tanzania. However, while self-reliance policies likely contributed to nation building and national identity, it did not lead to spectacular economic prosperity. As a result, the leaders after Nyerere had to confront external pressures and demands that they open up opportunities for cooperation with western countries. During Kikwete's presidency, Chinese economic presence increased in Tanzania. With each changes of political leader in office, Tanzania has increased integration with foreign influence by shifting its emphasis from a self-reliance approach ultimately to foreign investment model.

As recently as June 2016 during the course of this research, there were two major international influences being unveiled. Dar es Salaam opened a public mass transportation bus system that connects between affluent suburbs and the city center. This system was built with support of Chinese investment.<sup>66</sup> Beijing Construction Engineering Group constructed four tenders of foundation works<sup>67</sup> and the buses they use are also from Xiamen Golden Dragon Bus Co. Ltd.



**Picture 2: President Magufuli and representative of Beijing Construction Engineering Group** <sup>68</sup>

In the same month, the American technology transportation company, Uber also started operation in Dar es Salaam to increase accessibility of individual speedy transportation throughout the city.<sup>69</sup> A US company and Chinese companies are each having significant impact on the transportation in the city, while each targets different populations and different needs.

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<sup>66</sup> Bernard Lugongo, “BRT service set to commence as 138 buses arrive,” *The Citizen*, September 21, 2015, , accessed March 20, 2017, <http://www.thecitizen.co.tz/News/BRT-service-set-to-commence-as-138-buses-arrive/1840340-2878526-fsfu62z/index.html>.

<sup>67</sup> BCEG International, “Region: Tanzania ,“ BCEG International, , accessed March 20, 2017, [http://www.bcegi.com/en/about/ehsz\\_51.html](http://www.bcegi.com/en/about/ehsz_51.html).

<sup>68</sup> Dar Rapid Transit Agency, “Welcome,“ Dar Rapid Transit , , accessed March 24, 2017, <http://dart.go.tz/en/>.

<sup>69</sup> Tasneem Hassanali, “Uber in TZ: It's a love/hate relationship,“ *The Citizen*, July 24, 2016, , accessed March 15, 2017, <http://www.thecitizen.co.tz/magazine/soundliving/1843780-3308652-1yeuo2/index.html>.



China's commitment to public transportation serves many who are living outside of the city and commute to the city center every day for work. On the other hand, the private US company, Uber, would help more private level of personal transport to contribute to the need for urban transport for those who want a more direct route and can afford a private ride. Both of these systems are likely to create job opportunities for people. Car owners that are not registered for the official taxi operations can become Uber drivers. Consumers are able to give feedback for their service and choose drivers based on the rating. It could help improve the taxi service quality in Dar es Salaam, while it could possibly damage currently existing taxi business by creating even more competition for drivers who already have to contend with the Boda Bodas and motorbikes which have entered the market in the last 5 years. Both public and private contributions symbolize the significance of foreign involvement in Tanzanian transportation and economic activities. It may lift overall the economy of Tanzania or the feeling of progress in the country to have many forms of transport, but it also creates greater competition for individual drivers which might lower their income on individual transactions and not merely due to internal factors but also because of external elements and actors into the equation.

However, Chinese economic presence was not widespread across the country and in many segments of the economy until around 2005. In the early 2000s there were limited articles on Chinese investment appearing in the news. In 2000 China hosted the first Forum on China-Africa Cooperation (FOCAC) in Beijing. A major commitment that China declared was to expand tourism cooperation with Tanzania.<sup>70</sup> Behind agriculture tourism is a large sector for the Tanzanian economy. This conference asserted a pledge to a direction for the development of a new, stable and long term partnership featuring equality and mutual benefit between China and

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<sup>70</sup> The People's Republic of China Ministry of Foreign Affairs, "Major Commitments of the Chinese side," Forum on China-Africa Cooperation, , accessed March 15, 2017, <http://www.focac.org/eng/ltada/dejbjzjhy/CI22009/t157585.htm>.

African countries.<sup>71</sup>

After 2005 articles on cooperation with China significantly increased. Since the 2006 FOCAC meeting, China's co-operation with Tanzania in particular has largely focused on agriculture. Tanzania grows a substantial supply of staple foods like rice and maize in addition to a variety of vegetables that could be exported. According to Xinhua news outlet that contributes to *the Daily News*, in 2005 China donated agricultural machinery worth of US\$ 120 thousands to Tanzania to help agricultural modernization process. They complimented Chinese contribution by stating that "the agricultural machinery had come at the right time when the Tanzanian people are highly in need of modern technology for agricultural production and processing".<sup>72</sup> In 2006 China and Tanzania made a US\$ 17.5 million agreement to finance investments in agriculture.<sup>73</sup> Moreover stability and improvement of agriculture production is important, since its contribution to the GDP is still high and a large population are engaged in agricultural sector.<sup>74</sup>

About five year later in 2010 Chinese investments in infrastructure such as bridges, roads, ports and telecom, frequently appeared in newspaper articles. It seems that China got involved in a wide variety of projects that could help Tanzania in its efforts towards development, but might also help China gain resources it needed both in products and capital it could gain from projects. Each of these were investments on the part of China they were not aid projects. Many of the projects did not necessarily rely on Chinese loans. They were direct investment projects. For example, the Kigamboni bridge project is a toll road where fees will be

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<sup>71</sup> The People's Republic of China Ministry of Foreign Affairs, "The First Ministerial Conference of FOCAC," Forum on China-Africa Cooperation, , accessed March 15, 2017, <http://www.focac.org/eng/ltada/dyjbzjhy/CII2009/t157577.htm>

<sup>72</sup> Xinhuanet, "China donates agricultural machinery to Tanzania," Forum on China-Africa Cooperation, November 17, 2015, , accessed March 14, 2017, <http://www.fmprc.gov.cn/zflt/eng/jmhzt222842.htm>.

<sup>73</sup>"China Signs \$17.5 Agriculture Deal," *The Citizen*, June 13, 2006, Tanzania edition, 7.

<sup>74</sup> TanzaniaInvest, "Tanzania Agriculture Sees More Chinese Investment," TanzaniaInvest, August 15, 2015, , accessed March 13, 2017, <http://www.tanzaniainvest.com/agriculture/tanzania-agriculture-sees-more-chinese-investment>.

collected directly by co-director of this project, China Railway Group Limited Company.<sup>75</sup>

During the construction process, most of the criticism went to the government on lack of funds,<sup>76</sup> which slows down the process of construction. Chinese involvement was mentioned in the article, yet they did not criticize Chinese side of contribution.

Chinese investment on infrastructures has had significant increase in mobility of people and goods. Bridges have certainly enabled Tanzanian citizens and the significant tourist population to cross flooded rivers during a rainy season and paved roads have helped to transport people and products efficiently. Investment was used to construct paved roads between cities, which helped to increase human and products mobilization between different cities. Moreover, better infrastructure of ports increases access of Chinese cargoes to Tanzania and better roads reduce transportation time significantly.

In addition to the infrastructural investment, China started to invest in Tanzania's industrialization project which could shift the Tanzanian economy to an export oriented economy. Current President Magufuli has developed another strategy that encourages economic growth through industrialization which is in some ways similar to Nyerere's vision. According to the Citizen's report the Chinese policies from 2015 to 2018 also focus on industrialization and modernization of agriculture. "The Chinese new policy comes as a gift to New President Magufuli who promised, in his campaign, to build industry."<sup>77</sup> The contribution of manufacturing sector to Tanzania's whole GDP remains 5% in 2014. In addition, the

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<sup>75</sup> "Tanzania: Kigamboni Bridge to Be Ready for Use in March," *AllAfrica*, January 26, 2016, , accessed March 15, 2017, <http://allafrica.com/stories/201601260215.html>.

<sup>76</sup> "Kigamboni Bridge construction stalls," *The Citizen*, February 06, 2015, , accessed March 13, 2017, <http://www.thecitizen.co.tz/News/national/Kigamboni-Bridge-construction-stalls/1840392-2614754-nxjl5n/index.html>.

<sup>77</sup> Damas Kanyabwoya, "Dar on China economic focus," *The Citizen*, December 23, 2015, , accessed March 14, 2017, <http://www.thecitizen.co.tz/News/Dar-on-China-economic-focus/1840340-3007574-e4apu9z/index.html>.

manufacturing sector in the African continent contributes to 1.5% to the global market, which is lower than any other continent/region in the world. East Asia contributes 17% and Latin America produces 6%.<sup>78</sup> Thus the African continent, the second largest in terms of landmass, might be able to model economic plans on emerging economies in East Asia, although its population as a continent is only one-half of the population in the individual country of China and just over half of India's population. With an increase in the manufacturing sector, Tanzania could experience an increase in GDP.

Some areas where China might gain from its assistance to Tanzania and other African countries are by shifting its production to other nations. For example, China can reduce its own pollution rates if they transfer their factories to Tanzania. Thus, China might gain greatly in terms of its emissions as well as opportunities to create jobs for Chinese workers through Tanzanian industrialization. Moreover, they can produce Chinese products in Tanzania and can sell them in Tanzania and other African markets, which could reduce transport costs.<sup>79</sup>

In addition to the government partnership investment, the Chinese government has started to encourage the Chinese private sector to invest in Tanzania as well. In many cases, Chinese investments help creating platforms that the Chinese private sector can utilize in the future. The Chinese investment focus on railways, ports, buildings, gas pipelines and wind power farms, so that private investors are able to utilize those basic infrastructures in the long run.<sup>80</sup> With its mobility and connectivity of transportation and political stability, Tanzania along with other African nations has the potential to attract Chinese private sectors to create more business

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<sup>78</sup> Adili Mhina, "Tanzania-China explore available industrial opportunities for massive investment," *The African*, Sep 7-13 2015, 10.

<sup>79</sup> Mhina, "Tanzania-China explore," 10.

<sup>80</sup> "China's investment in Tanzania surges," *The Citizen*, February 15, 2014, , accessed March 14, 2017, <http://www.thecitizen.co.tz/News/Business/China-s-investment-in-Tanzania-surges/1840414-2208290-9ypch7z/index.html>.

opportunities. Since Tanzania is the receiver of aid or investment, China has influence on the decision-making process in the country. Since President Kikwete wanted to increase interaction with China due to no strings attached policies, it is clear that Tanzania wanted to gain government aid with fewer conditions than had been imposed by the World Bank, the IMF, and the United States. However, there are a few clues in news articles to reveal what China gains from those investments.

As a reflection of these partnerships, recent official statements from both countries use rhetoric of friendship, which can be traced back to their TAZARA railway partnership in the 1960s and 1970s. On January 2017 Chinese Foreign Minister Wang Yi visited Tanzania and “pledged to consolidate the traditional friendship, integrate the development strategies and promote pragmatic cooperation between the two countries in various fields.”<sup>81</sup> In a meeting Tanzanian Prime Minister Kassim Majaliwa said “Tanzania appreciates China's listing of his country as one of the four pioneers for conducting China-Africa production capacity cooperation and expects more Chinese enterprises to participate in the construction projects in the country.”<sup>82</sup> The aim of this meeting is to increase cooperation with China and increase more participation of Chinese enterprise in the Tanzanian market.

The aim of the rhetoric on both sides has been to emphasize a long trusted historical relationship between two countries as they work to restart the relationship and give it legitimacy with historical roots. Recently, the Chinese government announced that after 3 decades they

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<sup>81</sup> “Roundup: China, Tanzania pledge to consolidate friendship, promote cooperation,” *Xinhuanet*, January 10, 2017, , accessed March 14, 2017, [http://news.xinhuanet.com/english/2017-01/10/c\\_135970488.htm](http://news.xinhuanet.com/english/2017-01/10/c_135970488.htm).

<sup>82</sup> “Roundup: China, Tanzania,“.

would reinvest in TAZARA as a state business to revive the railway from ill managed business.<sup>83</sup>

This announcement might have helped to constructing the rhetoric of friendship. The rhetoric helps morally distinguish China from western colonial and neo-colonial relations and reminds Tanzanian Chinese leadership in the past. It could be used to justify their actions that are often criticized by the western media as exploitation or new imperialism. Since China was the only investor for the railway construction, it shows credibility of Chinese commitment to investment even in unpopular projects compared to other western countries. Similarly, Tanzania uses this rhetoric to show followership with Chinese leadership and its development model.

This intense emphasis on friendship in many investment agreements through joint official statements questions the motive behind the usage. Moreover, their usage of friendship shifted from the initial usage, where Tanzania used as justification of their dependency. Considering that officials of both governments made those friendship statements, the nations would like to pay tribute to the past efforts. Since many people who were involved in TAZARA construction and earlier operation are still alive in both countries, they are able to attract political or cultural attentions from a certain population by using this rhetoric. It's also used to confirm Tanzania's direction of development planning. Arguably, this use of the rhetoric also shows dependency of the Tanzanian government on China. Government officials from Tanzania complimented Chinese generosity since the 1960s using the rhetoric and also asked for more technical and financial support.<sup>84</sup> The Tanzanian government is able to use this historical relationship to maintain and also increase financial support from China. The Kikwete office thought that

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<sup>83</sup> "China to take over Tazara in new plan," *The Citizen*, May 16, 2016, , accessed March 31 15, 2017, <http://www.thecitizen.co.tz/News/China-to-take-over-Tazara-in-new-plan/1840340-3205138-kqg4wh/index.html>.

<sup>84</sup> "JPM appeals for more China support," *The Citizen*, November 07, 2015, , accessed March 15, 2017, <http://www.thecitizen.co.tz/News/JPM-appeals-for-more-China-support/-/1840406/2946088/-/fygyat/-/index.html>.

maintaining a good friendship with China would benefit Tanzania more than western countries do, due to the easier conditions. This shows that their usage of the rhetoric became more strategic rather than justification of dependency. The Tanzanian government used as a technique to gain more financial and material support from them. It is questionable if the Tanzanian government was aware of potential risk of no strings attached policies that China could present in the future. The leadership in the Tanzanian Government seems to see China as a partner of opportunity rather than threat to their culture and economy. Those opportunities might not necessarily be for the country as a whole, but certainly are for certain individuals.

On the other hand, China could use this rhetoric as a stepping-stone to fill the time gap of two decades and construct a new and favorable relationship with Tanzania. Since China does not have as many allies as other western countries, Tanzania is one of few countries that China can utilize the history and strengthen a loyal and possibly a hierarchical relationship.

From a dependency theoretical perspective, this use of rhetoric seems to conceal the reality of the relationship between China and Tanzania. The Tanzanian government allows China to invest in their interests, such as infrastructures and natural resource, while China is able to increase their commodity exports to Tanzania, which is explained in detail in Chapter 5.4. As a result, the rhetoric was used as a way to obscure the economic dependent relation that the Tanzania has to China.

Even though social development focused Chinese investment is relatively smaller to infrastructural investment, China started to pay attention to social development projects. One of the few examples of Chinese investment in education facilitates is its large contribution to the making of the Confucius institute and library at the University of Dar es Salaam. This institute at the national university will be the center of education in Chinese culture and religious

practices.<sup>85</sup> The Confucius institutes exist all over the world to educate Chinese language and culture. They organize Chinese language contests and invite those who are experts in China to spread their knowledge to Tanzanian scholars and academics. The institute is intended to enhance Chinese soft power by spreading the Chinese political and cultural identities and it is hoped that it will attract those eager to learn about China. The institute is supported by the Chinese government also functions as resistance to Chinese dissident groups abroad, such as Tibetan independent activists and various democracy groups.<sup>86</sup> This Chinese effort seems politically strategic by utilizing education, perhaps as the US might use Peace Corps or various health programs.

In comparison to Chinese investment, investments from western countries, such as the US and Scandinavian countries also were concentrated in infrastructure in the early 2000s. In addition to individual countries, international organizations, such as World Bank and the UN have also been involved in development projects. In contrast to Chinese investment, western rhetoric of investments emphasized eradication of poverty and social development. For example, “President Bush and Tanzanian President Kikwete signed a \$698.1 million Millennium Challenge grant to reduce poverty by increasing household incomes through investments in transportation, energy, and water.”<sup>87</sup> Their target sector of investment is similar to China’s, yet their approach is less historical. Moreover, due to the world financial crisis in 2008, many western countries withdrew their investment from Tanzania. For instance, a Swedish energy firm

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<sup>85</sup> Maina Waruru, “US\$20 million for university's Confucius centre upgrade - University World News,” University World News, July 15, 2016, , accessed March 23, 2017, <http://www.universityworldnews.com/article.php?story=20160713072832486>.

<sup>86</sup> David Volodzko, “China's Confucius Institutes and the Soft War,” *The Diplomat*, July 08, 2015, , accessed March 23, 2017, <http://thediplomat.com/2015/07/chinas-confucius-institutes-and-the-soft-war/>.

<sup>87</sup> “Dar Es Salaam, Tanzania Embassy of the United States,” Press Releases, February 19, 2008, , accessed March 20, 2017, [https://tanzania.usembassy.gov/pr\\_02192008a.html](https://tanzania.usembassy.gov/pr_02192008a.html).



pulled out a \$300 million investment.<sup>88</sup>

Overall, newspaper reports including commentaries and editorials on Chinese investments in Tanzania reflect positive feedback. Some articles talked about the Tanzanian government's inefficient control on foreign investment<sup>89</sup>, yet it was only criticism on its own government. Towards foreign investment in general there is little criticism or skepticism. In the last ten years of news reports almost every month there were articles in the major English language newspapers to discuss new Chinese public and private investment or involvement in Tanzania. That shows that Chinese business is deeply integrated in the Tanzanian economy. However, there were few articles talking about Tanzanian business in China and the Xinhua office in Dar es Salaam wrote most of the articles. Xinhua news outlet is the most influential news source of China and they are under the censorship of the government. Therefore, those articles would not criticize Chinese involvement in Tanzania.

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<sup>88</sup> Mike Mande, "Swedish firm shelves \$300 million investment in Tanzania," *The EastAfrica*, March 14, 2009, , accessed March 20, 2017, <http://www.theeastafrican.co.ke/news/2558-545698-ux7p0az/index.html>.

<sup>89</sup> Cictor Karekla, "Tanzania urged to control potential donor resources," *The African*, Nov 23-29 2015.

### Chapter 3: Interviews with Tanzanians

Drawing from information collected from newspapers, I developed relevant questions to ask Tanzanians to fill in gaps in information left by the published material. I conducted interviews with twelve Tanzanians from various cities (Dar es Salaam, Arusha, Bagamoyo and Tanga) and a village (Mbulu). The interviewees come from different socioeconomic backgrounds, and occupations. The eleven men and two women provided their thoughts on and experiences with Chinese investment and workers. The fact that virtually everyone I met, not just those interviewed, had some exposure to and interaction with Chinese investment provides important insight into early twenty-first century Tanzanian society. Interviews provided many details and varied perspectives on aspects of Chinese involvement and investment in Tanzania. Specific interests categorize the following analysis and hopes and concerns interviewees had in regards to Chinese investment. All the interviews were conducted in a formal way. In addition to formal interviews. I had many more informal conversations with Tanzanian that confirmed many of rhetoric and sentiment between the two countries.

Name	Gender	Origin	Occupation	Profile
Robert	Male	Dar es Salaam	Student	He studies business management in the university. His family is related to the current President of Tanzania.
Maoba	Male	Dar	Small shoes shop owner in Kariakoo	He is a good friend with Chinese shop owners in Kariakoo.
William Mbambage Lukosi	Male	Dar	Retired TAZARA technician	He used to work as a locomotion engineer in TAZARA railways. He is currently unemployed.
Franky	Male	Dar	Unemployed	He dropped out college and looking for a job in Dar es Salaam. He helped me with interviewing people in Dar es Salaam.
Conrad Simuchile	Male	Dar	TAZARA Authority, Public Relation	Due to lack of official research permit, I was only able to conduct a short interview

			Manager	
Neema Lukasi	Female	Dar	Social worker	She is living in a small town of Dar es Salaam. She has 2 daughters.
Marry Ayoub Mwajjulu	Female	Dar	Franky's mother	She often goes to neighboring markets to sell flowers.
Joseph	Male	Mbulu	Boucher owner	He has a seven year old, five-year-old twin daughters and one baby under a year old.
Peter Qaymo	Male	Arusha	Safari tour guide	He has a daughter who is studying at University of Dar es Salaam.
Jacobs	Male	Mbulu		Born in Tanzania lived there until his 30s, lived in US for 2 decades, but has visited Tanzania several times in those 2 decades He also has family in Tanzania
Samera	Male	Tanga	Bar owner, Human resource recruiter	He is a good friend with Chinese workers in Tanga. He owns bar and family restaurant with his brother.
Sameer	Male	Tanga	Engineer at cement company	He has 3 children and owns house in Dar es Salaam. He and his wife are immigrants from Yemen.
Alen	Male	Bagamoyo	Farmer/entrepreneur	He farms rice in Bagamoyo and does side business. He used to mine in Australia. His wife and a 7 year-old son are in Australia and brother is in Boston.

**Chart 1: Interviewees**

### 3.1 Affordability and quality

One important category that seems to drive a great deal of people's immediate attraction to commodities and services provided by the Chinese government and private companies, is affordability of products and services, which can impact quality in an inverse relationship. The more affordable the product in many cases, the lower the quality is likely to be. Tanzania is a developing country and though there are people of significant wealth, there are large numbers of people with very limited disposable income. Thus products from China are marketed by price point and with some assumptions on quality. Sameer, an engineer who owns his own cement

company in Tanga the northern coastal region, described Chinese goods and services as suppliers of affordable products. His impression of Chinese investment was positive because it helps to improve lives of Tanzanian. He gave two examples of Chinese imports that help Tanzanians' lives: inexpensive motorbikes and cell phones. Due to lack of industrialization in Tanzania, they import virtually all of the mechanical and electronic goods available in the country. Chinese imports are much more inexpensive, compared to foreign goods from Europe, The Middle East, and the United States. Low prices of goods attract many buyers in Tanzania and as a result many of the goods that Tanzanians own are from China. Motorbikes and cellphones are viewed as essential for people's livelihoods and even for health and communication, yet they could be very expensive for most households of Tanzania.

### **3.1.1 Communication**

Statistically, 98% of Tanzanians do not have landlines, yet 73% of adult Tanzanians own cell phones. Only 8% of the total population owns smartphones, and 65% owns at least one cellphone.<sup>90</sup> A majority of the population has never been able to get a landline, but once cell phones became accessible and affordable people quickly took to the technology and most rely on cellphones for their remote and long-distance communication. Tanzanians have even heavier reliance on cell phones over landlines than in developed countries. Furthermore, because only 7% of population own home computers<sup>91</sup> and even few have Internet, cell phones have become a multipurpose technology. During my research in Tanzania May-June 2016, I saw few people

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<sup>90</sup> "Cell Phones in Africa: Communication Lifeline," Pew Research Center's Global Attitudes Project, April 15, 2015, accessed February 15, 2017, <http://www.pewglobal.org/2015/04/15/cell-phones-in-africa-communication-lifeline/>. Spring 2014 Global Attitude Survey. Q 68 and Q69

<sup>91</sup> "Chapter 8. Computers and Technology," Pew Research Center's Global Attitudes Project, October 04, 2007, , accessed March 20, 2017, <http://www.pewglobal.org/2007/10/04/chapter-8-computers-and-technology/>.

who owned iPhones. Most smartphone holders had Android phones. Most cellphones whether Android or otherwise are made in China for a Tanzanian market which has implications for both price and quality. Cell phones have become critical to the economy because they give people access to many more than services than just communication. For instance, many Tanzanian mobile telecom network companies, such as Tigo and Vodacom in Tanzania offer a banking system that customers can utilize through cellphones. The system allows for quick money transfers to others, short distance money self-transportation and money storage for short to medium periods of time.<sup>92</sup> In this way, cell phones have boosted economic interactions across regions in Tanzania. Approximately 61% of Tanzanians have a registered mobile money account, while only 8% have a full-service bank account.<sup>93</sup> The Tanzanian banking system is based on a mobile system rather than conventional physical banks. People no longer need to go directly to family or friends travelling long distances to get cash and for those who have accounts, banks and ATM machines are no longer required to acquire cash. People instead use cellphones to transfer money and get cash at local mobile system distributors. This has expanded business opportunities for Tanzanians who can work in the money transfer business. It has also lowered the fees of money transfer for everyone.

Moreover, increased access to Information Technology (IT) through cellphones and smartphones impacts many people's business capacity. More Tanzanian farmers started to use IT to gain agricultural pricing information regionally and globally to their advantage, and as a result they obtained higher prices than they did prior to cell phones and compared to those farmers who

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<sup>92</sup> Nicholas Economides and Przemyslaw Jeziorski, "Mobile Money in Tanzania," SSRN Electronic Journal: , doi:10.2139/ssrn.2539984.

<sup>93</sup> Finance Inclusion, "Tanzania Quicksights Report FII Tracker Survey," Financial Inclusion Insights , December 2015, , accessed February 15, 2017, <http://finclusion.org/uploads/file/reports/2015%20InterMedia%20FII%20TANZANIA%20QuickSights%20Summary%20Report.pdf>.

don't access such information.<sup>94</sup> Therefore, inexpensive cellphones from China assist increasing access to information and provide a banking system. As such, phones have led to higher quality and more business opportunities for many Tanzanian locals. Most phones in Tanzania come directly to Tanzania and are produced for a Tanzanian market specifically. It is clear that phones have brought personal and economic benefits to Tanzanians.

Tanzania is attractive to Chinese investors and companies. They have worked to get into the Tanzanian cellphone and smart phone market via cooperation with local mobile servers. The local mobile servers are able to sell Chinese cellphones in high numbers. In the case of the US based Apple also sells their iPhones through mobile providers, but few own them. Similarly, Chinese smartphone producer, Huawei has signed a contract with Tigo aiming to provide Tigo's more than 6.2 million subscribers with access to affordable devices.<sup>95</sup> In the cellphone market including smart phones, Samsung from South Korea individually has the largest share in Tanzania (15.4%)<sup>96</sup>, yet two Chinese companies combined, Huawei and Tecno in total have the largest share (17.8%) and the share has been rapidly increasing due to the affordable price tag they have managed to offer in the market.<sup>97</sup>

### 3.1.2 Transportation

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<sup>94</sup> Agnes Godfrey Mwakaje, "Information and Communication Technology for Rural Farmers Market Access in Tanzania," *Journal of Information Technology Impact* 10, no. 2 (2010): , accessed February 13, 2017, <http://repository.udsm.ac.tz:8080/xmlui/bitstream/handle/123456789/991/Information%20and%20Communication%20Technology%20for%20Rural%20Farmers%20Market%20Access%20in%20Tanzania.pdf?sequence=1&disAllowed=y>.

<sup>95</sup> "Tigo and Huawei team up to boost smartphone take-up in Tanzania," July 8, 2014, , accessed February 13, 2017, <https://www.telegeography.com/products/commsupdate/articles/2014/07/08/tigo-and-huawei-team-up-to-boost-smartphone-take-up-in-tanzania/>.

<sup>96</sup> "Mobile device vendor share in Tanzania 2015-2016 | Statistic," Statista, , accessed February 22, 2017, <https://www.statista.com/statistics/570183/mobile-device-vendor-share-in-tanzania/>.

<sup>97</sup> "Mobile device vendor share in Tanzania 2015-2016."

In terms of transportation, only seven out of every 1000 people owns a motor vehicle in Tanzania.<sup>98</sup> Even though the number of motor vehicle licenses issued has been increasing over time, personal travel mobility relies on the use of short and long distance public transportation.<sup>99</sup> The state's primary focus has been in the urban transport sector to address issues in Dar es Salaam, long-term rural transport plans for other parts of Tanzania have not yet been addressed to the same extent as the urban planning has gone.<sup>100</sup> For example, in May of 2016, the city government of Dar es Salaam worked with China to install a mechanized payment system and bus stands for their new bus system called Dar es Salaam Rapid Transit (DART). The city developed the roads with a loan from Africa Development Bank to accommodate the bus which now has its own lane for the service to operate rapidly from one end of the city to the other.<sup>101</sup> Personal cars and other public or private bus operations, of which there are several, cannot use this lane. This bus system connects the suburb and the center of Dar es Salaam from south to north to reduce rush hour traffic coming into the city. The Dart objectives as officially stated on the website are:

- To **increase the level of mobility** of majority of residents enhancing their participation in a wide range of activities,
- To **promote the use of Non-Motorized Transport (NMT)** by providing and improving relevant facilities,
- To **meet the continuous increase of travel demand** of the City, and **Improve quality of urban development**, landscape and proper land use plans along the BRT corridors.<sup>102</sup>

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<sup>98</sup> “IRF | International Road Federation,” IRF World Road Statistics - IRF | International Road Federation - Fédération Internationale de la Route, 2009, , accessed February 16, 2017, [http://www.irfnet.ch/world\\_road\\_statistics.php](http://www.irfnet.ch/world_road_statistics.php).

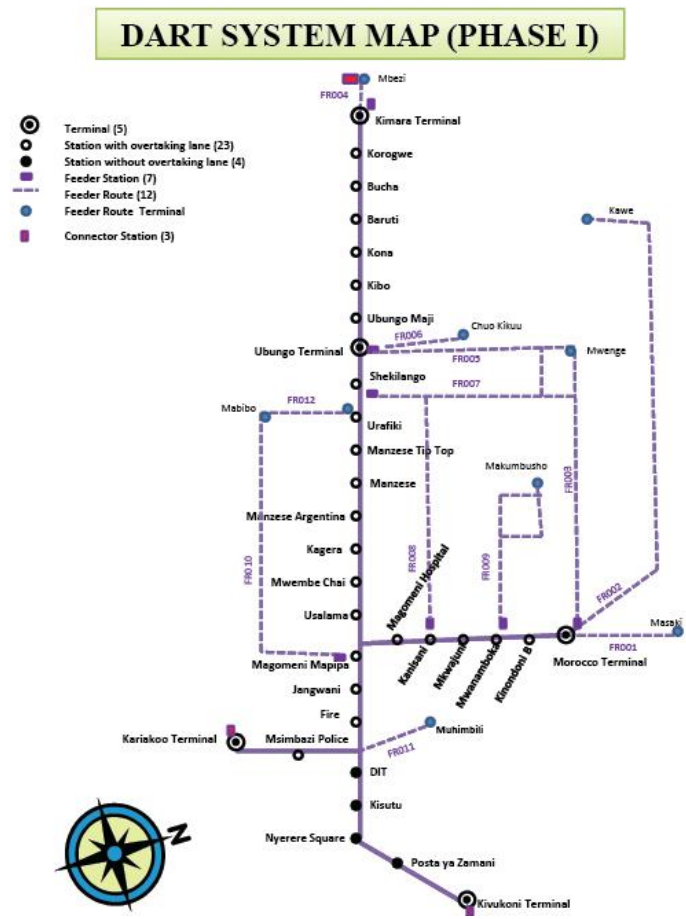
<sup>99</sup> Transport and ICT Department, “Tanzania Transport Sector Review,” African Development Bank, September 2013, , accessed February 16, 2017, [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Tanzania\\_-\\_Transport\\_Sector\\_Review.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Tanzania_-_Transport_Sector_Review.pdf).

<sup>100</sup> Transport and ICT Department, “Tanzania Transport Sector Review.”

<sup>101</sup> Jimmy Lwangili, “Tanzania: One Up for Dar As BRT Buses Roll-Out Down the Fast Lane,” *AllAfrica*, May 13, 2016, , accessed March 19, 2017, <http://allafrica.com/stories/201605100022.html>.

<sup>102</sup> <http://dart.go.tz/en/objectives/>

Each station has automatic ticket gates. However, this kind of public bus service only serves urban areas which needed solutions to combat the severely heavy traffic that was preventing people from getting to work in a timely manner. Travel to most suburbs and peri-urban areas moving east and west across the city still must rely on the private bus system locally known as dala-dala.<sup>103</sup>



<sup>103</sup> Kenda Mutongi, “Thugs or Entrepreneurs? Perceptions of Matatu Operators in Nairobi, 1970 to the Present,” *Africa: Journal of the International African Institute* 76, no. 4 (2006): 549-68; Honest Prosper Ngowi, “Privatization and 'Agentification' of Public Services Delivery in Africa: Extent and Managerial Leadership Implications in Tanzania,” *Africa Development / Afrique Et Développement* 33, no. 4 (2008): 97-116; Matteo Rizzo, “Being Taken for a Ride: Privatisation of the Dar Es Salaam Transport System 1983-1998,” *The Journal of Modern African Studies* 40, no. 1 (2002): 133-57.



## Map 2: DART Route Map<sup>104</sup>

On the other hand, people in rural areas have limited options for public transportation. Instead, there are private companies that offer transportation focusing on long distance travels. A small number of private companies monopolize the transport field and increase the price of tickets. They add value by increasing the number of stops including lunch breaks during a trip and providing snacks and drinks on the bus. Unlike public transportation people have less access to long distance buses. Therefore, people in rural areas where have less public transportation services, have limited mobility, unless they own individual motorbikes.

Moreover, even in cities due to rapid pace of urbanization, the infrastructure and systems of transportation has not entirely met people's needs in the cities. Many roads in Dar es Salaam have been just paved. Before that dirt roads were common in Dar es Salaam with no drainage ditches on sides. During rainy season, roads get flooded and muddy and cars and motorbikes had hard time going through the city. Now roads are paved, people started to own cars, especially foreign cars with the help of import tax reduction. Roads are too crowded and public buses as well as individual cars occupy the roads during rush hours. Therefore, individual motorbikes have recently been imported in large numbers to increase the ease of transport through the cities and to increase mobility in rural areas. They are convenient for many people in urban areas for commuting. Overall, there is large portion of demand for motorbikes in both rural and urban areas of Tanzania.

There is a growing demand for motorbikes and cellphones in Tanzania. Motorbikes and cellphones made in Chinese are able to perform price competitiveness compared to those made in other countries like Germany, Japan, the US, Oman, and even India. In terms of motorbikes,

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<sup>104</sup> "System Map - Phase One," Dar Rapid Transit , , accessed March 20, 2017, <http://dart.go.tz/en/system-map-phase-one/#prettyPhoto>.

South Africa, Nigeria and Tanzania are the largest two-wheeler markets in Africa.<sup>105</sup> Due to lack of frequent public transportation system and growing urbanization there is a lot of demand for two wheelers in Africa. With more than 45% of the African population residing in urban areas in 2015, and the number expected to increase in the coming years, the market is expected to be \$9 billion in 2021. Moreover, motorcycle taxis, which are locally known as Boda Boda, are playing a crucial role in driving the sales of two-wheelers. Motorcycle taxis are being used for carrying goods and passengers to distant places in many parts of Africa including Tanzania. Overall, increasing demand for means of transportation increases demand for personal transportation means. With limited budget, two-wheeler fits the consumer preference and especially cheap motorbikes from India and Chinese manufacturers hold the largest share in the Tanzania.<sup>106</sup>

Chinese inexpensive goods assist people by providing means of transportation and communication. As a result, now many people are able to pursue business opportunities that require traveling or communicating long distance more easily than they could less than a decade ago, which has created at least on the surface level greater prosperity for many in Tanzania. How real and widespread this prosperity is requires a closer look at and more critical analysis of data.

Joseph, a farmer and a businessman with a small butcher shop in Mbulu, a small village in Arusha, also thinks cell phone and motorbikes made it possible to expand business for people in rural areas especially. There is no major public transportation running frequently throughout the day between rural areas of Tanzania, yet with motorbikes, people's mobility has expanded.

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<sup>105</sup> Ken Mathews, "Africa Two-Wheeler Market to Cross \$ 9 Billion by 2021," TechSci Research, September 2016, , accessed February 22, 2017, <https://www.techsciresearch.com/news/1662-africa-two-wheeler-market-to-cross-9-billion-by-2021.html>.

<sup>106</sup> "Africa Two-Wheeler Market by Vehicle Type, by Country, Competition Forecast and Opportunities, 2011 - 2021: TechSci Research Report," TechSci Research, September 2016, , accessed February 22, 2017, <https://www.techsciresearch.com/report/africa-two-wheeler-market-by-vehicle-type-motorcycle-vs-scooter-by-country-south-africa-nigeria-tanzania-kenya-algeria-uganda-egypt-morocco-angola-and-ethiopia-competition-forecast-opportunities-2011-2021/769.html>.

Joseph also witnessed that a small group of Chinese came and built dams, bridges and paved roads, which oddly only extend for one kilometer, half a kilometer on either side of Mbulu city center. He said that though the quality of those infrastructures is low, it is all-affordable for many Tanzanian locals and the government and provides some improvement from what existed previously as roads and bridges have decayed over the decades.

Alen, who lives in Bagamoyo located one hour north of Dar es Salaam by bus, is a farmer and a large-scale entrepreneur. He explained that customization and adaptability of private and public Chinese investment is a special characteristic that distinguishes its inputs from the investments coming from other countries. He encounters items from China everywhere and types of Chinese merchandises have been expanding. He said, “Chinese can make any possible stuff we can think of.”<sup>107</sup> One of the reasons is that Chinese partners are willing to customize items to create a ‘many size’ model meaning they can produce almost any quality to meet any desired price point according to local need to accommodate a wide spectrum of consumers from the very quality conscious to the financially constrained. Chinese businessmen often come to the local bazaar in Tanzania and analyze the particular circumstances in order to satisfy customer requirements. If there is demand for affordable supplies, they will provide merchandises that are inexpensive but will also be of lower quality.

Even though during interviews interviewees often noted positive impacts of Chinese products and investments, there are also many negative consequences to consider and analyze due to the spread of inexpensive motorbikes and cellphones among consumers. According to the British High Commissioner, Dianna Melrose who was a keynote speaker at a Road Safety roundtable in Dar es Salaam in 2013, motorbikes are a leading cause of death and injury of children and young people, and the number one killer of men in their early twenties in

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<sup>107</sup> Alwn, face to face interview with the author, May 25.

Tanzania.<sup>108</sup> Even doctors at hospitals who face increasing number of motorbike accident victims started express alarm to the government and called to regulate the use of motorbikes in the city.<sup>109</sup> In fact, there are several occasions when motorbikes have had accidents and near accidents with pedestrians on the road and on pedestrian walkways. An additional negative impact is that individuals and groups have organized thefts on motorbikes. These organized events are designed both to rob pedestrians' belongings and to orchestrate quick getaways through city traffic.

In regards to cellphones, inexpensive cellphones have raised questions about the environmental pollution with irresponsible disposal. Inexpensive cellphones tend to have low quality and could easily break down before going to second hands shops. Low quality phones have difficulty to be reusable. Tanzania does not have system in place to collect e-waste or even traditional waste. Solid waste is often disposed in a public site or an open dump without any engineered safety features. The current disposal will pose serious threats and risks to occupational safety, environment and public health.<sup>110</sup> Tanzania recently implemented a policy whereby it disabled hundreds of thousands of phones all at once. These were phones from China, all considered to be counterfeit or 'fake' phones, because they violated international laws on intellectual property.<sup>111</sup> As a result, many people were not able to continue using their phones.

While one phone company, Vodacom, offered new legitimate phones if people brought in their

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<sup>108</sup> British High Commission Dar es Salaam, "Road Safety Roundtable, Dar es Salaam, 2 September 2013," Road Safety Roundtable, Dar es Salaam, 2 September 2013 - News articles - GOV.UK, September 5, 2013, , accessed February 22, 2017, <https://www.gov.uk/government/world-location-news/road-safety-roundtable-dar-es-salaam-2-september-2013>.

<sup>109</sup> "Tanzania: Motorcycle Accidents On the Rise On Tanzanian ...," *AllAfrica*, February 6, 2013, , accessed March 17, 2017, <http://allafrica.com/stories/201302060160.html>.

<sup>110</sup> M. P. Membe, "Solid Waste Management Dar es Salaam Tanzania," , accessed March 12, 2017, [http://iswa2015.org/assets/files/downloads/Mr\\_Membe\\_CCAC\\_Work\\_Plan\\_for\\_Dar\\_es\\_Salaam.pdf](http://iswa2015.org/assets/files/downloads/Mr_Membe_CCAC_Work_Plan_for_Dar_es_Salaam.pdf).

<sup>111</sup> Dana Sanchez, "40% Of Mobiles In Tanzania Are Fake, And They're About To Lose Service," *AFKInsider*, March 02, 2016, , accessed February 22, 2017, <http://afkinsider.com/120519/tanzania-plans-disable-fake-mobile-phones-june-17/>.

counterfeit devices and signed up for Voda service, it is unclear how many people were able to benefit from this option. In addition to increase the number of users, Voda might have collected illegitimate phones and disassembled them to reuse parts of phones, since those parts contain rare metals, such as silver and gold, and could convert them to cash.

For those who did not take offers from network service companies, they must have disposed phones somewhere. It is not clear how many disposed of phones in public spaces near rivers or residential areas. They do not necessarily know environmental and health consequences of disposing phone in public spaces. Cellphones and smartphones contain toxic materials, including heavy metals like hexavalent chromium, arsenic, beryllium, and cadmium.<sup>112</sup> If they burn phones, it causes air burn hazard that travels to neighboring area and spreads toxic gas. While disposing near water, chemical elements would be dissolved in water. People use contaminated water for drink and cooking without knowing. These chemicals would be accumulated in the body over time and cause health issues.<sup>113</sup> These devices also pose choking hazards to small children, animals and fish who might ingest broken pieces. Therefore, installing disposal system in the nation could prevent environmental and health harm in the society.

Moreover, as Joseph mentioned in his interview, Tanzanian consumers acknowledge the fact that Chinese investment and goods do not have high quality. It confirms that people are consciously prioritizing cost, convenience, and utility over quality, because most of the goods that they want to acquire facilitate aspects of their life and business that they believe enhances their social standing and potential. Therefore, some people rationalize that Chinese investment is the best option for providing Tanzanians technologies increasingly viewed as necessities but in a

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<sup>112</sup> “The Electronic Waste Crisis: Cell Phones Facts,” Planetgreenrecycle.com, November 1, 2015, , accessed March 17, 2017, <https://planetgreenrecycle.com/fundraising/e-waste/the-electronic-waste-crisis-cell-phones-facts-and-figures>.

<sup>113</sup> “America-upcycles,” America-upcycles, , accessed March 17, 2017, <https://www.americaupcycles.com/>.

low budget manner that suits the local demand and foreign investors at this point in time.

### **3.2 Policies towards Chinese business**

Another issue of concern to a certain group of people is the Tanzanian government's policies towards Chinese owned businesses. Robert, a university student in Dar es Salaam studying business administration thinks that Chinese investment can be divided into two categories according to the size of businesses: big and small businesses. Big business comes to Tanzania for making short term profit and they have no intention of staying or thinking about sustainability. On the other hand, in his view individuals from small business first come to Tanzania for field research and they analyze local purchase and production capacity. They make sure that their business could stay for a long time in Tanzania. They take some pictures of common goods that are on trend in Tanzania and made exactly the same ones in China. Chinese does not transport those but Tanzanians buy from China and sell them at higher price. Their business wins over the local business in many aspects: price, speed, and quantity. Therefore, it destroys local manufactures businesses and Chinese goods dominate the market. In his view, regardless of size of the business, they are destructive to the local community. Big business is destructive, their business does not advocate for sustainability and it is unlikely that they create long-term employment opportunities for the local people. Small foreign businesses have however in some cases also swept away the local Tanzanian businesses because they bring in new products that local entrepreneurs don't have access to or must acquire through middlemen.

However, he also thinks that a new president, Dr. John Magufuli who was elected in October 2015 could change the situation for Chinese investment. President Magufuli's policies advocates for eliminating corruption and tightening foreign businesses. As one of the policies, he

has been cracking down on foreign nationals who do not have both work and residence permits.<sup>114</sup> Chinese businessmen have to be approved through government inspection, which is an effort to thwart bribery in the government. Tanzania has the most expensive work permits in East Africa. It requires all foreigners apply for work permits, pay \$2,000 and wait five months. In comparison, Uganda charges \$250 per year for missionaries, volunteers and students and \$1,500 for business people and consultants.<sup>115</sup>As a result, Robert expects to see reduction in the number of Chinese small businessmen in Tanzania. However, the article points out that the intention of the government is less about targeting Chinese business and more of an effort to get rid of Kenyan business from Tanzania.<sup>116</sup> Even though it might not have direct effects on Chinese business, Magufuli's policies tend to be protectionist towards domestic businesses. In the long run, Chinese business might be influenced by his policies. His policies are a slight shift from the last three presidents. In order to gain foreign aid from the World Bank and IMF, they advocated for integration to the international community with less regulations on trade and foreign influence. It attracted many investors and traders to Tanzania market, yet it also attracted immigrant workers. Moreover, domestic industries were not able to compete with large supply of foreign imports. President Magufuli does not indicate to shut down the foreign influence like President Nyerere did during 1970s. Instead he is trying to regulate the inflow of foreign workers to give protection to the domestic market, in order to make them more competitive.

There are many news articles on Magufuli's action and it could affect the chance of reelection for his next term. His argument seems valid and the government strict control towards foreign business could possibly protect the local business and create a cycle of capital circulation

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<sup>114</sup> "Magufuli wants illegal foreigners deported," *The Star*, Kenya, January 09, 2016, , accessed March 17, 2017, [http://www.the-star.co.ke/news/2016/01/09/magufuli-wants-illegal-foreigners-deported\\_c1272708](http://www.the-star.co.ke/news/2016/01/09/magufuli-wants-illegal-foreigners-deported_c1272708).

<sup>115</sup> "Magufuli wants."

<sup>116</sup> "Magufuli wants."

in the economy. In addition, Magufuli's vision on Tanzania's growth model is based on Chinese economic development model. Especially, the industrialization model could accelerate Tanzania's economic growth.<sup>117</sup> In Robert's opinion, plans of industrialization framed with Chinese model will be executed and completed at least for 50%, because Magufuli always executes what he intends to do. One concern about his argument is that since Robert's family is related to the primary party of the new regime, it is possible that he favors the new president and his policies.

### **3.4 Historical involvement**

In the important part of China and Tanzania relationship is TAZARA railway I was fortunate to talk to a former worker at TAZARA railway as a technician over phone. He is grateful that Chinese gave him a chance to be a technician and work under Chinese authority. He did not have formal education and started to work as locomotive electrical engineer in TAZARA railway in 1970s. After being employed, he was sent to Mpika training school in Zambia where they teach Chinese to make Tanzanian and Zambian understand technical training in Chinese. Even though they have language barrier, Tanzanian and Zambian had simple Chinese language skill and Chinese were also able to say simple Swahili words. Moreover, during technical training they did not need to speak, since they were able to teach and observe by displaying their actions. Overall these trainings were very helpful for Tanzanian and Zambian workers who did not necessarily had education or training before to get skills to do their jobs well. Also they were able to learn work ethics through interaction with Chinese workers.

During training Chinese found that he was talented at his job, he was sent to more

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<sup>117</sup> Alawi Masare, "Tanzania: Magufuli Now Mends Ties With Big Business," *AllAfrica.com*, October 07, 2016, , accessed March 17, 2017, <http://allafrica.com/stories/201610070776.html>.



specific training in power station where there were translators for Chinese instructors. During trainings and their work in TAZARA, he said that Chinese were friendly and interactive. They trained Tanzanian and Zambian to work hard and gave wages and sometimes gave loans with no interests. He found the training and working with Chinese bosses a very valuable time in his career.

This Chinese authorization continued from construction period in 1970 to 1976. On 1<sup>st</sup> July 1976 Chinese passed its control to Tanzania and Zambia because of Chinese domestic economic difficulties. He described this time as the worst thing that happened in TAZARA's history. They started paying less to the workers and stopped giving loans to the workers. Their management skill was not as great as the Chinese and business of TAZARA began declining and continued to decline until now. Many workers have not got retirement pension, while many higher positions of TAZARA railways get high wages. He retired from this TAZARA job as an engineer, but he still has not received his retirement pension. He is now unemployed.

The Chinese government officially announced that they are going to start investing TAZARA again to renovate the business and railway road itself.<sup>118</sup> After 3 decades without proper maintenance, the Chinese government realized that TAZARA railway business could not recover from its debt without their "friend's" help. He thinks that TAZARA is going to be better in the future, thanks to Chinese help. They would come for an infrastructural check to make sure that TAZARA railway is operating safely. Also, they would come to check institutional problems between workers and management.

The interview with him helps to illustrate Chinese involvement in the past and recent. His experience shows that Chinese involvement with TAZARA helped local workers to develop their

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<sup>118</sup> Katare Mbashiru, "Tanzania, China Cooperation Hailed," *AllAfrica.com*, July 15, 2016, , accessed March 16, 2017, <http://allafrica.com/stories/201607060470.html>.

skill technically and ethically through intensive trainings. However, Chinese did not do a good job in training management skill in the local authority. They were not able to sustainably continue their efficient and profitable operation due to internal corruption in the high-level management. Regarding of wage and loan from Chinese, it shows that the local authority is trying to maximize the profit of business minimize the cost of labor. Without proper management of labor and communication with labor, lowering wages of workers disincentives them and lower productivity.

Some people are concerned that China would eventually take over the operation of TAZARA. Chinese provided its initial working capital of \$40 million dollars in the beginning of 2016, since the TAZARA Authority cannot raise the finance for the rolling stock and infrastructural with a huge debt. The TAZARA Authority estimates that they need \$200 million dollars in total to improve infrastructure and service and turn to profitable business.<sup>119</sup> It means that Tanzania and Zambia could not help them to depend on Chinese financial capability. The Chinese official emphasizes that they just want to make sure of smooth operation of business, since TAZARA is the symbol of their partnerships. In fact, they sacrificed Chinese workers during construction period, so that TAZARA is their product of Chinese hard work as well. However, this investment includes 1500 km extension of railway lines to the Dar es Salaam port to landlocked countries of Rwanda, Burundi and DR Congo.<sup>120</sup> Moreover, China could leverage its contribution to TAZARA railways to push for the establishment of the Bagamoyo port.

It is uncertain if Chinese authority would expropriate the enterprise, yet it is clear that Chinese wants to leverage friendship status to gain something from Tanzania and other countries

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<sup>119</sup> Peter Adamu, "TAZARATAZARA Facelift Will Cost Over \$200 Million," *Zambia Reports*, March 09, 2017, , accessed March 16, 2017, <https://zambiareports.com/2017/03/09/TAZARATAZARA-facelift-will-cost-200-million/>.

<sup>120</sup> "Africa: China to Take Over Tanzania-Zambia Railway in New Plan," *AllAfrica*, May 16, 2016, , accessed March 16, 2017, <http://allafrica.com/stories/201605160760.html>.

through involvement in TAZARA railways. In the past, the Cold War and communism ties affected this involvement. Recent involvement is more focused on improvement of transportation to increase accessibility to African countries. Tanzania is a good country for the entrance to the land locked countries with rich natural resource. In a brief interview with Dr. Simuchile, the public relations manager of the TAZARA Authority, he emphasized that the Chinese authority pays respect to the local authorities and their operations. Tanzania, Zambia and China have equality in the decision-making process.

### **3.5 Personality**

Many interviewees commented on the personality of Chinese people in Tanzania. Generally, they say Chinese are rude and persistent, yet not many people could not give specific examples of their interaction that made them think of this personality threat. It seems that there is a Chinese stereotype among Tanzanian. Some people were able to provide particular examples.

Franky's mother had interaction with Chinese workers in Kariakoo and neighboring areas. She noticed that Chinese people were parking their cars on her property, thus she told them to move their cars. They responded in a rude way in Swahili and kept their cars in the same place. This happened many times by the same group of people. In Kariakoo she also noticed that Chinese workers purposely use rude and commanding language to make themselves superior to the locals. Their Swahili is good enough to address people in a respective way. But they specifically use commanding language to create power dynamic between customers. This could be a business skill that Chinese merchandisers have developed over time through trading in foreign countries. They have been successful at infiltrating into the foreign market since dynasty eras, which has been the basis of economic growth. Therefore, it is possible that they have

accumulated their knowledge and skill of influencing foreign markets.

### **3.6 Concept of Development**

At the end of the interview after talking about Chinese involvement, interviewees were asked to define development. Many people described the changes in environment in the last decade. Roads in Dar es Salaam have been paved and the numbers of car have been increasing. There are tall commercial buildings everywhere in the city. Constructions for new commercial buildings and residential buildings were able to observe every corner of street in Dar es Salaam. Behind the hostel we stayed during the research there was construction for new tall residential building. There are many visible changes to a modern city in every city of Tanzania. More and more people are going to school and work using paved roads. Wealthy families have started to live in tall buildings. They see the capitalistic development of their countries. Many people described this visible change as economic development.

Chinese companies have made most of that visible development. Many construction sites in Dar es Salaam have names of Chinese companies and Chinese managers are instructing local workers. Peter in Arusha who operates business with safari sightseeing stated that Chinese contractors built all the tall commercial buildings in Arusha. Frankie in Dar es Salaam think that Chinese contribution to development comes as a whole package. They help to develop everything from small goods to buildings, roads, bridge, police and even army. He is thankful that Chinese contribute to development of Tanzania fully, except for fake branded products. He brought an example of Nyerere Bridge in Kaganboni. It is a 680m cable stayed bridge, described as East Africa's longest, with the first toll road links the city center with southern neighborhoods across the Indian Ocean. It is a symbolic bridge that shows improvement on connection to

Kigamboni suburbs. Before this bridge was built, commuters had only one option to cross the creek in badly maintained ferries and they were often held up for hours because of breakdowns.<sup>121</sup> The Chinese firm, China Railway Jiangchang Engineering Ltd. and China Major Bridge Engineering Company, at the cost of 140 million dollars, built this development.<sup>122</sup> It is development that allows people to move from one place to another, yet it is questionable if Chinese contribution is actually allowing Tanzania to develop economically. The fact that a symbolic development figure in Dar es Salaam was not made by Tanzanian dependency on relations to other countries for development.

Other opinions on development had interesting points. Robert thinks that development is accumulation of individual improvement. Personal growth through education will bring them better life and they are able to pursue better future. Through accumulation of small changes, a country as a whole will grow and have better economy and stability. Franky also said that improvement on healthcare, education, and housing systems could significantly enhance individual wellbeing. Without proper social systems put in place people cannot keep working at the certain level of productivity. Given that many Tanzanian indicated that education and health systems have been worsening last 10 years, people want to see a change in social welfare programs. Overall their arguments are that visible improvement of infrastructure, such as tall buildings and paved roads, does not necessarily mean and lead to improvement of standard of living.<sup>123</sup> Visible improvement makes them think that they have achieved certain economic development. However, in reality visible improvement was created by the efforts of Chinese

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<sup>121</sup> “Tanzania bridge 'liberates commuters' in Dar es Salaam,” *BBC News*, April 19, 2016, , accessed March 22, 2017, <http://www.bbc.com/news/world-africa-36080577>.

<sup>122</sup> “Chinese-built 135mln USD bridge opens in Tanzania,” *Xinhua | English.news.cn*, April 20, 2016, , accessed March 22, 2017, [http://news.xinhuanet.com/english/2016-04/20/c\\_135294356.htm](http://news.xinhuanet.com/english/2016-04/20/c_135294356.htm).

<sup>123</sup> Torild Skard, *Continent of mothers, continent of hope: understanding and promoting development in Africa today* (London: Zed books, 2003). 185.

constructors. It is questionable if this representation of development is accurately reflecting the economic and technical capacity of Tanzania.

Jacobs thinks that self-reliance is very important for development. Being able to produce products by themselves is important. Independency disconnects the dependency on foreign investment including Chinese involvement and Tanzania government could perform its capability. This concept is comes rather later part of development phases and early implementation of this concept often fails due to its immaturity of economy. In the case of Tanzania, during the socialist era, the government tried to develop its own industries for self-sustainability. However, industries in Tanzania were not fully developed and their production was inefficient and uncompetitive, compared to the international players. Their approach ended up having scarcity in the market and economy went down. Thus, their socialist approach to self-reliance resulted in failure. This deepened Tanzania's dependency on foreign financial support. Self-reliance is an important factor in development, yet it requires strong economic basis that can compete with other international stakeholders and maintain the same level of production for domestic market.

## Chapter 4 Chinese workers' perspectives

Tanga is located three hours away from Dar es Salaam by bus and it has rich limestone ground. Using this rich natural resource, many companies from South Africa, Kenya and Tanzania have been developing cement factories there; they include Tanga, Simba, Twiga cement. In order to utilize the rich limestone land in Tanga, this South African cement company decided to make a factory using a Chinese sub-contractor called Sinoma China National Materials Group Corporation Ltd. This company is a sub-contractor of the cement company in South Africa and responsible for construction of the cement factory infrastructure. The companies bring Chinese workers to Tanzania and also hire some local workers to build a cement factory according to the contract. The assistant of project manager called Zhang Xiao Bin came to Tanzania as a newly graduated student. He gave a lot of insight into the relationship with Chinese contractors and local workers.



**Picture 3: Zhang Xiao Bin, new graduate and assistant to manager<sup>124</sup>**

He explains that many Chinese workers in Sinoma have been working in different countries outside of China and many people spend time away from their families. In abroad

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<sup>124</sup> Photo by Maho Fujita June 2016.

Chinese workers isolate themselves from the local community and tend to live together as a big family. People in Sinoma live together five minutes away from the construction site in a building they built up. They own a bus, which they collectively use to commute to the construction site from the residential place. In the residential place area has residence building, dining place and entertainment place. There are local servants who take care of housekeeping and patrolling. They also brought Chinese chefs from China, so that they are able to have Chinese food with local groceries all the time. In the dining place they have a cafeteria style big space as well as Chinese style dining table. During relaxing time, they play pool and watch TV. Sometimes they go to the local bars and have drinks with local people. However, their interaction with local people is limited since only a manager owns a car and there is limited transportation means. Like Sinoma workers there is a large population that seek labor opportunities outside the country. These Chinese workers generate incomes outside China and they send home as remittances. Since their activities are limited in their residential area and entertainment places, such as bar and casino, Chinese workers seldom bring economic benefit in the local economy.

#### **4.1 Competitiveness and challenges**

Sinoma as a sub-contractor has a specific and strict contract with a South African cement company. The South African cement company operates a cement factory in Tanga and Sinoma has constructed the factory. Many companies make deals with Chinese sub-contractors like Sinoma because they are able finish projects fast. Zhang gave an example of their neighbor. Next to the Chinese construction site, the Indian sub-contractor is building a factory that has been taking more than 8 years to complete. India is also developing nation that has a close tie with Tanzania, yet in terms of speed of operation, they are not as competitive as China. In addition to



the speed of their work, Zhou insisted that China has technology to create high quality infrastructures like western companies. However, quality also requires more time and money. In order to respond to the demand from developing countries, which do not have abundant time and financial resource, they complete projects within available time and budget. In other word, he argues that Chinese companies are able to offer the same service as other western companies as long as clients have enough resource. Chinese companies differentiate themselves from other western companies by offering time and financial competitiveness.

In order to maintain Chinese competitiveness over other contractors, it is very important for Chinese and local workers to be efficient. They have to do everything to make sure that they meet the deadline of the contract. When I visited a construction site of Chinese workers, they were working even on weekends, because they needed to meet quality approval from South African company at certain time. Chinese managers controlled their long hour and heavy workload, yet they were having many obstacles for managing local workers.

When Chinese companies come to Tanzania, they face difficulties managing local workers due to cultural, work ethic, monetary sense differences. Monetarily, they argue that Chinese employers pay more than other competitors. For example, Sinoma pays 7000Tzs for a day, while another competitor, Simba cement pay 3000Tzs (2200Tzs is US\$1). They claim that Chinese give locals enough monetary incentive. Even with incentives local workers procrastinate at Chinese work sites, while other Chinese workers are working to finish their work. Keeping up the local workers' motivation is a big problem for Chinese workers. Due to language barriers and poor management of workers Chinese workers have limited time to train local workers, as they have to complete their task.

Also, because of a different understanding of work ethic in Tanzania, local workers often

steal tools at work sites and sell them in the market. For instance, on the first day they provide local workers with safety shoes according to their safety guideline, which cost Tzs 50000 (only \$25), but local employees sell them on the next day. Even though the company tries to ensure workers' safety by providing protective materials, they risk their life for one time economic gain.

#### **4.2 Work ethic and culture**

A business owner named Samera in Tanga, who studied in China for six years and now does business with Chinese and Tanzanians. In addition to his own restaurant and bar in Tanga, he works to bridge relations between Chinese companies and Tanzanian local community. He selects and hires local Tanzanians for Chinese contractors. According to him, it is hard to find local Tanzanians who will fit the requirements of Chinese employers. Since he has experience in China, he knows that Chinese workers have a very strong work ethic. Tanzanians cannot be as competitive as Chinese. Therefore, he can understand the situation where Chinese companies bring people from China and complete works without hiring local human resources. A project manager of Sinoma who is a friend of Samera has been working in Tanzania for more than two years. He also has several experiences in other countries in Africa and Middle East. He described Tanzanian workers as lazy and mentioned it is hard to find skilled labor in Tanzania.

The challenge of work ethic comes from a cultural/value difference between China and Tanzania as well as their responsibility of work. Work ethic according to the Oxford Living Dictionary is defined as “the principle that hard work is intrinsically virtuous or worthy of reward.”<sup>125</sup> This principle is influenced and shaped by the local culture. In China Confucianism remained a dominant social force in Chinese society for two thousand years. According to the

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<sup>125</sup> Oxford Dictionaries, s.v. “work ethic,” accessed February 20, 2017, [https://en.oxforddictionaries.com/definition/work\\_ethic](https://en.oxforddictionaries.com/definition/work_ethic).

Confucians practice, “leadership emphasizes a holistic concern for the welfare of employees, a concern for harmony in groups, teamwork, and self-sacrifice. At the same time, Confucian leaders are frugal and demand loyalty and dedication to the organization. They expect employees to work tirelessly for the good of the group, the organization, and the nation. They tend to be autocratic and maintain tight control over the organization. China, more so than most countries clings to its past, and current managerial values, beliefs, and practices are strongly influenced by its Confucian tradition.”<sup>126</sup>

Moreover, Tanzanian and Chinese workers have different responsibility in the local society. Chinese workers come to Tanzania without their family, which certainly is a challenging life. It allows Chinese workers to work longer hours without spending time with their family. Also their housework, such as cleaning and cooking, is taken care by Tanzanian locals who are working at Chinese resident place. They also value longer work hours as many Asian countries do. They believe that financially unstable or limited working class should work harder to gain economic prosperity in the future. However, in other countries balance between work and family time is more important. Tanzania would fall into this category as well. They value leisure time more than working and earning money. Chinese workers have a hard time believing that financially restricted workers are valuing their time with family by sacrificing monetary gain. This time commitment difference shows that Tanzanian workers are able to offer is naturally shorter than Chinese worker.

Interestingly the Sinoma manager also mentioned cultural and geographical differences within Tanzania through his 2 years’ experience in Tanzania. Even though the environment and people are nice in Tanga, compared to Dar es Salaam, Tanga people are close-minded. Dar es

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<sup>126</sup> Rarick, Charles A., *Confucius on Management: Understanding Chinese Cultural Values and Managerial Practices*. Available at SSRN: <https://ssrn.com/abstract=1082092>

Salaam has been a center of the cultural exchange, which could be influencing people's mindset to be open. Moreover, in terms of accessibility difference, Tanga region compared to Dar es Salaam, Arusha and Dodoma will not attract many Chinese companies. According to him, Tanga region has limited number of companies and facilities that could provide materials and tools for construction. Whereas major cities have local business that foreign construction companies and business can utilize. Lack of accessibility to other business create disadvantage for Tanga region.

#### **4.3 State-own companies and private own business**

There are many business operated by Chinese companies and individuals in Tanzania. They have different scale of business and many Chinese companies, such as sub-contractors and material producers manage their large business in terms of capital put into the projects. There are also Chinese individuals who own small local shops in the open Kariakoo market or similar locations with more temporary locations than an official store from that is common in city-center dominated by Indian-Tanzanian owned shops intermingled with a few African-Tanzanian owned shops. The big differences between the two groups of Chinese owned businesses are scale and staying length. Those differences come from the state involvement.

Subcontractors and other companies come to Tanzania for short term, on the scale of weeks or months and generate certain profit from Tanzania. Those companies are often times Chinese state own companies, which have half of their asset are managed by the government officials and they have strong ties with the state. Their business are subsidized by the state budget, thus they are able to offer lower cost projects, compared to normal private companies from the west. Even with the state financial ties, Chinese state own enterprises often have a good

deal of operational freedom.<sup>127</sup> The manager also commented on Sinoma business operation in Tanzania. According to him, even though Sinoma is a state owned company, the Chinese government does not interfere with the business operation. For Sinoma they are treated as if they are a private company with financial support. State owned companies in other countries, such as Russia and Brazil, tends to have the state control and overprotection on operation<sup>128</sup>, which sometimes make them less competitive due to inefficient operation.

The manager of Sinoma, a cement company, made a comment on the relationship between the two countries. Due to economic slowdown in 2014 in China, Chinese companies are looking to expand by moving their factories and business abroad. According to the manager, Tanzania attracts those who seek to move factories because of a relatively stable government compared to other African countries. However, the Tanzanian government has to do much more to help foreign business integrated into the local economy. Many Chinese migrants to Tanzania feel that they are discriminated against in the society. For instance, even though they have working permits, local police often question them and doubt that they are legal immigrants. The manager hopes that Tanzanian government becomes more supportive to foreign business to make people's transitions easier.

It seems that since I was not able to interview Tanzanian workers under the Chinese authority, there is limitation to analysis of their class struggles. However, it is important to note that immigrants' challenges in foreign countries are somewhat similar to each other. Since they have to work under work permits, there is some limitation in their activities. The Chinese workers in Tanzania would have similar experience to immigrants in the US, in terms of restriction on their range of activities, financial constraints, and length of staying. At the same

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<sup>127</sup> "Theme and variations," *The Economist*, January 21, 2012, , accessed March 20, 2017, <http://www.economist.com/node/21542924>.

<sup>128</sup> "Theme and variations," *The Economist*.

time, the Chinese workers in Tanzania have certain economic privilege as well as employment hierarchical power over local workers. Local workers have less power against their employers due to their positions in the work places. On the other hand, Tanzanian workers have cultural privilege over the Chinese workers in terms of creating a norm in the society and put disadvantages on immigrant workers.

In contrast to bigger business, individual Chinese business tends to stay for a long time, several decades, sometimes even as illegal immigrants. They come as private individual businessmen to Tanzania and seek economic opportunities by leveraging their connection at home to produce cost effective goods and sell them in Tanzania. They are not affiliated with Chinese government or Tanzanian government to operate their business. In addition to Chinese workers in Sinoma, I also interviewed Chinese workers in Kariakoo where many local residents and tourists come to get groceries and various necessities. Kariakoo is the biggest and busiest market in Dar es Salaam. During colonial time, there was a big village where the British military organization, the Carrier Corp recruited soldiers to fight against Germany during WWI.<sup>129</sup> Kariakoo was named after the Carrier Corp. This place has renovated several times to maintain the function of exchange goods and services. You can get anything you want in cheap price in this market. The population of Kariakoo is 13,780<sup>130</sup> and the market is known for partly established storefronts which sell traditional and modern clothes, agricultural tools, electronics, and housewares, and partly open market for groceries.

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<sup>129</sup> Shamiso Yikoniko, “Kariakoo Market: Where Africa meets,” *The Sunday Mail*, August 01, 2015, , accessed March 16, 2017, <http://www.sundaymail.co.zw/kariakoo-market-where-africa-meets/>.

<sup>130</sup> “Population and Average Household size in Tanzania, 2016,” *Knoema*, accessed March 16, 2017, <https://knoema.com/TANPOAHS2016/population-and-average-household-size-in-tanzania-2016?region=1010440-kariakoo>.



**Map 3: Dar es Salaam and Kariakoo neighborhood where large market located**

The Chinese workers are owners of those established storefronts and many of them have been in Tanzania for a long time. Perhaps due to fear of authorities or for personal privacy reasons, these small business owners of Chinese ancestry and likely nationality declined to reveal information about their business and identity. Therefore, I observed and got a sense of the shops in the area and then interviewed a Tanzanian shop owner, Maboja who cooperates with Chinese workers for his many businesses. According to Maboja, many Chinese who have shops in Kariakoo have lived in Tanzania more than ten years. They are able to speak Swahili and many of them have local Tanzanian born workers for sales assistants. Even though those Chinese create their own community and live together in isolated places, they have a good relationship with Tanzanian shop owners and workers unlike sub-contractors. The shop owners of Chinese descent in Kariakoo are more culturally and socially integrated. Furthermore, it seems that local

sellers see it as a business opportunity to befriend Chinese shop owners. He said that he goes to China as a buyer regularly to buy purchase directly from Chinese factories. He gained his specific business connection in China through his partnerships with Chinese business owners in Kariakoo.

These discussions suggest that there is a dimension of class and employer and employee relationship and amount of time spent and familiarity of culture that result in different experience of Chinese in Tanzania. Individual business owners who have stayed in Tanzania for a long time have dominant power over Tanzanian workers due to familiarity to the culture as well as economic incentives that they could offer to the workers. Whereas, short stay Chinese workers struggle to incentivize the local workers to work in the same manner as Chinese workers, due to lack of cultural awareness and willingness to communicate with the local community.





**Picture 4: Maboia and his business partner in counterfeit branded shoes store<sup>131</sup>**

From my observation and talking with Chinese business owners of shops in Kariakoo, those shops were doing better than other local shops. Their shops had customers constantly buying their products, while shops owned by the local with similar products did not have any customers. They also had more varieties of products. One of female business owners sold counterfeit branded shoes at her shop. She was holding a radio transmitter and talking in Swahili frequently. According to Maboia, Chinese have their different products like housewares in a different part of the market and they communicate with people in the housewares through radio transmitters and ask them to bring more supplies to the shop.

Overall, private Chinese owners of shops have more communication with local Tanzanian, because they have been in Tanzania for a long time and are able to speak Swahili. They utilize local labor who can easily interact with the locals to increase sales and those Tanzanian workers in turn may also benefit from building relationship with Chinese workers for their own businesses. On the other hand, Chinese workers that are in Tanzania for a short time tend to be building roads and factories and have minimal contact with Tanzanians while in the country. Those people tend to isolate themselves from the local community due to language barriers and their work objectives. They are short-term workers and they want to finish their jobs as soon as possible to satisfy contracts and earn their money. Their objective is not to stay in the area for a long time, thus they do not need to interact with the local community. They also have negative images on Tanzanian related to their work ethics. Chinese workers compare Tanzanian work ethics with their own, which could be misleading, since they have different cultural and social circumstances.

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<sup>131</sup> Photo by Maho Fujita June 2016.

## Chapter 5 Chinese involvement from data

### 5.1 Economic Growth and Development

While economic growth and development of a nation are related, they are not interchangeable concepts. Economic growth is primarily related to capital, labor, natural resources, technology, financial, labor, goods and markets. It is mostly measured by Gross Domestic Production (GDP), which accounts for the total dollar value of all goods and services produced over a specific period.<sup>132</sup> Many economists including Evsey Domar and Walt Whitman Rostow, during the 1950s and 1970s argued that economic growth would lead to economic development.<sup>133</sup> These theorists assumed that increases in growth rate would trickle down and lead to improvement in overall society. They believed that growth would reduce the size of agriculture sector in terms of production and employment, and people would shift focus on manufacturing and service sectors. By focusing on self-correctness of the market, these theorists overlook the problem of existing unfair conditions of colonized nations. For example, they have relatively weaker domestic institutions put in place by colonial power and their industries and production were meant to feed colonial interests. This colonial relationship has long lasting impacts even after independence. In recent context, developing nations still depend on exports their raw material that highly demanded in developed countries, thus they have not transformed their economies to manufacturing and service sectors.

Development theorists, such as Peter Thomas Bauer and Hollis B. Chenery argue that economic growth theorists did not account for the fact that many developing countries do not have enough assets or savings on which they could rely. Economic growth requires huge levels of investment, without which they have been not able to grow. Thus, it creates dependency on

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<sup>132</sup> Investopedia, "Gross Domestic Product - GDP," Investopedia, September 10, 2015, , accessed March 15, 2017, <http://www.investopedia.com/terms/g/gdp.asp>.

<sup>133</sup> William Easterly, *The elusive quest for growth: economists' adventures and misadventures in the tropics* (Cambridge, MA: MIT Press, 2002), 28-32.

foreign aid or investment for any level of economic growth.<sup>134</sup> Their argument accurately point out financial problems of developing nations and cooperate it into analysis of market oriented economic growth theories. This dependency theory is extremely useful, because it sheds light on difficult problems of constructing a self-reliant economic relationship between developing countries and developed economies.

While economic development is more than just an economic concept and includes improvements on social aspects. Economic development has been framed from an economic quantity and scale perspective, but also in terms of qualitative factors such as cultural traditions, public and private structures, and systems of land tenure, property rights, quality of life and health, and integrity of government agencies.<sup>135</sup> It is challenging to define economic development and equally complicated to measure progress or increases in economic development. Since culture and traditional aspects are difficult to benchmark and quantify based on a single standard. It is somewhat subjective that social scientists, such as Morris David Morris, and United Nations define development through GDP per capita or PPP, level of extreme poverty, Human Development Index (HDI) and Physical Quality of Life Index (PQLI), often measure these categories.<sup>136</sup> Even HDI and PQLI rely on measures of GDP but also incorporate health mortality rate and education levels in addition to the financial or monetary factors. Therefore, those qualitative development measurements are not independent from economic growth measurement.

Interviews with Tanzanian and Chinese workers reveal that the definition of development varies and can be broad as a result, but people often tie development to technology and their

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<sup>134</sup> Chenery, Hollis B. "Foreign Assistance and Economic Development." *Capital Movements and Economic Development*, 1967, 268-92. doi:10.1007/978-1-349-15238-4\_9.

<sup>135</sup> Todd J. Moss, *African development: making sense of the issues and actors* (Boulder, CO: Lynne Rienner Publishers, Inc., 2011), 2.

<sup>136</sup> Master Amartya. Sen, *Development as Freedom* (Brilliance Corporation, 2013).

perceptions about modernity. In development studies these definitions are considered as indicators of potential economic growth. Economic growth's definition can be tied to subsistence and ability to provide basic needs, such as food, shelter, health and protection. It also at times has been affiliated with a more human rights focus, such as self-esteem, confidence in society and government, and ability to fully enjoy being a person in terms of identity, culture and freedom of choice. According to dependency theorists, objectives of economic development should be to increase availability and distribution of basic goods, raise levels of living, and expand the range of social and economic choices available to individuals, however, it is unlikely for developing nations to achieve.

Since economic development implies an improvement in standards of living, which is highly correlated with income, it is hard to see economic development without economic growth. Students cannot pay for school, if their parents do not have enough income or labor to assist. On the other hand, economic growth can occur independently and not lead to much development. For example, if redistribution of wealth policies is inadequate with most of the growth is concentrated in a few sectors that are controlled by a few elites who fail to invest in infrastructure or back into national projects, then development is unlikely. Growth without development is possible, and even highly likely in many African countries.

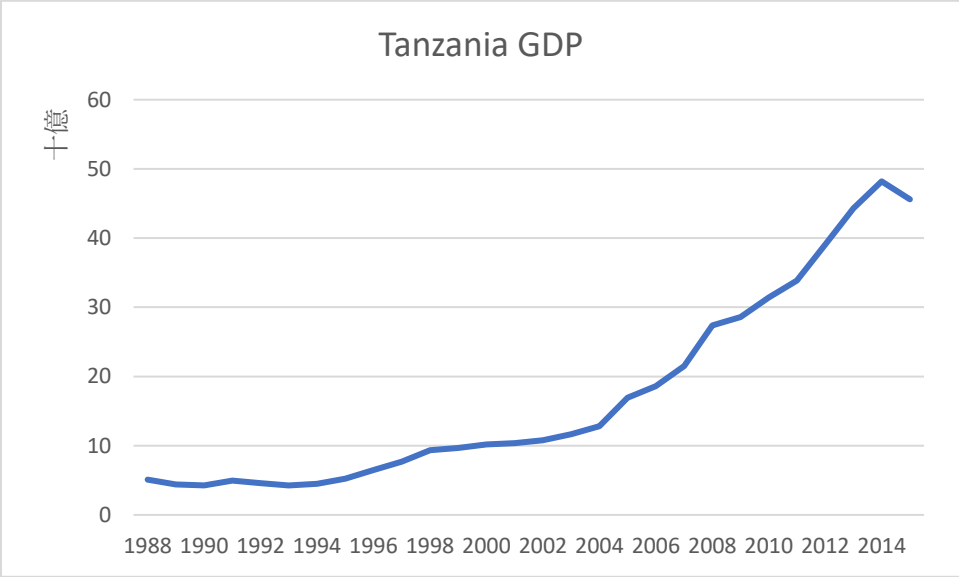
In order to make clear if Tanzania experiencing economic development with Chinese involvement, the following sections cover data to compare the current trade, investment and aid amount provided by China and one economic growth indicator, GDP, and development indicators, Human Development Index and GDP per capita. The data comes primarily from Bank of Tanzania data, World Bank data, World Integrated Trade Solutions. Since there is limited Chinese official data available partly due to the guarding of such information by the Chinese

government and partly due to the limited time and access the current author had to data sources, some parts of this analysis relies on data from news outlets and academic literature.

### 5.2 Economic Growth Indicators

A number of charts and tables reflect interesting factors of Tanzania’s economy.

According to the graph below, Tanzania’s GDP has relatively consistently been increasing since 1994 (US\$ 4.51 Billion) and the highest GDP in 2014 (US\$ 48.2 Billion) is ten times bigger than 1994. Since 2005 Tanzania GDP has grown more than 300%. As the graph shows, the slope of increase gets steeper around 2005.

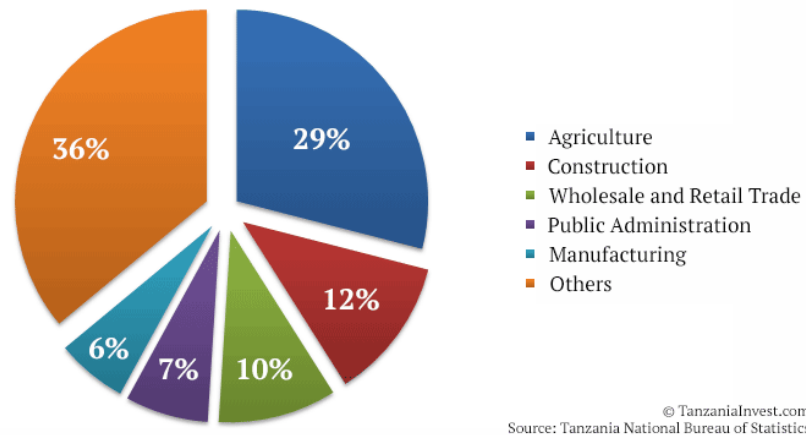


**Graph 1: Tanzania GDP (Current US \$)<sup>137</sup>**

Even though GDP has been increasing in Tanzania, 30% of the economy is still agricultural based and industries and manufacturing sectors factor very little, at just about 6%, contribution to the economy.

<sup>137</sup> The World Bank, World Bank national accounts data, and OECD National Accounts data (2015). Tanzania GDP (current US\$), Retrieved from <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=TZ>.

## Tanzania GDP Composition

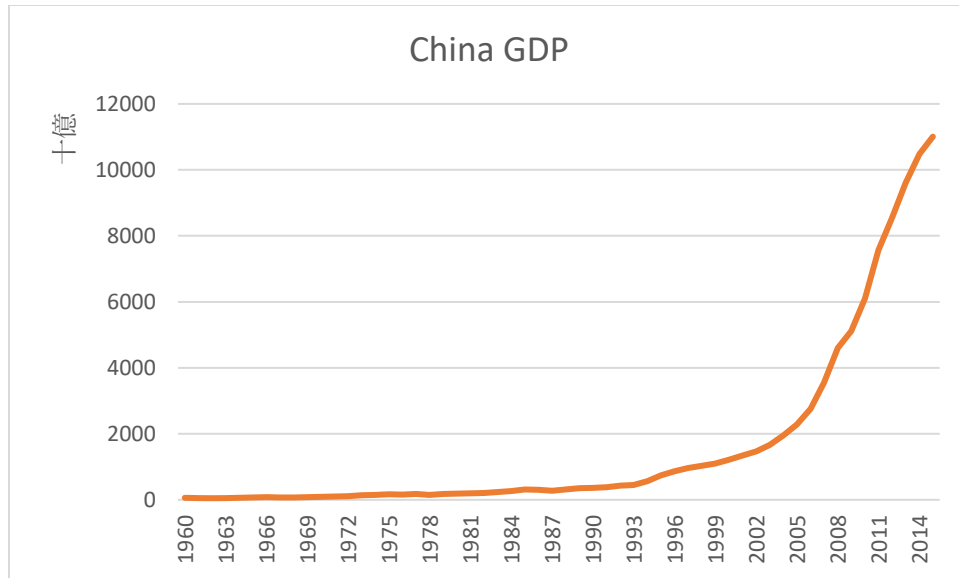


**Chart 2: Tanzania GDP composition<sup>138</sup>**

Another chart shown below reflects China's GDP, which has also increased since 1987 (US\$27.3 Billion) and its economic growth has been significant over time. They have the second highest GDP in the world (US\$ 11 Trillion). In the case of China, increasing public consumption with communication, financial services and mining sectors expansion each have contributed to increases in GDP. While tourism is the top foreign exchange earner, agriculture has continued to post slower growth.<sup>139</sup>

<sup>138</sup> "Tanzania Economy," TanzaniaInvest, , accessed March 20, 2017, <http://www.tanzaniainvest.com/economy>.

<sup>139</sup> "Tanzania Overview," The World Bank Working for a World Free of Poverty, October 17, 2016, , accessed March 15, 2017, <http://www.worldbank.org/en/country/tanzania/overview>.

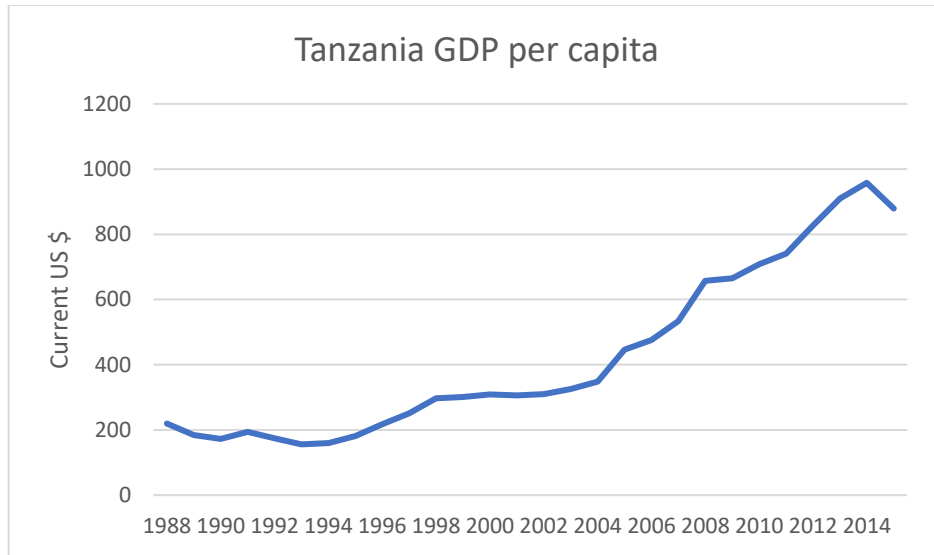


**Graph 2: China GDP (Current US\$)<sup>140</sup>**

### 5.3 Economic Development Indicators

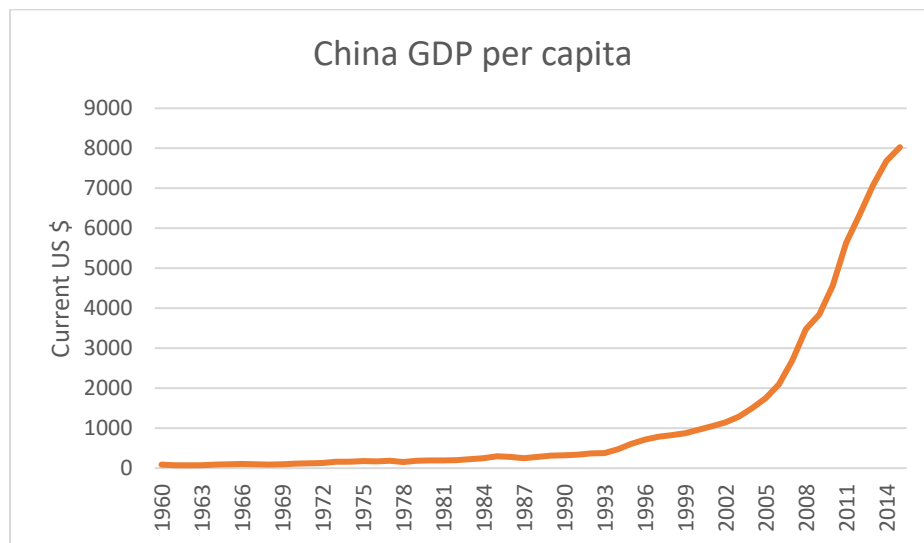
Economic growth shown by GDP reveals how much growth a country has had in a year, which means that small and big countries could have the same size of economy. The result of individual life would be different in two countries. GDP per capita could show the relative economic performance of the country.

<sup>140</sup> The World Bank, World Bank national accounts data, and OECD National Accounts data (2015). China GDP (current US\$), Retrieved from <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN>.



**Graph 3: Tanzania GDP per capita<sup>141</sup>**

In the Tanzanian case, this graph shows that since 1994 (US\$ 159) Tanzanian economic development, GDP per capita has been increasing until 2014(US\$ 957). In 20 years GDP per capita has increased more than six times. Since 2005 GDP per capita has been more than doubled.



**Graph 4: China GDP per capita<sup>142</sup>**

<sup>141</sup> The World Bank, World Bank national accounts data, and OECD National Accounts data (2015). Tanzania GDP per capita (current US\$), Retrieved from <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=TZ>.



Interestingly, according to the data, China's GDP per capita (US\$ 250) was as low as that of Tanzania until the 1990s. However, after opening up the country to the world around the 1990s Chinese GDP per capita has grown exponentially. While this data can be interpreted in several ways, many would argue that this opening up to global trade has increased the level of wealth in China, whether this equates to better quality of life and what it means about quality or level of development is still debated. When China started build a stronger relationship with Tanzania around 2005 during Kikwete's presidency, China itself was experiencing an exponential growth of GDP per capita. Chinese economic prosperity allowed them to invest in Tanzania and other African nations. Currently, China's GDP per capita is US\$ 8027, which is a more than thirty fold increase from before 1990s.

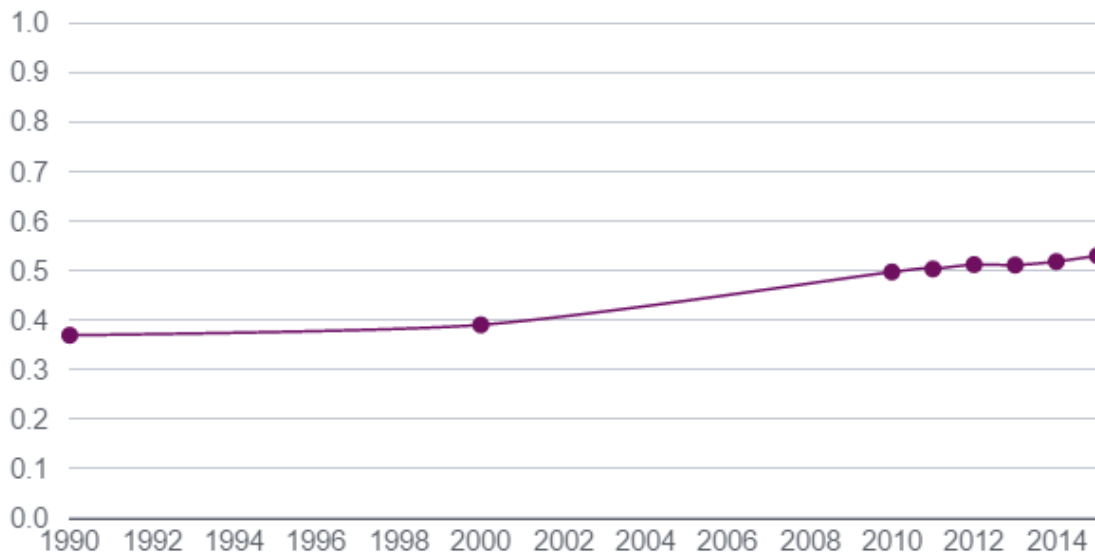
The Human Development Indicator (HDI) was "created to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone." The HDI could be used to effectively question national policy choices by comparing the same level of GDP per capita and different level of human development status. The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.<sup>143</sup>

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<sup>142</sup> The World Bank, World Bank national accounts data, and OECD National Accounts data (2015). China GDP per capita (current US\$), Retrieved from <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=CN>.

<sup>143</sup> "Human Development Reports," Human Development Index (HDI) , , accessed March 15, 2017, <http://hdr.undp.org/en/content/human-development-index-hdi>.

## Trends 1990 - Present



**Graph 5: Tanzania Human Development Index<sup>144</sup>**

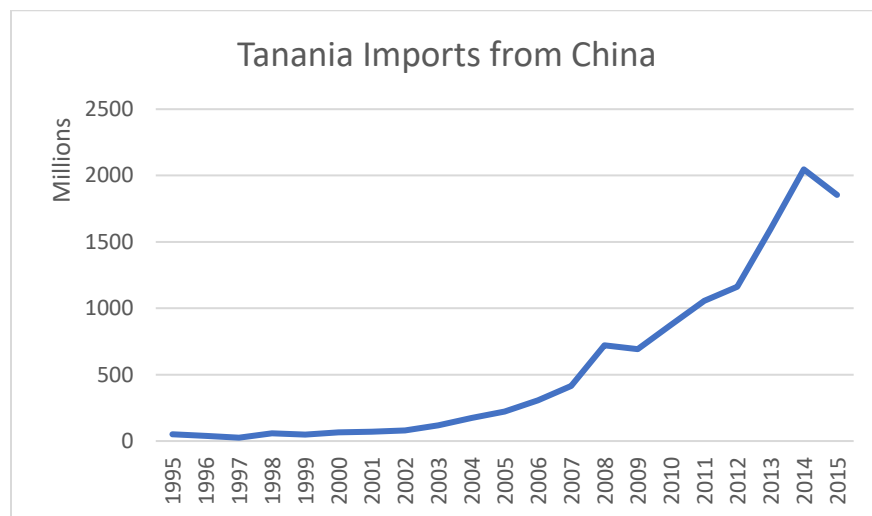
The most recent data available suggests that Tanzania's HDI is 0.531 and ranked 151 out of 192 countries.<sup>145</sup> Since there are limited data points available, we can only assume that there is improvement in the HDI from 2000 to 2010. During the 2000s President Mkapa strengthened the relationship with the west and from 2005 President Kikwete increased the cooperation with China. The presence of foreign investment and aid in Tanzania has increased just as the HDI increased, it is hard to determine if there is a direct correlation at this point. Furthermore, even with the improvement, the HDI remains relatively low in Tanzania.

<sup>144</sup> "Tanzania Human Development Reports," Human Development Indicators, , accessed March 15, 2017, <http://hdr.undp.org/en/countries/profiles/TZA>.

<sup>145</sup> "Tanzania Human Development Reports," Human Development Indicators.

## 5.4 Trade imbalance

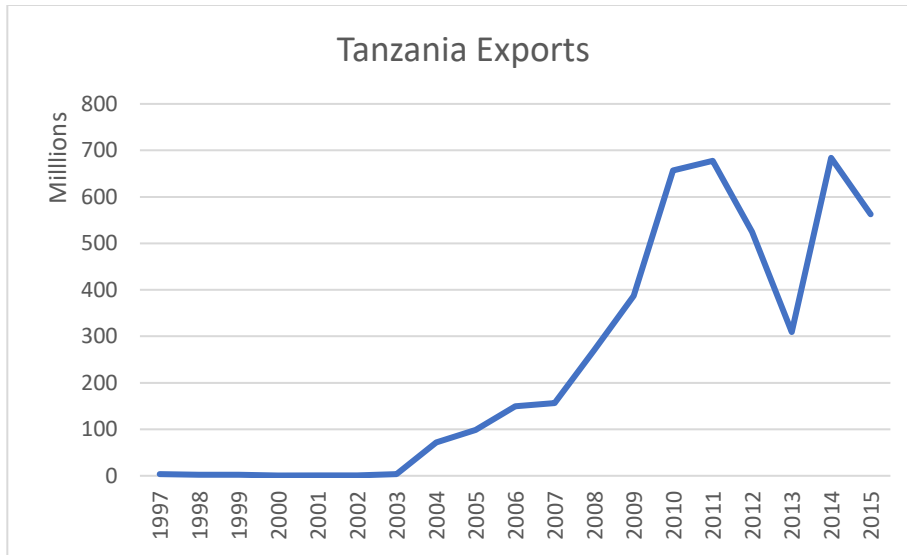
Graphs for imports, exports, and trade balance provide some data that allow for analysis and hypotheses into the impacts trade is having in Tanzania. Many interviews indicated that people cheap imports from China are affordable for them and they are able to increase their accessibility, even though the quality of products does not last for a long time. The trade balance allows for state level analysis on trade relationship between China and Tanzania and the implication of their relationship.



**Graph 6: Tanzania Import from China<sup>146</sup>**

The graph indicates that imports from China have been increasing exponentially since 1999. The highest trade amount in 2014 (US\$ 2 Billion) is twenty times bigger than that of 1999 (US\$ 48 Million). Since the time President Kikwete decided to increase cooperation with China in 2005, Chinese imports have grown more than 900%.

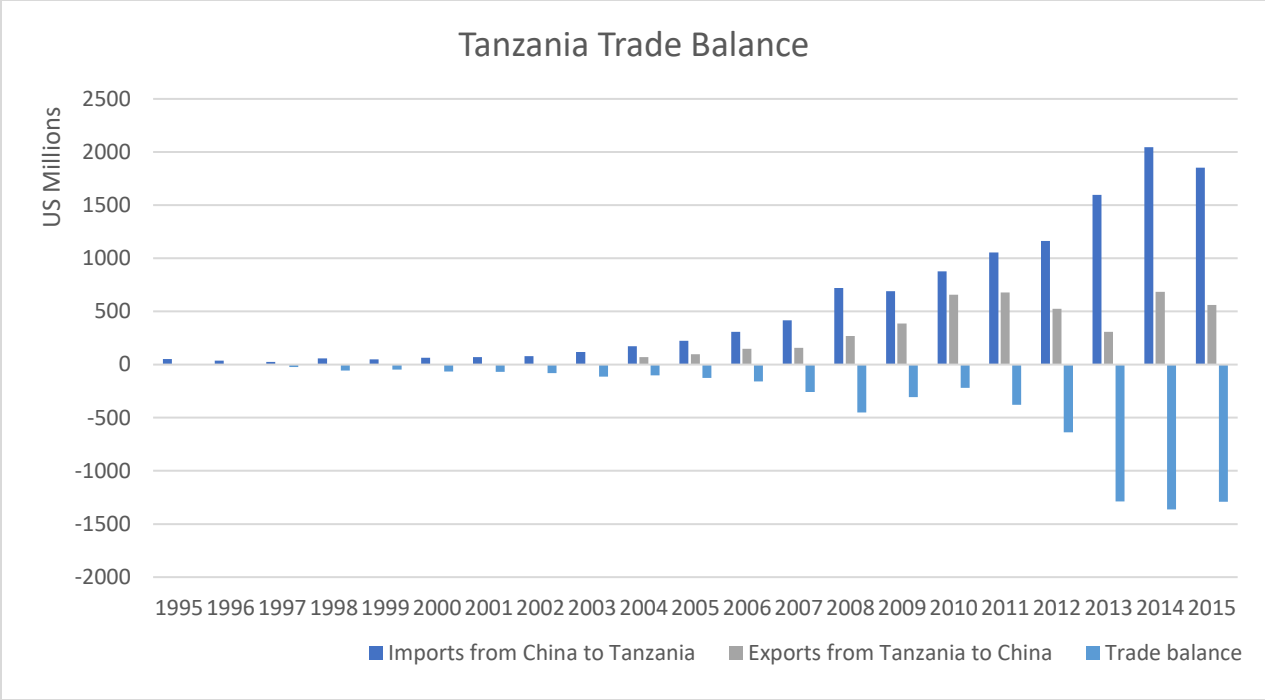
<sup>146</sup> World Integrated Trade Solutions, Tanzania imports from China (current US\$), Retrieved from <http://wits.worldbank.org/CountryProfile/en/Country/TZA/StartYear/1995/EndYear/2015/TradeFlow/Import/Partner/CHN/Indicator/MPRT-TRD-VL>.



**Graph 7: Tanzania Exports to China<sup>147</sup>**

Tanzanian exports also increased since 2003. While countries heavily involved in global trade were more negatively impacted by the economic crisis of 2008-2013, those like Tanzania that were peripheral fared better in that period. In 2013 China experienced an economic downturn and decreased the purchasing power, exports from Tanzania to China also decreased around that time. It started to increase again in 2014.

<sup>147</sup> World Integrated Trade Solutions, Tanzania exports to China (current US\$), Retrieved from <http://wits.worldbank.org/CountryProfile/en/Country/TZA/StartYear/1995/EndYear/2015/TradeFlow/Export/Partner/CHN/Indicator/MPRT-TRD-VL>.



**Graph 8: Tanzania Trade Balance<sup>148</sup>**

Graph 8 reflects the combination of Tanzanian exports to and imports from China and compliments the previous graphs above. The light blue bars indicating negative values are the gap between exports and imports. This graph shows that both imports and exports between China and Tanzania have been increasing since 2005. However, imports from China have increased on a larger scale than Tanzanian exports to China. This disproportion typically creates trade imbalance between two countries. Due to the trade imbalance between China and Tanzania, Tanzania currently has a trade deficit to China. The trade deficit has increased from US\$ 124 Million to US\$ 1.3 Billion at highest, which is more than 10 times increase. According to neoclassical economic theory market would self-correct by itself. Therefore, a trade deficit is not

<sup>148</sup> World Integrated Trade Solutions, Tanzania trade balance (current US\$), Retrieved from <http://wits.worldbank.org/CountryProfile/en/Country/TZA/StartYear/1995/EndYear/2015/TradeFlow/Export/Partner/CHN/Indicator/MPRT-TRD-VL>, <http://wits.worldbank.org/CountryProfile/en/Country/TZA/StartYear/1995/EndYear/2015/TradeFlow/Import/Partner/CHN/Indicator/MPRT-TRD-VL>.

necessarily a bad situation, because it often corrects itself over time. However, a deficit to China has been reported and growing for the past decade, which has some economists worried. Especially, between 2011 and 2016 Tanzania experienced a significant trade deficit due to a decline in gold and traditional exports, which contribute to volatile exchange rates.<sup>149</sup> This means that large amounts of the Tanzanian shillings (STZ) are being held by China, which may decide to sell at any time. A large increase in STZ sales can drive the value of the currency down, making it more costly to purchase imports from China.

Imports by country of origin		Exports by country of destination	
Country	Percent	Country	Percent
India	15.4	India	16.2
China	13.1	Republic of South Africa	13.8
Switzerland	10.8	China	11.7
United Arab Emirates	9.8	Switzerland	10.8
Kenya	5.5	Kenya	7.6
Republic of South Africa	5.0	Democratic Republic of Congo	7.3
Japan	4.7	Japan	4.2
Malaysia	3.2	Germany	3.8
United States	3.1	United States	2.4
United Kingdom	2.4	Zambia	2.3
Others	27.0	Others	19.8

**Source:** Tanzania Revenue Authority and Bank of Tanzania

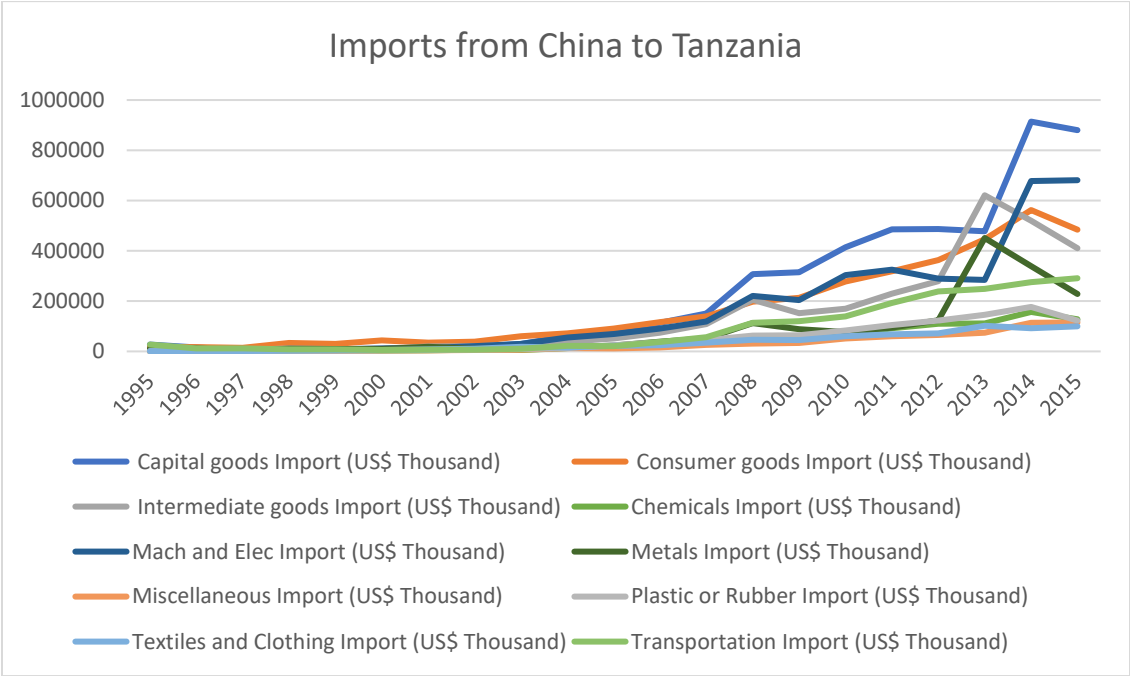
**Chart 3: Direction of Trade in 2014/15<sup>150</sup>**

China is the second largest exporter to Tanzania following India. About 50 percent of goods import originated from India, China, Switzerland and the United Arab Emirates, while 52 percent of goods exports were destined to India, South Africa, China and Switzerland. Relying

<sup>149</sup> Pater Nyanje, “Tanzania trade deficit widens in 5 years: report,” The Citizen, January 27, 2016, , accessed March 20, 2017, <http://www.thecitizen.co.tz/News/Business/Tanzania-trade-deficit-widens-in-5-years--report/1840414-3050568-fr3ydez/index.html>.

<sup>150</sup> Bank of Tanzania, Economic Bulletin For Quarter Ending March 2016 VOL. XLVIII NO. 1, 38

on few countries for trading has a significant effect on prices because of the constrained options. IN a sense, China has a monopoly on trade status and partnership with Tanzania and the special friendship they have protects China from critique thus which Tanzanian officials see the relationship as beneficial, there are some detrimental aspects to this partnership. Prices of cotton and cloves decreased largely due to a decline in demand in China and weak global demand, respectively. Thus with declining demand and few other partners, Tanzania lost an important part of its national income.

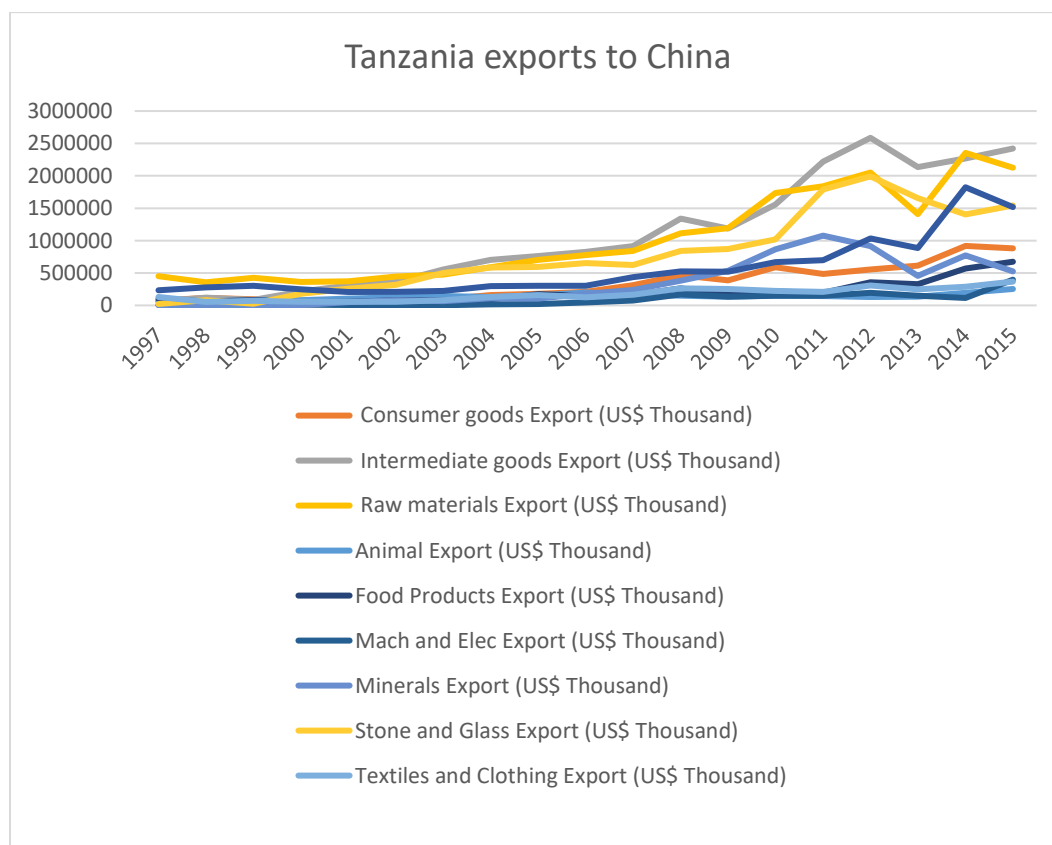


**Graph 9: Top 10 Imports from China to Tanzania <sup>151</sup>**

The graph shows the transition of different types of imports goods from China since 1995. Capital goods have been the main imports from China since 1995 and capital goods are tangible assets such as buildings, machinery, equipment, vehicles and tools that an organization uses to

<sup>151</sup> World Integrated Trade Solutions, Tanzania Product Import (US\$ Thousand), Retrieved from <http://wits.worldbank.org/CountryProfile/en/Country/TZA/StartYear/1995/EndYear/2015/TradeFlow/Import/Indicator/MPRT-TRD-VL/Partner/CHN/Product/all-groups>.

produce goods or services in order to produce consumer goods and goods for other businesses.<sup>152</sup> Intermediate goods are also similar to capital goods, which are utilized to produce the final goods. Manufacturers of automobiles and machinery fall within the capital goods sector because companies involved in manufacturing other services use their products. It seems that many imports from China including capital goods, intermediate goods are used for repairing products, such as cars and motorbikes. Mechanical and electrical imports and metal imports are used for construction of infrastructures.



**Graph 10: Top 10 exports from Tanzania to China** <sup>153</sup>

<sup>152</sup> “Capital Goods,” Investopedia, June 26, 2015, , accessed March 20, 2017, <http://www.investopedia.com/terms/c/capitalgoods.asp>.

<sup>153</sup> World Integrated Trade Solutions, Tanzania Product Export (US\$ Thousand), Retrieved from



According to this graph China imports a lot of raw materials including natural resource and agricultural products from Tanzania. However, unlike produced goods, such as machineries and capital goods, raw materials and agricultural products have low values in the market. Dependency theory explains the trade relationship between developed and developing economies. Developing countries, which tend to depend on exports of raw material, have to buy more expensive produced products from developed economies. This relationship is hard to abolish, because it is hard to establish industry for a country which keeps making trade deficit through exports of raw materials. Therefore, it is hard for Tanzania which does not have industries to produce raw materials to make profitable trade with countries that have capability of processing raw materials. Therefore, increase in natural resource exports could help offsetting the trade balance between many countries. Especially, China is growing nation that needs a lot of natural resources and markets that they can sell products from processing raw materials. Tanzania is a good trade partner for input and output of their production.

This raises the question of sustainability. Exports of natural resource has limit and the price of natural resource has been fluctuating. It means that exhaustion of natural resource is the end of economic resource and lower price of natural resource means less trade revenue. Therefore, dependency on natural resource as main exports is not sustainable and reliable strategy for economic development.

In 2014 China experienced lowest rate of economic growth in 24 years.<sup>154</sup> Even though many anticipated that Chinese economic growth would stop in 2014, it did not lead to recession in China. However, a sudden slowdown of Chinese economy affected trade volume from China.

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<http://wits.worldbank.org/CountryProfile/en/Country/TZA/StartYear/1997/EndYear/2015/TradeFlow/Export/Indicator/XPRT-TRD-VL/Partner/CHN/Product/all-groups>.

<sup>154</sup> Li Anne Wong, "China economy grows at slowest pace in 24 years," *CNBC*, January 20, 2015, , accessed March 25, 2017, <http://www.cnbc.com/2015/01/19/china-economy-grew-74-in-2014.html>.

This case shows that dependency on few trade partners could be alarming, when those economies face recession. Their purchasing power would decline and Tanzanian trade which contributes to 6% of GDP could be negatively affected. Moreover, since most of imports from China are utilized for construction, decline in trade volume from China also could influence volume of construction sector, which contributes to 12% of GDP.

### **5.5 Foreign Direct Investment**

Foreign direct investment (FDI) refers to direct investment equity flows in the target economy. Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy.

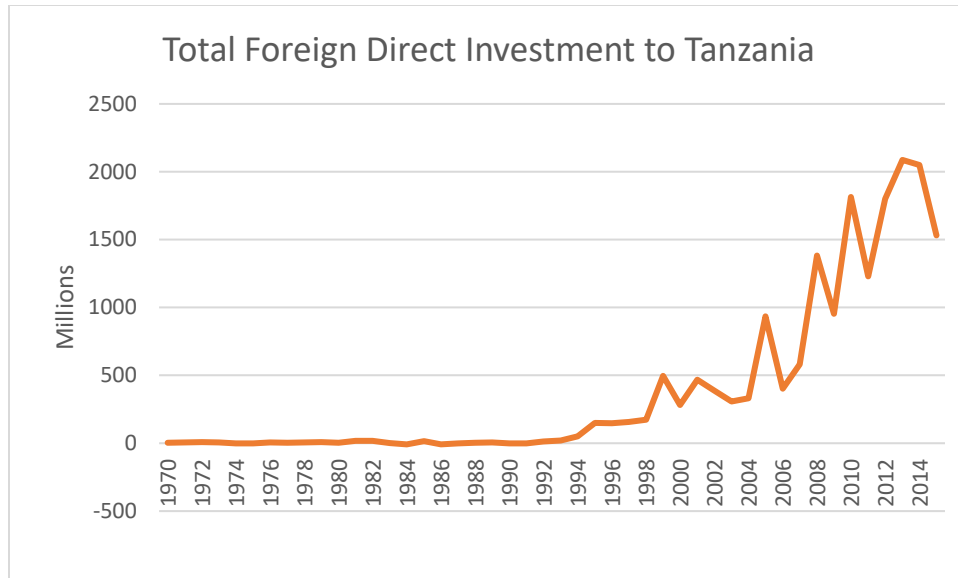
According to graph 10, FDI net inflows in Tanzania rose by 13% from USD 1.8 Billion in 2010 to USD 2.04 Billion in 2014, making the country the first FDI destination in East Africa.<sup>155</sup> According to the 2015 World Investment Report of the United Nations Conference on Trade and Development (UNCTAD), the Investments in Tanzania increased largely due to the discoveries of 45 trillion cubic feet of natural gas reserves.<sup>156</sup> According to the Foreign Service Institute of the US Department of State, the top five providers of FDI into Tanzania are South Africa, UK, Kenya, Canada, and China.<sup>157</sup>

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<sup>155</sup> “Tanzania Economy,” <http://www.tanzaniainvest.com/economy>.

<sup>156</sup> UNCTAD, “World Investment Report 2015,” , [http://unctad.org/en/PublicationsLibrary/wir2015\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf).

<sup>157</sup> Bureau of Economic and Business Affairs, “Tanzania,” U.S. Department of State, May 2015, , accessed March 25, 2017, <https://www.state.gov/e/eb/rls/othr/ics/2015/244396.htm>.



**Graph 11: Total FDI to Tanzania<sup>158</sup>**



**Graph 12: Total FDI from China to all countries<sup>159</sup>**

As graph 10 shows Chinese FDI to other countries has been increasing significantly since 2004, which is the time when China shifted its focus on integration to developing countries. In

<sup>158</sup> UNCTAD, Tanzania FDI Inwards Flows (US\$ Millions), Retrieved from <http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx>

<sup>159</sup> UNCTAD, China FDI Outwards Flows (US\$ Millions), Retrieved from <http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx>

2015 China provided US\$ 127 Billion of FDIs to countries. Since there is no governmental official data from both Chinese and African sides, there is limited comparison possible in respect to western countries' data. Chinese government does not provide regional or individual countries distribution of FDI. Therefore, there are problems of accurate estimation of Chinese FDI flows to Tanzania. According to World Resource Institute, Chinese FDIs in Africa at the end of 2014 were US\$ 24.5 Billion representing around 15% of China's total FDI in that year. Direct investment from China to Tanzania has been increasing since 2011. In 2011 Tanzania was awarded US\$ 700 million and in 2012 China gave Tanzania US\$ 2.1 billion. According to data released by the Chinese Embassy in Tanzania, Tanzania accounted for 16.3% of China's FDI to all of Africa in 2014 with US\$ 4 billion, an increase of 100% from the total Chinese FDI recorded in the country at the end of 2013. At the end of 2015 the Tanzanian Government announced that over 100 Chinese investors would set up their businesses in the country, as part of a five-year program backed by the China Africa Development Fund (CADFund). With this trend more and more Chinese investment would flow into Tanzania and portion of Chinese investment could increase if other countries also increase FDI amount to Tanzania.

Due to lack of official data, Chinese investment is usually overestimated by research organizations and other governments, because their researchers record the initial agreements announced at press conferences, assuming this is an FDI commitment and will actually lead to flows of money.<sup>160</sup> Those agreements often do not accurately reflect the end result of money flows.

This presents a critical point of Chinese investment. Increasing share of FDI from China could eventually lead to increasing influence of Chinese interests. FDI is focused towards

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<sup>160</sup> "Data: Chinese and American FDI to Africa," China Africa Research Initiative, , accessed March 25, 2017, <http://www.sais-cari.org/data-chinese-and-american-fdi-to-africa/>.

specific sectors and investing countries are able to provide money into specific sectors. There is no specific data that shows which sectors Chinese investment are flowing into. However, through trade data and news articles, it is possible that Chinese investments are focusing on infrastructures. Moreover, lack of official data could conceal the actual effect of Chinese FDI to Tanzania proven by the statistical data. The Chinese government could take advantage of unclear results of their contribution to Tanzania and leverage their economic presence and power to promote their interests rather than Tanzanian interests.

Through analysis of data on Chinese involvement and Tanzania's economic indicators, it is clear that Tanzania has been economically growing as Chinese economic presence in Tanzania through trading and investment increases. Since 2005 when President Kikwete increased cooperation with China, Chinese trade as well as investment volume has been growing. At the same time Tanzania's exports volume has been increasing, yet the total value still remains low, compared to the Chinese inflows. This is because Tanzania's main exports are mainly raw materials including agricultural products as well as natural resources. On the other hand, Chinese imports are industrial products including construction mechanics, parts of motorbikes and electronics as interviews revealed. As a result, Tanzania holds significant trade deficit to China. This consequences fit into the discussion of dependency theory and their explanation of difficulties for developing nations to develop economy. Even though Tanzania has been economically developing over time with increase of economic presence of China, this data analysis reveals that there is significant Tanzania's dependency on Chinese involvement in economic growth.

In comparison to economic growth indicators, economic development indicators expose slow process of economic development. GDP per capita growth was only doubled and the HDI

only increase 125%. This indicates two points. One is that economic growth does not directly affect economic development. It may take time to develop economy with economic growth without strategic micro policies. Another is that economic growth may have been distributed unequally among the population and has not been improving social aspects of people's life including health, education and standard of living. This raises the question of Chinese interests in Tanzania. Their involvement has been centered on economic interests through trade and investment. It is questionable if they shift their interest to social aspects of Tanzania in the long run.

## Chapter 6 Conclusion

The relationship between China and Tanzania has shifted over time through historical, political and economic contexts. Through transformations they strengthened their ties with socialist common interests. China became the closest ally of newly independent Tanzania during 1960s and 1970s, and they formed a friendship status in the difficult times of the Cold War. However, due to the shift in political interests and President Nyerere's failed socialist economic policies, Tanzania veered away from China and started to rely on and work with western partners during 1980s and 1990s. Tanzanian government officials adopted western prescribed method of economic growth by liberalizing the economy and political ideology. This liberalization process in Tanzania brought greater foreign involvement for economic development, but did not have the desired impact of raising the country's economic strength in the global arena. During this time, China was also going through major domestic political and economic shifts.

It was in the 2000s that Chinese representatives started to come back to Tanzania following a different approach. They utilize the friendship status and historical contribution to emphasize the reliability of Chinese partnerships and economic integration with Tanzania. They focused on investment on two areas infrastructure greatly needed in Tanzania and agriculture which is one of the main exports to China. This emphasis on two economic sectors that could benefit each nation and the focus on friendship indicates China's interest in practical economic integration with Tanzania. With strong infrastructure investment, the Chinese government encouraged more Chinese companies to do business and trade in Tanzania. Economic growth indicators of Tanzania show that there is a correlation between Chinese involvement in Tanzania and notable Tanzanian economic growth in the last decade that seems to outpace other decades since independence. It also indicates that Tanzanian economic growth is dependent on

continuous and sustainable Chinese economic involvement, which may or may not be beneficial in the long term for an independent Tanzania.

Similar to the state level of relationship, the interviews with local Tanzanians also revealed strong integration of Chinese influence in Tanzania. Interviewees identify real life examples of benefits they experience from Chinese affordable products and results they see as a result of investment. However, they are also concerned with the low quality of products that are brought in to their country and the environmental and economic sustainability of Chinese involvement. Compared to the concept of development from the local perspective, Chinese involvement does not necessary assist achieving the goals of everyday citizens. Based on the economic development indicators, Tanzania has experienced relatively low rates of development in regards to standard of living, compared to the rate of economic growth that has emerged. People in the cities and villages want to see more improvement in health and education sectors as well as structural and strategic domestic planning for a strong self-reliant economy. Chinese involvement focuses on feeding their material consumer desires. However, based on the current trend of Chinese involvement, it is unlikely that Chinese investment could shift their target involvement to the social sectors. This hints that the Tanzanian government has little ability to direct Chinese involvement in Tanzania towards larger national interests and goals.

Through interviews with Chinese workers in Tanzania, it became clear that cultural differences between Chinese workers and the local workers present operational challenge for Chinese companies. There is lack of communication due to language barriers and an isolated or segregated life style, which leads to misunderstanding of behavior for both sides. Chinese companies' competitiveness comes from fast speed and low operational cost, yet without the local labor's cooperation it becomes harder for companies to perform at a competitive level.



Moreover, miscommunication also affects the acceptance of Chinese involvement from the local community.

Even though there is significant increase of Chinese presence in Tanzania which has brought about some noticeable changes in consumer habits, there is limited research and discussion from a critical point of view on whether this constitutes development. Lack of both Chinese and Tanzanian official releases of data hints that there is limited evidence to prove the effectiveness of Chinese involvement to Tanzanian economic growth and development. There are no real benchmarks established based on currently available data to simply measure the validity of Chinese involvement in Tanzania. My research concludes that while Tanzania has struggled since independence to achieve a position of independent economic development, it has tried a few strategies that are bringing about a slow change that is both positive and potentially negative. Ultimately the path towards development and economic prosperity needs to be studied and carefully watched. There likely will need to be future adjustments on the part of the Tanzanian government. The friendship with China may last, though it is likely to be tested.

Overall, Chinese involvement in Tanzania as well as their relationship has been transformed significantly over five decades. The level of Tanzanian economic dependency to China as well the use of friendship rhetoric of both governments were also transformed in a way that dependency theory points out. China can take advantage of their historical relationship as well as recently increasing economic power as a way to enter the Tanzanian market. China is able to sell manufactured goods to Tanzania. On the other hand, Tanzania gains China's monetary support as well as poorly constructed and managed infrastructure. In exchange Tanzania could only exports raw material including natural recourse and agricultural products. This exchange gap creates Tanzania's Chinese reliant relation including trade deficit.

This study contributes limited amount of literature on Chinese involvement in Africa by presenting a specific case study in Tanzania and adding Tanzanian citizen's as well as Chinese workers perspectives on Chinese involvement to the state level relationship. Even though the scope of this study was not specifically on the political influences on the relationship, potentially this research could carry on to an analysis of the domestic political influences on the state level relationship with China.

The thing I learned the most from this project is that Chinese involvement is not new foreign influence for Tanzania. They have been facing many influence and unfair treatment of other countries and the government officials have been adopting their strategies to utilize the influence for their own benefit. However, with the structure of the system and relation between Tanzania and other countries, it has been difficult to reflect their own ideas. I hope that in the future Tanzania is able to have true friendship status with China and other countries.

## Appendix

### Questions to Tanzanians

1. Introductory questions: Name, origin, occupation
2. What are your encounters with Chinese investment?
  - a. Describe each encounter with Chinese investment.
  - b. Are they products, products of investment, or people in business?
  - c. What occasion do you use products invested by China?
3. Have you interacted with Chinese people or workers?
  - a. What did you think about their behavior and interaction with you?
  - b. Are they able to speak Swahili or English or only Chinese?
  - c. What is Chinese different from other non-Swahili population?
4. What do you think about their involvement in the local economy?
  - a. Describe your experience with Chinese involvement that benefitted your daily life.
  - b. Describe your experience with Chinese involvement that affected negatively your daily life.
5. What is your concept of development?
  - a. Describe development in Tanzania in the past 10 years.
  - b. How do you think the government of Tanzania is doing to facilitate development of Tanzania? Any destruction?
  - c. What do you think Dr. Magufuli is doing to facilitate development?
    - i. How about the past presidents?
  - d. How do you think Chinese involvement facilitate or destruct economic development in Tanzania?
6. How do you define development?

- a. What do you want your government and yourself want to do to achieve development?

### Questions to Chinese workers

1. Introductory questions: Name, origin, occupation, their role in the company
2. How did you end up being in Tanzania?
  - a. Purpose of coming here
  - b. Length of staying
  - c. Their work in Tanzania
  - d. Jobs and environment in comparison to China
  - e. Degree of their preference
3. Past job experience in China and other countries
  - a. How did you get to know about jobs in Tanzania?
4. How many regions have you been in Tanzania?
  - a. Their purpose of visiting in each region
  - b. Impression of each region
  - c. Why only staying in one region?
5. What was your expectation in Tanzania?
  - a. Tanzania or Chinese government facilitation
  - b. Partnership and friendship rhetoric
    - i. Does people back home know about partnership?
    - ii. Did you know that China and Tanzania had a good relationship in the past?
    - iii. How do states to state relations affect your business? Benefit/loss

- c. Competition with other countries
- 6. What request do you have for each government?
  - a. Future job expectation
- 7. What do you think of development in your country and this country?
  - a. How does your work translate and facilitate development in China or Tanzania?
  - b. What do you define development and how do you want your government and yourself want to do to achieve development?

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