

Export processing zones in Tanzania: A Critical Analysis of Law and Practice

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Developing a strong economy is one of the key priorities of any state. EPZs are used as alternative tools towards attaining this goal. Their objectives include creating industrial and export led economy, employment opportunities, international competitiveness and economic linkages with the local economy. To realize these objectives, EPZs enjoy preferential legal regime. However, lack of robust regulatory framework lowers their contribution to national economic development as intended. Consequently, the costs of running EPZs overweigh the benefits obtained by the host state. The study critically examines the legal framework and the practical aspects of EPZs in Tanzania on whether the mechanisms provided by the law are adequate to realize the objectives intended. The study draws lessons from the best practices on the operation of EPZs in meeting the aims for which EPZs are established. The study shows that EPZ legal framework in Tanzania is not adequate. There are legal and practical challenges which must be addressed for Tanzania to adequately benefit from EPZ schemes. Such challenges include overgenerous fiscal incentives, absence of enabled investment infrastructure, bureaucracy and lack of legal methods through which EPZs can create economic linkages with the local economy. It is also shown that, contrary to expectations, EPZs Authority does not fully operate as a one stop center. The study finally offers recommendations to ensure the realization of the objectives for which the scheme was established.