

Assessment of foreign direct investments in the Tanzania Agribusiness sub-sector

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Despite being an important sector in the economy, agribusiness sector has not been doing well in terms of foreign direct investment attraction as mining and manufacturing do. This study, therefore, assesses foreign direct investment in the Tanzanian agribusiness sub-sector. Particularly, the study entails assessing performance of agribusiness foreign direct investment, analyzes factors that drive or restrain investment in the sector and examines challenges facing agribusiness foreign direct investment in Tanzania. This study deployed a cross-sectional research design where both primary and secondary data were obtained to help answering the research questions. The study employed a descriptive analysis of the performance and trend of the sector and regression analysis to determine the relationship between agribusiness FDI and FDI determinants using SPSS computer software. Results showed that Agribusiness FDI in terms of flows accounts for only 0.9 percent of total flows of FDI in the economy. This was significantly low compared to other sectors. Also, selected FDI determinants; policy and regulations, market size, labour cost, political stability, Inflation rate, Exchange rate, Interest rate and Natural resources have a significant influence to the agribusiness FDI as they explained the dependent variable by almost 67.1 percent. The sector faces challenges which make it less attractive compared to others. These challenges include underdeveloped infrastructures, restrictive land policy, inadequate land bank facility, marketing and trade policy and less attractive incentive package. Despite the underperformance of the agribusiness foreign direct investment in the Tanzanian economy, there are still potential to attract more investments. This however, is partly dependent on some initiatives and deliberate efforts by the government to the agribusiness sector to attract significant Foreign Direct Investment flows. This study, therefore, puts forward some recommendations about the same.