

*Full Length Research*

# Critical Examination of the Factors That Influence Business Relationship between Tanzania and China

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China's advanced more in term of technology and being shortlist as a second super world economic, China engaged into different Africa's construction projects, mostly of Africa infrastructure project improved effective after rebuild their economy relations with Chinese governments, Chinese government helped African to utilize and expanded their natural resources for maximize standard product. The study was examine the factor that influence trade business relationship between Tanzania and China with a deeper view the information on implication to Tanzania economy, through the critical examine relationship between Tanzania and China, also we assessed the perceptions of entrepreneurship and rapid growth of manufacture with reflect to current global situation of trade statistics between Tanzania and China. Tanzania gain more from the China's since the model of production (Socialism model of production) on that situation both two countries were the same model of production and share everything the same for fighting their independence and other supports, recently China growth rapid for manufacturing expertise and become the second world economic. The study was advise the Tanzania government should massive encourage rapid manufacture growth and production facilities with motivate direct investment by the Chinese company to create more job opportunity for Tanzania rather than focus on political issue or other relations.

**Keywords:** Tanzania, China, Trade relationship

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## INTRODUCTION

(Johanna Jansson, October 2009 ) China established diplomatic relations with Tanganyika and Zanzibar respectively as each state gained independence (in 1961 and 1963 respectively). As the two states were united on the 26th April 1964, China recognized Tanzania but similarly maintained diplomatic relations with both Zanzibar and the Tanzanian mainland. Bilateral relations have remained intact since 1964, and the two countries have undertaken extensive political, economic, military and cultural cooperation. It is often argued that Tanzania is a strategically important partner for China given its

location as an Indian Ocean gateway to mineral-rich southern Africa.

The former relationship between Tanzania and China start up on social exchanges during socialism model of production and latter economic exchanges to boost economic of each other, trade business relationship has focused mostly on the impact of trust and the commitment of supply on optimization economic and management, the mainly important factor influence a specific transaction investments from the business network/trade business relationship are pricing trust,

product qualities and quantities, and logistic operations, (Matevž Rašković, 2012 )

According to (Awan, 2013), the major objective of relationship development between countries should ensure the satisfaction of human needs and aspirations of a material kind. It emphasized the fact that over exploitation of resources may compel human societies to compromise their ability to meet the essential needs of their people in future.

### **TANU vs COMMUNIST PARTY**

(Altorfer-Ong, 2009 ) The Chinese Communist Party policy at the time still did not allow for official relations with non-Communist parties, but visits by TANU party officials were facilitated through a broad range of solidarity organizations. Among the visitors to China were a TANU Youth League delegation in June, which met with Vice-Premier Chen Yi and their Chinese counterparts. The following month, the Tanzanian Women's Union, led by Mrs. Karume, was host by the All China Women's Union. They also met with Mao, Liu and his wife. The Tanzanian Assistant Attorney-General, Mark Bomani visited in September, at the invitation of the China Political Law Association. In November, a Tanzania - Zanzibar agriculture inspection group was in China and their delegation leader was received by Vice-Premier Tan Zhenlin. The final high-level visit of the year was by Second Vice-President Kawawa, who visited China

### **Historical relationship Tanzania vs China**

(Altorfer-Ong, 2009 )Tanzania itself had accepted Chinese military support following the rifles mutiny and the pullout of West German instructors in 1964, a move which led to intense criticism from (mostly) Western governments. Until the end of 1964 though, the Chinese government had only given modest amounts of aid. Having enjoyed a somewhat limited but promising relationship with the Chinese government up till that point, Nyerere decided to visit China in February 1965. Tanzania's first Ambassador to China, Tewa Saidi Tewa, presented his credentials to Vice-Premier Chen Yi on 8 February and met Premier Zhou Enlai the next day. Tanzania and China are brothers, in the struggle against imperialism, we are in the same camp. China's experience will help to guard against new, old colonialism and imperialism, especially the American's united front.' He believed that Nyerere would be given the warmest welcome in China. The Chinese embassy in Dar es Salaam was the center of Chinese activity in East Africa since the arrival of New China News Agency representative Kao Liang in December 1961'– and had a

large workforce of 50 staff and around 90 economic technicians. The city was also the departure point for Africans from the region who were invited to China by various solidarity organizations. Military training and materiel support for liberation groups like FRELIMO were also coordinated by the Chinese embassy in Dar. The following down a list shown (Table 1) Chinese leader who visits in Tanzania.

### **DIFFERENT DIMENSIONS OF INTERNATIONAL RELATIONSHIP SUSTAINABLE DEVELOPMENT**

International Sustainable relationship development between countries has many dimensions categories. Some of them can be described as follow:-

#### ***Social relationship Dimension***

- Workers conducive environment.
- Quality life of Local communities and their Impact example standard of living.
- Briefly benefits to social responsibility.

#### ***Economic Dimension***

Creation of wide marketing opportunities for optimize sales for example china build up GUANGZHOU and YIWU INTERNATIONAL MARKETING. These are biggest marketing in the world.

- Reduce the international transaction cost example tax for import and export commodities.
- Creation value of commodities which produce.

#### ***Environmental Dimension***

- Reduced amount of waste product to the environment.
- Reduced to produce the product which is impact on human health.
- Implement the alternative way to preserve environment like renewable raw materials.

### **Effort of Legacy President Mwalimu Nyerere on making relationship**

(Centre for Chinese studies, November 2006 )Tanzania's first president, Julius Nyerere, was active in establishing political relations with China and visited the PRC five times during his presidency, with numerous other visits

**Table 1. OFFICIAL VISITS OF CHINESE LEADERS TO TANZANIA**

DATE	VISITOR	PURPOSE
February 2003	Li Ruihuan Chairman of the National committee of the Chinese people's political consultative conference	TAZARA project
February 2005	Lichang Chun Member of standing committee of the Political Bureau of the CPC central committee	New agreement of economic and technology cooperation
June 2006	Wen Jiabao Prime Minister	Aid package
February 2009	Hu Jintao President	State Visit
January 2010	Chen Deming Minister of Commerce	2 economic and technical cooperation agreement
November 2011	Liu Yushan Head of the propaganda Department of the CPC central committee	Party-party
September 2012	Hui Liangyu Vice premier	Various agreements of economics and technology cooperation

Source of data: (Shi, April 2013)

thereafter.

(Altorfer-Ong, 2009) Nyerere recalled that in his meeting with Chairman Mao Zedong, President Liu Shaoqi and Premier Zhou Enlai, Liu had inquired what Tanzania needed most at that time. Nyerere was reluctant to mention the rail link at first because he was aware of the extent of poverty in China. But he eventually did and Liu replied. Mao replied that China, which had gained independence earlier, was 'duty-bound' to help those which are in the process of being emancipated, and that they would 'build the best railway for you' That offer was made on 18 February for the entire rail route, including the Zambian section, and with it came the Chinese government's assurance that full ownership would be handed over to Tanzania and Zambia upon the project's completion, along with the relevant technology and equipment. According to Nyerere's priorities to the Tan-Zam rail link emerged at the forefront of the Tanzanian government's agenda as a key supporter of the southern African liberation struggle. Second, the significance of the high-level visits made by Tanzanian and Chinese representatives which marked the growing relationship between the governments as well as the political importance of the relationship to their respective foreign policies. Nyerere's consolidation of power enabled him to manage the highly politicized, domestically within his government and internationally, in order to secure a sponsor for the link.

### **Economic history**

(OECD Investment Policy Reviews, 2013) From 1961 to

1967, Tanzania promoted the market economy it had inherited from colonial times. Economic policies considered the public sector as a source of support for private sector growth. To implement import substitution policies, investment programs targeted capital intensive industrial sector and infrastructure projects and concentrated in urban areas. At the same time, government efforts focused on increasing agricultural productivity and raising living standards in rural areas.

(PWC, SUMMER, 2013) Chinese investors are particularly well positioned to take advantage of the improved economic environment in Africa. The typical Chinese firm operating there is a large state-owned enterprise. These tend not to be the most efficient companies. But they do have a major competitive edge: they can avail themselves of subsidized credit from their deep-pocketed home. Whatever their concerns about the conduct of foreign investors, many Africans recognize the benefits of their presence. For example, China's investments in trade enabling infrastructure, such as ports and railways, are helping to drive both the level and diversification of Africa's exports

### **China's become a world super power**

(AYOOLA, 2013) Until 1980, China was grouped with the poorest countries in the world. The rise of China from a poor, stagnant country to a major economic power in the last three decades has been described as the greatest economic success stories in modern times. Prior to 1979, China maintained a centrally planned, or command,

economy where a large share of the country's economic output was directed and controlled by the state, which set production goals, controlled prices and allocated resources throughout most of the economy. In an attempt to support rapid industrialization, the central government undertook large – scale investments in physical and human capital. By 1978, nearly three- fourths of industrial production was produced by centrally controlled state – owned enterprises subject to centrally planned output targets. Private enterprises and foreign investment were nearly nonexistent. A central goal of the Chinese government was to make China's economy relatively self – sufficient. Foreign trade was generally limited to obtaining only those goods that could not be made in China. Beginning in 1979, the Chinese government launched several economic reforms which included inter alia, price and ownership subsidies for farmers, establishment of special economic zones for the purpose of attracting foreign direct investment, importing high – technology products into China, decentralization of economic policymaking. Since the introduction of these economic reforms, China has grown from a poor country to a major economic power in the world and as the world's second largest economy with the potentials of being the largest within a decade from now. China's role as the world super-power has been attributed to the following:

- (i) High Savings and Investment: China had a large accumulation of capital and vast improvements in productivity. Improved productivity increased growth and generated funds used for investment. The country also had large pool of domestic savings to draw from to finance investment. Savings as a percentage of GDP has risen above 52%;
- (ii) Foreign Direct Investment: China's trade and investment reforms led to a surge in foreign direct investment (FDI), which had been a major source of China's capital growth;
- (iii) Productivity Increase: Productivity gains have been a major cause of China's rapid economic growth since reforms were implemented. According to Goldman Sachs, the productivity gains were the result of China's extremely low starting point of economic development when reforms began and a profound evolution of government policies that have gradually but consistently reduced inefficiencies in the system;
- (iv) Increasing inputs of human and physical capital (for instance, investment in plant and equipment, education, infrastructure) and/or labour (i.e., growth in the labour force);
- (v) China invested heavily in their own proprietary national skills and this helped in developing high technology industrial sectors; and

- (vi) The country adopted an outward-oriented strategy which started with the utilization of their most abundant resource, unskilled labour, to produce labour-intensive manufactured products for exports because they had comparative advantage in them.

### **China aid to Tanzania**

(Johanna Jansson, October 2009 )Tanzania has received more than 100 cooperation projects and programs totaling over US\$ 2 billion since the early 1960s, although exact calculations are not available. The majority of earlier aid projects were undertaken in the form of turnkey projects, of which the most famous is the Tanzania-Zambia (TAZARA) railway linking Tanzania's Dar es Salaam with Zambia's Kapiri Mposhi in the Copper Belt. Tazara is one of the largest foreign aid projects China has ever undertaken, financed through an interest free loan of US\$ 500 million and built at the height of Cold War hostilities by the Chinese Railway Engineering Corporation (CREC) between 1970 and 1976.4

(Shi, April 2013) No other country in Africa has been closely connected to China as Tanzania, with an uninterrupted flow of aid since the 1960s. Since its independence and unification of Tanzania, China has supported it with more than 140 development projects in forms of grants and concessional loans. During the height of Tanzania's Ujamaa movement led by its founding father Julius Nyerere and in order to build a developed socialist country in the 1960s and 1970s, the most famous project of this long-time cooperation was the famous railway that connects Zambia and Tanzania until today

### **Agreement relationship China vs Tanzania**

(Embassy of the people republic of China in the united republic of Tanzania, 22/04/2008)Tanzanian first president Julius Nyerere visited China for five times during his presidency (1964-1985). In 1965, China and Tanzania signed "The Treaty of Friendship between the People's Republic of China and the United Republic of Tanzania". Many other agreements on bilateral co-operation in the fields of economy, trade, culture and health were also signed between the two countries.

(Centre for Chinese studies, November 2006) In June 1964 the two governments signed The Agreement on Economic and Technical Cooperation, according to which China agreed to provide economic and technical assistance to Tanzania in the form of equipment, goods and technical expertise to the value of \$US 28 million as an interest-free loan payable over 10 years with no

conditions, Bilateral agreements relationship Tanzania-China

- ❖ The Agreement on Economic and Technical Cooperation between the People's Republic of China and the United Republic of Tanzania, June 1964.
- ❖ The Trade Agreement between the People's Republic of China and the United Republic of Tanzania, February 1965.
- ❖ The Agreement between the Government of the People's Republic of China and the Government of the United Republic of Tanzania and the Government of Republic of Zambia on the Construction of the Tanzania-Zambia Railway, September 1967.
- ❖ The Barter Trade Protocol between the People's Republic of China and the United Republic of Tanzania, March 1984.
- ❖ The Agreement between the Government of the People's Republic of China and the Government of the United Republic of Tanzania on the Establishment of a Joint Economic and Trade Commission, August 1985.
- ❖ The Framework Agreement between the Government of the People's Republic of China and the Government of the United Republic of Tanzania for the Provision of an Interest-Subsidized Preferential Credit by China to Tanzania, 1996 and 1997.

### Trade relationship

(Mtui, March 2008) Trade Chinese-Tanzania trade relations have seen a change in the trade composition between the two countries during 1996-2006. This change has also led to a realignment of trade relations with Tanzania's traditional trade partners. The trade relations between China and Tanzania have both direct and indirect impact on the economy of the latter. The direct impacts range from increased export volumes and prices of certain raw materials, to availability of Chinese products which are accessible to a broad spectrum of consumers and thus improve their welfare.

(Centre for Chinese studies, November 2006 ) Trade volumes between Tanzania and China have seen extraordinary growth since 1965. Between 2000 and 2005, bilateral trade between the two countries increased by 524 percent to reach over US\$475 million. China's main exports to Tanzania are foodstuffs, vehicles, textiles, light industrial products, chemical products, mechanical equipment, electric appliances and steel. Tanzania's main exports to China are iron and copper ore, cotton, tobacco, seafood, raw leather and timber

### China registration companies in Tanzania

(Centre for Chinese studies, November 2006 ) In December 1997, the China Investment and Trade Promotion Centre was established in Tanzania to offer assistance in linking businesses in the two countries, list below are some Chinese Companies Registered in Tanzania

CADASP Tanzania Ltd.  
 China Civil Engineering and Construction Corporation  
 China Geo-Engineering Corporation  
 China Henan International Cooperation Group Co. Ltd.  
 China Huashi Enterprises Corporation  
 China Railway Jiangchang Engineering Co. Tanzania Ltd.  
 China Road and Bridge Corporation Ltd.  
 China Sichuan International Cooperation Co. Ltd.  
 MCC 20 – Hainan International Ltd.  
 Yuetan Engineering and Construction Ltd.  
 China Jiangsu International Economic-Technical Cooperation Corporation East African Company Ltd.  
 Sinohydro Ltd.  
 Beijing Engineering  
 China Chongqing International Construction

### China project

#### *Bagamoyo vs Kigoma project*

(Johanna Jansson, October 2009 ) In April 2008, Chinese President Hu Jintao and Tanzanian president Mr Jakaya Kikwete met and discussed the possibility of Chinese investment in a Special Economic Zone (SEZ) in Tanzania as a key initiative to stimulate trade and employment creation. In August 2008, two proposals were submitted to China Development Bank (CDB). The first proposal concerned the Mbegani-Bagamoyo SEZ that would be based 7 km south of Bagamoyo and 60 km north of Dar es Salaam. The Zone would include an international airport, a deep sea port and satellite communications equipment, and the total value of the investment would be an estimated US\$ 2 billion. The second proposal concerns the establishment of an SEZ to be created in Kigoma, one of the busiest ports on Lake Tanganyika with a functioning railway connection and a direct link to the seaport at Dares Salaam. Improvement of the infrastructure conditions at Kigoma are expected to improve conditions for trade. However, at the time of writing, no decision has yet been made on either proposal

#### *Tazara Railway project*

(Halmiton, June 14, 2013) In 1970, China began its \$500

million investment with the funding for the TAZARA Railway. The railway ultimately connected Zambia to Tanzania's largest city, Dar es Salaam, and China.

(Centre for Chinese studies, November 2006 )The project was financed through an interest-free loan of US\$500 million from the Chinese government. Built during the height of the Cold War, it is interesting to note that the USA financed part of a road that ran parallel to much of the railway track. The survey and design of this project started in May 1968 and the railway's construction, carried out by the Chinese Civil Engineering Construction Corporation, began in October 1970. The project was completed in 1975 and handed over to the government of Tanzania in July 1976. This project was approximately 50,000 Chinese technicians and workers. The project required the construction of 320 bridges totaling 16,520 meters in length; 22 tunnels with a total length of 8898 meters; and 93 stations with a total floor space of 376 000 square meters. In order to guarantee the smooth operation of the railway, China continued to provide interest-free loans, rendered technical assistance and cooperation by sending experts and technicians to assist with management or to act as consultants

### ***Shinyanga Project***

(Centre for Chinese studies, November 2006 )In February 2004, the Tanzanian Ministry of Water and Livestock Production signed an agreement with the China Civil Engineering Construction Company for the construction of a major water project aimed at increasing water supplies to towns and villages in north Tanzania

### ***Chalinze Project***

(Centre for Chinese studies, November 2006 )In 2001, the Chinese government provided US\$11.73 million for the Chalinze water supply project in the Chalinze area of Bagamoyo District. The area, which had long faced an acute shortage of water, had been relying on the 54 water wells dug by the villagers under a self-help development scheme; however, many had begun to dry up. Initiated in 2001 and completed in December 2003, the project provides over 7 million litres of clean water a day to 105,000 residents

### ***National Stadium project***

(Centre for Chinese studies, November 2006 )In November 2004, China agreed to cover half the cost of a national stadium in Dar es Salaam. The stadium, scheduled to be completed within 26 months, is designed according to the standards and specifications of the

Fédération Internationale de Football Association (FIFA) and the International Olympic Committee. With a seating capacity of 60,000 people, the stadium is already being earmarked to host national and continental soccer matches. Construction on the project by Beijing Engineering began in January 2005 and is scheduled for completion at the end of 2006 with the handover scheduled for mid-February 2007. The estimated total cost of the stadium is over US\$40 million, of which China will contribute US\$20.5 million

### ***Tanzania vs Mozambique Bridge project***

(Centre for Chinese studies, November 2006 )The governments of Tanzania and Mozambique contracted a Chinese company in October 2005 for a US\$24 million bridge connecting the two countries across the Rovuma River. The two-lane 720 meter long bridge will be 13.8 meters wide, with a height of between 7.5 and 10 meters, and is to be fully funded by the governments of both countries. It is scheduled for completion in 2008. The plans include building five kilometer-long access roads on either side of the river.

### ***Urafiki Textile Mill project***

(Shi, April 2013)Tanzania-China Friendship Textile Co., Ltd, or Urafiki Textile Mill, a name well received by most of the elderly living in Dares Salaam, is another good case that connects China's past aid and continuous commitments to Tanzania. The mill was built in the year of 1968 with an interest-free loan from the Chinese government, planning to enhance Tanzania's own ability of textile production both for domestic and neighbouring markets. It was one of the largest textile mills in East Africa at that time, with more than 20 buildings and 2,000 workers during its heyday. According to the original blueprint, the mill had been managed and operated completely by Tanzanians, while the Chinese side had provided merely technical support

### ***Morogoro-Chinese Agricultural Technology project***

(Shi, April 2013)The center is located in a town called Cholima in the Morogoro province 225 kilometers west to Dar es Salaam. The selection of site was recommended by the Ministry of Agriculture of Tanzania together with three alternatives, and was decided by the Chinese experts. The Tanzanians prioritized this region because of its rural geographic advantages. First of all, it is one of the main agricultural regions in Tanzania, possessing relatively better agricultural infrastructures, particularly a nearby large state-owned irrigated area. Second, it is

neighboured to Tanzanian agricultural research institute, which will make the necessary technology transfer more direct. the task to build an agricultural technology demonstration center in Tanzania and to transfer the necessary agricultural techniques to the locals was contracted to Chongqing Sino-Tanzania Agricultural Development Co., Ltd, which was co-funded by Chongqing Academy of Agricultural Science and Chongqing Agricultural Investment Group, both of which have a strong official background and are affiliated to China's largest city with a high agricultural productivity in its suburb. Local farmers living in the nearby villages and agricultural workers all over Tanzania have been regularly organized for training in the center, especially in the sowing and harvest seasons for straightforward planting skill and advanced agricultural techniques (Table 2).

### **Yiwu International Marketing**

Recent one of the major Chinese planned Economy depend on Hangzhou and Yiwu international marketing, Yiwu international marketing area around of 5 million meter square, more than 200,000 suppliers with exhibit of 500,000 kinds of products includes retail and wholesale trade, the Futian market expected to export product more than 65% into different countries. Yiwu international marketing has being categories into 5 districts;

- ❖ District 1: project finished 22/10/2002, complete area of 340,000 meter square, over 10500 business operate
- ❖ District 2: project finished 22/10/2004, complete area of 600,000 meter square, over 10,000 business operate
- ❖ District 3: project finished October 2008, complete area of 560,000 meter square, over 10,600 business operate
- ❖ District 4: project finished 21/10/2008, complete area of 1,739,000 meter square, over 10,000 business operate
- ❖ District 5: project finished 5/5/2011, complete area of 640,000 meter square, over 10,000 business operate

### **Confucius relation**

Exchange the cultural relationship between Tanzania and China will direct positively promote the bilateral cooperation between countries, (Xinjun, 2013-10-10). Membe said the establishment of the Confucius Institute at UDSM will further promote bilateral cooperation in the field of culture and education between

Tanzania and China. Huang Xuming emphasized that the Confucius Institute provides more opportunities to improve mutual understanding between the two countries

### **Critical Factor which influence the international business relationship Tanzania vs China**

#### ***Electronic shifting***

(Awan, 2013)The electronic industry is the fastest growing manufacturing industry in the world and it undergoes rapid product. Frequent electronic items called E-commercial which operate electronic business have become a fastest growing stream in the industrialized world. Current China led for the online payment, growing quantity and quality of E-commerce is beginning to reach proportions and industrialized countries all over the world. The position of E-commercial become legal and serious business over the world, example China presence of Ali baba, Weixin help China to over rapid selling product in the world

#### ***Greatest economic success***

China was short list in the grouped as poor countries in the world 1980. The rising moment of China economic from a stagnant country to world super power economic in the world has decades by the effort of the state where by the central government manage and controlled the large investments for input more human resources and physical capital. The effort emphasize by states was push China to shortlist as a greatest economic power success in the world.

#### ***Infrastructure***

Effective implement different project mode of transport like railway, port, air and road will direct positive affect to entrepreneur and trade relationship become more efficient on received and issue services to target market in a good manner.(Altorfer-Ong, 2009 )When the Chinese government first made a verbal promise to sponsor the construction of the Tanzania-Zambia rail link in February 1965, Tanzanian President Julius Nyerere was apprehensive about accepting it.

#### ***Agriculture and Manufacturing***

(Johanna Jansson, October 2009 )China has provided Tanzania with financing towards a number of other development projects over the years, mainly within the areas of agriculture and manufacturing. From 1990s,

**Table 2.** Some of the big success project which run by China government

Year	Projects	Sum
1968	Urafiki textile mill project	-
1975	Railway's construction	Usd 500 million
2001	Chalinze water plant	Usd 11.73 million
February 2004	Shinyanga water project	-
2005	Dar es Salaam National Stadium	Usd 25 million
2007	Agricultural technology Demonstration Centre	Usd 7 million
2008	Julius Nyerere International conference center	Usd 33.4 million
2008	Tanzania vs Mozambique bridge projects	Usd 24 million
2008	Special Economic zone	Usd 2 billion
2009	Cardiac surgery treatment & training center	Usd 9.33 million
2009	Malaria Prevention & treatment Centre	-

Source of data: (Shi, April 2013)

bilateral aid and economic and technical assistance focused on key industries such as textiles and agriculture dispersed by the Chinese Ministry of Foreign Relations and Trade (MOFERT)

### **Health care**

(Johanna Jansson, October 2009 )Since 1968, China regularly dispatches medical teams from Shandong Province to Tanzania. To date approximately 1000 medical workers have been sent to the country. In an interview with the CCS, the leader of the Chinese medical team noted that the Chinese medical workers often share their knowledge by teaching local Tanzanian health practitioners Chinese medicine.

(Centre for Chinese studies, November 2006 )Since the signing of an agreement on the dispatch of Chinese medical teams to Tanzania in 1967, 16 groups of medical personnel totaling more than 585 individuals have worked in hospitals and medical centers across Tanzania. A number of the doctors involved in these exchanges have since established their own private practices in Tanzania

### **Debt cancelling**

In July 2001, China agreed to partial debt cancellation for Tanzania. According to bilateral agreements, the Chinese government agreed to exempt Tanzania from the obligations of paying back 15 batches of interest-free loans to the value of US\$ 19.2 million which had matured by the 31st December 1999. The debt relief accounted for one third of Tanzania's total debt owed to China in this period. During President Hu Jintao's latest visit to Tanzania in February 2009, a donation of US\$ 22 million was made and a US\$ 56 million, 60,000 seat sports stadium financed by the Chinese government was inaugurated (Johanna Jansson, October 2009 )

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### **Procurement material**

(Centre for Chinese studies, November 2006 )The price of Chinese construction materials becomes more competitive, and the quality of their products improves, Tanzanian suppliers are also procuring an increasing amount of construction materials and fittings from China either directly or via Dubai. A high percentage of the construction materials for projects funded by the Chinese government are procured in China with only bulky materials such as steel and cement procured locally

### **Political Stability**

(MUSIBA) Tanzania is free of ideological confrontations, ethnic problems and labour disputes. It is a center of economic and political stability in Sub Saharan Africa. Multi-party democracy adopted in 1992 has not disturbed the peaceful political climate of the country. The political scene is characterized by parliamentary democracy and public consensus on key social and economic priorities

### **Geographical Location**

Major Tanzania ports location on side of Indian Ocean direct push Chinese put their base in Tanzania, major ports like Dar es Salaam ports, Zanzibar port, Tanga port, recently Tanzania government by cooperation with



Chinese government rebuilt a new big port in East Africa located on Bagamoyo. Tanzania neighbor Country like Congo, Rwanda, Uganda, Malawi, Burundi and Zambia depend ports service from Dar es Salaam ports. Most of investor took Tanzania has a main central of business location markets in East Africa.

### **Education**

(Johanna Jansson, October 2009 )In terms of educational assistance, it can be noted that around 600 Tanzanian students have studied in China since bilateral relations were established. In 2008 alone, more than 70 Tanzanian students were selected to pursue studies at Chinese universities.

(Johanna Jansson, October 2009). China and Tanzania signed two cultural cooperation agreements, one in 1962 and the second in 1992, to facilitate the exchange of students. Over 80 Tanzanian students have completed studies in China. Many of these students are fluent in Mandarin and are currently working with Chinese businesses, including construction companies in Tanzania

### **Quality and Standards**

Receipt Tanzania adapt the quality and standard of work/product which produce by Chinese company, the quality standard of Chinese product it's so cheap and affordable price everyone can manage to import, the electrical product like hisense, xiaomi and Lenovo become famous and replace other big company in the marketing like Hitachi, Toshiba and other.

(Lucy Corkin, 2008 )There is a general trend of construction companies, both Chinese and others, buying materials imported from China due to the cheaper prices. Although opinions on the quality of these Chinese materials vary, the majority of respondents agreed that quality is improving rapidly

### **Employment opportunity**

(Lucy Corkin, 2008 )The general perception is that Chinese companies not only bring in their own labour but underpay the local labour they do employ. Chinese workers are well trained and considered skilled. The skills level of Chinese workers is recognized across the industry. They usually undergo an intensive training programed, prior to expatriation. In addition, Chinese workers are multi-skilled and will be involved in each section of construction. Whereas it is normal practice to employ tiered hierarchies of workers, it has been found that Chinese artisans can also double up as manual

laborers and participate in manual labour as well as the more skilled undertakings of an artisan, so Tanzania labor got a chance to have a training from Chinese worker to operate multi-task to be competent during and after the projects

(Centre for Chinese studies, November 2006). A good number of companies reported that they employed locals as managers and several reported local staff at senior management levels though none reported Tanzanians being employed at executive levels. Workers in Chinese companies commonly receive on-the-job training, particularly in the operation of machinery.

### **China policy to foreign country**

(Schiere, May 2011 )China's phenomenal growth offers an opportunity to boost development in African countries. In 2008, trade between Africa and China reached \$100 billion and FDI flows from China to Africa amounted to \$5.4 billion. Moreover, China's loans and concessional assistance financed a wide range of development projects

(Forum on China-Africa cooperation , 22/06/2011)The founding of the People's Republic of China in 1949 marked the initiation of contemporary China-Africa trade and economic relations .From the 1950s to the 1970s, African countries were preoccupied with their fight for national liberation while China worked to safeguard its own sovereignty and territorial integrity. They supported each other, forged friendship and mutual trust, and laid g good political foundation for the future growth of trade and economic relations

(Shi, April 2013)The origin of China's thinking on the relations with African countries in terms of aid can be traced back to half a century ago. In the year of 1964, China's Prime Minister Zhou Enlai presented the Eight Principle son China's External Economic and Technical Assistance during his marathon visits to up to fourteen Asian and African countries including Tanzania. The principles demonstrated China's programmatic political and economic thinking on external economic and technical assistance, the concise summary of which is:

- ❖ China does not offer one-way aid. Aid is mutual and based on quality.
- ❖ China respects strictly recipient countries' sovereignty, with absolutely no conditions and prerogatives.
- ❖ China gives aid by way of interest-free or low interest loans.
- ❖ China does not want recipient countries to become dependent on aid. China to help them to be self-reliant and economically independent.
- ❖ The projects that China assists are aimed at

increasing recipient governments' funds in a short time. Thus, they are projects with small investment but rapid returns.

- ❖ China promises to offer the best equipment and material that China can produce itself, based on prices determined in the global market, and is responsible for the return of disqualified ones.
- ❖ China promises to make the local technicians of recipient countries sufficiently master the technologies that China transfers.
- ❖ Chinese experts will live in the same standard with the local counterparts. They are not allowed to have any privilege.

## CONCLUSION

The good cooperation which we have between two Countries, Tanzania government should use this opportunity to pressurize and set up some strict role to all Chinese company to make shifting company in Tanzania for further production instead of importing complete product from China, vivid example in mostly of U.S.A company they just own the original of brand name but the procedure of product reassembly made in China like Apple.(Johanna Jansson, October 2009) It was argued that many Chinese economic actors in Tanzania obtain investment licenses but continue to import Chinese goods into Tanzania rather than making actual investments. Some respondents believed that this could be a strategy to test the market before establishing manufacturing operations.

Trade equalizes the prices of traded goods and factors worldwide, the importance of property rights in the context of international trade when two identical countries, both with same inputs and outputs, and with the same endowments, technologies and preferences.

Trade is necessary for efficiency when two countries are identical, yet trade occurs when they have different property rights regimes. In this context, we establish two general propositions. First, the country with ill-defined property rights observe the environment as an input to production and these ill-defined property rights by themselves create a motive for trade between two otherwise identical countries. Second, for the country with poorly defined property rights, trade with a country with well-defined property rights increases the overuse of resources and makes the miscalculation worse, transmitting it to the entire world economy. Tradeoff between economic growth and environment because of desire to high growth and excessive use of resources that cause environmental pollution. Poor people and poor countries depend on the soil for food, the rivers for water and forests for fuel. Because they need these resources desperately, they have little choice. (Awan, 2013)

## ABBREVIATION

TANU	-	Tanganyika African National Union
PRC	-	People Republic of China
GDP	-	Gross Development product
FDI	-	Foreign Direct Investment
USD	-	United States Dollar
TAZARA-CREC	-	Tanzania- Zambia Railways Authority -Chinese Railway Engineering Corporation
SEZ	-	Special Economic Zone
MOFERT-		Ministry of Foreign relations and Trade

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