

Tanzania Catalyst for Russian Growth



By Damas Kanyabwoya

DAR ES SALAAM, Tanzania, May 04, 2016 (The Citizen) — It is clear that Russia is seeking business and economic breakthrough with Tanzania. Whether it is part of its geopolitical adventures or genuine efforts to lessen economic sanctions imposed on it by the West after its forays into Ukraine, it is difficult to tell.

But as Russian industrialists seek strategic raw materials, it is not difficult to see why Tanzania, endowed with rich mineral and agricultural resources, could be a target. The intensification of economic activities between the two countries peaked by the Russia-African business forum that took place on Thursday and Friday.

The two-day event brought in Russia's businesspeople, industrialists, government officials and their Tanzanian counterparts. The Russian delegation was led by minister for Industries and Trade Denis Mansurov.

The main purpose of the business mission, according to organisers, was to increase Russian presence in the EAC market and explore the potential for social and economic cooperation in agriculture, mining, energy (natural gas and oil), tourism, economic infrastructure, manufacturing, fisheries, banking, insurance, education and health.

However, Russia's renewed forays into the country did not start last week. Russian investors have already had activities in Tanzania, the most significant being a uranium mining project in Ruvuma Region. Mkuju River Mine, so far the only major uranium mining company in the country, is operated by Uranium One owned by Russian state Atomic Energy Corporation Rosatom by 100 per cent.

The Mkuju River project was originally owned by Mantra Resources of which Uranium One had a minority interest (17 per cent). But then it moved to purchase the whole mining project for \$1.15 billion.

Mr Mansurov announced during the business forum that uranium extraction at the industrial scale was planned to start in 2018. Uranium deposits are estimated to be 59,000 tonnes in the project. As global competition increases Russia's industries seem also keen on diversifying their markets.

During the business forum, the Irkut Corporation, the Russian aircraft manufacturer signed a Memorandum of Understanding with Air Tanzania Company Limited (ATCL) for the possibility of supplying short and medium-range aircraft MS-21 to ATCL.

During the forum Mr Mansurov announced that "Tanzania could serve as a springboard for Russia's expansion into the vast East African market."

He said Russian manufacturing giants such as Russian Helicopters, United Aircraft Corporation (UAC) and United Wagon Company (UWC) were eager to work on industrial projects in Tanzania.

He also revealed that Russia was ready to build a nuclear reactor in Tanzania for scientific research and medical purposes.

"Russia has been implementing over 50 similar projects, including 20 in Russia and more than 30 worldwide," he explained. Tanzania-Russian relations started since independence, when the two countries opened diplomatic relations.

Russian, then, went ahead to help the new nation in financial, technical and military aid. The then global communist giant provided thousands of scholarships to Tanzanians to study in Russia. Tanzanian ambassador to Russia Wynjones Kisamba says since 1961 a total of 3,000 Tanzanians have studied in Russia. The first bilateral investment forum between Tanzania and Russia was held in 2009.

During a visit to Russia early last year, former minister for Foreign Affairs Bernard Membe and his Russian counterpart Sergey Lavrov agreed to speed up the process of establishing a Tanzanian-Russian Intergovernmental Commission on Trade, Investment and Economic Cooperation.

The plan was for a cooperation agreement to be ready by the first quarter of 2015, but it fell behind the deadline and was expected to be signed at last week's forum. The aim was to expand trade and investment between the two countries.

Tanzania's exports to Russia are \$52 million while imports from Russia are \$ 60 million. Russian mainly exports ferrous metals, machinery and equipment, fertilisers to Tanzania, while Tanzania exports agricultural products to Russia. **(END)**