

St-Augustine University
EU Relations with Tanzania

3 May 2016

Dear Heads of Academic Departments

Lecturers and Tutors

Dear Students

Ladies and Gentlemen

INTRODUCTION

It is a pleasure to be here today at the St-Augustine University of Tanzania.

Nashukuru kukutana na taifa la leo na la kesho la Tanzania

I am happy to learn that this is a centre of learning that has the respect for human dignity at the heart of its mission. The European Union shares this fundamental value.

Human Rights are at the core of the EU agenda. In this respect, I am delighted that the University has established a Human Rights Centre in response to the rise in violations of fundamental human rights, particularly the killing of elderly women accused of witchcraft in the lake zone region.

SAUT is a key partner of the solar-hybrid mini-grid programme "JUMEME" that we are supporting. We recently had the launch in Ukara Island. My colleagues have told me that students from SAUT have been employed by JUMEME. We are proud of making a contribution so that more Tanzanians in the rural areas can get electricity, and we are especially happy when young people seize a job opportunity.

EU-TANZANIA PARTNERSHIP

Today I would like to tell you about the partnership and cooperation between Tanzania and the European Union. I will talk about the relationship, the development cooperation, education and youth and trade and investment.

40 years ago, in 1975, nine European Countries¹ and 46 African Caribbean and Pacific Countries signed the 1st Lomé Convention. One of the first new Delegations of the European Economic Community, as it was called then, was opened in Tanzania.

Since 1975 we have had eight Heads of Delegation. We have moved premises three times and grown considerably. The Delegation of the European Union is now led by a fully-fledged Ambassador, as provided for in the EU Lisbon Treaty since 2010.

Today, Tanzania is on a path to become a middle income country and a mature multi-party democracy, while the European Union has more than tripled its membership and established itself as global player.

Tanzania with Nyerere's imprint of gradual self-reliant state-building and Europe with its soft approach to power have gone a long way in consolidating their partnership on equal footing and on mutual respect.

The main principles of this partnership are shared values: respect of human rights, good governance and the rule of law; the equality of partners; and national ownership of development processes.

Today, the European Union is the world's largest aid donor and the biggest trading bloc – with a unique position to influence and support sustainable growth and development across the globe, particularly in Africa.

Back in the 1950s, the picture was very different: Europe was coping with the aftermath of the world's deadliest conflict to date, World War II, and the continent was fractured by political and economic divisions.

Yet it was around this time that the beginnings of the modern-day European Union began to take shape. Six European nations joined together in March 1957 to sign the Treaties of Rome, determined to mend the wounds that still hurt European countries in the wake of the war and to prevent future conflict.

Inspired by the vision of Sir Winston Churchill, Robert Schuman, Konrad Adenauer, Altiero Spinelli and other Founding Fathers who called for post-war unification of Europe, the Treaties of Rome set in motion a process that ultimately has led to the formation of today's global powerhouse, the European Union.

At the same time as the European Union was coming to life, the United Republic of Tanzania was emerging from its own struggle against colonialism as an independent nation, with its own distinct set of values. It would then become also a leading player in East Africa.

On the international stage, the European Union seeks to strengthen global security and preserve peace, promote international cooperation, develop and consolidate democracy and the rule of law, respect for human rights and fundamental freedoms.

Since 1975, cooperation between the EU and the African, Caribbean and Pacific countries (ACP) has grown. The framework for this cooperation has adapted over the years and is now guided by the Cotonou Agreement, signed in 2000, which is currently under revision.

DEVELOPMENT COOPERATION

In 2014 the EU and its Member States were still the world's largest provider of development aid, contributing **58.2 billion €** in Official Development Assistance.

The primary goal of EU development cooperation is to support poverty eradication and sustainable development.

Specifically in Tanzania, our cooperation has three main objectives: to reduce poverty, to promote sustainable development and to support the integration of the country into the world economy.

Most of the EU's funds for Tanzania come from a financing pot outside of the EU budget, to which all Member States contribute. This is called the European Development Fund (EDF).

Aid granted to Tanzania through the EDF has increased considerably since the early years of our cooperation. It was 101 M€ for the 1975-1980 period, and the current envelope is **626 M€** for the **2014-2020** period.

The ongoing seven-year Programme prioritises **Good Governance, Energy and Sustainable Agriculture**.

Good governance: 290 M€ (46% of the total envelope) are set aside to support good governance. This includes budget support, helping reforms of public finance management, legal aid and anti-corruption initiatives.

Agriculture: an envelope of 140 M€ for agriculture and food security, supports efforts at national and regional level to promote agriculture transformation and rural development. Our assistance has strengthened the ability of coffee and tea research institutes to respond to the needs of the industry stakeholders. This has led to tangible results with better profits and livelihoods for smallholder producers. Sugar, fisheries, cotton and horticulture are also supported, to enhance productivity, quality and standards and increase their value-added.

Energy: 180 M€ is foreseen for the energy sector to ensure access to affordable, reliable, sustainable and modern energy for all. Activities include rural energy access from mini-hydro projects, biogas digesters and solar systems, the development of transmission and distribution infrastructure, as well as support to the Tanzania strategy for the electricity supply industry. We are scaling up our engagement for access to rural electrification and important sector reforms.

We also support civil society organisations, promote human rights, cultural cooperation, the fight against climate change, wildlife conservation and the protection of the environment.

EDUCATION AND YOUTH

The European Union believes in the youth and sees the urgency of action to support the growing number of young people to find work, establish careers, and make the Tanzanian nation grow.

In Tanzania we support the Youth Economic Empowerment programme with PLAN International for 3.1 M€, assisting the youth to get training through the Vocational, Education and Training Authorities (VETA), as well as craftsmanship training, to build careers and livelihoods.

We are currently preparing a new programme to support graduates to prepare for the world of work, to address concerns by the private sector at the lack of work readiness of graduates. I encourage all students to volunteer and take up internships as you seek to enter the very competitive job market in Tanzania.

The EU recognises the importance of education and we fund the Erasmus plus programme, which supports student and lecturer mobility in Africa and in Europe, and also provides a number of scholarships for masters and PhD students and lecturers.

TRADE AND INVESTMENT

The EU and Tanzania have a strong trade and investment relationship.

As a trading bloc, the EU is Tanzania's second largest export destination and its third largest trading partner (after India and China).

EU statistics tell us that total trade between the EU and Tanzania amounted to €1,6 billion in 2014, representing 10% of Tanzanian total trade.

However, in terms of ranking, Tanzania is only ranked as 90th trading partner for the EU. And in percentage of the EU's total world trade, Tanzania's share is registered below 0.0%. Tanzania trade relations with the EU need to keep up with the global pace.

Also, 50% of Tanzania's exports to the EU are agricultural products, 12% are fishery products and 38% are semi industrial products. On the other side, 91% of the EU's exports to Tanzania are industrial products. This pattern is rather traditional – there is an urgent need for Tanzania to level up the value-chain. The EU has a lot to offer: strong trade relations and relevant technologies.

Our trade relationship is expected to grow rapidly in the near future when the **Economic Partnership Agreement** (EPA) with the East African Community (EAC) comes into force. In this context it is important to develop ways to promote trade, supporting Tanzanian exporters to find new business opportunities and trade partners in Europe.

Conversely, Tanzania should foster trade promotion instruments and legislation that attract EU investors who are willing to develop markets, transfer know how and create jobs in Tanzania.

In terms of **investment**, approximately 1,000 EU businesses are operating in Tanzania, which makes the EU one of the largest providers of Foreign Direct Investment (FDI) and an important contributor to Tanzania's labour market and domestic revenues.

EU investors are present in a wide range of sectors in Tanzania such as in agro processing, tourism, extractive industries, telecoms, banking, ports, and construction. The opportunities that the European markets and investors offer to the Tanzania economy have not been exploited to their full potential, due to the limited means devoted to market access and trade promotion.

According to data from the Tanzania Investment Centre (TIC), companies from 26 EU+ countries (including Norway and Switzerland) have invested in Tanzania. The United Kingdom leads among EU+ countries with 544 companies registered with TIC. Italy is another leading source of investment, with many Italian companies focused on tourism-related ventures, particularly in Zanzibar. Investment from the Netherlands is also significant and is largely concentrated in agriculture and agro-processing.

Other EU+ investors are widely distributed in other sectors, including manufacturing, services, trade, energy, infrastructure, banking, retail and logistics. Taken together, from 2007-2014, the total amount of new capital investment undertaken by EU+ companies in Tanzania was 19 billion USD.

The private sector is an essential actor of growth.

While promoting trade and investments, it is crucial to mobilise the private sector to support the efforts of universities and tertiary education institutions to integrate young Tanzanians with university degrees in order to reduce the gap of unfulfilled job offers in the Tanzanian labour market.

CONCLUSIONS

The European Union has been supporting Tanzania's economic and social development for 40 years. In time, our relationship has become more complex and more mature. Economic integration as well as political and

security considerations at national and regional level are becoming shared priorities. Of course none of this could have happened without the stable and peaceful Tanzania that we have witnessed over fifty years.

As Federica Mogherini, the EU High Representative for Foreign Affairs and Security Policy stated: "This is a remarkable achievement, in a region that has experienced too many conflicts in the past decades. The EU highly values the United Republic of Tanzania's contribution to peace and democracy in Africa".

Through these last 40 years, development cooperation has been a major feature of EU-Tanzania relations. Tanzania has received more than **3 billion €** to implement an extensive range of projects and programmes on the ground.

Activities have spanned from infrastructure construction to rural development, from support to education to cultural heritage promotion, from electrification to water supply, from empowering local communities to strengthening good governance and protecting human rights.

We are proud that we have helped the Tanzanian people in their quest for a decent life for all and will continue to do so.

ANNEX

11th EDF National Indicative Programme – 2014-2020

Sector	Indicative Amount (in MEUR)	Indicative % of total
Good Governance and Development - <i>budget support</i> - <i>Accompanying measures</i>	291 270 21	46,5 %
Energy - <i>Sector Reform Contract (including Accompanying measures)</i> - <i>Infrastructure and Capacity development</i>	180 90 90	29 %
Sustainable Agriculture	140	22 %
Measures in favour of private sector	3	0.5 %
Support measures	12	2 %
Total of the NIP	626	100 %