

TANZANIA PRIVATE SECTOR FEDERATION

Policy Brief

TPSF Perspective on Protecting Local Industries and Strengthening Tanzania's Steel Manufacturing Sector

"Promoting Fair Competition, Local Content and Sustainable Industrial Growth"

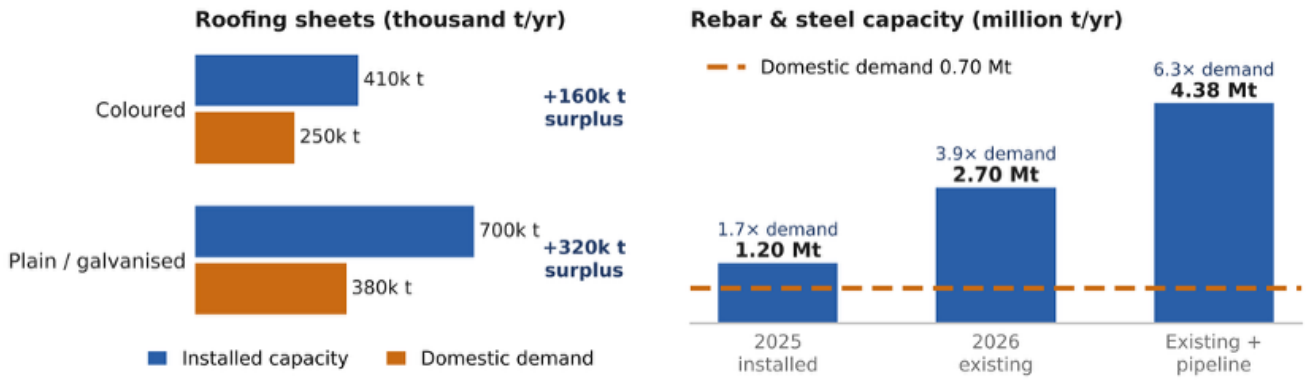
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1. Introduction

Steel is a strategic input to Tanzania's economic development, underpinning construction, transport, energy, water infrastructure, agriculture and manufacturing. Its availability, quality and cost therefore have direct implications for infrastructure delivery, industrial competitiveness and investment.

The Long-Term Perspective Plan 2050 recognizes the steady progress of Tanzania's manufacturing sector, reflected in output growth, its contribution to GDP, manufactured exports and rising investment. In 2024, the sector grew by 4.8%, contributed 7.3% to GDP and generated manufactured exports worth USD 1.34 billion. Consistent with the Government's industrialization agenda, private sector investment has expanded domestic steel and roofing-sheet manufacturing. By March 2024, Tanzania had 28 steel and steel products factories, including 19 reinforcement bar producers, with an installed capacity of approximately 1.30 million tonnes annually. Installed Steel capacity rose to 2.70 million Tonnes in 2025 and further expansion by the 4 major players will lift it to 4.38 million Tonnes against a domestic demand of 0.70 million tonnes.

Further evidence of domestic manufacturing capacity in roofing sheets is reflected in the Ministry of Industry and Trade's 2026/27 Budget Speech, presented to Parliament on 22 May 2026. The Minister reported that five major roofing sheet manufacturers including Lodhia, MMI Steel, ALAF, Kinglion and GSM had a combined installed capacity of 1.11 million tonnes annually, against estimated domestic demand of 630,000 tonnes. Production was reported at approximately 70% of installed capacity, with surplus products exported to Burundi, Rwanda, the Democratic Republic of Congo and Malawi as indicated in the below figures.



Source: Ministry of Industry and Trade and company projections

2. Key Challenges Identified

Import Competition and Trade Protection: Continued importation of finished steel products, including through undervaluation and exemptions, undermines the competitiveness of domestic manufacturers despite adequate local production capacity.

Inadequate Local Procurement Preference: Despite existing public procurement provisions that grant a 15% of margin for preferential treatment of locally manufactured goods, local steel products are not adequately prioritized in construction and infrastructure projects, limiting market access for domestic producers.

Cumulative Regulatory and Agency Charges: Additional regulatory and agency fees, including the minimum agency fees on dry bulk cargo and Customs Processing Fees increase operational costs for manufacturers and warrant review to ensure proportionality and competitiveness.

3. Policy Recommendations

TPSF proposes the following policy recommendations to protect Tanzania's steel industry:

Policy Area	Recommendation
Fair competition against imported Steel Products	Maintain the current tax regime on steel products, introduce Minimum Import Price for all steel products import to curb under valuation and Increase IDL on roofing sheets (flat-rolled) from 5% to 10%
Procurement of Local Domestic Products	Register local steel on the PPRA NeST list and PPRA is requested to monitor the margin in works contracts and issue BOQ guidance.
Reduced costs of production	Reduce the cost of doing business for Manufactures by exempting manufacturers' raw materials from Customs Processing Fees (CPF) and engage with stakeholders on other regulatory fees including the Minimum Agency Fees for Dry Bulk Cargo.

4. Conclusion

Tanzania has made significant progress in building its domestic steel industry. TPSF therefore advocates for policies that consolidate these gains by ensuring fair competition, proper valuation and taxation of imports, and procurement frameworks that priorities quality certified locally manufactured steel.