Tanzania’s economic freedom score is 61.7, making its economy the 89th freest in the 2020 Index. Its overall score has increased by 1.5 points due to higher scores for property rights and fiscal health. Tanzania is ranked 6th among 47 countries in the Sub-Saharan Africa region, and its overall score is well above the regional average and approximately equal to the world average.

The Tanzanian economy has been in the moderately free category for two consecutive years. GDP growth has recorded healthy gains for the past five years, driven by the industrial sector, construction, and mineral exports.

The government says it prioritizes industrialization and job creation with a commitment to pursuing a development strategy led by the private sector. However, its tilt toward economic nationalism and its erratic regulatory changes, abrupt tax increases, and lack of transparency have combined to undermine the achievement of its stated priorities.

**ECONOMIC FREEDOM SCORE**

- **Score:** 61.7 ▲ UP 1.5 POINTS
- **Regional Average:** 55.1
- **World Average:** 61.6

**HISTORICAL INDEX SCORE CHANGE (SINCE 1995):** +4.4

**RECENT FREEDOM TREND**

- 2016: 58.5
- 2017: 58.6
- 2018: 59.9
- 2019: 60.2
- 2020: 61.7

**BACKGROUND:** In 1964, shortly after independence from Britain, Tanganyika and the island of Zanzibar merged to form Tanzania. The Chama Cha Mapinduzi (CCM) party has been in power continuously since independence. John Magufuli of the CCM, who was elected to a five-year term as president in 2015, launched an aggressive anticorruption campaign but also cracked down on political opponents and civil society. Despite vast mineral and natural resources and tourism, most Tanzanians are poor and dependent on subsistence agriculture. In 2016, a large helium gas field was discovered, and Uganda and Tanzania are negotiating the details of a proposed oil pipeline from western Uganda to Tanzania’s Tanga port. Tanzania is also exploring construction of a pipeline to pump natural gas to Uganda.

**QUICK FACTS**

- **Population:** 51.0 million
- **GDP (PPP):** $175.8 billion
- **GDP growth in 2018:** 6.6%
- **5-year compound annual growth:** 6.6%
- **$3,444 per capita**
- **Unemployment:** 1.9%
- **Inflation (CPI):** 3.5%
- **FDI Inflow:** $1.1 billion
- **Public Debt:** 36.0% of GDP

2018 data unless otherwise noted. Data compiled as of September 2019.
## 12 Economic Freedoms | Tanzania

### Rule of Law

<table>
<thead>
<tr>
<th>World Average</th>
<th>1-Year Score Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>41.9</td>
<td>(+6.5)</td>
</tr>
<tr>
<td>43.4</td>
<td>(+2.0)</td>
</tr>
<tr>
<td>32.5</td>
<td>(+0.7)</td>
</tr>
</tbody>
</table>

- **Property Rights:** Secured interests in property are recognized and enforced, but complex land laws have provoked numerous disputes, and land ownership remains restricted. The judiciary suffers from underfunding and corruption. Judges are political appointees, and the judiciary’s lack of an independent budget makes it vulnerable to political pressure. Despite some progress in recent years, corruption remains a problem.
- **Judicial Effectiveness:**
- **Government Integrity:**

### Government Size

<table>
<thead>
<tr>
<th>World Average</th>
<th>1-Year Score Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>80.6</td>
<td>(+0.1)</td>
</tr>
<tr>
<td>91.6</td>
<td>(+1.3)</td>
</tr>
<tr>
<td>92.9</td>
<td>(+7.7)</td>
</tr>
</tbody>
</table>

- **Tax Burden:**
- **Government Spending:**
- **Fiscal Health:**

The top personal income and corporate tax rates are 30 percent. Other taxes include a value-added tax and an interest tax. The overall tax burden equals 11.8 percent of total domestic income. Government spending has amounted to 16.8 percent of the country’s output (GDP) over the past three years, and budget deficits have averaged 1.7 percent of GDP. Public debt is equivalent to 36.0 percent of GDP.

### Regulatory Efficiency

<table>
<thead>
<tr>
<th>World Average</th>
<th>1-Year Score Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>45.9</td>
<td>(+0.2)</td>
</tr>
<tr>
<td>66.4</td>
<td>(+1.8)</td>
</tr>
</tbody>
</table>

- **Business Freedom:**
- **Labor Freedom:**
- **Monetary Freedom:**

Tanzania has launched online company registrations, but draconian regulations such as the ban on all private land ownership constrict the business environment. A vibrant labor market does not exist. About 65 percent of the workforce is employed in agriculture. The government provides large subsidies to state-owned enterprises and maintains price controls on fuels, utilities, and agricultural commodities.

### Open Markets

<table>
<thead>
<tr>
<th>World Average</th>
<th>1-Year Score Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>67.8</td>
<td>(No change)</td>
</tr>
<tr>
<td>55.0</td>
<td>(No change)</td>
</tr>
<tr>
<td>50.0</td>
<td>(No change)</td>
</tr>
</tbody>
</table>

- **Trade Freedom:**
- **Investment Freedom:**
- **Financial Freedom:**

The total value of exports and imports of goods and services equals 32.2 percent of GDP. The average applied tariff rate is 8.6 percent, and nontariff barriers further undercut flows of trade. Bureaucratic delays and other institutional hurdles discourage foreign investment. Credit is allocated largely at market rates, and commercial credit instruments are available to the private sector, but capital markets are rudimentary.