Tanzania’s economic freedom score is 60.0, making its economy the 83rd freest in the 2023 Index. Its score is 0.5 point higher than last year. Tanzania is ranked 6th out of 47 countries in the Sub-Saharan Africa region, and its overall score is slightly higher than the world average.

Despite a decade of progress in achieving income growth and reducing poverty, the Tanzanian government seems to lack the strong commitment to further institutional reform that is needed for long-term economic development. Long-standing structural problems include poor management of public finance and an underdeveloped legal framework that interferes with regulatory efficiency.

**BACKGROUND:** In 1964, shortly after independence from Britain, Tanganyika and the island of Zanzibar merged to form the United Republic of Tanzania. The Chama Cha Mapinduzi party has been in power continuously since then. President John Magufuli’s reelection to another five-year term in 2020 was marred by violence and by intimidation and harassment of the opposition. With Magufuli’s death in 2021, Vice President Samia Suluhu Hassan became president. Despite vast mineral and natural resources and tourism, most Tanzanians are poor and dependent on subsistence agriculture. Plans for construction of an oil pipeline from western Uganda to Tanzania’s Tanga port are ongoing.
The overall rule of law is weak in Tanzania. The country’s property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

The top individual and corporate tax rates are 30 percent. The tax burden equals 11.7 percent of GDP. Three-year government spending and budget balance averages are, respectively, 17.1 percent and −2.5 percent of GDP. Public debt equals 40.7 percent of GDP.

The business environment remains hampered by problems in the regulatory framework, although requirements for launching a business are not time-consuming. Labor regulations are not modern and flexible enough to support a vibrant labor market. The lack of market competition hurts monetary stability.

The trade-weighted average tariff rate is 9.7 percent, and costly nontariff barriers further inhibit trade. Investment regulations are outmoded, and burdensome bureaucracy is an ongoing deterrent to investment growth. A range of commercial credit instruments is available to the private sector.