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## RESEARCH BRIEF 6/2018

### Security Institute for Governance and Leadership in Africa

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#### **Robust Leadership: Magufuli disrupting East Africa**

Since his election as Tanzania's president in November 2015, John Magufuli has been cleaning up Tanzania's corrupt administration, increasing government's efficiency, and positioning Tanzania as the foremost economy in East Africa. His leadership style has been strongly authoritarian, giving clear direction and a strong indication that he would put Tanzania first, quite willing to do what it takes to achieve this. This has unfortunately contributed to cooled relations between Tanzania and Kenya, and has destabilised the political situation in Tanzania itself.

From a positive point of view, he fired six senior officials at the Tanzania Revenue Authority, including the Commissioner. He also suspended the director general of the Tanzania Ports Authority over a scandal involving the non-payment of \$40 million in import taxes. Magufuli also sacked the director general of the Prevention and Combating of Corruption Bureau, due to the [slow pace of the fight against corruption](#).

He reduced the cabinet from 30 to 19 posts by merging ministries. To cut costs, he banned non-essential foreign travel for politicians and business class flights for all but the most senior figures. He then [replaced Independence Day celebrations](#) with a street cleaning campaign.

In what could be seen as a negative, the Tanzania's Human Rights Report 2017 indicated bans on media outlets and restrictive laws relating to freedom of expression. Journalists were threatened, harassed and arbitrarily arrested. Four newspapers were banned and fined for various reasons. Bloggers will in future also need to [register with the government](#) and submit to strict regulations.

#### **Magufuli targets the mining sector**

Tanzania's mining sector contributes nearly 3% to the gross domestic product (GDP) annually. In March 2017, Tanzania [banned the export of unprocessed minerals](#). In July 2017, Tanzania's mining policy regime was overhauled. The royalty rate on gold was raised from 4% to 6%. The [government is now entitled](#) to a 16% share of mining companies' stock without compensation, and empowered to purchase a further 34%. The latest development pits mining companies against Magufuli's government.

In July 2017, the government fined Acacia Mining \$190 billion for allegedly operating illegally in Tanzania and failing to fully disclose its earnings in two decades. The fine incorporates \$40 billion in unpaid taxes and \$150 billion in interest and penalties. It represents 40 times Acacia's total revenue of 2016 or four times the size of [Tanzania's GDP](#).

Tanzania's government subsequently struck a deal with Barrick Gold, Acacia's parent. Barrick Gold said it would pay the government \$300 million as part of the deal, give it a 16% stake in its mines, and equally [split "economic benefits"](#) from the mining operations.

Magufuli announced in July 2017 that if the mining companies continued to delay negotiations, he would close all mines and [give them to Tanzanians](#).

### **Magufuli takes on Kenya**

Magufuli clearly has leadership aspirations for Tanzania and prepared to put national interests above regional interests. He has been looking at Tanzania's priorities at the expense of the East African Community. First, Magufuli declared that Tanzanian companies should not import from Kenya anything that could be bought locally. In May 2016, Tanzania announced that it would reduce the amount of [electricity it buys from Kenya](#) by 67%.

Tanzania also [blocked preferential access](#) for Kenyan textile goods manufactured outside the export processing zone (EPZ), after Kenya allowed textile and apparel manufacturers operating in the EPZ to offload their final textile products in the Kenyan market duty free.

Magufuli [refused to sign](#) the European Union's (EU) Economic Partnership Agreement (EPA), stating it was bad for Tanzania. Kenya would [lose the most without a signed deal](#), as the other member states (classified as Least Developed Countries) would continue getting duty- and quota-free access under the EU's "Everything But Arms" initiative.

Tanzania dealt Kenya another blow by [distancing itself from the common visa](#) launched between Kenya, Uganda and Rwanda. Tanzania also wants nothing to do with the joint marketing strategies pushed by these countries.

In August 2017, the leaders of Tanzania and Uganda laid a foundation stone for the construction of a \$3.55 billion crude export pipeline to pump Ugandan oil for international markets. Uganda [picked Tanzania over Kenya](#) for the export pipeline, because of lower costs and risks. Rwanda also announced that it would [develop its railway line through Tanzania](#), as it would be cheaper and shorter than through Kenya. This was after an agreement in 2013 in which Rwanda, Kenya and Uganda agreed on Mombasa, Kenya.

To prevent a trade war, Kenya and Tanzania recently adopted a [more proactive role in preventing and settling disputes](#). Quarterly meetings would improve communications between them, and resolve issues such as multiple charges on levies, the lack of preferential treatment, delays at border points, standardised inspection fees, etc. However, Tanzania and Uganda thereafter rejected certificates of origin issued by the Kenya Revenue Authority (KRA).

### **General**

Some link the East African tourism visa crisis to Tanzania's refusal to sign the EPA, to Uganda using the Tanga port instead of Lamu, and to Rwanda deciding to develop a rail link to Indian Ocean ports through Tanzania. All these decisions point to a cooling relationship between Kenya and Tanzania.

The authoritarian nature of actions against the media and political opponents have the potential to destabilise the internal political scene in Tanzania. Magufuli seems to be an adherent of Machiavelli's philosophy of the "end justifies the means." For many, his approach projects him as a strong leader.

All of the above place pressure on initiatives to enhance integration, not only in East Africa, but in Africa as a whole. Integration is seen as a contributing factor to successfully addressing Africa's trade and economic challenges. For integration to work, however, countries must be willing to subordinate national interest to regional interest. Magufuli must accept this for East Africa to rise to its full potential.

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Suggested further reading:

Omondi, P. 2017. John Magufuli costly policies that are killing EAC dream. *Standard Digital*. 12 November 2017. <https://www.standardmedia.co.ke/business/article/2001259945/magufuli-s-costly-policies-that-are-killing-eac-dream>.

Paget, D. 2017. Magufuli has been president for two years: how he's changing Tanzania. *The Conversation*. 2 November 2017. <https://theconversation.com/magufuli-has-been-president-for-two-years-how-hes-changing-tanzania-86777>.