

BUSINESS PLAN

OF

TANZANIA HONGKUN INTERNATIONAL TRADE CO., LIMITED

OF

2025 TO 2030

TO

TANZANIA INVESTMENT CENTRE

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1.0 EXECUTIVE SUMMARY

1.1 Company Overview

Tanzania Hongkun International Trade Co., Limited (Registration No: 186073835) is a premier steel and iron solutions provider, officially incorporated on **19th June 2025** under the Companies Act of Tanzania. As a vertically integrated metal trading enterprise, we operate across the entire value chain - from raw material procurement to finished product distribution - serving Tanzania's rapidly growing construction and industrial sectors.

1.2 Core Business Divisions;

1. Manufacturing Operations

- Operating state-of-the-art steel rolling mills and fabrication plants
- Producing reinforced steel bars (rebar), angle irons, channels, and flat sheets
- Manufacturing structural steel components for construction projects
- Custom fabrication services for industrial clients

2. Global Import Network

- Strategic sourcing of raw materials (billets, ingots, scrap metal)
- Importing specialized steel products not locally available
- Partnerships with mills in China, India, and Southeast Asia
- Strict quality control on all imported materials

3. Domestic Sales & Distribution

- Nationwide wholesale distribution network
- Retail sales through dedicated metal centers
- Just-in-time delivery for construction projects
- Inventory management solutions for contractors

4. Supply Chain Solutions

- Logistics and warehousing services
- Cutting and processing to customer specifications
- Technical support and material consulting.

2.0 PRODUCTS:

2.1. CONSTRUCTION STEEL PRODUCTS

- **Reinforcement Steel Bars (Rebar):**
 - High-tensile Grade 60 (10mm – 32mm diameters)
 - Mild steel round bars (6mm – 40mm)
 - Deformed bars (ribbed for superior concrete bonding)
 - Epoxy-coated rebar for corrosion resistance
- **Structural Sections:**
 - I-beams & H-beams (100mm – 600mm)
 - Angle bars (equal & unequal angles)
 - Channel bars (U-channels, C-channels)
 - Square tubes & rectangular hollow sections
- **Sheet Products:**
 - Corrugated iron sheets (gauge 28-30)
 - Plain galvanized sheets
 - Checkered plates (anti-slip flooring)
 - Roofing and cladding systems

2.2 INDUSTRIAL STEEL PRODUCTS

- **Steel Pipes & Tubing:**
 - Black steel pipes (sch 40, sch 80)
 - Galvanized pipes (water/gas applications)
 - Seamless pipes for high-pressure uses
 - ERW (Electric Resistance Welded) pipes
- **Plate Steel:**
 - Mild steel plates (6mm – 100mm thickness)
 - Boiler plates
 - Shipbuilding-grade plates
 - Abrasion-resistant (AR) plates
- **Specialty Steel:**
 - Tool steel (D2, A2, O1 grades)

- Alloy steel for machinery parts
- Spring steel
- High-speed steel (HSS)

2.3 IMPORTED SPECIALTY PRODUCTS

- **Stainless Steel Products:**
 - 304/316L stainless steel sheets, coils, bars
 - Stainless steel pipes & fittings
 - Decorative finishes (brushed, mirror polish)
- **Pre-Engineered Steel Components:**
 - Pre-fabricated steel structures
 - Steel trusses and girders
 - Mezzanine flooring systems
- **Wire Products:**
 - Binding wire (annealed & galvanized)
 - Barbed wire
 - Steel wire ropes
 - Welding electrodes & filler wires

2.4 VALUE-ADDED SERVICES

- **Custom Fabrication:**
 - CNC cutting, bending, and drilling
 - Steel profile machining
 - Welding and assembly
- **Material Processing:**
 - Shot blasting & priming
 - Hot-dip galvanizing services
 - Protective coating applications
- **Supply Chain Solutions:**
 - Bulk order fulfillment
 - Just-in-time delivery
 - Inventory management for contractors

3.0 COMPANY STRUCTURE.

Tanzania Hongkun International Trade Co., Limited is a foreign company owned by two Chinese. Of its ten thousand (10000) authorized shares all taken by the shareholders. The authorized share capital of the company is Tanzanian shillings five one Billion(1000,000,000) or (USD 379,651) at prevailing BOT exchange rate of Tshs. 2634 per 1 USD as on 21.06.2025.

Name,	Number of shares taken by each subscriber	Share percent%
LIDONG ZHAO	7000	70
XUEYAN CHEN	3000	30

4.0 COMPANY PLAN.

This project focuses on the establishment of the manufacturing and assembling company capital planned is USD 1,000,000 which 50% will come from foreign equity and 50% will come from local loan. At full capacity of the project will directly employ 100 people (14 foreigners and 86 locals) and indirectly employ more than 100 people.

Through the analysis conducted the shareholders of the company have realized feasibility of this project. The market analysis conducted has revealed that the services will penetrate the market and the company can establish its niche. The financial analysis has shown that the investment will pay-off as it has been predicted to make profits.

The object of this business plan is to present the business idea so that the TIC can provide incentives and immunities to the project presented. The incentives will help this project to develop and since this is a financial, socially and fiscally rational project the management believes that it deserves the incentives.

5.0 INTRODUCTION

The Board of Directors and Senior Management of **Tanzania Hongkun International Trade Co., Limited** have established a five-year strategic plan to guide the company's growth and operational excellence in the **steel and iron manufacturing, importation, and supply industry**. This plan outlines the company's vision, mission, strategic objectives, and key strategies to strengthen its market position, enhance efficiency, and drive sustainable expansion.

5.1 Executive Plan

Vision:

To become East Africa's leading integrated steel and iron solutions provider, recognized for quality, reliability, and innovation in manufacturing and supply chain excellence.

Mission:

To deliver high-quality steel and iron products through advanced manufacturing, strategic importation, and efficient distribution, while upholding sustainability, customer satisfaction, and industry leadership.

Core Values:

- **Quality & Durability** – Ensuring superior-grade materials for construction and industrial use.
- **Customer-Centric Solutions** – Tailored supply chain and fabrication services.
- **Operational Excellence** – Efficient production, cost management, and logistics.
- **Sustainability** – Eco-friendly manufacturing and responsible sourcing.
- **Integrity & Trust** – Ethical business practices and long-term partnerships.

5.2 Strategic Objectives

Short-Term Goals (1-2 years):

- Increase local market share by **15%** in Tanzania's construction and industrial sectors.
- Expand product portfolio with **high-demand imported steel grades** (e.g., corrosion-resistant, high-tensile).
- Reduce production costs by **8%** through process optimization and bulk raw material procurement.

Medium-Term Goals (3-5 years):

- Establish **two new regional distribution hubs** in East Africa.
- Achieve **25% revenue growth** from value-added services (custom fabrication, pre-cut materials).
- Implement a **scrap metal recycling program** to support sustainable sourcing.

Long-Term Goals (5+ years):

- Become a **top 3 steel supplier in East Africa** by volume and reliability.
- Transition to **30% renewable energy usage** in manufacturing operations.
- Develop an **integrated digital platform** for real-time inventory tracking and order management.

5.3 Product & Supply Chain Strategy

1. Manufacturing & Product Expansion:

- Increase production capacity for **rebar, structural steel, and sheet metal**.
- Introduce **pre-fabricated steel components** (e.g., beams, columns) for construction efficiency.
- Source **specialty steel imports** (stainless, alloy) to meet niche industrial demands.

2. Supply Chain & Logistics:

- Strengthen partnerships with **global steel mills** (China, India, Turkey) for cost-effective imports.
- Optimize warehousing and **JIT (Just-in-Time) delivery** for large-scale projects.
- Implement **blockchain-based traceability** for raw material sourcing.

3. Quality Assurance:

- **ISO-certified production** with stringent TBS compliance.
- **Third-party testing** for tensile strength, corrosion resistance, and weldability.

5.4 Operations & Technology Strategy

1. Manufacturing Efficiency:

- Adopt **automated rolling mills** and CNC cutting technology.
- Train workforce in **advanced steel fabrication techniques**.

2. Digital Transformation:

- Deploy an **ERP system** for inventory, sales, and supply chain management.
- Launch an **e-commerce portal** for B2B orders and tracking.

5.5 Financial Strategy

- **Revenue Growth:** Focus on high-margin products (e.g., pre-engineered steel structures).
- **Cost Control:** Bulk purchasing, energy-efficient machinery, and logistics partnerships.
- **Investment Priorities:**
 - Upgrade manufacturing facilities.
 - Expand warehouse capacity.
 - Develop in-house R&D for product innovation.

5.6 Sustainability & CSR

Environmental Initiatives:

- Reduce carbon emissions via **electric arc furnace (EAF) technology**.
- Promote **scrap metal recycling** to minimize waste.

Community Engagement:

- Sponsor **vocational training programs** in welding and steelwork.
- Support **local infrastructure projects** with material donations.

Ethical Practices:

- Zero tolerance for **substandard or smuggled steel imports**.
- Fair wages and safety compliance across operations.

7.0 BUSINESS OUTLOOK: STRENGTHS AND GROWTH POTENTIAL

7.1 CUSTOMERS AND SERVICES

7.1.1 Major Customers:

1. Construction Sector

- **Building Contractors:** Firms requiring bulk steel and iron supplies for residential, commercial, and industrial projects.
- **Real Estate Developers:** Large-scale developers sourcing structural steel, rebar, and roofing materials for housing and commercial complexes.
- **Infrastructure Companies:** Contractors working on roads, bridges, and public works projects needing durable steel products.

2. Industrial & Manufacturing Sector

- **Fabrication Workshops:** Businesses specializing in metal fabrication, welding, and custom steel structures.
- **Heavy Industries:** Factories and plants requiring industrial-grade steel for machinery, storage, and structural support.
- **Mining & Energy Firms:** Companies sourcing high-strength steel for mining equipment, pipelines, and energy infrastructure.

3. Government & Public Sector

- **Public Works Projects:** Government-funded infrastructure developments requiring certified steel materials.
- **Municipalities & Local Authorities:** Suppliers for urban development, drainage systems, and public facility construction.

4. Retail & Distribution Channels

- **Hardware & Building Material Retailers:** Stores selling steel products to small contractors and individual buyers.
- **Wholesale Distributors:** Bulk purchasers supplying regional markets and smaller vendors.
- **E-Commerce Platforms:** Online B2B marketplaces facilitating steel sales to remote and underserved areas.

5. Export Markets

- **Regional Trade Partners:** Exporting steel products to neighboring East African countries with growing construction demands.
- **International Buyers:** Specialty steel exports for niche industrial applications.

6. After-Sales & Value-Added Services

- **Technical Support:** Providing load-bearing calculations, material specifications, and welding guidelines.
- **Custom Fabrication:** Cutting, bending, and priming steel to customer requirements.
- **Logistics Solutions:** Reliable delivery and inventory management for large orders.

7.2 BUSINESS STRENGTHS

Vertically Integrated Operations – Combines manufacturing, imports, and distribution for cost efficiency.

Quality Assurance – Compliance with **TBS, ASTM, and ISO standards** for product reliability.

Strategic Sourcing – Partnerships with global mills ensuring competitive pricing and material availability.

Scalable Infrastructure – Warehouses, logistics, and production facilities to support market expansion.

7.3 GROWTH POTENTIAL

- **Tanzania's construction boom** driving demand for steel in housing and infrastructure.
- **Diversification into prefabricated steel structures** for faster project completion.
- **Regional export opportunities** in East Africa's developing economies.
- **Technology adoption** (e.g., ERP systems, automated production) to enhance competitiveness.

8.0 COMPANY OFFICES AND PROJECT LOCATION.

Tanzania Hongkun International Trade Co., Limited maintains its corporate headquarters at: **Dar es Salaam, Kinondoni – Mikocheni-Industrial Area ,Plot Number MMJ/612**
This strategically located office serves as the central hub for administration, sales, and customer service operations.

9.0 INDUSTRIAL & MANUFACTURING LOCATION

The company's primary production facility is situated in: **Dar es Salaam, Kinondoni – Mikocheni-Industrial Area ,Plot Number MMJ/612**

Key Features of the Industrial Site:

- 2500 sqm total developed area for manufacturing and warehousing
- Direct access to major transport routes for efficient logistics
- Zoned for heavy industrial steel production activities
- Expansion-ready with adjacent land available for future growth

10.0 SUPPLY CHAIN & PRODUCTION STRATEGY

10.1 Supply Sourcing Plan

- **Local Procurement (Priority):**
 - Iron ore from Liganga and Mchuchuma mines
 - Scrap metal from Tanzanian recycling networks
 - Auxiliary materials (refractories, alloys) from domestic suppliers
- **Regional EAC Sourcing:**
 - Coal from Mozambique and Zambia for steel processing
 - Specialty steel grades from Kenyan mills
- **Global Imports (Complementary):**
 - High-carbon steel billets from China and India
 - Advanced rolling mill components from Germany
 - Anti-corrosion coating materials from South Korea

10.2 Industrial Development Plan

Phase 1: Site Development (April 2025 - April 2026)

Month	Key Activities	Milestones Achieved
Apr 2025	<ul style="list-style-type: none"> - Geotechnical surveys - Finalize steel mill designs - Obtain EPA/TBS approvals 	<p>Site analysis complete Blueprints approved Environmental permits secured</p>
May-Jun 2025	<ul style="list-style-type: none"> -Land clearing & grading - Installation of temporary power substation - Foundation piling 	<p>Site preparation completed 30MW power capacity established</p>
Jul-Aug 2025	<ul style="list-style-type: none"> - Erection of structural steel framework - Roofing and wall cladding - Heavy floor concreting 	<p>Main production shed structure completed</p>
Sep-Oct 2025	<ul style="list-style-type: none"> - Installation of rolling mill machinery -Electrical/PLC systems integration -Overhead crane commissioning 	<p>Primary production line installed</p>
Nov-Dec 2025	<ul style="list-style-type: none"> - Warehouse racking systems - Quality testing lab setup - Employee safety systems 	<p>Auxiliary facilities operational</p>
Jan-Feb 2026	<ul style="list-style-type: none"> - Trial runs of production lines - Staff training programs - ISO certification audits 	<p>Test batches meet TBS standards</p>

Month	Key Activities	Milestones Achieved
Mar 2026	<ul style="list-style-type: none"> - Official production launch - First commercial orders fulfilled -Government inspection clearance 	Facility fully operational

Capacity at Full Operation:

- Annual production: 300,000 Kg of steel products
- Employment: direct jobs created 55.

Nationality	number	Men	women
Local	50	35	15
Foreign	5	3	2

Key Infrastructure Components:

1. **Primary Manufacturing Zone**
 - Electric arc furnace melting shop
 - Continuous casting machine
 - Hot rolling mill complex
2. **Support Facilities**
 - Metallurgical laboratory
 - Maintenance workshops
 - Employee welfare complex
3. **Logistics Infrastructure**
 - Private rail siding connection
 - 20-ton capacity gantry cranes
 - Truck loading bays (12 simultaneous)

11.0 CURRENT POSITION AND FUTURE OUTLOOK

11.1 Mission Statement:

"To manufacture and supply high-quality steel and iron products that drive Tanzania's infrastructure development and industrial growth. We are committed to delivering reliable, durable materials through advanced production techniques, strategic sourcing, and customer-focused solutions while maintaining environmental responsibility."

11.2 Vision Statement:

"To become East Africa's leading integrated steel and iron solutions provider, recognized for innovation, sustainability, and excellence in manufacturing and supply chain management. We envision powering the region's construction and industrial sectors with locally produced and strategically imported steel products that meet international standards."

These statements reflect our core focus on **quality, reliability, sustainability, and customer satisfaction**—key pillars for a steel manufacturing and trading company.

11.2 Core Values & Operating Principles

11.2.1 Inspired Teamwork

We foster a **collaborative culture** at Tanzania Hongkun International Trade Co., Limited, leveraging our team's expertise to drive efficiency and innovation in steel production and supply. Our workforce demonstrates **dedication, precision, and pride** in delivering materials that build Tanzania's future.

11.2.2 Community & Stakeholder Commitment

We actively support:

- **Local industries** by providing high-quality steel for infrastructure and manufacturing.
- **Economic growth** through job creation and skills development in metalworking.
- **Sustainable practices** that align with Tanzania's industrialization goals.

11.2.3 Operating Principles

1. Quality Assurance

- **High Standards:** Strict quality control from raw material sourcing to final product delivery.
- **Testing & Certification:** Compliance with **TBS, ASTM, and ISO** standards.
- **Continuous Improvement:** Regular upgrades to production processes based on industry advancements.

2. Innovation & Efficiency

- **Modern Manufacturing:** Advanced rolling mills, CNC cutting, and automated systems.
- **R&D Investment:** Development of high-tensile, corrosion-resistant steel variants.
- **Lean Operations:** Minimizing waste in production and logistics.

3. Sustainable Practices

- **Eco-Friendly Production:** Scrap metal recycling and energy-efficient furnaces.
- **Responsible Sourcing:** Ethical procurement of raw materials.
- **Waste Reduction:** Byproduct repurposing (e.g., slag for construction materials).

4. Customer-Centric Approach

- **Tailored Solutions:** Custom fabrication (cutting, bending, welding).
- **Reliable Supply:** Just-in-time delivery and bulk order fulfillment.
- **After-Sales Support:** Technical guidance and material certifications.

5. Compliance & Safety

- **Regulatory Adherence:** Meeting all Tanzanian and international steel trade regulations.
- **Workplace Safety:** OSHA-compliant facilities with regular employee training.

6. Strategic Growth

- **Market Expansion:** Increasing footprint in East Africa through exports.
- **Brand Reputation:** Synonymous with **durability, trust, and competitive pricing**.
- **Digital Integration:** ERP systems for inventory and order tracking.

11.3 Strategic Objectives

1. Product Excellence

- Supply **TBS-certified rebar, structural steel, and sheet metal**.
- Introduce **pre-fabricated steel components** to reduce construction timelines.

2. Customer Satisfaction

- Provide **project-specific steel solutions** for builders and industries.
- Offer **volume discounts** and flexible payment terms for large orders.

3. Market Leadership

- Capture **25%** of Tanzania's construction steel demand by 2030.
- Expand exports to **Rwanda, Uganda, and DRC** via SGR and port partnerships.

4. Operational Efficiency

- Reduce production costs by **15%** through renewable energy adoption.
- Achieve **95% on-time delivery** via optimized logistics.

5. Sustainability Goals

- **30% recycled scrap metal** in production by 2026.
- **Carbon-neutral** melting operations by 2035.

6. Employee Development

- **Vocational training** in steel fabrication and welding.
- **Performance-based incentives** to retain skilled workers.

7. Technology Adoption

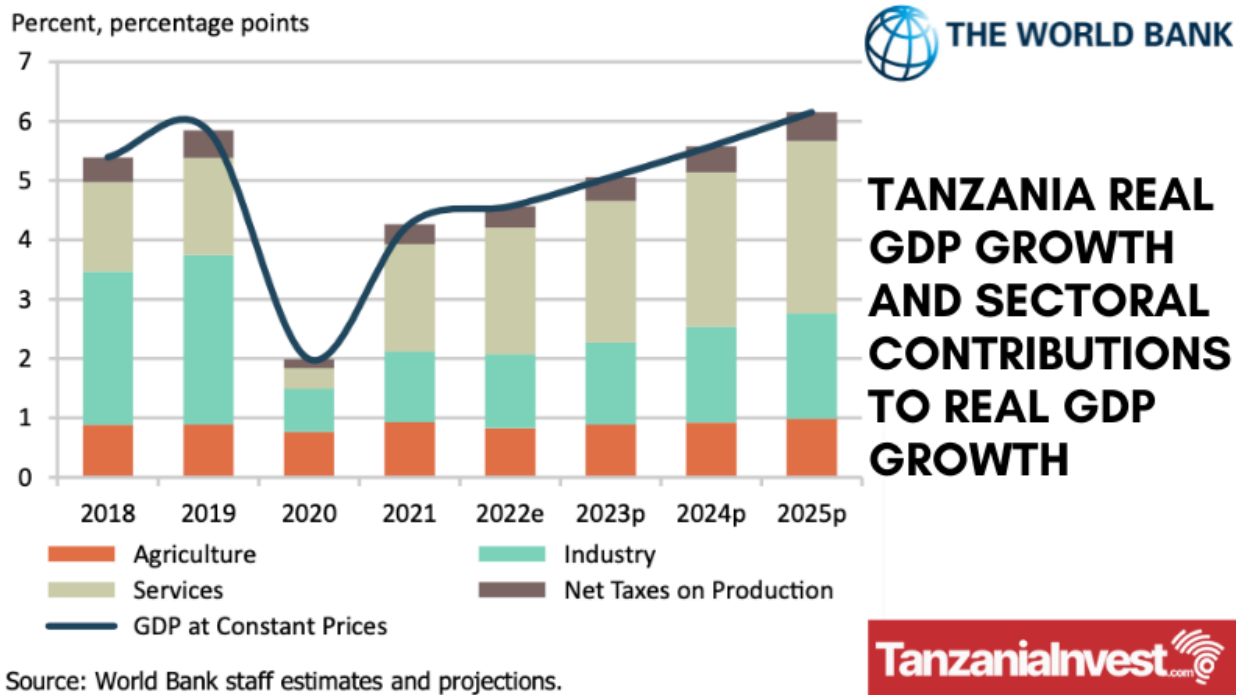
- **AI-driven demand forecasting** to manage inventory.

- **Blockchain traceability** for imported raw materials.

12.0 SUMMARY OF SECTOR PERFORMANCE

The manufacturing sector in Tanzania is still small but has a significant contribution to the country's overall GDP OVER the past decade the sector has averaged 8% of the GDP and 4% annual growth rate. Most of the manufacturing activities is centered on simple and consumer products such as foods, beverage, tobacco, textiles, chemicals, plastics, wood and steel allied products.

The recent development agenda in the country has brought industrial development back as one of the country's policy priorities. Policy makers have made it a point to lead the process of transforming the country's economy from low productivity and low growth to high productivity and dynamic economy, associated with structural change and sustained growth.



The Consumer Goods Retail subsector consists of the Multiline and Specialty Retailers & Distributors and E-commerce industries.

The Multiline and Specialty Retailers & Distributors industry encompasses a variety of retailing categories such as department stores, mass merchants, home products stores, and warehouse clubs, as well as a smaller segment of distributors like electronics wholesalers and automotive wholesalers. Common to these companies (except for the distribution segment) is that they manage global supply chains to anticipate consumer demands, keep costs low, and keep products stocked in their brick-and-mortar storefronts. This is a highly competitive industry, in which each company category generally has a small number of key players, characterized by generally low margins. The relatively substitutable nature of retail makes companies in this industry especially susceptible to reputational risks.

The E-Commerce industry is composed of firms that provide an online marketplace for other firms or individuals to sell their goods and services, as well as retailers and wholesalers that provide an exclusively web-based platform for consumers to buy goods and services. Firms in this industry sell to consumers as well as to other businesses. Because of the accessibility of e-commerce sites, the industry is a global marketplace for buyers and sellers. Note: The industry scope exclusively applies to “pure-play” e-commerce operations and does not address the manufacturing or brick-and-mortar retail operations of companies. Many consumer goods manufacturers and retailers have incorporated, or are in the process of incorporating, an e-commerce component to their business. SASB has separate standards for the Multiline and Specialty Retailers & Distributors (CG-MR); Apparel, Accessories & Footwear (CG-AA); and Toys & Sporting Goods (CG-TS) industries. Depending on the specific activities and operations of firms in the aforementioned industries, disclosure topics and accounting metrics associated with the E-Commerce industry standard may also be relevant.

Currently the domestic value addition is limited by the dependence of the imported intermediate goods, signifying limited inter-industry linkages that are important for promoting domestic manufacturing base and employment. Various technological, financial, policy and administrative support constraints remain unresolved and therefore limiting faster industrial and transformation. This could also serve as an opportunity for foreign companies to supply services and technologies to fill this gap.

12.1 Iron and Steel Market in Tanzania - Sector Performance Overview (2023–2025).

This document provides an overview of the current state and recent performance of the iron and steel market in Tanzania. It includes production trends, import and export activity, key drivers, and outlook based on developments up to 2025.

12.2 Domestic Production & Demand

- Tanzania produces approximately 1.2 million tonnes of steel annually, surpassing the domestic demand of around 600,000 tonnes.
- The country hosts 19 major steel plants, including Lodia Industries, and has largely ceased importing finished steel products.

12.3 Exports and Imports

- In 2023, Tanzania exported steel worth US \$49 million, a 36% decrease from US \$76 million in 2022.
- Key export destinations included Uganda (34%), DR Congo (18%), Burundi (17.5%), and Kenya (14%).
- Steel imports stood at US \$775 million in 2023, reflecting an 8.9% decline from the previous year. Top import sources were China, Japan, South Africa, and Turkey.

12.4 Construction Sector Link

- The construction sector—Tanzania’s primary steel consumer—is growing at about 7% annually and is expected to reach TSh 29 trillion in 2025.
- Infrastructure development, including housing, roads, and railways, continues to drive steel demand.

12.5 Key Drivers and Challenges

Drivers:

- Significant foreign investment from Chinese companies and government support for local industrialization.
- Planned exploitation of iron ore deposits at Maganga Matitu and Liganga to support domestic steelmaking.

Challenges:

- High energy costs and limited supply infrastructure.
- Need for improved transport logistics and investment in mining operations.

12.6 Outlook

Tanzania is positioned to continue expanding its steel sector, transitioning from import dependency to a regional supply hub. Further progress depends on operationalizing domestic iron ore resources and addressing energy and infrastructure limitations.

12.7 Summary Table

The table below summarizes key metrics for Tanzania's iron and steel sector as of 2023:

Metric	2023 Data
Domestic Output	~1.2 million tonnes (vs demand ~0.6 million tonnes)
Exports	US \$49 million (-36% YoY)
Imports	US \$775 million (-8.9% YoY)
Export Destinations	Uganda, DR Congo, Burundi, Kenya
Construction Sector Growth	~7% YoY; TSh 29 trillion in 2025

Tanzania's iron and steel sector faces significant hurdles, but strategic action can overcome them. Here's a breakdown of key challenges and actionable solutions for companies:

13.0 CORE CHALLENGES & STRATEGIC SOLUTIONS:

1. High Energy Costs & Unreliability:

Challenge: Expensive, unstable grid power disrupts production and inflates costs.

Solutions:

Invest in Captive Power: Develop dedicated power sources (solar hybrids, natural gas generators, potentially coal if feasible and compliant). Seek government incentives for renewable energy.

Energy Efficiency: Implement rigorous energy audits, upgrade to high-efficiency

motors/equipment, optimize processes (e.g., scrap preheating in EAFs), and adopt waste heat recovery. Negotiate Bulk Tariffs: Lobby collectively for preferential industrial power rates with TANESCO.

2. Raw Material Scarcity & Cost:

Challenge: Limited local high-grade iron ore supply, dependence on imported scrap/inputs, high logistics costs.

Solutions:

Local Sourcing Partnerships: Invest in partnerships with local mining entities (e.g., Liganga) or artisanal miners (establishing quality control & reliable supply chains). Advocate for faster development of national iron ore projects.

Backward Integration: Explore (if viable) strategic investments in mining concessions for long-term security.

Scrap Aggregation: Build efficient, nationwide scrap collection networks. Offer incentives to scrap dealers. Invest in scrap processing technology.

Input Substitution: Research and test using locally available alternative inputs where technically feasible.

3. Intense Import Competition:

Challenge: Cheaper (often subsidized) imports undercut local producers on price.

Solutions:

Cost Leadership & Efficiency: Ruthlessly drive down production costs through automation, lean manufacturing, energy efficiency, and optimal capacity utilization.

Quality & Certification: Focus on superior, consistent quality meeting international standards (ISO). Obtain necessary certifications to build trust and justify premium for local reliability.

Product Differentiation: Develop specialized products (e.g., specific construction grades, profiles) tailored to the Tanzanian/Burundian/DRC market needs that imports don't easily fulfill.

Strategic Advocacy: Lobby collectively (via associations like TAMICO) for fair trade policies, including enforcing quality standards on imports and potentially seeking temporary safeguard duties or adjusted tariffs based on WTO rules, ensuring compliance.

4. Infrastructure Deficits (Transport & Logistics):

Challenge: High costs and delays in moving raw materials and finished goods due to port congestion, poor roads, and rail limitations.

Solutions:

Logistics Optimization: Invest in fleet management, route planning, and potentially own/lease strategic transport assets (e.g., specialized trucks, barges). Explore partnerships with logistics providers.

Strategic Location: Locate plants near key raw material sources or primary markets (e.g., near mines, Dar es Salaam, Mtwara Corridor, near major construction hubs). Utilize the Standard Gauge Railway (SGR) as it expands.

Collective Advocacy: Push collectively for infrastructure investments (port upgrades, road/rail improvements) crucial for the entire industrial sector.

5. Access to Affordable Financing:

Challenge: High interest rates, limited long-term credit, and collateral requirements hinder capital investment and working capital.

Solutions:

Strong Business Plans: Develop bankable projects with clear ROI projections.

Explore DFIs & Specialized Funds: Target development finance institutions (e.g., TIB, AfDB, IFC), export credit agencies, or funds focused on industrialization/manufacturing which offer better terms.

Public-Private Partnerships (PPPs): Explore PPP models for specific infrastructure needs (e.g., captive power plants, logistics hubs).

Supplier/Customer Financing: Negotiate favorable payment terms with suppliers and offer structured financing options to reliable customers.

7. Skilled Labor Shortage:

Challenge: Lack of specialized technical skills (metallurgists, engineers, technicians) for modern steel production.

Solutions:

Invest in Training: Establish robust in-house apprenticeship and upskilling programs. Partner with VETA, ARU, UDSM, and DIT to develop tailored curriculum.

Attract & Retain: Offer competitive salaries, benefits, and clear career progression paths. Foster a positive safety culture.

Targeted Recruitment: Recruit globally for critical niche skills while simultaneously developing local talent pipelines.

14.0 MARKET UNDERSTANDING

A. Target Market Segments

- Construction companies (residential, commercial, infrastructure projects)
- Manufacturers (machinery, tools, automotive)
- Government projects (roads, railways, bridges)
- Distributors & retailers of building materials

B. Market Trends

- Urbanization and infrastructure development (Dar es Salaam, Dodoma)
- Tanzania's push for industrialization (part of the 2025 Development Vision)

- Regional projects like Standard Gauge Railway (SGR) and East African Crude Oil Pipeline (EACOP)

2. Branding & Positioning

Unique Selling Proposition (USP)

- Emphasize quality, durability, and affordable pricing
- Position as a local expert with international standards
- Highlight supply reliability and fast delivery

Brand Identity

- Use industrial, strong, and professional branding (logos, colors, slogans)
- Showcase **certifications** (ISO, TBS) and **testimonials** from large projects

3. Sales & Distribution Channels

Direct Sales

- Dedicated sales teams targeting large contractors, government tenders
- On-site sales representatives for ongoing construction projects

Distributors/Dealers

- Build a nationwide dealer network, especially in fast-growing cities like Mwanza, Arusha, Mbeya
- Offer dealer incentives: bulk discounts, marketing support

Online Platforms

- Develop a website with product catalog, RFQ system
- Leverage B2B platforms (e.g., Alibaba, TradeKey) for regional exports

4. Digital & Offline Marketing

Digital Marketing

- SEO and Google Ads for keywords like “iron bars Tanzania”, “steel suppliers Dar”

- Social media (LinkedIn, Facebook) to showcase projects, customer success stories
- Email marketing to contractors and procurement officers

Offline Marketing

- Billboards near construction hotspots
- Sponsorship of industry events and expos (e.g., BuildExpo Tanzania)
- Brochures in hardware stores and engineering firms

5. Relationship Building & After-Sales

- Technical support: Engineers to advise clients on steel grades, applications.
- Training & workshops for builders and engineers.
- Loyalty programs for repeat business.

6. Pricing & Competitive Strategy

- Conduct market analysis to benchmark against competitors like *Roofings Group, Alaf Ltd, Tanga Cement Steel Division*
- Use cost-leadership strategy for mass-market products
- Value-based pricing for specialty products (e.g., corrosion-resistant steel)

7. Logistics & Supply Chain

- Ensure reliable sourcing (local or imported) to manage costs
- Partner with logistics providers for timely deliveries
- Offer Just-in-Time delivery for key B2B clients

8. CSR & Sustainability

- Highlight efforts to reduce carbon footprint or use recycled steel
- Participate in community development programs (e.g., building schools or water tanks)
- Use CSR as a brand-building tool

15.0 SUMMARY OF TANZANIA HONGKUN INTERNATIONAL TRADE CO., LIMITED BUSINESS PLAN

15.1 Company Overview Tanzania Hongkun International Trade Co., Limited

Is a newly incorporated steel and iron solutions provider (registered June 2025) with a vertically integrated business model. The company operates across manufacturing, global imports, domestic sales, and supply chain solutions, targeting Tanzania's growing construction and industrial sectors. It is owned by two Chinese shareholders, with an authorized capital of TZS 5 billion (USD 379,651).

15.2 Core Business Divisions

- **Manufacturing:** Produces rebar, structural steel, and sheet metal.
- **Global Imports:** Sources raw materials and specialty steel from China, India, and Southeast Asia.
- **Domestic Sales:** Nationwide distribution network with JIT delivery.
- **Supply Chain:** Offers logistics, warehousing, and custom fabrication.

15.3 Products & Services

- **Construction Steel:** Rebar, structural sections, and roofing sheets.
- **Industrial Steel:** Pipes, plates, and specialty steel (e.g., tool steel).
- **Imported Specialty Products:** Stainless steel and pre-engineered components.
- **Value-Added Services:** Custom fabrication, material processing, and technical support.

15.4 Strategic Goals

- **Short-Term:** Increase market share by 15%, reduce production costs by 8%.
- **Medium-Term:** Expand regionally, grow revenue from value-added services by 25%.
- **Long-Term:** Become a top 3 East African steel supplier, adopt 30% renewable energy.

15.5 Market & Competitive Edge

- **Customers:** Construction firms, industrial manufacturers, government projects, and retailers.

- **Strengths:** Vertical integration, quality compliance (TBS/ISO), strategic sourcing, and scalable infrastructure.
- **Growth Drivers:** Tanzania's construction boom, regional export opportunities, and prefabricated steel demand.

15.6 Operations & Technology

- **Manufacturing:** Automated rolling mills, CNC cutting, and electric arc furnace technology.
- **Digital Transformation:** ERP systems, e-commerce portal, and blockchain traceability.

15.7 Financial & Sustainability

- **Investment:** USD 1 million (50% equity, 50% local loan) to employ 100+ people.
- **Sustainability:** Scrap metal recycling, renewable energy, and CSR initiatives (vocational training, infrastructure support).

15.8 Challenges & Solutions

- **Energy Costs:** Invest in captive power and efficiency.
- **Import Competition:** Focus on quality, differentiation, and cost leadership.
- **Infrastructure:** Optimize logistics and advocate for improvements.

15.9 Outlook

The company aims to leverage Tanzania's steel demand (1.2M tons annual production) and transition into a regional hub, supported by local sourcing, technology, and strategic partnerships.

Key Takeaway: Tanzania Hongkun is positioned to become a leader in East Africa's steel industry through integrated operations, innovation, and sustainability, capitalizing on Tanzania's infrastructure growth and regional trade potential.

16.0 FINANCIAL ANALYSIS.

This section covers project financing and financial projections. Project financing includes sources of funding and financing of items in the project. Financial projections, on other hand, covers sales projections, income projections, projected retained earnings and projected cash flow.

Table: Project Financing

Details	Amount (USD)	Percentage
Local		
Equity	0.0	0%
Loan	250,000	25%
Sub-total	250,000	25%
Foreign		
Equity	500,000	50%
Loan	250,000	25%
Sub-total	750,000	75%

17.0 Sources of funding.

17.1 Project Financing

The project will be financed through a combination of **foreign capital (75%)** amounting to **USD 750,000** and a **local capital (25%)** amounting to **USD 250,000**.

17.2 Table: Project Financing

Details	Amount (USD)	Percentage
Local		
Equity	0	
Loan	250,000	
Sub-total	250,000	25%

Details	Amount (USD)	Percentage
Foreign		
Equity	500,000	50%
Loan	250,000	25%
Sub-total	750,000	75%
GRAND TOTAL	1,000,000	100%
Total Equity	500,000	50%
Total Loan	500,000	50%

18.0 FINANCIAL PROJECTIONS

18.1 SALES PROJECTIONS

The company projects steady sales growth over the first five years of operations. From Year 1 to Year 5, the company expects to achieve sales amounting to **USD 3,270,000, USD 3,852,288, USD 4,656,808, USD 5,186,078, and USD 5,849,557**, respectively. The cost of sales is projected to be **USD 156,000, USD 198,016, USD 360,145, USD 502,393, and USD 644,767** for the same period.

The table below provides a detailed breakdown of the sales, cost of sales, and gross profit projections for the first five years:

Table: Gross Profit Projection

Years	Y1	Y2	Y3	Y4	Y5
Sales	3,270,000	3,852,288	4,656,808	5,186,078	5,849,557
Cost of Sales	156,000	198,016	360,145	502,393	644,767
Gross Profit	3,114,000	3,654,272	4,296,663	4,683,685	5,204,790

The project is expected to yield a consistent gross profit throughout the first five years of operation. In Year 1, the profit is anticipated to be the lowest due to significant investment in promotional campaigns and the brand being relatively new in the market. As sales gradually pick up, the gross profit is expected to increase steadily over the subsequent years.

19.0 INCOME PROJECTION

The project is expected to generate profits throughout the first five years. The projected profits, operating expenses, EBIT (Earnings Before Interest and Taxes), loan interest, and taxes are detailed in the table below:

Table: Income Projection

Years	Y1	Y2	Y3	Y4	Y5
Total Sales	3,270,000	3,852,288	4,656,808	5,186,078	5,849,557
Less: Cost of Sales	156,000	198,016	360,145	502,393	644,767
Gross Profit	3,114,000	3,654,272	4,296,663	4,683,685	5,204,790
Less: Operating Expenses	170,300	155,046	186,176	197,762	226,051
EBIT	2,943,700	3,499,226	4,110,487	4,485,924	4,978,739
Less: Loan Interest	2,859,600	3,414,126	4,026,387	4,401,824	4,894,639
Less: Taxes (30%)	857,880	1,024,538	1,207,916	1,320,547	1,468,392

Key Highlights:

- **Year 1:** The company expects a gross profit of **USD 3,114,000**, with operating expenses of **USD 170,300** and EBIT of **USD 2,943,700**. After accounting for loan interest and taxes, the net profit will be calculated accordingly.
- **Year 5:** By the fifth year, the gross profit is projected to grow to **USD 5,204,790**, with EBIT reaching **USD 4,978,739**.

Table: Projected Cash Flow

Years	Y1	Y2	Y3	Y4	Y5
Cash from Operations					
Profit before Tax	2,859,600	3,415,126	4,026,387	4,401,824	4,894,639
Adjustment for Non-Cash Items	-	-	-	-	-
Change in Working Capital					
Receivables (-ve)	-450,000	-450,000	-465,000	-380,000	-395,000
Trade Payables and Accruals	5,000	3,500	3,600	5,800	2,500

Capital Additions	585,000	435,000	250,000	-	-
Total	140,000	-11,500	-211,400	-374,200	-392,500
Tax Payments	857,880	1,024,538	1,207,916	1,320,547	1,468,392
Total Cash Flow from Operating Activities	997,880	1,013,038	996,516	946,347	1,075,892
Cash from Investing Activities					
Land Rent and Development of Property	-	-	-	-	-
Net Cash Flow from Investing Activities	355,600	355,600	355,600	355,600	355,600
Cash Flow from Financing Activities					
Dividends	400,344	478,118	563,694	616,255	685,249
Change in Cash and Cash Equivalent	241,936	179,320	77,222	-25,508	35,042
Opening Cash Balance	12,000	8,000	10,500	6,500	7,500
Closing Cash Balance	8,000	10,500	6,500	7,500	6,800

Key Highlights:

- The company expects a positive cash flow from operating activities, ranging from **USD 997,880** in Year 1 to **USD 1,075,892** in Year 5.
- Cash flow from investing activities remains consistent at **USD 355,600** annually.
- Dividends paid to shareholders increase steadily over the five years, reflecting the company's growing profitability.
- The closing cash balance remains stable, indicating effective cash management.

20.1.4 NPV Analysis

The project has a **positive Net Present Value (NPV)**, indicating its potential for success. The NPV analysis is based on the projected cash flows and a discount rate of **2.1%**.

Table: NPV Analysis

Years	Y1	Y2	Y3	Y4	Y5
Change in Cash and Cash Equivalent	241,936	176,320	777,222	-25,508	35,042
Discount Rate (2.1%)	0.021	0.021	0.021	0.021	0.021
Overall NPV	236,960	-	-	-	489,644

Key Highlights:

- The positive NPV confirms the project's viability and potential to generate value for the company.
- The overall NPV of **USD 489,644** by Year 5 reflects the project's profitability and strong financial performance.

21.0 PROJECT IMPLEMENTATION SCHEDULE (2025–2027)

At Risk	Task Name	Assigned To	Start Date	End Date	Status
01.	Registrations	Directors	March 2025	May 2025	ALREADY
02.	Marketing Analysis	Directors & Managers	January 2025	March 2025	Not Started
03.	Land Acquisition	Directors & Legal Team	April 2025	TBD	ALREADY
04.	Site Development Phase 1	Directors & Contractors	May 2025	October 2025	Not Started
05.	Site Development Phase 2	Directors & Contractors	October 2025	June 2026	Not Started

22.0 CONCLUSION

Tanzania Hongkun International Trade Co., Limited is strategically positioned to become a leading integrated steel and iron solutions provider in East Africa, capitalizing on Tanzania's booming construction and industrial sectors. With a vertically integrated business model

encompassing manufacturing, global sourcing, domestic distribution, and value-added services, the company is well-equipped to meet the growing demand for high-quality steel products.

The company's robust financial projections, supported by a balanced financing structure (50% equity and 50% loans), demonstrate strong profitability potential, with projected sales exceeding **USD 5.8 million by Year 5** and a positive NPV of **USD 489,644**. Key competitive advantages include:

- **Operational efficiency** through advanced manufacturing and automation.
- **Strategic sourcing** from global suppliers to ensure cost competitiveness.
- **Strong market positioning** via compliance with international quality standards (TBS, ISO).
- **Sustainability initiatives**, including scrap metal recycling and renewable energy adoption.

Despite challenges such as high energy costs and import competition, Tanzania Hongkun's well-defined strategies—including captive power investments, cost leadership, and regional expansion—position it for long-term success. By leveraging Tanzania's infrastructure growth and export opportunities, the company aims to achieve **25% market share by 2030** while contributing to the nation's industrialization goals.

In conclusion, Tanzania Hongkun International Trade Co., Limited presents a **financially viable, socially impactful, and strategically sound** investment opportunity. With strong execution of its business plan, the company is poised to become a key player in East Africa's steel industry, delivering sustainable value to stakeholders and driving regional economic development.