

TANZANIA INVESTMENT CENTRE

DIRECTORATE OF INVESTMENT FACILITATION



EASTERN ZONE

REPORT ON THE VISIT TO M/S FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED PLOT NO. 24 BLOCK 'C' KISEMVULE, MKURANGA DISTRICT - COAST REGION ON 18TH JANUARY, 2022



JANUARY 18TH, 2022

Project's Profile				
S/N	Item	Description		
1.	COMPANY NAME	M/S FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED		
2.	PROJECT LOCATION	PLOT NO. 24 BLOCK 'C' KISEMVULE, MKURANGA DISTRICT - COAST REGION		
3.	PROJECTS' CORE ACTIVITIES	TO ESTABLISH AND OPERATE A PROJECT FOR MANUFACTURING OF STEEL AND IRON BARS.		
4.	ADDRESS & MOBILE NUMBER	P. O. BOX 63069 PWANI MOBILE: 0678 808 887		
5.	CONTACT PERSON	MS REGINA ALPHAXARD +255 653 069 470		
6.	SHAREHOLDERS	Name	Nationality	% Share
		XINGDA XU	CHINA	90
		FUJIAN HEXINGWANG INDUSTRY CO. LTD	CHINA	10

1.0 BACKGROUND

M/S FUJIAN HEXINGWANG INDUSTRY TANZANIA CO. LIMITED is a TIC registered project issued with Certificate of Incentives No. 019210 of December 5th, 2018.

The project proposed activities are to establish and operate a project for manufacturing of steel and iron bars.

The project was registered on **5th December, 2018** and it has never been granted an extension. Its implementation period ran from December 2018 to November 2021. The Investor has applied for an extension so that they can finalize their project.

2.0 OBJECTIVE OF THE VISIT

The objective for the visit to the project site was to carry out verification in order to ascertain project's implementation status and challenges facing the project so as to enable Ag. DIF advise the Executive Director accordingly.

3.0 PRESENT

The PVV team includes:-

- (i) Julie Muro - IPFO – EZ
- (ii) Nestory Kissima - IFO – One Stop Shop

The Host Team includes: -

- i) Regina Alphaxard - Translator (Fujian)
- ii) Jiang Shingzhou - Manager (Fujian)

4.0. PROJECT VISIT METHODOLOGY INCLUDES: -

- i. To ascertain project's implementation status
- ii. Assess the challenges facing the project so as the delay of implementation period.

4.0 OBSERVATIONS AND FINDINGS

The PVV team visited the project on 18th January, 2022 and had consultative discussion with Mr. Jiang Shingzhou – Project Manager for the Company. The following are the key issues which were observed: -

4.1.0 Overall Achievement

Currently the project is operating, producing bars (nondo). Some of the furnaces are not operating due to extreme power cuts. The investor has already injected **TShs 10 billion** into the project. This amount is equivalent to **USD 4.35 million** which is approximately **2.9%** of the initial intended investment capital of **USD 150 million**.

4.1.1 Plant Building

The office building is complete by >90% and it is under full utilization. The production workshop buildings are developed to the extent of being able to shade furnaces and the production line at large.



Red hot iron from the furnace

Currently the project has 5 furnaces where 3 are fully operating while 2 are not operational.



Scrap collection point and non-working furnaces on the background

4.1.2 Employment

The project employs 15 Chinese and 240 Tanzanians. In terms of direct employment, the Chinese are 2 while Tanzanians are 7.

4.1.3 Production Capacity

Currently the plant produces 14,600 MT of iron bars per year with a daily average of 40 MT per day. Without power cuts the project would be producing 20,000MT per year. The current production is 73% of the planned capacity.

5.0 CHALLENGES

The Project Manager stated that the company failed to accomplish the plan within the implementation period due to the following challenges: -

- (i) Extreme power cuts as electricity from the mains gets cut for 4 – 5 hours a day. When these power cuts happen during production the molten iron solidifies thus causing cost of rectifying the issue. Also, the cuts restrict

productivity of the project thus impeding the operations of the project. The project has incurred much cost to the extent of delaying implementation.

- (ii) The laws forbid importation of metal scraps from outside the country. This forces the project to use the locally available low quality scraps.

6.0 FUTURE PLAN

Planned activities include: -

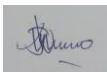
- (i) Importation of modern crusher for crushing of scrapes. This will remove the less safe hand crushing approach
- (ii) Addition of new and more modern furnaces for processing of iron bars
- (iii) Revival of the non-operating furnaces

7.0. PVV FINDINGS

- i) The project is operational and the team witnessed processing of red-hot iron as well as dispatching of consignment from the factory.
- ii) Crashing of scrap is done manually.
- iii) The project has informed the team that it has not submitted the list of approval and so it has not enjoyed fiscal incentives. They would like to enjoy them in the ongoing investment.

7.0 RECOMMENDATIONS

Upon visiting the Project, the team recommends that the Project be granted a one-year extension. This is due to the fact of power-related impediments on the operations of the project and due to the fact that they have never submitted a list of items with the TIC.



JULIE MURO – IPFO – EZ



NESTORY KISSIMA – IFO