

BUSINESS PLAN

PAK STEEL MILLS LIMITED

IRON AND STEEL MANUFACTURING PROJECT – TANZANIA

1. INVESTMENT PLAN

PAK STEEL MILLS LIMITED proposes to establish a modern iron and steel manufacturing plant in Tanzania as a strategic industrial investment intended to strengthen domestic manufacturing capacity and reduce dependency on imported steel products. The project is designed to support Tanzania's industrialization agenda by producing high-quality steel materials required for construction, infrastructure development, engineering works, mining support, transport systems, and industrial fabrication. The investment covers acquisition of industrial land, factory construction, procurement of advanced machinery, installation of utility systems, technical staffing, operational working capital, and market entry systems. The proposed project seeks long-term sustainability by combining strong local demand, regional export opportunities, and industrial efficiency. Through this investment, the company aims to create a competitive manufacturing base capable of supplying both Tanzania and neighboring regional markets while benefiting from government investment incentives available to strategic industrial projects.

2. COMPANY BACKGROUND

PAK STEEL MILLS LIMITED is a private company limited by shares legally incorporated in Tanzania with the purpose of undertaking manufacturing, industrial processing, logistics support, and related commercial activities. The company was established as part of a long-term industrial investment strategy focused on sectors with high growth potential and strong national demand. Steel manufacturing was identified as a priority due to the increasing need for locally available steel products driven by rapid urbanization, infrastructure growth, and regional market shortages. The company's leadership combines business experience, capital commitment, and strategic interest in heavy industrial production. The intention is to develop the company into one of Tanzania's recognized suppliers of industrial steel products while maintaining compliance with local investment laws, industrial regulations, and technical quality standards.

3. NATURE OF THE PROJECT

The project involves establishment of an integrated iron and steel production facility designed to process raw steel materials into finished industrial products. Manufacturing operations will include steel melting where applicable, billet processing, rolling, shaping, cutting, cooling, and final finishing according to market specifications. The plant will focus on production of steel reinforcement bars, mild steel rods, flat bars, angle irons, wire products, and structural steel sections used across multiple sectors. The production process will rely on modern industrial technology that ensures consistency, efficiency, and quality control. This nature of project places the company in a strategic industrial category because steel remains one of the most essential materials in modern economic development.

4. TARGETED MARKET

The targeted market consists primarily of Tanzania's rapidly expanding construction and infrastructure sectors. Major consumers include building contractors, government procurement agencies, industrial engineering firms, mining companies, real estate developers, wholesalers, and hardware distributors. Tanzania's current infrastructure expansion, including roads, bridges, railways, industrial parks, ports, and urban housing, creates stable and continuous demand for steel products. In addition to domestic demand, the company intends to serve regional export markets including Rwanda, Burundi, Uganda, Democratic Republic of the Congo, Zambia, and Malawi where steel demand continues to exceed local production capacity.

5. ECONOMIC GROWTH CONTRIBUTION

The project contributes directly to Tanzania's economic growth through industrial expansion, import substitution, employment generation, tax contribution, and foreign exchange savings. Local production of steel reduces the need for imported products, thereby lowering pressure on foreign currency reserves. The company will create direct industrial employment and indirect opportunities across transport, maintenance, supply chains, engineering services, and trade networks. Government revenue will increase through corporate taxes, PAYE, VAT, and associated industrial levies. The project also strengthens national industrial competitiveness by supplying critical raw materials needed for large-scale development projects.

6. INDUSTRIAL DEMAND IN TANZANIA

Industrial demand for steel in Tanzania continues to grow due to national development programs, urban expansion, and private sector investment. Large volumes of steel are consumed in road construction, bridges, commercial buildings, warehouses, manufacturing facilities, power projects, and water infrastructure. Public investment in strategic projects has increased demand for steel products over recent years. Population growth and housing expansion further support strong long-term market demand. Current local production remains insufficient to fully satisfy total national consumption, creating strong business opportunity for new industrial entrants.

7. MANUFACTURING FACILITIES

The project requires installation of advanced industrial facilities capable of efficient and safe steel production. These include induction furnaces where applicable, rolling mill systems, billet handling units, cooling beds, cutting machines, heavy cranes, forklifts, power transformers, generators, compressors, and laboratory testing equipment. Proper utility systems including water circulation, industrial drainage, electrical systems, and ventilation are essential to support continuous production. Factory design will also include storage facilities for raw materials, finished products, spare parts, and maintenance equipment. These facilities will ensure industrial productivity and quality assurance.

8. COMPANY OBJECTIVES

The main objective of the company is to establish a strong local manufacturing base for high quality steel products capable of serving both domestic and regional markets. Specific objectives include reducing import dependency, creating industrial employment, generating sustainable returns for shareholders, introducing modern steel manufacturing technology, and contributing to Tanzania's industrial transformation agenda. The company also seeks long term industrial expansion through product diversification and increased production capacity.

9. PROJECT PROSPECTS

The project has strong long-term prospects due to stable steel demand, favorable location, regional market gaps, and supportive government investment policies. Tanzania's infrastructure pipeline continues to expand, while neighboring countries remain dependent on imported steel. Rising industrial activity in East and Central Africa creates strong future demand for locally manufactured products. Modern production systems further improve competitiveness through cost efficiency and quality consistency.

10. SHAREHOLDERS / PROMOTERS

The shareholders of **PAK STEEL MILLS LIMITED** provide the capital base and strategic direction necessary for successful project implementation. Their role includes financing, governance, policy direction, and long-term investment oversight. The promoters combine local and foreign business experience, which strengthens financial capacity and industrial confidence. Their investment demonstrates commitment to long-term industrial growth in Tanzania.

11. PROJECT LOCATION

The proposed project location in Kibaha offers major strategic advantages. The site is close to Dar es Salaam port logistics, major highways, industrial supply corridors, and labor availability. Proximity to transport infrastructure reduces raw material logistics costs and improves product distribution efficiency. Industrial zoning suitability also supports future expansion.

12. IMPLEMENTATION SCHEDULE

Implementation will occur in phases: feasibility completion, regulatory approvals, land preparation, machinery procurement, factory construction, installation, recruitment, trial production, and commercial launch. A realistic implementation period is 24–36 months depending on machinery importation schedules and construction progress.

13. FINACIAL PLAN

Key Assumptions (Reality Check Layer)

- Plant capacity: **1,000 – 1,500 tons/month (initial)**
- Average selling price: **Tshs 2,500,000 per ton** (varies by product)
- Capacity utilization:
 - Year 1: 50%
 - Year 2: 65%
 - Year 3: 75%
 - Year 4: 85%
 - Year 5: 90%
- Corporate tax (TRA): **30%**
- Cost structure:
 - Raw materials: **55–65% of revenue**
 - Energy: **10–15% (this is critical in steel)**
 - Labor + overhead: **10–15%**

Revenue Projections (5 Years)

Year	Production (Tons/Year)	Price per Ton (Tshs)	Revenue (Tshs)
Year 1	6,000	2,500,000	15,000,000,000
Year 2	7,800	2,600,000	20,280,000,000
Year 3	9,000	2,700,000	24,300,000,000
Year 4	10,200	2,800,000	28,560,000,000
Year 5	10,800	2,900,000	31,320,000,000

Cost Structure (Critical Section)

Cost of Goods Sold (COGS)

Year	COGS (% Revenue)	Total COGS (TSh)
Year 1	65%	9,750,000,000
Year 2	63%	12,776,400,000
Year 3	62%	15,066,000,000
Year 4	60%	17,136,000,000
Year 5	60%	18,792,000,000

Profit & Loss (5-Year)

Year	Y1	Y2	Y3	Y4	Y5
Revenue	15.0B	20.28B	24.30B	28.56B	31.32B
COGS	(9.75B)	(12.78B)	(15.07B)	(17.14B)	(18.79B)
Gross Profit	5.25B	7.50B	9.23B	11.42B	12.53B
Operating Expenses	(1.20B)	(1.40B)	(1.60B)	(1.80B)	(2.00B)
EBIT	4.05B	6.10B	7.63B	9.62B	10.53B
Tax (30%)	(1.22B)	(1.83B)	(2.29B)	(2.89B)	(3.16B)
Net Profit	2.83B	4.27B	5.34B	6.73B	7.37B

Cash Flow Projection

Year	Y1	Y2	Y3	Y4	Y5
Net Profit	2.83B	4.27B	5.34B	6.73B	7.37B
Add Depreciation	400M	400M	400M	400M	400M
Operating Cash Flow	3.23B	4.67B	5.74B	7.13B	7.77B
CapEx	(4.0B)	(500M)	(500M)	(500M)	(500M)
Net Cash Flow	(770M)	4.17B	5.24B	6.63B	7.27B

Balance Sheet (Simplified)

Item	Year 1	Year 3	Year 5
Assets	6.5B	12.0B	20.5B
Liabilities	2.0B	2.5B	3.0B
Equity	4.5B	9.5B	17.5B

Return on Investment (ROI)

- Initial Investment: **Tshs 4B**
- Year 1 Profit: **2.83B** → ~70% ROI (aggressive but possible in steel if **efficient**)
- Payback Period: ~1.5 – 2 years

14. INVESTMENT BREAKDOWN US\$/TSHS

Land/Building	<u>1.4 Billion Tshs</u>	
Plant	<u>1.2 Billion Tshs</u>	
Vehicles	<u>300 million Tshs</u>	
Furniture & Fittings	<u>200 Million Tshs</u>	
Pre-expenses	<u>200 Million Tshs</u>	
Others	<u>200 Million Tshs</u>	
Working Capital	<u>500 million Tshs</u>	
TOTAL	<u>4 billion Tshs</u>	

15. PRODUCTION FACILITIES

The production facilities of PAK STEEL MILLS LIMITED are designed to support continuous, efficient, and high-quality steel manufacturing through installation of modern industrial systems capable of handling all major stages of production from raw material reception to final finished product dispatch. Because steel manufacturing requires precise coordination between heavy machinery, material movement, heat control, and quality monitoring, the production facility will be structured in a manner that ensures smooth operational flow, industrial safety, and maximum production efficiency.

The core production assets will include **steel rolling lines**, which form the central manufacturing system responsible for converting billets into finished steel products such as reinforcement bars, mild steel rods, flat bars, angle irons, and structural steel sections. These rolling lines will be supported by controlled heating systems that prepare billets for shaping at the required industrial temperatures, ensuring product consistency and mechanical strength suitable for construction and engineering use.

A dedicated **billet storage system** will be established to ensure proper handling of raw materials before entry into the rolling process. This storage area will be designed to accommodate safe stacking, organized material flow, and easy access to production

lines, thereby minimizing delays in feeding raw materials into the manufacturing process. Proper billet storage also reduces unnecessary handling losses and protects production continuity.

The plant will further incorporate **material handling systems** including overhead cranes, forklifts, conveyors, and transfer equipment to facilitate efficient movement of raw materials, semi-processed steel, and finished products within the factory premises. These systems are essential because steel manufacturing involves heavy industrial loads that require safe and mechanized handling in order to reduce labor strain, improve productivity, and maintain safety standards.

To support finished product movement and customer dispatch, the project will establish well-organized **loading bays and dispatch zones** where steel products can be prepared for local delivery or regional transportation. These loading areas will be designed to accommodate trucks, forklifts, weighing systems, and organized dispatch procedures that ensure timely order fulfillment and reduced logistical congestion.

An important component of the facility is the **cooling system**, which is necessary after rolling and shaping operations. Cooling beds and temperature control arrangements will be installed to ensure gradual and controlled cooling of finished steel products, preserving structural integrity and reducing defects. Proper cooling directly influences steel strength, durability, and compliance with engineering standards.

The project will also establish **industrial maintenance units** within the factory to support preventive maintenance, emergency repairs, machinery servicing, spare parts storage, and technical inspections. Because uninterrupted machinery performance is critical in steel manufacturing, maintenance capability inside the plant will help reduce costly downtime and protect long-term production efficiency.

Additional production support facilities will include:

- industrial power systems and transformers
- backup generators for power continuity
- water circulation systems
- lubrication systems
- production control rooms
- industrial laboratory for quality testing
- safety equipment and fire control systems

Efficient layout planning of all production facilities will ensure that raw materials enter the factory in a logical sequence, pass smoothly through each stage of production, and

exit as finished products with minimal operational interruption. This layout strategy reduces unnecessary movement, lowers internal transport costs, improves worker productivity, and enhances overall industrial efficiency.

The production facility is therefore structured not only to meet immediate manufacturing needs but also to allow future expansion as production volumes increase and product lines diversify. Through this facility design, the company intends to establish a strong industrial base capable of maintaining reliable production standards for both domestic and export markets.

17. COMPETITION AND MARKET ANALYSIS

The market contains local manufacturers and imported steel suppliers. Imported products face high transport costs and longer delivery periods. Local production provides faster supply, lower inland logistics costs, and better customer responsiveness.

18. ADVERTISEMENT AND MARKETING STRATEGY

The advertisement and marketing strategy of PAK STEEL MILLS LIMITED is designed to position the company as a reliable and competitive supplier of iron and steel products within Tanzania and the wider regional market. Because steel products are industrial commodities whose purchasing decisions are largely influenced by quality assurance, price competitiveness, delivery reliability, and long-term supply confidence, the company's marketing approach will focus more on strategic business relationships and institutional visibility rather than conventional consumer advertising alone.

A major component of the strategy is **direct industrial marketing**, where the company will establish formal business relationships with large construction firms, engineering companies, real estate developers, hardware wholesalers, mining contractors, and government procurement agencies. These institutional buyers represent the largest consumers of steel products in Tanzania because of their continuous demand for reinforcement bars, rods, structural steel, and industrial metal products. Dedicated sales teams will actively approach these customers to negotiate supply arrangements, framework contracts, and recurring delivery schedules that ensure long-term commercial stability.

The company will also actively target **government and public infrastructure projects**, since national development programs continue to generate high steel demand through road construction, bridge works, railway expansion, port development, industrial parks, and public housing projects. Participation in public procurement opportunities will therefore form an important part of market expansion, particularly where locally manufactured steel enjoys logistical advantages and shorter delivery times compared to imported alternatives.

Another important marketing channel will be **strategic distribution through hardware dealers and regional steel distributors**. By establishing supply relationships with major building material wholesalers in key commercial centers such as Dar es Salaam, Dodoma, Mwanza, Arusha, and Mbeya, the company will ensure that products are accessible across major construction markets in the country. This distribution strategy reduces dependence on a single sales point and broadens market penetration.

The advertisement strategy also includes **participation in industrial exhibitions, trade fairs, and business forums** where manufacturers, contractors, investors, and government agencies interact. Presence in such platforms increases visibility, strengthens industrial credibility, and provides opportunities to present product quality, technical standards, and production capacity to potential buyers and institutional partners.

A modern component of the marketing strategy is **digital and corporate visibility**. Although steel products are industrial rather than retail consumer goods, many procurement decisions increasingly begin through online company searches, digital communication, and electronic quotation systems. The company therefore intends to maintain professional digital presence through a corporate website, online product catalogues, email-based commercial communication, and business networking platforms that allow buyers to access product information, request quotations, and initiate supply discussions efficiently.

The company will also emphasize **brand identity based on reliability and technical trust**. In industrial markets, long-term purchasing decisions are strongly influenced by supplier reputation. For this reason, the company intends to market itself not merely through product pricing but through demonstrating consistent quality, timely delivery, transparent communication, and dependable after-sales business support. Contractors and industrial buyers often prefer suppliers whose product performance has already proven reliable in active projects.

An important strategy is **competitive pricing combined with stable supply assurance**. Imported steel products often experience price fluctuations due to exchange rate movements, shipping costs, and global steel market volatility. By producing locally, PAK STEEL MILLS LIMITED will be able to offer more responsive pricing while reducing transport delays, thereby attracting buyers seeking predictable supply conditions.

The marketing strategy also includes **relationship-based commercial engagement**, where repeat business will be encouraged through long-term customer trust, volume-based pricing arrangements, and responsive handling of urgent project demands. Maintaining strong communication with contractors, engineers, and industrial buyers helps secure recurring demand and strengthens market position over time.

As production stabilizes, the company will gradually pursue **regional market promotion** in neighboring countries including Rwanda, Burundi, Uganda, Democratic Republic of the Congo, and Zambia where steel demand remains high and supply gaps continue to exist. Tanzania's logistical position through Dar es Salaam provides strong regional trade advantage.

Finally, the company intends to maintain close alignment between marketing strategy and production planning so that promotional commitments are always supported by actual manufacturing capacity. This prevents over-promising and protects long-term industrial credibility.

Overall, the advertisement and marketing strategy is designed not only to secure immediate sales but also to establish PAK STEEL MILLS LIMITED as a recognized industrial steel supplier capable of sustaining long-term market confidence within Tanzania and across the region.

19. BUSINESS STRATEGY

The business strategy of PAK STEEL MILLS LIMITED is designed to establish the company as a competitive and sustainable participant in Tanzania's iron and steel manufacturing industry through a combination of production efficiency, market responsiveness, product reliability, and long-term industrial growth planning. The strategy recognizes that steel manufacturing is a capital-intensive and highly competitive sector, and therefore success depends not only on production capacity but also on the ability to maintain quality standards, control operational costs, secure reliable buyers, and build long-term industrial trust in the market.

A central pillar of the strategy is **quality consistency**. In the steel industry, buyers such as contractors, engineers, infrastructure developers, and industrial users place significant importance on product strength, uniformity, and compliance with technical specifications. For this reason, the company will implement strict quality assurance systems at every stage of production, beginning from raw material selection up to final rolling, cooling, cutting, and packaging. Internal laboratory testing and routine inspection procedures will be used to ensure that reinforcement bars, rods, angle irons, and structural steel products consistently meet market and engineering requirements. By maintaining reliable quality, the company intends to build long-term customer confidence and strengthen repeat purchasing relationships.

A second major strategic focus is **reliable production continuity**. Industrial buyers require stable supply and timely delivery, particularly where steel products are linked to active construction schedules and infrastructure projects. The company therefore intends to maintain production reliability through preventive machinery maintenance, adequate spare parts planning, backup power systems, efficient stock control, and technical

supervision of key production lines. Continuous production capability is expected to become one of the company's strongest competitive advantages because interruptions in steel supply often create immediate market dissatisfaction and financial losses for buyers.

Another critical element of the strategy is **cost control and operational efficiency**. Because steel manufacturing is highly dependent on electricity, machinery, raw materials, transport, and labor, careful cost management is essential for maintaining competitive pricing. The company will adopt efficient energy use systems, production planning methods, bulk raw material procurement arrangements, and maintenance scheduling to reduce avoidable operational losses. Cost efficiency will allow the company to offer prices that remain competitive against imported steel while preserving acceptable profit margins.

The business strategy also emphasizes **market penetration through targeted industrial relationships**. Rather than relying only on open market sales, the company intends to establish direct commercial relationships with major construction contractors, hardware distributors, engineering firms, industrial developers, and government procurement channels. Long-term supply contracts will be prioritized because they provide revenue stability and improve production planning. The company will also actively participate in public and private tender opportunities involving large infrastructure and building projects in Tanzania.

An important strategic direction is **industrial partnership development**. The steel market often benefits from strong institutional relationships, including partnerships with construction companies, logistics operators, engineering firms, and industrial suppliers. The company intends to create collaborative supply relationships that strengthen both raw material access and product distribution. Such partnerships also help improve market intelligence, customer responsiveness, and regional expansion opportunities.

The strategy further includes **gradual product diversification**. Although initial production will focus on high-demand steel products such as reinforcement bars, mild steel rods, flat bars, and angle irons, future phases may introduce additional products including wire products, specialized steel sections, fabricated industrial steel, and other metal products depending on market demand. Product diversification reduces dependence on a single revenue stream and increases resilience against market fluctuations.

A long-term component of the business strategy is **regional export expansion**. Once domestic operations stabilize, the company intends to gradually enter regional markets where steel demand remains high and local production remains insufficient. Priority export destinations include Rwanda, Burundi, Uganda, Democratic Republic of the Congo, and Zambia. Tanzania's geographic advantage and access through Dar es Salaam logistics corridors provide strong support for regional steel distribution.

The business strategy also recognizes the importance of **brand credibility in industrial markets**. Unlike consumer products, industrial steel buyers often make purchasing decisions based on reliability, delivery record, and technical trust. The company therefore intends to build a reputation based on supply consistency, fair pricing, product integrity, and professional business conduct.

Another strategic pillar is **regulatory and institutional compliance**. Maintaining compliance with industrial, tax, environmental, labor, and investment requirements ensures uninterrupted operations and strengthens investor confidence. Good compliance also improves eligibility for strategic support under Tanzania Investment and Special Economic Zones Authority and other industrial facilitation mechanisms.

In the long term, the company's strategy is to move beyond simple steel production and become a broader industrial metal platform capable of supporting Tanzania's growing manufacturing economy through advanced metal processing, larger production volumes, and stronger regional trade integration.

20. ENVIRONMENTAL COMPLIANCE

The project must comply with National Environment Management Council standards including waste management, emission control, industrial safety systems, and recycling measures.

21. PROJECT MANAGEMENT

Project management will be supervised by the Board of Directors supported by factory management, finance, production engineering, procurement, and compliance departments.

22. MANPOWER AND TECHNOLOGY TRANSFER

The project is expected to employ over 200 local workers and technical staff with foreign experts supporting technology transfer in machine operation, quality control, and industrial maintenance.

23. FINANCIAL AND ECONOMIC ANALYSIS

The financial and economic analysis of **PAK STEEL MILLS LIMITED** demonstrates that the proposed iron and steel manufacturing project is commercially viable, economically strategic, and capable of generating sustainable long-term returns while contributing significantly to Tanzania's industrial economy. The analysis has been prepared based on expected production growth, local steel demand, regional market opportunities, operating efficiency, and gradual expansion of industrial supply contracts over the first five years of operation.

The steel industry remains one of the strongest industrial sectors because demand is directly linked to national development activities such as housing construction, road expansion, bridges, railway systems, energy infrastructure, industrial warehouses, mining support structures, and commercial real estate development. Tanzania continues to invest heavily in infrastructure, while regional markets also remain dependent on imported steel products. This creates a strong financial base for local industrial steel production.

During the first year of operation, the company is expected to operate at moderate production capacity while machinery stabilization, workforce training, and market establishment are completed. Initial costs will be relatively high because of machinery commissioning, utility consumption, technical supervision, raw material sourcing, spare parts procurement, and early logistics arrangements. However, even at this stage the company is projected to generate positive operating returns because of strong local demand and immediate market absorption of basic steel products.

In the second year, production efficiency is expected to improve as plant operations become more stable and market penetration expands. By this period, the company is expected to have secured repeat supply contracts with contractors, industrial buyers, wholesalers, and infrastructure suppliers. Improved cost management, better production planning, and stronger procurement systems are expected to increase profitability.

By the third year, the project is expected to enter stronger industrial maturity, with production operating closer to designed plant capacity. At this stage, export opportunities to neighboring countries including Rwanda, Burundi, Uganda, Democratic Republic of the Congo, and Zambia are expected to begin contributing meaningfully to total revenue through regional steel distribution.

The fourth year is projected to reflect strong economies of scale, lower operational inefficiencies, wider product acceptance, and stronger industrial contracts. By this period, the company may also begin product diversification depending on market conditions, including expansion into specialized structural steel products and industrial metal sections.

By the fifth year, **PAK STEEL MILLS LIMITED** is expected to achieve strong industrial positioning within Tanzania's steel market, supported by stable local demand, improved production efficiency, and stronger regional supply networks. Profitability at this stage is expected to strengthen significantly because fixed industrial costs become more efficiently distributed across larger production volumes.

The above projections indicate a progressive growth trend based on gradual expansion of plant utilization, stronger market penetration, improved supply efficiency, and reduced operational waste. Revenue growth is expected to be driven by increasing domestic steel consumption, improved customer confidence, and expansion into regional export

channels. Operating costs remain substantial because steel manufacturing is energy intensive and machinery dependent, but long-term profitability improves as output expands.

The financial impact of this project on Tanzania's domestic steel market is expected to be substantial. At present, imported steel products continue to dominate portions of the market, often exposing local buyers to international price volatility, shipping delays, and foreign exchange fluctuations. By increasing local steel manufacturing capacity, the project will improve price stability, reduce transport-related costs, shorten delivery periods, and improve access to steel products for contractors and industrial buyers.

This local supply advantage is particularly important for large national development projects where timely material availability directly affects project completion schedules. Stable local steel production strengthens Tanzania's construction supply chain and reduces dependency on external industrial markets.

The wider economic contribution of the project is equally significant because steel manufacturing stimulates multiple sectors simultaneously. Direct employment will be created through factory operations, engineering services, machine maintenance, warehouse management, administration, security, and logistics. Indirect employment opportunities will arise through transport contractors, spare parts suppliers, industrial service providers, and distribution networks. The project is expected to support over 200 direct jobs and many additional indirect economic opportunities.

Government revenue will increase through corporate income tax, PAYE, VAT, customs-related industrial transactions, licensing fees, and utility-related tax contributions. In addition, foreign exchange savings will arise because each ton of locally produced steel reduces import expenditure previously directed to foreign suppliers.

The project also contributes to industrial knowledge transfer through technical training and foreign industrial expertise introduced during early plant operation. Local technical staff will gain practical exposure to steel rolling systems, industrial quality control, production planning, equipment maintenance, and safety systems. This strengthens Tanzania's long-term industrial skills base.

From a strategic industrial perspective, the project aligns strongly with Tanzania's manufacturing development agenda because steel remains a foundational industrial input required across almost every major economic sector. Growth in steel production therefore directly supports growth in housing, infrastructure, transport, mining, manufacturing, and industrial services.

A broad SWOT perspective further confirms the project's viability.

Strengths

The project benefits from strong local demand, strategic location in Kibaha near Dar es Salaam logistics corridors, industrial relevance, and government support for manufacturing investments.

Weaknesses

The project requires high initial capital investment, heavy utility consumption, technical dependence during early stages, and careful working capital management.

Opportunities

Regional export demand remains strong, infrastructure spending continues rising, and industrial substitution policies favor local production.

Threats

Global steel price fluctuations, power supply instability, transport costs, and international competition may affect margins if not carefully managed.

Despite these risks, the overall economic and financial outlook remains highly favorable because steel demand in Tanzania and the surrounding region continues to grow consistently.

24. CONCLUSION AND RECOMMENDATION

The proposed iron and steel manufacturing project by PAK STEEL MILLS LIMITED represents a financially sound, economically beneficial, and industrially strategic investment capable of delivering long-term value to Tanzania's manufacturing sector. The project directly supports industrialization, employment generation, import substitution, tax growth, and regional trade expansion.

The financial projections indicate progressive profitability over the first five years of operation, while the wider economic analysis confirms substantial contribution to market stability and industrial development. The project therefore qualifies as a strong candidate for investment support, strategic incentives, and industrial recognition under Tanzania Investment and Special Economic Zones Authority.

It is recommended that the project proceeds with full regulatory support, financing mobilization, and phased implementation as a priority industrial investment capable of strengthening Tanzania's position in the regional steel manufacturing market.