

MINISTERIAL STATEMENT BY THE MINISTER OF TRANSPORT AND
LOGISTICS, MR TAYALI, ON TAZARA REVITALISATION CONCESSION
AGREEMENT

Madam Speaker, I have the high privilege and distinct honour to thank you most sincerely for according me this opportunity to update this august House and the nation, through this Ministerial Statement, on the landmark Tanzania-Zambia Railway Authority (TAZARA) Revitalisation Concession Agreement recently concluded between the Governments of the Republic of Zambia, the United Republic of Tanzania and the People's Republic of China. This historic agreement marks the rebirth of one of Africa's greatest symbols of freedom, friendship and economic independence of TAZARA.

Madam Speaker, TAZARA was born in a time of struggle. Following the unilateral declaration of independence by the minority self-governing regime of Iain Douglas Smith in Southern Rhodesia, Zambia's southern routes to the sea were cut off. In the *Uhuru* spirit of our Tanzanian brothers and sisters, and the generous solidarity of the People's Republic of China, Zambia secured a sovereign lifeline to the Indian Ocean through the port of Dar-es-Salaam. This 1,860 km railway, built between 1970 and 1975, stood as a monument of Pan-African unity and south-to-south co-operation, linking our mineral-rich Copperbelt to the world. However, over the decades, this once vital artery suffered severe decline due to chronic underinvestment, equipment failure and management challenges. Freight volumes dropped from a peak of 1.2 million metric tonnes in 1986 to less than 100,000 metric tonnes in recent years. The railway that once sustained our economy had become a burden on the public purse. Both the Zambian and Tanzanian governments, therefore, resolved that a private sector-led revitalisation was imperative.

Madam Speaker, after extensive consultations and negotiations among the tripartite partners, the three Governments, a thirty-one-year concession agreement has been signed with the China Civil Engineering Construction Corporation (CCECC). The total investment amounts to US\$1.4 billion as follows:

- (a) US\$1.17 billion for initial capital equipment and rehabilitation; and

- (b) US\$238 million for periodic re-investment to ensure long-term sustainability.

Madam Speaker, this investment will deliver:

- (a) complete rehabilitation of the whole 1,860 km of track between Dar-es-Salaam and Kapiri Mposhi;
- (b) modern signalling system; and
- (c) new modern fleet of thirty-four locomotives, 760 wagons and sixteen passenger coaches, together with a state-of-the-art logistics inland port in Kapiri Mposhi, including bonded warehouses, customs clearance facilities and cargo consolidation services. Thus, transforming Kapiri Mposhi from a simple terminus into a dynamic logistics gateway for Zambia and the region.

Madam Speaker, the concessionaire will commence physical rehabilitation works after the ground-breaking ceremony scheduled to take place sometime next week or soon thereafter. The construction phase is expected to last three years, covering full rehabilitation of the rail line, development of the logistics hub in Kapiri Mposhi and modernisation as well as equipping of dedicated berths for TAZARA's exclusive use at the port of Dar-es-Salaam. Upon completion, freight volumes are projected to increase from approximately 400,000 metric tonnes to about 2.4 million metric tonnes per annum within two years of full operation and to exceed 3 million metric tonnes within five years.

Madam Speaker, this Government, under the able and visionary leadership of Mr Hakainde Hichilema, President of the Republic of Zambia, made it clear that the welfare of TAZARA workers was to be safeguarded at all material times during and after the negotiation period. Accordingly:

- (a) all the workers will be retained. I will repeat. All workers will be retained;
- (b) TAZARA will continue to exist as a bi-national entity; and

- (c) the concessionaire is, as unequivocally stated in the agreement, legally bound to absorb between 200 and 300 qualified TAZARA employees. Therefore, the 200 to 300 workers will be moved to the CCECC, who also have to be severed or, indeed, paid their full terminal benefits.

Moreover, Madam Speaker, the new operations and the logistics hub are expected to create hundreds of additional jobs in freight handling, customs, warehousing and security. The concession also provides for major rehabilitation every ten years, ensuring that both infrastructure and rolling stock remain in good and pristine condition throughout the thirty-one-year concession period.

Madam Speaker, this agreement delivers both direct and indirect financial benefits to the Zambian Treasury. Firstly, Zambia, through TAZARA, will receive a guaranteed annual concession fee from the first year of operations. Secondly, the Government, through TAZARA, will earn a share of gross revenue from freight operations throughout the concession period. Thirdly, the revitalisation will reduce the cost of imports and exports, enhancing competitiveness for our mining and agricultural sectors, and saving our road network from heavy damage caused by excessive trucking. The resulting economic activities will expand Zambia's tax base through new business formation, job creation and lower logistics costs, thereby, stimulating overall national growth.

Madam Speaker, the House may wish to note that the concession includes time-bound tax incentives, including a zero per cent corporate tax rate for the initial five years of operations. Let me clarify that the incentives are not giveaways, but strategic instruments designed to make this US\$1.4 billion investment bankable and attractive. In global practice, such incentives are standard for large, long-term infrastructure concessions, especially in high-risk environments. The incentives are progressive and phased out as the project stabilises, ensuring long-term fiscal returns for the nation, while enabling the private partner to recover their heavy upfront costs.

Madam Speaker, the revitalisation of TAZARA fits squarely with the New Dawn Government's vision of a land-linked Zambia. A modern, efficient railway system integrated with road, water and air transport will position Zambia as the logistics and distribution hub of Southern and Central Africa, as we have long envisioned. The Kapiri Mposhi logistics hub will

anchor value addition, storage and trade facilitation, ensuring that goods do not merely pass through Zambia but are processed, packaged and exported from within. This is about economic transformation from raw export dependency to an integrated logistics and industrial economy.

Madam Speaker, the revival of TAZARA represents the reclamation of a historic asset for a modern purpose. It fulfils the original dream of our founding fathers; the late Dr Kenneth David Kaunda, Mwalimu Julius Nyerere and Chairman Mao Zedong, not only as a line of freedom but now as a powerful engine of regional trade, job creation and shared responsibility. Our Government remains committed to transparency, accountability and ensuring that every Zambian benefits from this landmark project. With the TAZARA revitalisation now firmly on track, Zambia's future as a land-linked, industrialised and globally connected nation is within reach.

Madam Speaker, at this juncture, please, permit me to yield back the Floor, your esteemed self, as I thank you and all the hon. Members, for your most kind attention.

I thank you, Madam Speaker.