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New Flexibility for Natural Resource Disputes

- Special dispute resolution arrangements now permitted
- Foreign seat of arbitration may be agreed
- Jurisdiction may be determined by agreement
- Cabinet approval required for special arrangements
- General requirement for disputes to be determined in Tanzania remains

Background

Tanzania has introduced an important change to the law governing dispute resolution in the natural resources sector. The Written Laws (Miscellaneous Amendments) (No. 2) Act, 2026 (the Amendments), published in the Government Gazette dated 2 October 2026, has amended section 11 of the Natural Wealth and Resources (Permanent Sovereignty) Act, Cap. 449 (the Sovereignty Act) by introducing an exception to the restrictions applicable to dispute resolution arrangements involving Tanzania's natural wealth and resources.

Prior to the amendments, section 11 of the Sovereignty Act prohibited Tanzania's permanent sovereignty over natural wealth and resources from being the subject of proceedings before a foreign court or tribunal. Furthermore, disputes arising from the extraction, exploitation or acquisition and use of natural wealth and resources were required to be adjudicated by judicial bodies or other organs in Tanzania and in accordance with Tanzanian laws. The Sovereignty Act further required such position to be recognized and incorporated into relevant agreements.

The Amendments has now introduced a significant exception to this position. Under the newly added section 11(4), an agreement relating to the extraction, exploitation or acquisition and use of natural wealth and resources may provide for a special arrangement relating to proceedings, the seat of arbitration or jurisdiction. However, such an arrangement must be contained in an agreement which has been approved by Cabinet. Where this requirement is satisfied, the restrictions under section 11 will not prejudice implementation of the agreed arrangement.

The amendments is particularly significant because, since the enactment of the Sovereignty Act in 2017, the law has generally required natural-resource disputes to be determined within Tanzania and under Tanzanian law. The new provision introduces room for parties, subject to Cabinet approval, to negotiate alternative arrangements on proceedings, jurisdiction and the seat of arbitration.

Importantly, the amendments do not generally remove the restrictions under section 11. The requirement for natural resource disputes to be adjudicated in Tanzania remains the default position. For avoidance of doubt, the flexibility introduced by the amendments applies where the relevant agreement specifically provides for a special arrangement and that agreement has received Cabinet approval. Accordingly, the amendments should not be interpreted as generally permitting all natural resource agreements to provide for foreign courts or foreign-seated arbitration.

It is worth noting that the amendments refer separately to proceedings, seat of arbitration and jurisdiction, giving parties greater room to structure dispute resolution arrangements in qualifying natural resource agreements. However, the amendments do not prescribe the circumstances in which Cabinet approval will be granted.

The amendment is a significant development for investors and Government entities involved in mining, petroleum and other natural resource projects, particularly when negotiating dispute resolution provisions in investment and project agreements. It introduces greater contractual flexibility while retaining Government oversight through the requirement for Cabinet approval. It remains to be seen how this flexibility will be applied in practice and the circumstances in which special dispute resolution arrangements will receive Cabinet approval.

To read the Written Laws (Miscellaneous Amendments) (No. 2) Act, 2026, [click here](#).

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