



**BANK OF TANZANIA**



**MONTHLY  
ECONOMIC  
REVIEW**

**September 2007**



## **Table of Contents**

<b>1.0 Inflation Developments</b>	<b>1</b>
Food Supply Situation	2
<b>2.0 Monetary and Financial Developments</b>	<b>2</b>
Money Supply	2
Credit Developments	3
Interest Rates	3
Developments in Financial Markets	3
<b>3.0 Government Budgetary Operations</b>	<b>5</b>
<b>4.0 External Sector Performance</b>	<b>5</b>
Current Account Balance	5
Exports Performance	5
Imports Performance	7
World Commodity Prices	9
<b>5.0 National Debt Developments</b>	<b>9</b>
External Debt	9
Domestic Debt	10
<b>6.0 Economic Developments in Zanzibar</b>	<b>11</b>
Fiscal Performance	11
Debt Developments	12
External Sector Performance	12
Current Account	12
Exports Performance	13
Imports Performance	13
<b>STATISTICAL TABLES</b>	<b>15</b>
<b>GLOSSARY</b>	<b>26</b>





# 1.0 Inflation Developments

**Annual headline inflation** decreased to 7.8 percent in August 2007 from 9.0 percent recorded in the previous month. The slowdown in inflation rate is mainly explained by a decrease in both food and non-food inflation. On month-to-month basis similarly, the inflation rate declined to negative 0.9 percent from 0.1 percent recorded in July, mainly on account of decline in food inflation. Likewise, excluding seasonal influences, the month-on-month headline inflation decelerated to negative 1.4 percent in August 2007 compared to 1.1 percent recorded in July 2007.

**Annual food inflation** moved downwards in July 2007 to 9.2 percent, from 10.3 percent recorded in the year ended July 2007. This is mainly explained by the continuing improvement in domestic food supply, particularly maize, rice and sorghum in the country, which helped to contain food inflationary pressures. Similarly, the month-to-month food prices declined to negative 1.6 percent in August 2007 from 0.1 percent in July 2007 mainly as a result of decrease in average prices of some food items including rice, meat, legumes, vegetables, sugar and onions (**Table 1.1 and Chart 1.1**).

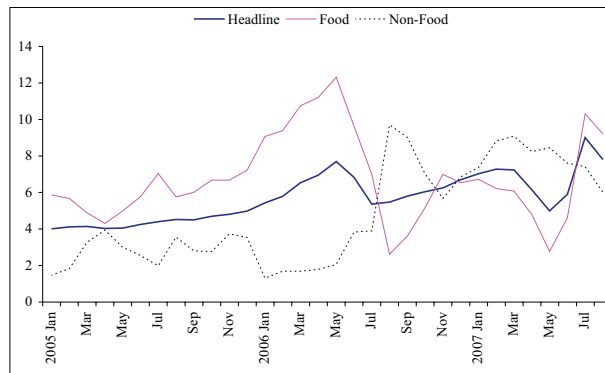
**Annual non-food inflation** decreased from 7.4 percent recorded in July 2007 to 6.0 percent during the period ending August 2007. The main underlying factor for the decrease was the slowdown in the prices of petrol, diesel and charcoal in some regions during the year under review. The month-to-month non-food inflation also went down between July and August 2007, decreasing to negative 0.2 percent, from 0.2 percent in July reflecting decrease in average prices of charcoal, petrol, diesel and cell phones. The decrease in fuel prices was due to EWURA close follow up of fuel dealers who unilaterally hike fuel prices.

**Table 1.1: Percentage Change in Consumer Price Index (All-Urban)**

Major Commodity Group	Weight (%)	2005			2006			2007		
		Jun	Jul	Aug	Jun	Jul	Aug	Jun	Jul	Aug
<b>Headline/Overall</b>	<b>100.0</b>	4.2	4.4	4.5	6.8	5.4	5.5	5.9	9.0	7.8
<b>Food</b>	<b>55.9</b>	5.8	7.0	5.8	9.6	7.0	2.6	4.6	10.3	9.2
<b>Non-food</b>	<b>44.1</b>	2.5	2.0	3.6	3.8	3.9	9.7	7.6	7.4	6.0
Transportation	9.7	5.1	5.4	5.2	6.3	6.5	9.3	5.8	6.8	6.5
Fuel, Power and Water	8.5	5.6	0.3	9.8	10.4	7.9	13.9	6.4	7.3	4.2
Drinks and Tobacco	6.9	1.4	3.1	2.4	2.9	5.7	10.6	12.3	10.8	7.3
Clothing & Footwear	6.4	0.9	1.3	-1.2	-2.2	-1.1	8.1	7.3	5.5	6.4
Education	2.6	1.2	0.1	-1.9	0.2	1.1	4.6	10.3	8.6	8.8
Furniture & Household Equip.	2.1	-2.8	-0.9	0.0	1.3	1.5	8.2	8.7	7.6	6.9
H/h Operations Maintenance	2.1	0.4	0.3	-0.6	-0.4	0.0	1.9	10.1	10.7	9.5
Personal Care & Health	2.1	6.1	6.5	3.5	0.4	-0.8	14.0	4.2	4.5	3.5
Rents	1.4	-5.0	-3.9	7.5	0.7	5.0	3.5	3.2	1.7	2.1
Recreation & Entertainment	0.8	-0.2	-2.1	-1.5	-1.3	-0.5	5.5	10.1	10.6	10.8
Misc. Goods & Services	1.5	-1.5	-0.8	-0.1	-0.8	-0.5	8.7	2.5	2.0	0.0

Source: National Bureau of Statistics (NBS)  
Note: 1) Base 2001=100 before August 2006, (2) Base Dec 2001=100 from August 2006.

**Chart 1.1: Annual Headline, Food, and Non-food inflation**



## Food Supply Situation

Food supply situation was generally satisfactory through out the country in August 2007 following increased food supplies from the recent crops harvests. Despite the overall estimated increase in food crops production during 2006/07 at 110 percent food self sufficiency, some regions such as Arusha (Monduli), Manyara (Mbulu, Simanjiro), Kilimanjaro (Same, Mwanga, Hai) Coast (Rufiji), Singida (Manyoni, Iramba), Tabora (Uyui), Shinyanga (Bariadi, Kishapu, Meatu), Lindi (Kilwa, Liwale) are experiencing pockets of food shortages. However, with the estimated surplus food production of about 1.0 million tons, Tanzania is expected to be food secure during the 2007/08 marketing year.

Except for beans and potatoes, the prices of other major food crops decreased significantly in August 2007 when compared with the same period last year following the increased supplies from the recent crops harvests (**Table 1.2**). On monthly basis, prices of all selected food items increased in August 2007 when compared with the preceding month apparently due to high transportation costs that resulted from rise in fuel pump prices from July 2007.

**Table 1.2: National average Wholesale Prices for Selected Food Items**

Item	TZS per 100 kg				
	2006	2007		Percentage change	
	Aug	Aug	Jul	Aug-06 to-07	Jul-07 to Aug-07
Maize	20,399	19,326	17,653	-5.3	9.5
Rice	65,892	59,612	58,191	-9.5	2.4
Beans	49,929	64,865	62,156	29.9	4.4
Sorghum	27,690	25,731	24,436	-7.1	5.3
Potatoes	28,561	34,853	34,219	22.0	1.9

Source: Ministry of Industry, Trade and Marketing

## The Strategic Grain Reserves (SGR)

By the end of August 2007, the SGR stock decreased by 2.8 percent to 125,653 tons compared to 129,306 tons recorded in July 2007 following a sale of 3,701 tons of maize to the World Food Program (WFP). (Table 1.3). On annual basis, the SGR stock increased substantially from 28,440 tons recorded



in August 2006 to 125,653 tons in August 2007 on account of large stock carryovers and new stock purchases. The SGR department planned to procure 28,000 tons of maize during 2007/08 to increase SGR stocks to the maximum capacity of 150,000 tons of maize and sorghum. During the month of August 2007, the SGR department purchased 49 tons leading to a cumulative procurement of 549 tons of maize during 2007/08 crop season.

**Table 1.3: Strategic Grain Reserve (SGR) Stock**

Period					Tons
	2004	2005	2006	2007	% Change 2006 -2007
January	35,342	119,924	76,813	112,343	46
February	23,791	116,383	43,593	117,838	170
March	22,903	114,760	8,055	123,046	1,428
April	32,387	115,262	3,165	125,509	3,866
May	31,732	113,823	6,210	128,350	1,967
June	37,091	112,823	15,560	128,804	728
July	39,195	112,323	13,811	129,306	836
August	45,988	112,067	28,440	125,653	342
September	67,685	111,971	80,248		
October	92,710	111,695	87,461		
November	108,448	106,428	100,828		
December	114,030	93,051	110,203		

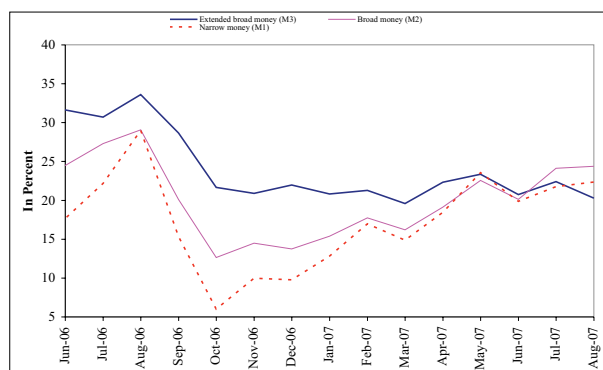
Source: Food Security Department and BOT computation.

## 2.0 Monetary and Financial Developments

### Money Supply

Monthly monetary survey statistics show that extended broad money supply (M3) grew by 20.3 percent in the year ending August 2007 compared with 33.6 percent in the respective period in 2006. Correspondingly, the annual growth of broad money supply (M2), which excludes foreign currency deposits, grew at 24.4 percent in the year ending August 2007 compared with 29.1 percent recorded in the similar month in 2006 (Chart 2.1). The decline in the foreign assets of the banking system greatly explains the reduced growth in money supply.

**Chart 2.1: Annual Growth Rates in Money Supply**



On monthly basis, M3 increased by TZS 102.4 billion in August 2007 compared with an increase of TZS 238.4 billion recorded in July 2007. M2 registered a monthly increase of TZS 89.0 billion which is significantly lower than the increase of TZS 228.2 billion registered in July 2007. The sizeable monthly increase in extended broad money supply was mirrored mainly in M2 increase driven by all deposit categories save for time deposits that declined (Table 2.1).

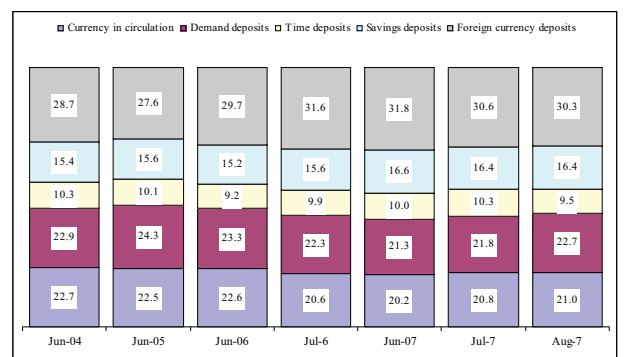
**Table 2.1: Selected Money Supply Components**

Item	Billions of TZS		Monthly Change	Annual Growth Rate (%)			
	Jul-07	Aug-07		Jul-06	Aug-06	Jul-07	Aug-07
<b>Extended Broad Money (M3)</b>	<b>5,428.2</b>	<b>5,530.6</b>	<b>102.4</b>	<b>30.7</b>	<b>33.6</b>	<b>22.4</b>	<b>20.3</b>
Broad money (M2)	3,766.3	3,855.3	89.0	27.3	29.1	24.1	24.4
Currency in circulation	1,131.5	1,163.6	32.2	19.3	22.8	23.8	23.9
Demand deposits	1,183.3	1,255.9	72.6	25.0	35.1	19.9	21.0
Time deposits	561.6	527.1	-34.5	41.5	19.6	27.3	26.6
Saving deposits	889.9	908.6	18.7	34.2	35.6	28.6	28.7
Foreign currency deposits (FCD)	1,661.9	1,675.4	13.4	38.7	44.1	18.7	11.8
FCD in millions of USD	1,297.4	1,313.0	15.7	22.3	23.8	19.3	15.7
Private sector deposits	4,296.8	4,367.0	70.2	34.0	36.7	22.1	19.4
Government sector deposits	275.5	275.5	0.0	69.4	69.6	36.5	41.4
Total deposits	4,572.3	4,642.5	70.2	35.6	38.0	22.8	20.5
<b>Net Foreign Assets</b>							
Bank of Tanzania	3,249.4	3,206.4	-43.1	56.4	75.9	28.0	14.8
Commercial banks	687.3	577.2	-110.1	37.8	40.9	-23.2	-42.0
<b>Net Domestic Assets</b>	<b>2,100.7</b>	<b>2,356.3</b>	<b>255.6</b>	<b>-3.0</b>	<b>-16.0</b>	<b>30.4</b>	<b>66.0</b>
Domestic Credit	2,315.0	2,272.4	-42.6	17.1	4.7	22.3	34.6
Net claims on government	-70.7	-195.9	-125.2	-63.6	-143.9	-161.4	59.6
Claims on government by the banking system	1,873.1	1,836.3	-36.9	45.3	45.7	37.6	38.6
Government deposits in the banking system	1,943.8	2,032.2	88.3	100.8	129.9	56.0	40.4
Claims on private sector by Commercial Banks	2,385.7	2,468.3	82.5	36.7	35.9	34.2	36.3

Source: Bank of Tanzania

Similar to the previous month, public preferences in holding different types of money remained broadly unchanged during the month of July 2007 with foreign currency holdings and demand deposits taking the lead, followed by currency in circulation and time deposits (Chart 2.2). Preferences in holding foreign currency together with savings deposits have been on the rise for the past three years now while other forms of money holdings remained somewhat unchanged over the same period.

**Chart 2.2: Components of Money Supply as Percentage of M3**



## Credit Developments

### Domestic Credit

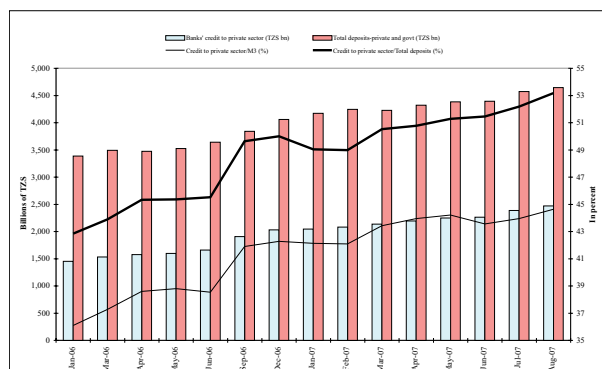
At the end of August 2007, commercial banks' credit to the private sector recorded an annual growth rate of 34.2 percent slightly lower than the growth rate of 35.9 percent that was evidenced at the similar month in 2006. The share



of outstanding credit stock to total money supply has largely remained the same at 44.6 percent (13 percent of GDP) while in terms of total deposits, the credit stock has increased to about 53.2 percent which is higher than the level recorded in the past three months (Chart 2.3). Total credit extended during August 2007 was TZS 82.5 billion compared with TZS 125.6 billion recorded in the previous month.

The continued satisfactory performance in private sector credit reflects, in part, increased credit culture among business community, declining credit risks due to continuing reforms, improvement in business environment and competition in the banking sector increased public awareness on facilities offered by the banking system for small and medium sized enterprises, as well as the introduction of special products for estate developments. In terms of credit concentrations, trade, manufacturing and agriculture (particularly cash crop purchases) activities continued to predominate followed by transport and communication, electricity, and building and construction.

Chart 2.3: Commercial Banks Intermediation



## Interest Rates

During August 2007, interest rates spread slightly narrowed to 4.89 percent down from 5.08 percent registered in July 2007. The spread is due to differential pace of growth on 12 month's deposit rates and short term (up to one year) lending rates. Whereas rate on 12 months deposit increased by 0.37 basis points, increase in the rate for short term lending rates was only by 0.18 basis points. Like in the previous month, rates on treasury bonds seemed not to influence interest rates on deposits and loans. The poor association is largely attributed to the structure of the financial market, existing structural bottlenecks, legal and regulatory rigidities, which hinders the smooth operation of the financial system and hence distorts the competitive determination of interest rates in the market, thus weak pricing of various financial assets in the economy.

While the overall time deposits rates increased to 7.76 percent during August 2007 from 7.56 percent registered in July 2007, the overall lending rates crawled to 16.30 percent

from 16.07 percent recorded in July 2007 in line with all term lending structure. Time deposits structure across all spectrums recorded an increasing trend. The 12-months time deposit rate, after recent past decline trend rebounded by 0.37 percent from the level recorded in July 2007 to 9.41 percent during August 2007. During the same period, short-term lending rates (up to one year) rose slightly to 14.30 percent from 14.12 percent (Table 2.2).

Saving deposits rates improved infinitesimally from 2.70 percent in July to 2.71 percent in August 2007, and remained negative in real terms when factored in the average inflation rate which has now been above 5.0 percent. For prime customers, negotiated deposit rates improved further closing at an average of 9.82 percent in August 2007 up from 8.91 percent in the preceding month. Further, prime lending rates recorded an average increase of 0.49 percentage points to 12.63 percent from 12.14 percent recorded in the same period.

Table 2.2: Interest Rate Structure

Item	2006				2007			
	May	Jun	Jul	Aug	May	Jun	Jul	Aug
Inter-bank cash market rate	5.64	8.40	8.63	8.47	6.42	7.24	10.46	12.11
Savings Deposit Rate	2.75	2.54	2.54	2.58	2.60	2.59	2.70	2.71
12 months time deposit rate	8.00	8.70	8.01	9.03	9.39	9.21	9.01	9.41
Negotiated Deposit Rate	9.98	10.07	9.13	9.78	8.18	8.65	9.91	9.82
Overall time deposit rate	5.88	6.63	6.98	7.04	7.62	7.79	7.55	7.76
Overall lending rate	14.40	15.44	16.18	16.50	15.91	15.71	16.07	16.30
Short-term lending rates (up to one year)	14.12	15.77	16.61	15.64	13.80	13.95	14.12	14.30
Negotiated Lending Rates	11.32	11.19	11.99	10.80	11.91	12.20	12.14	12.63
Treasury Bills Weighted Average Yield (WAY)	10.21	8.25	9.17	9.89	13.49	17.07	15.41	15.11
364-days Treasury Bills Yield	10.37	9.63	9.76	10.41	14.59	18.39	15.84	15.95
Interest rate spread	6.12	7.07	8.60	6.61	4.41	4.70	5.08	4.89

Source: Bank of Tanzania

## Developments in Financial Markets

### Treasury bills Markets

During the month of August 2007, performance in the government securities market, in particular Treasury bills remained weak as in the preceded month. Total demand stood at TZS 237.1 billion against total supply of TZS 325.0 billion, and demand was TZS 91.5 billion lower than the previous month market performance. The Bank accepted Treasury bills worth 191.6 as part of its sustained efforts to mop-up excess liquidity in the economy. In line with low performance in the Treasury bills market during the month under review, the overall Treasury bills yields declined by 0.3 percentage points compared to the yields for July 2007 (Table 2.3).

Table 2.3: Treasury bills Performance

Item	2006	2007					
	Dec	Mar	Apr	May	Jun	Jul	Aug
Supply	267.0	240.0	210.0	265.0	260.0	260.0	325.0
Demand	304.1	258.5	431.6	650.8	490.3	328.7	237.1
Sale (face value)	284.9	207.3	179.1	424.3	308.0	231.4	191.6
Sale (cost value)	257.5	187.1	161.2	388.6	270.8	208.6	174.1
Redemption	145.2	192.4	155.4	238.9	160.8	140.1	202.0
WAY (%)	15.04	15.99	16.41	13.49	17.07	14.41	15.11

Source: Bank of Tanzania



## Treasury bond Market

While supply for Treasury bond during the month of August 2007 increased by TZS 5.0 billion from the level recorded in July 2007, the demand side of the market showed the reverse. Desires of purchasers during the month were TZS 49.0 billion compared to TZS 55.0 billion in July 2007, representing a decrease of 10.9 percent partly reflecting decline of excess liquidity in the economy. Owing to the existence of some outlier bids, the Bank of Tanzania accepted bids worth TZS 31.0 billion, which is higher than the amount offered by TZS 6.0 billion, reflecting Bank's initiative in controlling the level of liquidity in the system. The average treasury bonds yield across all maturity increased from 17.75 percent in July to around 19.83 percent August 2007 (Table 2.4).

**Table 2.4: Treasury bonds Performance**

Item	2006		2007				
	Dec	Mar	Apr	May	Jun	Jul	Aug
Supply	12.0	16.0	17.0	23.0	20.0	20.0	25.0
Demand	46.4	34.8	40.3	79.5	70.5	55.0	49.0
Sale (face value)	37.0	25.3	14.9	23.0	38.3	41.4	31.0
Sale (cost value)	31.1	20.6	10.9	17.7	30.2	33.8	22.9
Redemption	9.7	0.0	44.4	0.0	0.0	39.0	00.0
Yields (%): 2-year	18.47	19.23	17.56	15.96	18.25	17.7	19.9
5-year	15.21	16.21	18.20	17.41	18.37	17.3	19.4
7-year	17.33	20.69	19.90	17.41	18.58	18.5	20.4
10-year	17.69	18.51	18.03	16.29	17.48	17.5	19.6

Source: Bank of Tanzania

## Repurchase Agreements

In an effort to control the level of liquidity in the economy to a targeted path, the Bank of Tanzania conducted repurchase agreements (Repos) worth TZS 321.5 billion to supplement government securities in curbing liquidity pressure in the commercial banks. Repos rates ranged between 9.0 percent and 12.5 percent during the month, which is slightly higher than the range of 8.0 percent and 9.0 percent recorded in the previous month.

## Inter-bank Cash Market

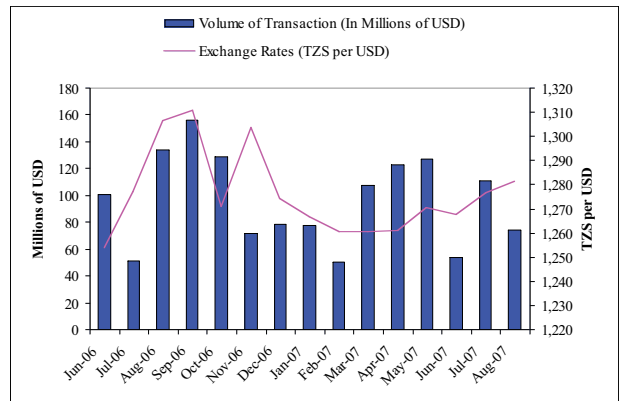
Total inter-bank cash market transactions increased during the month under review to TZS 485.7 billion from TZS 398.3 billion recorded in the preceding month. The increase was partly associated with tightness of the monetary policy stance implemented during the month. Overnight placements remained dominant accounting for about 59.0 percent of total transactions during the month under review, with overnight rate rising from 9.75 percent in July 2007 to 12.05 percent in August. Similarly, the overall inter-bank cash market rate rose from 10.46 percent to 12.11 percent in the same period under review.



## Transactions in the Inter-Bank Foreign Exchange Market (IFEM)

During August 2007, the total volume traded in the Inter-bank Foreign Exchange Market (IFEM) went down significantly to USD 74.4 million from USD 110.5 million recorded in the previous month. The decline in the volume traded was partly attributed to low supply of foreign exchange in the market. On net basis, the Bank of Tanzania and non-banks sold USD 44.2 million and USD 6.4 million respectively, while commercial banks purchased USD 50.6 million. The weighted average exchange rate depreciated slightly to TZS 1,281.1 per US dollar compared to TZS 1,276.5 recorded in July 2007 (Chart 2.5).

**Chart 2.5: Inter-bank Exchange Rate Movement and Volume of Transactions**



## Transactions in Bureaux de Change System

During the period under review the volume of transactions conducted by Bureau de Change system declined slightly to USD 70.3 million from the level transacted in the previous month. The foreign exchange sales and purchases both went down by 5.7 percent to USD 34.8 million and 4.6 percent to USD 35.4 million, respectively. Meanwhile, the average buying rate and selling rates appreciated slightly to TZS 1,262.3 per USD and TZS 1,279.7 per USD, respectively (Table 2.5).

**Table 2.5: Foreign Exchange Market Developments**

Item	2007		2006 Aug	% Change		Year Ending August		
	Jul	Aug		Jul 07 to Aug 06 to Aug 07	Aug 07	2006	2007	% Change
<b>IFEM</b>								
Amount offered*	110.52	74.35	133.74	-32.73	-44.40	1,002.69	1,159.11	15.60
Amount sold*	110.52	74.35	133.74	-32.73	-44.41	1,002.69	1,159.11	15.60
Exchange rate**	1,276.50	1,281.12	1,306.18	0.36	-1.92	1,208.88	1,275.15	5.48
<b>BUREAU DE CHANGE</b>								
Sales*	36.93	34.81	33.21	-5.74	4.82	405.83	385.18	-5.09
Purchases*	37.16	35.44	32.88	-4.63	7.79	401.38	388.47	-3.22
Volume of Transactions*	74.09	70.25	66.09	-5.18	6.29	807.21	773.65	-4.16
Buying rate**	1,268.00	1,262.33	1,210.00	-0.45	4.32	1,201.75	1,268.11	5.52
Selling rate**	1,283.00	1,279.67	1,305.00	-0.26	-1.94	1,218.50	1,290.06	5.87

Source: Bank of Tanzania

Note: \* Millions of USD, \*\*Tanzanian Shillings (TZS) per US dollar

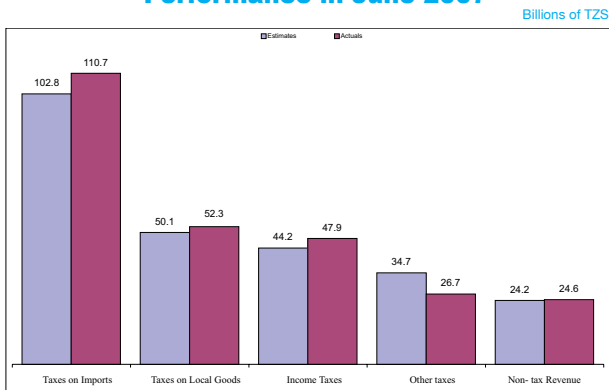


## 3.0 Government Budgetary Operations

Government Budgetary Operations for the month of July 2007 registered a surplus of TZS 295.8 billion. Provisional statistics for the month shows that total resources available for the government budgetary operations amounted to TZS 813.8 billion, consisting grants amounting to TZS 551.6 billion and domestic revenue amounting to TZS 262.2 billion.

Total revenue collected was slightly above the target of TZS 256.1 billion, by TZS 6.1 billion mainly on account of strong performance in income taxes, taxes on imports, and taxes on local goods. Good performance was registered in all major tax categories except for other taxes (Chart 3.1). The impressive performance marks the commencement of implementation of the revenue measures announced in the 2007/08 budget by the Minister for Finance that became effective on 1st July 2007.

Chart 3.1: Government Revenue Performance in June 2007



Total expenditure<sup>1</sup> amounted to TZS 518.0 billion, out of which development expenditure was TZS 121.0 billion. This level of expenditure was less than the resource envelope by TZS 295.8 billion. The government used the surplus to service foreign loans amounting to TZS 27.7 billion and the balance was accumulated in government deposits.

## 4.0 External Sector Performance

### Current Account Balance

In August 2007, the current account balance worsened to a deficit of USD 270.6 million compared to a surplus of USD 119.4 million that was recorded in the previous month

mainly due to a significant decrease in disbursements of official current transfers from USD 321.7 million recorded in July 2007 to USD 22.9 million. Likewise, on year-to-year basis, the current account balance worsened to a deficit of USD 1,902.7 million compared with a deficit of USD 1,031.9 million for the year ending August 2006, owing to a huge increase in imports particularly oil products. While imports of goods and services increased by 23.3 percent, exports grew by only 9.2 percent hence attributing to the deterioration of the current account balance (Table 4.1).

Table 4.1: Current Account Balance

Millions of USD

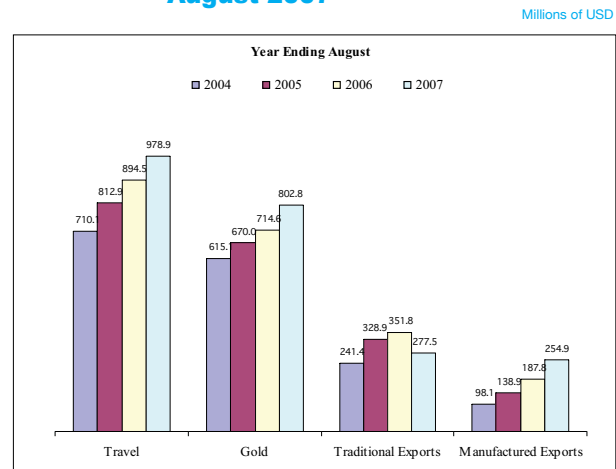
Item	Aug		2007 <sup>P</sup>		Year Ending August		
	2005	2006	Jul	Aug	2006 <sup>P</sup>	2007 <sup>P</sup>	% Change
<b>Goods Account (net)</b>	111.0	168.1	203.4	291.6	1,802.3	2,633.8	46.1
Exports	156.2	150.2	148.7	153.5	1,746.8	1,880.6	7.7
Imports	267.2	318.3	352.1	445.1	3,549.1	4,514.4	27.2
<b>Services Account (net)</b>	22.0	33.8	12.4	-4.4	172.6	177.8	3.0
Receipts	119.7	136.2	140.4	125.5	1,418.4	1,576.8	11.2
Payments	97.8	102.4	128.0	129.9	1,245.8	1,398.9	12.3
<b>Goods and services (net)</b>	-89.0	134.3	191.0	295.9	1,629.8	2,456.0	50.7
Exports of goods and services	276.0	286.4	289.1	279.0	3,165.2	3,457.3	9.2
Imports of goods and services	365.0	420.7	480.1	575.0	4,794.9	5,913.3	23.3
<b>Income Account (net)</b>	-9.8	-4.1	-14.4	-1.0	-116.2	-56.8	-51.1
Receipts	3.4	7.7	10.1	13.7	80.1	98.4	22.8
Payments	13.2	11.8	24.5	14.7	196.3	155.3	-20.9
<b>Current Transfers (net)</b>	13.4	12.5	324.8	26.4	714.0	610.2	-14.5
Inflows	20.0	18.4	330.6	32.4	780.1	682.8	-12.5
o/w General Government	12.2	9.7	321.7	22.9	681.9	575.4	-15.6
Outflows	6.6	5.9	5.8	6.0	66.0	72.6	10.0
<b>Current Account Balance</b>	-85.4	125.9	119.4	270.6	1,031.9	1,902.7	84.4

Note: P = Provisional, Totals may not add up due to rounding of numbers  
Source: Bank of Tanzania

### Exports Performance

During the year ending August 2007, exports of goods and services increased by 9.2 percent to USD 3,457.3 million with travel and gold accounting for about 52 percent of total exports (Chart 4.1).

Chart 4.1: Contribution of Selected Items to Total Exports of Goods and Services for the year ending August 2007



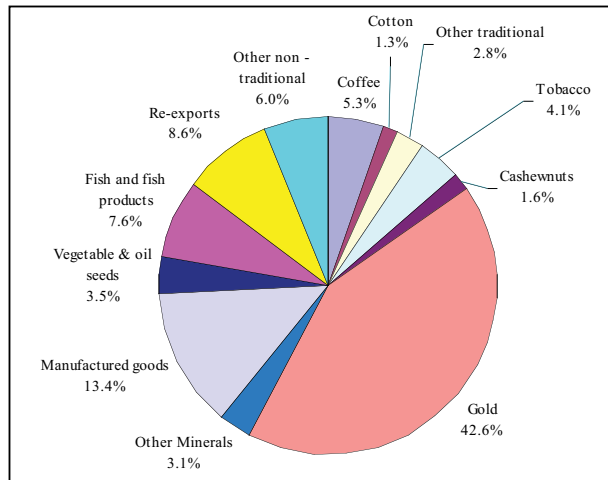
Merchandise goods export increased to USD 1,880.6 million from USD 1,746.8 million recorded during the corresponding



<sup>1</sup>Includes last financial year expenditure cheques that were cashed in July 2007.

period in the previous year. The development is largely attributed to improved performance of non-traditional exports that went up by 14.9 percent to USD 1,603.1 million. Gold continued to dominate by accounting for about 50.0 percent of non-traditional exports amounting to USD 802.8 million. On the other hand, traditional crops recorded 21.1 percent decline to USD 277.5 million largely due to a fall in cotton and cashewnut exports. The contribution of merchandise exports for the year ending August 2007 is presented on **Chart 4.2**.

**Chart 4.2: Contribution of Selected Items to Total Exports of Goods**



- Note:
1. Other non-traditional include horticultural products and other exports
  2. Other traditional exports include sisal, tea and cloves
  3. Other minerals include Tanzanites, rubies, sapphires, emeralds, copper, silver and other precious stones.
  4. Re-exports refers to goods that are imported and later exported to neighbouring countries. Major items in this category include wheat and refined petroleum products

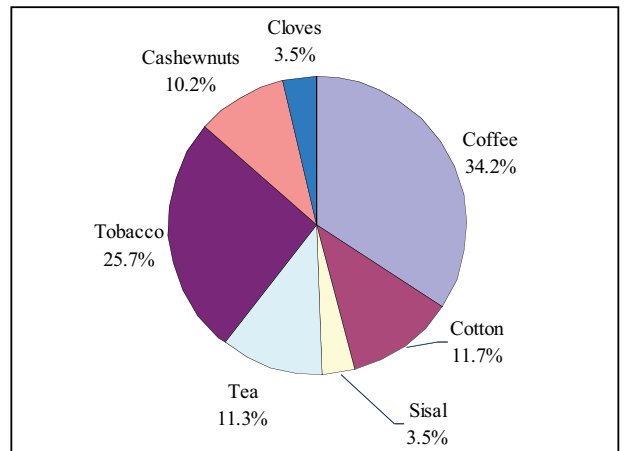
## Traditional Exports

During the month under review, traditional exports went up to USD 14.9 million compared with USD 5.7 registered in the previous month. The improvement is partly attributed to a rise in export volumes of coffee, cotton, sisal and tea. Impressive performance was recorded in cotton as the volume exported increased from 1,514 tons in July 2007 to 9,821 tons. The increase in export volumes is consistent with the onset of the exports season for most of the traditional exports. Improvement was also recorded in export unit prices as most of the traditional exports registered surge in export prices during the month under review.

On annual basis, dismal performance was recorded in traditional exports as the country earned USD 277.5 million compared with USD 351.8 million recorded in the previous year. The weakening performance is largely due to significant drop in export volumes of cotton and cashewnuts. During the review period, the volume of cotton exports declined to 32,587 tons compared with 108,638 tons that were exported in the previous year. This development was largely due to unfavourable weather condition that adversely affected production level of cotton. Likewise, the export volume of cashewnuts declined by 32.4 percent to 57,000 tons

following price disagreement between buyers and producers of cashewnuts. Since the commencement of buying season in October 2006, the buyers were reluctant to buy the crop at the price of TZS 600 per kilogram set by the Cashewnut Board of Tanzania (CBT). Instead, they were willing to offer TZS 400 per kilogram, the price which was not accepted by farmers. The performance of traditional exports for the year ending August 2007 is reflected on **Chart 4.3**.

**Chart 4.3: Contribution to Total Traditional Exports for the Year Ending August 2007**



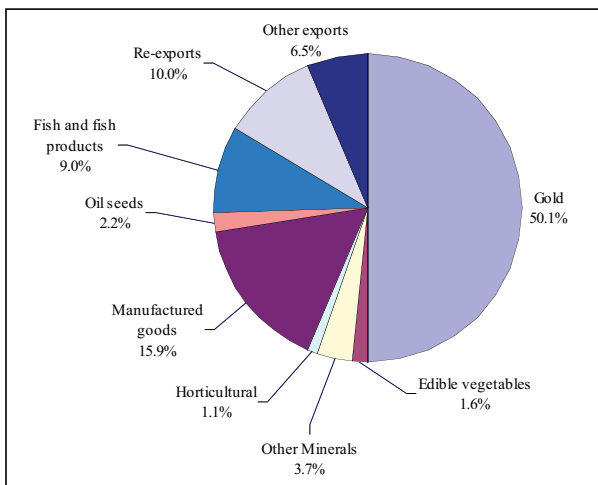
## Non-Traditional Exports

In August 2007, non-traditional exports decreased marginally to USD 138.6 million compared to USD 143.0 million in the previous month owing to the decrease in exports of manufactured goods particularly sugar exports following completion of the country's export quota into the European Union market. It is worthy noting that during the previous month a total of 18,020 tons of sugar worth USD 11.7 million were exported to the EU market.

On annual basis, non-traditional exports recorded an increase of 14.9 percent to USD 1,603.1 million as most sub-categories of non-traditional exports recorded increases. Gold, exports increased to USD 802.8 million from USD 714.6 in the previous year largely due to increase in prices in the world market as exports volumes remained almost unchanged. Manufactured exports increased by 35.7 percent to USD 254.9 million supported by the increased demands from neighbouring countries. Most of the manufactured goods are exported to Burundi, the Democratic Republic of Congo (DRC), Malawi and Rwanda. Also, there was an increase in re-exports from USD 124.0 million during the year ending August 2006 to USD 160.1 million following an increase in re-exports of wheat and petroleum products into the neighbouring countries. Chart 4.4 depicts the performance of non-traditional exports for the year ending August 2007.



**Chart 4.4: Contribution to Total Non-Traditional Exports for the Year Ending August 2007**



## Services Export

In August 2007, export of services decreased to USD 125.5 million from USD 140.4 million recorded in the previous month, largely due to decrease in receipts from transportation and other business services.

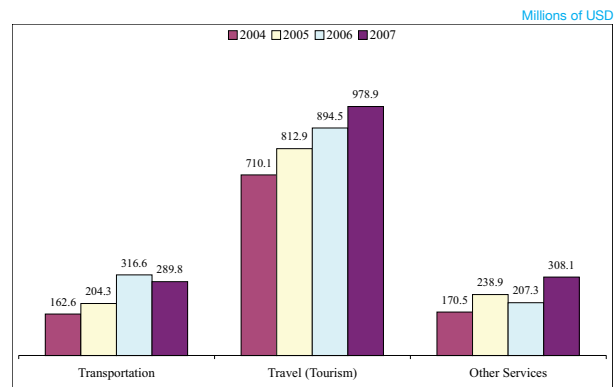
On annual basis, services receipts went up by 11.2 percent to USD 1,576.8 million mainly due to the increase in travel and other business services. During the review period, travel (tourism) receipts which accounts for more than 60 percent of total service receipts increased to USD 978.9 million from USD 894.5 million during the year ending August 2006. The positive development has been largely driven by the fact that Tanzania is an attractive tourist destination. It is the home to the snow-capped Mount Kilimanjaro, the tallest mountain in Africa, Serengeti National Park and Ngorongoro Crater, the world's largest wildlife sanctuaries and the shimmering beaches of the spice islands of Zanzibar. The growth in the tourism sector is also attributed to the increase in investment, particularly in hotels. Moreover, efforts have been made by the government and other stakeholders of promoting the country as a quality tourist destination. As a way forward, stakeholders in tourism will have to take advantage of launching the aggressive marketing blitz in the upcoming global tourism gatherings, the Africa Travel Association (ATA) congress and the Leon Sullivan Summit which are expected to take place in Arusha next year.

Nevertheless, in order to enhance performance of the tourism sector, there is a need of constructing new tourist hotels and improve further infrastructure (e.g. upgrading the airports) and services offered in the tourists' establishments.

The increase in other business services receipts which comprise legal, accounting, consultancy, research and development and other technical and professional services is in line with openness of the economy which has attracted

foreign and domestic investors in establishing businesses which provide the said services. **Chart 4.5** depicts performance of the main services sector during the past four years.

**Chart 4.5: Service Receipts 2004 – 2007**



Note: 'Other Services' include: Communication, Construction, Insurance, Financial, Computer Information, Government, Royalties, Personal and Other business services

## Imports Performance

During August 2007, goods import went up to USD 445.1 million compared to USD 352.1 million recorded in the previous month as all major categories of imports recorded an increase. The capital goods imports increased by 24.5 percent to USD 161.8 million following an increase in importation of building and construction materials and machinery particularly telecommunication equipment. The intermediate goods increased significantly to USD 205.9 million following a huge rise in importation volumes of oil and fertilizers. The volume of oil imports went up by 36.7 percent to 236,480 tons in August 2007 compared to the levels imported in the previous month. Likewise, the volume of fertilizer imports increased to 32,437 tons compared to about 500 tons in the previous month. The surge in fertilizer imports is largely on account of a rise in the demand for fertilizers in preparation for the farming season in 2007/08. On the other hand, consumer goods remained virtually unchanged at USD 77.4 million in August 2007 (**Table 4.2**).

**Table 4.2: imports**

Item	Millions of USD							
	2006 <sup>P</sup>		2007 <sup>P</sup>			Year Ending August <sup>P</sup>		
	Aug	Jul	Aug	Aug 06- Aug 07	Jul 07- Aug 07	2006	2007	% Change
<b>Capital Goods</b>	123.3	130.0	161.8	31.2	24.5	1,337.9	1,675.9	25.3
Transport Equipments	34.7	46.6	39.4	13.5	-15.5	374.4	421.8	12.7
Building and Constructions	26.8	28.5	40.8	52.1	43.0	324.5	386.6	19.1
Machinery	61.8	54.8	81.6	32.0	48.8	638.9	867.5	35.8
<b>Intermediate Goods</b>	117.9	144.7	205.9	74.6	42.3	1,365.2	1,875.5	37.4
Oil imports	77.9	108.2	148.9	91.1	37.6	995.0	1,394.3	40.1
Fertilizers	3.8	0.2	15.4	-	-	40.0	66.8	67.1
Industrial raw materials	36.2	36.3	41.6	14.9	14.7	330.2	414.4	25.5
<b>Consumer Goods</b>	77.0	77.4	77.4	0.5	0.0	846.1	963.0	13.8
Food and food stuffs	21.0	18.1	10.2	-51.6	-43.8	251.3	229.5	-8.7
All other consumer goods <sup>1</sup>	56.0	59.3	67.2	20.0	13.4	594.8	733.5	23.3
<b>Grand Total (F.O.B)</b>	318.3	352.1	445.1	39.8	26.4	3,549.1	4,514.4	27.2
<b>Grand Total (C.I.F)</b>	349.8	387.0	489.1	39.8	26.4	3,900.1	4,960.9	27.2

Note: Oil imports refers to refined petroleum products

P = provisional data

<sup>1</sup> It includes pharmaceutical products, paper products, plastic items, optical/photographic materials, textile apparels.

Totals may not add up due to rounding of numbers

Source: Bank of Tanzania and Tanzania Revenue Authority



## Food Imports

Importation of food and foodstuffs declined from USD 18.1 million in July 2007 to USD 10.2 million. The development is largely attributable to a fall in wheat that account for a larger part of total food imports. It is worth noting that over 50 percent of the imported wheat is re-exported to the neighbouring landlocked countries of Rwanda, Zambia, Burundi, Zaire and Zambia. **Table 4.3** summarizes the trend of selected cereal imports during the last four months beginning May 2007.

**Table 4.3: Summary of food imports**

Item	2007				% Change (Jul - Aug)
	May	Jun	Jul	Aug	
<b>Maize</b>					
Tons	1	7	52	664	--
Value (Mill. USD)	0.001	0.01	0.004	0.30	--
<b>Rice</b>					
Tons	5,014	249	2,576	4,043	56.9
Value (Mill. USD)	0.47	0.045	0.2	0.31	56.0
<b>Wheat</b>					
Tons	35,546	66,750	33,501	4,333	-87.1
Value (Mill. USD)	8.23	14.6	9.6	3.17	-67.0

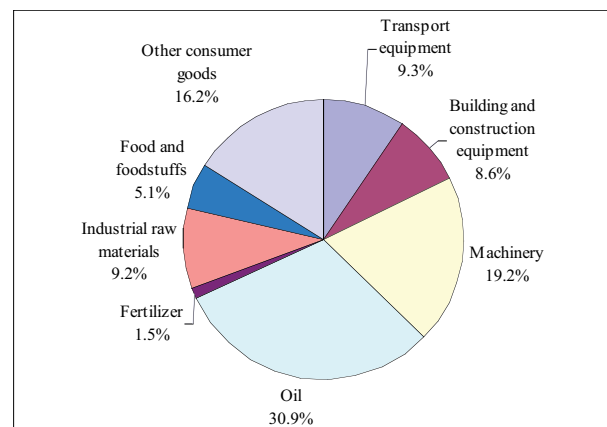
Source: Bank of Tanzania and Tanzania Revenue Authority

On annual basis, goods imports went up by 27.2 percent to USD 4,514.4 million following the increase in importation of capital, intermediate and consumer goods. Capital goods imports increased from USD 1,337.9 million in the previous year to USD 1,675.9 million mainly due to a surge in imports of transport equipment, building and construction, and machinery imports. Machinery imports accounted for about 52.0 percent of total capital goods imports which are widely used in mining, communication and manufacturing sectors.

Likewise, intermediate goods imports went up by 37.4 percent to USD 1,875.5 million largely on account of the increase in importation of oil, fertilizers and industrial raw materials. The surge in oil imports is largely explained by the surge in volume as the prices of white products in the world market recorded a slight decline to a USD 597.46 per ton during the year ending August 2007. On the other hand, the volume of oil imports increased by almost 50 percent to 2,512,356 tons amid higher demand for thermal power generation following drought in 2005/06. The surge in imports of industrial raw materials is partly associated with the growth of the manufacturing sector in the country following macro-economic reforms that have attracted investment into the sector.

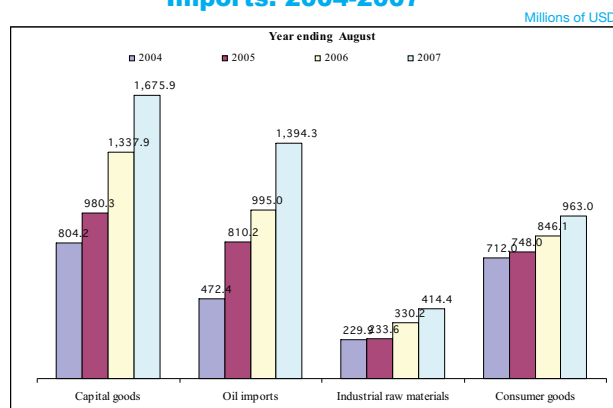
During the period under review, consumer goods imports increased by 13.8 percent to USD 963.0 million following a rise in imports of other consumer goods as imports of declined following improvement in domestic supply. The increase in other consumer goods was mainly driven by a rise in importation of pharmaceutical products, books and plastic articles. The country's import bill of food declined to USD 229.5 million compared to USD 251.3 percent in the previous year ending August 2006 (**Chart 4.6**).

**Chart 4.6: Contribution to total imports for the year ending July 2007**



The trend of imports over the past four years is shown in **Chart 4.7**

**Chart 4.7: Selected Merchandise Imports: 2004-2007**



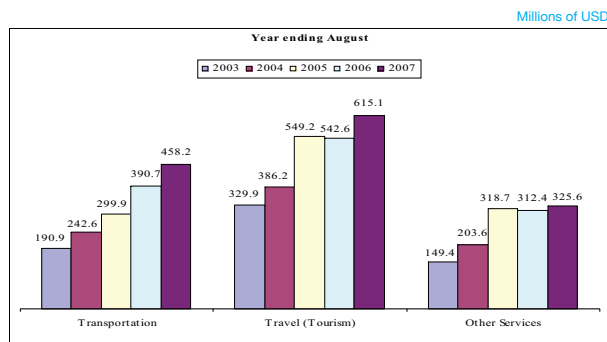
## Services Import

During the month under review, services payments increased to USD 128.0 million from USD 112.9 million recorded in the previous month, mainly due to the increase in payments for other business services, travel and government services

On annual basis, service payments increased by 10.0 percent to USD 1,372.1 million, largely due to the increase in payments for travel, freight, insurance and other business services. While the increase in freight and insurance payments is in line with the increase in merchandise imports, the surge in other business services is in line with the growth of economic activities as well as openness of the economy. Other business services comprise mainly of services associated with consultancy, legal, accounting, public relations, architectural, engineering, auditing, research and development. The performance of the major service payment categories in the past four years is illustrated on (**Chart 4.8**).



Chart 4.8: Service Payments 2004 – 2007



Note: 'Other Services' include: Communication, Construction, Insurance, Financial, Computer Information, Government, Royalties, Personal and Other business services

## World Commodity Prices

During August 2007, the world market prices of most commodities were mixed as coffee Arabica, sisal and cloves recorded increases, while other commodities recorded declines in price. While the price of Arabica coffee increased slightly to USD 2.7 per kg, the price of Robusta coffee dropped by 5.4 percent to USD 1.9 per kg. The decline in the Robusta coffee was largely due to expectation of an increase in the Vietnamese coffee production in 2007/08. Moreover, old stocks were released as the harvest period was approaching. Similar developments were also observed in the prices of tea (Mombasa Auction) and (Average price), cotton "A Index" and Memphis as shown on Table 4.4. Conversely, the prices of sisal UG and cloves increased slightly to USD 1,035.0 per metric ton and USD 3,444.4 per metric ton, respectively. The surge in the price of cloves was largely due to a decline in supply as the result of emerging of tropical cyclones in Madagascar that adversely affected production.

During the review month, the prices of crude oil (Brent), Dubai (f.o.b) and white products recorded notable declines partly owing to supply disruptions of crude oil in the United States faded as hurricanes missed the US oil operations in the Gulf of Mexico. Meanwhile the gold price remained almost stable at USD 665.2 per troy ounce.

On annual basis, prices of coffee (Robusta), Arabica, and sisal recorded modest increases to USD 1.8 per kg, USD 2.6 per kg, and USD 1,020.0 per metric ton, respectively. The rise in coffee prices largely emanated from the increase in demand especially from the European countries. Moreover, there was a decline in coffee stocks at the global level following the drought in Vietnam and bi-annual production cycle for the Brazilian coffee. On the other hand, the increase in sisal prices was largely associated with the strong global demand from consumers in the European Union countries coupled with the increase in the usage of sisal fibres for making handicraft, organic pesticides and power generation. The

prices of tea (Average) and cotton increased slightly, while the prices of tea (Mombasa Auction) and cloves declined during the review period. The decline in the price of tea (Mombasa Auction) was partly attributable to the increase in production in the major producing countries in East Africa.

During the year to August 2007, gold prices rose by 16.4 percent to USD 643.8 per troy ounce largely driven by the investors' decision to invest in gold on concerns of high energy prices and global insecurity. As the result, the demand for gold as an alternative investment increased thus pushing up the price of gold. Meanwhile, the prices of crude oil Dubai, Brent and white products recorded marginally declines as shown on the table below (Table 4.4).

Table 4.4: World Commodity Prices

Commodity	Units	2007			% Change	Year ending August			% Change
		Jun	Jul	Aug		2005	2006	2007	
Robusta Coffee	US \$ per kg	2.04	2.04	1.93	-5.39	1.00	1.29	1.80	39.53
Arabica Coffee	US \$ per kg	2.64	2.61	2.71	3.83	2.40	2.44	2.62	7.38
Tea (Average price)	US \$ per kg	2.07	2.13	2.08	-2.35	1.70	1.81	1.91	5.52
Tea (Mombasa auction)	US \$ per kg	1.66	1.64	1.61	-1.83	1.48	1.86	1.67	-10.22
Cotton, "A Index"	US \$ per kg	1.34	1.50	1.48	-1.33	1.20	1.26	1.32	4.76
Cotton, Memphis"	US \$ per kg	1.36	1.52	1.5	-1.32	1.24	1.34	1.36	1.49
Sisal (UG)	US \$ per metric ton	1,030.00	1,030.00	1,035.00	0.49	885.00	907.82	1,020.00	12.36
Cloves	US \$ per metric ton	3,450.00	3,333.33	3,444.44	3.33	3,321.65	3,783.19	3,549.63	-6.17
Crude-oil*	US \$ per barrel	68.19	73.60	70.13	-4.71	48.30	63.07	62.75	-0.51
Crude oil**	US \$ per barrel	65.76	69.46	67.21	-3.24	43.30	59.42	61.08	2.79
White products***	US \$ per ton	670.82	695.72	637.96	-8.30	479.97	608.65	597.46	-1.84
Jet/Kerosine	US \$ per ton	663.26	706.56	618.89	-12.41	500.19	634.71	613.35	-3.37
Premium Gasoline	US \$ per ton	729.71	723.95	655.22	-9.49	465.23	619.19	609.59	-1.55
Heat Oil	US \$ per ton	619.50	656.65	639.76	-2.57	473.90	572.82	569.44	-0.59
Gold	US \$ per troy ounce	655.70	665.4	665.2	-0.03	427.73	553.05	643.78	16.41

Note: \* Average of U.K. Brent, Dubai and West Texas Intl

\*\* f. o. b. Dubai

\*\*\* Average of Premium gasoline Gas oil and Jet/Kerosene f. o. b. West Mediterranean

Source: Various Trade Publications

## 5.0 National Debt Developments

During August 2007 the national debt stock increased by 1.9 percent from USD 6,184.9 million registered at the end of the preceding month to reach the level of USD 6,299.6 million. The increase was mainly associated with new disbursements and accumulation of interest arrears on external debt. Out of the total debt stock, 76.2 percent was external debt and 23.8 percent was domestic debt.

### External Debt

The stock of external debt as at end of August 2007 stood at USD 4,798.4 million, an increase of 2.0 percent when compared to amount registered at the end of July 2007. Out of external debt stock, disbursed outstanding debt accounted for 74.1 percent and the remaining 23.9 percent was interest arrears.

### Profile of Disbursed Outstanding Debt (DOD)

The profile of DOD by borrower category at the end of August 2007 revealed that the Central Government was the leading borrower with a debt of USD 2,799.4 million (78.7 percent) followed by the private sector with USD 588.9 million (16.6 per cent) and the parastatal sector held USD 167.9 million (4.7 percent)



In terms of creditor category, the debt owed to multilateral institutions stood at USD 1,891.0 million (53.2 percent), while the amount of debt owed to bilateral creditors was USD 901.1 million (25.3 percent). Commercial and export credits amounted to USD 439.5 million (12.6 percent) and USD 167.9 million (4.7 percent) respectively.

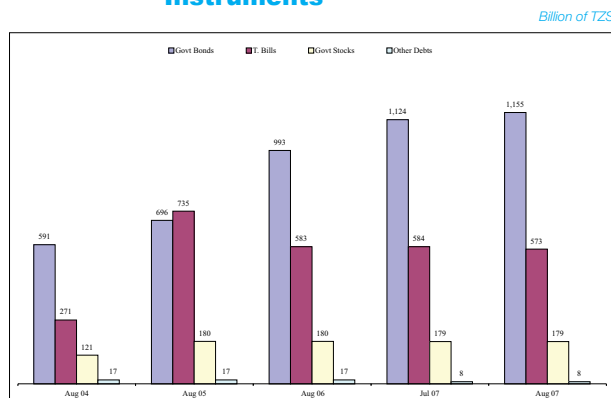
## Loans Contracted, Disbursements and Debt Service Payments

During the month under review, there were no new loans recorded whereas disbursements amounted to USD 9.1 million. On the other hand, external debt service payments amounted to USD 0.7 million, out of which, principal repayments were USD 0.3 million and interest payments amounted to USD 0.4 million.

## Domestic Debt

During the month under review domestic debt stock increased by 1.1 percent from TZS 1,894.6 billion recorded at the end of preceding month to TZS 1,915.5 billion at the end of August 2007 owing to government financing needs. Out of domestic debt stock, government securities accounted for 99.6 percent while other debts, mainly NSSF-UDSM Mabibo hostel constituted the remaining portion. Government securities, which include government bonds, treasury bills, government stocks, and tax certificates, increased by 1.1 percent while other debt remained at the same level of TZS 16.5 billion registered at the end of July 2007 (Chart 5.1).

**Chart 5.1: Government Domestic Debt by Instruments**



The profile of domestic debt by of holder category reveals commercial banks as the leading Government creditors by holding 44.4 percent of the total domestic debt followed by Pension Funds with 28.3 percent, Bank of Tanzania 18.5 percent, other official entities 3.4 percent and Non banks financial institutions 2.1 percent. Insurance companies held 2.0 percent whereas private sector and the BOT special funds altogether, held the remaining portion of 1.4 percent of domestic debt stock.



## Domestic Debt Service

Domestic debt amounting to TZS 51.9 billion fell due for payment in August 2007. Out of the total amount due, TZS 7.5 billion being interest was paid out of government revenue while principal amounting to TZS 44.4 billion was rolled over.

## 6.0 Economic Developments in Zanzibar

### Fiscal Performance

During the month of August 2007 government budgetary deficit amounted to TZS 1.1 billion. Available resources amounted to TZS 19.7 billion, out of which TZS 8.9 billion representing 44.7 percent originated from domestic sources while TZS 10.8 billion accounting for 55.3 percent were foreign grants. Total government expenditure reached TZS 18.6 billion. The budget deficit was entirely financed through foreign loans.

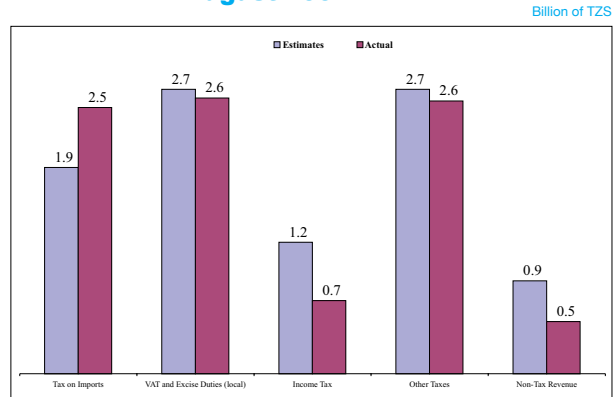
### Revenue Performance

Revenue outturn amounted to TZS 8.9 billion below the target of TZS 9.4 billion accounting for 94.1 percent of target and 7.7 percent of the annual budget of TZS 114.6 billion. The under performance was mainly due to under collection of income tax and ministries collections .

Tax revenue amounted to TZS 8.4 billion below the target TZS 8.6 billion and accounted for 94.4 percent of the total revenue. Non-tax sources amounted to TZS 0.5 billion, below target TZS 0.8 billion, accounted for 5.6 percent of the total revenue.

Revenue performance by category revealed that, tax on imports amounted to TZS 2.5 billion exceeding the target of TZS 1.9 billion due to increase on taxable non-petroleum imports; accounted for 29.8 percent of the tax revenue. VAT and excise duty collections (local) reached TZS 2.6 billion, below the target TZS 2.7 billion and accounted for 31.0 percent of the tax revenue. Underperformance was mainly attributed to non receipt of excise duty refund from Tanzania Mainland. Income tax collection amounted to TZS 0.7 billion below the target of TZS 1.2 billion due to late payments; and accounted for 8.3 percent of tax revenue. Other taxes collections fetched TZS 2.6 billion below the target amount of TZS 2.7 billion. Non-tax collections amounted to TZS 0.5 billion, below the target TZS 0.9 billion due to under collection from government ministries and agencies (Chart 6.1)

Chart 6.1: Government Revenue by Source – August 2007



Source: Ministry of Finance and Economic Affairs, Zanzibar.

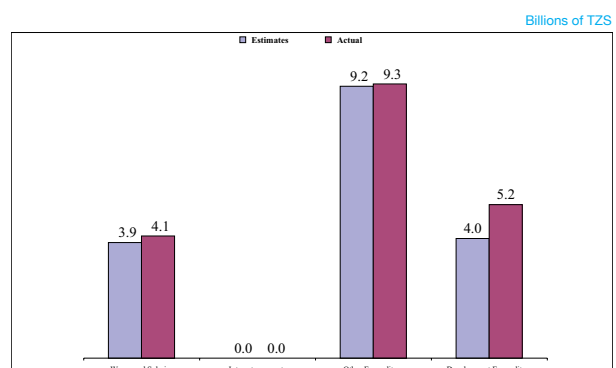
### Expenditure

Government expenditure reached TZS 18.6 billion above target of TZS 17.1 billion due to the impact of un projected donor disbursements; to cater for development projects. Total expenditure accounted for 6.9 percent of the annual target of TZS 266.9 million.

Recurrent expenditure amounted to TZS 13.4 billion, above target of TZS 13.1 billion accounted for 72.0 percent of the total expenditure. Expenditure on wages and salaries amounted to TZS 4.1 billion, slightly above the target TZS 3.9 billion and accounted for 30.6 percent of the recurrent expenditure or 22.0 percent of the total expenditure. Other expenditures amounted to TZS 9.3 billion, above the target of TZS 9.2 billion due to prepayments for September 2007 and accounted for 69.4 percent of the recurrent expenditure or 49.5 percent of the total expenditure.

Development expenditure reached TZS 5.2 billion exceeding the target of TZS 4.0 billion, due to higher than expected donor disbursements. The development expenditure accounted for 27.9 percent of the total expenditure. Local contribution amounted to TZS 1.6 billion, accounting for 30.8 percent of the total development expenditure, while external sources amounted to TZS 3.6 billion accounted for 69.2 percent of the total development expenditure (Chart 6.2).

Chart 6.2: Government Expenditure by Components – August 2007



Source: Ministry of Finance and Economic Affairs, Zanzibar.



## Debt Developments

Zanzibar debt during the month ending August 2007, stood at TZS 199.2 billion (USD 156.1 million), having declined from TZS 201.3 billion (USD 157.2 million) registered in the previous month. The decline was attributed to paying outstanding due to pensioners. External debt stood at TZS 133.2 billion (USD 104.4 million) representing 66.8 percent of the total debt, while domestic debt stood at TZS 66.1 billion (USD 51.8 million) or 33.2 percent of total debt. The Debt to GDP ratio decreased to 50.4 percent from 50.9 percent recorded in the preceding month.

### Domestic Debt

During the month under review, domestic debt stood at TZS 66.1 billion, having declined from TZS 67.5 billion registered in July 2007. The decline was due to payment of retirees' benefits.

Analysis of debt by creditors revealed that 'Other creditors' (domestic suppliers and pensioners) remained dominant, amounted to TZS 34.9 billion, representing 52.9 percent of total domestic debt. Debt due to Union Government stood at TZS 13.6 billion accounting for 20.6 percent, while Zanzibar Social Security Fund (ZSSF)'s claims stood at TZS 4.9 billion, standing for 7.4 percent of total domestic debt. Debts owed to Zanzibar State Trading Corporation (ZSTC) and Zanzibar Port Company (ZPC) amounted to TZS 5.5 billion and TZS 3.9 billion, representing 8.3 percent and 6.0 percent of total domestic debt, respectively. Claims due to Peoples Bank of Zanzibar (PBZ) stood at TZS 3.2 billion or 4.9 percent of total domestic debt

As at end August 2007, long-term government loans stood at TZS 21.3 billion accounting for 32.3 percent of total domestic debt. Treasury bonds amounted to TZS 11.9 billion or 18.1 percent of total domestic debt. Other debt instruments (suppliers' credits and pensioners' claims) amounted to TZS 16.8 billion down from TZS 18.3 billion recorded in the previous month, accounting for 25.5 percent of total domestic debt. Government stocks amounted to TZS 8.9 billion or 13.5 percent of total domestic debt, while treasury bills amounted to TZS 7.0 billion, representing 10.6 percent of total domestic debt.

During the period under review, debts with "undetermined maturity" (gratuity, pension, and domestic suppliers' claims) slightly declined but sustained dominance, amounted to TZS 43.1 billion representing 65.2 percent of total domestic debt. Debt with maturity of 2 - 5 years amounted to TZS 14.7 billion, representing 22.2 percent of the total domestic debt. Short term debts maturing in less than a year stood at TZS 7.0 billion representing 10.6 percent of total domestic debt. Debt maturing between 1-2 years amounted to TZS 1.3 billion, accounting for 2.0 percent of total domestic debt.



## External Debt

External debt for the month ending August 2007, decreased to TZS 133.2 billion (USD 104.4 million) from TZS 133.8 billion (USD 104.4 million) recorded in July 2007. The decrease was mainly due to appreciation of Tanzanian shilling against US dollar. Union Government guaranteed debt stood at USD 75.3 million representing 72.0 percent of total external debt, while non-guaranteed debt stood at USD 29.1 million or 28.0 percent of total external debt.

As at end August 2007, external debt by creditors shows that, multilateral creditors remained dominant, amounted to USD 73.6 million (TZS 93.9 billion) representing 70.5 percent of total external debt. Bilateral creditors debts stood at USD 3.7 million (TZS 4.7 billion) accounting for 3.5 percent of total external debt. Commercial debts stood at USD 14.7 million or TZS 18.8 billion, representing 14.1 percent of total external debt. Export credits amounted to USD 12.4 million (TZS 15.8 billion) representing 11.8 percent of total external debt

During the period under review, external debt continued to be dominated by debts with long term maturity. Debts maturing over 20 years stood at USD 67.7 million representing 64.9 percent of the total external debt. Debts with maturity of 10 to 20 years stood at USD 6.9 million, representing 6.6 percent of total external debt. Debt maturing between 5 to 10 years amounted to USD 29.8 million representing 28.5 percent of the total external debt.

Debt profile by end use shows that transport and telecommunications sector remained the largest recipient, having received USD 30.2 million or 28.9 percent of the total external debt. Energy sector followed, absorbed USD 20.3 million constituting 19.4 percent of total disbursements, while Social welfare and education sectors received USD 18.9 million or 18.1 percent. Finance and Insurance sector obtained USD 14.7 million representing 14.1 percent of the total disbursements. Agriculture and Industries sectors received USD 13.8 million and USD 0.5 million or 13.2 percent and 0.5 percent of the total external debt, respectively. Other sectors obtained USD 6.0 million equivalent to 5.8 percent of the total disbursements

## External Sector Performance

### Current Account

Zanzibar current account posted a lower surplus of USD 5.0 million as at end of August 2007, compared with USD 10.6 million, registered during the previous month. The decline was attributed to decline in services receipts due to low tourism season and slowdown in official foreign grants inflows Trade



account deficit worsened to USD 5.4 million from USD 4.4 million of the preceding month. Services account was favourable but registered a lower surplus of USD 2.0 million compared with a surplus of USD 4.4 million realized in the previous month, due to increase in foreign payments.

On annual basis, the current account surplus rebounded to a surplus of USD 55.6 million from USD 10.0 million registered in the corresponding period in 2006. The relatively good performance was due to the increase in export earnings of both goods and services, increase in donor inflows, coupled with decrease in import bill. The trade account registered a lower deficit of USD 54.0 million, improving from a deficit of USD 63.6 million posted in the corresponding period in 2006. Services account marked a higher favourable balance of USD 41.1 million from USD 23.0 million recorded in previous month (Table 6.1).

**Table 6.1: Zanzibar Current Account Balance**

Item	Millions of USD							
	2006 Dec	2007			Year Ending August		%Change	
		Jun	Jul	Aug	2006	2007 <sup>p</sup>	Monthly	Annual
<b>Goods Account (net)</b>	<b>-2.5</b>	<b>-3.7</b>	<b>-4.4</b>	<b>-5.4</b>	<b>-63.6</b>	<b>-54.0</b>	<b>23.8</b>	<b>-15.1</b>
Exports	2.7	0.9	0.7	0.8	8.9	16.4	1.4	83.4
Imports (fob)	5.2	4.6	5.1	6.2	72.5	70.4	20.5	-3.0
<b>Services Account (net)</b>	<b>6.5</b>	<b>4.1</b>	<b>4.4</b>	<b>2.0</b>	<b>23.0</b>	<b>41.1</b>	<b>-55.1</b>	<b>78.3</b>
Receipts	9.9	7.3	7.5	7.1	84.4	89.2	-5.7	5.7
Payments	3.4	3.2	3.1	5.1	61.3	48.1	63.8	-21.5
<b>Goods and Services (net)</b>	<b>3.9</b>	<b>0.4</b>	<b>0.0</b>	<b>-3.5</b>	<b>-40.6</b>	<b>-12.9</b>	<b>-22,594.9</b>	<b>-68.1</b>
Exports of Goods and Services	12.5	8.2	8.3	7.9	93.3	105.6	-5.0	13.2
Imports of Goods and Services	8.6	7.7	8.3	11.3	133.9	118.5	36.9	-11.5
<b>Income Account (net)</b>	<b>0.03</b>	<b>0.01</b>	<b>0.01</b>	<b>-0.01</b>	<b>0.18</b>	<b>0.14</b>	<b>-180.8</b>	<b>-19.5</b>
Receipts	0.04	0.01	0.01	0.01	0.19	0.24	-33.8	29.5
Payments	0.01	0.00	0.00	0.01	0.01	0.10		
<b>Current Transfers (net)</b>	<b>2.1</b>	<b>3.0</b>	<b>10.6</b>	<b>8.5</b>	<b>50.4</b>	<b>68.4</b>	<b>-19.6</b>	<b>35.8</b>
Inflows	2.1	3.0	10.6	8.5	50.4	68.4	-19.6	35.8
Outflows	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Current Account Balance</b>	<b>6.1</b>	<b>3.4</b>	<b>10.6</b>	<b>5.0</b>	<b>10.0</b>	<b>55.6</b>	<b>-52.5</b>	<b>457.4</b>

p= Provisional

Source: Tanzania Revenue Authority.

## Exports Performance

During the month under review, total exports of goods and services summed to USD 7.9 million below USD 8.3 million received in previous month, due to decrease in services receipts. Services earnings decreased to USD 7.1 million from USD 7.5 million realized in the previous month, representing 89.9 percent of total export proceeds. Merchandise exports driven by cloves, increased slightly to USD 0.8 million from USD 0.7 million received in the previous month.

On annual basis, total export earnings rose by 13.2 percent to USD 105.6 million from USD 93.3 million recorded in the corresponding period in 2006 stemming from increase in both goods and services receipts. Services receipts increased to USD 89.2 million from USD 84.4 million, accounting for 84.5 percent of total exports earnings. Cloves exports hiked to USD 9.8 million from USD 5.8 million, representing to 9.3 percent of total exports receipts. Seaweeds exports amounted to USD 1.6 million or 1.5 percent of total receipts. Manufactured goods exports amounted to USD 3.2 million, representing 3.0 percent of total exports receipts. Exports of fish and fish produce amounted to USD 0.1 million, accounting for 0.1

percent of total export receipts, while earnings from other exports amounted to USD 1.7 million or 1.6 percent of total export receipts (Table 6.2).

**Table 6.2: Zanzibar Exports by Major Categories**

Commodity	Millions of USD						
	2006 Dec	2007			Year Ending August		% Change
		Jun	Jul	Aug	2006	2007	Monthly Annual
<b>Traditional Exports:</b>							
Cloves							
Value	2.3	0.05	0.0	0.0	5.8	9.7	67.0
Volume	0.7	0.0	0.0	0.01	2.00	3.05	52.7
Unit Price	3,202.7	2,907.1		2,923.8	2,929.7	3,205.5	9.4
<b>Sub Total</b>	<b>2.32</b>	<b>0.05</b>	<b>0.00</b>	<b>0.04</b>	<b>5.85</b>	<b>9.77</b>	<b>67.0</b>
<b>Non-Traditional Exports:</b>							
Seaweeds							
Value	0.1	0.1	0.00	0.08	1.44	1.6	10.5
Volume	0.6	0.4	0.00	0.3	7.45	7.3	-2.3
Unit Price	184.0	283.8		230.5	192.97	218.2	13.1
Manufactured Goods	0.2	0.4	0.52	0.3	0.58	3.2	-33.6 457.9
Fish and Fish Produce	0.0	0.0	0.00	0.0	0.39	0.1	57.0 -77.3
Horticultural produce	0.0	0.0	0.00	0.0	-	-	
Others Exports	0.0	0.3	0.22	0.3	0.66	1.7	26.0 152.0
<b>Sub Total</b>	<b>0.4</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>3.1</b>	<b>6.6</b>	<b>-4.2 114.6</b>
<b>Grand Total</b>	<b>2.7</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>8.9</b>	<b>16.3</b>	<b>1.4 83.4</b>

p = provisional

Source: Tanzania Revenue Authority

## Imports Performance

Imports of goods (c.i.f) for the month of August 2007, increased to USD 6.8 million from USD 5.6 million of the previous month, mainly due to rise in imports of capital goods to cater for the expanding construction and transport sectors. Capital goods imports increased to USD 4.5 million from USD 3.3 million registered in the previous month. Intermediate goods imports remained at USD 0.3 million same as previous month, while import of consumer goods slowed down to USD 1.9 million, from USD 2.0 million of previous month driven by decline in specifically import of other consumer goods (clothing and foot ware). Food and foodstuffs imports hiked to USD 0.6 million from USD 0.3 million of the previous month, responding to higher food demand to cater for month of Ramadhan.

On annual basis, imports (c.i.f) declined to USD 77.3 million from USD 79.7 million recorded in the corresponding period in 2006, mainly due to slow down in intermediate goods, dominated by oil. Oil import bill decreased to USD 4.9 million from USD 18.9 million registered in the corresponding period in 2006 as result of decrease in volume of on-transit oil imports and partially decline in world oil prices. Food and food stuffs imports declined to USD 5.5 million from USD 9.8 million of the previous corresponding period in 2006, due to favourable domestic food supply. Capital goods imports increased to USD 46.4 million from USD 33.4 million mainly to cater for boom in construction and transport sectors (Table 6.3).



**Table 6.3: Zanzibar Imports by Major Categories**

Millions of USD

Import Category	2006 Dec	2007 <sup>p</sup>			Year Ending August		% Change	
		Jun	Jul	Aug	2006	2007p	Monthly	Annual
<b>Capital Goods</b>	<b>2.5</b>	<b>2.8</b>	<b>3.3</b>	<b>4.5</b>	<b>33.4</b>	<b>46.4</b>	<b>37.1</b>	<b>39.0</b>
Transport Equipment	0.8	1.3	1.5	1.8	11.0	14.5	18.8	31.7
Building and Constructions	0.4	0.4	1.0	1.3	8.1	14.0	29.6	71.8
Machinery	1.3	1.1	0.8	1.4	14.3	18.0	81.7	26.0
<b>Intermediate Goods</b>	<b>1.5</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>24.8</b>	<b>9.8</b>	<b>14.1</b>	<b>-60.6</b>
Oil imports	1.00	0.01	0.00	0.01	18.9	4.9	59.4	-73.9
Fertilizers	...	...	...	...	...	0.02	...	...
Industrial raw materials	0.5	0.17	0.29	0.3	5.9	4.8	13.6	-18.1
<b>Consumer Goods</b>	<b>1.8</b>	<b>2.1</b>	<b>2.0</b>	<b>1.9</b>	<b>21.5</b>	<b>21.2</b>	<b>-5.4</b>	<b>-1.6</b>
Food and food stuffs	0.3	0.7	0.3	0.6	9.8	5.5	83.6	-44.3
All other consumer goods	1.5	1.4	1.7	1.3	11.7	15.7	-23.0	34.2
<b>Grand Total (c.i.f)</b>	<b>5.8</b>	<b>5.0</b>	<b>5.6</b>	<b>6.8</b>	<b>79.7</b>	<b>77.3</b>	<b>20.5</b>	<b>-3.0</b>
<b>Grand Total (f.o.b)</b>	<b>5.2</b>	<b>4.6</b>	<b>5.1</b>	<b>6.2</b>	<b>72.5</b>	<b>70.4</b>	<b>20.5</b>	<b>-3.0</b>

p = provisional

... = Very small value

Source: Tanzania Revenue Authority

## Services Account

During the month under review, services account posted a lower surplus of USD 2.0 million down from USD 4.4 million registered as at end of July 2007, due to slow down in foreign receipts coupled with increase in foreign payments. Foreign receipts declined to USD 7.1 million from USD 7.5 million registered during the previous month. Foreign payments rose to USD 5.1 million from USD 3.1 million. Travel receipts and payments amounted to USD 6.4 million and USD 4.4 million, representing 90.1 percent and 86.3 percent of total foreign receipts and foreign payments, respectively

On year to year basis, the services account registered a higher surplus of USD 41.1 million compared with a surplus of USD 23.0 million realized in the corresponding period in 2006. The hike was due to increase in foreign receipts coupled with decline in foreign payments. Foreign receipts increased to USD 89.2 million from USD 84.4 million registered in the corresponding period in 2006, largely attributed to tourism oriented activities. Foreign payments declined to USD 48.1 million from USD 61.3 million recorded in corresponding period in 2006. Travel receipts amounted to USD 76.7 million, accounted for 86.0 percent of total services receipts, while travel payments amounted to USD 40.8 million, equivalent to 85.0 percent of total foreign payments



## **STATISTICAL TABLES**



**Table A1: Selected Economic Indicators**

Item	Unit	2000	2001	2002	2003	2004	2005	2006 <sup>p</sup>
<b>1. National Accounts and Prices</b>								
1.1 Change in GDP at Factor Cost--Current Prices	Percent	12.2	13.7	14.1	12.8	15.4	15.3	14.8
1.2 Change in GDP at Factor Cost--Constant 1992 Prices <sup>2</sup>	Percent	4.9	5.7	6.2	5.7	6.7	6.7	6.2
1.3 GDP Per Capita--Current Prices <sup>1</sup>	TZS	210,231.0	231,751.0	258,925.0	287,027.0	321,283.0	360,965.0	399,554.0
1.4 GDP Per Capita--Current Prices <sup>1</sup>	US\$	262.7	264.4	267.9	276.4	294.9	319.8	n.a
1.5 Change in Consumer Price Index (Inflation)	Percent	5.9	5.2	4.5	3.5	4.1	4.4	6.2
1.6 Saving to GNDI Ratio <sup>3</sup> *	Percent	11.6	11.1	12.7	11.8	12.3	12.5	na
<b>2. Money Credit and Interest Rates</b>								
2.1 Change in Extended Broad Money Supply (M3)**	Percent	14.8	17.1	25.1	16.6	19.3	38.2	22.0
2.2 Change in Broad Money Supply (M2)***	Percent	12.5	12.8	22.3	14.2	19.2	36.9	13.7
2.3 Change in Narrow Money Supply (M1)	Percent	9.9	10.2	25.2	16.1	18.2	33.7	9.8
2.4 Change in Reserve Money	Percent	9.4	5.0	19.1	12.6	23.6	27.7	16.8
2.5 Total Credit to GDP Ratio <sup>1</sup>	Percent	9.8	7.6	8.8	8.7	8.5	9.4	12.0
2.6 Private Sector Credit to GDP Ratio <sup>1</sup>	Percent	4.6	4.9	6.1	5.2	8.9	11.0	12.5
2.7 Ratio of Private Credit to Total Credit	Percent	46.6	63.7	69.2	98.4	104.7	84.6	103.9
2.8 Average Deposit Rate (12-Month)	Percent	8.6	6.0	5.7	5.0	5.8	6.2	8.3
2.9 Weighted Average Treasury Bill Rate	Percent	5.7	3.9	4.5	7.7	9.6	10.8	15.0
2.10 Average Medium- and Long-Term Lending Rate	Percent	21.2	15.8	13.2	12.5	14.0	15.5	15.6
<b>3. Balance of Payments****</b>								
3.1 Exports (f.o.b)	Mill. US\$	733.7	851.3	979.6	1,216.1	1,473.1	1,675.8	1,723.0
3.2 Imports (f.o.b)	Mill. US\$	-1,367.6	-1,560.3	-1,511.3	-1,933.5	-2,482.8	-2,997.6	-3,864.1
3.3 Trade Balance	Mill. US\$	-633.9	-709.0	-531.8	-717.3	-1,009.8	-1,321.8	-2,141.1
3.4 Balance on Current Account	Mill. US\$	-461.3	-200.0	83.6	-87.5	-383.3	-881.6	-1,510.7
3.5 Overall Balance	Mill. US\$	-36.9	-167.5	317.9	389.1	206.0	-197.2	-138.5
3.7 Gross Official Reserves	Mill. US\$	974.4	1,156.6	1,529.0	2,037.8	2,296.1	2,048.4	2,260.1
3.8 Reserves Months of Imports (of goods and services)	Months	5.7	6.3	8.6	9.2	8.0	5.8	5.3
3.9 Exchange Rate:								
3.9.1 Annual Average	TZS/US\$	800.4	876.4	966.6	1,038.6	1,089.3	1,128.8	1,251.9
3.9.2 End of Period	TZS/US\$	803.3	916.3	976.3	1,063.6	1,043.0	1,165.5	1,261.6
<b>4 Population (TZ Mainland)</b>	<b>Million</b>	<b>31.9</b>	<b>32.1</b>	<b>33.6</b>	<b>34.2</b>	<b>35.3</b>	<b>36.2</b>	<b>37.5</b>
<b>5. Public Finance</b>								
			<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06*</b>
5.1 Current Revenue to GDP Ratio <sup>1</sup>	Percent		12.2	11.8	12.1	12.6	13.3	13.6
5.2 Grants to GDP Ratio <sup>1</sup>	Percent		3.7	4.3	6.2	6.0	7.4	6.7
5.2 Current Expenditure to GDP Ratio <sup>1</sup>	Percent		13.1	12.6	14.8	15.4	15.1	17.5
5.3 Development Expenditure to GDP Ratio <sup>1</sup>	Percent		3.7	3.9	5.0	6.4	8.6	8.0
5.4 Deficit to GDP Ratio (excluding grants) <sup>1</sup>	Percent		-4.8	-4.8	-7.7	-9.2	-10.4	-11.5
5.5 Deficit to GDP Ratio (including grants) <sup>1</sup>	Percent		-1.1	-0.5	-1.5	-3.1	-3.0	-5.5
<b>6. Total External Debt Stock</b>	<b>Mill. US\$</b>		<b>7,482.1</b>	<b>7,464.0</b>	<b>7,268.1</b>	<b>7,857.0</b>	<b>8,134.8</b>	<b>7,931.8</b>
Disbursed Debt	Mill. US\$		6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,743.6
Interest	Mill. US\$		1,169.9	904.3	1,035.1	1,178.7	1,335.3	1,188.2
Total External Debt as % of GDP	Percent		80.7	78.5	75.9	83.5	77.5	72.0

**Note:**

1 Calculated on the basis of GDP at market price

2 Calculated on the basis of GDP at factor cost

3 GNDI stands for gross national disposable income

p Provisional

\* Revised from 2001

\*\* Revised 2003

\*\*\* revised 2001-2002

\*\*\*\* revised from 2000

Source: Bank of Tanzania Database and National Bureau of Statistics (Economic Survey, National Accounts)









**Table A5(a): Tanzania Exports by Type of Commodity**

Item	2006 <sup>P</sup>	2007 <sup>P</sup>		% Change		Year Ending August <sup>P</sup>		
	Aug	Jul	Aug	Aug 06 - Aug 07	Jul 07 - Aug 07	2006	2007	% Change
<b>Traditional Exports:</b>								
<b>COFFEE</b>								
Value	1.9	2.6	3.2	65.4	23.9	61.4	95.0	54.8
Volume	1.0	1.5	1.7	65.5	13.3	32.4	47.3	45.9
Unit Price	1,883.0	1,722.3	1,882.4	0.0	9.3	1,894.7	2,009.2	6.0
<b>COTTON</b>								
Value	3.4	1.2	9.3	175.3	661.3	110.1	32.4	-70.6
Volume	3.7	1.5	9.8	168.0	534.1	108.638	32.587	-70.0
Unit Price	923.1	789.6	948.0	2.7	20.1	1,013.5	994.0	-1.9
<b>SISAL</b>								
Value	0.10	0.8	0.9	828.6	18.1	5.6	9.6	72.4
Volume	0.1	0.9	1.1	837.5	11.5	7.3	11.7	60.4
Unit Price	865.3	809.4	857.1	-0.9	5.9	765.5	822.7	7.5
<b>TEA</b>								
Value	1.8	1.0	1.5	-17.1	41.1	29.0	31.3	7.7
Volume	1.1	0.7	0.9	-22.0	16.0	22.5	21.6	-4.0
Unit Price	1,586.6	1,386.0	1,686.0	6.3	21.7	1,289.2	1,446.2	12.2
<b>TOBACCO</b>								
Value	11.0	0.1	0.0	-100.0	-100.0	77.3	71.2	-7.9
Volume	3.7	0.0	0.00	-100.0	-100.0	24.8	30.9	24.6
Unit Price	2,973.8	1,976.8	--	--	-	3,121.9	2,308.4	-26.1
<b>CASHEWNUTS</b>								
Value	0.2	0.000	0.0	-99.2	--	62.3	28.2	-54.7
Volume	0.3	0.000	0.0	-98.9	--	84.3	57.0	-32.4
Unit Price	527.0	0.0	402.8	-23.6	--	739.3	494.8	-33.1
<b>CLOVES</b>								
Value	0.000	0.000	0.01	--	--	6.1	9.8	61.3
Volume	0.000	0.000	0.01	--	--	2.1	3.0	47.0
Unit Price	0.0	0.0	2,000.0	#DIV/0!	=	2,921.6	3,207.2	#DIV/0!
<b>Sub Total</b>	<b>18.3</b>	<b>5.7</b>	<b>14.9</b>	<b>-19.0</b>	<b>161.8</b>	<b>351.8</b>	<b>277.5</b>	<b>-21.1</b>
<b>Non-Traditional Exports:</b>								
<b>Minerals</b>								
Gold	74.8	67.8	72.9	-2.5	7.5	763.5	862.1	12.9
Diamond	71.1	61.5	66.5	-6.4	8.1	714.6	802.8	12.3
Other minerals <sup>1</sup>	1.8	0.0	0.0	-98.5	--	22.1	16.5	-25.6
	2.0	6.3	6.4	--	1.7	26.8	42.8	59.6
<b>Manufactured Goods</b>								
Cotton Yarn	18.8	36.3	24.0	--	-33.9	187.8	254.9	35.7
Manufactured Coffee	0.4	0.1	0.5	14.1	273.3	3.6	7.1	96.0
Manufactured Tobacco	0.0	0.2	0.3	793.9	94.7	1.1	1.9	0.0
Sisal Products (Yarn & Twine)	0.0	0.1	0.2	--	54.4	1.8	1.3	-25.7
Other manufactured Goods <sup>2</sup>	0.2	0.3	0.5	--	49.9	2.8	4.8	71.0
	18.2	35.5	22.5	--	-36.7	178.4	239.8	34.4
<b>Fish and Fish Products</b>								
	11.3	9.9	11.8	4.6	19.5	137.6	143.8	4.5
<b>Horticultural products</b>								
	1.3	1.5	1.7	30.8	15.4	15.3	18.2	18.4
<b>Re-exports</b>								
	12.0	11.8	12.0	0.0	1.9	124.0	160.1	29.1
<b>Others Exports <sup>3</sup></b>								
	13.6	15.8	16.2	19.1	2.7	166.7	164.0	-1.6
<b>Sub Total</b>	<b>131.9</b>	<b>143.0</b>	<b>138.6</b>	<b>5.1</b>	<b>-3.1</b>	<b>1,395.0</b>	<b>1,603.1</b>	<b>14.9</b>
<b>GRAND TOTAL</b>	<b>150.2</b>	<b>148.7</b>	<b>153.5</b>	<b>2.2</b>	<b>3.2</b>	<b>1,746.8</b>	<b>1,880.6</b>	<b>7.7</b>

**Note:**

<sup>1</sup> Include tanzanite, rubbies, sapphires, emeralds, copper, silver and other precious stones

<sup>2</sup> Include plastic items, textile apparels iron/steel and articles thereof

<sup>3</sup> Include edible vegetables, oil seeds, cereals, cocoa, raw hides and skins, woods and articles thereof

p = Provisional data.

- = Small value

-- = Very big value

--- = Information not available

Totals may not add up due to rounding of numbers.

Volume in '000 Tons; Value in '000,000 USD; Unit Price in USD/Ton

Source: Bank of Tanzania, TRA





**Table A5(b): Tanzania Imports (f.o.b value) by Major Category**

Item	Millions of USD									
	2006 <sup>p</sup>		2007 <sup>p</sup>		% Change		Year Ending August		% Change	
	Aug	Jul	Aug	Jul	Aug 06-Aug 07	Jul 07 - Aug 07	2006	2007	2006	2007
<b>Capital Goods</b>	<b>123.3</b>	<b>130.0</b>	<b>161.8</b>	<b>161.8</b>	<b>31.2</b>	<b>24.5</b>	<b>1,337.9</b>	<b>1,675.9</b>	<b>25.3</b>	<b>25.3</b>
Transport Equipments	34.7	46.6	39.4	39.4	13.5	-15.5	374.4	421.8	12.7	12.7
Building and Constructions	26.8	28.5	40.8	40.8	52.1	43.0	324.5	386.6	19.1	19.1
Machinery	61.8	54.8	81.6	81.6	32.0	48.8	638.9	867.5	35.8	35.8
<b>Intermediate Goods</b>	<b>117.9</b>	<b>144.7</b>	<b>205.9</b>	<b>205.9</b>	<b>74.6</b>	<b>42.3</b>	<b>1,365.2</b>	<b>1,875.5</b>	<b>37.4</b>	<b>37.4</b>
Oil imports	77.9	108.2	148.9	148.9	91.1	37.6	995.0	1,394.3	40.1	40.1
Fertilizers	3.8	0.2	15.4	15.4	302.0	6,168.8	40.0	66.8	67.1	67.1
Industrial raw materials	36.2	36.3	41.6	41.6	14.9	14.7	330.2	414.4	25.5	25.5
<b>Consumer Goods</b>	<b>77.0</b>	<b>77.4</b>	<b>77.4</b>	<b>77.4</b>	<b>0.5</b>	<b>0.0</b>	<b>846.1</b>	<b>963.0</b>	<b>13.8</b>	<b>13.8</b>
Food and food stuffs	21.0	18.1	10.2	10.2	-51.6	-43.8	251.3	229.5	-8.7	-8.7
All other consumer goods <sup>1</sup>	56.0	59.3	67.2	67.2	20.0	13.4	594.8	733.5	23.3	23.3
<b>Grand Total (f.o.b)</b>	<b>318.3</b>	<b>352.1</b>	<b>445.1</b>	<b>445.1</b>	<b>39.8</b>	<b>26.4</b>	<b>3,549.1</b>	<b>4,514.4</b>	<b>27.2</b>	<b>27.2</b>
<b>Grand Total (c.i.f)</b>	<b>349.8</b>	<b>387.0</b>	<b>489.1</b>	<b>489.1</b>	<b>39.8</b>	<b>26.4</b>	<b>3,900.1</b>	<b>4,960.9</b>	<b>27.2</b>	<b>27.2</b>

Note:

<sup>1</sup> It includes pharmaceutical products, paper products, plastic items, optical/photographic materials, textile apparels

<sup>p</sup> = Provisional data

Totals may not add up due to rounding of numbers.

Source: Bank of Tanzania, TRA.



Table A5.(c): Tanzania's Balance of Payments

Millions of USD

Item	1999	2000	2001	2002 <sup>r</sup>	2003 <sup>r</sup>	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>p</sup>
<b>A. Current Account</b>	<b>-846.2</b>	<b>-485.9</b>	<b>-237.4</b>	<b>83.6</b>	<b>-87.5</b>	<b>-383.3</b>	<b>-881.6</b>	<b>-1,458.7</b>
Goods: Exports f.o.b.	543.3	733.7	851.3	979.6	1,216.1	1,473.1	1,675.8	1,723.0
Traditional	301.2	292.8	231.1	206.1	220.5	297.8	354.5	267.1
Non-traditional	242.1	440.9	620.2	773.5	995.7	1,175.3	1,321.2	1,455.9
o/w Gold	34.8	112.7	254.1	341.1	502.8	629.4	655.1	773.2
Goods: Imports f.o.b.	-1,415.4	-1,367.6	-1,560.3	-1,511.3	-1,933.5	-2,482.8	-2,997.6	-3,864.1
Balance on Goods	-872.1	-633.9	-709.0	-531.8	-717.3	-1,009.8	-1,321.8	-2,141.1
Services: <b>Credit</b>	600.3	627.3	914.6	920.1	947.8	1,133.6	1,269.2	1,464.5
Transportation	53.7	56.8	105.9	117.1	138.9	183.0	222.9	327.6
Travel	463.7	376.7	615.1	635.0	646.5	746.0	823.6	914.0
Other	82.8	193.8	193.6	168.0	162.3	204.6	222.7	222.9
Services: <b>Debit</b>	-780.5	-682.4	-649.7	-632.5	-725.7	-974.7	-1,207.3	-1,247.3
Transportation	-175.4	-205.7	-194.2	-176.9	-214.7	-267.1	-319.5	-417.6
Travel	-369.7	-337.3	-327.3	-337.5	-353.2	-445.3	-553.8	-534.5
Other	-235.4	-139.4	-128.1	-118.1	-157.8	-262.3	-334.0	-295.2
Balance on Services	-180.2	-55.1	264.9	287.6	222.1	158.9	61.8	217.2
Balance on Goods and Services	<b>-860.8</b>	<b>-689.0</b>	<b>-444.1</b>	<b>-244.2</b>	<b>-495.3</b>	<b>-850.9</b>	<b>-1,260.0</b>	<b>-1,923.8</b>
Income: <b>Credit</b>	32.4	50.4	55.3	67.9	87.1	81.8	80.9	80.3
: <b>Debit</b>	-185.1	-240.9	-243.8	-156.8	-236.2	-200.9	-198.0	-165.2
Balance on Income	-53.6	-190.6	-188.5	-88.8	-149.1	-119.1	-117.0	-84.8
Balance on Goods, Services and Income	<b>-1,013.5</b>	<b>-879.5</b>	<b>-632.6</b>	<b>-333.0</b>	<b>-644.4</b>	<b>-970.0</b>	<b>-1,377.0</b>	<b>-2,008.7</b>
Current transfers (net)	336.6	393.6	395.3	416.6	556.9	586.7	495.4	550.0
Current transfers: <b>Credit</b>	454.1	472.1	474.8	477.9	619.9	651.7	563.0	615.6
Government	411.4	427.8	418.4	427.7	553.3	582.0	478.4	521.3
o/w Multilateral HIPC relief	0.0	40.6	71.3	68.8	68.2	73.7	75.7	42.1
Other sectors	42.7	44.3	56.4	50.2	66.6	69.7	84.5	94.4
Current transfer: <b>Debit</b>	-117.5	-78.5	-79.5	-61.3	-63.0	-65.0	-67.5	-65.6
<b>B. Capital Account</b>	<b>270.6</b>	<b>330.4</b>	<b>361.5</b>	<b>785.7</b>	<b>692.8</b>	<b>459.9</b>	<b>633.2</b>	<b>5,292.9</b>
Capital transfers: <b>Credit</b>	270.6	330.4	361.5	785.7	692.8	459.9	633.2	5,292.9
General Government	256.3	314.7	339.2	755.6	655.5	420.0	590.2	5,254.3
Other sectors	256.3	314.7	339.2	325.3	320.9	253.7	478.1	292.6
Total, Groups A plus B	-406.3	-155.5	124.1	0.0	0.0	0.0	0.0	0.0
<b>C. Financial Account, excl. reserves and related items</b>	<b>522.4</b>	<b>187.8</b>	<b>-353.7</b>	<b>255.4</b>	<b>61.2</b>	<b>275.6</b>	<b>665.3</b>	<b>-4,001.0</b>
Direct investment in Tanzania	541.7	282.0	467.2	387.6	308.2	330.6	447.6	474.5
Other investment	-20.5	-94.2	-829.1	-134.4	-249.7	-57.4	215.2	-4,478.1
Assets	14.8	-134.0	-76.7	2.9	-59.0	-11.0	-61.5	-179.3
Liabilities	-35.3	39.9	-752.5	-137.3	-190.6	-46.4	276.6	-4,298.8
Total, Groups A through C	116.1	118.7	580.0	1,124.7	666.5	352.3	416.9	-166.8
<b>D. Net Errors and Omissions</b>	<b>-244.5</b>	<b>-118.7</b>	<b>-580.0</b>	<b>-806.8</b>	<b>-277.4</b>	<b>-146.3</b>	<b>-614.1</b>	<b>28.3</b>
Overall balance	-128.4	-86.3	-809.6	317.9	389.1	206.0	-197.2	-138.5
<b>E. Reserves and Related Items</b>	<b>128.4</b>	<b>86.3</b>	<b>809.6</b>	<b>-317.9</b>	<b>-389.1</b>	<b>-206.0</b>	<b>197.2</b>	<b>138.5</b>
Reserve assets	-176.5	-198.8	-182.2	-372.4	-508.8	-258.4	247.7	137.0
Use of Fund credit and loans	51.3	49.4	15.6	26.0	-2.9	-33.8	-50.5	1.5
Exceptional financing	253.7	235.7	976.2	28.5	122.6	86.2	0.0	0.0
Rescheduled debt	129.4	10.1	131.4	9.8	86.9	0.0	0.0	0.0
Debt forgiveness	77.2	49.4	642.1	0.0	0.0	0.0	0.0	0.0
Interest arrears	33.0	81.2	67.4	18.4	29.5	21.9	0.0	0.0
Principal arrears	14.1	95.0	135.2	0.4	6.2	64.3	0.0	0.0
<b>Memorandum items</b>								
GDP(mp) Mill. TZS	6,432,910.9	7,277,799.9	8,304,338.6	9,399,085.8	10,695,187.2	12,396,058.7	14,417,559.7	16,742,407.9
GDP(mp) Mill. USD	8,635.9	9,092.7	9,475.6	9,724.0	10,297.9	11,379.4	12,772.1	13,373.7
CAB/GDP	-7.8	-5.3	-2.5	0.9	-0.8	-3.4	-6.9	-10.9
CAB/GDP (excl. current official transfers)	-12.6	-10.0	-6.9	-3.5	-6.2	-8.5	-10.6	-14.8
Gross Official Reserves	775.6	974.4	1,156.6	1,529.0	2,037.8	2,296.1	2,048.4	2,260.1
Months of Imports	4.5	5.7	6.3	8.6	9.2	8.0	5.8	5.3
Net International Reserves (year end)	405.1	542.7	761.2	1,058.4	1,533.9	1,786.9	1,395.9	1,994.8
Change in Net International Reserves	-121.4	-137.6	-218.5	-297.2	-475.5	-253.0	391.0	-598.9
Exchange rate (end of period)	797.3	803.3	916.3	976.3	1,063.6	1,043.0	1,165.5	1,261.6
Exchange rate (annual average)	744.9	800.4	876.4	966.6	1,038.6	1,089.3	1,128.8	1,251.9

Source: Bank of Tanzania

## Notes:

1. Revision is based on new data from the Private Capital Flows survey

and adoption of new data sources for some other items in the services account

2. Change in gross official reserves will not necessarily be equal to reserve assets given a new methodology of computing reserve assets which nets out the impact of valuation was introduced beginning 2006

r = Revised

p = Preliminary



Table A6 (a): National Consumer Price Index (All - Urban), Percentage change on the Previous year

Period	Headline (General Index)	Food	Non-Food														
			Total	Drinks & Tobacco	Clothing & Footwear	Rent	Fuel, Power & Water	Furniture Equip.	Household operations	Personal care & Health	Recreation & Entertain.	Transportation	Educ-ation	Miscel. goods & services			
Weight (%)	100.0	55.9	6.9	6.4	1.4	8.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.6	2.6	1.5
2003	3.5	4.5	1.5	2.0	5.9	2.5	2.1	1.1	2.9	2.1	2.1	2.1	2.1	2.1	1.2	1.2	2.2
2004	4.2	5.9	-0.5	2.3	2.3	4.6	0.2	0.9	0.5	2.1	1.0	0.6	2.1	1.0	0.6	2.1	-0.5
2005	7.9	10.5	8.0	-4.0	7.8	14.8	-3.2	0.4	1.1	1.1	4.6	6.7	-4.6	6.7	-4.2	-3.8	-3.8
2006	6.2	7.9	5.8	1.2	1.5	6.8	4.7	1.4	2.7	1.6	6.3	6.3	1.6	6.3	1.6	2.7	2.7
2005 Jan	4.0	5.9	0.6	-1.2	-2.5	5.4	1.0	0.5	-3.0	-1.5	3.3	3.3	-1.5	3.3	1.8	-2.6	-2.6
Feb	4.1	5.7	1.8	-1.7	-2.8	5.9	0.2	2.4	6.0	-3.3	2.2	2.2	-3.3	2.2	-0.6	-1.5	-1.5
Mar	4.1	4.9	0.3	1.7	-4.6	9.4	-2.3	2.3	0.1	-2.5	5.7	5.7	-2.5	5.7	1.4	0.4	0.4
Apr	4.0	4.3	2.9	3.3	-5.3	6.8	0.4	2.5	4.9	1.5	6.9	6.9	1.5	6.9	2.1	-4.7	-4.7
May	4.0	5.0	1.7	-0.9	-5.3	9.6	-3.2	1.4	4.4	0.9	5.0	5.0	0.9	5.0	0.2	-2.4	-2.4
Jun	4.2	5.8	1.4	0.9	-5.0	5.6	-2.8	0.4	6.1	-0.2	5.1	5.1	-0.2	5.1	1.2	-1.5	-1.5
Jul	4.4	7.0	3.1	1.3	-3.9	0.3	-0.9	0.3	6.5	-2.1	5.4	5.4	-2.1	5.4	0.1	-0.8	-0.8
Aug	4.5	5.8	2.4	-1.2	7.5	9.8	0.0	-0.6	3.5	-1.5	5.2	5.2	-1.5	5.2	-1.9	-0.1	-0.1
Sep	4.5	6.0	2.6	-2.7	7.6	10.0	-2.3	-1.9	2.7	-2.4	4.0	4.0	-2.4	4.0	-1.7	-1.5	-1.5
Oct	4.7	6.7	3.1	-1.9	4.3	9.0	-1.7	-1.1	3.6	-3.3	3.5	3.5	-3.3	3.5	-1.6	-0.3	-0.3
Nov	4.8	6.7	3.3	-1.2	4.3	10.2	-0.8	-0.5	4.4	-1.9	5.0	5.0	-1.9	5.0	-1.0	0.0	0.0
Dec	5.0	7.2	2.5	-2.0	4.1	10.7	-0.9	0.0	3.5	-1.1	5.5	5.5	-1.1	5.5	-0.6	-0.9	-0.9
2006 Jan	5.4	9.1	1.7	-3.1	0.4	5.2	-1.0	-1.7	-0.3	-1.2	3.1	3.1	-1.2	3.1	-1.1	-1.9	-1.9
Feb	5.8	9.4	1.7	-1.9	0.6	4.5	0.5	-1.5	0.0	0.5	3.3	3.3	0.5	3.3	-0.3	-1.1	-1.1
Mar	6.5	10.7	2.6	-2.4	0.6	4.9	0.9	-1.8	-0.7	-0.6	3.4	3.4	-0.6	3.4	-0.3	-1.3	-1.3
Apr	6.9	11.2	2.9	-2.4	0.6	4.5	1.1	-1.2	0.3	-0.4	3.2	3.2	-0.4	3.2	0.6	-0.1	-0.1
May	7.7	12.3	2.6	-2.0	0.6	4.9	0.8	-0.9	-0.6	-1.3	4.2	4.2	-1.3	4.2	0.6	-0.7	-0.7
Jun	6.8	9.6	2.9	-2.2	0.7	10.4	1.3	-0.4	0.4	-1.3	6.3	6.3	-1.3	6.3	0.2	-0.8	-0.8
Jul	5.4	7.0	5.7	-1.1	0.5	7.9	1.5	0.0	-0.8	-0.5	6.5	6.5	-0.5	6.5	1.1	-0.5	-0.5
Aug	5.5	2.6	10.6	8.1	3.5	13.9	8.2	1.9	14.0	5.5	9.3	9.3	5.5	9.3	4.6	8.7	8.7
Sep	5.8	3.6	9.0	3.8	3.2	9.6	13.5	4.2	5.3	10.3	12.3	12.3	10.3	12.3	6.1	9.9	9.9
Oct	6.0	5.2	7.0	3.0	2.9	9.1	13.0	6.1	4.6	6.1	7.2	7.2	6.1	7.2	1.3	10.1	10.1
Nov	6.2	7.0	5.7	5.4	2.2	2.6	6.3	7.1	5.7	1.2	7.8	7.8	1.2	7.8	2.2	4.6	4.6
Dec	6.7	6.5	9.5	9.3	1.7	4.5	9.8	4.8	4.1	1.0	8.4	8.4	1.0	8.4	4.1	5.0	5.0
2007 Jan	7.0	6.7	11.9	6.1	5.0	4.8	10.3	9.6	2.0	5.6	8.8	8.8	5.6	8.8	9.9	-1.7	-1.7
Feb	7.3	6.2	11.2	6.3	6.0	9.6	11.0	10.8	0.9	7.6	9.8	9.8	7.6	9.8	11.7	-0.4	-0.4
Mar	7.2	6.1	11.8	7.2	5.8	9.3	10.4	11.1	3.4	9.2	9.1	9.1	9.2	9.1	13.0	1.6	1.6
Apr	6.2	4.8	14.7	6.7	4.3	4.9	10.5	11.9	3.5	9.4	8.3	8.3	9.4	8.3	11.8	1.9	1.9
May	5.0	2.8	13.0	7.5	4.2	7.5	8.4	11.1	4.8	9.4	8.0	8.0	9.4	8.0	10.2	2.0	2.0
Jun	5.9	4.6	12.3	7.3	3.2	6.4	8.7	10.1	4.2	10.1	5.8	5.8	10.1	5.8	10.3	2.5	2.5
Jul	9.0	10.3	10.8	5.5	1.7	7.3	7.6	10.7	4.5	10.6	6.8	6.8	10.6	6.8	8.6	2.0	2.0
Aug	7.8	9.2	7.3	6.4	2.1	4.2	6.9	9.5	3.5	10.8	6.5	6.5	10.8	6.5	8.8	0.0	0.0

Note: (1) Base 2001=100 before August 2006, (2) Base Dec 2001=100 from August 2006.





Table A6 (b): National Consumer Price Index, Percentage change on the Previous Month (Month-on-Month)

Period	Headline														
	(General Index)	Food					Non-Food								
Weight (%)	100.0	55.9	44.1	6.9	6.4	1.4	8.5	2.1	2.1	2.1	2.1	0.8	9.7	2.6	1.5
2003	0.3	0.4	0.1	0.1	0.2	0.4	0.2	0.2	0.2	0.0	0.2	0.4	0.0	0.1	0.2
2004	0.4	0.4	0.2	0.1	0.2	0.0	0.7	0.0	0.2	0.0	0.4	0.0	0.0	0.2	0.0
2005	0.4	0.6	0.3	0.2	-0.2	0.3	0.9	-0.1	0.0	0.0	0.3	-0.1	0.5	0.0	-0.1
2006	-0.1	0.0	-0.1	-0.5	1.0	-1.4	-1.0	0.6	0.3	0.3	0.3	0.4	0.2	1.3	0.3
2005 Jan	5.4	7.5	2.4	1.5	1.0	3.7	5.4	-0.1	1.2	3.3	3.3	-0.7	2.6	1.0	1.9
Feb	-0.2	0.1	-0.5	-0.7	-1.1	0.0	0.0	-1.2	-0.9	-0.7	-0.7	-1.5	0.0	-0.7	-1.5
Mar	-0.5	-0.9	0.0	0.1	-0.4	0.0	0.0	-0.1	0.1	-0.2	-0.2	0.7	0.3	-0.7	-0.4
Apr	0.4	0.5	0.2	0.4	-0.7	0.0	0.8	-0.4	-0.2	-0.2	-0.2	-0.5	0.7	-0.1	-0.5
May	-0.5	-0.8	0.1	0.3	-0.2	0.0	0.0	0.4	-0.1	0.4	0.4	0.4	0.1	0.1	0.0
Jun	-0.3	-0.3	0.0	-0.2	0.0	0.0	0.3	-0.6	0.3	-0.2	-0.2	0.4	0.0	0.8	0.2
Jul	0.9	1.1	0.8	0.8	-0.4	0.2	2.7	0.7	-0.7	0.3	0.3	-0.7	0.7	-0.1	-0.4
Aug	-0.4	-0.8	0.3	0.1	0.3	0.1	0.6	0.4	0.2	0.1	0.1	-0.3	0.6	-0.8	-0.2
Sep	0.2	0.2	-0.1	-0.1	-0.4	0.0	0.2	0.0	-0.2	0.5	0.5	0.7	-0.4	-0.2	-0.2
Oct	-0.1	-0.3	0.1	-0.5	-0.7	3.2	0.9	-0.6	-0.8	-0.6	-0.6	0.3	0.6	-0.3	-0.9
Nov	-0.3	0.1	-0.7	0.1	-0.8	0.0	-0.9	-0.8	-0.7	-0.9	-0.9	-0.8	-0.8	-0.7	-0.4
Dec	0.1	-0.1	0.2	0.8	0.7	0.2	-0.3	-0.1	-0.2	0.9	0.9	-0.3	-0.3	-0.5	0.9
2006 Jan	-4.1	-3.5	-4.8	-12.3	10.5	-17.3	-12.7	3.7	-2.8	1.9	1.9	1.5	-4.9	9.6	4.7
Feb	0.2	0.4	-0.1	0.1	0.1	0.3	-0.7	0.3	-0.6	-0.5	-0.5	0.2	0.2	0.1	-0.6
Mar	0.2	0.3	0.0	0.2	-0.9	0.0	0.3	0.3	-0.3	-0.8	-0.8	-0.4	0.4	-0.7	-0.6
Apr	0.7	0.9	0.3	0.7	-0.7	0.0	0.4	-0.2	0.5	0.7	0.7	-0.3	0.5	0.8	0.7
May	0.2	0.2	0.4	0.0	0.2	0.0	0.4	0.1	0.2	-0.6	-0.6	-0.5	1.1	0.1	-0.6
Jun	-1.1	-2.7	1.7	0.1	-0.2	0.1	5.5	-0.1	0.8	0.8	0.4	0.4	2.1	0.4	0.1
Jul	-0.5	-1.3	0.9	3.5	0.8	0.0	0.3	0.9	-0.3	-0.9	-0.9	0.1	0.8	0.8	-0.1
Aug	-1.0	-1.7	-0.1	-0.3	-0.7	0.0	0.2	-0.1	0.1	0.4	0.4	-0.6	-0.1	0.5	0.2
Sep	0.2	-0.4	0.9	1.4	0.7	0.0	0.4	1.5	1.9	1.0	1.0	0.3	1.4	0.2	0.2
Oct	1.6	2.6	0.0	0.6	0.4	0.0	-1.2	0.6	1.1	1.7	1.7	0.4	-0.3	1.7	-0.6
Nov	0.8	2.3	-0.6	0.2	0.3	0.0	-2.8	-0.8	0.6	-0.1	-0.1	1.8	-0.2	0.0	-0.6
Dec	2.1	2.9	0.4	0.3	1.8	0.0	-1.7	1.4	1.8	0.4	0.4	1.8	1.1	1.8	0.6
2007 Jan	1.3	1.8	0.6	0.7	1.5	0.9	-0.1	1.9	0.1	-0.9	-0.9	1.2	0.4	2.6	-0.6
Feb	1.1	0.7	1.7	0.5	0.9	0.0	4.7	1.8	1.4	0.3	0.3	1.7	1.1	0.0	0.9
Mar	0.7	1.2	0.2	1.9	-0.2	0.7	-0.2	-0.8	0.3	0.5	0.5	0.9	-0.5	0.4	0.9
Apr	-0.1	-0.1	-0.1	0.7	-0.1	0.0	-0.9	0.2	0.9	0.3	0.3	-0.1	-0.1	0.1	-0.1
May	0.6	-0.1	1.6	1.2	0.8	0.0	3.3	0.6	0.8	0.0	0.0	0.8	2.1	0.3	0.8
Jun	0.1	-0.6	1.0	0.1	0.5	0.0	3.2	0.4	0.3	0.0	0.0	0.7	0.5	0.6	0.0
Jul	0.1	0.1	0.2	0.1	-0.6	0.1	0.2	0.2	0.4	0.2	0.2	0.7	1.1	0.2	-0.7
Aug	-0.9	-1.6	-0.2	-0.6	0.4	0.4	-0.4	-0.4	-0.4	0.3	0.3	0.5	-0.3	0.8	-0.8

Note: (1) Base 2001=100 before August 2006, (2) Base Dec 2001=100 from August 2006.

**Table A7: External Debt Developments**

Item	Millions of USD				
	2004/05	2005/06	2006/07	2007/08	
				Jul-07	Aug-07
<b>1. Overall Total Debt Committed <sup>2</sup></b>	<b>8,345.1</b>	<b>8,638.9</b>	<b>5,212.4</b>	<b>5,248.3</b>	<b>5,447.2</b>
Disbursed outstanding debt	6,799.5	6,971.1	3,442.3	3,471.5	3,556.2
Undisbursed debt	1,545.6	1,667.7	1,770.1	1,776.8	1,891.1
<b>2. Disbursed Debt by Creditor Category <sup>2</sup></b>	<b>6,799.5</b>	<b>7,733.9</b>	<b>3,442.3</b>	<b>3,471.5</b>	<b>3,556.2</b>
Bilateral	1,502.3	1,506.2	910.5	907.2	901.1
Multilateral	4,626.3	5,459.6	1,772.6	1,801.2	1,891.0
Commercial	416.4	462.2	437.3	439.6	439.5
Export credits	254.5	305.9	321.9	323.4	324.7
<b>3. Disbursed Debt by Borrower Category <sup>2</sup></b>	<b>6,799.5</b>	<b>7,734.0</b>	<b>3,442.3</b>	<b>3,471.5</b>	<b>3,556.2</b>
Central Government	5,830.5	6,724.5	2,692.0	2,718.0	2,799.4
Parastatal Companies	477.5	450.0	167.8	168.0	167.9
Private Sector	491.5	559.5	582.5	585.5	588.9
<b>4. Disbursed Debt by Use of Funds <sup>2</sup></b>	<b>6,799.5</b>	<b>6,971.1</b>	<b>3,442.3</b>	<b>3,471.5</b>	<b>3,556.2</b>
Balance of Payment & Budget Support	1,335.1	1,392.6	1,019.3	1,019.7	1,096.4
Transport & Telecommunication	1,073.5	1,087.9	425.3	427.6	431.5
Agriculture	1,077.8	1,050.1	338.1	346.2	350.1
Energy & Mining	1,070.3	955.2	606.9	610.5	609.2
Industries	405.5	409.0	162.8	157.9	158.0
Social Welfare & Education	611.7	647.3	433.2	444.6	447.1
Finance and Insurance	96.6	98.7	64.4	66.0	66.0
Tourism	80.1	80.8	73.0	73.2	73.4
Others	1,048.9	1,249.8	319.3	325.9	324.5
<b>5. Total Amount fo Loans Contracted <sup>1</sup></b>	<b>631.9</b>	<b>673.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Government	491.7	574.8	0.0	0.0	0.0
Parastatal Companies	0.0	0.0	0.0	0.0	0.0
Private	140.2	99.0	0.0	0.0	0.0
<b>6. Disbursements <sup>1</sup></b>	<b>190.2</b>	<b>210.0</b>	<b>11.4</b>	<b>13.0</b>	<b>9.1</b>
Government	161.4	182.4	11.4	13.0	9.1
Parastatal Companies	0.0	4.1	0.0	0.0	0.0
Private	28.8	23.5	0.0	0.0	0.0
<b>7. Scheduled Debt Service <sup>1</sup></b>	<b>355.1</b>	<b>373.6</b>	<b>16.0</b>	<b>18.0</b>	<b>3.5</b>
<b>8. Actual Debt Service <sup>1</sup></b>	<b>112.9</b>	<b>90.7</b>	<b>7.7</b>	<b>3.0</b>	<b>0.7</b>
Principal	86.0	61.4	5.6	0.8	0.3
Interest	26.9	29.3	2.1	2.1	0.4
Others	0.0	0.0	0.0	0.0	0.0
<b>9. Net Transfers <sup>1</sup></b>	<b>77.3</b>	<b>119.3</b>	<b>3.7</b>	<b>10.0</b>	<b>8.4</b>
<b>10. Total Arrears by Creditor Category <sup>2</sup></b>	<b>2,470.5</b>	<b>2,392.4</b>	<b>2,199.6</b>	<b>2,226.8</b>	<b>2,228.9</b>
<b>Principal</b>	<b>1,135.2</b>	<b>1,132.2</b>	<b>981.0</b>	<b>992.4</b>	<b>986.7</b>
Bilateral	669.4	609.0	377.7	381.6	379.8
Multilateral	5.9	10.7	13.6	14.7	16.5
Commercial	249.2	274.1	339.5	346.1	340.9
Other Private Creditors	210.7	238.5	250.1	250.0	249.4
<b>Interest</b>	<b>1,335.3</b>	<b>1,260.1</b>	<b>1,218.6</b>	<b>1,234.5</b>	<b>1,242.2</b>
Bilateral	818.8	684.0	536.1	543.3	544.5
Multilateral*	23.4	22.0	27.7	28.1	28.5
Commercial	333.7	372.9	440.0	445.5	451.7
Other Private Creditors	159.4	181.2	214.8	217.6	217.5
<b>11. External Debt Stock</b>	<b>8,134.8</b>	<b>8,231.3</b>	<b>4,660.8</b>	<b>4,706.0</b>	<b>4,798.4</b>
<b>12. Domestic Debt Stock</b>	<b>952.6</b>	<b>1,405.9</b>	<b>1,497.9</b>	<b>1,479.0</b>	<b>1,501.2</b>
<b>13. Total Debt Stock</b>	<b>9,087.4</b>	<b>9,637.2</b>	<b>6,158.8</b>	<b>6,184.9</b>	<b>6,299.6</b>
<b>End Period Exchange Rate</b>	<b>1,126.3</b>	<b>1,253.1</b>	<b>1,258.5</b>	<b>1,281.0</b>	<b>1,275.9</b>

Source: Bank of Tanzania

\* Multilateral arrears are those owed by private companies

1) During the period 2) Position as at the end of August 2007



## **GLOSSARY**



### **Currency in Circulation Outside Banks**

Notes and coins of Tanzanian shillings circulating outside the banking system, i.e. outside the Bank of Tanzania and deposit money banks

### **Discount Rate**

The rate of interest the Bank of Tanzania charges on Loans it extends to Deposit Money Banks and overdrafts to government. It is derived from the weighted average yield of Treasury bills of all maturities plus five-percentage points

### **Exchange Rate**

This is the price at which one currency can be purchased with another currency, e.g. TZS per US dollar.

### **Lombard Facility**

An overnight facility established to enable commercial banks to borrow at their own discretion, by pledging eligible government securities as collateral.

### **Lombard Rate**

This is the rate payable for the use of the Lombard Facility. The rate is based on the prevailing 35-days Treasury bill yield, REPO rate and overnight inter-bank rate, whichever is higher.

### **Money Supply, M**

The sum of currency circulating outside banks and Tanzanian residents' deposits with depository corporations, are defined at various levels of aggregation as money supply narrowly and broadly defined. That is, narrow money (M1), broad money (M2), and extended broad money (M3).

### **M1, Narrow Money,**

Consists of, currency in circulation outside banks and demand deposits of Tanzanian residents with deposit money banks.

### **M2, Broad Money**

Is equivalent to narrow money (M1) plus time and savings deposits of the Tanzanian residents with deposit money banks.

### **M3, Extended Broad Money**

Consists of, broad money (M2) plus foreign currency deposits of the Tanzanian residents with deposit money banks.

### **Nominal Exchange Rate**

It is the price of foreign currency at which actual transactions in the foreign exchange markets occur.

### **Non-Food or Underlying Inflation Rate**

This is a measure of price movements caused by factors other than food prices. It provides better indication of the effectiveness of monetary policy on inflation since price movements in these items are

caused largely by monetary policy.

### **Repurchase Agreement (REPO)**

These are agreements to purchase/sale by the BOT government securities from/to financial institutions at agreed rate for a specified period, with an understanding that the financial institutions will repurchase/resell the securities to the BoT at the end of the period.

### **Reserve Money (M0)**

The Bank of Tanzania's liabilities in the form of: (1) currency in circulation outside the Bank of Tanzania and (2) deposit money banks' deposits with the Bank of Tanzania. Reserve money is also referred to as base money, or high-powered money.

### **Seasonally Adjusted Series**

Seasonal movements or seasonal variations, refer to identical, or almost identical patterns, which a time series appears to follow during corresponding months or quarters of each year. Such movements are due to recurring events, which take place annually, e.g. the harvest season. Seasonally adjusted series are series that have been processed to remove the impact of seasonal factors.

### **Weighted Annualized Yields of Treasury Bills of all Maturities**

This is the average yield of Treasury bills, which is weighted by the volume sold of 35-day, 91-day, 182-day, and 364-day Treasury bills, expressed in percentage per year.









ISSN 0856 - 6844

Bring your investment into the  
ideal growth environment

## TANZANIA



For any enquiries contact:  
Director of Economic Policy  
Bank of Tanzania, P.O. Box 2939, Dar es Salaam  
Tel: 255 22 2114905, Fax: 255 22 2123294  
<http://www.bot-tz.org>



THE PRINT FACTORY