



BANK OF TANZANIA



**MONTHLY
ECONOMIC
REVIEW**

MARCH 2006

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1.0 Inflation Developments

Inflation increases in February 2006

The annual rate of inflation stepped up further in February 2006 reaching 5.8 percent, up from 5.4 percent recorded in the preceding month largely owing to shortage in food supply caused by drought. The increase in the rate of inflation was more pronounced in food items while moderate increase was registered in non-food items largely reflecting the impact of higher prices of petroleum products. Consistent with escalation in annual inflation, the general price level increased by 0.2 percent in February, contrary to the normal seasonal pattern where it generally declines every February.

Annual food inflation moved up in February 2006 to 9.4 percent, from 9.1 percent in the previous month. Similarly, on month-to-month basis, food prices increased by 0.4 percent between January 2006 and February 2006 mainly as a result of increases in most food items including cereal, starch roots, vegetables, fruits, sugar, legumes, groundnuts and sardines following shortages in the market.

Annual non-food inflation increased slightly to 1.7 percent in February from 1.3 percent in January, mainly due to increase in average prices of hard drinks clothing, bicycles, school items, diesel and petrol.

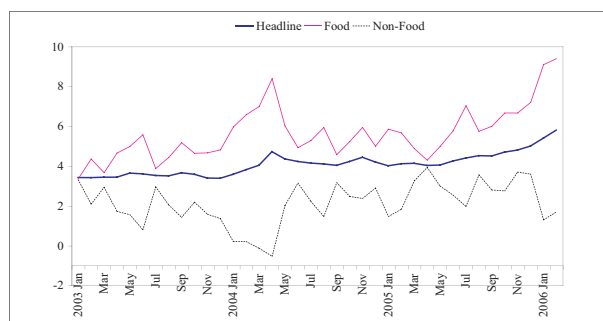
Table 1.1: Percentage Change in Consumer Price Index (All-Urban)

Base: 2001=100

Major Commodity Group	Weight (%)	2003			2004			2005			2006	
		Jan	Feb	Dec	Jan	Feb	Dec	Jan	Feb	Dec	Jan	Feb
Head line/Over all	100	3.4	3.4	3.4	3.6	3.8	4.2	4.0	4.1	5.0	5.4	5.8
Food	55.9	3.4	4.4	4.8	6	6.6	5.1	5.9	5.7	7.2	9.1	9.4
Non-food	44.1	3.3	2.1	1.4	0.2	0.2	2.9	1.5	1.8	3.5	1.3	1.7
Transportation	9.7	0.5	1.6	0.2	0.9	2	2.8	3.3	2.2	5.5	3.1	3.3
Fuel, Power and Water	8.5	7.3	3.6	1.6	-0.7	-5.4	7	5.4	5.9	10.7	5.2	4.5
Drinks and Tobacco	6.9	3.6	1.4	1.2	-2.9	-0.6	0.6	0.6	1.8	2.5	1.7	2.5
Clothing & Footwear	6.4	2.3	2.4	2.4	1.5	4.8	2.5	-1.2	-1.7	-2	-3.1	-1.9
Education	2.6	2.2	0.2	0.9	0	3.7	2.3	1.8	-0.6	-0.6	-1.1	-0.3
Furniture & Household Equip.	2.1	1	1.1	1.6	-1.1	0.3	0.9	1	0.2	-0.9	-1	0.5
H/h Operations Maintenance	2.1	3.6	0.1	0.4	-0.8	-0.3	2.4	0.5	2.4	0	-1.7	-1.5
Personal Care & Health	2.1	4.1	2.8	1.4	5.7	-2.8	3.2	-3	6	3.5	-0.3	0.0
Rents	1.4	3.8	8	4.8	7.5	2.9	-1.3	-2.5	-2.8	4.1	0.4	0.6
Recreation & Entertainment	0.8	-0.6	0.4	4.6	5.9	5.4	0.3	-1.5	-3.3	-1.1	-1.2	0.5
Misc. Goods & Services	1.5	6.5	0.3	0.9	-3.3	1.9	0.2	-2.6	-1.5	-0.9	-1.9	-1.1

Source: National Bureau of Statistics (NBS)

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



Food Supply Situation

During February 2006, many parts of the country continued to experience food shortages albeit at varying magnitude, leading to continuous rise in the prices of the majority of food items. Reflecting the shortages, average wholesale price of maize more than doubled from TZS 14,298 per 100 Kg in February 2005 to TZS 30,939 per 100 Kg in February 2006. The prices of rice, beans, sorghum, and potatoes also increased significantly compared to the corresponding period last year. With exception of potatoes, the prices of other crops also increased in February 2006 as compared to prices recorded in January 2006 (Table 1.2).

Table 1.2: National average Wholesale Prices for Selected Food Items

TZS per 100 Kgs

Crop	Feb-03	Feb-04	Feb-05	2006		Percentage change	
				January	February	Feb-05 to Feb-06	Jan-06 to Feb-06
Maize	12,413	25,957	14,298	29,945	30,939	116	3
Rice	30,338	54,761	54,640	61,391	69,523	27	13
Beans	36,037	39,870	48,055	56,128	66,044	37	18
Sorghum	13,692	29,685	19,837	28,902	32,747	65	13
Potatoes	17,519	22,445	21,495	38,221	35,870	67	-6

Source: Ministry of Agriculture, Food Security and Cooperatives

The government has taken various measures in a bid to address food shortages in the country. The measures include:

- Provision of waiver on import duty for maize between January and April 2006 to encourage importation of more food by private traders. About 62,738 tons of maize have already been imported out of expected 160,000 tons.
- Continued distribution of relief food to districts facing critical food shortage. About 30,920 tons of relief foods were distributed during February 2006 leading to cumulative distribution of 40,109 tons of maize.
- Reduction of duty on imported rice from 75 percent to 25 percent to assist private traders to import more rice between March and May 2006 –the period which food shortage is expected to rise.
- Arrangement to import 42,000 tons of maize to replenish the SGR stock, of which the tendering process has already been effected in February 2006.
- Mobilization of local institutions and business community to assist the Government in combating the food crisis in the country. More than TZS 3.0 billion was pledged during February 2006 mobilization campaign, with a cash contribution amounting to TZS 396.2 million.
- Requesting the international community to provide about 100,000 tons of relief food. As at end-February 2006, Belgium, European Union and DFID contributed Euro 250,000, Euro 2.0 million and USD 1.2 million respectively, with respect to this request.



Food Stock Position

By the end of February 2006, the SGR stock stood at 43,593 tons, representing a decline of 43 percent from a stock level of 76,813 tons recorded at the end of January 2006 owing to distribution of food relief to deficit areas (Table 1.3).

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

Period	Tons							% Change 2005-2006
	2000	2001	2002	2003	2004	2005	2006	
January	105,665	78,967	60,503	59,961	35,342	119,924	76,813	-36
February	103,305	72,000	58,254	59,493	23,791	116,383	43,593	-63
March	101,496	63,022	56,738	58,976	22,903	114,760		
April	96,326	51,435	52,228	54,118	32,387	115,262		
May	82,119	44,776	48,653	52,857	31,732	113,823		
June	72,000	47,225	47,100	51,060	37,091	112,823		
July	63,976	46,290	44,787	50,661	39,195	112,323		
August	70,352	48,998	41,795	52,681	45,988	112,067		
September	95,000	59,047	57,500	61,364	67,685	111,971		
October	88,474	58,000	62,700	59,379	92,710	111,695		
November	89,882	62,388	61,773	52,054	108,448	106,428		
December	78,967	62,788	58,395	41,649	114,030	93,051		

Source: Food Security Department and BOT computations

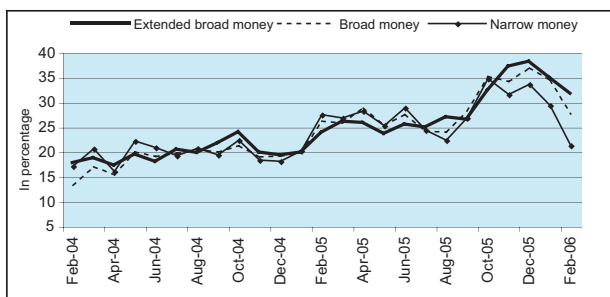
2.0 Monetary and Financial Developments

Money Supply

The growth rates of monetary aggregates were relatively low in the year ending February 2006. Extended broad money supply (M3) expanded by 31.7 percent, compared with the growth of 34.8 percent in the year ending January 2006. Likewise, broad money (M2) grew by 27.7 percent compared with 34.4 percent recorded in the previous month.

The slowdown in the annual growth rates was mostly reflected in demand deposits whose annual growth rate dropped sharply to 17.3 percent in February 2006 from 32 percent in January 2006, and time deposits whose growth declined to 40.3 percent from 55.5 percent.

Chart 2.1: Tanzania: Annual Growth Rates of Monetary aggregates



During the month of February 2006, M3 expanded by TZS 55 billion, while M2 increased only by TZS 1.8 billion. Thus,

the increase in money supply during the month emanated mainly from increase in foreign currency deposits that went up by USD 43.7 million (or TZS 53.2 billion) in February alone, and savings deposits, which went up significantly by TZS 22.7 billion

Table 2.1: Tanzania - Selected Money Supply Components

Component	2006		% Change		Annual growth (%)			
	Jan	Feb	Jan - Feb 06	Feb-03	Feb-04	Feb-05	Jan-06	Feb-06
Extended broad money	4018.5	4073.6	55.2	24.2	17.6	23.8	34.8	31.7
Broad money	2807.9	2809.8	2.0	21.9	13.2	26.2	34.4	27.7
Currency in circulation	806.0	797.5	-8.3	17.7	12.7	21.6	26.5	26.2
Demand deposits	931.8	919.5	-12.2	23.3	21.3	32.7	32.0	17.3
Time deposits	446.8	446.5	-0.2	15.5	2.9	27.8	55.5	40.3
Savings deposits	623.4	646.2	22.7	31.3	9.6	21.6	35.9	38.7
Foreign currency deposits	1210.6	1263.8	53.2	30.6	29.3	18.3	35.8	41.6
<i>In millions of USD</i>	<i>1,021.8</i>	<i>1,065.6</i>	<i>43.7</i>	<i>23.1</i>	<i>20.0</i>	<i>17.5</i>	<i>26.3</i>	<i>33.4</i>
Private sector deposits in commercial banks	3212.6	3276.0	63.5	26.1	19.0	24.4	37.1	33.1
Government sector deposits in commercial banks	173.3	168.5	-4.8	16.6	173.5	64.4	19.0	18.5
Total deposits	3385.9	3444.5	58.7	25.9	21.9	26.1	36.0	32.3
Net foreign assets	3028.1	3023.7	-4.5	22.6	37.9	7.0	25.7	21.8
Bank of Tanzania	2244.4	2265.2	20.8	37.2	52.2	10.8	32.2	26.2
Commercial banks	783.8	758.5	-25.3	3.5	13.3	-1.8	10.2	10.5
Net domestic assets	1599.6	1659.1	59.7	30.7	-10.3	68.4	45.3	40.6
Domestic Credit	1860.7	1920.3	59.7	53.2	-1.2	37.9	57.8	58.4
Claims on government by the banking system	934.9	935.3	0.4	22.0	2.1	0.6	91.2	83.2
Government deposits in the banking system	524.5	495.7	-28.8	26.0	148.1	-8.9	22.7	15.1
Claims on the private sector	1450.4	1480.7	30.5	35.4	44.7	34.1	29.8	30.7

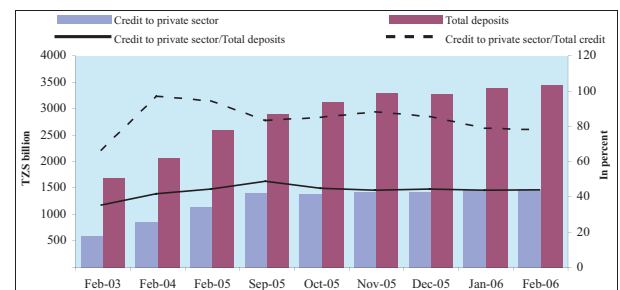
Source: Bank of Tanzania

Credit Developments

In the year ending February 2006, credit to private sector grew by 30.7 percent. In absolute terms, private sector loans increased by TZS 348.2 billion between February 2005 and February 2006. However, during the month of February 2006, TZS 30.3 billion were loaned to private sector—pushing the outstanding stock of private sector loans to TZS 1,480.7 billion. Most of the new loans went to manufacturing, transportation, trade, and agriculture.

Meanwhile, commercial banks' claims on government declined by TZS 3.6 billion, while government deposits fell by TZS 4.8 billion, implying an increase of TZS 1.2 billion in net claim on Government by commercial banks during February 2006. On the other hand, Bank of Tanzania net claims on government increased by TZS 28 billion, since draw down of government deposit amounted to TZS 24.0 billion, while claims rose by TZS 4.0 billion.

Chart 2.2: Tanzania: Commercial Banks Intermediation



Interest rates Developments

While interest rates on Treasury bills declined during the month under review, interest rates for most of other financial instruments experienced a mixed trend. The overall time deposits rate rose to 6.1 percent from 5.6 percent registered in the month before. The savings deposits rate and the rate charged to prime customer deposits moved in tandem with the rates in Treasury bills market. During February 2006, savings deposits rates went down by 10 basis points to 2.6 percent while interest return to prime customer deposits declined to 10.4 percent from 10.6 percent registered in January 2006. Despite the decline in Treasury bills rates, the overall lending rate remained unchanged at 14.7 percent while the negotiated lending rate slightly went up to 11.7 percent from 11.4 percent in the month before (Table 2.2)

Table 2.2: Tanzania – Weighted Average Interest Rates Structure

Interest rate category	2005					2006	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb
364-day T-bill	12.6	13.7	15.0	15.6	15.7	15.6	15.8
Overall Treasury bills	11.3	12.6	13.6	13.6	14.8	14.9	13.7
Savings deposits rate	2.6	2.6	2.6	2.6	2.6	2.7	2.6
Overall Time deposits	4.6	5.0	5.1	5.2	5.3	5.6	6.1
12 months Time deposits	5.8	6.3	6.5	6.9	7.7	8.1	7.5
Negotiated deposits	9.0	8.3	8.7	9.3	10.6	10.6	10.4
Overall Lending	15.0	15.1	15.4	15.5	15.0	14.7	14.7
Negotiated Lending	11.4	11.4	11.5	11.5	11.1	11.4	11.7

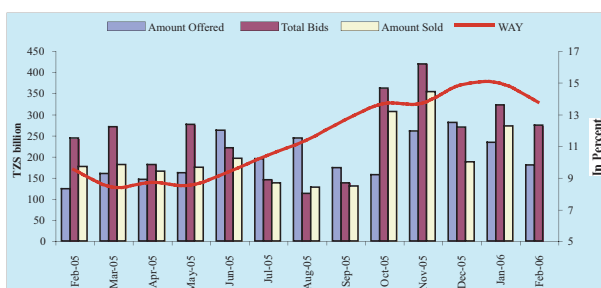
Source: Commercial banks and Bank of Tanzania

Financial Market Operations

Treasury Bills

During February 2006 the Treasury bills market continued to experience high demand for Treasury bills. The demand for Treasury bills exceeded the amount offered of TZS 180.0 billion by TZS 94.2 billion. In order to attain a level of liquidity that is consistent with monetary policy targets, the Bank accepted bids worth TZS 150.9 billion, which was lower than the previous month's bids by TZS 121.1 billion. Owing to the high demand, interest rate on Treasury bills declined to 13.7 percent from average of 14.9 percent registered in the previous month (Chart 2.3).

Chart 2.3: Tanzania: Treasury Bills Market Developments



Treasury Bonds

The demand for Treasury bonds improved substantially during February 2006, demonstrating an increase of TZS 24.5 billion above the total amount demanded in the preceding month. The demand was TZS 47.7 billion of which TZS 36.7 billion is for 2-year bond. The Bank offered Treasury bonds worth TZS 16.0 billion and accepted bids worth TZS 23.4 billion, leaving out the outlier bidders. In line with high demand for bonds, the weighted average yield to maturity for 2-year bonds was pushed downward to 16.9 percent from 17.7 percent. On the other hand yield for 5-year bonds rose by 60 basis points to 17.4 percent, while 7-year bonds increased by 90 basis points to 18.7 percent. Yield for 10-year bond was stabilized at 20 percent in the month under review.

Repurchase Agreements

During the month under review, the Bank of Tanzania continued to employ repurchase agreements (repo) with commercial banks to complement sale open market operations in liquidity management. The Bank conducted repos worth TZS 49.8 billion against the redemption of TZS 70.1 billion. However, this operation led to a net liquidity injection of TZS 20.3 billion to the economy.

Foreign Exchange Operations

During February 2006, the total volume traded in the Inter-bank Foreign Exchange Market (IFEM) declined drastically to USD 35.49 million from USD 83.5 million recorded in the month before, largely due to low demand for US dollars particularly from business clients to meet foreign exchange obligations. The Bank of Tanzania and non-banks (on net basis) sold USD 3.00 million and USD 4.67 million, respectively.

The Tanzania shilling depreciated slightly to TZS 1,186.0 per US dollar during February 2006, from TZS 1,177.92 per US dollar recorded in January 2006. The monthly average exchange rate was TZS 1189.0 per US dollar against TZS 1177.0 per US dollar recorded in January 2006.

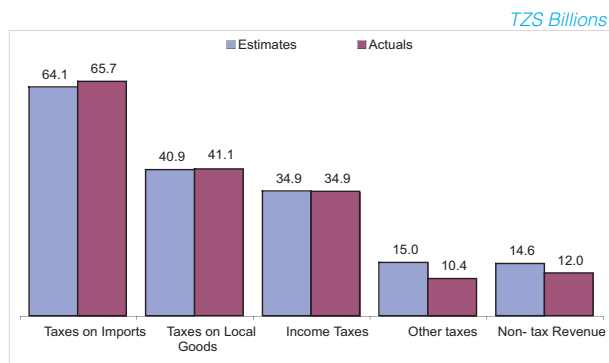


3.0 Government Budgetary Operations

Revenue

Total revenue collected during the period was below the target of TZS 163.1 billion by TZS 5.0 billion. Tax revenue collections that amounted to TZS 146.1 billion, was below the target by TZS 2.4 billion. Non-tax revenues were below the target of TZS 14.6 billion by TZS 2.6 billion. The poor performance in tax revenue collections is highly pronounced in the category of other taxes, in which collections were below the target by TZS 4.6 billion (Chart 3.1).

Chart 3.1: Government Revenue Performance in February 2006



Expenditure

During the month under review, total government expenditure (excluding amortization) amounted to TZS 216.1 billion, out of which recurrent expenditure was TZS 161.4 billion, while development expenditures amounted to TZS 54.7 billion.

Cumulative from July to February 2006, government expenditure was TZS 2,564.2 billion, compared to the cumulative estimate of TZS 2,712.9 billion. The actual expenditure up to the end of February 2006 comprised of TZS 1,760.5 billion in recurrent expenses and TZS 803.8 billion in development.

Financing

During the month of February 2006, government budgetary operations recorded a deficit of TZS 34.3 billion. Total resources that were available for the month from domestic revenue and grants amounted to TZS 181.7 billion, while expenditure amounted to TZS 216.1 billion. The deficit was financed through government borrowing from both foreign and domestic sources.



4.0 External Sector Developments

Current Account Deteriorates

During February 2006, the current account deficit widened slightly to USD 90.6 million from USD 79.5 million recorded in the previous month, largely due to a seasonal decline in exports of goods and services. Similarly, during the year ending February 2006, the current account balance deteriorated to a deficit of USD 553.0 million compared with a deficit of USD 196.6 million in 2005, mainly due to the increase in imports and a decline in official current transfers (Table 4.1).

Table 4.1: Tanzania: Current Account Balance

Millions of USD

Item	February		2006		Year Ending February		% Change
	2003	2004	Jan	Feb	2005 ^P	2006 ^P	
Goods Account (net)	-69.8	-68.1	-77.9	-112.1	-894.0	-1,009.6	12.9
Exports	96.3	127.7	153.9	133.8	1,516.6	1,705.6	12.5
Imports	166.2	195.9	231.9	246.0	2,410.6	2,715.2	12.6
Services Account (net)	23.9	17.9	-5.8	7.0	57.4	10.4	-81.8
Receipts	70.3	83.5	96.1	97.5	1,067.8	1,212.3	13.5
Payments	46.3	65.5	101.9	90.5	1,010.4	1,201.9	19.0
Goods and services (net)	-45.9	-50.2	-83.8	-105.2	-836.6	-999.2	19.4
Exports of goods and services	166.6	211.2	250.0	231.3	2,584.4	2,917.9	12.9
Imports of goods and services	212.5	261.4	333.8	336.5	3,421.0	3,917.1	14.5
Income Account (net)	-10.4	-12.0	-5.6	-1.1	-40.2	-93.1	--
Receipts	4.1	4.1	6.6	5.5	82.5	79.9	-3.2
Payments	14.5	16.1	12.2	6.6	122.7	173.0	41.0
Current Transfers (net)	10.6	14.8	9.8	15.7	680.2	539.2	-20.7
Inflows	16.0	19.9	17.3	22.9	746.1	617.9	-17.2
o/w General Government	10.4	14.0	11.2	16.9	677.4	548.0	-19.1
Outflows	5.4	5.0	7.4	7.2	65.9	78.7	19.4
Current Account Balance	-45.7	-47.4	-79.5	-90.6	-196.6	-553.0	181.3

Note: --- = Very large number

P = Provisional

Totals may not add up due to rounding of numbers

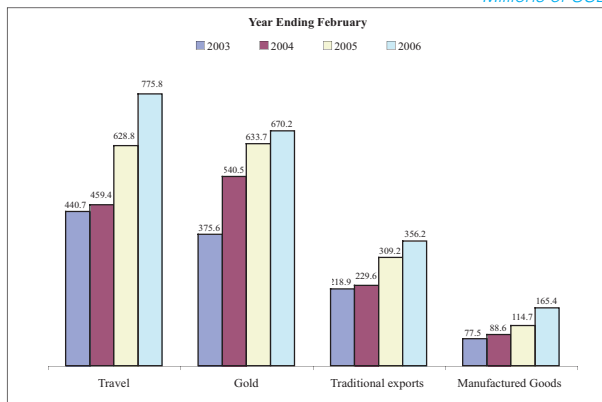
Source: Bank of Tanzania

Exports Performance

During the year ending February 2006, Tanzania exported goods worth USD 1,705.6 million, an improvement of 12.5 percent over the previous year's performance where goods worth USD 1,516.6 were exported. Travel and gold remained the dominant export categories accounting for about half of the total export earnings followed by traditional exports (Chart 4.1).

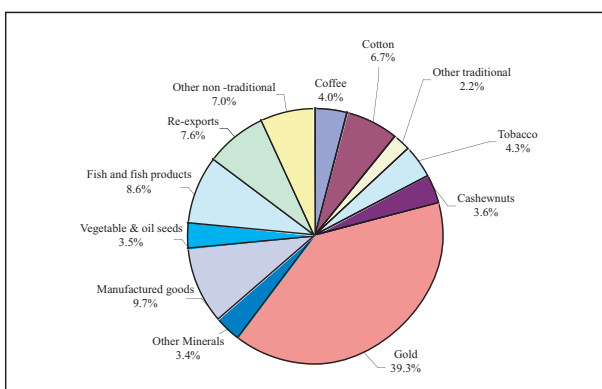
Chart 4.1: Tanzania: Contribution of Selected Items to Total Exports of Goods and Services

Millions of USD



Traditional exports have maintained an upward trend in the past four years reaching USD 356.2 million during the year ending February 2006 up from USD 218.9 million recorded in 2003 (Chart 4.2). During the review year, the performance in traditional exports was dominated by cotton and tobacco, which accounted for just over 50 percent of total traditional exports. However, gold remained the dominant export category followed by manufactured goods exports. Re-exports (imported items that are exported) accounted for 7.6 percent of total goods exports in the year ending February 2006. The major items under re-exports are wheat and refined petroleum products, which are mainly exported to the neighbouring countries of Burundi, Rwanda, DRC, Uganda, Malawi and Zambia.

Chart 4.2: Tanzania: 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

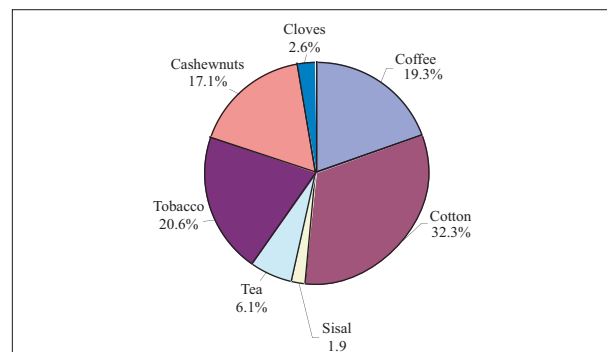
Traditional Exports

In February 2006, traditional exports declined significantly to USD 19.4 million compared to USD 42.4 million recorded

in the previous month, on account of a fall in export volumes for most of the traditional crops, of which their exports season is approaching to an end.

On annual basis, total traditional exports increased by 15.2 percent to USD 356.1 million during the year ending February 2006, compared to the levels recorded in the preceding year following good performance of coffee, cotton, tobacco and clove exports. Cotton and cloves increased in volume terms largely due to favourable weather conditions in areas where these crops are grown and timely usage of agricultural inputs particularly for cotton. In addition, there was an increase in export unit price of coffee and tobacco during the review period. Generally, the performance of traditional exports has been on the improving side for the past four years largely due to improved access to agricultural inputs and increase in the commodity prices in the world market. The performance of traditional exports for the year ending February 2006 is reflected on chart 4.3

Chart 4.3: Tanzania: Shares to total traditional exports for the year ending February 2006



Non-Traditional Exports

Non-traditional exports increased marginally to USD 114.4 million in February 2006 from the previous month level of USD 111.6 million mainly due to increased exports of gold and fish and fish products.

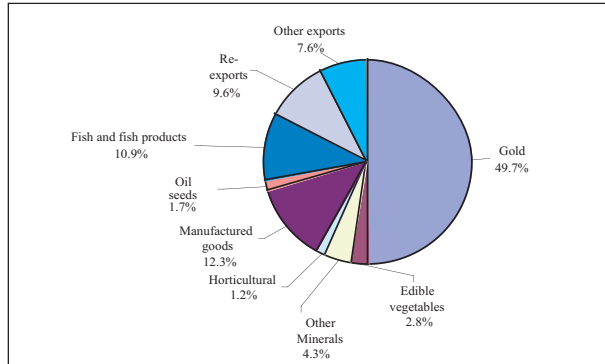
For the year ending February 2006, non-traditional exports rose by 11.8 percent to USD 1,349.5 million following an increase in exports of most of the export categories. Gold exports continued to excel, accounting for about 50 percent of total non-traditional exports, followed by manufactured goods, fish and fish products, and other exports. The dominance of gold exports is explained from a surge in gold prices in the world market as well as increased gold production. During the review period, gold prices went up to USD 466.3 per troy ounce compared to a price of USD 411.6 per troy ounce during the year ending February 2005.

The improved performance of the manufactured exports is largely attributed to the growth of the manufacturing sector amid successful implementation of the investment policy



reforms in Tanzania. The manufacturing sector is estimated to grow at over 8 percent compared to the rate of less than 5 percent in the last five years. The manufactured goods that are mostly exported include textile apparels, iron and steel and plastic articles. Most of the manufactured goods are exported to the neighbouring countries including Burundi, Rwanda, DRC, Uganda, Malawi and Zambia. **Chart 4.4** depicts the performance of non-traditional exports for the year ending February 2006.

Chart 4.4: Tanzania: Shares to total non-traditional exports for the year ending February 2006

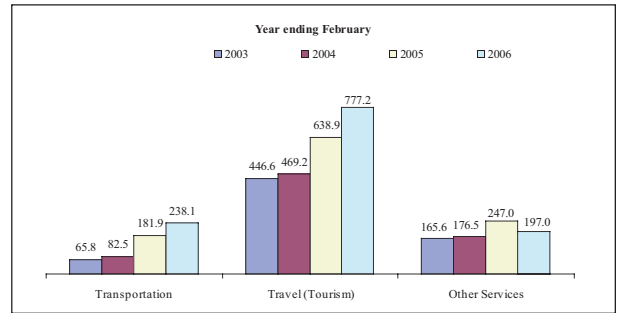


Services Export

Unlike performance of the preceding month, during this month, export of services improved slightly to USD 97.5 million from USD 96.1 million recorded in January 2006. On annual basis, services receipts increased to USD 1,212.3 million from USD 1,067.8 million recorded in the previous year largely due to the rise in travel and transportation services receipts. The surge in travel (tourism) receipts to USD 777.2 million during the year ending February 2006, from USD 638.9 million in the preceding year, is consistent with the increased investments in the tourism sector coupled with enhanced promotional measures by the Government and other stakeholders. It is worth noting that, there are on going discussions among the East African member states to harmonize tourist operations along the region. Through these initiatives, it is envisaged that member countries will have harmonized tariffs on national parks entry charges. The initiative will also cover joint promotional aspects as to market the region as one tourist-destination point. With these coordinated efforts, it is expected that, the number of tourists' arrivals in the region will increase. On the other hand, the surge in transportation receipts is partly due to the increased transportation activities, mainly of goods to the neighboring countries, which is consistent with the increase in manufactured goods and other exports. In the past four years, travel activity dominated the service sector as depicted on **Chart 4.5**.

Chart 4.5: Tanzania: Service Receipts 2003 – 2006

Millions of USD



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

Goods Imports

During the month under review, goods imports increased further to USD 246.0 million from USD 231.9 million recorded in the previous month following increased imports of capital and intermediate goods by 3.0 percent and 24.4 percent, respectively. The development is partly explained by the drought conditions in the country, which has necessitated substantial increase in thermal electricity power generation. On the other hand, the decline in consumer goods to USD 57.7 million is largely driven by the fall in imports of other consumer goods while the imports of food and foodstuff remained almost unaffected. However, there was a notable increase in importation of maize, contrary to other cereals that recorded declines (**Table 4.2**).

Table 4.2: Tanzania imports

Millions of USD

Import Category	February		2006 ^P		Year Ending February ^P		% Change
	2004	2005 ^P	Jan	Feb	2005	2006	
CAPITAL GOODS	63.4	78.8	106.5	109.7	883.8	1,135.2	28.4
Transport Equipment	18.4	25.1	29.0	31.3	234.0	308.2	31.7
Building and Construction Equipment	12.4	15.5	28.3	23.9	199.7	270.5	35.4
Machinery	32.5	38.2	49.2	54.5	450.1	556.5	23.6
INTERMEDIATE GOODS	55.4	59.8	63.2	78.6	751.7	819.6	9.0
Oil imports	34.4	41.3	33.7	48.1	469.9	484.7	3.2
Fertilizers	1.2	0.4	1.2	0.5	56.3	61.8	9.7
Industrial raw materials	19.8	18.0	28.2	30.0	225.4	273.1	21.1
CONSUMER GOODS	47.3	57.2	62.2	57.7	775.1	760.5	-1.9
Food and foodstuffs	16.7	14.7	18.9	18.4	238.0	177.6	25.4
All other consumer goods ¹	30.6	42.5	43.3	39.3	537.2	582.8	8.5
GRAND TOTAL (F.O.B)	166.2	195.9	231.9	246.0	2,410.6	2,715.2	12.6

Note: Oil imports refers to refined petroleum products

P = provisional data

¹ 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

Reflecting the drought related shortfall in domestic supply, imports of maize continued to increase during February 2006, where a total of 35,539 tons of maize were imported compared to 27,329 tons in January 2006. Similarly, the cost (c.i.f.) of the imported maize increased to an average of USD 222.8 per ton compared to an average of USD 202.4 per ton recorded in January 2006. The rise in import prices and volume increased the import bill for maize to USD 7.9 million from USD 5.5 million in the previous



month. It is anticipated that more maize will continue to be imported in response to government's waiver on import duty. The Government has also reduced import duties on rice imports from 75 percent to 25 percent effective March up to May 2006.

On annual basis, goods imports went up by 12.6 percent to USD 2,715.2 million following the increase in importation of capital and intermediate goods. Capital goods imports went up by 28.4 percent to USD 1,135.2 million following huge increase in importation of transport, building and construction equipment; and machinery. The surge in capital goods imports is in line with the increased constructive economic activities in the country. Likewise, importation of intermediate goods increased from USD 751.7 million last year to USD 819.6 million. Oil imports increased to USD 484.7 million in the year ending February 2006 from USD 479.9 million in the preceding year, largely due to the increase in oil prices in the world market. Likewise, importation of industrial raw materials increased by 21.1 percent to USD 273.1 million consistent with the growth of the manufacturing sector in Tanzania.

On the other hand, consumer goods recorded a marginal decline to USD 760.5 million following a drop in imports of food and foodstuff that from USD 238.0 in the previous month to USD 177.6 million. The decline was more pronounced in importation of maize and rice following good harvest in 2004/05 farming season. Meanwhile, imports of other consumer goods increased by 8.5 percent to USD 582.8 million compared to the level recorded in the corresponding year ending February 2005 mainly driven by an increase in importation of pharmaceutical products, books and plastic articles. The contribution of individual subcategories to total imports for year ending February 2006 is summarised in **Chart 4.6**.

Chart 4.6: Tanzania: Contribution to total imports for the year ending February 2006

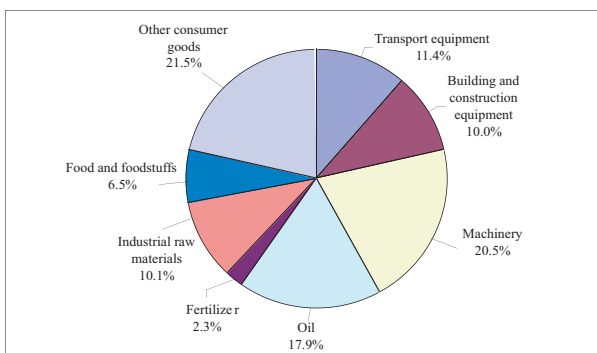
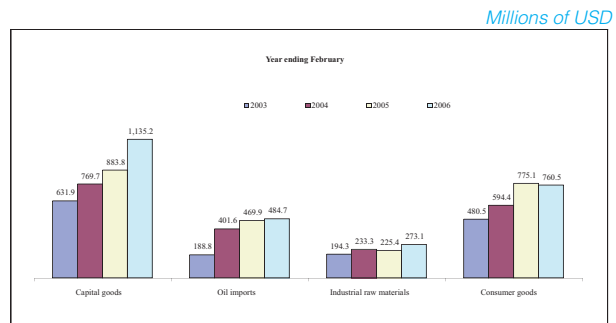


Chart 4.7: Tanzania: Trends in Merchandise Imports: 2003-2006

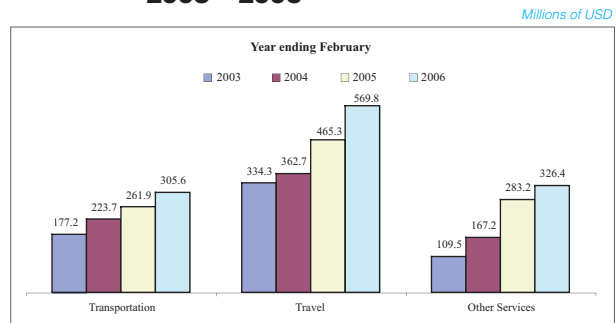


Services Imports

During the month under review, services payments declined to USDD 90.5 million from USD 101.5 million recorded in January 2006, following the decrease in travel and other business service payments.

On annual basis, services payments increased by 19.0 percent to USD 1,201.9 million, largely on account of increased payments for construction, freight charges, travel and government services. While the increase in freight payments is in line with the increase in merchandise imports, the rise in construction payments is largely associated with the expansion in construction activities in the country. The rise in travel payments is mainly attributed to the increase in number of travellers on education, business and medical grounds. The performance of the major service payment categories in the past four years is illustrated on **Chart 4.8**.

Chart 4.8: Tanzania: Service Payments 2003 - 2006



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

World Commodity Prices

In February 2006, the prices of **coffee** (Arabica) and (Robusta) went down slightly from previous month levels to USD 2.63 per kg and USD 1.39 per kg, respectively. Conversely, the prices of **tea** (Mombasa Auction) and (average price) surged by 40.1 percent to USD 2.41 per kg and 12.9 percent to USD 1.93 per kg, respectively, partly on account of drought conditions in the tea growing regions in East Africa. Similarly, the prices of **cotton**



(A- Index) and (Memphis) went up by 3.1 percent and 3.8 percent to USD 1.34 per kg and USD 1.37 per kg, respectively following the strong demand for it from China and Turkey. Meanwhile, the price of sisal remained stable at USD 885.00 per metric ton, while the price of cloves increased by 20.5 percent to USD 3,675.00 per metric ton. The improvement in price of **cloves** was largely driven by adverse weather conditions in Indonesia, Madagascar and Tanzania that induced expectations for a reduced supply of cloves in the world market.

During the review month, the prices of **crude oil** (average of U.K. Brent, Dubai, and West Texas Intl.), Dubai (f. o. b.) and white petroleum products declined slightly to USD 59.70 per barrel, USD 57.58 per barrel, USD 548.81 per ton, respectively. The decline in oil prices was largely attributable to the increase in oil inventories in the United States. As for gold, the price rose slightly to USD 555.00 per troy ounce.

On annual basis, the average prices of coffee increased substantially when compared to the corresponding period a year ago, driven by a rise in coffee demand from Spain, Germany, United States and Japan. Moreover, there was a decline in supply attributable to the effects of the hurricanes on coffee growing regions in Central America and drought conditions in Vietnam. The prices of tea (Average price), cotton (A Index), and cloves declined marginally to USD 1.69 per kg, USD 1.25 per kg and USD 3,159.03 per metric ton, respectively. On the other hand, the prices of tea (Mombasa auction), cotton "Memphis" and sisal increased slightly as shown on **Table 4.3**. During the year ending February 2006, the prices of crude oil (average of U.K. Brent, Dubai, and West Texas Intl.), Dubai (f.o.b.) and white petroleum products increased substantially on account of supply disruptions, following geopolitical tensions in the Middle East, civil unrests in Nigeria and the resumption of nuclear programme in Iran. Similarly, the price of gold rose by 13.3 percent to USD 466.3 per troy ounce, as investors diversified from investing in stocks because of global insecurity. As a result, the demand for gold as an alternative investment increased and this pushed up the price of gold.

Table 4.3: World Commodity Prices

COMMODITY	Units	2005 Dec	2006			Year ending Feb		
			Jan	Feb	% change	2005	2006	% change
Robusta Coffee	US \$ per kg	1.24	1.40	1.39	-0.71	0.80	1.20	50.00
Arabica Coffee	US \$ per kg	2.33	2.74	2.63	-4.01	1.55	2.56	65.16
Tea (Average price)	US \$ per kg	1.65	1.71	1.93	12.87	1.70	1.69	-0.59
Tea (Mombasa auc)	US \$ per kg	1.51	1.72	2.41	40.12	1.53	1.57	2.61
Cotton, "A Index"	US \$ per kg	1.25	1.30	1.34	3.08	1.28	1.25	-2.34
Cotton, Memphis	US \$ per kg	1.33	1.32	1.37	3.79	1.31	1.32	0.76
Sisal (UG)	US \$ per mt	885.0	885.0	885.0	0.00	880.42	885.00	0.52
Cloves	US \$ per mt	3,050.0	3,050.0	3,675.0	20.49	3,194.92	3,159.03	-1.12
Crude oil*	US \$ per barrel	56.43	62.46	59.70	-4.42	39.82	56.26	41.29
Crude oil**	US \$ per barrel	53.13	58.31	57.58	-1.25	35.26	52.39	48.58
White products***	US \$ per ton	520.22	568.26	548.81	-3.42	399.38	549.81	37.67
Gold	US \$ per to	510.10	549.90	555.00	0.93	411.63	466.32	13.29

Note: * Average of U.K. Brent, Dubai and West Texas Intl
 ** f. o. b. Dubai

Source: Bank of Tanzania
 mt=metric ton, to=troy ounce, auc=auction

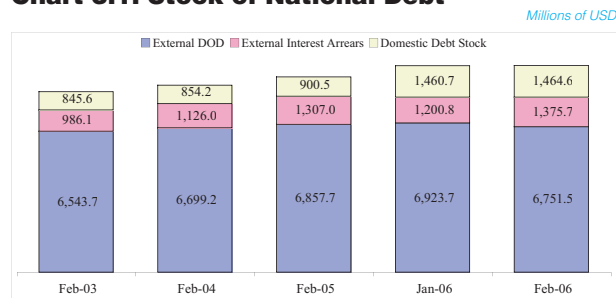


5.0 National Debt Developments

Overview

National debt stock- comprising of both external and domestic debts- at the end of February 2006 stood at USD 9,591.8 million. Out of the total debt, USD 8,127.2 million was external while USD 1,464.6 million was domestic. The position represents a marginal increase of USD 6.6 million (0.1 percent) from USD 9,585.2 million recorded at the end of January 2006. The increase is entirely attributed to accumulation of arrears and Government financing from domestic sources. The HIPC debt relief realised from multilateral institutions, in the form of debt service reduction, amounted to USD 6.2 million (**Chart 5.1**).

Chart 5.1: Stock of National Debt



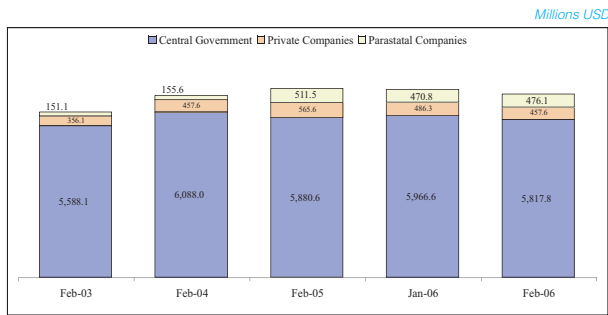
External Debt

The overall external debt committed as at the end of February 2006 amounted to USD 8,466.8 million, showing a decrease of USD 28.0 million (0.3 percent) from USD 8,494.8 million registered at the end of previous month. Out of committed debt, USD 6,751.5 million (79.7 percent) was disbursed outstanding debt (DOD) and the remaining balance of USD 1,715.3 million (20.3 percent) was committed undisbursed debt. On the other hand, external debt stock increased marginally by USD 2.7 million (0.03 percent) from USD 8,124.5 million recorded at the end of January 2006 to USD 8,127.2 million at the end of February 2006, entirely due to accumulation of interest arrears.

Profile of Disbursed Outstanding Debt (DOD)

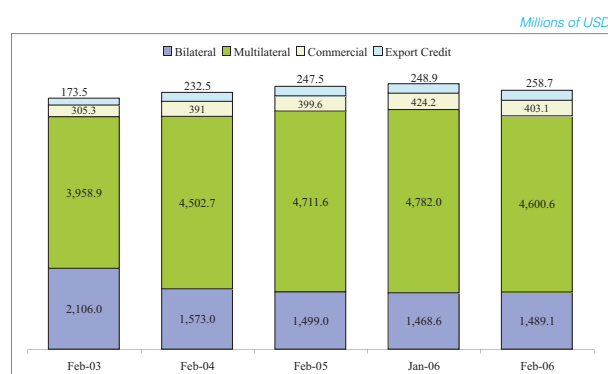
The profile of disbursed and outstanding debt shows that the Central Government remained the largest borrower with a total debt of USD 5,817.8 million (86.2 percent) followed by the private sector with USD 476.1 million (7.1 percent). Parastatal companies held debts worth USD 457.6 million or 6.8 percent of the total disbursed outstanding debt (**Chart 5.2**).

Chart 5.2: The DOD By Borrower Category



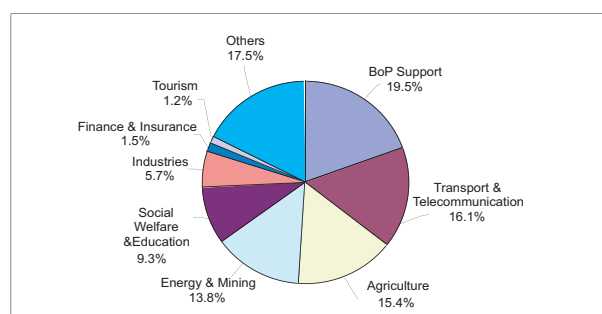
Out of the total disbursed outstanding debt, USD 4,600.6 million (68.1 percent) million owed to multilateral institutions, while USD 1,489.1 million or 22.1 percent owed to bilateral creditors. The remaining debt amounting to USD 661.8 million on the account of commercial and export credits combined (See chart 5.3).

Chart 5.3: DOD by Creditor Category



The disbursed outstanding debt by use of funds indicates that USD 1,318.9 million (19.5 percent) was disbursed in the form of Balance of Payments Support while Transport & Telecommunication accounted for USD 1,090 million (16.1 percent). Agriculture accounted for USD 1,037.9 million (15.4 percent), Energy & Mining USD 933.5 million (13.5 percent), Social Welfare & Education USD 626.0 million (9.3 percent), Industries USD 387.0 million (5.7 percent), Finance and insurance USD 97.9 million (1.5 percent) and tourism accounted for USD 80.7 million or 1.3 percent of the total disbursed outstanding debt. The remaining USD 1,179.5 million (17.5 percent) was disbursed for other activities (Chart 5.4).

Chart 5.4: DOD by Use of Funds



External Debt Service Payment

During the month under review actual external debt service amounted to USD 2.1 million, out of which principal payment amounted to USD 1.4 million while USD 0.6 million was interest payment.

Debt Relief

During the month under review Tanzania realized multilateral debt relief in form of debt service reduction amounting to USD 6.2 million. Out of this amount, USD 3.5 million was received from IDA, USD 2.3 million from IMF and USD 0.4 million from EIB (Table 5.1).

Table 5.1: Multilateral Debt Relief

Million of USD

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	TOTAL
IDA	9.12	39.78	41.24	43.45	47.79	47.74	23.86	257.19
AfDB	4.51	9.63	0.00	8.02	10.00	9.99	4.93	51.58
IMF	6.33	17.55	23.36	7.23	11.10	10.72	4.44	83.00
IFAD	0.00	0.00	0.53	1.34	0.82	1.43	0.68	5.40
NOR TF	0.00	0.00	0.00	2.61	1.51	2.83	0.00	6.95
NODF	0.00	0.00	0.00	0.00	0.00	0.24	0.20	0.44
EIB	0.00	0.00	0.00	0.00	0.24	9.29	2.98	12.92
EADB*	0.00	0.00	0.00	0.00	0.00	1.30	0.00	1.30
TOTAL	19.96	66.96	65.13	62.65	71.46	83.54	37.09	418.78

* Stock Reduction

Source: Bank of Tanzania

Total debt relief received from bilateral creditors under different arrangements remained at the level of USD 1,043.3 million as it was in the end of January 2006. Of this amount, USD 858.7 million was debt cancellation by Paris Club creditors and the remaining USD 184.6 million was received from Non Paris Club creditors (Table 5.2).

Table 5.2: Bilateral Debt Relief as at End February 2006

Billion of USD

	Expected Debt Relief	Debt Relief Offered	Percentage
PC Creditors	1.179	0.858	72.8
Non PC Creditors	0.270	0.185	68.5

Source: Bank of Tanzania

Domestic Debt

During the period under review, the stock of domestic debt grew by TZS 5.8 billion from TZS 1,729.2 billion registered at the end of January 2006 to TZS 1,737.0 billion at the end of February 2006 on account of Government financing. Out of the total domestic debt stock, Government securities amounted to TZS 1,720.3 billion (99.0 percent), out of which, Government Bonds, Treasury bills, Government stocks and Tax Reserve Certificates were TZS 863.3 billion, TZS 677.0 billion, TZS 180.0 billion and TZS 0.1 billion respectively. Other debts amounted to TZS 16.5 billion (1.0 percent).



Domestic Debt by Creditor Category

Commercial banks remained the leading government creditors by holding 45.4 percent of total domestic debt followed by Pension Funds with 24.6 percent, Bank of Tanzania 18.0 percent, Other Official Entities 6.2 percent and Insurance companies 3.0 percent. Non-Bank Financial Institutions BOT Special Funds and private sector, combined, hold the remaining around 2.8 percent.

6.0 Economic Developments in Zanzibar

Budgetary Operations

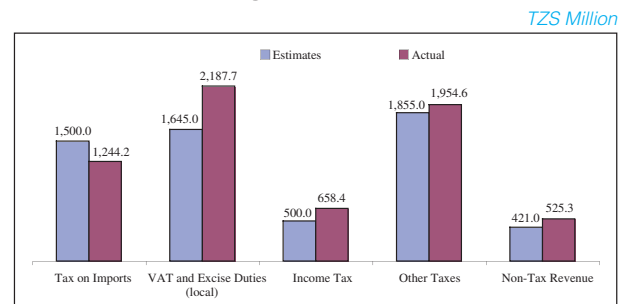
During February 2006, the Zanzibar Government budgetary performance recorded an overall deficit of TZS 0.2 billion. There were no grants receipts during the month. The overall deficit on "cheques cleared" basis amounted to TZS 0.4 billion.

During February 2006 actual revenue collections amounted to TZS 6.6 billion, above the target of TZS 5.9 billion. The good performance was attributed to higher collection in all revenue categories except import duties, as result of collective strategies of tax agencies--the Zanzibar Revenue Board and Tanzania Revenue Authority--with a view to attaining set revenue targets. Tax revenue amounted to TZS 6.0 billion accounting for 90.9 percent of total revenue and was above the target TZS 5.5 billion. Non-tax revenue amounted to TZS 0.5 billion, surpassing the target of TZS 0.4 billion, and accounted for 9.1 percent of the total revenue.

Revenue performance by category shows that, import duties under performed by fetching TZS 1.2 billion, against the target of TZS 1.5 billion, mainly due to decline in taxable imports and partially as a result of impact of undergoing construction activities at the Zanzibar port. VAT and exercise duty (local) collections amounted to TZS 2.2 billion, above the target TZS 1.6 billion. Income tax collections surpassed the target of TZS 0.5 billion by fetching TZS 0.7 billion. Other taxes collections amounted to TZS 2.0 billion, against the target of TZS 1.9 billion. Cumulatively, total revenue collection from July 2005 to February 2006 amounted to TZS 45.7 billion, surpassing the targeted TZS 45.3 billion (**Chart 6.1**).



Chart 6.1: Government Revenue by Source February 2006

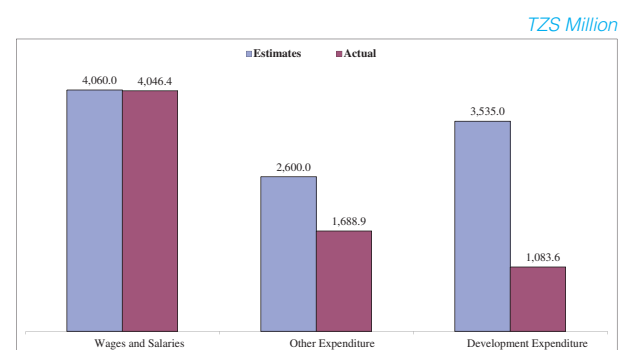


On the spending side, the government actual total expenditure amounted to TZS 6.8 billion, below the ceiling target of TZS 10.2 billion, due to adherence to cash budget and non-realisation of donor funds to fund development projects in place. Recurrent expenditure amounted to TZS 5.7 billion being 83.8 percent of total expenditure, while development expenditure amounted to TZS 1.1 billion or 16.2 percent of total expenditure.

Wages and salaries continued to dominate government expenditure accounting for 70.2 percent of total recurrent expenditure and 58.8 percent of total expenditure (**Chart 6.2**).

Cumulatively July 2005 to February 2006, the Government expenditure amounted to TZS 85.0 billion, against the targeted ceiling of TZS 71.8 billion due to consideration of expenditures pertaining to donor funded development expenditures, which were not part of the previous projections.

Chart 6.2: Government Expenditure by Components February 2006



Debt Developments

Public debt register marginal increase

Zanzibar public debt as at end February 2006, edged up by 2.2 percent to TZS 179.6 billion, from TZS 175.5 billion recorded in January 2006; largely driven by new domestic

borrowing through non-bank sources. Out of the total debt, external debt amounted to TZS 107.6 billion, accounting for 59.9 percent of total debt.

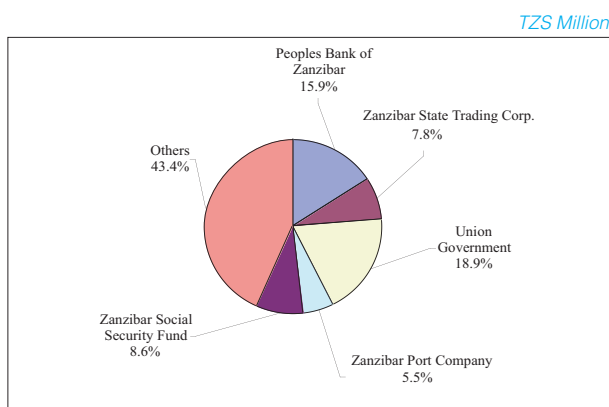
Domestic Debt

Domestic debt increased by 5.9 percent to TZS 72.1 billion at the end of February 2006, from TZS 68.1 billion at the end of the previous month. The rise was mainly on account of further government borrowing to cater for government commitments.

Domestic Debt by Creditor

Domestic debt portfolio by creditor; indicates the Union Government remained the main creditor, with claims amounting to TZS 13.6 billion, representing 18.9 percent of total domestic debt. Claims due to Peoples Bank of Zanzibar (PBZ) stood at TZS 11.4 billion or 15.9 percent of total domestic debt, while the Zanzibar State Trading Company (ZSTC) debt amounted to TZS 5.6 billion, accounting for 7.8 percent of total domestic debt. Debt due to Zanzibar Port Company (ZPC) remained at TZS 4.0 billion or 5.5 percent of total domestic debt. Zanzibar Social Security Fund (ZSSF) debt hiked to TZS 6.2 billion from TZS 2.2 billion and represented 8.6 percent of total domestic debt. Debts due to "Other" domestic creditors (domestic suppliers and pensioners' claims) amounted to TZS 31.2 billion accounting for 43.4 percent of total domestic debt (Chart 6.3).

Chart 6.3: Domestic debt by Creditor as at end – February 2006



Domestic Debt by Instruments

The profile of domestic debt by instruments show that long-term loans amounted to TZS 11.4 billion representing 15.9 percent of total domestic debt. Government stocks increased remarkably by 69.5 percent to TZS 10.0 billion from TZS 5.9 billion; accounting for 13.9 percent of total domestic debt. Debt in terms of treasury bills stood at TZS

4.4 billion, accounting for 6.1 percent of total domestic debt. Treasury bonds amounted to TZS 8.9 billion or 12.3 percent of total domestic debt. Other debt instruments mainly -suppliers' credits and pensioners claims amounted to TZS 37.4 accounting for 51.9 percent of total domestic debt.

Domestic Debt by Maturity

Debt maturing in less than a year amounted to TZS 15.8 billion or 21.9 percent of total domestic debt, while debt with maturity of between 1 to 2 years stood at TZS 8.8 billion, accounting for 12.3 percent of total domestic debt. Debt maturing between 2 - 5 years amounted to TZS 5.1 billion or 7.0 percent of total domestic debt. Debt with "undetermined maturity" (gratuity, pension claims, and domestic suppliers' claims) amounted to TZS 42.3 billion accounting for 58.7.0 percent of the total domestic debt.

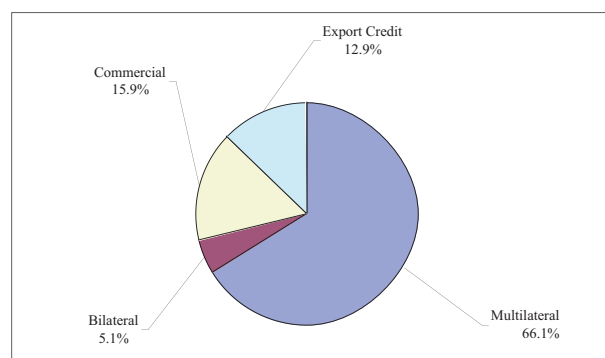
External Debt

Zanzibar's external debt position as at end of February 2005 remained at TZS 107.6 billion or USD 90.7 million as it was at the end of previous month.

External Debt by Creditor Category

During the review period, multilateral creditors' debt amounted to TZS 71.1 billion or USD 60.0 million, representing 66.1 percent of total external debt. Claims due to bilateral debts stood at TZS 5.5 billion or USD 4.6 million representing 5.1 percent of total external debt; while commercial creditors debt stood at TZS 17.1 billion or USD 14.5 million, accounting for 15.9 percent of total external debt. Export credit amounted to TZS 13.8 billion or USD 11.7 million, accounting 12.9 percent of total external debt (Chart 6.4).

Chart 6.4: External Debt by Creditor as at end – February 2006



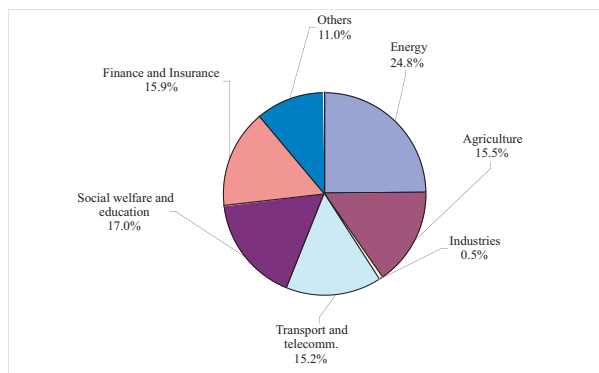
External Debt by Maturity

Analysis of external debt by maturity indicates that; debts maturing beyond 20 years period remained dominant standing at USD 56.4 million or 62.1 percent of total external debt. Debt maturing between 5 to 10 years amounted to USD 29.5 million, accounting for 32.5 percent of external debt, while debts maturing between 10 to 20 years amounted to USD 4.9 million or 5.4 percent of total external debt.

External Debt by Use of Funds

External debt by end - use analysis; revealed that largest component of external debt receipts amounting to USD 22.5 million or 24.8 percent ended in the Energy sector. The second recipient was Social Welfare and education, which received USD 15.5 million or 17.0 percent of total receipts. Finance and insurance sector was third recipient received USD 14.5 million or 15.9 percent of total receipts. Agriculture sector received USD 14.0 million or 15.5 percent of total external debt receipts. Transport and telecommunications sector had USD 13.8 millions or 15.2 percent of total external debt receipts. Industry as single sector received USD 0.5 million or 0.5 percent of total receipts. Other sectors received USD 10.0 million or 11.0 percent of total disbursements for external debt (**Chart 6.5**).

Chart 6.5: External debt by Use of Funds as at end - February 2006



External sector Performance

During month of February 2006, Zanzibar's trade balance on goods and services, deteriorated to deficit of USD 3.04 million, from USD 1.44 million recorded in the preceding month, largely on account of decreased exports particularly cloves, due to seasonality factors. However, on year - to- year basis the deficit was low marking an increase of 8.5 percent, to USD 49.16 million, for the year ended February 2006, from USD 45.29 million registered in the corresponding period in 2005 (**Table 6.1**).

Table 6.1: Trade Account Balance

Millions of USD

ITEM	2005				2006p		Year ending Feb			Monthly %Change	Annual %Change
	Sept	Oct	Nov	Dec	Jan	Feb	2004	2005	2006p		
Exports	7.787	7.991	7.205	6.654	8.874	7.577	54.365	55.918	89.270	-14.6	59.6
Goods	1.874	1.264	0.804	0.520	2.234	1.186	15.447	9.390	12.582	-46.9	34.0
Services	5.913	6.728	6.400	6.134	6.639	6.391	38.917	46.528	76.688	-3.7	64.8
Imports	12.463	13.490	13.964	7.578	10.313	10.618	89.799	101.211	138.433	3.0	36.8
Goods (E.o.b)	6.200	7.366	8.934	3.589	5.801	6.108	62.205	74.529	79.731	5.3	7.0
Services	6.263	6.124	5.030	3.989	4.512	4.510	27.595	26.682	58.703	0.0	120.0
Trade Balance	-4.676	-5.499	-6.759	-0.924	-1.440	-3.041	-35.435	-45.293	-49.163	111.2	8.5

Source: Tanzania Revenue Authority.

P = Provisional

Exports Performance

During month under review, proceeds from export of goods and services declined by 14.6 percent to USD 7.58 million from USD 8.87 million recorded in January 2006. This was largely attributed to lower cloves exports which declined to USD 0.53 million from USD 1.91 million recorded in the previous month mainly due to decline in both volume and price factors.

On year-to-year basis; for the year ended February 2006, exports of goods and services recorded increased to USD 89.27 million compared with USD 55.92 million recorded in corresponding period in 2005. The said good performance was attributed to services receipts mainly from tourism, which accounted for 85.9 percent of total export receipts. Exports of cloves fetched USD 9.58 million, representing 10.7 percent of total exports, while seaweeds exports realised USD 1.87 million, accounting for 2.1 percent of total exports while services receipts amounted to USD 46.53 million or 85.9 percent of total exports receipts.

Imports Performance

Zanzibar goods imports (c.i.f) during the month of February 2006, increased moderately by 5.3 percent to USD 6.1 million from USD 5.8 million registered in January 2006. The increase was attributed to higher imports of building and construction materials and machinery to cater for the growing needs of the building and construction sector and more food imports in line with the prevailing drought induced domestic food shortage.

On year to year basis, for the year-ending February 2006, imports rose by 7.0 percent to USD 87.6 million from USD 81.9 million, driven mainly by increased importation of all categories of capital goods and oil imports following higher world oil prices (**Table 6.2**).



Table 6.2: Zanzibar Imports by Major Categories

Millions of USD

Import Category	2005					2006p		Year Ending Feb			Monthly		
	July	Aug	Sept	October	Nov	Dec	Jan	Feb	2004	2005	2006p	%Change	%Change
CAPITAL GOODS	1.309	5.222	3.969	2.418	4.724	1.148	2.036	2.636	23.955	27.072	35.496	29.5	31.1
Transport Equipments	0.458	0.842	1.121	0.749	0.532	0.405	0.749	0.562	11.373	7.352	9.776	-25.0	-33.0
Building and Constructions	0.310	1.604	0.534	0.706	1.879	0.211	0.527	0.872	2.2686	7.017	8.504	65.6	21.2
Machinery	0.541	2.777	2.313	0.963	2.313	0.532	0.760	1.202	10.313	12.703	17.216	58.1	35.5
INTERMEDIATE GOODS	3.267	2.394	1.292	2.316	2.806	1.341	2.937	2.362	16.155	23.908	26.845	-19.6	12.3
Oil imports	3.089	2.161	1.004	1.80	2.524	1.01	2.475	2.002	11.739	17.331	22.809	-19.1	31.6
Fertilizers	...	...	...	...	...	...	...	...	...	...	...	...	...
Industrial raw materials	0.177	0.233	0.288	0.52	0.282	0.33	0.463	0.360	4.416	6.577	4.036	-22.2	-38.6
CONSUMER GOODS	2.000	3.154	1.552	3.360	2.288	1.454	1.402	1.715	28.247	30.919	25.275	22.3	-18.3
Food and food stuffs	1.445	1.793	0.800	2.52	1.150	0.79	0.192	0.711	18.177	17.617	14.489	269.6	-17.8
All other consumer goods	0.554	1.361	0.753	0.84	1.138	0.66	1.209	1.003	10.07	13.302	10.786	-17.0	-18.9
GRAND TOTAL (c.l.d)	6.576	10.770	6.813	8.094	9.818	3.944	6.375	6.712	68.357	81.900	87.616	5.3	7.0
GRAND TOTAL (l.a.b)	5.984	9.801	6.200	7.366	8.934	3.589	5.801	6.108	62.205	74.529	79.731	5.3	7.0

P = provisional

Source: Tanzania Revenue Authority

Services Account

During month of February 2006, services account balance (net), continued to sluggish down to USD 1.87 million from USD 2.13 million registered during January 2006. The decline was associated with declining in receipts against rising of foreign payments obligations. Services receipts declined marginally to USD 6.4 million from USD 6.6 million; while services payments remained the same as the previous month level of USD 4.5 million. On annual basis, the services account recorded a lower surplus of USD 17.9 million for the year ending February 2006 compared to USD 19.8 million registered in the corresponding period in 2005, on account of a surge in foreign payments which increased from USD 26.6 million registered in corresponding period in 2005 to USD 58.7 million for year ending February 2006.



Table A1: Tanzania Selected Economic Indicators

Item	Unit	1998	1999	2000	2001	2002	2003	2004
1. National Accounts and Prices								
1.1 Change in GDP at Factor Cost--Current Prices	Percent	19.7	16.6	12.2	13.7	14.1	12.8	14.8
1.2 Change in GDP at Factor Cost--Constant 1992 Prices ²	Percent	4.0	4.7	4.9	5.7	6.2	5.7	6.7
1.3 GDP Per Capita--Current Prices ¹	TZS	170,831.0	193,456.0	210,231.0	231,751.0	258,925.0	286,888.0	320,000.0
1.4 GDP Per Capita--Current Prices ¹	US\$	257.0	259.7	262.7	264.4	267.9	276.2	303.0
1.5 Change in Consumer Price Index (Inflation)	Percent	12.8	7.9	5.9	5.2	4.5	3.5	4.1
1.6 Saving to GNDI Ratio ³	Percent	6.5	6.8	11.6	11.1	12.7	11.8	12.3
2. Money Credit and Interest Rates								
2.1 Change in Extended Broad Money Supply (M3)	Percent	10.8	18.6	14.8	17.1	25.1	16.1	19.3
2.2 Change in Broad Money Supply (M2)	Percent	11.1	15.0	12.5	12.3	18.5	14.2	19.2
2.3 Change in Narrow Money Supply (M1)	Percent	10.5	16.0	9.9	10.2	25.2	16.1	18.2
2.4 Change in Reserve Money	Percent	14.7	21.5	9.4	5.0	19.1	12.6	23.6
2.5 Total Credit to GDP Ratio ¹	Percent	9.4	10.5	9.8	7.6	8.8	8.7	8.5
2.6 Private Sector Credit to GDP Ratio ¹	Percent	4.3	4.7	4.6	4.9	6.1	5.2	8.9
2.7 Ratio of Private Credit to Total Credit	Percent	45.7	44.6	46.6	63.7	69.2	71.6	104.7
2.8 Average Deposit Rate (12-Month)	Percent	11.5	10.4	8.6	6.0	5.7	5.0	5.8
2.9 Weighted Average Treasury Bill Rate	Percent	10.1	15.5	5.7	3.9	4.5	7.7	9.6
2.10 Average Medium- and Long-Term Lending Rate	Percent	22.0	20.6	21.2	15.8	13.2	12.5	14.0
3. Balance of Payments								
3.1 Exports (f.o.b)	Mill. US\$	588.5	543.3	663.3	776.4	902.5	1,129.2	1,334.9
3.2 Imports (f.o.b)	Mill. US\$	1,382.1	1,415.4	1,367.6	1,560.3	1,511.3	1,933.5	2,281.2
3.3 Trade Balance	Mill. US\$	-793.6	-872.1	-704.3	-783.9	-608.3	-804.2	-946.3
3.4 Balance on Current Account	Mill. US\$	-901.9	-846.2	-495.8	-436.7	-214.7	-384.2	-456.7
3.5 Overall Balance	Mill. US\$	-567.2	-128.4	-86.3	-809.6	-112.2	69.9	-98.1
3.7 Gross Official Reserves	Mill. US\$	599.0	776.0	974.0	1,157.0	1,529.0	2,037.8	2,296.1
3.8 Reserves Months of Imports (of goods and services)	Months	3.1	4.2	5.7	6.3	8.4	8.9	8.4
3.9 Exchange Rate:								
3.9.1 Annual Average	TZS/US\$	664.7	744.8	800.4	876.4	966.6	1,038.6	1,053.3
3.9.2 End of Period	TZS/US\$	681.0	797.3	803.3	916.3	976.3	1,063.6	1,043.0
4 Population (TZ Mainland)	Million	30.0	30.9	31.9	32.1	33.6	34.2	34.8
5. Public Finance								
5.1 Current Revenue to GDP Ratio ¹	Percent	11.5	11.4	12.2	11.8	12.3	12.1	13.3
5.2 Grants to GDP Ratio	Percent	2.8	4.1	3.7	4.3	3.2	3.7	6.7
5.2 Current Expenditure to GDP Ratio ¹	Percent	11.0	11.9	13.0	12.7	13.0	12.9	17.1
5.3 Development Expenditure to GDP Ratio ¹	Percent	2.2	5.3	3.7	3.9	3.3	3.6	8.4
5.4 Deficit to GDP Ratio (excluding grants) ¹	Percent	-1.7	-5.7	-4.5	-4.8	-4.0	-4.4	-11.9
5.5 Deficit to GDP Ratio (including grants) ¹	Percent	1.0	-1.6	-0.8	-0.5	-0.8	-0.6	-5.2
6. Total External Debt Stock								
	Mill. US\$	7,669.7	7,624.8	7,482.1	7,464.0	7,268.1	7,890.7	8,291.0
Disbursed Debt	Mill. US\$	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,730.8	6,990.6
Interest	Mill. US\$	1,089.4	1,086.5	1,169.9	904.3	1,035.1	1,159.9	1,300.4
Total External Debt as % of GDP	Percent	82.1	89.5	80.7	78.5	75.9	78.4	77.5

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

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



Table A2 : Central Government Operations

Item	BUDGET 2005/06	2005						2006	
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
		Millions of TZS							
Total Revenue	2,066,751.6	147,121.2	160,134.2	190,536.1	151,866.7	165,835.0	198,332.8	167,774.8	158,096.7
Tax Revenue	1,895,966.6	137,459.3	144,472.6	179,182.3	138,742.8	150,309.1	185,086.2	153,831.2	146,126.0
Taxes on Imports	790,801.9	67,272.4	65,645.4	68,495.4	57,279.2	68,728.1	69,657.4	67,997.8	65,667.8
Sales/VAT and Excise on Local Goods	466,369.6	36,661.1	42,854.3	37,828.2	42,367.4	42,398.0	37,921.2	41,110.2	41,125.5
Refunds	-67,834.4	-6,574.3	-6,388.3	-4,118.2	-4,241.2	-6,242.9	-6,245.6	-5,926.7	-5,926.4
Income Taxes	549,074.3	28,155.1	31,623.2	66,613.8	33,154.6	33,661.6	71,878.9	37,995.7	34,861.0
Other taxes	157,555.2	11,945.0	10,738.0	10,363.1	10,182.8	11,764.3	11,874.3	12,654.2	10,398.1
Non- tax Revenue	170,785.0	9,661.9	15,661.6	11,353.8	13,123.9	15,525.9	13,246.6	13,943.6	11,970.7
Total Expenditure /1	4,176,050.4	162,576.8	204,826.7	462,825.0	647,547.2	323,720.7	321,857.0	224,809.4	216,060.8
Recurrent expenditure	2,790,867.3	89,159.9	155,633.8	332,494.5	321,170.9	242,745.1	259,903.9	198,008.2	161,361.5
Roadtoll fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retention fund	59,580.0	0.0	15,302.8	5,554.7	4,869.6	5,785.0	3,716.7	4,999.0	4,548.9
Wages and salaries	681,897.3	53,146.0	53,337.1	55,920.5	52,789.0	53,513.5	54,620.2	54,461.9	54,164.7
Interest payments	174,762.9	11,605.5	8,165.1	19,952.5	18,615.8	34,373.6	17,475.2	13,454.9	8,091.2
Domestic /2	100,178.3	8,669.2	6,808.9	9,035.3	15,496.8	28,122.1	13,167.2	8,358.0	4,348.0
Foreign	74,584.6	2,936.2	1,356.2	10,917.1	3,119.0	6,251.5	4,307.9	5,096.9	3,743.2
Other goods, services and transfers	1,934,207.1	24,408.4	94,131.5	256,621.6	249,766.1	154,857.9	187,808.5	130,091.4	99,105.6
Dev. Expenditure and net lending	1,385,183.1	73,416.9	49,192.9	130,330.5	326,376.4	80,975.6	61,953.1	26,801.2	54,699.3
Local	370,037.8	73,416.9	49,192.9	130,330.5	326,376.4	80,975.6	61,953.1	26,801.2	54,699.3
Foreign	1,015,145.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance (cheque issued)- before Grants	-2,109,298.8	-15,455.6	-44,692.5	-272,288.9	-495,680.5	-157,885.7	-123,524.2	-57,034.6	-57,964.1
Grants	1,011,345.0	81,642.2	82,137.8	99,201.5	239,798.6	58,597.1	61,315.8	6,857.0	23,623.9
Program (CIS/OGI)	345,475.6	6,695.7	30,853.9	49,923.0	207,244.6	177.9	0.0	0.0	0.0
Project	340,972.4	44,640.9	44,640.9	44,640.9	28,231.2	12,103.5	18,183.9	525.0	0.0
Basket funds	231,297.0	24,424.0	0.0	0.0	191.0	38,994.5	36,574.9	196.2	22,162.7
HIPC Relief	93,600.0	5,881.6	6,642.9	4,637.6	4,131.8	7,321.2	6,557.1	6,135.8	1,461.2
Overall defici.(cheq.issued)- after Grants	-1,097,953.9	66,186.6	37,445.3	-173,087.5	-255,881.9	-99,288.5	-62,208.3	-50,177.6	-34,340.2
Expenditure float	0.0	-146,552.4	-6,873.0	-1,737.5	-748.9	-856.5	-400.1	5.2	0.0
Adjustments to cash and other items (net)	0	-43,776	-88,191	165,010	-72,857	220,336	43,878	-109,351	-49,541
Overall Balance (cheques issued)	-1,097,953.9	-124,142.2	-57,619.1	-9,815.1	-329,487.7	120,191.4	-18,730.8	-159,523.1	-83,881.4
Financing:	1,097,953.9	124,142.2	57,619.1	9,815.1	329,487.7	-120,191.4	18,730.8	159,523.1	83,881.4
Foreign Financing (net)	584,888.5	275.8	-3,278.3	84,309.8	316,434.5	18,604.8	-2,716.9	15,324.1	27,165.7
Loans	713,564.9	4,352.0	4,352.0	97,462.5	323,104.2	29,877.6	7,194.4	24,080.0	32,536.5
Program loans	270,689.1	0.0	0.0	82,772.9	171,150.0	0.0	0.0	0.0	0.0
Development Project loans	341,584.4	4,352.0	4,352.0	4,352.0	151,954.2	14,100.3	7,194.4	24,080.0	32,536.5
Basket Support	101,291.4	0.0	0.0	10,337.6	0.0	15,777.3	0.0	0.0	0.0
Amortization	-128,676.5	-4,076.2	-7,630.2	-13,152.7	-6,669.6	-11,272.8	-9,911.2	-8,755.9	-5,370.8
Domestic (net)	513,065.4	123,866.4	60,897.4	-74,494.7	13,053.2	-138,796.1	21,447.6	144,199.0	56,715.7
Domestic Financing	514,905.7	123,866.4	60,897.4	-74,494.7	-20,256.0	-138,796.1	21,447.6	144,199.0	56,715.7
Bank borrowing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Bank (net of amortization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization of contingent debt	-12,260.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization Proceeds	10,420.0	0.0	0.0	0.0	33,309.2	0.0	0.0	0.0	0.0

Source: Ministry of Finance

Note:

/1 Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures.

/2 Domestic Interest payments and amortization include Cash and Non cash



Table A4: Interest Rate Structure

Item	Percent								
	2005							2006	
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
A: Domestic Currency									
1. Interbank Cash Market Rates									
Overnight	5.04	4.70	7.11	6.61	5.05	4.06	5.78	8.54	5.96
2 to 7 days	5.15	5.31	7.23	7.83	5.47	4.64	5.26	8.44	6.08
8 to 14 days	5.58	6.40	8.73	7.56	6.93	5.23	6.47	8.48	8.00
15 to 30 days	6.16	6.20	8.00	9.32	6.00	7.52	8.17	8.17	8.50
31 to 60 days	5.60	7.91	8.67	10.15	11.17	10.35	9.13	11.18	10.60
61 to 90 days	7.40	8.75	10.57	10.57	10.57	12.00	12.50	12.60	12.60
91 to 180 days	8.39	10.26	11.73	11.00	13.50	13.50	13.50	14.95	14.30
181 and above	9.20	9.20	9.20	13.60	13.60	14.80	14.80	15.10	15.10
Overall interbank cash market rate	5.09	4.97	7.26	7.23	5.25	4.73	5.97	8.70	6.14
2. Lombard Rate	10.98	10.98	10.98	10.98	10.98	10.98	10.98	13.56	13.91
3. REPO Rate	5.24	5.38	7.12	7.73	6.23	5.28	6.00	6.38	5.65
4. Treasury Bills Rates									
35 days	6.60	7.03	8.42	9.49	8.97	8.59	8.63	9.04	9.28
91 days	8.12	10.35	11.51	12.52	14.08	13.96	14.70	14.78	14.80
182 days	9.43	10.53	11.46	13.10	14.50	14.42	14.71	14.58	14.62
364 days	10.51	11.93	12.64	13.70	14.95	15.61	15.72	15.64	15.82
Overall treasury bills rate	9.30	10.35	11.30	12.58	13.60	13.63	14.78	14.92	13.71
5. Treasury Bonds- 2-years									
5-years	12.11	13.19	15.00	15.00	15.64	16.77	17.01	16.81	17.40
7-years	13.21	13.05	13.14	13.14	18.37	18.09	18.26	17.80	18.66
10-years	14.10	14.10	14.10	14.10	16.37	16.71	17.00	20.00	20.00
6. Discount Rate	13.92	15.14	16.04	16.13	17.78	18.30	19.33	20.00	18.50
7. Savings Deposit Rate	2.61	2.60	2.59	2.63	2.62	2.62	2.60	2.65	2.55
8. Time Deposits Rates									
Call Accounts	0.98	0.96	0.98	1.30	1.88	1.34	1.57	1.48	2.28
1 month	3.25	3.19	3.33	4.42	4.89	3.62	2.60	3.39	4.66
2 months	5.22	5.44	5.22	5.77	6.50	6.98	7.07	7.69	9.53
3 months	4.45	4.90	5.18	4.34	3.70	4.20	5.50	5.92	6.10
6 months	5.63	5.72	5.57	5.30	7.14	8.06	7.17	7.06	6.54
12 months	5.97	5.69	5.82	6.32	6.47	6.88	7.74	8.12	7.52
24 months	5.39	5.47	5.64	5.93	5.39	5.32	5.30	5.60	5.81
9. Negotiated Deposit Rates	8.49	8.87	9.01	7.18	8.69	9.26	10.61	10.59	10.37
10. Lending rates									
Call Loans	14.50	14.50	19.25	19.25	19.25	19.25	19.25	19.25	19.25
Short-term (up to 1 year)	16.06	16.14	15.82	15.74	16.03	15.69	15.65	15.46	15.36
Medium-term (1-2 years)	16.77	16.41	16.63	16.67	17.07	16.84	15.98	16.04	15.92
Medium-term (2-3 years)	16.21	15.39	15.05	15.52	15.65	15.67	14.52	14.93	14.83
Long-term (3-5 years)	13.87	12.72	13.52	13.25	13.76	13.83	14.08	14.11	14.30
Term Loans (over 5 years)	14.65	14.18	14.32	14.24	14.46	15.21	14.68	12.90	12.83
11. Negotiated Lending Rates	11.01	11.51	11.39	11.37	11.47	11.46	11.14	11.35	13.39
B: Foreign Currency									
1. Deposits Rates									
Call Accounts	0.47	0.55	0.39	0.66	0.49	0.46	0.52	0.47	0.45
Savings Deposits	0.67	0.65	0.66	0.72	0.69	0.67	0.80	0.72	0.69
Time Deposits	1.72	1.73	1.78	1.81	1.65	1.85	1.90	1.98	1.78
1-months	1.18	1.31	1.24	1.48	1.60	1.55	1.61	1.83	1.67
2-months	1.58	1.32	1.52	2.70	1.50	1.54	2.34	2.20	1.53
3-months	1.74	1.83	2.28	1.17	1.52	2.17	1.50	1.86	2.53
6-months	1.45	1.34	1.25	1.33	1.47	1.52	1.93	1.96	1.40
12-months	2.62	2.84	2.63	2.36	2.15	2.46	2.09	2.06	1.77
2. Lending Rates	8.04	7.85	7.24	7.73	8.19	8.08	8.03	8.03	8.14
Short-term (up to 1 year)	6.86	7.41	7.01	7.38	6.72	6.51	6.58	6.70	7.20
Medium-term (1-2 years)	7.70	7.86	6.55	6.93	7.93	7.71	7.67	7.76	7.82
Medium-term (2-3 years)	9.28	8.02	7.56	7.85	9.30	9.50	9.07	8.88	9.15
Long-term (3-5 years)	8.99	8.42	7.47	8.00	7.50	7.45	7.60	7.33	7.26
Term Loans (over 5 years)	7.36	7.54	7.61	8.48	9.52	9.25	9.25	9.45	9.28

Source: Bank of Tanzania



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

Item	2005 ^P	2006 ^P		% Change		Year Ending February ^P		
	Feb	Jan	Feb	Feb 05-Feb 06	Jan 06-Feb 06	2005	2006	% Change
Traditional Exports:								
COFFEE								
Value	9.6	8.9	6.3	-34.6	-29.7	59.1	68.8	16.3
Volume	5.8	4.5	3.3	-43.0	-26.9	42.0	41.1	-2.1
Unit Price	1,653.6	1,972.3	1,896.2	14.7	-3.9	1,407.8	1,673.0	18.8
COTTON								
Value	6.2	8.7	6.9	12.5	-20.4	81.4	114.8	41.0
Volume	6.1	8.5	7.3	19.1	-14.0	79.2	116.6	47.2
Unit Price	1,009.9	1,030.4	954.0	-5.5	-7.4	1,027.9	984.6	-4.2
SISAL								
Value	0.8	1.0	0.0	-94.7	-95.7	7.4	6.9	-6.4
Volume	1.1	1.3	0.1	-95.0	-95.7	11.5	8.7	-24.2
Unit Price	734.4	769.2	775.0	5.5	0.8	639.9	789.5	23.4
TEA								
Value	2.9	0.9	1.2	-57.3	31.0	30.8	21.8	-29.3
Volume	2.6	0.6	0.9	-65.8	40.6	25.2	18.0	-28.5
Unit Price	1,112.1	1,491.2	1,389.3	24.9	-6.8	1,222.9	1,209.0	-1.1
TOBACCO								
Value	5.6	4.0	3.7	-35.2	-7.7	62.3	73.2	17.5
Volume	4.0	1.2	1.5	-62.4	29.8	29.5	24.9	-15.4
Unit Price	1,414.3	3,426.6	2,437.9	72.4	-28.9	2,114.0	2,937.2	38.9
CASHEWNUTS								
Value	0.0	16.9	0.7	1,448.7	-95.9	61.9	60.7	-1.9
Volume	0.1	22.2	1.0	1,572.8	-95.5	72.2	81.3	12.6
Unit Price	753.7	762.6	697.9	-7.4	-8.5	857.7	746.7	-12.9
CLOVES								
Value	0.4	1.9	0.5	37.1	-72.1	6.3	10.0	57.4
Volume	0.1	0.6	0.2	50.8	-68.3	2.1	3.4	64.7
Unit Price	3,080.5	3,179.5	2,800.0	-9.1	-11.9	3,035.8	2,900.9	-4.4
Sub Total	25.6	42.4	19.4	-24.2	-54.2	309.2	356.1	15.2
Non-Traditional Exports:								
Minerals	53.5	62.8	64.4	20.3	2.6	685.9	727.8	6.1
Gold	50.1	58.0	60.0	19.9	3.5	633.7	670.2	5.8
Diamond	2.3	2.5	2.2	-4.2	-10.1	28.2	23.8	-15.8
Other minerals ¹	1.1	2.3	2.1	93.5	-6.6	24.0	33.8	40.9
Manufactured Goods	8.8	14.3	13.7	55.6	-4.4	114.7	165.4	44.2
Cotton Yarn	0.5	0.4	0.6	25.3	63.3	4.6	4.5	-4.2
Manufactured Coffee	0.0	0.1	0.1	491.2	36.3	0.9	3.9	--
Manufactured Tobacco	0.0	0.0	0.3	0.0	0.0	0.1	0.6	-96.9
Sisal Products (Yarn & Twine)	0.4	0.2	0.2	-57.1	10.1	4.0	4.0	0.1
Other manufactured Goods ²	7.9	13.7	12.5	58.1	-9.0	105.0	152.4	45.2
Fish and Fish Products	13.5	10.7	13.1	-3.0	22.6	132.1	146.7	11.1
Horticultural products	2.5	1.0	1.0	-58.4	1.9	15.1	16.8	11.1
Re-exports	8.1	9.0	10.0	23.4	11.1	136.0	129.6	-4.7
Others Exports ³	15.8	13.8	12.2	-22.5	-11.4	123.6	163.2	32.0
Sub Total	102.1	111.6	114.4	12.0	2.6	1,207.4	1,349.5	11.8
GRAND TOTAL	127.7	153.9	133.8	4.8	-13.1	1,516.6	1,705.6	12.5

Note:

¹ Include tanzanite, rubbies, sapphires, emeralds, copper, silver and other precious stones

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

³ 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 US \$										
	2005 ^p		2006 ^p		% Change		Year Ending February		% Change		
	Feb	Jan	Feb	Jan	Feb 05-Feb 06	Jan 06-Feb 06	2005	2006	2005	2006	
CAPITAL GOODS											
Transport Equipment	78.8	106.5	109.7		35.1	3.0	883.8	1,135.2	28.4		
Building and Constructions Equipment	25.1	29.0	31.3		15.6	7.8	234.0	308.2	31.7		
Machinery	15.5	28.3	23.9		82.6	-15.4	199.7	270.5	35.4		
	38.2	49.2	54.5		28.7	10.7	450.1	556.5	23.6		
INTERMEDIATE GOODS											
Oil imports	59.8	63.2	78.6		5.6	24.4	751.7	819.6	9.0		
Fertilizers	41.3	33.7	48.1		-18.5	42.7	469.9	484.7	3.2		
Industrial raw materials	0.4	1.2	0.5		184.7	-59.0	56.3	61.8	9.7		
	18.0	28.2	30.0		56.5	6.2	225.4	273.1	21.1		
CONSUMER GOODS											
Food and foodstuffs	57.2	62.2	57.7		8.8	-7.3	775.1	760.5	-1.9		
All other consumer goods ¹	14.7	18.9	18.4		28.7	-2.9	238.0	177.6	-25.4		
	42.5	43.3	39.3		1.8	-9.2	537.2	582.8	8.5		
GRAND TOTAL (F.O.B)	195.9	231.9	246.0		18.4	6.1	2,410.6	2,715.2	12.6		
GRAND TOTAL (C.I.F)	215.2	254.8	270.3		18.4	6.1	2,649.0	2,983.7	12.6		

Note:

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

Oil imports refers to petroleum products

p = 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 US\$

Item	2001	2002	2003	2004p
A. Current Account	-436.7	-214.7	-384.2	-456.7
Goods: Exports (f.o.b)	776.4	902.5	1,129.2	1,334.9
Traditional	231.1	206.1	220.5	292.3
Non - Traditional	545.3	696.5	908.7	1,042.6
o/w: Gold	254.1	341.1	502.8	629.5
Goods: Imports (f.o.b)	-1,560.3	-1,511.3	-1,933.5	-2,281.2
Balance on Goods	-783.9	-608.8	-804.2	-946.3
Services: Credit	679.3	668.6	686.6	885.9
Debit	-642.1	-668.5	-769.5	-1,002.0
Balance on Services	37.2	0.1	-83.0	-116.1
Balance on Goods and Services	-746.8	-608.7	-887.2	-1,062.5
Income: Credit	55.3	67.9	87.1	81.8
Debit	-140.5	-90.6	-131.0	-122.1
Balance on Income	-85.2	-22.7	-43.9	-40.3
Balance on Goods, Services and Income	-832.0	-631.4	-931.1	-1,102.8
Current transfers (net)	395.3	416.6	546.9	646.1
Credit	474.8	477.9	609.9	711.4
Government	418.4	427.7	543.3	641.7
o/w: Multilateral HIPC relief	71.3	68.8	68.2	73.7
Other sectors	56.4	50.2	66.6	69.7
Debit	-79.5	-61.3	-63.0	-65.3
B. Capital Account	361.5	355.4	358.2	293.6
Capital transfers: Credit	361.5	355.4	358.2	293.6
Debit	0.0	0.0	0.0	0.0
Total, Groups A plus B	-75.2	140.6	-26.0	-163.1
C. Financial Account, excl. reserves and related items	-501.9	0.0	-5.6	3.2
Direct investment in Tanzania	327.2	240.4	247.8	260.2
Other investment	-829.1	-240.4	-253.4	-257.0
Assets	-76.7	2.9	-59.0	-11.0
Liabilities	-752.5	-243.3	-194.4	-245.9
Total, Groups A through C	-577.1	140.6	-31.7	-159.9
D. Net Errors and Omissions	-232.5	-253.0	101.6	61.8
Overall balance	-809.6	-112.4	69.9	-98.1
E. Reserves and Related Items	809.6	112.4	-69.9	98.1
Reserve assets	-182.2	-372.4	-508.8	-258.4
Use of Fund credit and loans	15.6	26.0	-2.9	-33.8
Exceptional financing	976.2	458.8	441.8	390.2
Rescheduled debt	131.4	9.8	86.6	106.3
Debt forgiveness	642.1	430.3	319.5	265.7
Interest arrears	67.4	18.4	29.5	18.2
Principal arrears	135.2	0.4	6.2	0.0
Memorandum items:				
GDP(mp) Mill. TZS	8,304,338.6	9,399,085.8	10,707,006.2	11,876,513.2
GDP(mp) Mill. USD	9,475.6	9,724.0	10,309.3	11,275.6
CAB/GDP	-4.6	-2.2	-3.7	-4.1
CAB/GDP (excl. current official transfers)	-9.0	-6.6	-9.0	-9.7
Gross Official Reserves	1,156.6	1,529.0	2,037.8	2,296.1
Months of Imports	6.3	8.4	9.0	8.4
Net International Reserves (year end)	761.2	1,058.4	1,533.9	1,786.9
Change in Net International Reserves	-218.5	-297.2	-475.5	-253.0
Exchange rate TZS/USD (end of period)	916.3	976.3	1,063.6	1,043.0
Exchange rate TZS/USD (annual average)	876.4	966.6	1,038.6	1,089.3

Notes:

- 1) Imports data (f.o.b) for 2001 have been revised using new ratios for freight and insurance services.
- 2) Following changes in the ratios of freight and insurance services to the total imports (c.i.f), figures for service account have consequently been revised.
- 3) GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance, p = provisional
- 4) p = provisional data, subject to revision
- 5) Net capital account has changed following the removal of the debt forgiveness.

The exceptional financing has changed following the inclusion of the rescheduled and forgiven debt.

The changes are according to the requirement of the BPM5.

Source: Bank of Tanzania



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

Base: June 2001 = 100

Period Weight (%)	Headline (General Index)		Total Index		Drinks & Tobacco	Clothing & Footwear	Rent	Fuel, Power & Water	Furniture Household Equip.	Household operations	Personal care & Health	Recreation & Entertain.	Transpor- tation	Educ- ation	Miscel. goods & services
	100.0	(General Index)	Food	Non-Food											
2002	4.6		4.1	5.9	2.7	1.6	14.5	6.4	3.9	1.5	3.5	1.8	2.1	3.6	4.4
2003	3.5		4.5	2.0	1.5	2.0	5.9	2.5	2.1	1.1	2.9	2.1	1.2	2.2	2.2
2004	4.2		5.9	1.6	-0.5	2.3	2.3	4.6	0.2	0.9	0.5	2.1	1.0	0.6	-0.5
2005	4.4		5.9	2.9	2.1	-0.5	-0.1	7.7	-1.1	0.5	3.6	-1.5	4.7	-0.1	-1.3
2004-Jan	3.6		6.0	0.2	-2.9	1.5	7.5	-0.7	-1.1	-0.8	5.7	5.9	0.9	0.0	-3.3
Feb	3.8		6.6	0.2	-0.6	4.8	2.9	-5.4	0.3	-0.3	-2.8	5.4	2.0	3.7	1.9
Mar	4.0		7.0	-0.1	0.7	2.0	4.3	-2.5	-1.6	-1.4	3.0	2.2	-0.8	-0.2	-0.9
Apr	4.7		8.4	-0.5	-1.0	-1.9	4.3	1.7	-1.5	-1.1	-0.4	-1.9	-1.3	-3.8	3.1
May	4.4		6.0	2.0	1.2	3.3	4.3	4.9	0.3	0.5	-2.7	0.9	1.3	1.4	-0.4
Jun	4.2		4.9	3.1	1.8	2.3	3.4	9.1	2.2	2.2	0.7	0.5	1.2	1.6	2.0
Jul	4.1		5.3	1.8	-4.7	-0.1	2.6	18.0	-2.0	-0.4	-5.0	0.2	-1.6	0.0	-5.7
Aug	4.1		5.9	1.5	0.0	3.1	0.4	2.4	-0.4	1.7	0.6	1.7	1.7	0.6	-0.2
Sep	4.0		4.6	3.2	0.5	4.5	0.2	6.0	2.9	4.3	1.5	3.7	3.3	0.8	0.5
Oct	4.2		5.2	2.5	-0.8	3.2	0.1	9.3	0.8	1.9	2.7	2.2	1.0	-1.9	-0.8
Nov	4.4		5.9	2.4	-0.2	1.9	-1.0	7.6	2.2	1.5	0.0	4.0	1.6	3.3	-1.7
Dec	4.2		5.1	2.8	0.6	2.5	-1.3	7.0	0.9	2.4	3.2	0.3	2.8	2.3	0.2
2005-Jan	4.0		5.9	1.5	0.6	-1.2	-2.5	5.4	1.0	0.5	-3.0	-1.5	3.3	1.8	-2.6
Feb	4.1		5.7	1.8	1.8	-1.7	-2.8	5.9	0.2	2.4	6.0	-3.3	2.2	-0.6	-1.5
Mar	4.1		4.9	3.2	0.3	1.7	-4.6	9.4	-2.3	2.3	0.1	-2.5	5.7	1.4	0.4
Apr	4.0		4.3	3.9	2.9	3.3	-5.3	6.8	0.4	2.5	4.9	1.5	6.9	2.1	-4.7
May	4.0		5.0	3.0	1.7	-0.9	-5.3	9.6	-3.2	1.4	4.4	0.9	5.0	0.2	-2.4
Jun	4.2		5.8	2.6	1.4	0.9	-5.0	5.6	-2.8	0.4	6.1	-0.2	5.1	1.2	-1.5
Jul	4.4		7.0	1.9	3.1	1.3	-3.9	0.3	-0.9	0.3	6.5	-2.1	5.4	0.1	-0.8
Aug	4.5		5.8	3.5	2.4	-1.2	7.5	9.8	0.0	-0.6	3.5	-1.5	5.2	-1.9	-0.1
Sep	4.5		6.0	2.8	2.6	-2.7	7.6	10.0	-2.3	-1.9	2.7	-2.4	4.0	-1.7	-1.5
Oct	4.7		6.7	2.8	3.1	-1.9	4.3	9.0	-1.7	-1.1	3.6	-3.3	3.5	-1.6	-0.3
Nov	4.8		6.7	3.7	3.3	-1.2	4.3	10.2	-0.8	-0.5	4.4	-1.9	5.0	-1.0	0.0
Dec	5.0		7.7	3.5	2.5	-2.0	4.1	10.7	-0.9	0.0	3.5	-1.1	5.5	-0.6	-0.9
2006-Jan	5.4		9.1	1.3	1.7	-3.1	0.4	5.2	-1.0	-1.7	-0.3	-1.2	3.1	-1.1	-1.9
Feb	5.8		9.4	1.7	2.5	-1.9	0.6	4.5	0.5	-1.5	0.0	0.5	3.3	-0.3	-1.1

Source: National Bureau of Statistics (NBS) and Bank of Tanzania



Table A7 : External Debt Developments

Millions of USD

Item	2005/06										
	2002/03	2003/04	2004/05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06
1. Overall total Debt Committed ²	7,606.6	8,088.3	8,345.1	8,335.5	8,401.0	8,361.9	8,276.2	8,138.9	8,153.7	8,494.8	8,466.8
Disbursed outstanding debt	6,233.0	6,678.3	6,799.5	6,845.8	6,913.8	6,944.7	6,855.7	6,733.9	6,743.6	6,923.7	6,751.5
Undisbursed debt	1,373.6	1,410.0	1,545.6	1,489.7	1,487.2	1,417.2	1,420.5	1,405.0	1,410.1	1,571.1	1,715.3
2. Disbursed Debt by Creditor Category ²	6,233.0	6,678.3	6,799.5	6,845.8	6,913.8	6,944.7	6,855.7	6,733.9	6,743.6	6,923.7	6,751.6
Bilateral	1,633.7	1,483.6	1,502.3	1,555.4	1,578.5	1,566.1	1,490.5	1,465.6	1,473.6	1,468.6	1,489.1
Multilateral	4,088.3	4,570.0	4,626.3	4,622.7	4,639.7	4,682.0	4,687.2	4,599.3	4,599.6	4,782.0	4,600.6
Commercial	330.6	391.2	416.4	413.4	441.1	439.6	429.1	420.6	421.6	424.2	403.1
Export credits	180.5	233.5	254.5	254.3	254.5	257.0	249.0	248.5	248.8	248.9	258.7
3. Disbursed Debt by Borrower Category ²	6,233.0	6,678.3	6,799.5	6,845.8	6,913.8	6,944.7	6,855.7	6,733.9	6,743.6	6,923.7	6,751.5
Central Government	5,708.0	6,092.0	5,830.5	5,856.9	5,934.8	5,966.5	5,879.6	5,779.6	5,791.3	5,966.6	5,817.8
Parastatal Companies	152.2	149.1	477.5	501.6	490.6	488.1	485.3	470.2	467.3	470.8	476.1
Private Sector	372.9	437.2	491.5	487.3	488.4	490.1	490.8	484.2	485.0	486.3	457.6
4. Disbursed Debt by Use of Fund ²	6,233.0	6,678.3	6,799.5	6,845.8	6,913.8	6,944.7	6,855.7	6,733.9	6,743.6	6,923.7	6,751.5
Balance of payment support	1,166.0	1,275.1	1,335.1	1,432.4	1,440.2	1,426.6	1,376.5	1,351.5	1,363.4	1,365.0	1,318.9
Transport & Telecommunication	1,047.8	1,085.1	1,073.5	1,077.3	1,103.5	1,104.2	1,075.1	1,053.0	1,049.6	1,187.8	1,090.0
Agriculture	1,034.7	967.7	1,077.8	1,059.1	1,068.5	1,059.7	1,058.1	1,040.7	1,042.5	1,047.7	1,037.9
Energy & Mining	895.0	924.3	1,070.3	916.2	891.3	943.7	942.5	929.2	930.7	936.0	933.5
Industries	411.2	352.7	405.5	403.4	404.7	401.3	400.3	386.9	387.1	388.2	387.0
Social Welfare & Education	421.7	333.3	611.7	626.2	629.3	632.9	637.8	627.5	627.6	632.9	626.0
Finance and Insurance	76.9	82.3	96.6	96.2	96.4	102.5	102.4	101.7	101.9	102.3	97.9
Tourism	88.2	80.2	80.1	79.8	80.0	79.8	80.1	79.3	79.5	79.6	80.7
Others	1,091.6	1,577.5	1,048.9	1,155.1	1,200.1	1,194.0	1,182.8	1,163.9	1,161.3	1,184.1	1,179.5
5. Total Amount of Loan Contracted ¹	277.3	229.7	376.4	2.2	0.2	1.0	0.2	0.3	0.5	0.0	10.0
Government	259.8	209.4	335.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Parastatal Companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private	17.5	20.3	41.0	2.2	0.2	1.0	0.2	0.3	0.5	0.0	10.0
6. Disbursement ¹	169.0	234.7	190.2	117.4	4.6	2.7	0.5	2.9	1.7	0.0	0.0
Government	163.7	205.9	161.4	115.1	0.1	2.7	0.1	2.9	1.7	0.0	0.0
Parastatal Companies	0.0	2.0	0.0	0.0	4.1	0.0	0.0	0.0	0.0	0.0	0.0
Private	5.3	26.8	28.8	2.3	0.4	0.0	0.4	0.0	0.0	0.0	0.0
7. Scheduled Debt Service ¹	369.0	334.4	355.1	373.6	373.6	373.6	373.6	373.6	373.6	373.6	373.6
8. Actual Debt Service ¹	112.4	99.3	112.9	4.8	13.5	10.0	3.3	12.9	11.0	4.9	2.1
Principal	86.6	68.6	86.0	3.2	12.8	6.9	0.4	9.9	7.3	2.3	1.4
Interest	25.8	30.6	26.9	1.6	0.8	3.1	2.9	3.0	3.7	2.6	0.6
Others	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Net Transfers	51.3	106.6	77.3	103.1	-8.9	-7.3	-2.8	-10.0	-9.3	-4.9	-2.0
10. Total Arrears by Creditor Category ²	2,056.5	2,297.8	2,470.5	2,257.8	2,283.7	2,278.1	2,224.8	2,194.5	2,251.7	2,274.5	2,465.1
Principal	1,021.4	1,119.1	1,135.2	1,093.7	1,106.3	1,106.9	1,064.8	1,049.0	1,063.5	1,073.7	1,089.4
Bilateral	611.6	658.8	669.4	622.1	630.1	625.1	601.7	591.0	599.2	604.0	660.7
Multilateral	45.1	28.3	5.9	8.4	8.3	9.0	9.0	8.5	9.4	9.8	28.1
Commercial	203.7	240.2	249.2	252.5	256.9	261.6	250.7	246.2	250.6	255.1	189.1
Other Private Creditors	161.0	191.8	210.7	210.7	211.0	211.2	203.4	203.3	204.3	204.8	211.5
Interest	1,035.1	1,178.7	1,335.3	1,164.1	1,177.4	1,171.2	1,160.0	1,145.5	1,188.2	1,200.8	1,375.7
Bilateral	577.7	693.0	818.8	646.1	655.1	651.7	632.5	623.3	653.0	658.9	831.3
Multilateral*	68.4	27.3	23.4	23.8	23.8	23.8	24.3	23.8	24.9	24.1	21.1
Commercial	268.3	287.1	333.7	334.3	337.9	335.5	341.2	332.0	342.6	348.6	352.4
Other Private Creditors	120.7	171.3	159.4	159.9	160.6	160.2	162.0	166.4	167.7	169.2	170.9
11. External Debt Stock	7,268.1	7,856.9	8,134.8	8,009.9	8,091.2	8,115.9	8,015.7	7,879.4	7,931.8	8,124.5	8,127.2
12. Domestic Debt Stock	841.6	885.3	952.6	1,421.7	1,435.1	1,466.8	1,500.4	1,423.7	1,452.1	1,460.7	1,464.6
Total Debt Stock (11 + 12)	8,109.7	8,742.1	9,087.4	9,431.6	9,526.3	9,582.7	9,516.1	9,303.1	9,383.9	9,585.2	9,591.8
Exchange Rate TZS/USD (End of Period)	1,047.4	1,107.3	1,126.3	1,135.7	1,133.6	1,136.3	1,141.6	1,183.2	1,165.5	1,184.7	1,186.0

NB. Multilateral*: multilateral arrears represents private sector arrears

¹ During the period. ² End of February 2006 cumulative.

Source: Bank of Tanzania



GLOSSARY

Average Inflation Rate

This is calculated as the average of the inflation rates during the fiscal year or the calendar year

Currency in Circulation Outside Banks

Notes and coin accepted as legal tender in the domestic economy, excluding amounts held by the banking system.

Discount Rate

The rate of interest the Bank of Tanzania charges on Loans it extends to Deposit Money Banks and government overdraft. 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

The Bank introduced Lombard facility on 1st December 2003, as an overnight facility to enable commercial banks to borrow at their own discretion, through pledging of eligible government securities as collateral.

Lombard Rate

This is the rate payable for the use of the Lombard Facility, which is also used as signalling mechanism for the Bank of Tanzania's monetary policy stance. The rate is based on prevailing discount rate, REPO or inter-bank rates, depending on whichever is higher.

Money Supply, M

The sum of currency in circulation outside the banks and deposits of Depository Corporations, are defined in various concepts of money supply in the narrower and broader sense, i.e., narrow money (M1), broad money (M2), and extended broad money (M3).

M1, Narrow Money,

Consists of currency in circulation outside banks and demand deposits.

M2, Broad Money

Is equivalent to narrow money (M1) plus time deposits and savings deposits..

M3, Extended Broad Money

Consists of broad money (M2) plus foreign currency deposits..

Nominal Exchange Rate

It is the price at which actual transactions in 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 is an important measure, which 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 Central Bank's liabilities in the form of: (1) currency in circulation outside the Bank of Tanzania and (2) deposit money banks' deposits with the BoT are referred to as Base money, or reserve money.

Seasonally Adjusted Indicators

Seasonal movements or seasonal variations, refer to identical, or almost identical, patterns, which a time series appears to follow during corresponding months (quarters) of successive years. Such movements are due to recurring events, which take place annually, e.g. the harvest season. Seasonally adjusted indicators show the impact of non-seasonal influences on a time series.

Weighted Annualised Yields of Treasury Bills of all Maturities

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



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