



BANK OF TANZANIA



**MONTHLY
ECONOMIC
REVIEW**

JANUARY 2006

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1.0 Inflation Developments

Inflation slightly increased in December 2005

Annual headline inflation rose to 5.0 percent in December 2005 from 4.8 percent in the preceding month, mainly due to increase in the average prices of some food items. On month-to-month basis, the headline inflation turned to 0.3 percent in December 2005 from -0.2 in the preceding month, as prices of consumer items particularly food went up. The increase in consumer prices during the month was mainly explained by an increase in prices owing to food shortages and increase in cost of fuel. The seasonal behaviour associated with end of year festivities, could be a contributory factor.

Food inflation went up to 7.2 percent in the year ending December 2005, up by 0.5 percentage points compared to the level recorded in the preceding month, owing to increases in the average prices of some food items. During December alone, food inflation increased to 0.4 percent from 0.1 percent in the preceding month, on account of increases in the average prices of rice, maize grain and maize flour, bananas, vegetables, fruits, beef, legumes and groundnuts. The increase in prices of food is largely caused by drought related supply shortfall in some parts of the country, as well as food shortages in neighbouring countries, particularly in Malawi and Zambia, which made some traders sell foodstuffs across the borders.

Annual non-food prices increased, albeit at a slightly lower rate of 3.6 percent in December 2005 compared to a rate of 3.7 percent recorded in the preceding month. For the month of December, non-food prices increased by 0.1 percent following increases in the average prices of kerosene, diesel, petrol, vehicle services and school items. (Table 1.1 and Chart 1.1).

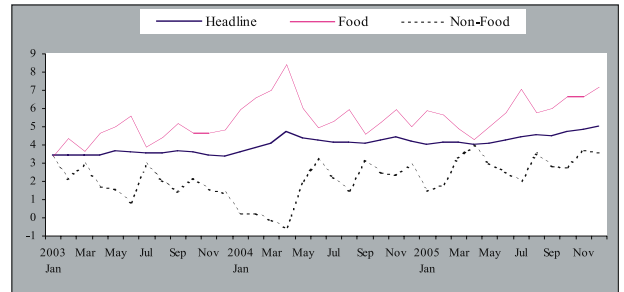
Table 1.1: Percentage Change in Consumer Price Index (All-Urban)

Base: 2001=100

Major Commodity Group	Weight (%)	2003			2004			2005		
		Oct	Nov	Dec	Oct	Nov	Dec	Oct	Nov	Dec
Headline/Overall	100	3.6	3.4	3.4	4.2	4.4	4.2	4.7	4.8	5.0
Food	55.9	4.6	4.7	4.8	5.2	5.9	5.0	6.7	6.7	7.2
Non-food	44.1	2.2	1.6	1.4	2.5	2.4	2.9	2.8	3.7	3.6
Transportation	9.7	2.9	1.6	0.2	1.1	1.7	2.8	3.5	5.0	5.5
Fuel, Power and Water	8.5	0.7	0.8	1.6	9.3	7.7	7.1	9.0	10.2	10.7
Drinks and Tobacco	6.9	1.2	1.2	1.2	-0.8	-0.2	0.6	3.1	3.3	2.5
Clothing & Footwear	6.4	2.8	2.4	2.4	3.1	1.9	2.5	-1.9	-1.2	-2.0
Education	2.6	6	0.2	0.9	-1.9	3.4	2.3	-1.6	-1.0	-0.6
Furniture & Household Equip	2.1	2.4	1.2	1.6	0.8	2.2	0.9	-1.7	-0.8	-0.9
H/h Operations Maintenance	2.1	1	1.1	0.4	1.9	1.6	2.4	-1.1	-0.5	0.0
Personal Care & Health	2.1	2	3.9	1.4	2.6	0.0	3.2	3.6	4.4	3.5
Rents	1.4	3.4	4.3	4.8	0.1	-0.1	-1.3	4.3	4.3	4.1
Recreation & Entertainment	0.8	3.7	0.9	4.6	2.1	4.0	0.4	-3.6	-1.9	-1.1
Misc. Goods & Services	1.5	1.1	1.5	0.9	-0.8	-1.8	0.2	-0.3	0.0	-0.9

Source: National Bureau of Statistics (NBS)

Chart 1: Tanzania: Annual Headline, Food and Non-food Inflation



Food Supply Situation

During December 2005, drought related food shortages existed in some parts of the country. Accordingly, the government distributed food relief to 34 districts in Arusha, Manyara, Dodoma, Kilimanjaro, Lindi, Iringa, Mara, Mwanza, Shinyanga, Singida and Tabora regions. About 924 tons of maize were distributed, leading to cumulative amount of 1,651 tons of since October 2005 when the exercise started.

Prices of foodstuffs increased during December 2005, reflecting the food shortages in the country. Also, the selling of food by some traders to neighbouring countries, particularly Kenya, Malawi and Zambia, reduced domestic supply.

Table 1.2: National average Wholesale Prices for Selected Food Items

TZS per 100 Kgs

	2005									
	Percentage change									
	Dec-02	Dec-03	Dec-04	Oct	Nov	Dec	Dec-04	Dec-05	Nov-05	Dec-05
Maize	11,586	21,804	16,467	16,364	18,763	22,099	34			18
Rice	30,171	45,590	56,165	47,654	52,440	54,461	-3			4
Beans	36,842	42,395	52,956	43,557	48,380	50,920	-4			5
Sorghum	12,822	25,722	20,375	15,801	21,537	23,470	15			9
Potatoes	20,958	25,249	25,330	23,100	28,834	31,933	26			11

Source: Ministry of Agriculture and Food Security

Strategic Grain Reserve (SGR) Stock

By the end of December 2005, the SGR stock stood at 93,051 tons from 106,428 tons recorded at end of November 2005 owing to the distribution of food relief by the government to deficit areas and sales to private traders through tender system. During the same period, the SGR department purchased 46 tons of maize from surplus regions, leading to a cumulative purchase of 1,771 tons out of 44,000 tons planned for 2005/06-crop season.



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

	Tons						% Change
	2000	2001	2002	2003	2004	2005	2004 -2005
January	105,665	78,967	60,503	59,961	35,342	119,924	239
February	103,305	72,000	58,254	59,493	23,791	116,383	389
March	101,496	63,022	56,738	58,976	22,903	114,760	401
April	96,326	51,435	52,228	54,118	32,387	115,262	256
May	82,119	44,776	48,653	52,857	31,732	113,823	259
June	72,000	47,225	47,100	51,060	37,091	112,823	204
July	63,976	46,290	44,787	50,661	39,195	112,323	187
August	70,352	48,998	41,795	52,681	45,988	112,067	144
September	95,000	59,047	57,500	61,364	67,685	111,971	65
October	88,474	58,000	62,700	59,379	92,710	111,695	20
November	89,882	62,388	61,773	52,054	108,448	106,428	-1.9
December	78,967	62,788	58,395	41,649	114,030	93,051	-18

Source: Food Security Department and BOT computation

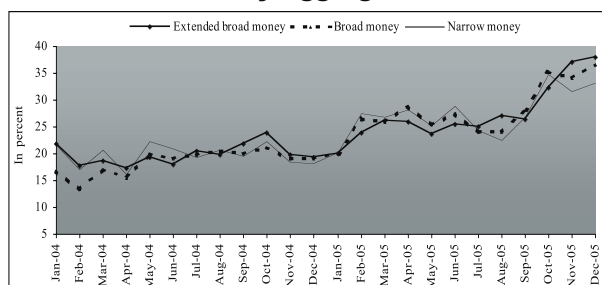
2.0 Monetary and Financial Developments

Money Supply and Credit

Amidst increased inflationary pressure, a tightening of monetary policy continued in December and interest on treasury bills and bonds remained high. The rise in interest rates follows expansionary fiscal policies that have necessitated increased mopping up requirements by the Bank.

In the year to December 2005, the growth rate of extended broad money supply (M3), reached a high of 38 percent, far above the 19.3 percent recorded in December 2004 and 37.1 percent in November 2005 (Chart 2.1). The expansion in money supply was partly on account of substantial increase in domestic credit associated with expansionary fiscal policies which called for increase in borrowing from the banking system. Meanwhile, broad money supply, M2, grew by 36.6 percent, significantly higher than 19.2 percent recorded in December 2004 and 34.2 percent in November 2005.

Chart 2.1: Tanzania: Annual Growth Rates of Monetary Aggregates



Between November and December 2005, M3 increased by TZS 13 billion to TZS 3,927.3 billion, while broad money supply increased significantly by TZS 57 billion.

The relative low increase in M3 is due to decline in foreign currency deposits following foreign payments by corporate customers, coupled with exchange rate appreciation—the shilling gained value against dollar from TZS 1,195.12 per USD at end November 2005 to TZS 1,165.51 per USD in December 2005. Meanwhile, the expansion in M2 resulted primarily from increases in currency outside banks, as well as time and savings deposits. The observed increase in currency in circulation was a manifestation of seasonal pattern, as it always reaches its peak in December, the festive month, while the sizeable increase in local time and savings deposits is largely associated with banks' continued initiatives in deposit mobilisation. Meanwhile, local currency demand deposits declined by about TZS 23 billion in December 2005 following transfer of TRA end of quarter revenue collection (Table 2.1).

Table 2.1: Tanzania: Selected Money Supply Components

	Absolute Change		Annual growth (%)					
	Nov -05	Dec -05	Nov -05	Dec -05	Dec-02	Dec-03	Dec-04	Nov-05
Extended broad money	3914.3	3927.3	13.0	25.1	16.6	19.3	37.1	37.9
Broad money	2744.5	2801.5	57.0	22.2	14.2	19.2	34.2	36.6
Currency outside banks	812.5	843.2	30.6	20.4	11.6	20.1	21.9	27.0
Demand deposits	932.0	908.9	-23.1	30.7	20.9	16.3	41.3	39.5
Time deposits	396.4	422.3	25.8	7.6	3.2	19.7	44.4	52.8
Savings deposits	603.5	627.2	23.7	25.1	16.0	21.8	35.8	36.7
Foreign currency deposits	1169.9	1125.8	-44.0	34.0	23.5	19.5	44.4	41.2
<i>In millions of USD</i>	978.9	965.9	-12.9	26.2	13.4	21.9	28.2	26.4
Private sector deposits in banks	3101.8	3084.2	-17.6	26.8	18.1	19.0	41.8	41.2
Govt deposits in com. Banks	194.9	194.9	0.0	5.1	165.5	66.1	82.4	43.4
Total deposits	3296.7	3279.0	-17.6	26.3	21.0	21.0	43.7	41.4
Net foreign assets	2664.8	2407.3	-257.5	28.8	40.0	9.1	12.3	1.2
Bank of Tanzania	1897.6	1626.9	-270.7	48.8	47.1	14.1	12.1	-5.2
Commercial banks	767.2	780.4	13.2	2.6	26.5	-2.1	13.0	17.4
Net domestic assets	1859.4	2129.2	269.8	20.5	-14.8	41.2	93.8	128.3
Domestic Credit	1617.8	1676.2	58.3	29.8	-0.6	22.0	49.6	65.6
Claims on gov't by banks	890.6	887.5	-3.1	14.4	-8.2	2.8	88.3	85.8
Govt deposits	683.9	636.4	-47.5	18.8	87.1	16.3	50.9	21.2
Credit to private sector	1411.1	1425.1	14.0	41.4	43.2	29.7	32.9	34.4

Source: Bank of Tanzania

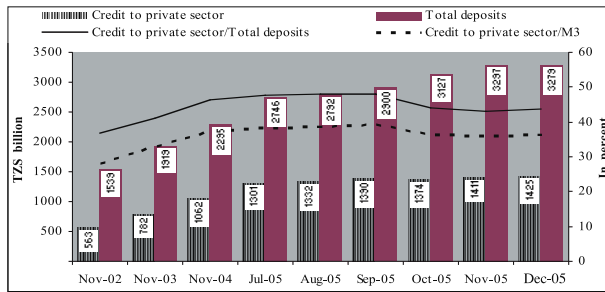
Credit Developments

Credit creation process has seen steady expansion reaching an annual growth rate of 34.4 percent in December 2005 up from 32.9 percent in the previous month and 29.7 percent registered in the same month a year earlier. The sustained expansion in credit is accompanied by the expansion in various economic activities mainly in mining, construction, tourism, manufacturing, trade, and agriculture. The outstanding stock of private sector credit increased from TZS 1,411.5 billion in November 2005 to TZS 1,425.1 billion (Table 2.1).

In December 2005, ratio of bank credit private sector credit to bank deposit liabilities stabilised at 43 percent, as it was in the preceding month (Chart 2.2), and so was the banks' holding of government securities that stood at 33 percent of total deposits same level recorded in the previous month.



Chart 2.2: Tanzania: Commercial Banks Intermediation

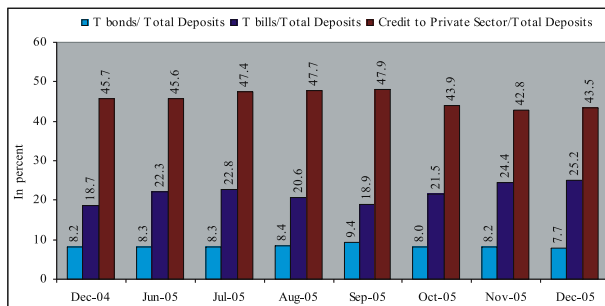


Financial Markets

During December 2005, money market continued to experience upward pressure on interest rates. In the overnight inter-bank cash market, rates increased from 4.1 percent in November 2005 to 5.8 percent in December 2005, whereas overall weighted average yield on Treasury bills rose to 14.8 percent from 13.6 percent a month earlier. As for Treasury bonds the overall rate stabilised at around 17 percent. Given the higher rate of return in government securities, commercial banks have maintained their portfolio investment in government securities, holding about 33 percent of their total deposits liabilities, same level recorded in the preceding month (**Chart 2.3**).

Chart 2.3: Tanzania: Shares of Selected Assets of Banks to Deposits

(In Percent)



Treasury Bills Market

In December 2005, demand for Treasury bills was TZS 269.3 billion compared with TZS 419 billion demanded in the previous month. The relative low demand in Treasury bills is associated with limited room for the banks to use their deposit liabilities during the month as most of the corporate customers had obligations to meet including the end of quarter tax payments and payment of shareholders dividends. In this regard the Bank managed to sell only TZS 187.6 billion against the offered amount worth TZS 280.0 billion. As a result, the overall weighted average yield rose to 14.8 percent from 13.6 percent in the previous month.

Treasury Bonds Market

In December 2005, bids in the Treasury bond market improved significantly to TZS 22.3 billion from TZS 15.2 billion in November 2005. But some of the bids were outliers for which the Bank intervened and accepted bids with cost value of TZS 18.6 billion against the offered amount of TZS 12.0 billion. Following these market developments, overall weighted average yield (WAY) remained unchanged at 17 percent. In particular, the WAY for 2-year bond stabilised at 16.9 percent, while that of 5-year edged upwards to 17 percent from 16.8 percent in the preceding month. As for 7-year bond the yield stood at 18.3 percent up from 18.1 percent, where as for 10 year bond the WAY closed at 17 percent from 16.7 percent.

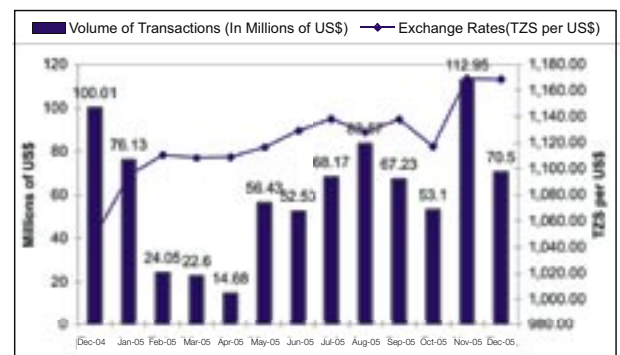
Repurchase Agreements

During the month under review, the Bank continued to employ repurchase agreements with commercial banks for fine tuning the level of liquidity in the economy. Repos worth TZS 31.8 billion were transacted during the month under review at an average rate of 6.0 percent. In the preceding month repos amounting to TZS101.8 billion were traded at an average rate of 5.28 percent.

Foreign Exchange Market Operations

During December 2005, the total volume traded in the Inter-bank Foreign Exchange Market (IFEM) went down substantially to USD 70.50 million, partly on account of low demand for foreign exchange for corporate financing. On net basis, commercial banks purchased USD 35.85 million, while the Bank of Tanzania and non-banks financial institutions sold USD 32.1 million and USD 3.75 million, respectively. The weighted average exchange rate of the shilling depreciated slightly to TZS 1,168.79 per USD in December 2005, from TZS 1,169.25 per USD recorded in November 2005 (**Chart 2.4**).

Chart 2.4: Tanzania: Inter-bank Exchange Rate Movement and Volume of Transactions



Transactions in Bureau de Change System

During December 2005, the volume of transactions conducted by Bureau de Change system increased substantially to USD 83.66 million, largely as the result of both the increase in sales and purchases of foreign exchange. The increase in outflow was largely due to high demand for foreign exchange for payments of travelling allowances owing to the fact that people mostly travel for holidays. On the other hand, the increase in purchases of foreign exchange was largely driven by the increase in foreign exchange earnings from tourism.

The buying and selling rate appreciated slightly to TZS 1,161.00 per USD and TZS 1,182.00 per USD from TZS 1,168 per USD and TZS 1,199 per USD respectively, recorded in November 2005.

Table 2.2: Foreign Exchange Market Developments

Item	2005		2004 December	% Change		Year ending Dec		% Change
	Nov	Dec		Nov to Dec 2005	Dec 04 to Dec 05	2004	2005	
IFEM								
Amount offered*	112.95	70.50	100.01	-37.58	-29.51	979.39	701.93	-28.33
Amount sold*	112.95	70.50	100.01	-37.58	-29.51	979.39	701.93	-28.33
Exchange rate**	1,169.25	1,168.79	1,048.07	-0.04	11.52	1,089.15	1,129.16	3.67
Bureau de Change								
Sales*	29.39	44.36	33.36	50.94	32.97	392.40	409.02	4.24
Purchases*	29.40	39.30	34.73	33.67	13.16	318.88	405.67	27.22
Volume of Transactions*	58.80	83.66	68.09	42.28	22.87	711.28	814.69	14.54
Buying rate**	1,168.00	1,161.00	1,048.0	-0.60	10.78	1,084.80	1,122.33	3.46
Selling rate**	1,199.00	1,182.00	1,072.0	-1.42	10.26	1,101.80	1,139.10	3.39

Sources: Bank of Tanzania

Note* Millions of USD, **Tanzania Shillings (TZS) per USD

Interest Rates in Commercial Banks

Interest rates offered by commercial banks moved in line with the developments of yields in the Treasury bills market though at a slower pace. In December 2005, overall weighted average rate on time deposits rose to 5.3 percent from 5.2 percent in the preceding month, whereas negotiated deposit rate closed at 10.6 percent up from 9.3 percent in the same period. As for savings deposits, the rate stabilised at 2.6 percent. On the other hand, overall weighted average lending rate charged by banks declined to 15.0 percent in December 2005 from 15.5 percent in November 2005, while negotiated lending rate eased to 11.1 percent from 11.5 percent. In the same period, the weighted average yield on Treasury bills improved to 14.8 percent from 13.6 percent (Table 2.3).

Table 2.3: Tanzania: Weighted Average Interest Rate Structure

Item	2004				2005											
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
364 days Treasury bill	10.4	11.0	10.9	10.7	10.5	11.9	12.6	13.7	15.0	15.6	15.7					
Overall Treasury bills	9.6	10.0	9.8	9.6	9.3	10.4	11.3	12.6	13.6	13.6	14.8					
Savings deposits	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6					
Overall time deposits	4.6	4.6	4.3	4.4	4.4	4.5	4.5	5.0	5.1	5.2	5.3					
12 months time deposits	6.1	6.1	5.9	5.8	6.0	5.7	5.8	6.3	6.5	6.9	7.7					
Negotiated deposits	6.4	6.9	8.4	8.8	8.5	8.9	8.0	8.3	8.7	9.3	10.6					
Overall Lending rate	14.9	14.3	14.7	14.8	15.5	15.0	15.1	15.1	15.4	15.5	15.0					
Negotiated lending rates	12.9	11.2	10.9	11.0	11.0	11.5	11.4	11.4	11.5	11.5	11.1					

Source: Commercial banks and Domestic Markets, Bank of Tanzania

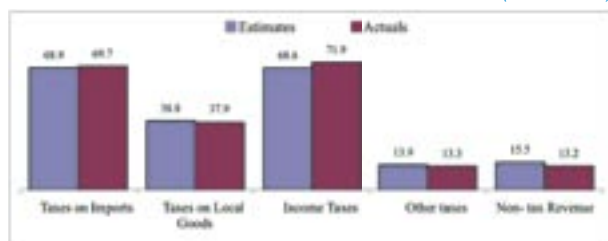
3.0 Government Budgetary Operations

During the month of December 2005, government budgetary operations recorded a deficit of TZS 66.0 billion. Total resources that were available for the month from domestic revenue and grants amounted to TZS 257.9 billion, whilst expenditure amounted to TZS 323.9 billion. The deficit was financed through government borrowing from both foreign and domestic sources.

Total revenue collected during the period was slightly below the target of TZS 199.3 billion by TZS 1.0 billion. Tax revenue collections amounted to TZS 185.1 billion, slightly above the target by TZS 1.3 billion. The good performance in tax revenue collections came from income taxes and taxes on imports mainly due to improvement in tax administration. Specifically, TRA has improved tax audit procedures and techniques including close monitoring of non-filers by issuing automatic assessments. Also, more efforts have been directed towards collection of tax arrears (Chart 3.1).

Chart 3.1: Tanzania: Government Revenue Performance in December 2005

(TZS Billions)



During the month under review, total government expenditure (excluding amortization) amounted to TZS 323.9 billion, out of which recurrent expenditure was TZS 259.9 billion, while development expenditures amounted to TZS 64.0 billion.

Cumulative from July to December 2005, government expenditure was largely on target at TZS 2,030.2 billion, compared to the cumulative estimate of TZS 2,041.8 billion.



The actual expenditure up to the end of December 2005 comprised of TZS 1,401.1 billion in recurrent expenses and TZS 629.2 billion in development.

4.0 External Sector Performance

Current Account Strengthens

The current account deficit narrowed to USD 91.4 million for the month of December 2005 from a deficit of USD 136.9 million recorded in the previous month, largely due to an improved export performance.

During the year 2005, the current account balance worsened to a deficit of USD 790.6 million compared with a deficit of USD 426 million in 2004, mainly due to higher import bill than exports and decline in official current transfers (Table 4.1)

Table 4.1: Tanzania: Current Account Balance

Million of USD

Item	December		2005 ^P		Year Ending December		
	2003	2004	Nov	Dec	2004	2005 ^P	% Change
Goods A/c count (net)	-117.9	-128.0	-146.4	-86.0	-1,003.6	-1,130.7	12.7
Exports	82.3	101.5	142.0	153.4	1,336.1	1,530.8	14.6
Imports	200.2	229.6	288.4	239.4	2,339.7	2,661.5	13.8
Services Account (net)	15.1	-12.6	-21.7	-14.0	-28.0	-90.2	--
Receipts	84.4	94.8	87.2	85.1	944.1	1,072.7	13.6
Payments	69.3	107.4	108.9	99.1	972.1	1,162.9	19.6
Goods and services (net)	-102.8	-140.6	-168.1	-100.0	-1,031.6	-1,220.9	18.3
Exports of goods and services	166.7	196.3	229.2	238.5	2,280.2	2,603.5	14.2
Imports of goods and services	269.5	337.0	397.3	338.5	3,311.8	3,824.4	15.5
Income Account (net)	-4.9	8.1	-7.4	-25.1	-40.3	-96.5	--
Receipts	13.0	18.7	9.2	10.7	81.8	79.7	-2.5
Payments	17.9	10.7	16.6	35.8	122.1	176.2	44.3
Current Transfers (net)	138.6	75.8	38.6	33.7	646.0	526.8	-18.5
Inflows	143.9	81.0	45.3	40.0	711.1	601.8	-15.4
o/w General Government	138.3	74.9	38.8	34.1	641.7	532.8	-17.0
Outflows	5.3	5.2	6.7	6.3	65.1	74.9	15.2
Current Account Balance	30.9	-56.8	-136.9	-91.4	-426.0	-790.6	85.6

Note: -- = Very large number

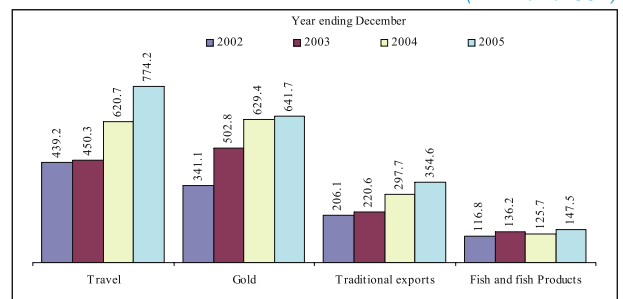
P = Provisional

Source: Bank of Tanzania

During 2005, Tanzania exported goods and services worth about USD 2,604 million, which was an improvement of 14.2 percent over the previous year's performance. Gold and travel (tourism) dominated by accounting for about 54 percent of total annual export earnings. Traditional exports maintained an upward trend for the past four years, reaching at USD 354.6 million in 2005 up from USD 206.1 million recorded in 2002 (Chart 4.1).

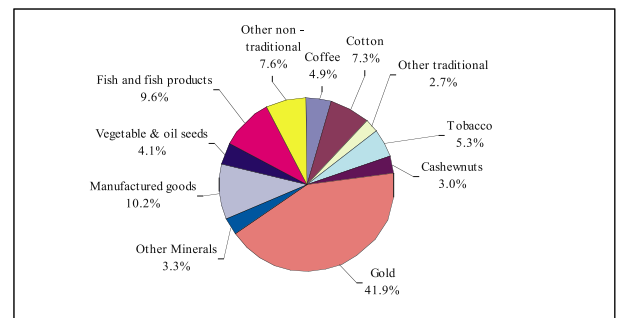
Chart 4.1: Tanzania: Contribution of Selected Exports to Total Export Goods and services

(In million of USD)



The performance in traditional exports was dominated by coffee and cotton. However, gold remained the dominant export category followed by manufactured exports as depicted on Chart 4.2. During 2005, the growth of manufactured exports was largely driven by an increase in exports of textile, glass and glassware, footwear, plastic articles, iron and steel.

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 Tanzanite, rubies, sapphires, emeralds, copper, silver and other precious stones

Traditional Exports

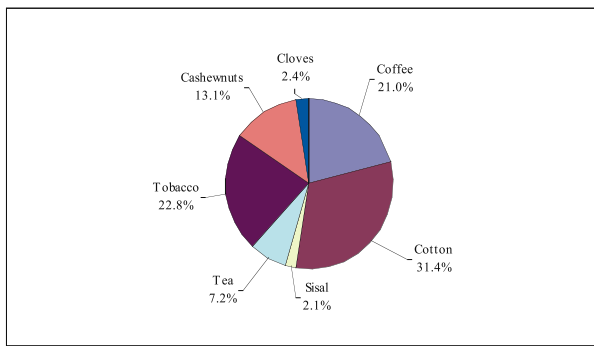
In December, traditional exports earned about USD 62 million compared to USD 40 million recorded in the previous month. A remarkable improvement was recorded in cashew, whose export volume rose from 12,700 tons in November to 43,911 tons, while its value was USD 33.1 million up from USD 8.9 million. The increase in cashew exports was largely explained by the willingness of the buyers to offer the price of between TZS 600 and TZS 480 per kilogram for higher and lower grades, respectively, set by stakeholders in September 2005.

During 2005, foreign exchange earnings from traditional exports amounted to USD 354.5 million, which was an improvement of about 19 percent from previous year's performance. A notable improvement was recorded in export volumes of coffee, cotton and tobacco as a result of favourable weather and timely usage of agricultural inputs - pesticides for cotton and fertilizers for tobacco

(Chart 4.3)



Chart 4.3: Contribution to total traditional exports for the year ending December 2005



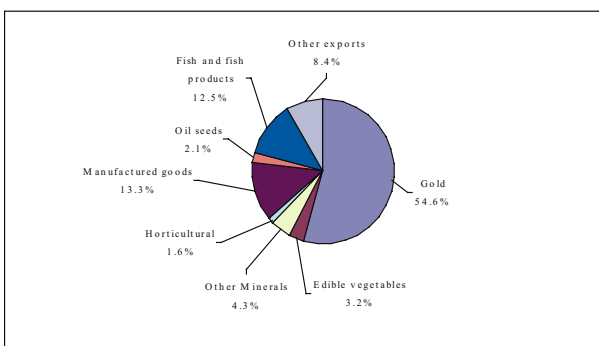
Non-Traditional Exports

Exports of non-traditional goods decreased by 10.3 percent to USD 91.7 million in December 2005. Export of manufactured goods declined significantly to USD 12.7 million from USD 29.6 million recorded in November 2005. However, the performance in November was unusually high because Tanzania exports of sugar to the European Union (EU) under the preferential treatment are normally made once a year. Under this arrangement, Tanzania has a quota of exporting a total of 20,200 tons of sugar per year to EU.

During 2005, non-traditional exports went up by 13.3 percent to USD 1,176.3 million. Gold led the list by accounting for over 50 percent of total due to improved prices in the world market and increase in production. A new gold mining company, Tulawaka Gold mining company, started production in early 2005 and its first export was done in March 2005.

During the year under review, exports of manufactured goods and other exports improved. The former was partly attributed to the on-going rehabilitation and establishment of new industries while the later was on account of a rise in exports of textile apparels, footwear, plastic items, iron and steel (Chart 4.4).

Chart 4.4: Contribution to total non-traditional exports for the year ending December 2005

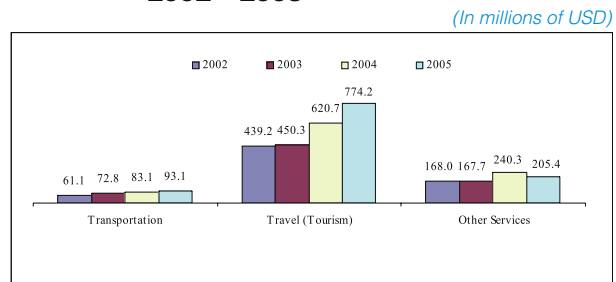


Services Export

During December 2005, export of services decreased to USD 85.1 million from USD 87.2 million in the previous month following the decrease in travel (tourism), transportation and other business services receipts.

On annual basis, services receipts increased to USD 1,072.7 million during 2005 from USD 944.1 million recorded in the previous year on account of a rise in travel and transportation services receipts. Foreign exchange from travel (tourism) increased by 24.7 percent to USD 774.2 millions, partly on account of increased tourism related activities and improvement in infrastructure. In view of the potential for tourism growth, British Airways launched two new products namely Club World and World Traveller Plus, which aim at providing better customers services. It is anticipated that more visitors from the European Countries will fly directly to Tanzania (Chart 4.5).

Chart 4.5: Tanzania: Service Receipts 2002 – 2005



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

Goods Imports

During December 2005, the import bill of goods (f.o.b) was USD 239.4 million, which was about 17 percent less than that of previous month. Decreases in imports were recorded in all major goods with the exception of food and foodstuffs (Table 4.2). The volume of oil imports declined slightly to 92,000 tons from 93,254 tons recorded in the previous month. The increase in importation of food and foodstuff was on account wheat, which rose to 77,404 tons during the review month from 64,492 tons in the previous month.

Table 4.2: Tanzania imports

Item	December		2005 ^P		Year Ending December		
	2003	2004 ^P	Nov	Dec	2004	2005 ^P	% Change
	CAPITAL GOODS	62.6	86.7	128.8	106.5	860.0	1,078.1
Transport Equipment	17.4	19.1	42.9	36.1	229.0	289.6	26.5
Building and Construction Equipment	8.5	20.8	33.3	30.1	185.5	257.2	38.7
Machinery	36.7	46.8	52.6	40.3	445.5	531.3	19.3
INTERMEDIATE GOODS	59.6	63.2	81.1	66.3	712.8	830.2	16.5
Oil imports	36.4	31.7	41.2	40.7	431.8	511.2	18.4
Fertilizers	3.4	7.1	9.5	1.5	54.1	64.6	19.5
Industrial raw materials	19.8	24.4	30.3	24.1	227.0	254.4	12.1
CONSUMER GOODS	78.0	79.7	78.5	66.6	766.9	753.1	-1.8
Food and foodstuffs	22.3	22.7	18.1	20.6	248.8	168.4	-32.3
All other consumer goods ¹	55.7	57.0	60.4	46.0	518.1	584.8	12.9
GRAND TOTAL (F.O.B)	200.2	229.6	288.4	239.4	2,339.7	2,661.5	13.8

Note:

P = provisional data. It includes pharmaceutical products, paper products, and plastic items, and optical/photographic materials, textile apparels.

Source: Bank of Tanzania and Tanzania Revenue Authority



During 2005, Tanzania's import bill stood at USD 2,661.5 million, which is an increase of about 14 percent over the previous year. This development is explained by substantial increase in imports of capital and intermediate goods in line with the growth in manufacturing, mining and tourism activities. Also, imports of pharmaceutical products, books and plastic articles increased. On the other hand, imports of food and foodstuffs declined to USD 93.1 million from USD 170.9 million recorded in 2004. The decline was marked in imports of maize and rice following improved domestic production (**Charts 4.6 and 4.7**).

Chart 4.6: Tanzania: Contribution to total imports during 2005

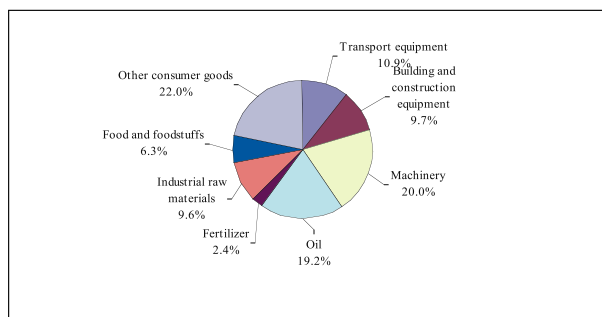
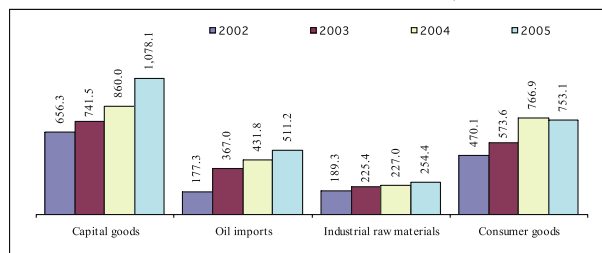


Chart 4.7: Tanzania: Total Merchandise Imports: 2002-2005

(In Millions of USD)



Services Imports

During the month under review, services payments decreased to USD 99.1 million from USD 108.9 million, mainly on account of the fall in payments for transportation, government and construction services. However, travel payments increased by 14.6 percent to USD 53.6 million reflecting the December seasonal pattern.

On annual basis, services payments also increased by 19.6 percent to USD 1,162.9 million, largely on account of increases in payments for construction, freight charges, travel and government services. The rise in freight payments reflected the increase in merchandise imports, while that of construction is associated with the expansion in construction activities in the country. Travel payments increased due to increase in number of travellers on education, business and medical grounds (**Chart 4.8**).

Chart 4.8: Tanzania: Service Payments 2002 - 2005

(In millions of USD)



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

World Commodity Prices

During December 2005, the price of Arabica coffee decreased slightly while that of Robusta coffee increased, largely due to a surge in demand, associated with winter in the Northern Hemisphere. The prices of other agricultural commodities remained stable during the reporting month except tea, which increased (Table 4.3). The price of sisal has remained stable at around USD 885.0 per metric ton for about a year in line with recommendations by FAO Committee on Commodity Problems held in Rome in December 2004 that the indicative price for East African UG fibre should range from USD 840 to USD 900 per ton instead of USD 700 to USD 750 per ton.

The prices of crude oil and white petroleum products went up slightly during the month after having declined in the previous month. Gold prices rose by 7.0 percent to USD 510.00 per troy ounce, largely due to the high demand for gold in Japan, Europe and the Asian countries during the festive season.

On annual basis, the average prices of coffee increased substantially in 2005 when compared with the previous year following a surge in demand coupled with constraints on supply. The decline in supply was partly attributable to the effects of the Hurricanes on coffee growing regions in Central America and drought conditions in Vietnam.

During the same period, prices of tea and cotton declined, while those of sisal and cloves increased. The increase in the price of cloves was largely on account of a shortfall in production as the result of unfavourable weather conditions in Madagascar.

The prices of crude oil and white petroleum products increased in 2005, partly due to supply disruptions in Nigeria, Russia and the Middle East, as well as surge in demand from the United States, India and China. The price of gold in 2005 rose by 8.7 percent to USD 444.80 per troy ounce, partly driven by a surge in demand for gold as investors diversified from investing in stocks, bonds because of global security concerns.



Table 4.3: World Commodity Prices

COMMODITY	Units	2005			% Change	Year ending Dec		
		Oct	Nov	Dec		2004	2005	% Change
Robusta Coffee	US \$ per kg	1.05	1.13	1.24	9.73	0.79	1.11	40.51
Arabica Coffee	US \$ per kg	2.32	2.38	2.33	-2.10	1.77	2.53	42.94
Tea (Average price)	US \$ per kg	1.67	1.65	1.65	0.00	1.69	1.65	-2.37
Tea (Mombasa auction)	US \$ per kg	1.55	1.47	1.51	2.72	1.55	1.48	-4.52
Cotton, "A Index"	US \$ per kg	1.28	1.25	1.25	0.00	1.37	1.22	-10.95
Cotton, Memphis"	US \$ per kg	1.32	1.33	1.33	0.00	1.38	1.30	-5.80
Sisal (UG)	US \$ per metric ton	885.00	885.00	885.00	0.00	862.10	885.00	2.66
Cloves	US \$ per metric ton	3087.50	3050.00	3050.00	0.00	2936.08	3170.94	8.00
Cru de oil*	US \$ per barrel	58.19	55.04	56.43	2.53	37.73	53.39	41.51
Cru de oil**	US \$ per barrel	53.67	51.31	53.13	3.55	33.46	49.29	47.31
White products***	US \$ per ton	604.24	516.20	520.22	0.78	331.71	509.80	53.69
Gold	US \$ per troy ounce	469.90	476.70	510.00	6.99	409.20	444.80	8.70

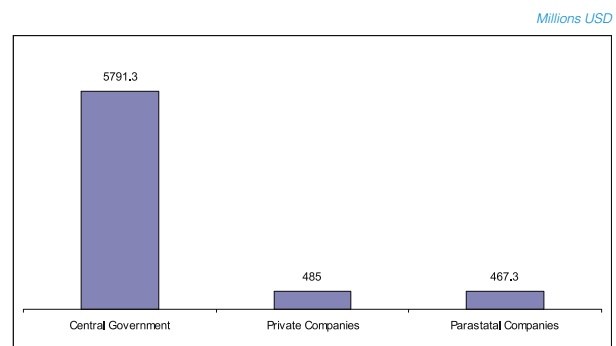
Note: * Average of U.K. Brent, Dubai and West Texas Intl

** f. o. b. Dubai

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

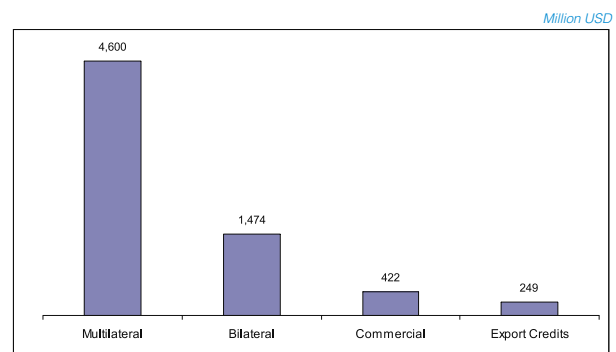
Source: Various Trade Publications

Chart 5.1: The DOD By Borrower Category as at end of December 2005



Analysis of disbursed outstanding debt by creditor category shows that USD 4,599.6 million (68.2 percent) is owed to multilateral institutions and USD 1,473.6 million (21.9 percent) to bilateral creditors. The remaining debts amounting to USD 421.6 million (6.3 percent) and USD 248.8 million (3.7 percent) were commercial and export credits respectively (Chart 5.2).

Chart 5.2: DOD by Creditor Category as at end of December 2005



The disbursed outstanding debt by use of funds indicates that USD 1,363.4 million (20.2 percent) was disbursed in the form of Balance of Payments Support. Transport & Telecommunication accounted for USD 1,049.6 million (15.6 percent), Agriculture USD 1,042.5 million (15.5 percent) and Energy & Mining USD 930.7 million (13.8 percent). Social Welfare & Education, Industries, Finance & Insurance and Tourism accounted for USD 627.6 million (9.3 percent), USD 387.1 million (5.7 percent), USD 101.9 million (1.5 percent) and USD 79.5 million (1.2 percent) of the total debt respectively. The remaining USD 1,163.9 million (17.3 percent) was absorbed by other activities (Chart 5.3).

5.0 National Debt Developments

Overview

The national debt stock (external and domestic) at the end of December 2005 was USD 9,383.9 million, representing a small increase from USD 9,303.1 million registered at the end of November 2005. The increase is mainly attributed to exchange rates fluctuations, accumulation of arrears and new borrowing to finance Government budget. During the same period, HIPC debt relief amounting to USD 5.9 million was realized in the form of debt service reduction from multilateral institutions.

External Debt

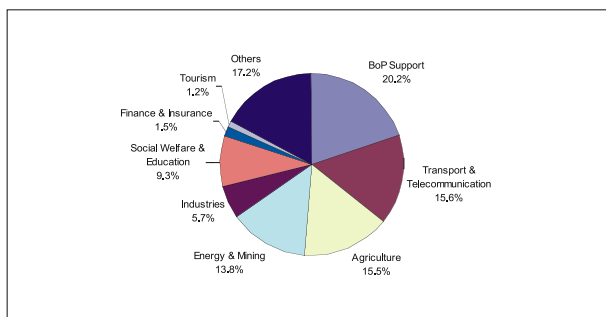
External debt committed as at the end of December 2005 amounted to USD 8,153.7 million, representing an increase of USD 14.8 million (0.2 percent) from USD 8,138.9 million recorded at the end of November 2005. Out of committed debt, USD 6,743.6 million (82.7 percent) was disbursed outstanding debt (DOD) and USD 1,410.1 million (17.3 percent) was committed undisbursed debt. Likewise, external debt stock increased by 52.4 million (0.7 percent) from USD 7,879.4 million recorded at the end November 2005 to USD 7,931.8 million at the end of December 2005. The increase in external debt is mainly explained by exchange rates fluctuations and accumulation of arrears.

Profile of Disbursed Outstanding Debt (DOD)

Analysis of disbursed outstanding debt by borrower category indicates that Central Government remained the largest borrower with a total debt of USD 5,791.3 million (85.9 percent) followed by the private sector with USD 485.0 million (7.2 percent). Parastatal companies held debts worth USD 467.3 million, representing 6.9 percent of the total debt (Chart 5.1).



Chart 5.3: DOD By Use of Funds as at end of December 2005



External Debt Service Payments

Actual debt service payments during the month under review amounted to USD 11.0 million against the scheduled amount of USD 23.9 million. Lower debt service payments were a result of HIPC debt relief and accumulation of arrears on non-serviced debts (Table 5.1).

HIPC Debt Relief Multilateral Debt Relief

During the month under review Tanzania realised HIPC debt relief amounting to USD 5.9 million, out of which, USD 4.8 million was from IDA, USD 0.8 million from IMF, 0.1 million from NODF and USD 0.2 million was from EIB and IFAD.

Table 5.1: Multilateral Debt Relief

Million of USD

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06				TOTAL
							Quarter I	Oct	Nov	Dec	
IDA	9.12	39.78	41.24	43.45	47.79	47.74	10.74	3.48	4.88	4.76	252.98
AfDB	4.51	9.63	0.00	8.02	10.00	9.99	4.79	0.14	0.00	0.00	47.08
IMF	6.33	17.55	23.36	7.23	11.10	10.72	2.38	0.00	1.23	0.83	80.73
IFAD	0.00	0.00	0.53	1.34	0.82	1.43	0.66	0.00	0.00	0.02	4.80
NOR TF	0.00	0.00	0.00	2.61	1.51	2.83	0.00	0.00	0.00	0.00	6.95
NODF	0.00	0.00	0.00	0.00	0.00	0.24	0.10	0.00	0.00	0.10	0.44
EIB	0.00	0.00	0.00	0.00	0.24	9.29	0.88	0.32	1.63	0.15	12.51
EADB*	0.00	0.00	0.00	0.00	0.00	1.30	0.00	0.00	0.00	0.00	1.30
TOTAL	19.96	66.96	65.13	62.65	71.46	83.54	19.55	3.94	7.74	5.86	406.79

* Stock Reduction

Source: Bank of Tanzania

Bilateral Debt Relief

Debt relief received from Paris Club bilateral creditors as at the end of December 2005, remained at the same level of USD 858.7 million. Likewise, debt relief received from Non Paris Club bilateral creditors remained unchanged at the level of USD 184.6 as reported in the previous month (Table 5.2).

Table 5.2: Bilateral Debt Relief as at End December 2005

Billion of USD

Creditor	Expected Debt Relief	Debt Relief Offered	Percentage
PC Creditors	1.179	0.858	72.8
Non P.C Creditors	0.270	0.185	68.5

Source: Bank of Tanzania



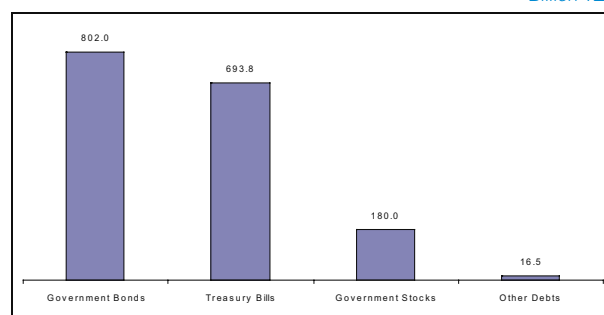
Domestic Debt

Domestic debt stock at the end of December 2005 stood at TZS 1,692.5 billion equivalent to USD 1,452.1 million. This represents an increase of TZS 8.1 billion from TZS 1,684.4 billion registered at the end of November 2005. The increase was due to Government financing.

Out of the total domestic debt stock, Government securities amounted to TZS 1,675.8 billion (99.0 percent), out of which, Government Bonds, Treasury bills, Government stocks and Tax Reserve Certificates were TZS 802.0 billion, TZS 693.8 billion, TZS 180.0 billion and TZS 0.1 billion respectively. Other debts amounted to TZS 16.5 billion (1.0 percent) (Chart 5.4).

Chart 5.4: Government Domestic Debt by Instruments as at end of December 2005

Billion TZS

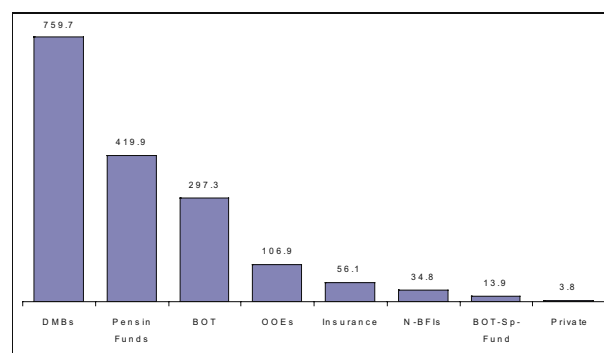


Domestic Debt by Creditor Category

Commercial banks remained the leading government creditors by holding 44.9 percent of total domestic debt followed by Pension Funds with 24.8 percent, Bank of Tanzania 17.6 percent, Other Official Entities 6.3 percent, Insurance companies 3.3 percent, Non-Bank Financial Institutions 2.1 percent, BOT Special Funds and private sector altogether held the remaining 1.0 percent (Chart 5.5).

Chart 5.5: Government Domestic Debt by Creditor Category as at end of December 2005

Billions of TZS



Domestic Debt Service

During the month under review TZS 118.6 billion fell due for payment. Out of this amount TZS 17.4 billion, being interest, was paid out of government revenue, while principal amounting to TZS 101.2 billion was rolled over.

6.0 Economic Developments in Zanzibar

Budgetary performance

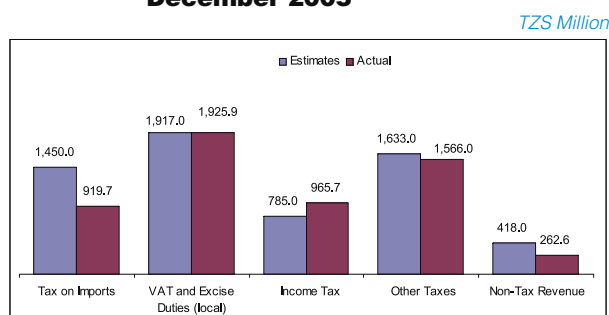
During December 2005, the Zanzibar Government budgetary performance recorded an overall deficit of TZS 2.2 billion on cheques issued basis and a deficit of TZS 1.8 billion on cheques cleared. The budget deficit was exclusively financed by the donor funds to the tune of TZS 1.8 billion.

Revenue Performance

During December 2005 revenue outturn amounted to TZS 5.6 billion, below the target amount of TZS 6.2 billion. The under performance was on account of decline in revenue from import duties, other taxes category and non-tax revenue. Tax revenue reached TZS 5.4 billion against the target of TZS 5.8 billion, while non-tax revenue amounted to TZS 0.2 billion below the target TZS 0.4 billion. Revenue performance by category is shown in Chart 6.1.

Cumulatively, total revenue collection from July 2005 to December 2005 amounted to TZS 32.7 billion, below the target of TZS 33.9 billion.

Chart 6.1: Government Revenue by Source December 2005

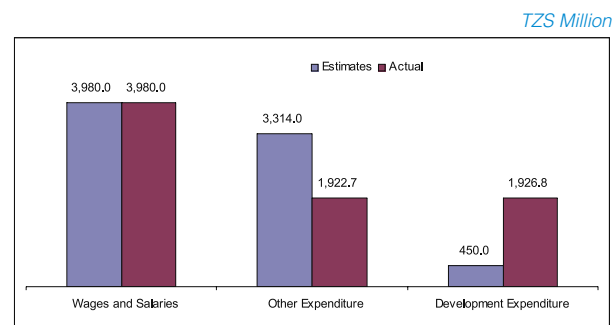


Expenditure performance

During December 2005, expenditure for the Zanzibar Government amounted to TZS 7.8 billion, slightly higher than the ceiling of TZS 7.7 billion, due to inclusion of expenditures on donor funded development projects. Out of the total expenditure, recurrent expenditure amounted to TZS 5.9 billion and the balance was went to development projects. Wages and salaries were in line with target, amounted to TZS 4.0 billion, accounting for 67.8 percent of total recurrent expenditure or 50.9 percent of total expenditure.

On cumulative basis, during July to December 2005, Government expenditure amounted to TZS 56.0 billion, against the projected ceiling of TZS 53.9 billion due to consideration of expenditure pertaining to donor funded development expenditure (Chart 6.2).

Chart 6.2: Government Expenditure by Components-December 2005



Debt Developments

Slight decrease in Public Debt

Zanzibar total debt as at end-December 2005, stood at TZS 175.3 billion; having declined marginally by 1.5 percent, from TZS 177.9 billion recorded in November 2005. The decline was mainly attributed to partial payment of amounts due to pensioners. The total debt represented 50.9 percent of GDP.

External debt was the largest component, amounted to TZS 105.6 billion, accounting for 60.2 percent of total debt, while domestic debt amounted to TZS 69.7 billion, representing 39.8 percent of total debt.

Domestic Debt

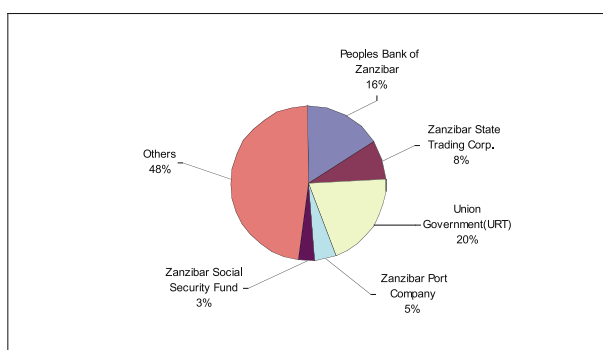
During the period under review, domestic debt increased marginally by 0.2 percent to TZS 69.7 billion from TZS 69.5 billion recorded in the previous month; on account of new debts and arrears due to pensioners and new retirees.



Domestic Debt by Creditor

Analysis of domestic debt by creditor reveals that, the Union Government debt stood at TZS 13.6 billion, representing 19.5 percent of total domestic debt. Claims by Peoples Bank of Zanzibar (PBZ), Zanzibar State Trading Company (ZSTC), and Zanzibar Port Company (ZPC) amounted to TZS 11.4 billion, TZS 5.2 billion and TZS 3.3 billion, accounting for 16.4 percent, 8.1 percent and 4.7 percent of total domestic debt, respectively. Debt due to Zanzibar Social Security Fund (ZSSF) amounted to TZS 2.2 billion or 3.1 percent of total domestic debt, while claims by Other domestic creditors (domestic suppliers and pensioner's claims) amounted to TZS 33.5 billion representing 48.1 percent of total domestic debt (Chart 6.3).

Chart 6.3: Domestic debt by Creditor as at end - December 2005



Domestic Debt by instruments

The profile of domestic debt by instruments depicts that long-term loans and Government stocks remained at TZS 11.4 billion and TZS 5.9 billion, representing 16.4 percent and 8.5 percent of total domestic debt respectively. Treasury bills remained at TZS 6.0 billion representing 8.6 of total domestic debt, while treasury bonds stood at 8.8 billion or 12.7 percent. Other debt instruments (suppliers credits, pensioners claims) increased by 0.5 percent to TZS 37.4 billion or 53.7 percent of total domestic debt, due to new debts and accruing arrears of government creditors mainly pensioners.

Domestic debt by maturity

Debt maturing in less than a year remained at TZS 20.7 billion or 29.7 percent of total domestic debt same as recorded in previous month. Debt with maturity of between 1 to 2 years stood at TZS 8.8 billion, accounting for 12.7 percent of total domestic debt, while debt maturing between 2 - 5 years remained at TZS 1.3 billion or 1.9 percent of total domestic debt. Debts with "undetermined maturity" (gratuity, pension claims, and domestic suppliers' claims)

amounted to TZS 38.9 billion, representing 55.7 percent of the total domestic debt.

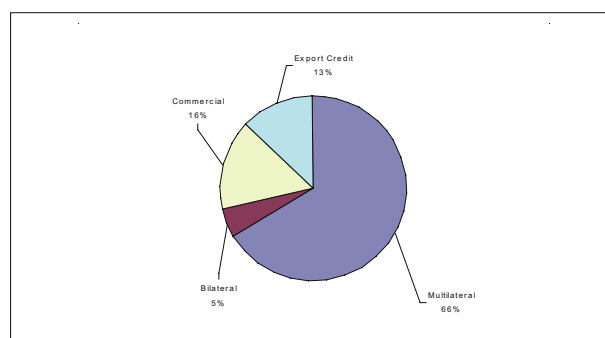
External Debt

Zanzibar's external debt remained stagnant; stood at TZS 105.6 or USD 90.7 million at end December 2005; same as was in previous month. However, in local currency the debt decreased by 2.6 percent due appreciation of local currency

External Debt by Creditor Category

During the period under review, debt due to multilateral creditors stood at TZS 69.8 billion or USD 60.0 million, representing 66.1 percent of total external debt. Bilateral and commercial debts recorded TZS 5.4 billion or USD 4.6 million and TZS 16.2 billion or USD 14.5 million accounting for 5.1 percent and 16.0 percent of total external debt, respectively. Export credit amounted to TZS 13.5 billion or USD 11.6 million, accounting 12.9 percent of total external debt (Chart 6.4).

Chart 6.4: External debt by Creditor as at end - December 2005



External Debt by Maturity

The composition of external debt by maturity shows that, debts maturing beyond 20 years period was dominant and amounted to USD 56.4 million or 62.1 percent of total external debt. Debt maturing between 5 to 10 years ranked second and stood at 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.

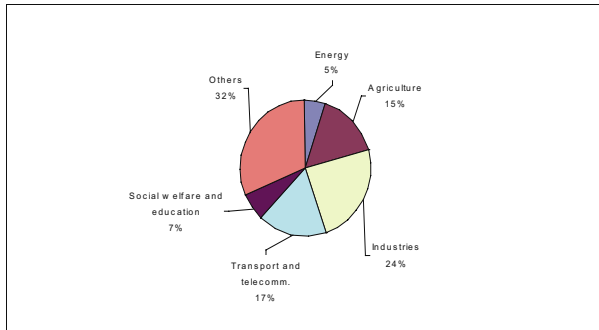
External debt - Disbursements by Use of Funds

During the review period, the disbursed external debt funds show that USD 21.7 million was channelled in industrial sector, USD 5.2 million in Transport and telecommunications,



USD 14.0 millions in agriculture, USD 4.8 in energy, where as Other uses and Social welfare utilized USD 28.8 and USD 6.0 millions respectively. The position was as per **Chart 6.5**.

Chart 6.5: External debt by Use of Funds as at end – December 2005



Trade Developments

External Trade Performance

During December 2005, Zanzibar's trade balance (goods and services) improved to a deficit of USD 5.64 million, from USD 6.76 million registered in the preceding month due to improved performance in export of goods and services, coupled with the decrease in imports of goods. During 2005, the trade balance deficit worsened by 16.3 percent over the previous year position mainly on account of increase in import bill (Table 6.1).

Table 6.1: Trade Account Balance

Millions of USD

Item	2004	200 5p										Year Ending Dec		Monthly %Change	Annual %Change
	Dec	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	2004	200 5p				
Exports	7.614	7.675	6.127	9.032	9.908	7.787	7.991	7.205	7.661	57.924	85.3	6.3	47.3		
Goods	1.606	0.510	0.267	0.195	3.762	1.874	1.264	0.804	1.314	13.451	11.732	63.4	(12.8)		
Services	6.008	7.165	5.860	8.837	6.146	5.913	6.728	6.400	6.347	44.473	73.598	-0.8	65.5		
Imports	8.888	13.327	13.327	10.341	16.227	12.463	13.490	13.964	13.306	94.431	127.7 97	-4.7	35.3		
Goods (f.o.b)	6.535	5.882	5.882	5.984	9.801	6.200	7.366	8.934	7.500	68.325	71.52 68	-16.1	4.7		
Services	2.353	7.445	7.445	4.357	6.427	6.263	6.124	5.030	5.806	26.106	56.270	15.4	115.5		
Trade Balance	-1.27	-5.65	-7.20	-1.31	-6.32	-4.68	-5.50	-6.76	-5.64	-36.51	-42.47	-16.5	16.3		

Source: Tanzania Revenue Authority.

P = Provisional

Exports Performance

During the month under review, export proceeds from goods and services increased to USD 7.7 million from USD 7.2 million registered in the previous month. On annual basis, export earnings improved remarkably to USD 85.3 million during 2005 from USD 57.9 million in the previous year. The improvement was on account of higher services inflows, which surged to as high as USD 73.6 million from USD 44.5 million, representing 86.3 percent of total export earnings. Exports of cloves fetched USD 8.9 million, accounting for 10.5 percent of total exports, while seaweeds realised USD 1.1 million, accounting for 1.3 percent of total exports.

Imports Performance

Zanzibar goods imports (c.i.f) during December 2005 declined to USD 8.2 million from USD 9.8 million recorded in the preceding month, largely on account of a decrease in importation of capital and intermediate goods. Capital goods imports decreased following temporary slack in construction activities, while the decline in intermediate goods was marked in the importation of oil products due to supply logistics bottlenecks.

During 2005, the Zanzibar import bill increased to USD 78.6 million from USD 75.1 million of the previous year on account of increase in building, construction and machinery imports to cater for the expanding construction industry. The hike in world oil prices also contributed to the increase in import bill during the year (Table 6.2).

Table 6.2: Zanzibar Imports by Major Categories

Item	2004	200 5p										Year Ending Dec	
	Dec	May	June	July	Aug	Sept	Oct	Nov	Dec	2004	200 5p		
CAPITAL GOODS	1.986	3.132	2.192	1.309	5.222	3.969	2.418	4.724	3.704	24.719	32.82 05		
Transport Equipments	0.905	1.079	0.547	0.458	0.842	1.121	0.75	0.532	0.801	7.6329	7.730		
Building and Constructions	0.240	0.395	0.444	0.310	1.604	0.534	0.71	1.879	1.040	6.4327	8.015		
Machinery	0.841	1.659	1.201	0.541	2.777	2.313	0.96	2.313	1.863	10.654	17.075		
INTERMEDIATE GOODS	1.473	1.473	1.538	3.267	2.394	1.292	2.316	2.806	2.138	21.012	22.39 94		
Oil imports	1.107	1.107	1.211	3.089	2.161	1.004	1.80	2.524	1.775	14.862	19.023		
Industrial raw materials	0.367	0.367	0.327	0.177	0.233	0.288	0.52	0.282	0.363	6.1493	3.376		
CONSUMER GOODS	5.721	1.767	2.734	2.000	3.154	1.552	3.360	2.288	2.400	29.352	23.381		
Food and foodstuffs	2.231	0.916	1.772	1.445	1.793	0.800	2.52	1.150	1.491	16.591	14.366		
All other consumer goods	1.490	0.851	0.961	0.554	1.361	0.753	0.84	1.138	0.909	12.761	9.015		
GRAND TOTAL (CIF)	7.181	6.979	6.464	6.576	10.770	6.813	8.094	9.818	8.242	75.08 3	78.601		
GRAND TOTAL (FOB)	6.535	6.351	5.882	5.984	9.801	6.200	7.366	8.934	7.500	68.325	71.527		

P = provisional

Source: Tanzania Revenue Authority

Services Account

Zanzibar services account balance (net) registered a lower surplus of USD 0.5 million in December 2005 compared with USD 1.4 million recorded in the previous year, largely due to decline in services receipts from tourism sector coupled with an increase in foreign payments. Specifically, service payments increased by 15.4 percent to USD 5.8 million from USD 5.0 million, while services receipts declined by 0.8 percent to USD 6.3 million from USD 6.4 million. On annual basis, as at end of December 2005, the services account recorded a surplus of USD 17.3 million as opposed USD 18.4 million registered in the previous corresponding period.



Table A1: Tanzania Selected Economic Indicators (Revised)

Item	Unit	1999	2000	2001	2002	2003	2004p
1. Population (TZ Mainland)	Million	30.9	31.9	32.8	33.6	34.2	35.2
2. Gross Domestic Product (GDP)							
2.1 At Current Prices f.c (Nominal)	Mill. TZS	5,977,700.0	6,706,381.0	7,624,616.0	8,699,887.0	9,824,779.0	11,287,319.0
	Mill. USD	8,024.8	8,378.8	8,699.9	9,000.5	9,459.6	10,362.9
2.2 At Constant 1992 Prices (Real)	Mill. TZS	1,577,292.0	1,654,319.0	1,749,358.0	1,857,175.0	1,962,432.0	2,094,516.0
	Mill. USD	2,117.5	2,066.9	1,996.1	1,921.3	1,889.5	1,923.0
3. Income per Capita							
3.1 Nominal (Current Prices)	TZS	193,453.1	210,231.4	232,457.8	258,925.2	287,274.2	320,662.5
	USD	259.7	262.7	265.2	267.9	276.6	294.4
3.2 Real (1992 Prices)	TZS	51,045.0	51,859.5	53,172.0	55,273.1	57,381.1	59,459.4
	USD	68.5	64.8	60.7	57.2	55.2	54.6
4. Price Index (1994=100)*							
4.1 Consumer Price Index (CPI)	Gen. Index	197.9	209.7	220.4	101.0	104.5	108.9
4.2 Percentage Change	Per cent	7.9	5.9	5.1	4.6	3.5	4.1
4.3 Retail Price Index - Wage Earners (Dar es Salaam)	Gen. Index	149.8	150.6	163.4	175.6	184.2	199.3
4.4 Percentage Change	Per cent	2.1	0.5	8.5	7.5	4.9	8.2
4.5 GDP Implicit deflator	Index	379.0	405.4	435.9	468.4	500.6	538.9
4.6 GDP Implicit deflator	Per cent	11.4	7.0	7.5	7.5	6.9	7.6
5. Balance of Payments Position							
5.1 Exports (f.o.b)	Mill. USD	543.3	663.3	776.4	902.5	1,129.2	1,334.9
5.2 Imports (f.o.b)	"	1,415.4	1,367.6	1,560.3	1,511.3	1,933.5	2,281.2
5.3 Balance of Visible Trade	"	-872.1	-704.3	-783.9	-608.8	-804.3	-946.3
5.4 Balance on Current Account	"	-846.2	-495.8	-436.7	-214.7	-384.2	-456.7
5.5 Overall Balance	"	-128.4	-86.3	-809.6	-112.4	69.9	-98.1
5.6 Exchange Rate :							
5.6.1 Annual Average	TZS/USD	744.9	800.4	876.4	966.6	1,038.6	1,089.2
5.6.2 End of Period	TZS/USD	797.3	803.3	916.3	976.3	1,063.6	1,043.0
6.0 Broad Money Supply (M2)**	Mill. TZS	972,088.6	1,093,610.9	1,233,667.0	1,507,386.5	1,721,109.9	2,050,886.0
6.1 Percentage Change	Per cent	15.0	12.5	12.8	22.2	14.2	19.2
6.2 Currency in Circulation Outside Banks	Mill. TZS	384,848.0	392,404.2	411,638.9	495,445.6	553,045.8	664,148.0
6.3 Demand Deposits	"	247,723.2	302,602.3	354,381.0	463,340.9	560,333.3	651,591.3
6.4 Quasi-Money (Time, Savings and Foreign Currency deposits)	"	585,055.6	702,682.3	870,710.8	1,088,896.5	1,274,937.0	
7. Public Finance †	1994/95	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
7.1 Recurrent Revenue	"	777,644.7	929,624.0	1,042,955.1	1,217,517.0	1,459,303.3	1,773,709.4
7.2 Recurrent Expenditure	"	808,865.4	1,018,782.1	1,121,526.0	1,488,640.8	1,780,115.1	2,093,054.9
7.3 Development Expenditure	"	359,913.4	286,253.2	344,610.9	500,897.0	736,828.1	1,071,161.0
7.4 Adjustment to cash and other items (net)	"	-2,444.3	-25,447.4	3,203.8	-16,662.9	190,125.3	79,167.0
7.5 Finacing:							
7.5.1 Domestic Financing	"	7,854.4	-2,494.4	-22,606.6	-36,513.9	-44,262.7	144,954.0
7.5.2 Foreign Loans (net)	"	105,417.3	90,354.2	121,842.5	172,016.5	374,393.0	582,130.0
8. Total External Debt Stock****	Mill. USD	7,669.7	7,624.8	7,464.0	7,268.1	7,857.0	8,134.8
Disbursed Debt	"	6,580.3	6,538.3	6,559.7	6,233.0	6,678.3	6,799.5
Interest	"	1,089.4	1,086.5	904.3	1,035.1	1,178.7	1,335.3

Source: Bank of Tanzania and National Bureau of Statistics

: p Provisional data; † Revised; *From 2003 figures have been rebased to 2001; ** End-December Posi

*** cummlative July-Dec 2005

**** Debt position is given on financial year basis (end of period). For 2005/06, it is at end-Dec 2005



Table A2: Central Government Operations (Actual)

Monthly Flows		Million of TZS						
Item	<i>BUDGET</i>							
	<i>2005/2006</i>	<i>Jul-05</i>	<i>Aug-05</i>	<i>Sep-05</i>	<i>Oct-05</i>	<i>Nov-05</i>	<i>Dec-05</i>	
Total Revenue	2,066,751.6	147,121.2	160,134.2	190,536.1	184,755.5	165,878.9	198,332.8	
Tax Revenue	1,895,966.6	137,459.3	144,472.6	179,182.3	138,742.8	150,353.0	185,086.2	
Taxes on Imports	790,801.9	67,272.4	65,645.4	68,495.4	57,279.2	68,728.1	69,657.4	
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	
Refunds	-67,834.4	-7,654.5	-7,654.5	-5,652.8	-5,652.8	-7,654.5	-7,654.5	
Income Taxes	549,074.3	28,155.1	31,623.2	66,613.8	33,154.6	33,661.6	71,878.9	
Other taxes	157,555.2	13,025.2	12,004.2	11,897.7	11,594.4	13,219.8	13,283.2	
Non- tax Revenue	170,785.0	9,661.9	15,661.6	11,353.8	46,012.7	15,525.9	13,246.6	
Total Expenditure /1	4,176,050.4	162,576.8	204,826.7	462,825.0	554,890.2	321,179.9	323,920.4	
Recurrent expenditure	2,790,867.3	89,159.9	155,633.8	332,494.5	321,170.9	242,684.6	259,903.4	
Roadtoll fund	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	
Wages and salaries	681,897.3	53,146.0	53,337.1	55,920.5	52,789.0	53,513.5	54,620.2	
Interest payments	174,762.9	11,605.5	8,165.1	19,952.5	18,615.8	13,995.4	17,474.6	
Domestic 2/	100,178.3	8,669.2	6,808.9	9,035.3	15,496.8	7,804.4	13,167.2	
Foreign	74,584.6	2,936.2	1,356.2	10,917.1	3,119.0	6,191.0	4,307.4	
Other goods, services and transfers	1,934,207.1	24,408.4	94,131.5	256,621.6	249,766.1	175,175.7	187,808.5	
Dev. Expenditure and net lending	1,385,183.1	73,416.9	49,192.9	130,330.5	233,719.3	78,495.3	64,017.0	
Local	370,037.8	0.0	200.0	71,000.0	146,000.0	0.0	0.0	
Foreign	1,015,145.3	73,416.9	48,992.9	59,330.5	87,719.3	78,495.3	64,017.0	
Overall Balance (cheque issued) before Grants	-2,109,298.8	-15,455.6	-44,692.5	-272,288.9	-370,134.7	-155,301.0	-125,587.6	
Grants	1,011,345.0	81,642.2	80,312.8	99,252.5	228,191.6	60,080.5	59,549.7	
Program (CIS/UGL)	345,475.6	6,695.7	29,028.9	49,974.0	195,637.6	3,758.7	0.0	
Project	340,972.4	44,640.9	44,640.9	44,640.9	28,231.2	12,103.5	18,183.9	
Basket funds	231,297.0	24,424.0	0.0	0.0	191.0	37,228.7	34,811.5	
HIPC Relief	93,600.0	5,881.6	6,642.9	4,637.6	4,131.8	6,989.6	6,554.2	
Overall defic.(cheq.issued) after Grants	-1,097,953.9	66,186.6	35,620.3	-173,036.5	-141,943.1	-95,220.5	-66,037.9	
Expenditure float	0.0	-146,552.4	-6,873.0	-1,737.5	748.9	856.5	400.1	
Adjustments to cash and other items (net)	0	-43,776	-86,366	164,959	-154,984	214,999	50,747	
Overall Balance (cheques issued)	-1,097,953.9	-124,142.2	-57,619.1	-9,815.1	-296,178.5	120,634.8	-14,891.1	
Financing:	1,097,953.9	124,142.2	57,619.1	9,815.1	296,178.5	-120,634.8	14,891.1	
Foreign Financing (net)	584,888.5	275.8	-3,278.3	84,309.8	316,434.5	18,161.4	1,112.7	
Loans	713,564.9	4,352.0	4,352.0	97,462.5	323,104.2	29,163.1	11,021.6	
Program loans	270,689.1	0.0	0.0	82,772.9	171,150.0	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	11,021.6	
Basket Support	101,291.4	0.0	0.0	10,337.6	0.0	15,062.8	0.0	
Amortization	-128,676.5	-4,076.2	-7,630.2	-13,152.7	-6,669.6	-11,001.8	-9,908.9	
Domestic (net)	513,065.4	123,866.4	60,897.4	-74,494.7	-20,256.0	-138,796.1	13,778.4	
Domestic Financing	514,905.7	123,866.4	60,897.4	-74,494.7	-20,256.0	-138,796.1	13,778.4	
Bank borrowing	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	
Amortization of contingent debt	-12,260.3	0.0	0.0	0.0	0.0	0.0	0.0	
Privatization Proceeds	10,420.0	0.0	0.0	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 A3: Monetary Survey (revised)

End of Period	Domestic assets (net)															Memorandum item:						
	Domestic credit (net)					M3, Extended Broad Money					M1, Broad Money					Narrow Money					M0	
	Foreign assets (net)	Claims on government (net)	Claims on domestic sectors (net)	Other items (net)	sum(2-5) or sum(9-13)	TOTAL	sum(9-12)	sum(9,10)	sum(9,10)	sum(9,10)	sum(9,10)	sum(9,10)	sum(9,10)	sum(9,10)	sum(9,10)	sum(9,10)	sum(9,10)	sum(9,15)	Reserves			
1994	115,765.70	181,055.61	280,158.64	-7,236.74	569,743.21	486,489.20	329,624.76	176,308.23	153,316.53	84,799.54	72,064.90	83,254.01	83,254.01	226,441.40	50,133.17							
1995	165,813.50	279,257.91	247,846.01	59,994.12	752,911.54	613,695.27	428,285.14	244,313.71	183,971.43	91,210.22	94,199.91	139,216.27	139,216.27	314,885.06	70,571.35							
1996	290,319.79	295,822.83	141,340.97	90,579.39	818,062.98	684,990.61	449,213.25	257,662.76	191,550.49	122,436.63	113,340.73	133,072.37	133,072.37	335,768.02	78,105.26							
1997	398,918.55	239,457.47	182,976.94	105,715.97	927,068.93	760,353.29	493,868.73	287,877.08	205,991.65	126,269.25	140,215.31	166,715.64	166,715.64	364,940.00	77,062.92							
1998	458,003.63	276,586.72	248,276.19	44,118.12	1,026,984.66	844,929.42	545,517.00	307,798.74	237,718.26	134,401.04	165,011.38	182,055.24	182,055.24	418,734.00	110,935.26							
1999	622,286.78	366,596.20	311,532.96	-82,789.09	1,217,626.85	972,088.57	632,571.21	384,847.97	247,723.24	149,257.10	190,260.26	245,538.28	245,538.28	508,674.00	123,826.03							
2000	842,754.98	375,145.96	340,628.06	-160,840.24	1,397,688.75	1,093,610.89	695,006.46	392,404.19	302,602.27	170,051.63	228,552.80	304,077.87	304,077.87	556,430.90	164,026.71							
2001	1,209,820.45	239,201.43	404,512.29	-216,803.44	1,636,730.73	1,233,667.02	766,019.90	411,638.86	354,381.03	208,101.43	259,545.69	403,063.71	403,063.71	584,369.11	172,730.25							
2002	1,558,627.15	264,608.62	570,668.25	-346,220.96	2,047,683.06	1,507,386.54	958,786.56	495,445.63	463,340.93	223,898.73	324,701.25	540,296.52	540,296.52	695,701.23	200,255.60							
2003	2,182,072.03	12,936.96	817,125.19	-623,818.11	2,388,316.08	1,721,109.85	1,113,379.11	553,045.83	560,333.28	230,958.84	376,771.89	667,206.23	667,206.23	783,309.00	230,263.17							
2004	2,379,909.25	-47,719.74	1,060,077.31	-544,146.78	2,848,120.05	2,050,885.98	1,315,739.36	664,148.03	651,591.33	276,396.39	458,750.23	797,234.07	797,234.07	967,776.00	303,627.97							
2005-January	2,408,352.88	61,685.64	1,117,110.42	-606,557.59	2,980,591.36	2,089,035.85	1,342,836.94	636,932.21	705,904.72	287,299.99	458,898.92	891,555.51	891,555.51	960,140.76	323,208.55							
February	2,482,058.13	79,889.58	1,132,519.87	-601,559.37	3,092,908.22	2,200,089.37	1,415,829.38	632,085.66	783,743.72	318,285.98	465,974.00	892,818.85	892,818.85	1,001,798.51	369,712.85							
March	2,462,099.70	39,973.67	1,147,110.09	-525,216.00	3,123,967.46	2,211,685.52	1,390,703.77	645,241.42	745,462.35	341,842.06	479,139.69	912,281.95	912,281.95	977,283.91	332,042.48							
April	2,357,490.81	103,951.96	1,151,142.19	-528,878.27	3,083,706.70	2,229,239.73	1,402,889.53	650,298.75	752,590.78	341,719.62	484,630.58	854,466.97	854,466.97	993,432.32	343,133.57							
May	2,305,218.64	192,236.69	1,182,122.48	-568,218.21	3,111,359.60	2,242,841.32	1,417,403.24	668,271.22	749,132.02	336,585.80	488,852.29	868,518.28	868,518.28	1,012,972.04	344,700.82							
June	2,279,294.32	284,637.91	1,219,374.33	-516,881.41	3,266,425.14	2,366,448.98	1,528,773.57	734,912.19	793,861.39	328,711.11	508,964.30	899,976.16	899,976.16	1,029,997.60	295,085.41							
July	2,271,794.70	316,477.56	1,300,730.51	-496,058.88	3,392,943.89	2,383,746.12	1,556,217.64	766,285.70	789,931.94	311,839.83	515,688.65	1,009,197.78	1,009,197.78	1,036,250.20	269,964.51							
August	2,294,107.82	279,759.35	1,331,809.78	-464,232.97	3,441,443.97	2,401,810.31	1,532,956.29	764,663.65	768,292.64	348,102.09	520,751.94	1,039,633.66	1,039,633.66	1,102,883.13	338,219.48							
September	2,222,906.51	294,886.29	1,390,349.57	-372,076.99	3,536,065.38	2,539,977.79	1,644,905.07	790,956.69	853,948.37	344,867.10	550,205.63	996,087.58	996,087.58	1,128,066.86	337,110.17							
October	2,460,785.06	258,534.56	1,373,672.44	-313,654.65	3,779,337.41	2,735,662.16	1,787,143.17	820,592.59	966,550.59	361,229.41	587,289.58	1,043,675.25	1,043,675.25	1,299,955.98	479,363.39							
November	2,664,790.76	206,764.46	1,411,085.01	-368,315.96	3,914,324.27	2,744,464.91	1,744,522.79	812,532.46	931,990.32	396,447.69	603,494.43	1,169,859.36	1,169,859.36	1,190,125.04	377,592.58							
December	2,407,311.78	413,782.38	1,425,062.30	-311,169.89	3,934,986.57	2,808,247.63	1,758,810.22	843,157.43	915,652.79	422,269.39	627,168.02	1,126,738.94	1,126,738.94	1,236,080.65	392,923.22							

Source: Monetary and Financial Affairs Department, Bank of Tanzania



Table A4: Tanzania: Interest Rate Structure

	Percent												
	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Domestic Currency													
Interbank Cash Market Rates													
Overnight	4.10	5.69	5.19	4.49	5.47	4.82	5.04	4.70	7.11	6.61	5.05	4.06	5.78
2 to 7 days	4.36	5.74	5.55	4.55	5.80	5.32	5.15	5.31	7.23	7.83	5.47	4.64	5.26
8 to 14 days	8.07	6.00	5.84	5.06	6.25	5.70	5.58	6.40	8.73	7.56	6.93	5.23	6.47
15 to 30 days	6.25	7.79	7.87	6.32	6.32	6.09	6.16	6.20	8.00	9.32	6.00	7.52	8.17
31 to 60 days	8.36	8.74	8.02	6.92	7.53	6.47	5.60	7.91	8.67	10.15	11.17	10.35	9.13
61 to 90 days	9.40	9.40	9.40	9.40	7.40	7.40	7.40	8.75	10.57	10.57	10.57	12.00	12.50
91 to 180 days	9.67	10.05	9.06	8.50	9.30	8.39	8.39	10.26	11.73	11.00	13.50	13.50	13.50
181 and above	9.92	10.00	8.70	9.23	10.50	9.47	9.20	9.20	9.20	13.60	13.60	14.80	14.80
Overall interbank cash market rate	4.90	6.12	5.83	4.76	5.58	5.20	5.09	4.97	7.26	7.23	5.25	4.73	5.97
Lombard Rate	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98
REPO Rate	5.54	5.48	5.12	5.00	5.32	5.19	5.24	5.38	7.12	7.73	6.23	5.28	6.00
Treasury Bills Rates													
35 days	8.13	8.23	7.76	6.51	5.75	5.30	6.60	7.03	8.42	9.49	8.97	8.59	8.63
91 days	9.63	9.64	8.82	8.16	8.12	8.02	8.12	10.35	11.51	12.52	14.08	13.96	14.70
182 days	9.87	10.22	9.82	9.38	9.37	9.18	9.43	10.53	11.46	13.10	14.50	14.42	14.71
364 days	10.67	10.84	10.38	9.81	9.81	9.76	10.51	11.93	12.64	13.70	14.95	15.61	15.72
Overall treasury bills rate	9.56	9.72	9.40	8.36	8.64	8.46	9.30	10.35	11.30	12.58	13.60	13.63	14.78
Treasury Bonds- 2-years													
5-years	12.00	13.00	13.31	14.64	11.68	13.24	15.05	14.82	14.91	16.89	16.89	16.89	16.89
7-years	11.66	11.66	11.66	12.62	12.94	12.11	12.11	13.19	15.00	15.00	15.64	16.77	17.01
10-years	10.44	10.44	10.44	13.05	12.60	13.21	13.21	13.05	13.14	13.14	18.37	18.09	18.26
	12.61	12.61	12.61	14.10	14.10	14.10	14.10	14.10	14.10	14.10	16.37	16.71	17.00
Discount Rate	14.42	14.73	14.40	13.64	13.60	13.80	13.92	15.14	16.04	16.13	17.78	18.30	19.33
Savings Deposit Rate	2.60	2.61	2.59	2.61	2.61	2.62	2.61	2.60	2.59	2.63	2.62	2.62	2.60
Time Deposits Rates													
Call Accounts	4.39	4.73	4.72	4.56	4.53	4.56	4.41	4.48	4.56	4.96	5.14	5.20	5.28
1 month	2.15	2.03	2.32	2.37	2.20	1.54	0.98	0.96	0.98	1.30	1.88	1.34	1.57
2 months	3.19	2.92	3.48	3.30	2.64	2.68	3.25	3.19	3.34	4.29	4.89	3.62	2.60
3 months	4.46	6.26	5.16	4.91	6.26	5.71	5.22	5.44	5.22	7.10	6.50	6.98	7.07
6 months	5.35	5.50	4.78	5.03	4.59	4.84	4.45	4.90	5.17	4.13	3.70	4.20	5.50
9 months	5.85	6.08	5.32	5.35	5.09	5.44	5.63	5.72	5.78	5.62	7.14	8.06	7.17
12 months	5.81	5.90	5.50	6.03	6.16	6.27	5.97	5.69	5.83	6.32	6.47	6.88	7.74
24 months	3.96	4.46	6.45	4.89	4.78	5.45	5.39	5.47	5.64	5.93	5.39	5.32	5.30
Negotiated Deposit Rates	8.77	8.79	8.78	8.84	8.60	8.65	8.49	8.87	9.01	8.29	8.69	9.26	10.61
Lending rates													
Call Loans	14.80	14.99	15.56	15.40	15.21	15.39	15.51	14.97	15.04	15.08	15.39	15.45	14.98
Short-term (up to 1 year)	19.25	19.25	19.25	19.25	19.25	14.50	14.50	14.50	19.25	19.25	19.25	19.25	19.25
Medium-term (1-2 years)	14.23	15.06	16.23	15.98	15.77	16.09	16.06	16.14	15.82	15.74	16.03	15.69	15.65
Medium-term (2-3 years)	17.17	17.23	16.98	16.96	16.98	17.03	16.77	16.41	16.67	16.67	17.07	16.84	15.98
Long-term (3-5 years)	15.32	15.18	15.13	15.43	15.87	15.84	16.21	15.39	15.06	15.52	15.65	15.67	14.52
Term Loans (over 5 years)	12.59	12.77	14.17	13.27	12.81	13.37	13.87	12.72	13.34	13.25	13.76	13.83	14.08
	14.67	14.74	15.30	15.37	14.63	14.62	14.65	14.18	14.31	14.24	14.46	15.21	14.68
Negotiated Lending Rates	11.05	11.33	10.29	10.32	10.33	10.54	11.01	11.51	11.39	11.37	11.47	11.46	11.14
Deposits Rates													
Call Accounts	0.59	0.51	0.61	0.45	0.63	0.41	0.47	0.55	0.39	0.66	0.49	0.46	0.52
Savings Deposits	0.65	0.73	0.72	0.72	0.87	0.67	0.67	0.65	0.68	0.72	0.69	0.67	0.80
Time Deposits	1.66	1.63	1.17	1.37	1.40	1.61	1.72	1.73	1.78	1.81	1.65	1.84	1.90
1-months	1.01	1.17	0.98	1.29	0.99	1.26	1.18	1.31	1.23	1.48	1.60	1.56	1.62
2-months	2.73	1.71	1.26	1.27	1.59	1.27	1.58	1.32	1.52	2.70	1.50	1.53	2.33
3-months	1.57	1.93	1.10	1.38	1.11	1.67	1.74	1.83	2.28	1.17	1.52	2.15	1.53
6-months	1.25	1.41	1.19	1.46	1.61	1.38	1.45	1.34	1.24	1.33	1.47	1.52	1.93
12-months	1.72	1.90	1.35	1.44	1.68	2.47	2.62	2.84	2.63	2.36	2.15	2.46	2.09
Lending Rates	7.33	7.67	7.69	7.87	7.79	7.59	8.04	7.85	7.38	7.73	8.19	8.08	8.03
Short-term (up to 1 year)	7.46	7.30	6.88	6.98	6.86	7.65	6.86	7.41	7.03	7.38	6.72	6.51	6.58
Medium-term (1-2 years)	7.41	7.98	8.09	8.35	7.96	7.05	7.70	7.86	6.45	6.93	7.93	7.71	7.67
Medium-term (2-3 years)	8.03	7.89	8.20	8.63	8.61	7.70	9.28	8.02	7.58	7.85	9.30	9.50	9.07
Long-term (3-5 years)	6.40	7.36	7.34	7.04	7.20	7.36	8.99	8.42	7.44	8.00	7.50	7.45	7.60
Term Loans (over 5 years)		7.82	7.94	8.37	8.31	8.20	7.36	7.54	8.39	8.48	9.52	9.25	9.25

Source: Bank of Tanzania



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

	2005p		% Change	December		% Change	Year Ending December		% Change
	November	December		2004	2005 ^p		2004	2005 ^p	
Traditional Exports									
COFFEE									
Value	6.5	8.7	33.2	11.1	8.7	-22.1	49.8	74.3	49.2
Volume	3.6	4.8	35.2	8.0	4.8	-39.9	38.6	46.1	19.2
Unit Price	1,827.1	1,800.0	-1.5	1,388.3	1,800.0	29.7	1,289.6	1,613.6	25.1
COTTON									
Value	21.1	13.4	-36.4	9.0	13.4	49.7	74.6	111.5	49.5
Volume	21.6	12.6	-41.6	8.5	12.6	48.7	77.6	112.9	45.4
Unit Price	976.0	1,062.7	8.9	1,055.2	1,062.7	0.7	961.1	987.9	2.8
SISAL									
Value	0.1	0.7	649.2	0.2	0.7	233.9	7.2	7.3	0.9
Volume	0.1	0.9	643.8	0.3	0.9	197.5	12.0	9.3	-22.2
Unit Price	772.2	777.8	0.7	693.0	777.8	12.2	602.8	781.7	29.7
TEA									
Value	2.4	2.1	-14.1	3.2	2.1	-34.8	30.1	25.6	-14.8
Volume	2.1	1.6	-24.5	2.7	1.6	-41.9	24.3	21.8	-10.5
Unit Price	1,167.8	1,329.1	13.8	1,182.7	1,329.1	12.4	1,237.3	1,178.0	-4.8
TOBACCO									
Value	0.0	3.4	--	-	3.4	--	57.6	80.8	40.1
Volume	0.0	1.0	--	-	1.0	--	27.2	31.1	14.5
Unit Price	3,433.7	3,430.0	--	1,283.3	3,430.0	167.3	2,119.4	2,593.1	22.3
CASHEWNUTS									
Value	8.9	33.1	271.1	19.5	33.1	69.3	68.1	46.6	-31.6
Volume	12.7	43.9	244.7	21.8	43.9	101.2	83.6	62.0	-25.9
Unit Price	699.6	753.1	7.6	895.0	753.1	-15.9	814.2	751.1	-7.7
CLOVES									
Value	0.7	0.3	-59.1	1.2	0.3	-76.3	10.3	8.5	-17.5
Volume	0.3	0.1	-66.7	0.4	0.1	-75.0	4.3	3.0	-31.8
Unit Price	2,357.2	2,890.0	22.6	3,044.7	2,890.0	-5.1	2,367.3	2,863.5	21.0
SUB TOTAL	39.7	61.6	55.1	44.2	61.6	39.3	297.8	354.5	19.1
Non-Traditional Exports									
Minerals	50.0	53.9	7.9	75.3	53.9	-28.4	680.2	692.8	1.9
Gold	48.9	50.0	2.3	71.6	50.0	-30.2	629.4	641.7	2.0
Diamond	0.2	2.0	--	2.6	2.0	--	26.0	19.7	-24.2
Other minerals ¹	0.8	1.9	128.9	1.2	1.9	62.2	24.8	31.4	26.7
Manufactured Goods	29.6	12.7	-56.9	20.1	12.7	-36.4	110.1	156.1	41.8
Cotton Yarn	0.2	0.3	42.1	0.2	0.3	--	4.7	4.3	-8.5
Manufactured Coffee	0.1	0.0	-59.3	0.4	0.0	--	0.9	3.8	--
Manufactured Tobacco	0.1	0.1	-29.5	0.0	0.1	--	0.4	0.3	-96.9
Sisal Products (Yarn & Twine)	0.3	0.3	16.5	0.5	0.3	-42.6	3.9	4.4	13.6
Other manufactured Goods ²	28.8	12.0	-58.4	18.9	12.0	-36.6	100.3	143.3	42.9
Fish and Fish Products	10.3	11.0	6.8	11.1	11.0	-1.2	125.7	147.5	17.4
Horticultural products	0.6	1.1	77.6	0.7	1.1	53.0	14.3	18.3	28.1
Others Exports³	11.8	13.0	10.2	11.0	13.0	17.9	108.1	161.5	49.5
SUB TOTAL	102.2	91.7	-10.3	118.3	91.7	-22.4	1,038.3	1,176.3	13.3
GRAND TOTAL	142.0	153.4	8.0	162.5	153.4	-5.6	1,336.1	1,530.8	14.6

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



Annex A5 (b): Tanzania Imports - F.O.B Value (By Major Category)

Million of US\$

	December		2005 ^p		Year Ending December		% Change
	2003	2004 ^p	Nov	Dec	2004	2005 ^p	
CAPITAL GOODS	62.6	86.7	128.8	106.5	860.0	1,078.1	25.4
Transport Equipment	17.4	19.1	42.9	36.1	229.0	289.6	26.5
Building and Constructions Equipment	8.5	20.8	33.3	30.1	185.5	257.2	38.7
Machinery	36.7	46.8	52.6	40.3	445.5	531.3	19.3
INTERMEDIATE GOODS	59.6	63.2	81.1	66.3	712.8	830.2	16.5
Oil imports	36.4	31.7	41.2	40.7	431.8	511.2	18.4
Fertilizers	3.4	7.1	9.5	1.5	54.1	64.6	19.5
Industrial raw materials	19.8	24.4	30.3	24.1	227.0	254.4	12.1
CONSUMER GOODS	78.0	79.7	78.5	66.6	766.9	753.1	-1.8
Food and foodstuffs	22.3	22.7	18.1	20.6	248.8	168.4	-32.3
All other consumer goods ¹	55.7	57.0	60.4	46.0	518.1	584.8	12.9
GRAND TOTAL (F.O.B)	200.2	229.6	288.4	239.4	2,339.7	2,661.5	13.8

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.



Annex A5 (c): Tanzania 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	1129.2	1334.9
Traditional	231.1	206.1	220.5	292.3
Nontraditional	545.3	696.5	908.7	1042.6
o/w Gold	254.1	341.1	502.8	629.5
Goods: imports f.o.b.	-1560.3	-1511.3	-1933.5	-2281.2
<i>Balance on Goods</i>	<i>-783.9</i>	<i>-608.8</i>	<i>-804.2</i>	<i>-946.3</i>
Services: credit	679.3	668.6	686.6	885.9
Transportation	68.4	61.1	72.8	80.1
Travel	412.8	439.2	450.3	620.7
Other	198.1	168.3	163.4	185.1
Services: debit	-642.1	-668.5	-769.5	-1002.0
Transportation	-194.2	-176.9	-214.7	-250.3
Travel	-327.3	-337.5	-353.2	-432.3
Other	-120.5	-154.1	-201.6	-319.4
<i>Balance on Services</i>	<i>37.2</i>	<i>0.1</i>	<i>-83.0</i>	<i>-116.1</i>
<i>Balance on Goods and Services</i>	<i>-746.8</i>	<i>-608.7</i>	<i>-887.2</i>	<i>-1062.5</i>
Income: credit	55.3	67.9	87.1	81.8
Income: debit	-140.5	-90.6	-131.0	-122.1
Direct investment income	-1.1	-2.0	-15.8	-13.4
Interest payments (scheduled)	-117.3	-67.6	-92.7	-80.7
Compensation of employees	-22.1	-21.1	-22.5	-28.0
<i>Balance on Income</i>	<i>-85.2</i>	<i>-22.7</i>	<i>-43.9</i>	<i>-40.3</i>
<i>Balance on Goods, Services and Income</i>	<i>-832.0</i>	<i>-631.4</i>	<i>-931.1</i>	<i>-1102.8</i>
Current transfers	395.3	416.6	546.9	646.1
Current transfers: 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
Current transfer: 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
General Government	339.2	325.3	320.9	253.7
Other sectors	22.3	30.1	37.3	39.9
Capital transfers: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 item	-501.9	0.0	-5.6	3.2
Direct investment abroad	0.0	0.0	0.0	0.0
Direct investment in Tanzania	327.2	240.4	247.8	260.2
Portfolio investment	0.0	0.0	0.0	0.0
Other investment	-829.1	-240.4	-253.4	-257.0
Assets	-76.7	2.9	-59.0	-11.0
Currency and deposits	-76.7	2.9	-59.0	-11.0
Banks	-76.7	2.9	-59.0	-11.0
Other sectors	0.0	0.0	0.0	0.0
Liabilities	-752.5	-243.3	-194.4	-245.9
Trade credits	13.0	13.2	13.3	13.3
Loans	-723.1	-289.9	-185.6	-283.3
General government	-838.9	-243.5	-95.6	-160.8
Drawings	199.1	310.2	417.1	333.8
Repayments	-1038.0	-553.7	-512.7	-494.5
Scheduled payments	-264.5	-113.6	-106.6	-122.5
Debt forgiveness	-642.1	-430.3	-319.5	-265.7
Rescheduled debt	-131.4	-9.8	-86.6	-106.3
Banks	2.0	-0.8	-0.7	-0.5
Other sectors	113.9	-45.6	-89.3	-122.0
Currency and deposits	-42.4	33.4	-22.1	24.1
<i>Total, Groups A through C</i>	<i>-577.1</i>	<i>140.6</i>	<i>-31.7</i>	<i>-159.9</i>
D. Net Errors and Omissions	-232.5	-253.0	101.6	61.8
<i>Overall balance</i>	<i>-809.6</i>	<i>-112.4</i>	<i>69.9</i>	<i>-98.1</i>
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	8,304,339	9,399,086	10,707,006	11,876,513
GDP(mp) Mill. USD	9,476	9,724	10,309	11,276
CAB/GDP	-4.6	-2.2	-3.7	-4.1
CAB/GDP (excl. current official tra	-9.0	-6.6	-9.0	-9.7
Gross Official Reserves	1,156.57	1,528.99	2,037.77	2,296.12
Months of Imports	6.3	8.4	9.0	8.4
Net International Reserves (year enc	761.2	1058.4	1533.9	1786.9
Change in Net International Reserve	-218.5	-297.2	-475.5	-253.0
Exchange rate (end of period)	916.3	976.3	1063.6	1043.0
Exchange rate (annual average)	876.4	966.6	1038.6	1089.3

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, International Economics Department



Table A6: Actual and Seasonally Adjusted Inflation Rates, Tanzania Mainland

Period	Unadjusted				Seasonally Adjusted				Percent	Base:2001=100
	Year-on- Year		Month-on-Month		6 -Months Annualised		Month-on-Month			
	Headline ¹⁾	None-Food ²⁾	Headline ¹⁾	Non-Food ²⁾	Headline ¹⁾	Non-Food ²⁾	Headline ¹⁾	Non-Food ²⁾		
2003 -Jan	3.4	3.3	3.4	5.0	3.9	6.2	2.3	0.2	1.2	-0.3
Feb	3.4	2.1	4.4	-0.8	3.5	3.1	3.8	0.2	-0.2	0.3
Mar	3.4	2.9	3.7	-1.1	3.4	3.7	2.9	0.2	0.6	0.0
Apr	3.4	1.7	4.7	-0.1	3.1	3.3	3.1	0.2	-0.6	0.6
May	3.6	1.6	5.0	-1.5	3.2	1.4	4.1	0.4	-0.4	0.8
Jun	3.6	0.8	5.6	-0.7	3.0	-0.4	5.4	0.3	-0.7	1.2
Jul	3.5	3.0	3.9	2.8	3.2	-0.4	5.4	0.4	1.1	-0.3
Aug	3.5	2.0	4.4	-0.9	3.4	1.1	5.2	0.3	0.5	0.3
Sep	3.7	1.4	5.2	-1.1	3.9	-0.6	7.5	0.4	-0.2	0.9
Oct	3.6	2.2	4.6	0.8	4.4	1.1	6.3	0.4	0.3	0.2
Nov	3.4	1.6	4.7	-0.6	3.8	2.0	5.3	0.2	0.1	0.2
Dec	3.4	1.4	4.8	-0.3	3.9	3.4	4.4	0.4	-0.1	0.8
2004 -Jan	3.6	0.2	6.0	3.8	4.0	0.7	6.4	0.3	-0.2	0.7
Feb	3.8	0.2	6.6	-0.8	4.2	-0.7	8.1	0.5	-0.2	1.0
Mar	4.0	-0.1	7.0	-1.4	4.1	0.3	6.6	0.8	0.2	0.3
Apr	4.7	-0.5	8.4	-0.5	4.9	-2.0	10.5	0.7	-0.9	2.0
May	4.4	2.0	6.0	1.0	4.8	2.1	6.9	0.8	2.2	-1.4
Jun	4.2	3.1	4.9	0.4	4.5	2.7	5.5	0.2	0.3	0.1
Jul	4.1	1.8	5.3	1.4	4.3	3.9	4.2	0.5	0.4	0.2
Aug	4.1	1.5	5.9	-1.2	4.1	3.7	3.8	0.3	-0.4	0.7
Sep	4.0	3.2	4.6	0.6	3.9	4.1	2.7	0.6	0.5	-0.2
Oct	4.2	2.5	5.2	0.1	3.1	7.1	0.2	0.4	0.6	0.7
Nov	4.4	2.4	5.9	-0.7	3.9	2.4	5.0	0.8	-0.1	0.9
Dec	4.2	2.9	5.1	0.2	3.7	2.7	4.6	0.2	0.4	-0.1
2005 -Jan	4.0	1.5	5.9	2.4	3.7	-0.9	7.6	0.2	-1.4	1.6
Feb	4.1	1.8	5.7	-0.5	4.1	-0.1	7.6	0.5	0.1	0.8
Mar	4.1	3.3	4.9	0.0	4.4	2.4	7.1	0.5	1.7	-0.4
Apr	4.0	3.9	4.3	0.2	5.0	0.6	8.6	0.6	-0.3	1.4
May	4.0	3.0	5.0	-0.5	4.2	3.5	5.1	0.1	1.2	-0.8
Jun	4.2	2.5	5.8	0.0	4.8	2.9	7.0	0.4	0.1	0.9
Jul	4.4	2.0	7.0	0.8	5.1	3.9	6.5	0.4	-0.9	1.3
Aug	4.5	3.6	5.8	0.3	5.0	7.1	3.9	0.4	1.7	-0.4
Sep	4.5	2.8	6.0	-0.1	4.7	5.1	5.0	0.3	0.7	0.0
Oct	4.7	2.8	6.7	0.0	4.5	5.0	4.7	0.6	-0.3	1.2
Nov	4.8	3.7	6.7	0.2	5.3	3.8	8.4	0.4	0.7	1.1
Dec	5.0	3.6	7.2	0.1	5.2	4.2	7.5	0.3	0.3	0.4

Source: National Bureau of Statistics and Bank of Tanzania Computations.

1) Total NCPI. 2) Non-Food NCPI.



Table A7: External Debt Developments

Item	Million of USD								
	2002/03	2003/04	2004/05	2005/6					
				Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
1. Overall Total Debt Committed ²	7,606.60	8,088.30	8,345.10	8,335.50	8,401.00	8,361.90	8,276.20	8,138.90	8,153.68
Disbursed outstanding debt	6,233.00	6,678.30	6,799.50	6,845.80	6,913.80	6,944.70	6,855.70	6,733.90	6,743.58
Undisbursed debt	1,373.60	1,410.00	1,545.60	1,489.70	1,487.20	1,417.20	1,420.50	1,405.00	1,410.10
2. Disbursed Debt by Creditor Category ²	6,233.00	6,678.30	6,799.50	6,845.82	6,913.82	6,944.71	6,855.75	6,733.89	6,743.58
o/w: Bilateral	1,633.70	1,483.60	1,502.30	1,555.40	1,578.50	1,566.14	1,490.47	1,465.60	1,473.63
Multilateral	4,088.30	4,570.00	4,626.30	4,622.74	4,639.71	4,682.00	4,687.20	4,599.27	4,599.56
Commercial	330.60	391.20	416.40	413.42	441.14	439.56	429.08	420.57	421.56
Export credits	180.50	233.50	254.50	254.26	254.47	257.02	249.00	248.45	248.83
3. Disbursed Debt by Borrower Category ²	6,233.00	6,678.30	6,799.45	6,845.82	6,913.82	6,944.70	6,855.75	6,733.89	6,743.60
o/w: Central Government	5,708.00	6,092.00	5,830.45	5,856.92	5,934.85	5,966.50	5,879.59	5,779.56	5,791.30
Parastatal Companies	152.20	149.10	477.50	501.61	490.59	488.10	485.32	470.16	467.30
Private Sector	372.90	437.20	491.50	487.28	488.39	490.10	490.84	484.16	485.00
4. Disbursed Debt by Use of Funds ²	6,233.00	6,678.30	6,799.50	6,845.81	6,913.80	6,944.71	6,855.75	6,733.89	6,743.59
o/w: Balance of payment support	1,166.00	1,275.10	1,335.10	1,432.42	1,440.15	1,426.61	1,376.53	1,351.48	1,363.40
Transport & Telecommunication	1,047.80	1,085.10	1,073.50	1,077.34	1,103.47	1,104.24	1,075.12	1,053.05	1,049.61
Agriculture	1,034.70	967.70	1,077.80	1,059.14	1,068.47	1,059.69	1,058.08	1,040.73	1,042.48
Energy & Mining	895.00	924.30	1,070.30	916.17	891.29	943.70	942.50	929.17	930.70
Industries	411.20	352.70	405.50	403.42	404.66	401.27	400.34	386.94	387.12
Social Welfare & Education	421.70	333.30	611.70	626.21	629.29	632.93	637.82	627.55	627.62
Finance and Insurance	76.90	82.30	96.60	96.23	96.37	102.53	102.42	101.75	101.90
Tourism	88.20	80.20	80.10	79.77	79.98	79.77	80.11	79.31	79.50
Others	1,091.60	1,577.50	1,048.90	1,155.10	1,200.10	1,193.96	1,182.82	1,163.92	1,161.27
5. Total Amount of Loans Contracted ¹	277.30	229.69	376.40	2.40	0.20	1.00	0.20	0.30	0.00
Government	259.80	209.40	335.40	0.00	0.00	0.00	0.00	0.00	0.00
Parastatal Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Private	17.50	20.29	41.00	2.40	0.20	1.00	0.20	0.30	0.00
6. Disbursements ¹	169.00	234.70	190.20	117.60	4.60	2.80	0.50	0.00	0.00
Government	163.70	205.90	161.40	115.10	0.10	2.80	0.10	0.00	0.00
Parastatal Companies	0.00	2.00	0.00	0.00	4.10	0.00	0.00	0.00	0.00
Private	5.30	26.80	28.80	2.50	0.40	0.00	0.40	0.00	0.00
7. Scheduled Debt Service ¹	369.00	334.40	355.10	373.61	373.61	373.61	373.60	373.60	373.60
8. Actual Debt Service ¹	112.40	99.30	112.88	4.82	13.50	10.01	3.28	12.87	10.96
Principal	86.60	68.60	86.03	3.23	12.75	6.92	0.43	9.87	7.26
Interest	25.80	30.60	26.85	1.59	0.75	3.09	2.86	3.00	3.70
Others	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9. Net Transfers	51.30	106.60	77.32	103.08	-8.90	-7.21	-2.78	-12.87	-10.96
10. Total Arrears by Creditor Category ²	2,056.50	2,297.80	2,470.50	2,257.80	2,283.70	2,278.10	2,224.83	2,194.50	2,251.70
o/w: Principal	1,021.40	1,119.10	1,135.20	1,093.70	1,106.30	1,106.90	1,064.83	1,049.00	1,063.50
Bilateral	611.60	658.80	669.40	622.10	630.10	625.10	601.73	591.00	599.20
Multilateral	45.10	28.30	5.90	8.40	8.30	9.00	9.00	8.50	9.40
Commercial	203.70	240.20	249.20	252.50	256.90	261.60	250.70	246.20	250.60
Other Private Creditors	161.00	191.80	210.70	210.70	211.00	211.20	203.40	203.30	204.30
Interest	1,035.10	1,178.70	1,335.30	1,164.10	1,177.40	1,171.20	1,160.00	1,145.50	1,188.20
Bilateral	577.70	693.00	818.80	646.10	655.10	651.70	632.50	623.30	653.00
Multilateral*	68.40	27.30	23.40	23.80	23.80	23.80	24.30	23.80	24.90
Commercial	268.30	287.10	333.70	334.30	337.90	335.50	341.20	332.00	342.60
Other Private Creditors	120.70	171.30	159.40	159.90	160.60	160.20	162.00	166.40	167.70
11. External Debt Stock	7,268.10	7,856.90	8,134.80	8,009.90	8,091.20	8,115.90	8,015.70	7,879.40	7,931.78
12. Domestic Debt Stock	841.60	885.30	952.60	1,421.72	1,435.06	1,466.80	1,500.40	1,423.65	1,452.10
13. Total Debt Stock	8,109.70	8,742.10	9,087.40	9,431.62	9,526.26	9,582.70	9,516.10	9,303.05	9,383.88
End Period Exchange Rate	1,047.40	1,107.30	1,126.30	1,135.67	1,133.63	1,136.25	1,141.55	1,183.17	1,165.51

Source: Bank of Tanzania

NB. Multilateral*: multilateral arrears represents private sector arrears 1) During the period (2) End of December 2005 cumulative.



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 USD.

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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