



**BANK OF TANZANIA**



**MONTHLY  
ECONOMIC  
REVIEW**

**NOVEMBER 2005**



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# Inflation Increases

Annual headline inflation increased by 0.2 percentage points to 4.7 percent in October 2005, compared to the level recorded in the preceding month. The main underlying factor for the increase was the rise in the average prices of some food items during the year under review. Meanwhile, on month-to-month basis, headline inflation increased by 0.1 percent between September and October 2005, as prices of some consumer items particularly food went up. Excluding seasonal influences, the month-on-month headline inflation increased by 0.6 percent in October 2005 from 0.3 percent in September 2005, implying that the increase in the inflation rate in October 2005 was caused by factors which are not seasonal.

Food inflation increased to 6.7 percent in the year ending October 2005 compared to 6.0 percent in the year ended September 2005. Similarly, month-to-month food inflation increased by 0.2 percent, following increase in the average prices of cereals, cassava, cooking bananas, fruits, meat, fish, legumes and coconuts. The increase in prices is largely attributed to increased demand of these items during the month of Ramadan.

Annual non-food inflation remained at 2.8 percent in October 2005, as in the preceding month despite increase in prices of some non-food items like fuel, transportation, drinks and tobacco, and rents subgroups. However, month-to-month basis, non-food inflation increased by 0.1 percent between September and October 2005, following increase in the prices of clothing, rent, insecticides, shoe polish, toothpaste, face, hair and shaving creams

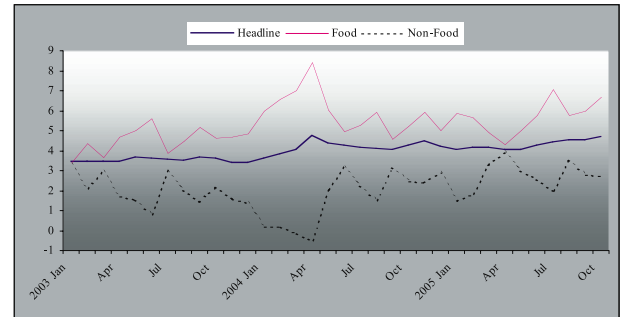
**Table 1: Percentage Change in Consumer Price Index (All-Urban)**

(Base: 2001=100)

Major Commodity Group	Weight (%)	2003			2004			2005		
		Aug	Sep	Oct	Aug	Sep	Oct	Aug	Sep	Oct
<b>Headline/Overall</b>	<b>100</b>	<b>3.5</b>	<b>3.7</b>	<b>3.6</b>	<b>4.1</b>	<b>4.0</b>	<b>4.2</b>	<b>4.5</b>	<b>4.5</b>	<b>4.7</b>
<b>Food</b>	<b>55.9</b>	<b>4.4</b>	<b>5.2</b>	<b>4.6</b>	<b>5.9</b>	<b>4.6</b>	<b>5.2</b>	<b>5.8</b>	<b>6.0</b>	<b>6.7</b>
<b>Non-food</b>	<b>44.1</b>	<b>2.0</b>	<b>1.4</b>	<b>2.2</b>	<b>1.5</b>	<b>3.2</b>	<b>2.5</b>	<b>3.6</b>	<b>2.8</b>	<b>2.8</b>
Transportation	9.7	0.7	0.5	2.9	1.7	3.3	1.1	5.2	4.0	3.5
Fuel, Power and Water	8.5	5.0	2.5	0.7	2.4	6.0	9.3	9.8	10.0	9.0
Drinks and Tobacco	6.9	0.3	0.4	1.2	0.0	0.5	-0.8	2.4	2.6	3.1
Clothing & Footwear	6.4	2.2	1.8	2.8	3.1	4.5	3.1	-1.2	-2.7	-1.9
Education	2.6	3.3	3.6	6.0	0.6	0.8	-1.9	-1.9	-1.7	-1.6
Furniture & Household Equip	2.1	2.6	1.1	2.4	-0.4	2.9	0.8	0.0	-2.3	-1.7
H/h Operations Maintenance	2.1	0.8	0.2	1.0	1.7	4.3	1.9	-0.6	-1.9	-1.1
Personal Care & Health	2.1	3.3	3.5	2.0	0.7	1.5	2.6	3.5	2.7	3.6
Rents	1.4	0.1	0.1	3.4	0.4	0.2	0.1	7.5	7.6	4.3
Recreation & Entertainment	0.8	1.6	1.9	3.7	1.8	3.7	2.1	-1.5	-2.4	-3.6
Misc. Goods & Services	1.5	0.6	1.0	1.1	-0.2	0.5	-0.8	-0.1	-1.5	-0.3

Source: National Bureau of Statistics (NBS)

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



## Food Supply Situation

Food supply situation remained satisfactory across the country as at end-October 2005, except in isolated rural locations where food production during the 2004/05 cropping season was below the 2005/06 food requirements.

During the month under review, the government started to distribute subsidized maize in food deficit areas. The Food Security Information Team has estimated that vulnerable persons will require approximately 21,000 tons of subsidized maize from Strategic Grain Reserve (SGR) and the government has so far paid for 10,000 tons of maize from SGR department as first phase distribution to the affected areas.

The 2004/05 annual harvests have been completed across the country and Southern Highland Zone produced surplus food. Due to intra-regional trade and distribution of subsidized maize by the government to some food deficit areas, average wholesale prices for food items declined to some markets in October 2005. The rice, beans and sorghum wholesale prices declined during October 2005 while maize and potatoes wholesale prices increased slightly as compared to prices registered in September 2005. On annual basis, the maize prices stabilized, while the average wholesale prices for other food items declined in October 2005 as compared to prices recorded in the corresponding period last year (Table 2).

**Table 2: National average Wholesale Prices for Selected Food Items**

TZS per 100 Kgs

Crop	Oct			2005			Percentage change	
	2002	2003	2004	Aug	Sep	Oct	Oct-04 Oct-05	Sep-05 Oct-05
Maize	11,262	17,713	16,440	16,372	16,025	16,364	0	2
Rice	27,143	42,196	53,160	48,647	48,663	47,654	-10	-2
Beans	35,046	41,485	48,026	46,173	44,811	43,557	-9	-3
Sorghum	13,239	21,076	21,719	20,572	19,448	15,801	-27	-19
Potatoes	18,175	20,706	28,086	24,112	22,785	23,100	-18	1

Source: Ministry of Agriculture and Food Security



## Strategic Grain Reserve

By end October 2005 the SGR stocks stood at 111,695 tons, from 111,971 tons recorded in September 2005 mainly due to distribution of relief food to Karatu district amounting to 350 tons. During October 2005, the SGR department started to purchase maize from surplus regions. Consequently a total of 187 tons of maize were purchased from Ruvuma region. The plan for 2005/06 crop season is to purchase 44,000 tons

**Table 3: Tanzania: Strategic Grain Reserve**

Period	(SGR) Stock						% Change 2004 -2005
	2000	2001	2002	2003	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		
December	78,967	62,788	58,395	41,649	114,030		

Source: Food Security Department and BOT computation

## Money and Credit

### Growth in Money Supply Increases

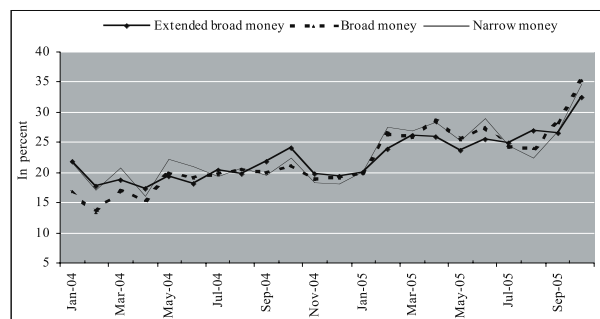
The monetary policy stance continued to focus on controlling banking sector excess liquidity to bring it in line with economic growth momentum as well as low inflation. During the quarter ending December 2005, extended broad money supply – M3 is projected to grow at an average rate of 34.6 percent, while growth of broad money – M2 is targeted at 35.4 percent – being consistent with macroeconomic objectives for 2005/06.

During October 2005, Bank's efforts to control excess liquidity succeeded to contain the annual growth of M3 at 32.2 percent and M2 growth at 35.2 percent, both being within the targeted growth path for the quarter ending December. However, the maintenance of stable monetary conditions has raised the cost of mopping up liquidity through open market operations as manifested by the rising interest rates on treasury bills.

On a month-to-month basis, the stock of M3 – comprising of banks deposits and currency in circulation outside the banks - rose by TZS 243 billion between September and

October 2005 - the highest monthly increase since 2000. The expansion in money supply is reflected in a sharp increase in demand deposits in the banking system (by TZS 113 billion), largely on account of deposits from Aid Agencies – to finance various development projects, and the upcoming general elections. In addition, some corporate customers have increased their bank deposits in preparation for payments of dividend to their respective shareholders. Besides demand deposits, savings and foreign currency deposits have also increased sizeably – largely on account of increased deposits from pensioners, export earnings (minerals and traditional exports – particularly cashews, coffee), tourism receipts and private capital flows.

**Chart 1.2: Tanzania: Annual Growth Rates of Monetary aggregates**



All in all, private sector deposits with commercial banks jumped by TZS 226.4 billion in October 2005, the highest hike since 2000.

Similarly, currency in circulation outside banks registered the highest increase of TZS 29.6 billion during the month under review, compared to an increase of about TZS 14 billion in the corresponding month of the past three years. The surge in October 2005 is mainly associated with the rapid increase in transaction demand for currency related to Ramadhan and Eid-el-Fitri festival.

Viewed by its uses, M3 expansion in October 2005 contributed to the accumulation of net foreign assets of the banking system by TZS 238 billion. Specifically, foreign resources equivalent to TZS 244 billion were accumulated by the central bank during the month, whereas commercial banks depleted theirs by about TZS 6 billion.

On the contrary, credit to private sector rendered a negative contribution to monetary expansion, as money creation through issuing of bank loans was sluggish during the month under review and the private sector recorded a partial net repayment of the outstanding credit.



**Table 4: Tanzania: Selected Money Supply Components**

*Billions of TZS*

Components	Sep-05	Oct-05	Absolute Change	Annual percentage change				
				Oct-02	Oct-03	Oct-04	Sep-05	Oct-05
<b>Extended broad money</b>	<b>3536</b>	<b>3779</b>	<b>243</b>	<b>24.2</b>	<b>16.4</b>	<b>24.0</b>	<b>26.5</b>	<b>32.3</b>
Broad money	2540	2736	196	24.9	13.4	21.2	28.3	35.2
Currency outside the banking system	791	821	30	24.4	5.8	27.9	22.6	24.0
Demand deposits	854	967	113	30.5	27.6	17.3	31.0	45.5
Time deposits	345	361	16	17.6	-0.3	15.0	29.4	35.3
Savings deposits	550	587	37	23.6	15.5	21.7	32.0	36.5
Foreign currency deposits	996	1044	48	22.3	25.1	31.2	22.1	25.4
<i>In Millions of USD</i>	<i>876.6</i>	<i>914.3</i>	<i>37.6</i>	<i>12.9</i>	<i>16.7</i>	<i>29.9</i>	<i>13.9</i>	<i>16.5</i>
<b>Total private sector deposits</b>	<b>2745</b>	<b>2959</b>	<b>214</b>	<b>24.1</b>	<b>19.9</b>	<b>22.8</b>	<b>27.6</b>	<b>34.8</b>
Private plus govt deposits in comm. Banks	2900	3127	226	24.2	22.3	23.3	28.7	35.8
<b>Net foreign assets</b>	<b>2223</b>	<b>2461</b>	<b>238</b>	<b>26.5</b>	<b>46.9</b>	<b>10.0</b>	<b>-2.9</b>	<b>5.7</b>
Bank of Tanzania	1540	1784	244	57.3	51.5	10.8	-1.3	11.4
Commercial banks	683	677	-6	-8.6	38.0	8.4	-6.4	-6.9
<b>Net domestic assets</b>	<b>1845</b>	<b>1857</b>	<b>12</b>	<b>23.8</b>	<b>-29.7</b>	<b>71.0</b>	<b>95.3</b>	<b>89.1</b>
Domestic Credit	1685	1632	-53	27.4	-5.4	35.6	64.3	51.8
Claims on Government	859	859		4.3	2.5	6.7	75.3	76.5
Government deposits	564	601	36	-0.4	165.0	-1.0	14.7	36.0
Credit to private sector	1390	1374	-17	41.0	39.5	31.5	35.3	33.4

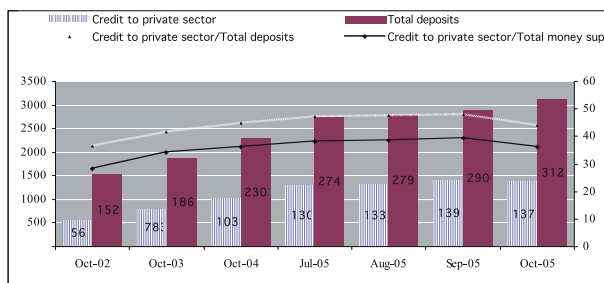
Source: Bank of Tanzania

## Credit Developments

As stated earlier, demand for credit by business and households decreased by TZS 16.7 billion in October 2005, as the private sector repaid part of their obligations. The outstanding stock of domestic credit went down from TZS 1,685 billion in September 2005 to TZS 1,632 billion.

During the reporting month, claims on government by banks remained unchanged - instead the government increased its deposits in the banking system by TZS 36 billion.

**Chart 1.3: Tanzania: Commercial Banks Intermediation**



In line with the sharp increase in deposits of commercial banks amidst a decline in credit to private sector, the share of private sector credit to banks' deposits subsequently declined to 43.9 percent from 47.9 percent recorded in September 2005 (Chart 1.4).

Nevertheless, on annual basis, the growth of credit to private sector remained strong at 33.4 percent in October 2005, only slightly lower than 34 percent growth envisaged for 2005/06.



## Financial Market Operations

During October 2005, there was a considerable improvement in demand for Treasury bills, which hit the record high of TZS 361.5 billion compared to an average demand of TZS138 billion recorded in the past three months. The sharp increase in demand for treasury bills which also reflected high liquidity in the banking sector was largely attributed to the rising interest rates on treasury bills. The abundant liquidity in the banks was also reflected by the declining interbank cash market rates to an average of 5 percent, compared to 6.2 percent in the previous month. Some interbank borrowings attracted interest rates as low as 3.5 percent. Also, the rising exchange rate (depreciation of the shilling) during the month partly reflected high liquidity in the economy.

## Treasury Bills Market

During October 2005, Treasury bills auction target was generally set to roll-over maturing bills, at the same time absorb excess liquidity to desired levels in line with macroeconomic objectives. Consequently, the Bank issued treasury bills worth TZS 156.5 billion to rollover the same amount that was maturing during the month and aimed to sell additional bills for liquidity management as dictated by the evolving liquidity conditions in the economy. Throughout the month bids exceeded the amount offered by the Bank. In view of the excess liquidity, the Bank sold an additional bills of TZS 126 billion above the rolling over amount.

Consistent to the increased demand for treasury bills, the intense competition among bidders supported the Bank of Tanzania expectations of obtaining lower interest rates in the treasury bills market than in the previous month. Indeed, the weighted average yield for all maturities declined from 14.70 percent recorded in the last auction of September 2005 to 13.30 percent in the first week of October 2005, before a slight push-up to 13.6 percent during the last auction of the month.

**Table 5: Tanzania: Treasury Bills Interest Rates**

*(In Percent)*

Maturity	2004			2005			
	Jul	Aug	Sep	Jul	Aug	Sep	Oct
35 days	7.27	7.56	8.23	7.03	8.42	9.49	8.97
91 days	8.12	8.37	9.31	10.35	11.51	12.52	14.08
182 days	8.39	9.31	9.89	10.53	11.46	13.1	14.50
364 days	9.40	10.13	10.40	11.93	12.64	13.70	14.95
Overall	8.39	8.97	9.57	10.35	11.3	12.58	13.60

Source: Commercial banks and Domestic Markets, Bank of Tanzania

## Treasury Bonds Market

The demand for treasury bonds improved substantially during August and September 2005, where oversubscriptions amounted to TZS 55 billion above the total amount issued

in the two months. However, the demand was depressed in October 2005, reaching TZS 19.4 billion down from an average demand of TZS 40 billion in the previous two months. The bids received in October 2005 exceeded the supply only marginally by TZS 3.4 billion. The Bank accepted bids worth TZS 18.4 billion, leaving out the outlier bidders.

## Interest Rates in Commercial Banks

Although the transmission of monetary policy actions to the banking sector through the interest rate channel is still weak in Tanzania, commercial banks interest rates tend to move in the same direction but far behind monetary instruments interest rates. Deposit rates seem to respond marginally to changes in the Treasury bills rates, unlike lending rates, which move almost in tandem with the interest rates on government securities.

During October 2005, the 1-year Treasury bill rate pushed upwards from 13.70 percent in September to 14.95 percent, whereas, 12-months time deposit rate moved slightly from 6.32 to 6.66 percent, savings rate stayed at 2.62 percent, when lending rate rose from 15.08 to 15.39 percent.

**Table 6: Tanzania: Interest Rate Structure**

*In Percent*

Maturity	2004				2005						
	Sep	Oct	Nov	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct
364 days Treasury bill	10.4	10.98	10.91	10.67	9.81	9.76	10.51	11.93	12.64	13.7	14.95
Overall Treasury bills	9.57	9.97	9.75	9.56	8.64	8.46	9.3	10.35	11.3	12.58	13.6
Savings deposits	2.45	2.47	2.45	2.6	2.61	2.62	2.61	2.6	2.59	2.63	2.62
Overall time deposits	4.58	4.6	4.32	4.39	4.53	4.56	4.41	4.48	4.53	4.77	5.18
12 months time deposits	6.11	6.06	5.94	5.81	6.16	6.27	5.97	5.69	5.82	6.32	6.66
Negotiated deposits	6.4	6.88	8.39	8.77	8.6	8.65	8.49	8.87	8.01	7.18	8.69
Overall Lending rate	14.9	14.27	14.69	14.8	15.21	15.39	15.51	14.97	15.07	15.08	15.39
Negotiated lending Rates	12.92	11.24	10.87	11.01	10.33	10.54	11.01	11.51	11.39	11.37	11.49

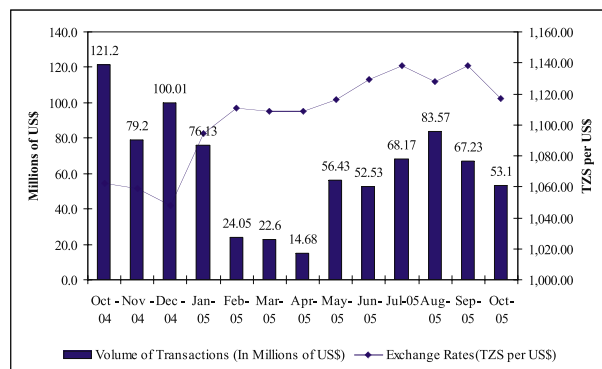
Source: Commercial banks and Domestic Markets, Bank of Tanzania

## Foreign Exchange Market Operations

During October 2005, the total volume traded in the Inter-bank Foreign Exchange Market (IFEM) declined by 21.0 percent to US\$ 53.10 million, following the decline in corporate demand for foreign exchange (Table 5). On net basis, commercial banks purchased US\$ 21.40 million, while the Bank of Tanzania and non-banks financial institutions sold US\$ 19.65 million and US\$ 1.75 million, respectively.

The weighted average exchange rate of the shilling appreciated by 1.8 percent to TZS 1,117.23 per US dollar in October 2005, from TZS 1,137.95 per US dollar recorded in September 2005.

**Chart 1.4: Tanzania: Inter-bank Exchange Rate Movement and Volume of Transactions**



## Transactions in Bureaux de Change System Went Down

In October 2005, the volume of transactions conducted by Bureau de Change system declined by 23.1 percent to US\$ 66.1 million, largely as the result of both the decline in sales and purchases of foreign exchange. While the decline in sales was largely due to the decline in payments for travel, the decline in purchases partly emanated from the drop in foreign exchange earnings from tourism.

The buying rate appreciated slightly to TZS 1,130.0 per USD from TZS 1,131.0 per USD, while the selling rate depreciated to TZS 1,174.0 per USD from TZS 1,146.0 per USD recorded in September 2005. However, the margin between the selling and buying rate went up to TZS 44.00 in October 2005, from TZS 15.0 recorded in September 2005.

**Table 7: Foreign Exchange Market Developments**

Item	2005		2004	% Change		Year ending Oct		%
	Sept	Oct	Oct	Sep to Oct 05	Sep 04 to Sep 05	2004	2005	Change
<b>IFEM</b>								
Amount offered*	67.23	53.10	121.20	-21.02	-56.19	963.66	697.67	-27.60
Amount sold*	67.23	53.10	121.20	-21.02	-56.19	963.66	697.67	-27.60
Exchange rate**	1,137.95	1,117.23	1,062.16	-1.82	5.18	1,089.45	1,107.76	1.68
<b>Bureau de Change</b>								
Sales*	43.30	32.80	26.20	-24.21	25.19	365.30	406.51	11.28
Purchases*	42.61	33.20	26.80	-21.96	24.25	294.44	411.86	39.88
Volume of Transactions*	85.91	66.00	53.00	-23.06	24.72	659.74	818.37	24.04
Buying rate**	1,131.00	1,130.00	1,058.00	-0.09	6.81	1,082.90	1,101.00	1.67
Selling rate**	1,146.00	1,174.00	1,077.00	2.44	9.01	1,099.80	1,122.08	2.03

Sources: Bank of Tanzania

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

# Government Budgetary Operations

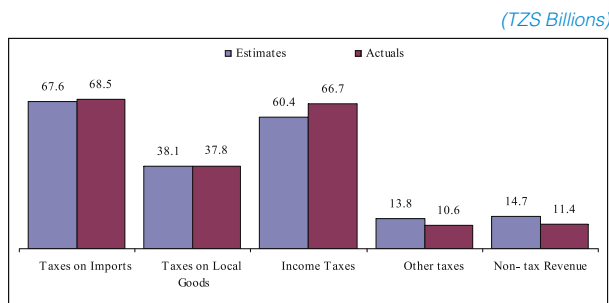
During the month of September 2005, government budgetary operations recorded a deficit of TZS 33.7 billion. Total resource envelope for the month from domestic revenue and grants amounted to TZS 448.2 billion, whilst



expenditure amounted to TZS 481.9 billion. The deficit was financed through government net borrowing amounting to TZS 33.7 billion.

Total revenue collected during the period surpassed the target of TZS 187.6 billion by TZS 1.7 billion. Tax revenue collections amounted to TZS 178.0 billion, higher than the target by TZS 5.0 billion. The good performance 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 1.5: Tanzania: Government Revenue Performance in September 2005**



During the month under review, total government expenditure (excluding float) amounted to TZS 421.9 billion, out of which recurrent expenditure was TZS 342.5 billion. Development expenditures amounted to TZS 139.4 billion.

## External Sector Performance

### Current Account

During October 2005, the current account balance improved to a surplus of US\$ 107.5 million compared to a deficit of US\$ 88.3 million recorded in the previous month largely due to a surge in inflows of official transfers. During the month under review, a total of US\$ 193.5 million was disbursed by the development partners under the Poverty Reduction Budget Support (PRBS) and Health Sector Programme Support (HSPP) programmes. Conversely, the current account balance worsened by 29.8 percent to a deficit of US\$ 559.3 million during the year ending October 2005, mainly due to the increase in imports of goods and services (**Table 8**).



**Table 8: Tanzania: Current Account Balance**

*Million of USD*

Item	October		2005 <sup>P</sup>		Year ending October <sup>P</sup>		
	2003	2004	Sept	Oct	2004	2005	% Change
<b>Goods Account (net)</b>	<b>-64.4</b>	<b>-75.7</b>	<b>-112.0</b>	<b>-60.9</b>	<b>-988.9</b>	<b>-1,028.5</b>	<b>4.0</b>
Exports	135.6	140.5	133.4	144.9	1,274.8	1,535.8	20.5
Imports	200.1	216.2	245.4	205.8	2,263.6	2,564.4	13.3
<b>Services Account (net)</b>	<b>-19.8</b>	<b>-18.7</b>	<b>-35.3</b>	<b>-9.5</b>	<b>-18.8</b>	<b>-102.4</b>	<b>--</b>
Receipts	48.6	78.6	97.9	96.0	867.3	1,118.7	29.0
Payments	68.4	97.4	133.2	105.5	886.1	1,221.1	37.8
<b>Goods and services (net)</b>	<b>-84.2</b>	<b>-94.4</b>	<b>-147.3</b>	<b>-70.4</b>	<b>-1,007.7</b>	<b>-1,131.0</b>	<b>12.2</b>
Exports of goods and services	184.2	219.1	231.3	240.9	2,142.0	2,654.5	23.9
Imports of goods and services	268.5	313.5	378.6	311.3	3,149.8	3,785.5	20.2
<b>Income Account (net)</b>	<b>-2.7</b>	<b>-4.9</b>	<b>-3.3</b>	<b>-14.2</b>	<b>-54.9</b>	<b>-49.3</b>	<b>-10.2</b>
Receipts	7.9	3.7	6.3	3.1	71.3	88.6	24.3
Payments	10.6	8.7	9.6	17.3	126.2	137.9	9.3
<b>Current Transfers (net)</b>	<b>10.5</b>	<b>53.2</b>	<b>62.3</b>	<b>192.1</b>	<b>631.6</b>	<b>620.9</b>	<b>-1.7</b>
Inflows	15.5	58.3	70.8	199.4	696.6	693.5	-0.4
o/w General Government	10.0	52.4	64.9	193.5	628.1	625.0	-0.5
Outflows	5.0	5.1	8.4	7.3	64.9	72.6	11.8
<b>Current Account Balance</b>	<b>-76.4</b>	<b>-46.2</b>	<b>-88.3</b>	<b>107.5</b>	<b>-431.0</b>	<b>-559.3</b>	<b>29.8</b>

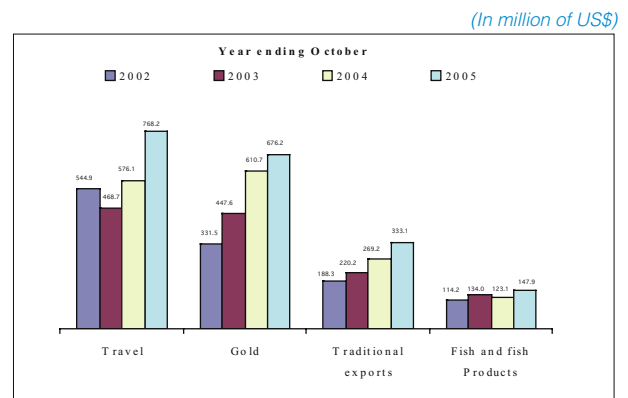
*Note:* -- = Very large number; P = Provisional

Totals may not add up due to rounding of numbers

*Source:* Bank of Tanzania

During the month under review, total exports of goods and services recorded slight improvement. On annual basis, the total exports increased by 23.9 percent to US\$ 2,654.5 million owing to the improved performance in traditional, non-traditional, travel (tourism) and insurance services exports. The contribution of selected items to total exports of goods and services for the past four years is summarized in **Chart below**.

**Chart 1.6: Tanzania: Contribution of Selected Items to Total Exports of Goods and Services**



### Exports Performance

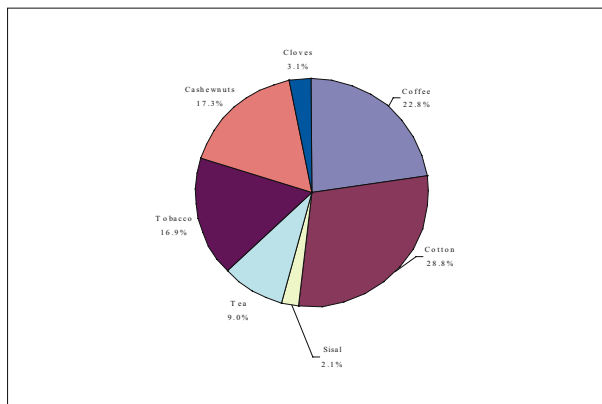
Traditional exports declined by 5.3 percent to US\$ 34.1 million compared to the level that was registered in the previous month mainly due to the decline in export volumes of cotton, sisal, tobacco and cloves.

On annual basis, traditional exports increased by 23.8 percent to US\$ 333.2 million compared to the levels recorded during the corresponding period last year following increase in export volumes of coffee, cotton, cashewnuts, tea and cloves. The improvement in export volumes for coffee, cotton and tea partly emanated from the favourable weather conditions and timely usage of



agricultural inputs such as pesticides for cotton. Moreover, there was improvement in export unit prices for coffee, sisal, cashewnuts and cloves. At global level, there was an increase in the world market prices for coffee and cashewnuts which was translated in unit prices. Chart 1.6 summarizes the performance of traditional exports for the year ending October 2005.

**Chart 1.7: Contribution to total traditional exports for the year ending October 2005**

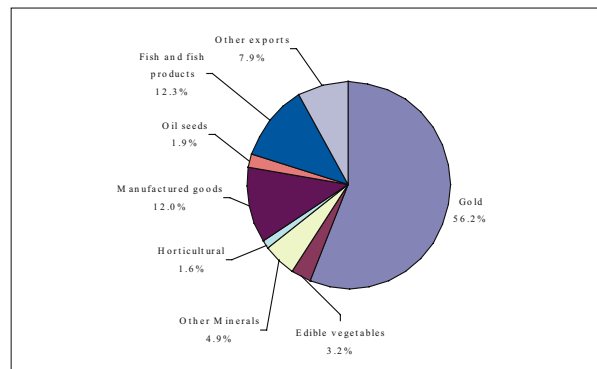


In October 2005, non-traditional exports increased to US\$ 108.2 million from US\$ 97.4 million recorded in the previous month. The development is due to the modest increase in exports of minerals, manufactured goods, fish and fish products and other exports.

During the year ending October 2005, non-traditional exports rose by 18.2 percent to US\$ 1,188.8 million driven by the increase in all sub-categories under non-traditional. Gold continued to dominate followed by fish and fish products, accounting for 56.9 percent and 12.4 percent, respectively, of total non-traditional exports. The improved performance of gold exports is largely attributed to the increase in the price of gold in the world market amid depreciation of US\$ against other major currencies. During the review period, gold price in the world market surged to US\$ 436.08 per troy ounce compared to US\$ 402.18 per troy ounce in the year ending October 2004. Other sub-categories that recorded increase include manufactured goods, horticultural products and other exports.

The improvement in exports of manufactured goods is largely explained by privatisation of industries while the development in horticultural exports is partly due to the offered support under the Export Credit Guarantee Scheme (ECGS). During the review period, other exports increased by 51.4 percent to US\$ 157.2 million largely due to improved exports of edible vegetables, cereals (maize in particular) and wood and articles thereof.

**Chart 1.8: Contribution to total non-traditional exports for the year ending October 2005**



During October 2005, export of services decreased slightly to US\$ 96.0 million, following the decrease in travel (tourism), government and other business services receipts. The decrease in travel (tourism) receipts from 73.7 million in the previous month to US\$ 70.7 million is in line with the decline of international visitors from 52,745 tourists recorded in September 2005 to 38,104\* tourists. The development is consistent with the ending of the tourist peak season that runs from July to September.

On annual basis, services receipts increased to US\$ 1,118.7 million from US\$ 867.3 million recorded in the previous year following the rise in travel, insurance and other business services receipts. The surge in travel (tourism) receipts is partly due to enhanced promotional efforts by the government and other stakeholders; and improvement of roads leading to the tourist attractions including beaches, historical sites, national parks and game reserves. For example, a 77-kilometre Makuyuni-Ngorongoro road serving the famous northern circuit was completed during the year under review. It is worth noting that, there is a potential for tourism growth given the increased investments that go to the tourism sector. A case in point is, the major renovation of the Kilimanjaro hotel that was re-opened on September 2005.

It is also worth mentioning that, in October 2005, Ms Air Tanzania Ltd and Oman Air entered a new partnership of codeshare flight arrangement, allowing Air Tanzania to be connected to Muscat, Dubai and Mumbai from Dar es Salaam and Zanzibar. It is anticipated that, with this arrangement, visitors from these countries will be encouraged to visit Tanzania.

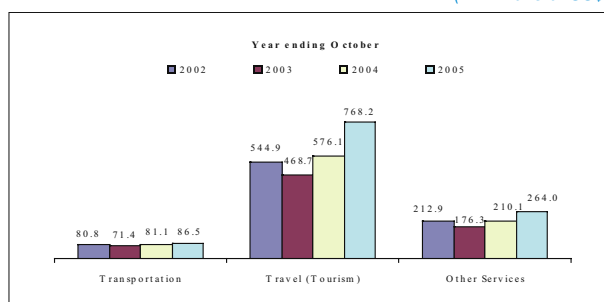
On the other hand, the surge in insurance services is attributed to settlements of outstanding insurance claims during the review period. In the past four years, travel activity dominated the service sector as depicted in

**Chart 1.9.**



**Chart 1.9: Tanzania: Service Receipts  
2002 – 2005**

(In millions of US\$)



**Note:** 'Other Services' include: Communication, Construction, Insurance, Financial, Computer Information, Government, Royalties, Personal and Other business services  
\* Provisional number of arrivals as collected from Tanzania's main borders namely, Namanga, Dar es salaam International Airport (DIA), Kilimanjaro International Airport (KIA) and Zanzibar.

## Imports Performance

During the month under review, goods imports declined to US\$ 205.8 million from US\$ 245.4 million recorded in the previous month mainly on account of the substantial decrease in importation of capital and consumer goods. Capital goods imports decreased to US\$ 95.3 million from US\$ 102.9 million mainly driven by a fall in imports of machinery particularly earth moving machinery and telecommunication equipment. The intermediate goods imports recorded a decline of 6.9 percent to US\$ 52.6 million partly due to a fall in oil imports to US\$ 18.7 million from US\$ 24.3 million recorded in the previous month. The decline in oil imports is largely attributed to the fall in imported volume from about 59,600 tons imported in the previous month to 39,300 tons. Similarly, imports of consumer goods dropped by 32.2 percent to US\$ 58.0 million due to a fall in importation of food and foodstuffs, particularly wheat. Imports of other consumer goods also declined following the drop in pharmaceutical products.

**Table 9: Tanzania imports**

(Millions of US\$)

Item	Oct		2005 <sup>P</sup>		Year ending September <sup>P</sup>		% Change
	2003	2004 <sup>P</sup>	Sept	Oct	2004	2005	
<b>CAPITAL GOODS</b>	<b>73.4</b>	<b>73.9</b>	<b>102.9</b>	<b>95.3</b>	<b>812.2</b>	<b>1,018.2</b>	<b>25.4</b>
Transport Equip ment	23.7	19.5	24.1	25.3	228.1	250.1	9.7
Building and Construction Equip ment	14.2	14.5	20.9	22.6	161.1	240.1	49.1
Machinery	35.5	39.9	58.0	47.4	423.0	528.0	24.8
<b>INTERMEDIATE GOODS</b>	<b>74.0</b>	<b>66.4</b>	<b>56.5</b>	<b>52.6</b>	<b>710.0</b>	<b>786.9</b>	<b>10.8</b>
Oil imports	46.7	48.7	24.3	18.7	443.0	438.2	-1.1
Fertilizers	2.8	1.8	7.2	8.3	48.1	63.9	33.0
Industrial raw materials	24.5	15.8	25.0	25.6	218.9	284.8	30.1
<b>CONSUMER GOODS</b>	<b>52.7</b>	<b>75.9</b>	<b>85.9</b>	<b>58.0</b>	<b>741.5</b>	<b>759.3</b>	<b>2.4</b>
Food and food stuffs	12.2	25.0	19.1	9.7	244.7	178.6	-27.0
All other consumer goods <sup>1</sup>	40.4	50.9	66.8	48.2	496.7	580.6	16.9
<b>GRAND TOTAL (F.O.B)</b>	<b>200.1</b>	<b>216.2</b>	<b>245.4</b>	<b>205.8</b>	<b>2,263.6</b>	<b>2,564.4</b>	<b>13.3</b>

**Note:** Oil imports refers to refined petroleum products

<sup>P</sup> = provisional data

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

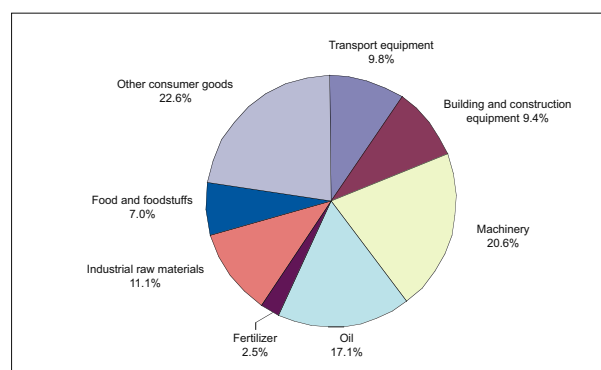
Totals may not add up due to rounding of numbers

**Source:** Bank of Tanzania and Tanzania Revenue Authority

On annual basis, goods imports went up by 13.3 percent to US\$ 2,564.4 million following a huge increase in importation of capital and intermediate goods. The increase in importation of capital goods is largely associated with a

surge in investments in the manufacturing, construction, tourism and communication sectors. On the other hand, the increase in intermediate goods imports is largely attributed to the surge in importation of fertilizer and industrial raw materials. Importation of fertilizer increased significantly from US\$ 48.1 million in the previous year to US\$ 63.9 million on account of the government's policy of subsidizing transport cost of fertilizer. On the other hand, the increase in industrial raw materials imports is largely associated with the growth of manufacturing sector in the country. The slight increase in consumer good imports was the result of mixed developments, while imports of other consumer goods particularly pharmaceutical products, books and plastics articles increased by 16.9 percent to US\$ 580.6 million, imports of food and foodstuff recorded a notable decline due to improvement in domestic production of cereals particularly maize. The contribution of import sub categories to total imports for the year ending October 2005 is summarised in **Chart 1.10**.

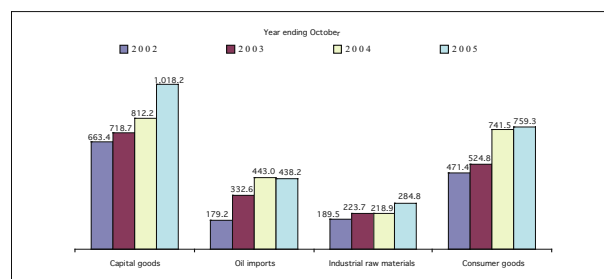
**Chart 1.10: Tanzania: Contribution to total imports for the year ending October 2005**



During the past four years, capital goods imports have been on the increase consistent with economic growth. The trend of imports over the past four years is shown in **Chart 1.11**

**Chart 1.11: Tanzania: Total Merchandise Imports: 2001-2005**

(In Millions of US\$)

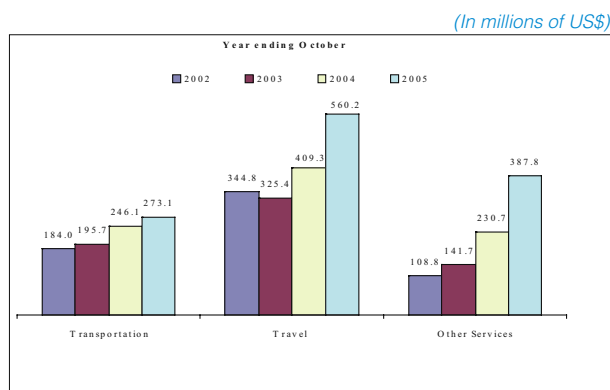


During the month under review, services payments decreased to US\$ 105.5 million from US\$ 133.2 million, mainly on account of the decline in payments for travel and government services. Conversely, on annual basis, services



payments increased by 37.8 percent to US\$ 1221.1 million during the year ending October 2005, largely on account of the increase in payments for insurance, construction, freight charges and travel services. While the increase in freight payments is in line with the increase in merchandise imports, the rise in insurance payments is partly due to the increase in Foreign Direct Investments (FDIs), which resulted into the growth of re-insurance activity. On the other hand, the increase in construction payments is largely explained by the expansion in construction activities in the country. The rise in travel payments is largely explained by the increase in numbers of travellers on education, business and medical grounds. The performance of the major service payment categories in the past four years is illustrated in **Chart 1.12**.

**Chart 1.12: Tanzania: Service Payments  
2002 – 2005**



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

## Income Account

The income account deficit widened to US\$ 14.2 million from a deficit of US\$ 3.3 million recorded in August 2005, largely due to a surge in the Government's interest payments on foreign obligations.

During the year ending October 2005, the income account deficit narrowed to US\$ 49.3 million from US\$ 54.9 million recorded in the previous year, mainly on account of the increase in the earnings from the Bank's short term investments that outweighed the impact of the increase in interest payments obligations.

## World Commodity Prices

During October 2005, the prices of Robusta coffee and Arabica coffee went up slightly from previous month levels. Also, the prices coffee in the year ending October 2005 were also substantially higher than those of corresponding period last year (Table 9), on account of decline in supply from Brazil and Vietnam following the effect of "biennial cycle" and drought conditions, respectively.

During the month under review, the price of cotton (A-Index) increased on concerns about a reduction in supply in the world market related to impact of Hurricane Katrina and Rita on cotton plantations in the United States. The price of cotton (Memphis) remained unchanged from previous month level of USD 1.32 per kg. On annual basis, the prices of cotton declined substantially as the result of bumper harvest in the USA, China, Uzbekistan and Pakistan.

World market prices of tea increased slightly during October 2005, while cloves prices declined. For the year ending October, cloves prices BOT increased by 22.7 percent to USD 3,244.92 per metric ton largely due to expectations of reduced supply from Madagascar in the wake of tropical storms.

As for sisal, it was traded in the world market at USD 885.0 per metric ton during the month, same level as in the previous month. On annual basis, the price of sisal increased by 4.9 percent as the result of increases in production costs of synthetic fibres, which is a close substitute of sisal, following the increase in oil prices.

The subdue of Hurricane Rita and Katrina had a positive impact on energy prices in October 2005, as the prices of crude oil and white petroleum products went down during the month under review. Also, there was a decline in oil demand in U.S following economic slowdown in the states partly caused by the hurricanes. During the year ending October 2005, the prices of oil increased substantially partly attributable to supply disruptions in Russia and the Middle East.

Gold prices increased by 3.0 percent to USD 469.90 per troy ounce in October 2005 on account of the depreciation of the US dollar against the major currencies.

**Table 10: World Commodity Prices**

Commodity	Units	2005			% Change	Year ending Oct		% Change
		Aug	Sep	Oct		2004	2005	
Robusta Coffee	US \$ per kg	1.15	1.03	1.05	1.94	0.80	1.05	31.25
Arabica Coffee	US \$ per kg	2.39	2.19	2.32	5.94	1.07	2.50	133.64
Tea (Average price)	US \$ per kg	1.65	1.66	1.67	0.60	1.65	1.67	1.21
Tea (Mombasa Auction)	US \$ per kg	1.50	1.52	1.55	1.97	1.58	1.48	-6.33
Cotton, "A Index"	US \$ per kg	1.19	1.21	1.28	5.79	1.46	1.26	-13.70
Cotton, "Memphis"	US \$ per kg	1.25	1.32	1.32	0.00	1.49	1.25	-16.11
Sisal (UG)	US \$ per metric ton	885.00	885.00	885.00	0.00	843.75	885.00	4.89
Cloves	US \$ per metric ton	3012.50	3100.00	3087.50	-0.40	2644.75	3244.92	22.69
Crude oil*	US \$ per barrel	61.89	61.69	58.19	-5.67	35.90	50.87	41.70
Crude oil**	US \$ per barrel	56.63	56.54	53.67	-5.08	32.31	46.35	43.45
White products***	US \$ per ton	604.33	654.33	604.24	-7.66	331.71	509.80	53.69
Gold	US \$ per troy ounce	437.90	456.10	469.90	3.03	402.18	436.08	8.43

**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



# National Debt Developments

## Overview

National debt stock (external and domestic) recorded at the end of October 2005 stood at USD 9,516.1 million. The amount decreased by 0.7 percent from USD 9,582.7 million registered at the end of September 2005. The decrease is mainly attributed to exchange rates fluctuations. During the same period, HIPC debt relief amounting to USD 3.9 million was realized in the form of debt service reduction from multilateral institutions compared to the amount of USD 7.4 million recorded at the end of previous month.

## External Debt

By end September 2005, external debt committed stood at USD 8,361.9 million, representing a decrease of USD 39.1 million from previous month level, due mainly to fluctuations of the value of USD against the currency in which the debt is dominated. Out of this amount, about 83 percent, equivalent to USD 6,944.7 million has been disbursed while the balance was committed undisbursed. Central Government continued to be the largest borrower, accounting about 86 percent of total debt, followed by the private sector (with 7.1 percent) and parastatal companies (7.0 percent).

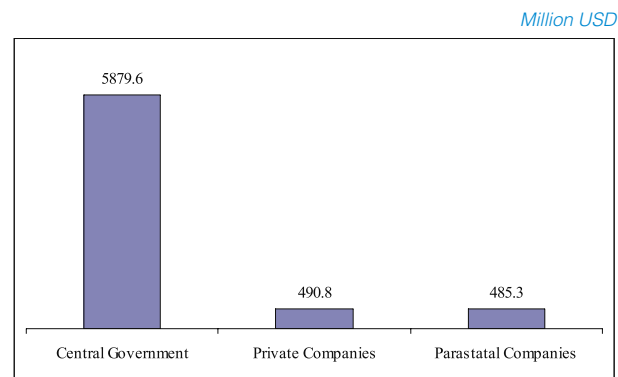
## Debt Relief

External debt committed at end of October 2005 amounted to USD 8,276.7 million, representing a decrease of USD 85.7 million from USD 8,361.9 million recorded at end September 2005. Out of committed debt, USD 6,855.7 million (82.8 percent) was disbursed outstanding debt (DOD) and USD 1,420.5 million (17.2 percent) was committed undisbursed debt. On the other hand, external debt stock decreased by 100.2 million (1.2 percent) from USD 8,115.9 million recorded at the end September 2005 to USD 8,015.7 million at the end of October 2005. The decrease in both committed amount and debt stock is mainly explained by exchange rates fluctuations, retirement of part of external debt by issuance of domestic bonds and HIPC debt relief from Hungary.

Central Government remained the largest borrower with a total debt of USD 5,879.6 million (85.8 percent) followed by the private sector with USD 490.8 million (7.2 percent). Parastatal companies held debts worth USD 485.3 million, representing 7.0 percent of the total debt.



**Chart 1.13: The DOD By Borrower Category**



Actual debt service payments during the month under review amounted to USD 3.3 million against the scheduled debt service payments of USD 17.3 million. Lower debt service payments were a result of HIPC debt relief and accumulation of arrears on un-serviced Non – Paris Club bilateral and commercial debts

## Debt Relief

During the month under review Tanzania received HIPC debt relief amounting to USD 3.95 million, from multilateral creditors, out of which, USD 3.48 million, USD 0.14 million, and USD 0.32 million were realised from IDA, AfDB, and EIB respectively.

Under bilateral creditors, the debt relief recorded during the month under review amounted to USD 10.4 million, the whole amount being debt cancellation by Hungary. This makes the accumulated debt cancellation by Non- Paris Club bilateral creditors to stand at USD 184.6 million which represents 68.4 percent of USD 270.0 million, expected total debt relief from these creditors.

## Domestic Debt

Domestic debt stock as at end October 2005 stood at TZS 1,712.8 billion equivalent to USD 1500.4 million. This represents an increase of TZS 46.1 billion (2.8 percent) from TZS 1,666.7 billion registered at the end September 2005. The increase is attributed to retirement of part of external debt by issuance of Special Government Bonds.

Out of the total domestic debt stock, Government securities that comprise of Government bonds, Treasury bills, Government stocks and Tax Certificates amounted to TZS 1,695.4 billion (99.0 percent). Government Bonds, Treasury bills, Government stocks and Tax Reserve Certificates were TZS 795.4 billion, TZS 719.9 billion, TZS 180.0 billion and TZS 0.1 billion respectively. Other debts and interest arrears amounted to TZS 16.5 billion (1.0 percent) and TZS 0.9 billion respectively.

Commercial banks remained the leading government creditors by holding 42.9 percent of total domestic debt followed by Pension Funds with 25.0 percent, Bank of Tanzania 16.8 percent, Insurance companies 4.9 percent, Non-Bank Financial Institutions (NBFIs) 2.1 percent and Private sector 3.7 percent. Other official entities (OOEs) and BOT Special Funds hold 3.7 percent and 1.0 percent of total domestic debt respectively. During the month under review TZS 115.1 billion fell due for payment. Out of this amount TZS 11.1 billion being interest was paid out of government revenue, while principal amounting to TZS 104.0 billion was rolled over.

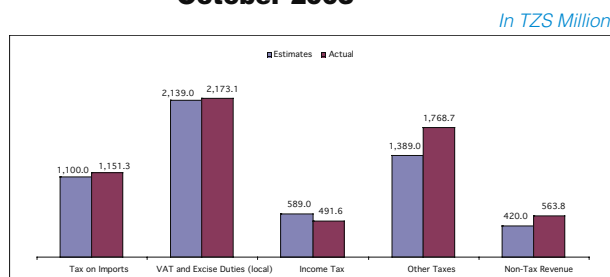
# Economic Development In Zanzibar

## Budgetary Operations

During October 2005, the Zanzibar Government budgetary performance based on cheques issued recorded an overall deficit of TZS 4.7 billion before grants. The deficit turned into a surplus of TZS 2.6 billion, after inclusion of grants amounting to TZS 7.2 billion.

Revenue outturn amounted to TZS 6.1 billion, surpassing the target amount of TZS 5.1 billion. The good performance came from all revenue categories except income tax. Tax revenue amounted to TZS 5.6 billion, accounting for nearly 92 percent of total revenue, and was above the target of TZS 5.2 billion. Revenue performance by category in Chart 1.14 below shows that import duties surpassed the target due to increase in taxable imports while collections from income tax fell below the target, mainly on account of decreasing tax returns during the month under review. Revenue collections from other taxes were more than projected due to increase in trading activities during the Holy Month of Ramadan. Cumulatively from July to October 2005, revenue collection amounted to TZS 21.6 billion, slightly below the target of TZS 22.2 billion (Chart 1.14)

**Chart 1.14: Government Revenue by Source October 2005**

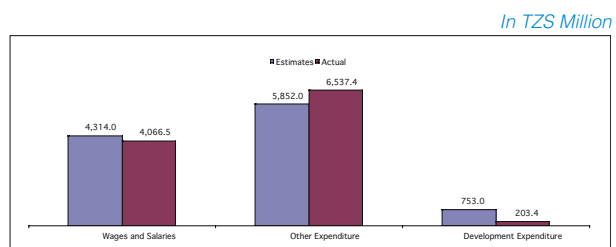


## Expenditure Performance

Expenditure by the Government of Zanzibar for the month of October amounted to TZS 10.8 billion, slightly below the ceiling of TZS 10.9 billion for the month. Recurrent expenditure was TZS 10.6 billion and the balance was for development projects. Out of recurrent expenditures, wages and salaries amounted to TZS 4.1 billion; accounting for about 39 percent of total recurrent expenditure.

Cumulatively for the period July-October 2005, expenditure amounted to TZS 39.1 billion, against the ceiling of TZS 37.3 billion.

**Chart 1.15: Government Expenditure by Components October 2005**



## External Trade Performance

During October 2005, Zanzibar's trade balance worsened to a deficit of USD 5.50 million, from USD 4.68 million registered in the preceding month. The downslide was largely caused by slowdown in export receipts, particularly cloves exports. For the year-end October 2005 however, the trade balance deficit narrowed by 3.1 percent to USD 77.07 million due to increase exports especially services (Table 10).

**Table 11: Trade Account Balance**

*In Millions of USD*

Item	2004	2005p	2005p					Year Ending Oct		Monthly %Change	Annual %Change
	Oct	May	Jun	Jul	Aug	Sep	Oct	2004	2005p		
Exports	5,584	0,670	6,127	9,032	9,908	7,787	7,991	43,590	63,425	2.6	45.5
Goods	1,370	0,000	0,267	0,195	3,762	1,874	1,264	12,737	12,222	-32.6	(4.0)
Services	4,214	0,670	5,860	8,837	6,146	5,913	6,728	30,853	51,203	13.8	66.0
Imports	7,985	0,042	13,327	10,341	16,227	12,463	13,490	123,115	140,495	8.2	14.1
Goods (f.o.b)	5,729	0,000	5,882	5,984	9,801	6,200	7,366	81,714	69,021	18.8	(15.5)
Services	2,256	0,042	7,445	4,357	6,427	6,263	6,124	41,401	71,474	-2.2	72.6
Trade Balance	-2,40	0,63	-7,20	-1,31	-6,32	-4,68	-5,50	-79,53	-77,07	17.6	(3.1)

Source: Tanzania Revenue Authority.  
P = Provisional

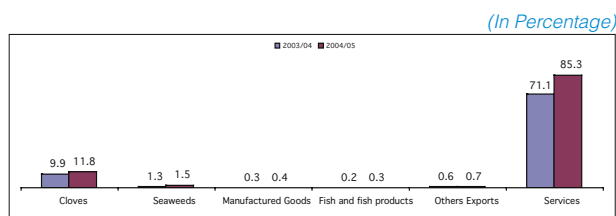
## Exports

During the month under review, foreign exchange earnings from export of goods and services improved slightly to USD 7.99 million from USD 7.79 million registered in the previous month. Similarly, for the year ended October 2005, earnings from exports edged up to USD 83.34 million from USD 54.14 million recorded during the corresponding



period in 2004. The improvement was on account of higher services inflows, which amounted to USD 71.11 compared with USD 41.40 million of the previous year. Cloves exports earned USD 9.87 million, accounting for 15.6 percent of total exports for the year, while seaweeds realised USD 1.25 million, equivalent to 1.5 percent of total exports.

**Chart 1.16: Contribution to Total Exports of Goods and Services for the Year ended October 2005**



## Imports

Zanzibar goods imports (c.i.f) bill for the month of October 2005 stood at USD 8.09 million compared with USD 6.81 million of the preceding month. Consumer goods rose sharply during the month to USD 3.36 million from USD 1.55 million due to high demand for food, clothing and footwear materials for the month of Ramadhan festivals. Intermediate goods imports also increased due to rising oil prices and imports of industrial raw materials to cater for confectionary and soft drinks manufacturing. However, for the year-end October 2005, imports narrowed by 15.5 percent to USD 75.85 million from USD 89.80 million, largely on account of a decrease in imports of intermediate and consumer goods (Table 11)

**Table 12: Zanzibar Imports by Major Categories**

(In Millions of USD)

Import category	2004		2005p					Year Ending October		Monthly %Change	Annual %Change
	Oct	Oct	May	Jun	Jul	Aug	Sep	Oct	2004		
<b>CAPITAL GOODS</b>	3.052	3.132	2.192	1.309	5.222	3.969	2.418	28.556	29.2138	-39.1	2.3
Transport Equipments	0.656	1.079	0.547	0.458	0.842	1.121	0.75	9.958	7.840	-33.2	-21.3
Building and Constructions	0.884	0.395	0.444	0.310	1.604	0.534	0.71	6.773	7.619	32.1	12.5
Machinery	1.512	1.659	1.201	0.541	2.777	2.313	0.96	11.825	13.755	-58.4	16.3
<b>INTERMEDIATE GOODS</b>	1.501	2.080	1.538	3.267	2.394	1.292	2.316	24.328	20.8636	79.3	-14.2
Oil imports	1.143	1.685	1.211	3.089	2.161	1.004	1.80	17.560	15.488	79.1	-11.8
Fertilizers	0.000	...	...	...	...	0.000	0.000	0.000	0.000	0.000	0.000
Industrial raw materials	1.143	0.395	0.327	0.177	0.233	0.288	0.52	6.768	5.375	79.8	-20.6
<b>CONSUMER GOODS</b>	1.176	1.767	2.734	2.000	3.154	1.552	3.360	36.912	25.770	116.4	-30.2
Food and food stuffs	0.240	0.916	1.772	1.445	1.793	0.800	2.52	22.430	14.315	14.315	-36.2
All other consumer goods	0.936	0.851	0.961	0.554	1.361	0.753	0.84	14.482	11.455	11.455	-20.9
<b>GRAND TOTAL (CIF)</b>	5.729	6.979	6.464	6.576	10.770	6.813	8.094	89.796	75.848	18.8	-15.5
<b>GRAND TOTAL (FOB)</b>	5.214	6.351	5.882	5.984	9.801	6.200	7.366	81.714	69.021	18.8	-15.5

P = provisional

... = Very small value

Source: Tanzania Revenue Authority

## Services Account

Zanzibar services account balance (net) during October 2005, improved to a surplus of USD 0.60 million from a deficit of USD 0.35 million recorded in September 2005; largely due to recovery in services inflows compared to slowdown in outflows. Services receipts rose by 13.8

percent to USD 6.73 million from USD 5.91 million, while payments declined by 2.2 percent to 6.1 million. During the year ended October 2005, the account recorded a surplus of USD 19.12 million from USD 13.28 million registered in the previous corresponding period (Table 12)

**Table 13: Zanzibar Service and Income development**

(In Millions of USD)

Item		2004				Year Ending October		Monthly %Change	Annual %Change
		Oct	Aug	Sep	Oct	2004	2005p		
<b>A. Services Account</b>	Net	1.958	(0.280)	(0.350)	0.603	13.282	19.124	272.43	43.99
	Receipt	4.214	6.146	5.913	6.728	41.401	71.114	13.77	....
	Payment	2.256	6.427	6.263	6.124	28.120	51.990	(2.22)	....
<b>B. Income Account</b>	Net	-	0.235	0.015	0.005	(0.089)	0.420	(67.99)	....
	Receipt	(0.001)	0.235	0.015	0.005	0.014	0.437	(67.99)	....
	Payment	0.000	-	-	-	0.103	0.017	....	....
<b>1. Compensation of Employees</b>	Receipt	0.001	-	0.010	-	-	0.043	....	....
	Payment	-	-	-	-	-	0.003	....	....
<b>2. Investment Income</b>	Receipt	-	0.235	0.005	0.005	0.014	0.394	-	....
	Payment	0.000	-	-	-	0.103	0.014	....	....
<i>w/w interest payment</i>	Payment	0.001	-	-	-	0.001	-	....	....

Source: Commercial Banks, Non-Bank Financial Institutions, BOT  
P = Provisional



**Table A1: Selected Economic Indicators**

Item	Unit	1998	1999	2000	2001	2002	2003	2004 <sup>p</sup>
<b>1. National Accounts and Prices</b>								
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 <sup>2</sup>	Percent	4.0	4.7	4.9	5.7	6.2	5.7	6.7
1.3 GDP Per Capita--Current Prices <sup>1</sup>	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 <sup>1</sup>	US\$	257.00	259.70	262.70	264.40	267.90	276.20	303.00
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 <sup>3</sup>	Percent	6.5	6.8	11.6	11.1	12.7	11.8	12.3
<b>2. Money Credit and Interest Rates</b>								
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 <sup>1</sup>	Percent	9.4	10.5	9.8	7.6	8.8	8.7	8.5
2.6 Private Sector Credit to GDP Ratio <sup>1</sup>	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
<b>3. Balance of Payments</b>								
3.1 Exports (f.o.b)	Mill. US\$	588.53	543.30	663.32	776.40	902.50	1,129.23	1,334.90
3.2 Imports (f.o.b)	Mill. US\$	1,382.10	1,415.40	1,367.60	1,560.30	1,511.30	1,933.46	2,281.20
3.3 Trade Balance	Mill. US\$	-793.57	-872.10	-704.28	-783.90	-608.30	-804.20	-946.30
3.4 Balance on Current Account	Mill. US\$	-901.87	-846.20	-495.80	-436.70	-214.70	-384.20	-456.70
3.5 Overall Balance	Mill. US\$	-567.20	-128.40	-86.30	-809.60	-112.20	69.90	-98.10
3.7 Gross Official Reserves	Mill. US\$	599.00	776.00	974.00	1,157.00	1,529.00	2,037.80	2,296.10
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	1038.6	1,053.3
3.9.2 End of Period	TZS/US\$	681.0	797.3	803.3	916.3	976.3	1063.6	1,043.0
<b>4 Population (TZ Mainland)</b>	Million	30.0	30.9	31.9	32.1	33.6	34.2	34.8
<b>5. Public Finance</b>		<b>1998/99</b>	<b>1999/00</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
5.1 Current Revenue to GDP Ratio <sup>1</sup>	Percent	11.5	11.4	12.2	11.8	12.3	12.1	13.3
5.2 Grants to GDP Ratio <sup>1</sup>	Percent	2.8	4.1	3.7	4.3	3.2	3.7	6.7
5.2 Current Expenditure to GDP Ratio <sup>1</sup>	Percent	11.0	11.9	13.0	12.7	13.0	12.9	17.1
5.3 Development Expenditure to GDP Ratio <sup>1</sup>	Percent	2.2	5.3	3.7	3.9	3.3	3.6	8.4
5.4 Deficit to GDP Ratio (excluding grants) <sup>1</sup>	Percent	-1.7	-5.7	-4.5	-4.8	-4.0	-4.4	-11.9
5.5 Deficit to GDP Ratio (including grants) <sup>1</sup>	Percent	1.0	-1.6	-0.8	-0.5	-0.8	-0.6	-5.2
<b>6. Total External Debt Stock</b>	Mill. US\$	7,669.70	7,624.80	7,482.10	7,464.00	7,268.10	7,890.70	9,219.30
Disbursed Debt	Mill. US\$	6,580.30	6,538.30	6,312.20	6,559.70	6,233.00	6,730.80	6,990.60
Interest	Mill. US\$	1,089.40	1,086.50	1,169.90	904.30	1,035.10	1,159.90	1,300.40
Total External Debt as % of GDP	Percent	82.1	89.5	80.7	78.5	75.9	78.4	77.5

Note: <sup>1</sup> Calculated on the basis of GDP at market price

<sup>2</sup> Calculated on the basis of GDP at factor cost

<sup>3</sup> 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

Millions of TZS

	Actuals		Budget 2005/06	2005/06*		
	2003/04	2004/05		July	Aug	Sep
<b>Total Revenue</b>	<b>1,459,303.3</b>	<b>1,773,709.4</b>	<b>2,066,751.6</b>	<b>147,233.9</b>	<b>160,203.2</b>	<b>189,310.5</b>
Tax Revenue	1,342,798.2	1,615,247.0	1,895,966.6	137,572.0	144,541.6	177,956.7
Taxes on Imports	575,408.5	679,992.4	790,801.9	67,272.4	65,645.4	68,495.4
VAT and Excise on Local Goods	325,483.7	402,136.1	466,369.6	36,661.1	42,854.3	37,828.2
Refunds	48,245.1	64,376.4	67,834.4	7,654.5	7,654.5	5,652.8
Income Taxes	366,650.9	465,454.7	549,074.3	28,269.2	31,694.2	66,690.5
Other taxes	123,500.2	132,040.2	157,555.2	13,023.8	12,002.2	10,595.4
<b>Non- tax Revenue</b>	<b>116,505.1</b>	<b>158,462.4</b>	<b>170,785.0</b>	<b>9,661.9</b>	<b>15,661.6</b>	<b>11,353.8</b>
<b>Total Expenditure</b>	<b>2,516,943.1</b>	<b>3,164,215.5</b>	<b>4,176,050.4</b>	<b>120,721.1</b>	<b>196,200.4</b>	<b>481,901.0</b>
Recurrent expenditure /1	1,780,115.1	2,093,054.9	2,790,867.3	87,418.0	155,633.8	342,456.4
Wages and salaries (Central & Local Govt.)	462,963.9	435,780.1	681,897.3	53,146.0	53,337.1	55,920.5
Interest payments	108,533.8	104,290.4	174,762.9	9,526.5	8,165.1	16,460.1
Domestic /2	70,231.6	189,709.0	100,178.3	8,669.2	6,808.9	5,700.0
Foreign	38,302.3	95,055.1	74,584.6	857.2	1,356.2	10,760.1
Goods, Services and transfers	1,208,617.3	973,808.7	1,934,207.1	24,745.5	94,131.5	270,075.9
o/w Roadtoll fund	77,125.6	68,511.7	-	-	-	-
Retention fund	47,449.0	502,573.3	59,580.0	6,654.2	8,648.6	5,554.7
<b>Dev. Expenditure and net lending</b>	<b>736,828.1</b>	<b>1,071,160.6</b>	<b>1,385,183.1</b>	<b>33,303.1</b>	<b>40,566.7</b>	<b>139,444.6</b>
Local	133,041.3	239,651.1	370,037.8	-	200.0	71,000.0
Foreign	603,786.8	831,509.5	1,015,145.3	33,303.1	40,366.7	68,444.6
Overall Deficit (cheques issued) before Grants	1,057,639.8	1,390,506.2	2,109,298.8	26,512.8	35,997.2	292,590.5
<b>Grants</b>	<b>696,672.5</b>	<b>724,396.5</b>	<b>1,011,345.0</b>	<b>29,770.0</b>	<b>49,815.3</b>	<b>85,108.4</b>
Program	278,500.1	364,280.3	345,475.6	6,695.7	29,028.9	53,262.6
Project	248,325.9	131,735.2	340,972.4	11,439.1	4,446.4	10,105.5
Basket Support	92,429.3	156,071.6	231,297.0	7,495.5	9,697.0	14,158.7
HIPC Relief	77,417.3	72,309.4	93,600.0	4,139.7	6,642.9	7,581.6
Overall deficit (cheques issued) after grants	360,967.3	666,109.6	1,097,953.9	56,282.7	13,818.0	207,482.1
Expenditure Float	168,942.0	140,141.5	-	146,552.4	6,873.0	1,737.5
Overall Deficit including Float	192,025.3	525,968.1	1,097,953.9	90,269.7	6,945.0	209,219.6
Adjustments to cash and other items(net)	-38,772	-59,596	0	-43,890	-86,461	175,473
Overall deficit (cheques cleared)	399,739.5	727,075.2	1,097,953.9	134,159.3	79,516.0	33,746.6
<b>Financing</b>	<b>399,739.5</b>	<b>727,075.2</b>	<b>1,097,953.9</b>	<b>134,159.3</b>	<b>79,516.0</b>	<b>33,746.6</b>
Foreign Financing (net)	434,235.4	582,130.1	584,888.5	10,292.4	18,593.1	109,613.2
Loans	479,420.1	689,219.7	713,564.9	14,368.6	26,223.3	115,748.0
Program loans	216,388.5	65,395.6	270,689.1	-	-	82,772.9
Project loans	261,129.7	467,079.3	341,584.4	14,368.6	26,223.3	32,975.1
Basket support	1,901.9	156,744.7	101,291.4	-	-	-
Amortization	45,184.8	107,089.6	128,676.5	4,076.2	7,630.2	6,134.8
Domestic (net)	34,495.9	144,945.2	513,065.4	123,866.9	60,923.0	75,866.6
Domestic Financing	83,681.2	97,313.2	514,905.7	123,866.9	60,923.0	75,866.6
Bank borrowing	39,418.4	47,632.0	-	-	-	-
Non Bank	-	-	-	-	-	-
Amortization of Contingent debt	9,766.8	-	12,260.3	-	-	-
Privatization Fund	-	-	10,420.0	-	-	-

\* Provisional

Source: Ministry of Finance







Table A4: Tanzania Interest rate structure

	Jan-05	Feb-05	Mar-05	Apr-05	May-05	June-05	July-05	Aug-05	Sep-05	Oct-05	Percent
<b>A: Domestic Currency</b>											
<b>1 Interbank Cash Market Rates</b>											
Overnight	5.69	5.19	4.49	5.47	4.82	5.04	4.70	7.11	6.61	5.05	
2 to 7 days	5.74	5.55	4.55	5.80	5.32	5.15	5.31	7.23	7.83	5.47	
8 to 14 days	6.00	5.84	5.06	6.25	5.70	5.58	6.40	8.73	7.56	6.93	
15 to 30 days	7.79	7.87	6.32	6.32	6.09	6.16	6.20	8.00	9.32	6.00	
31 to 60 days	8.74	8.02	6.92	7.53	6.47	5.60	7.91	8.67	10.15	11.17	
61 to 90 days	9.40	9.40	9.40	7.40	7.40	7.40	8.75	10.57	10.57	10.57	
91 to 180 days	10.05	9.06	8.50	9.30	8.39	8.39	10.26	11.73	11.00	13.50	
181 and above	10.00	8.70	9.23	10.50	9.47	9.20	9.20	9.20	13.60	13.60	
<b>Overall interbank cash market rate</b>	<b>6.12</b>	<b>5.83</b>	<b>4.76</b>	<b>5.58</b>	<b>5.20</b>	<b>5.09</b>	<b>4.97</b>	<b>7.26</b>	<b>7.23</b>	<b>5.25</b>	
<b>2 Lombard Rate</b>	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98	
<b>3 REPO Rate</b>	5.48	5.12	5.00	5.32	5.19	5.24	5.38	7.12	7.73	6.23	
<b>4 Treasury Bills Rates</b>											
35 days	8.23	7.76	6.51	5.75	5.30	6.60	7.03	8.42	9.49	8.97	
91 days	9.64	8.82	8.16	8.12	8.02	8.12	10.35	11.51	12.52	14.08	
182 days	10.22	9.82	9.38	9.37	9.18	9.43	10.53	11.46	13.10	14.50	
364 days	10.84	10.38	9.81	9.81	9.76	10.51	11.93	12.64	13.70	14.95	
<b>Overall treasury bills rate</b>	<b>9.72</b>	<b>9.40</b>	<b>8.36</b>	<b>8.64</b>	<b>8.46</b>	<b>9.30</b>	<b>10.35</b>	<b>11.30</b>	<b>12.58</b>	<b>13.60</b>	
<b>5 Treasury Bonds- 2-years</b>											
	13.00	13.31	14.64	11.68	13.24	15.05	14.82	14.91	16.89	16.89	
<b>5-years</b>	11.66	11.66	12.62	12.94	12.11	12.11	13.19	15.00	15.00	15.64	
<b>7-years</b>	10.44	10.44	13.05	12.60	13.21	13.21	13.05	13.14	13.14	18.37	
<b>10-years</b>	12.61	12.61	14.10	14.10	14.10	14.10	14.10	14.10	14.10	16.37	
<b>6 Discount Rate</b>	14.73	14.40	13.64	13.60	13.80	13.92	15.14	16.04	16.13	17.78	
<b>7 Savings Deposit Rate</b>	2.61	2.59	2.61	2.61	2.62	2.61	2.60	2.59	2.63	2.62	
<b>8 Time Deposits Rates</b>											
Call Accounts	2.03	2.32	2.37	2.20	1.54	0.98	0.96	0.98	1.30	1.88	
1 month	2.92	3.48	3.30	2.64	2.68	3.25	3.19	3.34	4.29	4.89	
2 months	6.26	5.16	4.91	6.26	5.71	5.22	5.44	5.22	7.10	6.50	
3 months	5.50	4.78	5.03	4.59	4.84	4.45	4.90	5.17	4.13	3.70	
6 months	6.08	5.32	5.35	5.09	5.44	5.63	5.72	5.78	5.62	7.14	
9 months											
12 months	5.90	5.50	6.03	6.16	6.27	5.97	5.69	5.83	6.32	6.66	
24 months	4.46	6.45	4.89	4.78	5.45	5.39	5.47	5.64	5.93	5.51	
<b>9 Negotiated Deposit Rates</b>											
	8.79	8.78	8.84	8.60	8.65	8.49	8.87	9.01	8.29	8.69	
<b>10 Lending rates</b>											
Call Loans	19.25	19.25	19.25	19.25	14.50	14.50	14.50	19.25	19.25	19.25	
Short-term (up to 1 year)	15.06	16.23	15.98	15.77	16.09	16.06	16.14	15.82	15.74	16.03	
Medium-term (1-2 years)	17.23	16.98	16.96	16.98	17.03	16.77	16.41	16.67	16.67	17.07	
Medium-term (2-3 years)	15.18	15.13	15.43	15.87	15.84	16.21	15.39	15.06	15.52	15.65	
Long-term (3-5 years)	12.77	14.17	13.27	12.81	13.37	13.87	12.72	13.34	13.25	13.76	
Term Loans (over 5 years)	14.74	15.30	15.37	14.63	14.62	14.65	14.18	14.31	14.24	14.46	
<b>11 Negotiated Lending Rates</b>	11.33	10.29	10.32	10.33	10.54	11.01	11.51	11.39	11.37	11.47	
<b>B: Foreign Currency</b>											
<b>1 Deposits Rates</b>											
Call Accounts	0.51	0.61	0.45	0.63	0.41	0.47	0.55	0.39	0.66	0.49	
<b>Savings Deposits</b>	0.73	0.72	0.72	0.87	0.67	0.67	0.65	0.68	0.72	0.69	
<b>Time Deposits</b>	<b>1.63</b>	<b>1.17</b>	<b>1.37</b>	<b>1.40</b>	<b>1.61</b>	<b>1.72</b>	<b>1.73</b>	<b>1.78</b>	<b>1.81</b>	<b>1.65</b>	
1-months	1.17	0.98	1.29	0.99	1.26	1.18	1.31	1.23	1.48	1.60	
2-months	1.71	1.26	1.27	1.59	1.27	1.58	1.32	1.52	2.70	1.50	
3-months	1.93	1.10	1.38	1.11	1.67	1.74	1.83	2.28	1.17	1.52	
6-months	1.41	1.19	1.46	1.61	1.38	1.45	1.34	1.24	1.33	1.47	
12-months	1.90	1.35	1.44	1.68	2.47	2.62	2.84	2.63	2.36	2.15	
<b>2 Lending Rates</b>											
	<b>7.67</b>	<b>7.69</b>	<b>7.87</b>	<b>7.79</b>	<b>7.59</b>	<b>8.04</b>	<b>7.85</b>	<b>7.38</b>	<b>7.73</b>	<b>7.23</b>	
Short-term (up to 1 year)	7.30	6.88	6.98	6.86	7.65	6.86	7.41	7.03	7.38	6.72	
Medium-term (1-2 years)	7.98	8.09	8.35	7.96	7.05	7.70	7.86	6.45	6.93	7.93	
Medium-term (2-3 years)	7.89	8.20	8.63	8.61	7.70	9.28	8.02	7.58	7.85	8.72	
Long-term (3-5 years)	7.36	7.34	7.04	7.20	7.36	8.99	8.42	7.44	8.00	5.05	
Term Loans (over 5 years)	7.82	7.94	8.37	8.31	8.20	7.36	7.54	8.39	8.48	7.71	

Source: Bank of Tanzania



**Table 5 (a) : Tanzania Exports by type of commodity**

	2005p		% Change	October		% Change	Year ending October <sup>p</sup>		% Change
	September	October		2004	2005 <sup>p</sup>		2004	2005	
<b>Traditional Exports</b>									
<b>COFFEE</b>									
Value	3.4	7.0	--	3.8	7.0	86.1	40.4	76.6	89.8
Volume	2.2	4.6	--	2.9	4.6	59.7	32.8	50.6	54.5
Unit Price	1,543.5	1,545.4	0.1	1,326.6	1,545.4	16.5	1,232.2	1,513.4	22.8
<b>COTTON</b>									
Value	14.0	17.0	21.8	13.0	17.0	30.4	64.9	95.8	47.7
Volume	16.9	12.6	-25.4	12.9	12.6	-1.7	65.0	97.4	49.9
Unit Price	823.2	1,344.4	63.3	1,013.2	1,344.4	32.7	998.4	983.7	-1.5
<b>SISAL</b>									
Value	0.9	0.3	-69.5	0.5	0.3	-44.5	7.4	7.1	-4.1
Volume	1.1	0.3	-73.2	0.8	0.3	-64.4	13.1	8.5	-34.6
Unit Price	774.7	883.6	14.0	566.4	883.6	56.0	564.8	828.2	46.6
<b>TEA</b>									
Value	0.8	4.4	--	2.5	4.4	72.3	27.6	30.0	8.5
Volume	0.6	3.2	--	2.1	3.2	50.7	22.3	24.9	11.5
Unit Price	1,212.3	1,350.1	11.4	1,180.9	1,350.1	14.3	1,239.6	1,206.7	-2.7
<b>TOBACCO</b>									
Value	15.3	0.0	--	14.2	0.0	--	68.4	56.0	-18.2
Volume	6.6	0.0	--	5.3	0.0	--	32.8	26.9	-18.0
Unit Price	2,324.5	0.0	--	2,693.9	0.0	--	2,087.3	2,083.2	-0.2
<b>CASHEWNUTS</b>									
Value	0.0	4.4	--	8.2	4.4	-45.7	51.0	57.4	12.7
Volume	0.0	5.8	--	12.1	5.8	-52.5	80.2	64.3	-19.9
Unit Price	0.0	769.0	--	673.5	769.0	14.2	635.9	893.9	40.6
<b>CLOVES</b>									
Value	1.7	1.0	-42.1	1.2	1.0	-17.0	9.5	10.2	7.5
Volume	0.6	0.3	-43.3	0.3	0.3	0.3	5.0	3.5	-30.6
Unit Price	2,859.6	2,918.9	2.1	3,527.8	2,918.9	-17.3	1,905.8	2,952.5	54.9
<b>SUB TOTAL</b>	<b>36.0</b>	<b>34.1</b>	<b>-5.3</b>	<b>43.4</b>	<b>34.1</b>	<b>-21.5</b>	<b>269.2</b>	<b>333.2</b>	<b>23.8</b>
<b>Non-Traditional Exports</b>									
<b>Minerals</b>	<b>54.6</b>	<b>61.0</b>	<b>11.8</b>	<b>62.0</b>	<b>61.0</b>	<b>-1.5</b>	<b>661.9</b>	<b>735.0</b>	<b>11.0</b>
Gold	51.0	55.0	8.0	59.1	55.0	-6.8	610.7	676.2	10.7
Diamond	0.1	2.7	--	0.1	2.7	--	25.7	25.4	-1.1
Other minerals <sup>1</sup>	3.5	3.4	-5.2	2.8	3.4	21.4	25.6	33.4	30.6
<b>Manufactured Goods</b>	<b>11.6</b>	<b>14.2</b>	<b>21.9</b>	<b>10.2</b>	<b>14.2</b>	<b>38.6</b>	<b>104.6</b>	<b>143.9</b>	<b>37.5</b>
Cotton Yarn	0.2	1.0	--	0.4	1.0	--	4.9	5.1	3.6
Manufactured Coffee	0.1	0.1	0.0	0.1	0.1	0.0	0.5	4.0	--
Manufactured Tobacco	0.1	0.2	--	0.0	0.2	--	1.2	0.3	-96.9
Sisal Products (Yarn & Twine)	0.5	0.5	0.0	0.4	0.5	25.0	3.4	4.8	41.4
Other manufactured Goods <sup>2</sup>	10.8	12.4	15.1	9.3	12.4	32.8	94.6	129.7	37.0
<b>Fish and Fish Products</b>	<b>12.2</b>	<b>13.8</b>	<b>13.8</b>	<b>10.5</b>	<b>13.8</b>	<b>31.7</b>	<b>123.1</b>	<b>147.9</b>	<b>20.2</b>
<b>Horticultural products</b>	<b>1.1</b>	<b>1.1</b>	<b>0.0</b>	<b>0.8</b>	<b>1.1</b>	<b>44.3</b>	<b>12.2</b>	<b>18.8</b>	<b>54.5</b>
<b>Others Exports<sup>3</sup></b>	<b>17.9</b>	<b>20.7</b>	<b>15.2</b>	<b>13.7</b>	<b>20.7</b>	<b>51.2</b>	<b>103.8</b>	<b>157.2</b>	<b>51.4</b>
<b>SUB TOTAL</b>	<b>97.4</b>	<b>110.8</b>	<b>13.8</b>	<b>97.1</b>	<b>110.8</b>	<b>14.1</b>	<b>1,005.6</b>	<b>1,202.7</b>	<b>19.6</b>
<b>GRAND TOTAL</b>	<b>133.4</b>	<b>144.9</b>	<b>8.6</b>	<b>140.5</b>	<b>144.9</b>	<b>3.1</b>	<b>1,274.8</b>	<b>1,535.8</b>	<b>20.5</b>

**NOTE:**

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

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

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

p = Provisional data.

- = Small value

-- = Very big value

--- = Information not available

Totals may not add up due to rounding of numbers.

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

SOURCE: Bank of Tanzania, TRA





Table 5 (b) : Tanzania Imports - F.O b value (major Category)

Imports	Million of US\$						
	October		2005 <sup>p</sup>			Year ending October <sup>p</sup>	
	2003	2004 <sup>p</sup>	Sept	Oct	2004	2005	% Change
<b>Capital goods</b>	<b>73.4</b>	<b>73.9</b>	<b>102.9</b>	<b>95.3</b>	<b>812.2</b>	<b>1,018.2</b>	<b>25.4</b>
Transport Equipment	23.7	19.5	24.1	25.3	228.1	250.1	9.7
Building and Constructions Equipment	14.2	14.5	20.9	22.6	161.1	240.1	49.1
Machinery	35.5	39.9	58.0	47.4	423.0	528.0	24.8
<b>Intermediate goods</b>	<b>74.0</b>	<b>66.4</b>	<b>56.5</b>	<b>52.6</b>	<b>710.0</b>	<b>786.9</b>	<b>10.8</b>
Oil imports	46.7	48.7	24.3	18.7	443.0	438.2	-1.1
Fertilizers	2.8	1.8	7.2	8.3	48.1	63.9	33.0
Industrial raw materials	24.5	15.8	25.0	25.6	218.9	284.8	30.1
<b>Consumer goods</b>	<b>52.7</b>	<b>75.9</b>	<b>85.9</b>	<b>58.0</b>	<b>741.5</b>	<b>759.3</b>	<b>2.4</b>
Food and foodstuffs	12.2	25.0	19.1	9.7	244.7	178.6	-27.0
All other consumer goods <sup>1</sup>	40.4	50.9	66.8	48.2	496.7	580.6	16.9
<b>Grand totals (f.o.b)</b>	<b>200.1</b>	<b>216.2</b>	<b>245.4</b>	<b>205.8</b>	<b>2,263.6</b>	<b>2,564.4</b>	<b>13.3</b>

**Note:**

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

Oil imports refers to refined 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**

Item	Millions of US\$			
	2001	2002	2003	2004 <sup>p</sup>
<b>A. Current Account</b>	<b>-436.7</b>	<b>-214.7</b>	<b>-384.2</b>	<b>-456.7</b>
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
Balance on Goods	-783.9	-608.8	-804.2	-946.3
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
Balance on Services	37.2	0.1	-83.0	-116.1
Balance on Goods and Services	-746.8	-608.7	-887.2	-1062.5
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
Balance on Income	-85.2	-22.7	-43.9	-40.3
Balance on Goods, Services and Income	-832.0	-631.4	-931.1	-1102.8
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>B. Capital Account</b>	<b>361.5</b>	<b>355.4</b>	<b>358.2</b>	<b>293.6</b>
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
<b>C. Financial Account, excl. reserves and related items</b>	<b>-501.9</b>	<b>0.0</b>	<b>-5.6</b>	<b>3.2</b>
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
Liabilities	-752.5	-243.3	-194.4	-245.9
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
Total, Groups A through C	-577.1	140.6	-31.7	-159.9
<b>D. Net Errors and Omissions</b>	<b>-232.5</b>	<b>-253.0</b>	<b>101.6</b>	<b>61.8</b>
Overall balance	-809.6	-112.4	69.9	-98.1
<b>E. Reserves and Related Items</b>	<b>809.6</b>	<b>112.4</b>	<b>-69.9</b>	<b>98.1</b>
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
<b>Memorandum items</b>				
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 transfers)	-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 end)	761.2	1058.4	1533.9	1786.9
Change in Net International Reserves	-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:**

- Imports data (f.o.b) for 2001 have been revised using new ratios for freight and insurance services.
- 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: External Debt Developments

Item	2000/01	2001/02	2002/03	2003/04	2004/05	2005/6		
						Aug-05	Sep-05	Oct-05
<b>1. Overall total debt</b>								
<b>committed (2)</b>	<b>7,702.3</b>	<b>8,032.8</b>	<b>7,606.6</b>	<b>8,088.3</b>	<b>8,345.1</b>	<b>8,401.0</b>	<b>8,361.9</b>	<b>8,276.2</b>
Disbursed outstanding debt	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,913.8	6,944.7	6,855.7
Undisbursed debt	1,390.1	1,473.1	1,373.6	1,410.0	1,545.6	1,487.2	1,417.2	1,420.5
<b>2. Disbursed debt by creditor category (2)</b>	<b>6,312.2</b>	<b>6,559.7</b>	<b>6,233.0</b>	<b>6,678.3</b>	<b>6,799.5</b>	<b>6,913.8</b>	<b>6,944.7</b>	<b>6,855.7</b>
Bilateral	2,289.1	2,277.1	1,633.7	1,483.6	1,502.3	1,578.5	1,566.1	1,490.5
Multilateral	3,530.6	3,808.5	4,088.3	4,570.0	4,626.3	4,639.7	4,682.0	4,687.2
Commercial	307.9	302.5	330.6	391.2	416.4	441.1	439.6	429.1
Export credits	184.7	171.6	180.5	233.5	254.5	254.5	257.0	249.0
<b>3. Disbursed debt by borrower category (2)</b>	<b>6,312.2</b>	<b>6,559.7</b>	<b>6,233.0</b>	<b>6,678.3</b>	<b>6,799.5</b>	<b>6,913.8</b>	<b>6,944.7</b>	<b>6,855.7</b>
Central Government	5,844.0	6,054.8	5,708.0	6,092.0	5,830.5	5,934.8	5,966.5	5,879.6
Parastatal Companies	172.2	153.8	152.2	149.1	477.5	490.6	488.1	485.3
Private Sector	296.0	351.1	372.9	437.2	491.5	488.4	490.1	490.8
<b>4. Disbursed debt by use of funds (2)</b>	<b>6,312.2</b>	<b>0.0</b>	<b>6,233.0</b>	<b>6,678.3</b>	<b>6,799.5</b>	<b>6,913.8</b>	<b>6,944.7</b>	<b>6,855.7</b>
Balance of payment support	1,524.2	1,639.0	1,166.0	1,275.1	1,335.1	1,440.2	1,426.6	1,376.5
Transport & Telecommunication	1,021.1	1,027.9	1,047.8	1,085.1	1,073.5	1,103.5	1,104.2	1,075.1
Agriculture	990.9	1,007.8	1,034.7	967.7	1,077.8	1,068.5	1,059.7	1,058.1
Energy & Mining	824.3	902.9	895.0	924.3	1,070.3	891.3	943.7	942.5
Industries	413.8	402.3	411.2	352.7	405.5	404.7	401.3	400.3
Social Welfare & Education	332.0	384.4	421.7	333.3	611.7	629.3	632.9	637.8
Finance and Insurance	131.2	77.9	76.9	82.3	96.6	96.4	102.5	102.4
Tourism	82.0	83.8	88.2	80.2	80.1	80.0	79.8	80.1
Others	992.7	1,033.7	1,091.6	1,577.5	1,048.9	1,200.1	1,194.0	1,182.8
<b>5. Total amount of loans contracted(1)</b>	<b>417.6</b>	<b>517.9</b>	<b>277.3</b>	<b>229.7</b>	<b>376.4</b>	<b>0.2</b>	<b>1.0</b>	<b>0.0</b>
Government	285.7	465.3	259.8	209.4	335.4	0	0	0
Parastatal Companies	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private	131.0	52.6	17.5	20.3	41.0	0.2	1.0	0.0
<b>6. Disbursements (1)</b>	<b>169.7</b>	<b>184.8</b>	<b>169.0</b>	<b>234.7</b>	<b>190.2</b>	<b>4.6</b>	<b>2.7</b>	<b>0.0</b>
Government	169.6	160.5	163.7	205.9	161.4	0.1	2.7	0.0
Parastatal Companies	-	-	0.0	2.0	0.0	4.1	0.0	0.0
Private	0.1	24.3	5.3	26.8	28.8	0.4	0.0	0.0
<b>7. Scheduled debt service (1)</b>	<b>422.0</b>	<b>400.0</b>	<b>369.0</b>	<b>334.4</b>	<b>355.1</b>	<b>373.6</b>	<b>373.6</b>	<b>374.6</b>
<b>8. Actual debt service (1)</b>	<b>120.9</b>	<b>89.1</b>	<b>112.4</b>	<b>99.3</b>	<b>112.9</b>	<b>13.5</b>	<b>10.0</b>	<b>3.3</b>
Principal	100.1	47.9	86.6	68.6	86.0	12.8	6.9	0.4
Interest	20.8	41.2	25.8	30.6	26.9	0.8	3.1	2.9
Others	-	0.0	0.0	0.1	0.0	0.0	0.0	0.0
<b>9. Net transfers</b>	<b>48.8</b>	<b>95.7</b>	<b>51.3</b>	<b>106.6</b>	<b>77.3</b>	<b>-8.9</b>	<b>-7.3</b>	<b>-3.3</b>
<b>10. Total arrears by creditor category (2)</b>	<b>2,304.9</b>	<b>1,820.2</b>	<b>2,056.5</b>	<b>2,297.8</b>	<b>2,470.5</b>	<b>2,283.7</b>	<b>2,278.1</b>	<b>2,224.8</b>
<b>Principal</b>	<b>1,135.0</b>	<b>915.9</b>	<b>1,021.4</b>	<b>1,119.1</b>	<b>1,135.2</b>	<b>1,106.3</b>	<b>1,106.9</b>	<b>1,064.8</b>
Bilateral	803.8	570.5	611.6	658.8	669.4	630.1	625.1	601.7
Multilateral	0.0	39.9	45.1	28.3	5.9	8.3	9.0	9.0
Commercial	165.4	152.9	203.7	240.2	249.2	256.9	261.6	250.7
Other Private Creditors	165.8	152.6	161.0	191.8	210.7	211.0	211.2	203.4
<b>Interest</b>	<b>1,169.9</b>	<b>904.3</b>	<b>1,035.1</b>	<b>1,178.7</b>	<b>1,335.3</b>	<b>1,177.4</b>	<b>1,171.2</b>	<b>1,160.0</b>
Bilateral	780.4	522.7	577.7	693.0	818.8	655.1	651.7	632.5
Multilateral*	0.0	54.1	68.4	27.3	23.4	23.8	23.8	24.3
Commercial	294.5	222.2	268.3	287.1	333.7	337.9	335.5	341.2
Other Private Creditors	95.0	105.3	120.7	171.3	159.4	160.6	160.2	162.0
<b>11. External Debt Stock</b>	<b>7,482.1</b>	<b>7,464.0</b>	<b>7,268.1</b>	<b>7,856.9</b>	<b>8,134.8</b>	<b>8,091.2</b>	<b>8,115.9</b>	<b>8,015.7</b>
<b>12. Domestic Debt Stock</b>	<b>919.1</b>	<b>864.5</b>	<b>841.6</b>	<b>885.3</b>	<b>952.6</b>	<b>1,435.1</b>	<b>1,466.8</b>	<b>1,500.4</b>
<b>13. Total Debt Stock</b>	<b>8,401.2</b>	<b>8,328.5</b>	<b>8,109.7</b>	<b>8,742.1</b>	<b>9,087.4</b>	<b>9,526.3</b>	<b>9,582.7</b>	<b>9,516.1</b>
<b>End Period Exchange Rate</b>	<b>888.0</b>	<b>945.9</b>	<b>1,047.4</b>	<b>1,107.3</b>	<b>1,126.3</b>	<b>1,133.6</b>	<b>1,136.3</b>	<b>1,141.6</b>

Source: Bank of Tanzania

NB. Multilateral\*: multilateral arrears exclude those owed by the Central Government.

During the period (2) End of October 2005 cumm

\* Disbursements for July are higher due to rescheduling arrangements of the Libyan debt



# GLOSSARY

## **Average Inflation Rate**

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

## **Currency in Circulation Outside Banks**

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

## **Discount Rate**

The rate of interest charged by the Bank of Tanzania on loans it extends to deposit money banks (DMBs) 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**

It is an overnight loan to enable commercial banks to borrow at their own discretion, through pledging of eligible government securities as collateral.

## **Money Supply, M**

The sum of currency in circulation outside banks and deposits of deposit money banks, 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.

## **Underlying Inflation Rate**

Also referred to as non-food inflation is a measure of price movements caused by factors other than food prices.

## **Repurchase Agreement (REPO)**

These are agreements to sell government securities by the BOT to financial institutions at agreed rate for a specified period, with an understanding that the financial institutions will sell back the securities at the end of the period, and vice versa.

## **Reserve Money (M0)**

The Central Bank's liabilities in the form of: (1) currency in circulation outside the Bank of Tanzania and (2) DMBs' deposits with the BOT.

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

This is the average yield of Treasury bills, which is weighted by the volume sold, expressed in percentage per year.



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