

ISSN 0856 - 6844

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MONTHLY ECONOMIC REVIEW BANK OF TANZANIA

January 2003

MESSAGE FROM THE GOVERNOR

Tanzania registered strong economic performance in 2002, as the inflation rate continued to decline. Real GDP is estimated to have expanded by about 6.0 percent and the inflation rate was 4.4 percent. Almost all the major sectors of the economy registered growth rates of more than 5.0 percent, including agriculture, which registered a growth rate of 5.5 percent. However, there was a surprising upsurge in industrial output. Manufacturing, which has been recovering slowly over the past five years, registered the strongest sector growth in 2002.

Inflation Developments

Headline inflation

The annual inflation rate during the year ending December 2002 declined by 0.1 percentage point to 4.4 percent, from 4.5 percent recorded in the year ended November 2002. However, when measured on a month-on-month basis, the overall inflation rate rose by 2.7 percent between November 2002 and December 2002

mainly due to increase in the average prices of most food and non-food items. With regard to seasonally adjusted indices, the month-on-month headline inflation rate also increased by 0.3 percent in December 2002.

Non-food Inflation

During the period under review, non-food inflation continued to experience an upward pressure, rising by 0.2 percentage points to 9.0 percent, from 8.8 percent recorded in the year ended November 2002 on account of increases in the average prices of clothing and footwear; personal care and health; furniture and household equipment; and education sub-groups. The increase in prices of these sub-groups is explained by higher demand for the respective items over the period. Also, the one-time increase in energy tariffs in April 2002 continue to influence annual non-food inflation rate upwards. On month-to-month basis, the non-food inflation rate recorded an increase of 0.5 percent between November 2002 and December 2002. The upward trend in non-food inflation is also explained by increase in average prices of petroleum products following concerns over the likelihood of a US attack on Iraq, coupled with on-going strike in the Venezuela's oil industry that has disrupted crude oil supplies. In line with these developments, crude oil prices increased to an average of USD 27.9 per barrel in December 2002 from an average USD 24.5 per barrel in November 2002.

Food Inflation

During the year ending December 2002, annual food inflation rate declined to 2.9 percent from 3.0 percent recorded in the previous month. However, when

measured on month-to-month basis, food inflation increased by 3.5 percent on account of a rise in prices of almost all food items due to shopping spree associated with the Eid-el-Fitr, Christmas, and end of year celebrations.

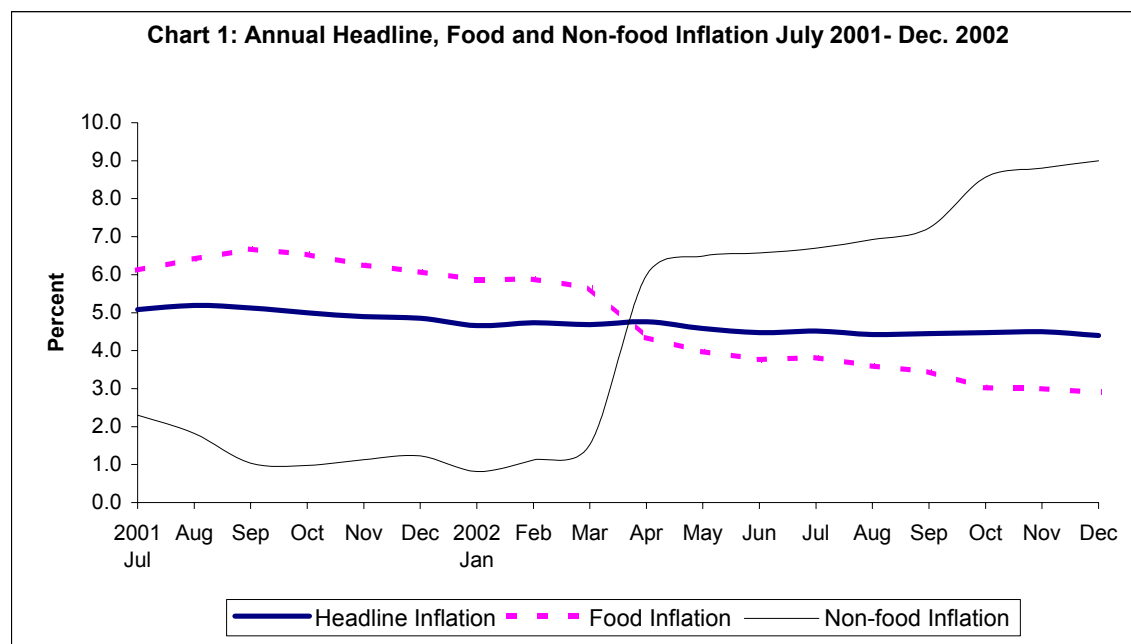


Table 1: Percentage Change in the Sub-groups of the National Consumer Price Index (All-urban)

(Base: December 1994=100)

Major Commodity Group	Weight %	Nov 2002	% Change Nov 01 - Nov 02	Dec 2001	Dec 2002	% Change Dec.01 - Dec 02	% Change Nov 02 - Dec 02
Food	71.2	231.1	+3.0	232.4	239.1	+ 2.9	+ 3.5
Drinks and Tobacco	4.4	184.2	+4.9	175.6	183.7	+ 4.6	- 0.3
Rents	3.9	202.2	+1.5	199.3	202.3	+ 1.5	0.0
Fuel, Power and Water	4.7	339.4	+25.2	272.1	338.2	+ 24.3	- 0.4
Clothing & Footwear	3.7	203.8	+6.0	194.3	208.4	+ 7.3	+ 2.3
Furniture & Household Equipment	2.5	199.4	+4.8	192.3	202.0	+ 5.0	+ 1.3
Household Operations & Maintenance	1.5	163.0	+3.2	157.7	164.3	+ 4.2	+ 0.8
Personal Care & Health	2.2	153.3	+4.9	146.3	156.5	+ 7.0	+ 2.1
Recreation & Entertainment	1.2	175.0	+2.2	171.3	174.4	+ 1.8	- 0.3
Transportation	1.2	247.9	+3.5	239.9	247.9	+ 3.3	0.0
Education	1.5	204.7	+3.7	198.2	208.2	+ 5.0	+ 1.7
Miscellaneous Goods and Services	2.0	159.4	+5.3	152.0	160.3	+ 5.5	+ 0.6
TOTAL	100.0	226.3	+4.5	222.5	232.3	+ 4.4	+ 2.7

Source: National Bureau of Statistics (NBS)

Table 2: Actual and Seasonally Adjusted Inflation Rates, Tanzania Mainland

Period	Unadjusted						Seasonally Adjusted					
	Year-to- Year			Month-on-Month			6 Months Annualised			Month-on-Month		
	Headline 1)	Non Food 2)	Food	Headline 1)	Non Food 2)	Food	Headline 1)	Non Food 2)	Food	Headline 1)	Non Food 2)	Food
2000 Jan	6.6	3.8	7.5	3.3	0.4	4.3	5.4	2.4	6.8	0.0	0.1	0.0
Feb	6.3	3.2	7.4	3.2	0.8	4.0	5.2	1.6	6.3	0.4	0.3	0.4
Mar	6.2	2.0	7.6	2.3	0.4	2.9	5.3	2.3	6.1	0.6	0.3	0.8
Apr	6.0	2.0	7.3	-1.9	-0.1	-2.6	5.3	3.2	5.8	0.5	0.5	0.5
May	6.0	2.4	7.2	-0.8	0.1	-1.1	4.9	4.0	4.9	0.4	0.4	0.4
Jun	5.9	2.4	7.1	-2.3	0.1	-3.2	4.8	3.8	5.0	0.4	0.4	0.5
Jul	5.8	3.5	6.6	-0.9	0.7	-1.4	6.1	4.6	6.3	0.6	0.4	0.6
Aug	5.7	3.6	6.5	-1.1	0.5	-1.6	6.1	5.4	6.5	0.4	0.6	0.5
Sep	5.7	4.6	6.0	-0.5	0.7	-1.0	5.9	6.7	5.9	0.6	0.9	0.5
Oct	5.8	4.8	6.2	0.5	0.4	0.6	6.1	6.2	6.3	0.6	0.3	0.6
Nov	5.7	4.9	6.0	1.1	0.0	1.5	6.4	5.6	6.8	0.5	0.2	0.7
Dec	5.5	4.3	5.9	2.8	0.3	3.7	5.9	4.8	6.5	0.3	0.0	0.3
*2001 Jan	5.4	4.5	5.7	3.2	0.6	4.2	4.9	4.5	5.4	0.0	0.3	0.1
Feb	5.4	4.1	6.0	3.2	0.3	4.2	4.9	2.9	5.6	0.4	-0.2	0.5
Mar	5.1	3.6	5.6	1.9	0.0	2.6	4.4	0.7	5.5	0.3	-0.2	0.4
Apr	5.3	3.1	6.2	-1.6	-0.4	-2.0	4.6	0.4	6	0.6	0.1	0.9
May	5.3	3.1	6.0	-0.9	0.3	-1.3	4.3	1.2	5.3	0.4	0.5	0.3
Jun	5.1	2.8	6.0	-2.5	-0.2	-3.3	4.4	1.4	5.6	0.4	0.2	0.5
Jul	5.1	2.3	6.1	-0.9	0.2	-1.3	5.3	0.7	6.8	0.5	-0.1	0.7
Aug	5.2	1.8	6.4	-1.0	0.0	-1.4	5.5	1.0	7.3	0.5	0.0	0.7
Sep	5.1	1.0	6.7	-0.6	-0.1	-0.8	5.9	1.7	7.9	0.5	0.2	0.7
Oct	5.0	1.0	6.5	0.4	0.3	0.5	5.4	2.0	7.0	0.4	0.3	0.5
Nov	4.9	1.1	6.3	1.0	0.1	1.2	5.4	1.8	7.1	0.4	0.5	0.3
Dec	4.9	1.2	6.1	2.7	0.4	3.6	5.3	1.9	6.5	0.3	0.2	0.3
2002 Jan	4.7	0.8	5.9	3.0	0.3	4.0	4.1	1.6	5.0	-0.1	-0.2	-0.1
Feb	4.7	1.1	5.9	3.3	0.5	4.3	4.1	1.6	4.5	0.5	-0.1	0.5
Mar	4.7	1.5	5.7	1.9	0.4	2.4	3.7	2.0	3.5	0.3	0.3	0.2
Apr	4.8	6.0	4.3	-1.6	3.8	-3.3	4.2	10.3	1.7	0.7	4.3	-0.4
May	4.6	6.5	4.0	-1.1	0.6	-1.6	3.8	11.1	1.0	0.2	0.8	0.0
Jun	4.5	6.6	3.8	-2.6	-0.1	-3.5	3.8	11.4	1.2	0.2	0.3	0.3
Jul	4.5	6.7	3.8	-0.9	0.3	-1.3	4.9	11.6	2.7	0.4	-0.1	0.6
Aug	4.4	6.9	3.6	-1.1	0.2	-1.6	4.6	12.5	2.8	0.4	0.2	0.6
Sept	4.4	7.2	3.4	-0.6	0.2	-0.9	5.2	12.7	3.3	0.6	0.4	0.4
Oct	4.5	8.6	3.0	0.4	1.6	0.0	4.8	6.6	4.5	0.5	1.4	0.2
Nov	4.5	8.8	3.0	1.0	0.4	1.2	5.1	6.3	4.9	0.3	0.6	0.2
Dec	4.4	9.0	2.9	2.7	0.5	3.5	5.3	1.9	6.5	0.3	0.2	0.3

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

1) Total NCPI. 2) Non-Food NCPI. *Revised figures.

Monetary and Financial developments

Reserve Money Developments

During December 2002, Reserve money (M0) decelerated by TZS 6.3 billion to TZS 695.7 billion from TZS 702.0 billion attained in November 2002. The outturn was below the Poverty Reduction and Growth Facility (PRGF) target, for the quarter ending December 2002 of TZS 706.6 billion, by TZS 10.9 billion.

The decline in M0 was mainly on account of an increase in government deposits amounting to TZS 64.9 billion, following revenue arising from tax collections. This was reinforced by the securitization of EPA stock that led to a decline in government securities by TZS 16.2 billion and the sale of REPOs worth TZS 2.3 billion for fine-tuning purposes. Nevertheless the drop in other assets by TZS 40.0 billion, attributed mainly to accrued interest on stocks/special bonds and foreign investments, reduced the impact of government operations on M0.

On the uses side of reserve money, commercial banks' reserves at the BoT declined by TZS 6.4 billion, largely on account of securitization of non-interest bearing government stock. In contrast, currency in circulation outside the BoT rose by TZS 0.1 billion over the period under review.

Money Supply and Credit Developments

Broad money (M2) went up by TZS 7.4 billion to TZS 1,507.4 billion in December 2002 and was above the PRGF target of TZS 1,484.0 billion, by TZS 23.4 billion

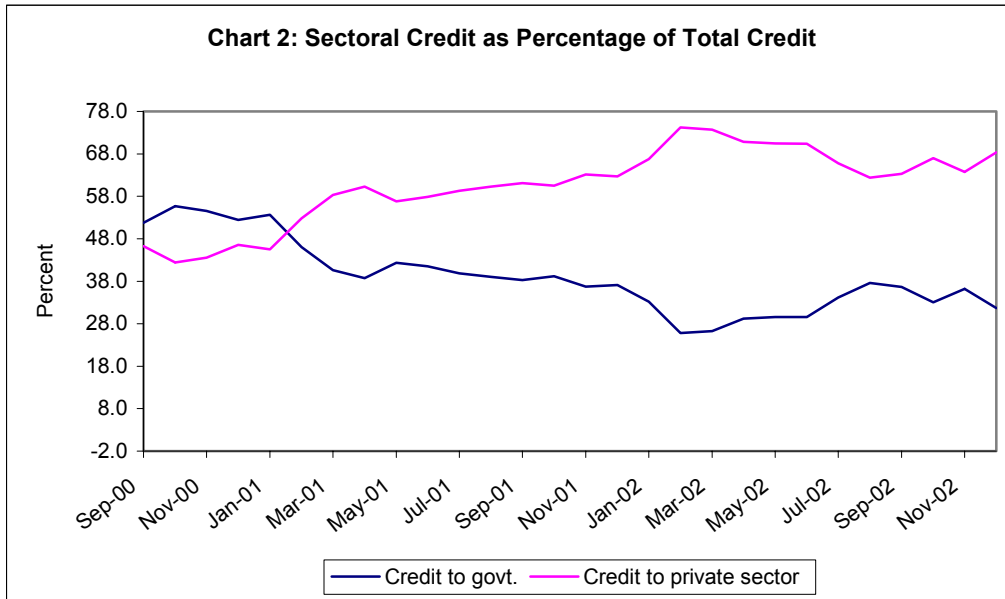
for the quarter ending December 2002. The increase in M2 emanated from net foreign assets (NFA¹) of the banking system, which rose by TZS 79.7 billion. NFA rose mainly as a result of TZS 58.0 billion and TZS 21.7 billion increases in Net International Reserves (NIR) of the Bank of Tanzania and Net Foreign Assets of commercial banks, respectively. The rise in NIR was mainly a result of donor fund inflows.

The rise in NFA had a positive impact on gross reserves of the BOT as reflected in the increase from USD 1,452.2 million in November 2002 to USD 1,528.4 million in December 2002. This level of gross reserves in December 2002 was equivalent to 8.0 months of imports of goods and services compared to 7.6 months of imports in the preceding month.

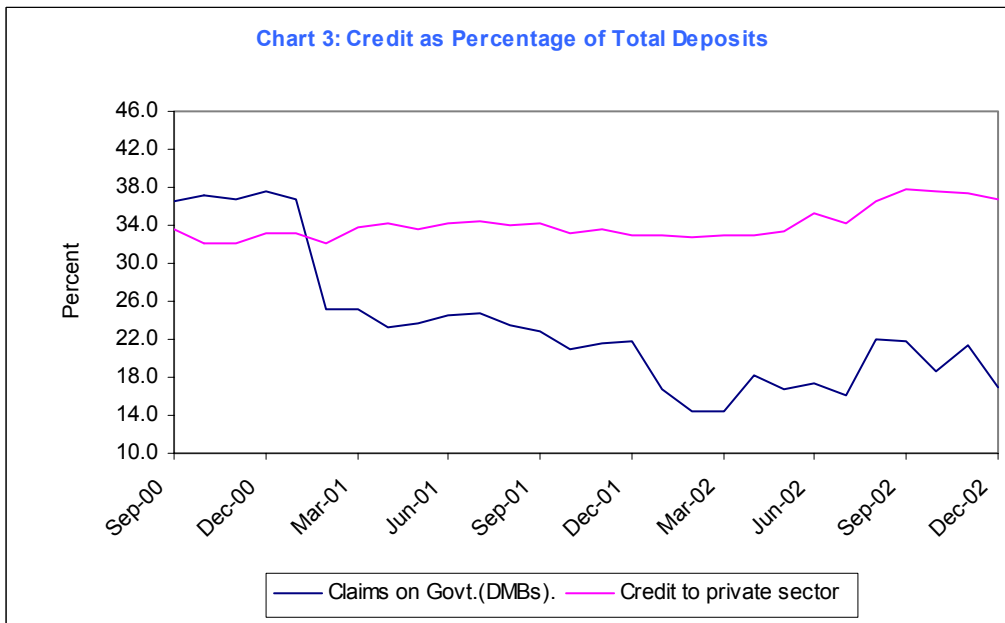
The TZS 68.0 billion drop in Net Domestic Assets (NDA) dampened the impact of the increase in NFA on M2. The decline in NDA is attributed to a fall in domestic credit by TZS 47.2 billion coupled with a decline in other items net (OIN) by TZS 20.8 billion.

Credit to the Government by the banking system decelerated by TZS 55.3 billion to TZS 264.6 billion in December 2002 from TZS 319.9 billion in November 2002. This was mainly a result of an upsurge in government deposits. During the same period, credit to the private sector increased by TZS 8.1 billion to TZS 570.7 billion. As a result of these developments, the share of government credit to total domestic credit fell from 36.2 percent in November 2002, to 31.7 percent in December 2002, while the share of private sector credit to total domestic credit rose from 63.8 percent to 68.3 percent during the same period ([Chart 2](#)).

¹ Adjusted to excluding foreign currency deposits

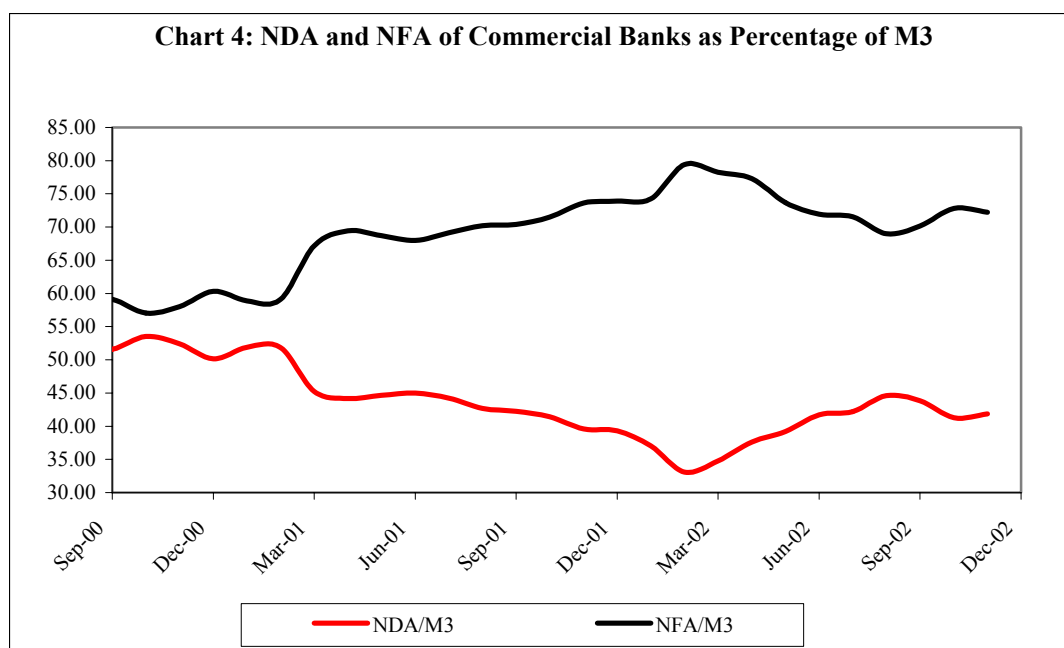


Nevertheless, the proportion of lending to the private sector to total deposits decreased from 37.4 percent in November 2002 to 36.8 percent in December 2002 (Chart 3).



Extended Broad Money Supply

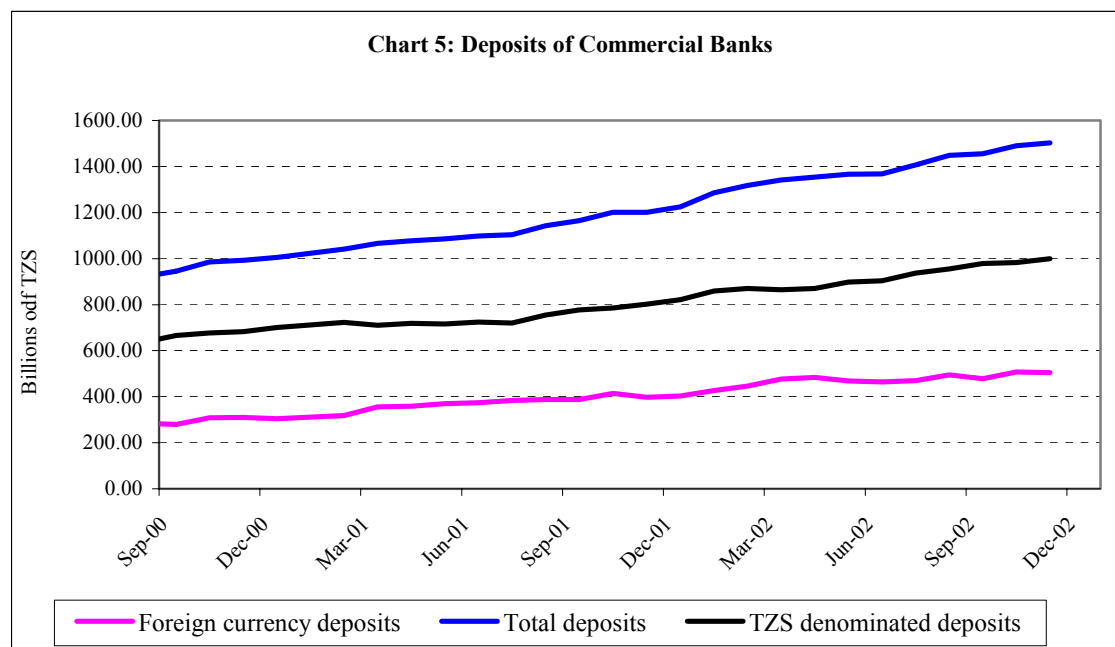
During December 2002, extended broad money (M3) rose by TZS 43.4 billion from TZS 2,004.3 billion in November 2002 to TZS 2,047.7 billion. The proportion of foreign currency deposits to M3 reached 26.4 percent in December 2002 up from 25.2 percent recorded in November 2002. Similarly, net foreign assets of the banking system as proportion of M3 rose from 71.3 percent to 72.3 percent during the period reflecting portfolio diversification in favour of foreign assets by commercial banks ([Chart 4](#)).



Commercial Banks Deposits

During the month under review, total commercial banks deposits comprising of demand, time, savings and foreign currency deposits grew by TZS 48.9 billion,

that is, a 3.2 percent growth rate compared with a growth rate of 0.9 percent in the previous month (Chart 5). This is mainly attributed to exchange rate speculation.

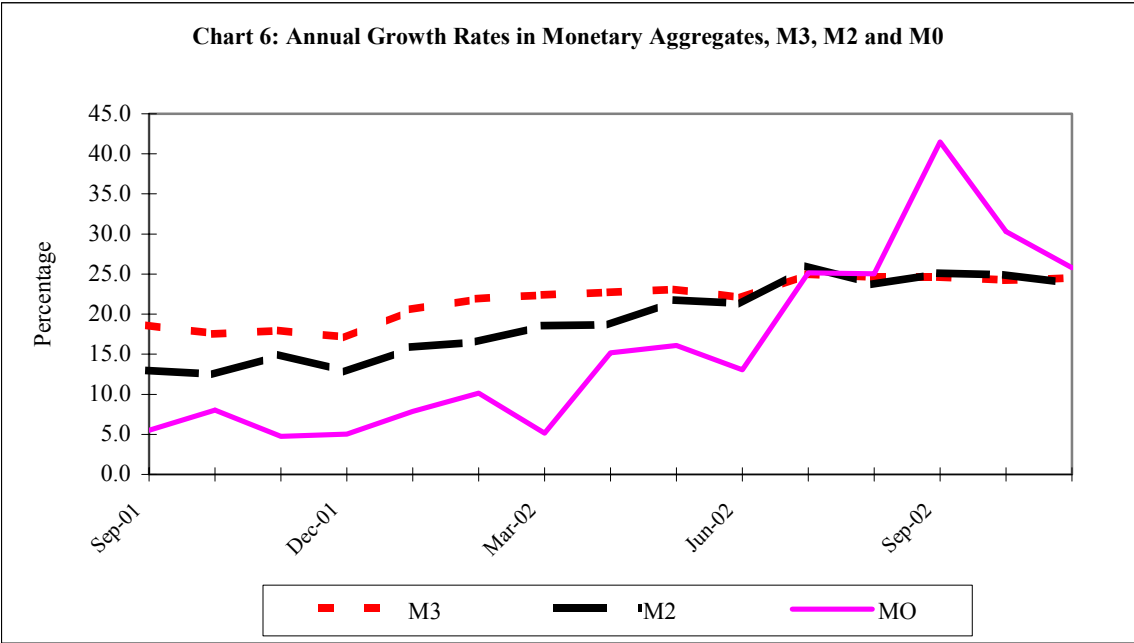


Examination of commercial banks deposits by type reveals that foreign currency deposits constituted the largest proportion of deposits, accounting for 34.8 percent of total deposits in December 2002 up from 33.6 percent registered in November 2002. The share of demand deposits decreased to 29.9 percent from 30.3 percent in the previous month. The proportion of time deposits fell to 14.4 percent from 15.2 percent in November 2002, while the share of savings deposits remained at 20.9 percent over the same period.

Annual Growth Rates in Monetary Aggregates

During the reporting month, annual growth rates of all monetary aggregates exhibited a downward trend from the levels attained in November 2002, with the exception of M3 (Chart 6). The downward trend was mainly due to open market

operations conducted to contain expansion of money supply in order to achieve PRGF monetary programme targets. Reserve money grew by 19.1 percent in the year ending December 2002 down from a growth rate of 25.8 percent in the year ending November 2002. In the same perspective, broad money grew by 22.2 percent down from 23.8 percent, while annual growth rate of extended broad money reached 25.1 percent in the reporting month compared with 24.5 percent in the previous month.



Inter-bank Cash Market

Total value of transactions in the inter-bank cash market increased by 74.7 percent to TZS 374.9 billion in December 2002, from TZS 214.6 billion in November 2002, reflecting increased liquidity demand in the market. Overnight transactions accounted for 72.2 percent of the total value of transactions for the month, down from 84.6 percent recorded in November 2002. During the period, the volume of transactions for 2-7 days accounted for 15.4 percent of total value of all

transactions, up from 9.4 percent while other maturities of 8-364 day accounted for 12.4 percent up from 6.0 percent recorded in the previous month. In December 2002, interest rate on overnight loans averaged 3.4 percent up from 1.9 percent in November 2002, exhibiting a similar trend to the overall inter-bank cash market rate, which increased from 1.9 percent to 3.5 percent.

REPOs

During the month under review, the BoT conducted 2-day, 7-day and 14-day REPOs worth TZS 1.0 billion, TZS 6.4 billion and TZS 5.0 billion, respectively. The REPOs transactions were undertaken with the underlying objective of fine tuning liquidity to achieve the PRGF targets. During the preceding month, REPOs transacted amounted to TZS 4.1 billion and TZS 6.0 billion for 7-day and 14-day REPOs, respectively. In December 2002, interest rates for 7-day REPOs ranged between 4.0 percent and 4.3 percent, while the overall weighted average rate was 4.0 percent, up from 1.9 percent in the previous month. Interest rates, and overall weighted average rates, for the 2-day and 14-day REPOs were 5.5 percent and 4.5 percent, respectively.

Treasury Bills Market

In December 2002, the amount of Treasury bills supplied and sold decreased to TZS 87.1 billion from TZS 142.0 billion in the preceding month 2002. However, total bids, which reflects demand for Treasury bills, went down to TZS 111.2 billion from TZS 191.4 billion in November 2002. As a result, the market was oversubscribed by TZS 24.1 billion in December 2002 down from an over-subscription of TZS 49.4 billion in November 2002.

Deposit money banks (DMBs) continued to absorb the largest share of Treasury bills, accounting for 78.6 percent of total successful bids in the month under review, compared with a share of 83.8 percent in November 2002. Pension funds and insurance companies constituted 20.6 percent of total successful bids in December 2002 compared with 8.5 percent recorded in the preceding month. The share of non-bank financial institutions (NBFI) and private sector was 0.8 percent in December 2002, up from 7.7 percent in the previous month.

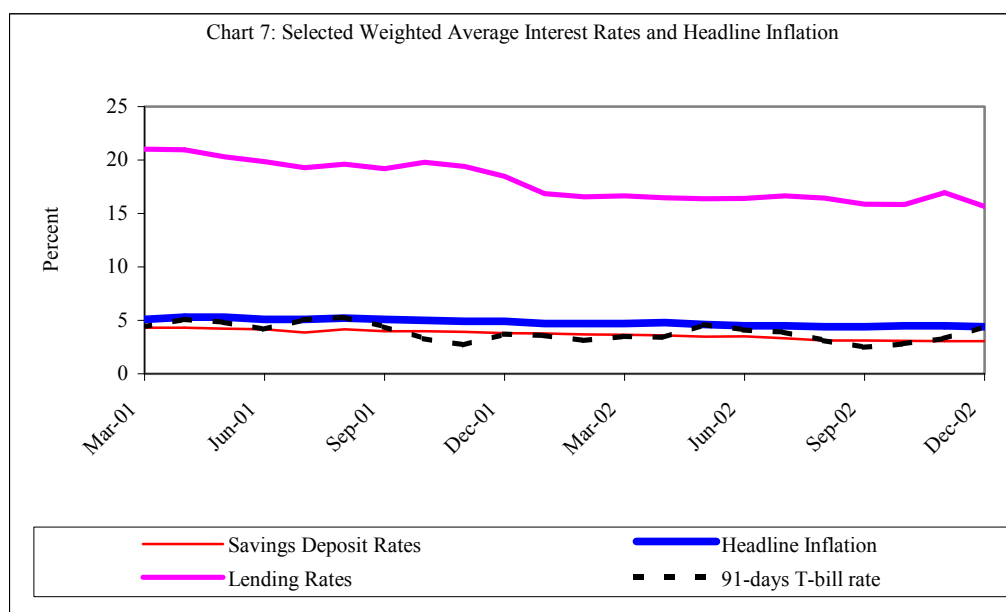
Developments in T-bills market indicated that the overall weighted average yield (WAY) for all maturities rose from 3.6 percent in November 2002 to 4.5 percent in December 2002. In particular, the average yield for both 35-day and 91-day bills rose from 3.4 percent and 3.3 percent, respectively, to 4.4 percent. Similarly, the yields for both 182-day and 364-day bills rose from 3.6 percent and 4.3 percent, respectively, to 4.7 percent.

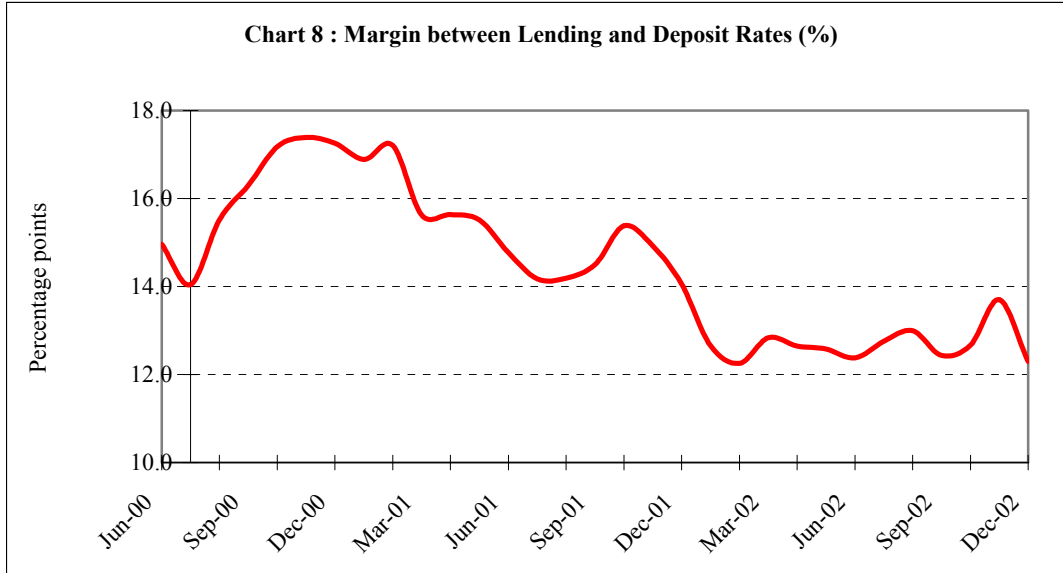
Treasury Bonds

During December 2002, 2-year, 5-year, 7-year and 10 year Treasury bonds amounting to TZS 20.0 billion were offered, but sales amounted to TZS 16.9 billion. Total bids stood at TZS 21.9 billion, thus given the total bonds sold, there remained an excess demand of TZS 5.0 billion. The weighted average yield (WAY) to maturity for the Treasury bonds exhibited mixed trends. The WAY to maturity for the 2-year and 5-year Treasury bonds increased from 4.6 percent and 5.2 percent in November 2002 to 5.3 percent and 5.6 percent, respectively, in December 2002. In the same period, the WAY to maturity for 7-year Treasury bonds remained stable at 6.9 percent while WAY to maturity for 10-year Treasury bonds dropped from 8.1 percent to 7.2 percent.

Interest Rate Developments

During December 2002, the overall structure of interest rates on domestic currency denominated deposits and loans exhibited a mixed trend. The overall time deposit rate rose from 3.3 percent in November 2002 to 3.4 percent in December 2002, while the savings deposit rate remained stable at 3.1 percent. Lending rates for 1-2 year and 3-5 year loans dropped from 16.2 percent and 17.5 percent in November 2002 to 15.4 percent and 13.7 percent, respectively in December 2002. However during the same period, lending rate for 2-3 year loans rose from 13.0 percent to 13.1 percent. The overall lending rate dropped from 17.0 percent in November 2002 to 15.7 percent during the reporting month. (Chart 7 & Table 3). As a consequence, the interest rate spread between lending rate and deposit rate narrowed from 13.7 percent in November 2002 to 12.3 percent in December 2002 (Chart 8).





The overall deposit rate on foreign currency denominated deposits decreased from 1.3 percent in November 2002 to 1.2 percent in December 2002, while the overall lending rate dropped from 6.5 percent in November 2002 to 6.4 percent in December 2002 ([Table 3](#)).

Table 3: Weighted Average Interest Rates of Commercial Banks (percentage per annum)

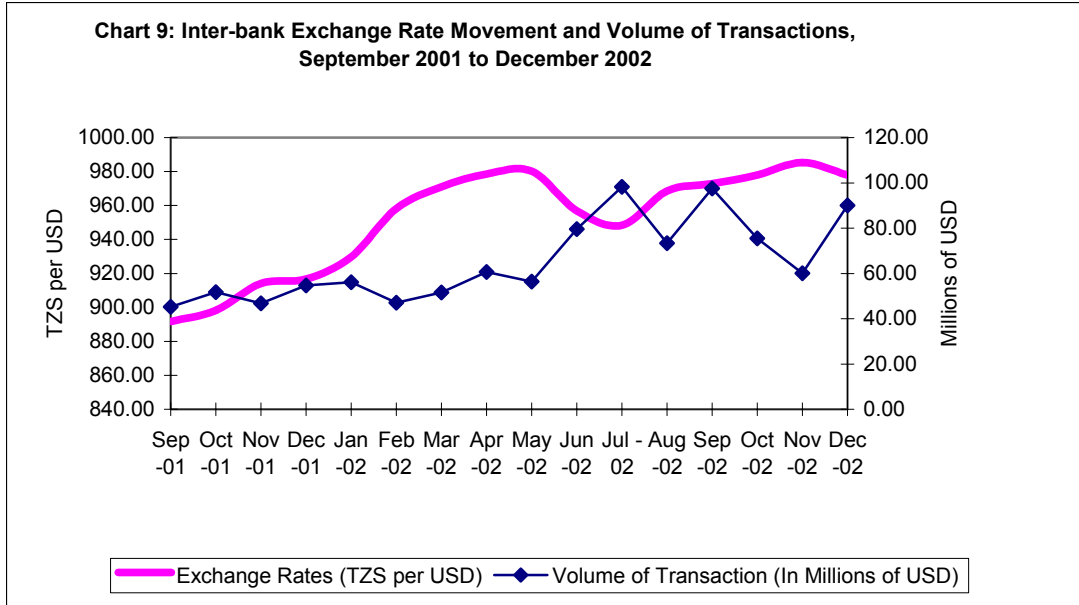
	Sep-02	Oct-02	Nov-02	Dec-02
A Domestic Currency				
1 Interbank Cash Market Rates				
Overnight	1.26	1.79	1.86	3.36
2 to 7 days	1.38	2.00	2.07	3.70
8 to 14 days	1.45	1.88	2.06	3.77
15 to 30 days	3.80	3.80	2.26	4.50
31 to 60 days	3.90	2.09	2.22	4.35
61 to 90 days	3.27	2.65	2.65	2.65
91 to 180 days	3.07	3.58	3.34	4.52
181 and above	4.04	4.35	6.02	6.02
Overall interbank cash market rate	1.57	1.91	1.92	3.47
2 REPO Rate	2.00	1.50	2.06	4.35
3 Treasury Bills Rates				
35 days	2.00	2.50	3.40	4.40
91 days	2.50	2.80	3.30	4.40
182 days	3.00	3.20	3.60	4.70
364 days	3.30	4.00	4.30	4.70
Treasury bills rate	2.60	3.00	3.60	4.50
4 Treasury Bonds- 2-years	3.44	3.65	4.56	5.25
5-years	4.99	4.89	5.15	5.63
7-years	6.79	6.64	6.88	6.93
10-years		7.79	8.05	7.22
5 Discount Rate	7.95	7.82	8.50	9.18
6 Demand Deposit Rate	0.00	0.00	0.00	0.00
7 Savings Deposit Rate	3.10	3.07	3.06	3.05
8 Time Deposits Rates	3.42	3.16	3.26	3.41
Call Accounts	1.26	0.86	0.81	0.66
1 month	1.83	2.06	1.67	2.15
2 months	3.73	3.14	4.08	3.93
3 months	3.01	2.72	2.68	2.97
6 months	3.85	3.66	3.98	4.13
9 months				
12 months	5.88	5.65	5.51	5.68
24 months	4.40	4.03	4.06	4.33
9 Lending rates	15.86	15.83	16.96	15.66
Call Loans	23.65	23.65	23.65	23.65
Short-term (up to 1yr)	14.76	14.37	14.47	16.08
Medium-term (1-2 yrs)	14.45	15.56	16.21	15.42
Medium-term (2-3 yrs)	12.61	12.13	13.00	13.11
Long-term (3-5 yrs)	17.45	16.30	17.45	13.69
Term Loans (over 5 yrs)	20.02	20.79	23.67	20.00
B Foreign Currency				
1 Deposits Rates	1.39	1.27	1.27	1.15
Call Accounts	0.48	0.58	0.80	0.47
Demand Deposits				
Savings Deposits	0.97	0.94	0.90	0.84
Time Deposits				
1-months	1.31	1.15	1.18	1.17
2-months	2.23	1.58	1.79	1.84
3-months	1.37	1.43	1.32	0.79
6-months	1.64	1.49	1.25	1.37
12-months	1.73	1.69	1.64	1.53
2 Lending Rates	6.29	6.11	6.53	6.37
Call loans				
Short-term (up to 1yr)	7.43	7.48	7.68	7.30
Medium-term (1-2 yrs)	5.45	4.90	5.78	5.59
Medium-term (2-3 yrs)	6.95	6.82	7.14	7.52
Long-term (3-5 yrs)	5.34	5.24	5.53	5.06
Term Loans (over 5 yrs)				

Inter-bank Foreign Exchange Market

During December 2002, a total of USD 90.1 million was traded in the Inter-bank Foreign Exchange Market (IFEM), compared with USD 60.0 million traded in the previous month, marking an increase of 50.2 percent. The increase is attributed to inflows of foreign exchange from foreign cashewnut buyers. Commercial banks dominated both the supply and demand sides of the market by supplying USD 64.6 million or 71.6 percent of the total amount traded and purchasing USD 54.3 million or 60.2 percent of the total amount traded. The non-bank financial institutions supplied USD 10.1 million or 11.2 percent of the total amount traded and purchased USD 3.3 million or 3.7 percent of the total amount traded. The BoT's intervention in the market resulted in a sale of USD 15.5 million or 17.2 percent of the total amount traded and a purchase of USD 32.6 million or 36.1 percent of the total amount traded.

Exchange Rate

During the period under review, the Tanzanian shilling appreciated against the US dollar by 0.8 percent to TZS 977.9 per US dollar from TZS 985.3 per US dollar recorded during November 2002, largely due to excess supply of US dollars in the market.



Bureaux de Change Operations

The volume of transactions in the bureaux de change system increased by 16.4 percent to USD 39.0 million in December 2002, from the level recorded in the previous month mainly due to the rise in both sales and purchases. While sales went up by 20.5 percent to USD 17.4 million, purchases increased by 13.4 percent to USD 21.7 million in December 2002 from the levels recorded in the previous month (Table 4).

In line with the appreciation of the shilling in the IFEM, the buying and selling rates in the bureau de change system also appreciated by 1.2 percent and 0.7 percent respectively.

Table 4: Foreign Exchange Market Developments

	2002			December			July - December		
	November	December	% Change	2001	2002	% Change	2001	2002	% Change
IFEM									
1. Amount offered*	60.0	90.1	50.1	54.7	90.1	64.7	318.2	494.6	55.4
2. Amount sold*	60.0	90.1	50.1	54.7	90.1	64.7	318.2	494.6	55.4
3. Exchange rate**	985.3	977.9	-0.8	916.6	977.9	6.7	899.4	970.5	7.9
Bureau de Change									
1. Sales*	14.4	17.4	20.5	16.9	17.4	2.6	136.5	108.1	-20.8
2. Purchases*	19.1	21.7	13.4	18.6	21.7	16.5	144.2	119.8	-16.9
3. Volume of Transactions*	33.5	39.0	16.4	35.5	39.0	9.9	280.8	228.0	-18.8
4. Buying rate**	982.0	970.5	-1.2	905.7	970.5	7.2	889.7	964.7	8.4
5. Selling rate**	996.0	989.2	-0.7	917.8	989.2	7.8	900.8	983.7	9.2

Source: Bank of Tanzania, Foreign Markets Dept. and Bank Supervision -Bureau de Change Section

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

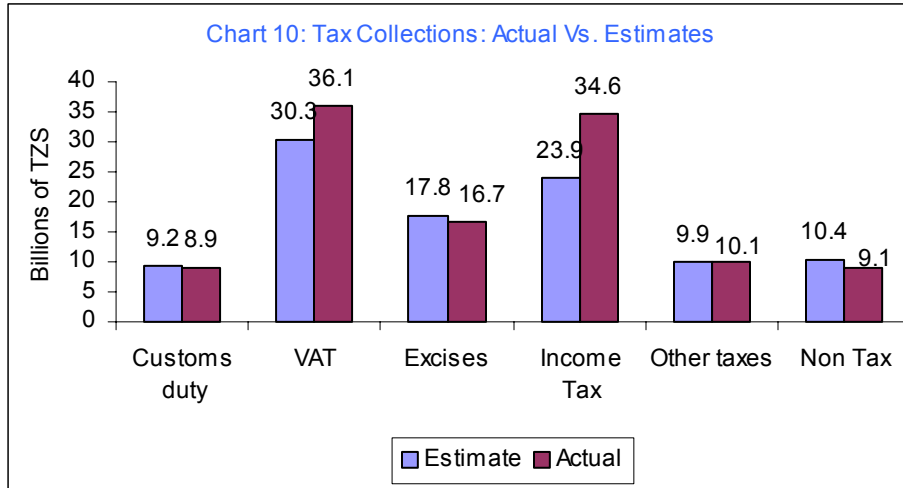
Government Budgetary Developments

During December 2002, Government budgetary performance on cheques issued basis recorded an overall deficit before grants of TZS 26.4 billion. However, the budget recorded a surplus of TZS 43.4 when considering grants amounting to TZS 69.7 billion.

Revenue

In December 2002, the government collected revenue amounting to TZS 115.5 billion, being 13.8 percent above the targeted TZS 101.5 billion. The good performance is attributed mainly to increased VAT and income tax collections.

Tax revenue collection amounted to TZS 106.4 billion, which is 16.8 percent above the monthly target of TZS 91.1 billion. The highest tax revenue was registered in VAT collections, which exceeded the target by 19.1 percent reaching TZS 36.1 billion against the target of TZS 30.3 billion. Specifically, VAT on imports other than petroleum, surpassed the target by 32.6 percent, reaching TZS 15.7 billion compared to projected TZS 11.8 billion mainly due to an increase in volume of imports in this category. VAT on domestic goods and services also surpassed the target of TZS 12.9 billions by 17.5 percent and reached TZS 15.1 billion. The achievement is due to increased collection efforts by TRA by intensifying surveys in various business areas to bring into the tax net all traders who have been evading tax. The TRA has also continued to sensitise VAT registered traders on the obligation to use electronic cash registers. Another source of good tax performance was income tax paid by corporate bodies. Corporate paid-up income tax exceeded the target of TZS 7.6 by twofolds to TZS 15.4 billion mainly attributable to upward amendment of corporate provisional tax declarations, resulting from the review of tax declarations of major corporate tax contributors, notably those of Tanzania Breweries Ltd (TBL), Tanzania Telecommunication Co. Ltd (TTCL), Tanzania Harbours Corporation (THA), the Standard Chartered Bank (SCB) and the Tanzania International Container Terminal Services (TICTS). Moreover, the target of collecting TZS 9.9 billion from other taxes category was slightly surpassed by collecting TZS 10.1 billion (Chart 10).



In contrast, customs duties were slightly below the monthly target, recording TZS 8.9 billion compared with the estimated amount of TZS 9.2 billion. Excise duties fell short of the target by recording TZS 16.7 billion compared with the target of TZS 17.8 billion. The underperformance in the two tax sources is due to postponement of some budget measures including abolition of exemptions on vehicles imported by civil servants, which were to be adopted during the first half of 2002/03 without making adjustment to the revenue targets. Collections from Non Tax sources amounted to TZS 9.1 billion against the target of TZS 10.4 billion.

On cumulative basis, July-December 2002, revenue collection reached TZS 594.8 billion, being 6.4 percent above the target of TZS 559.0 billion for the period.

Expenditure

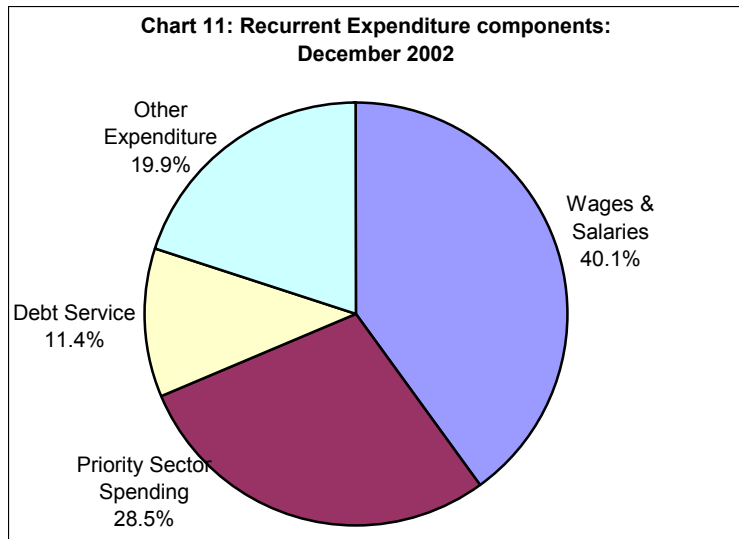
The government spent a sum of TZS 141.9 billion². Out of the total, recurrent expenditure constituted TZS 99.7 billion, about 97.1 percent of the ceiling of TZS 102.7 billion. Spending on interest payment (excluding IDA relief of TZS 2.2 billion) amounted to TZS 9.2 billion representing 58.6 percent of the ceiling of TZS 15.7 billion. The underpayment of interest charges is due to delays in submitting demand notes to the Treasury³. Expenditure on goods, services and transfers reached TZS 45.8 billion, below the monthly ceiling of TZS 53.1 billion due to delays in payments to pensioners. Recurrent spending on priority sectors was TZS 28.4 billion bringing the total expenditure for the second quarter of 2002/03 to TZS 75.7 billion (excluding basket funds) compared with the ceiling of TZS 69.9 billion⁴ hence surpassing the target by 8.3 percent. The difference is accounted for by the carry-overs from the first quarter, as TZS 34.0 billion was used against a ceiling of TZS 70.8 billion.

As shown in [Chart 11](#), during December 2002, the government spent 40.1 percent of total recurrent expenditure on wages and salaries, and 28.5 percent on priority sectors. Also, 11.4 percent of the recurrent expenditure was spent on servicing foreign and domestic debt, while the rest went to other goods and services.

² Excluding amortization

³ The deadline for debt service for a given month is normally on the 10th day of the following month.

⁴ Allocation for Priority Sectors was made in October 2002 for the second quarter of 2002/03.



Development expenditure amounted to TZS 42.2 billion compared to the budget of TZS 60.0 billion, due to a shortfall in foreign inflows amounting to TZS 17.8 billion. However, the local component, which amounted to TZS 21.0 billion, exceeded the ceiling of TZS 7.0 billion reflecting utilization of funds, allocated in the previous months because ministries could not effect payments to contractors without prior receipt of authentication certificates that the work has been completed as required.

Cumulatively, during July-December 2002, total expenditure amounted to TZS 765.1 billion being 70.9 percent of the projected level of TZS 1,078.9 billion.

Financing

During December 2002, the government budget registered an overall surplus (adjusted for float and other items) amounting to TZS 65.3 billion, which was used to repay domestic debts.

External Sector Developments

Trade Account

During December 2002, the trade account surplus declined to USD 1.1 million from a surplus of USD 6.8 million recorded in the previous month, following a 5.6 percent increase in imports that outweighed the effects of a 2.0 percent increase in exports. However, during the year ending December 2002, the trade account improved by 20.3 percent to USD 598.4 million due to increase in exports coupled with decrease in imports (Table 5).

Table 5: TRADE ACCOUNT BALANCE

	<i>Value in Mill. of USD</i>								
	2002		%	December		%	January-December		%
	November	December (p)	Change	2001	2002p	Change	2001	2002p	Change
Exports	166.2	169.5	2.0	132.6	169.5	27.8	1,455.8	1,541.1	5.9
Goods	107.8	99.8	-7.4	82.3	99.8	21.4	776.6	877.1	12.9
Services	58.4	69.6	19.3	50.3	69.6	38.4	679.3	664.0	-2.3
Imports	159.4	168.4	5.6	158.4	168.4	6.3	2,207.2	2,139.5	-3.1
Goods	114.5	123.6	7.9	112.2	123.6	10.2	1,558.3	1,504.3	-3.5
Services	44.9	44.8	-0.4	46.2	44.8	-3.1	648.9	635.2	-2.1
Trade Balance	6.8	1.1	-83.7	-25.8	1.1	-104.3	-751.3	-598.4	-20.3

* Year ending December

Note:

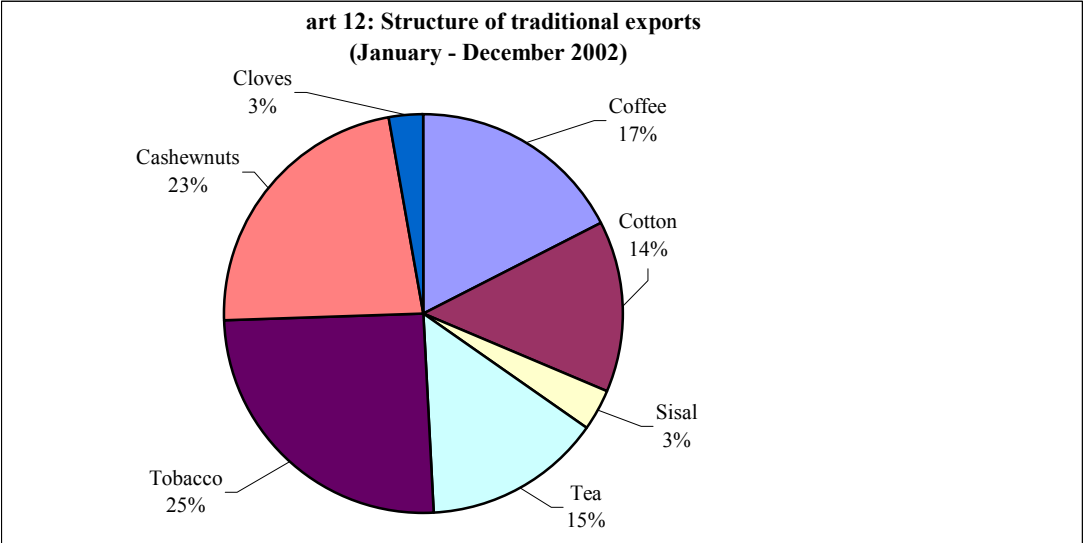
p = Provisional data

Source: Bank of Tanzania, TRA

Goods Exports

During December 2002, total goods export decreased by 7.4 percent to USD 99.8 million from USD 107.8 million recorded in the previous month due to a decline in both traditional and non-traditional exports. The deterioration in traditional exports was largely occasioned by a decline in export volumes. With the exception of sisal and cloves, all other traditional exports registered declines in export volumes. As for export unit prices, increases were recorded in coffee, cotton, tea and cashewnuts.

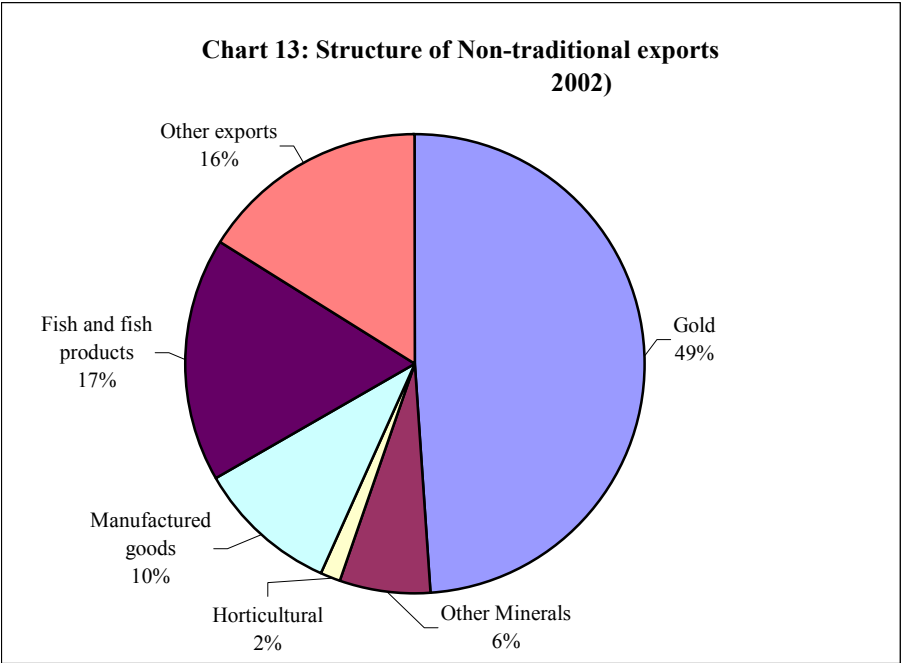
Similarly, during the year ending December 2002, traditional exports declined by 12.8 percent to USD 201.5 million following a decline in export volumes and unit prices. Except for tea and tobacco whose volume increased, the volume of all other traditional exports declined. The deterioration in export volumes was attributable to low producer prices offered to farmers resulting into a decline in the use of farm inputs, which are essential for increasing the quality and level of production. The structure of traditional exports during the year ending December 2002 is reflected on chart 12 below.



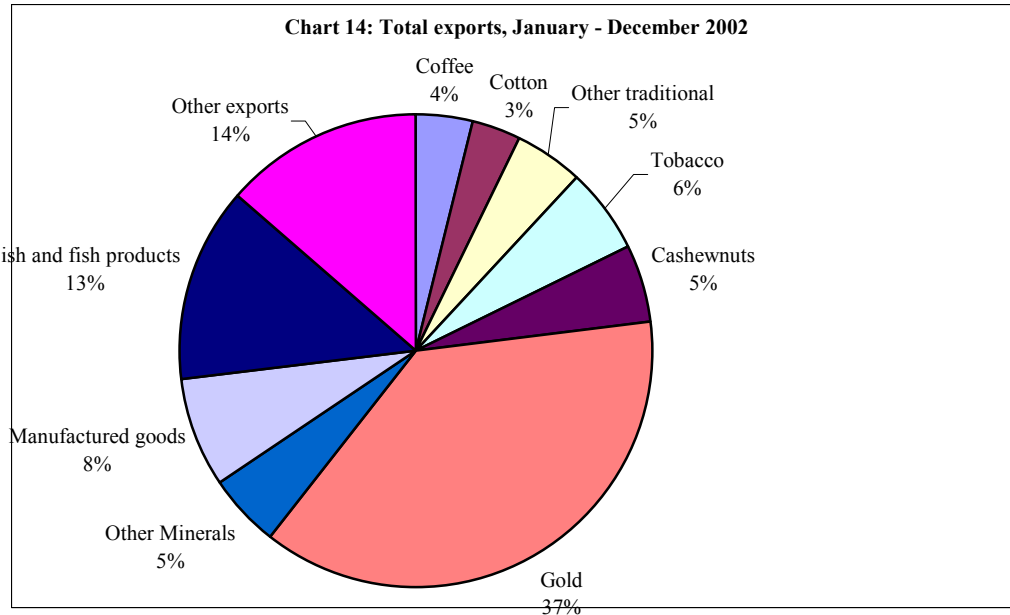
Non-traditional exports declined by 5.1 percent to USD 63.3 million during the month under review mainly due to a substantial fall in manufactured exports. However, it is worth noting that manufactured exports were unusually higher in November 2002 following exports of 22,698.0 tons of refined sugar to the European Union (EU) as part of the Tanzania’s quota to the market.

During the year ending December 2002, non-traditional exports increased by 23.8 percent to USD 675.6 million from USD 545.5 million during the same period last

year following improved performance in almost all categories of non-traditional exports. Gold exports continued to dominate the non-traditional exports category, accounting for about 49.0 percent of non-traditional exports, followed by exports of fish and fish products ([Chart 13](#))



The share of non-traditional exports to total exports has been on the increase, accounting for about 77.0 percent of the total exports during the year ending December 2002 compared with 70.3 percent in the preceding year ([Chart 14](#)).



Goods Import

During December 2002, total imports (f.o.b.) increased by 7.9 percent to USD 123.6 million from USD 114.5 million recorded in November 2002. While capital goods and intermediate goods imports recorded increases of 4.4 percent and 40.9 percent, respectively, consumer goods imports declined by 10.6 percent. Capital goods imports increased due to increase in both transport equipment and building and construction material. The increase in intermediate goods imports was associated with a surge in oil imports to USD 19.4 million from USD 8.4 in the preceding month, following increase in oil prices in the world market. The average price of white petroleum products increased by 1.3 percent to USD 252.2 per ton from USD 248.9 per ton in the previous month. Conversely, consumer goods imports declined to USD 35.3 million from USD 39.5 million largely due to a 20.3 decline in importation of all other consumer goods.

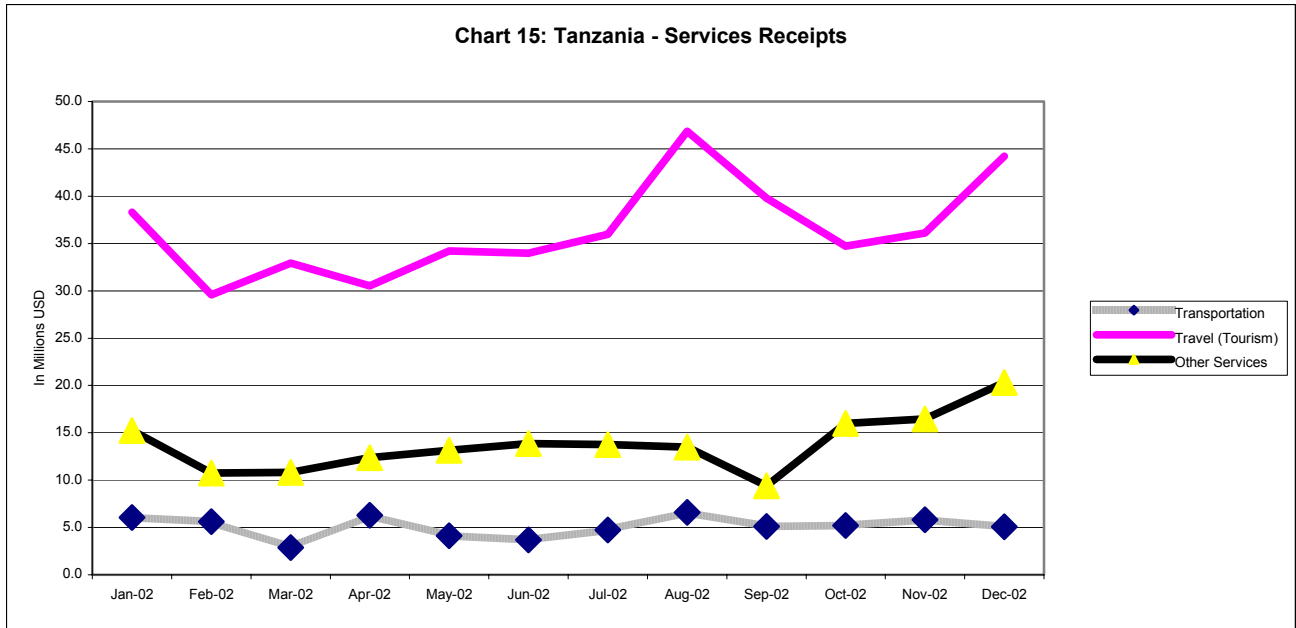
On annual basis, during the year ending December 2002, imports decreased by 3.5 percent to USD 1,504.3 million compared with the corresponding period in 2001.

Imports of all categories namely, capital goods, intermediate goods and consumer goods registered a fall of 2.7 percent, 4.4 percent and 3.7 percent, respectively. The 4.4 decline in intermediate goods imports is largely explained by the decline in oil prices in the world market to USD 220.2 per ton in 2002 from USD 223.4 per ton in 2001. The decline in consumer goods imports is partly attributed to a 13.7 percent decline in food and foodstuffs import following improvement in domestic food supply situation.

Services and Income Account

Services Account

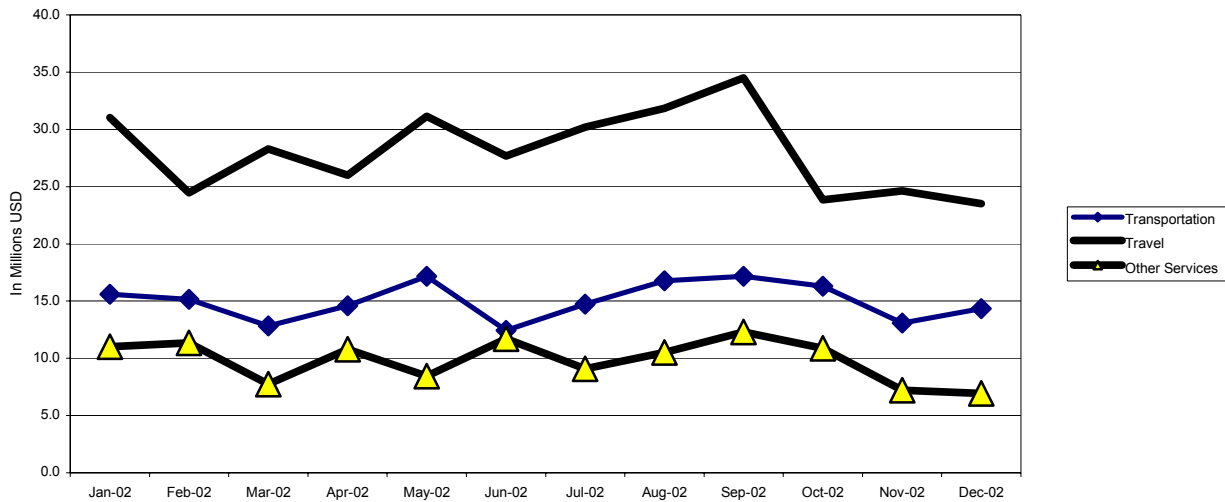
During December 2002, the services account improved to a surplus of USD 24.9 million from a surplus of USD 13.4 million recorded in the previous month. The development was mainly due to a 19.3 percent increase in services receipt to USD 69.6 million largely on account of a 22.5 percent increase in tourism receipts. There was also an increase in government services receipts to USD 4.7 million from USD 2.8 million recorded in November 2002.



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

During the review period, services payments remained virtually unchanged at the level that was recorded in the previous month. Freight payments increased by 8.0 percent to USD 11.8 million, and travel payments declined by 4.5 percent to USD 23.5 million. The increase in freight payments is consistent with a surge in imports (f.o.b.) to USD 123.6 million from USD 114.5 million recorded in November 2002.

Chart 16: Tanzania - Services Payments



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

On annual basis, the services account recorded a surplus of USD 28.7 million compared with a surplus of USD 30.4 million registered in 2001. The development resulted from a marginal decline in services receipts and services payments. The decline in services receipts was mainly registered in other business services, transportation services and government services that declined by 32.9 percent, 10.6 percent and 6.9 percent, respectively. On the other hand, travel that accounts for about 60.0 percent of services receipts, recorded a 5.9 percent increase to USD 437.2 million from USD 412.8 million in the previous year. The decrease in services payments was mainly on account of other business services, freight, and computer and information services payments that dropped by 37.2 percent, 3.5 percent and 39.6 percent, respectively. Conversely, increases in services payments were recorded in travel, communication and insurance. The 77.5 percent increase in communication services payments is largely attributed to expansion of the telecommunication network in the country over the year.

Income Account

During December 2002, the deficit in the income account widened to USD 25.0 million from USD 10.1 million recorded in the previous month largely due to increase in income payments. The surge in income payments is on account of increase in scheduled interest payments. However, there was an increase in investment income by the BoT to USD 11.4 million from USD 1.5 million earned during the previous month. The development is attributable to the maturity profile of the BoT's short-term foreign exchange investments.

Similarly, during the year 2002, the income account deficit increased to USD 139.8 million from USD 118.8 million mostly due to an increase in income payments.

World Commodity Prices

With the exception of arabica coffee, average prices for agricultural commodities remained unchanged in December 2002. The average price for coffee (arabica) registered a decline of 7.1 percent during the review month following steady rainfall in Brazil in November and December 2002. This situation eased the tension that there would be coffee crop damage in the next season. However, during the first two weeks of January 2003, prices for robusta coffee increased to USD 0.9 per kg compared with the average price of USD 0.8 per kg in December 2002. The price for coffee (arabica) remained virtually unchanged at USD 1.4 per kg during the first two weeks of 2003.

The unit prices for both tea (Mombasa auction) and tea (average of Calcutta, Colombo and Mombasa auctions), cotton (A-index) and cotton (Memphis), sisal as

well as clove prices remained stable at USD 0.8 per kg, USD 1.5 per kg, USD 1.2 per kg, USD 650 per metric ton and USD 2,000 per ton respectively. There has been a bright outlook for cotton prices in the world market following a decline in production from the largest cotton producing countries such as USA and Australia on account of bad weather. During the first two weeks of January 2003, the unit price for Cotton (A-index) reached at an average of USD 1.3 per kg from USD 1.2 per kg recorded in December 2002.

The average prices for crude oil (Average of UK Brent, Dubai and West Texas Intl) went up by 12.4 percent to USD 27.9 per barrel in December 2002. Likewise, during the review period, average prices for crude oil (f.o.b. Dubai) increased by 9.5 percent to USD 25.7 per barrel on account of the ongoing threat of the United States-led war against Iraq and the ongoing national strike in Venezuela. [Venezuela is the fifth largest crude oil producer in the world]. Similarly, the world market prices for white petroleum products (f.o.b. West Mediterranean) increased by 1.3 percent to USD 252.2 per barrel from USD 248.9 per barrel registered in the previous month. During the first two weeks of January 2003, the average crude oil price reached at USD 30.9 per barrel, which is higher than the upper band of USD 28.0 per barrel set by OPEC. Also, the price of white petroleum products increased to USD 269.5 per ton during the first two weeks of 2003, from an average of USD 252.2 recorded in December 2002.

During the month under review, gold prices increased by 4.0 percent to USD 331.9 per troy ounce from USD 319.1 per troy ounce recorded in the previous month largely on account of the fall in the United States equity markets and weakness of the US dollar against some major currencies. These developments resulted in switching of investment portfolio to gold as a safer investment. During the first

two weeks of January 2003, average price for gold increased to USD 350.1 per troy ounce.

Debt Developments

Overview

The total National debt stock rose by USD 98.3 million at end-December from USD 8,178.0 million at end-November 2002. Out of which, external debt was USD 7,384.7 million or 89.2 percent and domestic debt was USD 891.6 million or 10.8 percent.

External Debt

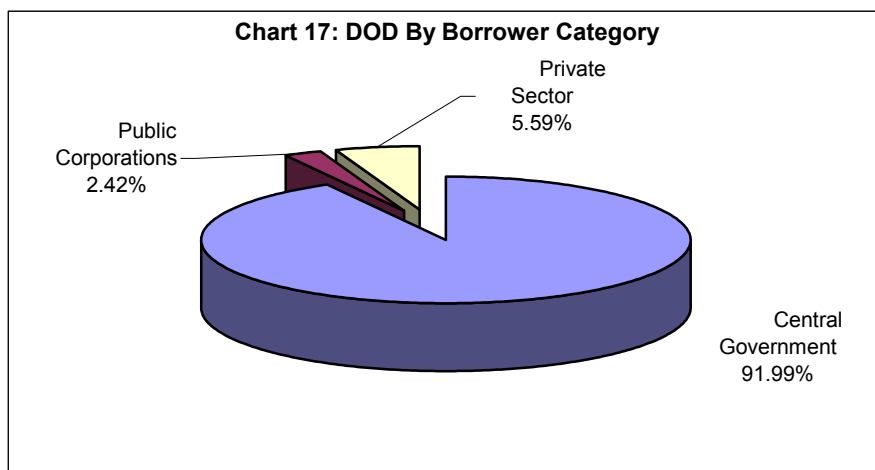
The total external debt committed increased by USD 58.7 million at end-December 2002 from USD 7,971.2 million at end-November 2002. Out of the total amount committed, disbursed outstanding debt (DOD) was USD 6,413.4 million and committed undisbursed debt (CUD) was USD 1,616.5 million.

Interest arrears increased by USD 42.1 million from USD 929.2 million at end-November 2002, while total debt stock increased slightly by 1.2 percent from USD 7,295.9 million during the same period. The increase in external debt stock is due to the undergoing reconciliation exercise with African Development Bank Group and Exchange rate fluctuations.

The Profile of Disbursed Outstanding Debt

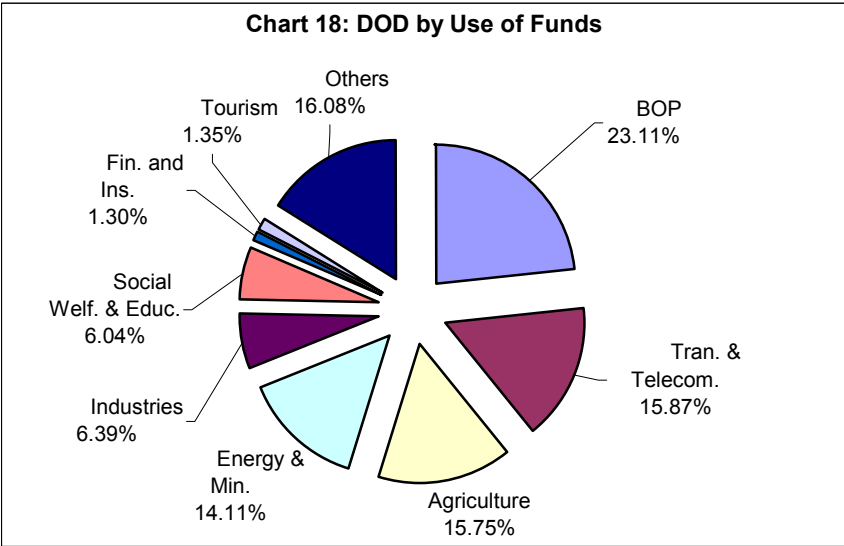
The profile of disbursed outstanding debt by creditor category shows that 59.7 percent and 32.8 percent of the total debt is owed to multilateral and bilateral creditors respectively. The proportion of total debt owed to Commercial sources and Export creditors accounted for 4.7 percent and 2.7 percent, respectively.

The composition of disbursed outstanding debt by borrower category shows that, the Central Government is the largest borrower accounting for as much as 92.0 percent of the total debt. The proportion of Parastatal and Private Companies in the total debt was 2.4 percent and 5.6 percent, respectively ([Chart 17](#)).



Classification of debt by economic sector indicates that, 23.1 percent of the total debt was disbursed in the form of Balance of payments support, while; Transport and telecommunications sector received 15.9 percent. Agriculture, and Energy and mining received 15.8 percent and 14.1 percent, respectively. Industries absorbed 6.4 percent of the total debt while, Social welfare and education, Finance and insurance, and Tourism received 6.0 percent, 1.3 percent and 1.4 percent of the

debt respectively. The remaining 16.1 percent was absorbed by other sectors (Chart 18).



Debt Contracted, Debt Service and Disbursements

During the month under review, new loans amounting to USD 2.0 million were recorded. Disbursements amounted to USD 0.5 million, while external debt service was USD 2.7 million. Accordingly, there was a net outflow of USD 2.2 million.

Domestic Public Debt

Total domestic debt stock owed by the Government of United Republic of Tanzania at end-December 2002 stood at TZS 870.5 billion. This reflects an increase of TZS 2.0 billion when compared to TZS 868.5 billion-registered at end-November 2002. The increase in domestic debt is mainly due to new government borrowing.

Analysis of domestic debt stock by instruments shows that, Government bonds, which constitute 49.4 percent of the total domestic debt, increased by 3.0 percent, from TZS 417.5 billion recorded at end-November 2002 to TZS 429.90 billion at end-December 2002. New issues of seven-year and ten-year Treasury bonds explain the increase in Government bonds position. Treasury bills, which constitute 30.7 percent of the total domestic debt, increased by 2.0 percent from TZS 262.3 billion during the same period. The surge in Treasury bills resulted from the conversion of non-marketable EPA stock into Treasury bills. Government stocks declined proportionately by 11.0 percent from TZS 142.0 billion at end-November 2002 to TZS 126.3 billion at end-December 2002. Tax Reserve Certificates remained at TZS 0.1 billion in December 2002 the same level registered at end-November 2002. Government securities constituted 94.6 percent of the debt stock, while other government debts and interest arrears constituted 5.3 percent and 0.1 percent, respectively.

Domestic Debt Stock by Creditor Category

Analysis of domestic debt by creditor category reveals that, during December 2002, Commercial Banks were the largest creditors by holding TZS 368.1 billion or 42.3 percent of the debt stock. Pension funds came second by holding securities worth TZS 221.9 billion or 25.5 percent. The BoT held TZS 201.5 billion or 23.2 percent, while private and non-bank financial institutions held 3.5 percent and 3.0 percent respectively. The rest of the creditors; insurance companies, other official entities and the BoT special funds held 2.5 percent altogether.

Domestic Debt Service

A total of TZS 73.1 billion fell due for payment during the month of December 2002. Out of the total amount, TZS 65.1 billion is principal which was rolled over, while the remaining balance of TZS 8.0 billion is interest that was paid out of government revenues.

Other Economic Developments

Food Supply Situation

Food supply situation in the country continues to be satisfactory owing to good food crop harvests during the previous season. During December 2002, the Food Security Department released 3,378.0 tons of maize to the Prisons Department and to the open market. Consequently, the SGR stocks as at end-December 2002 stood at 58,395.0 tons compared with the previous level of 61,773.0 tons recorded at end-November 2002. By the end of December 2002, Food Security Department had already purchased 25,240.0 tons of maize for SGR stocks, which is 240.0 tons above the budgeted level of 25,000.0 tons for the year 2002/03. Grain purchases for SGR stock is expected to continue, following Government release of funds to purchase 3,000.0 tons to replenish amount exported to Zimbabwe. Between July and December 2002, SGR sold a total of 13,905.0 tons of grain.

Table 6: Food Situation**SGR Stocks (tons)**

	2000	2001	2002	% Change 2001/2002
January	105,665	78,967	60,503	-23.4
February	103,305	72,000	58,254	-19.1
March	101,496	63,022	56,738	-10.0
April	96,326	51,435	52,228	1.5
May	82,119	44,776	48,653	8.7
June	72,000	47,225	47,100	-0.3
July	63,976	46,290	44,787	-3.2
August	70,352	48,998	41,795	-14.7
September	95,000	59,047	57,500	-2.6
October	88,474	58,000	62,700	8.1
November	89,882	62,388	61,773	-1.0
December	78,967	62,788	58,395	-7.0

Source: Food Security Department and BOT computations.

Economic Developments in Zanzibar

Budgetary Developments

Overall Performance

During December 2002, the Zanzibar Government budget, on cash issued basis, recorded an overall surplus before grants of TZS 0.3 billion compared with a deficit of TZS 2.9 billion recorded in the previous month of November 2002.

Revenue Performance

During the period under review, total revenue increased slightly by 0.6 percent to TZS 4.1 billion compared to a decrease of 3.9 percent in the preceding month. The

revenue collections accounted for 74.6 percent of the projected monthly level of TZS 5.5 billion.

The below target revenue collection is mainly attributed to tourism slump due to the fear of terrorist attacks in Zanzibar. In this respect, tax revenue increased marginally by 5.4 percent while non- tax revenue declined by 48.1 percent to TZS 0.2 billion. Revenue from tax on imports showed a dismal increase of 2.0 percent while VAT and excise duties increased marginally by 8.2 percent, and income tax increased by 33.1 percent to TZS 0.9 million during the period. On cumulative basis, total revenues amounted to TZS 23.7 billion accounting for 35.6 percent of the annual budget and 71.1 percent of the first six months of 2002/03 target of TZS 33.25 billion.

Expenditure

The total government expenditure amounted to TZS 4.4 billion in December 2002 having decreased from TZS 6.9 billion spent in the previous month. The decrease was result of reduced development expenditure. Recurrent expenditure amounted to TZS 4.3 billion accounting for 98.8 percent of the total expenditure while development expenditure amounted to TZS 54.7 million or 1.2 percent of the total expenditure.

Expenditure on wages and salaries slightly increased by 0.1 percent while Other expenditures decreased by 63.6 percent from TZS 3.6 billion spent in November 2002 to 1.3 billion spent in December 2002. Development expenditure decreased from TZS 0.3 billion spent in November 2002 to TZS 0.1 billion accounting for 1.8 percent of the monthly target.

On cumulative basis, during July-December 2002, the government spent TZS 31.3 billion accounting for 63.9 percent of the semi-annual total expenditure target of TZS 49.1 billion. The sum accounted for 31.9 percent of the target annual expenditure of TZS 98.1 billion.

Financing

During the month under review the Government of Zanzibar continued to adhere to cash budget to finance her expenditure. The government received grants amounting to TZS 0.8 billion from the Union Government.

Zanzibar Debt Developments

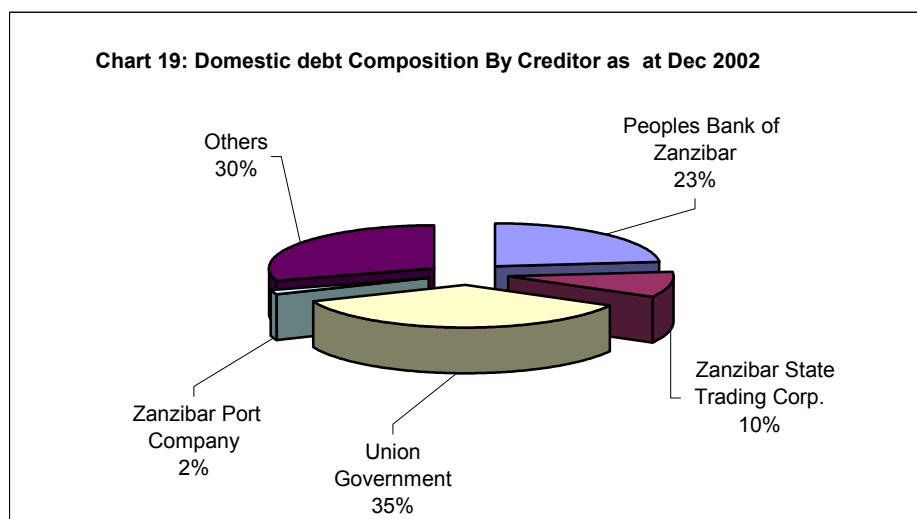
The Zanzibar total debt stood at TZS 95,184.0 million or USD 97.5 million at end-December 2002. Out of the total debt, domestic debt amounted to TZS 38,210.6 million or USD 39.2 million accounting for 40.1 per cent of total debt, while external debt amounted to USD 58.4 million or TZS 56,974.0 million accounting for 59.9 per cent of the total debt.

Domestic Debt

During December 2002, domestic debt stood at TZS 38,210.6 million, which is 3.7 percent lower when compared with TZS 39,671.4 million at end-November 2002. The debt decline is attributable to reduction in government stocks and other instruments.

Domestic Debt - By Creditor

Analysis of domestic debt by creditor reveals that, at end-December 2002, the Zanzibar Government debt to the Union Government was TZS 13.6 billion accounting for 35.6 percent of total domestic debt. The People's Bank of Zanzibar claims to the Government amounted to TZS 8.9 billion or 23.2 percent of total domestic debt, while the Zanzibar State Trading Corporation and Zanzibar Port Authority claims were TZS 3.7 billion or 9.7 percent and TZS 0.6 billion or 1.7 percent, respectively. Other creditor claims amounted to TZS 11.4 billion or 29.7 percent of the total domestic debt.



Domestic Debt by Instrument

Domestic debt by instrument, as at December 2002, shows that borrowing through advances amounted to TZS 13.6 billion or 35.6 percent of total domestic debt. Debt by long-term loan instruments amounted to TZS 8.9 billion or 23.2 percent, while debt by government stocks amounted to TZS 3.7 billion or 9.6 percent, debt by Treasury bills amounted to TZS 2.6 billion or 6.9 percent of total debt, and short-term borrowing amounted to TZS 0.7 billion or 1.9 percent of total domestic

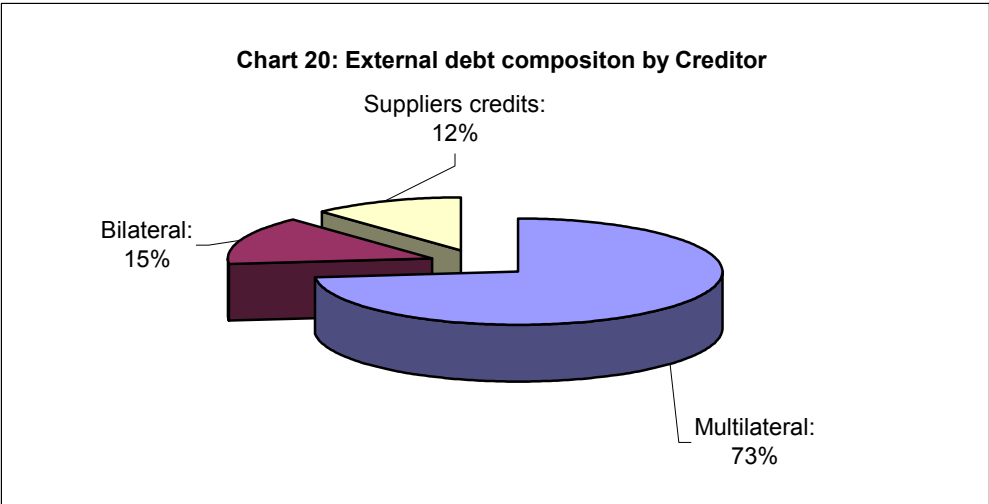
debt. Likewise, debt by other instruments amounted to TZS 8.7 billion accounting for 22.9 percent of total domestic debt.

External Debt

The Zanzibar Government external indebtedness at end-December 2002 stood at USD 58.4 million or TZS 56,974.0 million, the same level attained at end November 2002.

External Debt by Creditor Category

During December 2002, the debt portfolio revealed that multilateral debts amounted to USD 42.7 million accounting for 73.1 percent of the total external debt. Bilateral creditors claims amounted to USD 8.5 million accounting for 14.6 percent of the total external debt, while private debt (suppliers credits) amounted to USD 7.2 million accounting for 12.3 percent of total external debt ([Chart 20](#)).



External Debt by Maturity

As at end December 2002, debt maturity structure showed that, debt above 20 years was worth USD 33.0 million accounting for 56.5 percent of total outstanding debt. Debt in arrears amounted to USD 13.4 million accounting for 22.9 percent, while debt with maturity between 5-10 years amounted to USD 7.0 million or 12.1 percent of total outstanding external debt. Debt maturing between 10-20 years amounted to USD 5.0 million and accounted for 8.6 percent of total external debt.

Trade Developments

Trade balance

During the month under review, the trade account (goods and services) worsened to a deficit of USD 3.0 million from a deficit of USD 1.7 million registered during the previous month. The deterioration in the trade account was attributed to increase in imports of goods and services that outweighed increases in exports. Imports of goods and services increased by 40.5 percent to USD 7.4 million from USD 5.2 million recorded during the previous month.

Exports

During the period under review, total exports increased to USD 1.1 million from USD 0.3 million recorded in November 2002. The increase was attributed to increase in traditional exports. Clove exports increased to USD 0.8 million from USD 0.03 million recorded in November 2002, while exports of seaweeds improved from USD 0.21 million recorded during last month to USD 0.22 million.

Non-traditional exports decreased to USD 0.04 million from USD 0.11 million recorded in the previous month, while fish and fish exports increased by 58.3 percent, and manufactured goods and other exports decreased by 93.1 percent and 61.2 percent respectively.

Imports

During the period under review, overall imports (c.i.f.) increased by 24.6 percent to USD 5.9 million largely due to increase in imports of intermediate goods by 87.5 percent to USD 2.25 million, and capital goods by 26.5 percent to USD 1.7 million. In contrast, consumer goods decreased by 11.2 percent to USD 2.0 million. Capital goods increased due to a surge in importation of construction and building materials for public and private projects, while increase in intermediate goods is attributed to growth in oil imports.

Services account

During the period under review, the services account recorded a surplus of USD 1.1 million from USD 2.2 million recorded during last month of November 2002. This marked a decrease of 49.2 percent attributed to a 100.0 percent increase in payments of services from USD 1.1 million to USD 2.2 million that outweighed a 3.1 percent increase in receipt of services from USD 3.2 million in November 2002 to USD 3.3 million in December 2002.

GLOSSARY

Average Rate of Inflation

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

Non-Food Inflation Rate

This is a measure of price movements caused by factors other than food prices. It is an important measure, which monitors the effectiveness of Monetary Policy on Inflation since price movements in these items are caused largely by policy factors.

Seasonally Adjusted Indicators

To enhance the vigilance of monetary policy, i.e., to be able to make intra-year comparisons (e.g., month-to-month), it is necessary to carry out seasonal adjustment. 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, as for example, the harvest season. Therefore seasonally adjusted indicators show the impact of non-seasonal influences.

Base Money, Monetary Base, or Reserve Money (M0)

The Central Bank's liabilities in the form of (1) Currency in Circulation Outside Bank of Tanzania, and (2) Bankers' Reserves (deposit money banks' domestic cash in vaults plus their required and free deposits with the Central Bank) is referred to as Base money, or the monetary base or reserve money.

Money Supply, M

The sum of Currency in Circulation Outside the Banks and deposits 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).

Narrow Money, M1

It consists of Currency in Circulation Outside Banks and demand deposits.

Broad Money, M2

It is equivalent to Narrow Money (M1) plus time deposits plus savings deposits.

Extended Broad Money, M3

It consists of Broad Money (M2) plus foreign currency deposits.

Currency in Circulation Outside Banks

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

Discount Rate

The rate of interest the Central Bank charges on loans it extends to commercial banks. At present, it is also the interest rate charged on government overdraft at the Bank of Tanzania. It is derived from the weighted average yield of treasury bills of all maturities plus fine percentage points.

International Reserves, or Reserve Assets

They consist of those external assets that are readily available to and controlled by Central Banks for direct financing of balance of payments imbalances, for indirectly regulating the magnitude of such imbalances through intervention in exchange

markets to affect the currency exchange rate, and/or for other purposes. Included are monetary gold, SDRs, reserve position in the Fund, foreign exchange assets (consisting of currency, deposits, and securities), and other claims.

Reserve Money Program

It is an Operational Framework used by the Central Bank to achieve Money Supply Growth Targets, through monitoring Reserve Money, which is the Operational Variable.

Reserve Requirement

These are balances which banks are required to hold as a specified percentage of their liabilities (minimum reserve ratio) arising from demand deposits, savings deposits, time deposits, and foreign currency deposits, as well as from short-and medium-term borrowing, as balances on current accounts with the Central Bank.

Repurchase Agreement (Repo)

These are agreements to purchase/sale by the Bank 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 Bank at the end of the period. The Bank introduced Repo operations in July 1997. This new monetary policy instrument has enhanced the efficacy of monetary policy, since it can be applied in a flexible manner depending on short term liquidity developments in the economy.

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-, 182-, and 364 - day Treasury Bills, expressed in percent per annum.

Exchange Rate

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

Nominal Exchange Rate

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

Nominal Effective Exchange Rate (NEER)

This is the measure of the value of a currency against a weighted average of several foreign currencies, usually from the main trading partners. The NEER is often expressed as an index of the change in the exchange rate, relative to some base period.

Real Effective Exchange Rate

Is the nominal exchange rate index divided by measures of relative price change or other measures of relative competitiveness. Under this approach, Consumer Price Indices (CPI) of our main trading partners relative to Tanzania's CPI are used to construct relative prices. The REER is commonly used as a general analytical tool for measuring relative over-valuation or under-valuation of a currency.

Table A1: Selected Economic Indicators

Item	Unit	1995	1996	1997	1998	1999	2000	2001*	End Dec. 2002*
1. Population (TZ Mainland)	Million	27.5	28.3	29.1	30.0	30.9	31.9	32.8	
2. Gross Domestic Product (GDP)									
2.1 At Current Prices f.c (Nominal)	Mill. TZS	2,796,640.1	3,452,558.9	4,281,600.0	5,125,310.9	5,977,698.8	6,705,134.0	7,590,765.0	
	Mill. USD	4,865.7	5,952.9	6,994.7	7,710.9	8,026.4	8,330.6	8,661.3	
2.2 At Constant 1992 Prices (Real)	Mill. TZS	1,345,247.3	1,401,711.9	1,448,090.0	1,505,826.9	1,577,292.0	1,654,407.5	1,747,787.0	
	Mill. USD	2,340.5	2,416.8	2,365.9	2,265.5	2,117.9	2,068.3	1,994.3	
3. Income per Capita									
3.1 Nominal (Current Prices)	TZS	101,799.2	122,205.0	147,312.0	170,843.7	193,453.0	210,192.3	231,425.8	
	USD	177.1	210.7	240.2	256.9	259.4	261.2	264.1	
3.2 Real (1992 Prices)	USD	48,967.7	49,614.3	49,763.0	50,194.0	51,045.0	51,860.0	53,286.0	
	USD	85.2	85.5	81.2	75.5	68.4	64.8	60.8	
4. Price Index (1994=100)									
4.1 Consumer Price Index (CPI)	Gen. Index	115.8	140.1	162.6	183.5	197.9	209.7	220.4	
4.2 Percentage Change	Per cent	28.4	21.0	16.1	12.8	7.9	5.9	5.1	
4.3 Retail Price Index - Wage Earners (Dar es Salaam)	Gen. Index	108.6	128.7	137.4	146.8	149.8	150.6	163.4	
4.4 Percentage Change	Per cent	26.7	18.5	6.8	6.8	2.1	0.5	8.5	
4.5 GDP Implicit deflator	Index	207.9	246.3	295.6	340.4	379.0	402.8	423.5	
4.6 GDP Implicit deflator	Per cent	27.1	18.5	20.0	15.1	11.3	6.3	5.1	
5. Balance of Payments Position									
5.1 Exports (fob)	Mill. USD	682.9	763.8	752.6	588.5	543.3	663.3	776.4	
5.2 Imports (f.o.b)	Mill. USD	1,340.5	1,212.6	1,148.0	1,382.1	1,368.2	1,337.2	1,492.1	
5.3 Balance of Visible Trade	Mill. USD	(657.6)	(448.9)	(395.4)	(793.6)	(824.9)	(673.9)	(715.7)	
5.4 Balance on Current Account	Mill. USD	(646.4)	(461.3)	(403.6)	(921.3)	(858.6)	(529.1)	(559.6)	
5.5 Overall Balance	Mill. USD	(329.5)	(146.9)	(220.0)	(461.9)	(111.8)	57.7	(14.9)	
5.6 Exchange Rate :									
5.6.1 Annual Average	TZS/USD	574.8	580.0	612.1	664.7	744.8	800.4	917.4	
5.6.2 End of Period	TZS/USD	550.4	595.6	624.6	681.0	797.3	803.3	916.3	
6.0 Broad Money Supply (M2)	Mill. TZS	613,695.3	684,990.6	760,353.3	844,929.4	972,088.6	1,093,610.9	1,233,667.0	1,507,386.5
6.1 Percentage Change	Per cent	26.1	11.6	11.0	11.1	15.0	12.5	12.3	22.2
6.2 Currency in Circulation Outside Banks	Mill. TZS	244,313.7	257,662.8	287,877.1	307,798.7	384,848.0	392,404.2	411,638.9	495,445.6
6.3 Demand Deposits	Mill. TZS	183,971.4	191,550.5	205,991.7	237,718.3	247,723.2	302,602.3	354,381.0	463,340.9
6.4 Quasi-Money (Time and Savings deposits)	Mill. TZS	185,410.1	235,777.4	266,484.6	299,412.4	339,517.4	398,604.4	870,710.8	1,088,896.5
7. Public Finance		1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03**
7.1 Recurrent Revenue	Mill. TZS	448,372.9	572,029.7	619,083.1	689,325.3	777,644.7	929,624.0	1,042,955.1	594,844.4
7.2 Recurrent Expenditure	Mill. TZS	415,139.8	486,493.7	543,750.6	680,182.7	808,865.4	1,018,782.1	1,466,136.9	765,054.5
7.3 Development Expenditure	Mill. TZS	5,382.3	28,895.6	215,107.2	136,523.9	359,913.4	286,253.2	344,610.9	138,068.7
7.4 Adjustment to cash and other items (net)	Mill. TZS	(96,001.9)	(60,916.8)	(47,720.9)	(22,510.9)	(2,444.3)	(25,447.4)	3,203.8	(3,941.5)
7.5 Finacing:									
7.5.1 Domestic Resources (net)	Mill. TZS	56,169.0	(41,926.6)	3,669.2	(5,740.0)	7,854.4	(2,494.4)	(22,606.6)	6,195.8
7.5.2 Foreign Loans	Mill. TZS	(34,899.5)	(49,065.3)	64,468.1	(18,683.7)	105,417.3	90,354.2	121,842.5	32,300.6
8. Total External Debt Stock***	Mill. USD	8,003.8	7,754.1	7,578.5	7,384.7	7,669.7	7,624.8	7,464.0	7,384.7
Disbursed Debt	Mill. USD	6,917.5	6,623.3	6,600.3	6,435.9	6,580.3	6,538.3	6,559.7	6,413.4
Interest	Mill. USD	1,086.3	1,130.8	978.2	948.8	1,089.4	1,086.5	904.3	971.3

Note: * Provisional data; ** cummulative for July-December 2002

*** Debt position is given on financial year basis (end of period); for 2002/03, it is at end-December
Source: BoT, BoS (Economic Survey, National Accounts)

Table A2: Central Government Operations (Actual)

Item	Millions of TZS													
	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	BUDGET 2002/2003	Jul-02	Jul-Aug-02	Jul-Sep-02	Jul-Oct-02	Jul-Nov-02	Jul-Dec-02p
Total Revenue	448,372.9	572,029.7	619,083.1	689,325.3	777,644.7	929,624.0	1,042,955.1	1,172,297.0	88,970.3	179,794.9	286,902.6	379,922.2	479,328.6	594,844.4
Tax Revenue	383,743.5	505,354.7	566,122.6	616,284.1	685,107.4	827,788.4	939,266.8	1,066,899.0	82,622.6	164,985.4	263,269.5	350,297.1	438,892.2	545,294.6
Taxes on Imports	121,242.7	163,088.9	180,662.1	218,698.1	220,352.4	363,540.6	402,159.1	474,647.0	36,258.9	71,695.4	107,878.7	146,908.8	185,225.8	223,795.7
Sales/VAT and Excise on Local Good	94,712.2	128,961.8	140,520.0	175,159.3	179,989.4	188,838.6	216,066.8	233,019.0	20,161.6	41,017.6	64,919.4	85,586.5	109,514.1	132,659.5
Refunds				13,823.8	7,904.1	4,195.4	32,552.4							
Income Taxes	103,870.7	125,726.2	149,787.9	162,894.1	209,713.6	194,012.9	220,630.8	254,070.0	17,327.0	34,503.6	63,803.9	81,323.2	98,081.5	132,650.2
Other taxes	63,917.9	87,577.8	95,152.6	73,356.4	75,052.0	81,396.3	100,410.1	105,163.0	8,875.1	17,768.8	26,667.5	36,478.6	46,070.8	56,189.2
Non- tax Revenue	64,629.4	66,675.0	52,960.5	73,041.2	92,537.3	101,835.6	103,688.3	105,398.0	6,347.7	14,809.5	23,633.1	29,625.1	40,436.4	49,549.8
Total Expenditure	420,522.1	515,389.3	730,336.0	816,706.6	1,168,778.8	1,305,035.3	1,466,136.9	2,106,289.8	91,425.8	211,505.1	341,731.5	491,602.0	623,171.5	765,054.5
Recurrent expenditure 1/	415,139.8	486,493.7	543,751.0	680,182.7	808,865.4	1,018,782.1	1,121,526.0	1,386,162.7	81,020.8	186,240.5	302,479.8	435,759.3	527,301.7	626,985.7
Roadtoll fund				38,395.4	37,511.2	45,285.9	54,110.9	67,275.9	5,449.0	10,322.6	15,791.2	19,332.2	24,078.2	28,824.2
Retention fund				19,725.5	22,982.0	25,711.3	25,142.8	50,516.6	2,949.9	5,322.9	10,513.3	14,947.3	18,803.3	23,881.3
Wages and salaries	156,086.7	199,228.0	218,807.0	220,478.0	285,335.8	308,051.5	341,981.4	411,490.0	32,300.8	65,822.5	98,721.6	132,257.6	165,760.1	199,706.1
Interest payments	59,605.8	113,647.5	101,181.3	90,828.2	128,178.4	128,149.7	121,081.7	131,601.1	5,357.1	13,560.3	24,591.6	34,086.1	43,966.6	55,330.6
Domestic 2/	34,159.5	75,567.2	53,214.9	30,345.9	81,329.6	77,788.4	64,605.2	57,390.2	1,867.5	4,532.3	13,410.0	15,186.5	16,395.1	24,432.1
Foreign	25,446.3	38,080.3	47,966.3	60,482.3	46,848.8	50,361.3	56,476.0	74,210.9	3,489.6	9,028.0	11,181.6	18,899.6	27,571.5	30,898.5
Other goods, services and transfers	199,447.3	173,618.2	223,762.7	368,876.5	395,351.2	582,580.9	658,462.0	725,279.1	43,362.9	106,857.7	179,166.6	269,415.6	317,575.1	371,949.1
Dev. Expenditure and net lending	5,382.3	28,895.6	186,585.0	136,523.9	359,913.4	286,253.2	344,610.9	720,127.1	10,405.0	25,264.6	39,251.7	55,842.7	95,869.7	138,068.7
Local				18,807.5	19,428.8	35,069.1	50,235.9	95,662.0	271.0	2,511.5	7,821.9	10,257.9	29,555.0	50,534.0
Foreign				117,716.4	340,484.6	251,184.1	294,375.0	624,465.1	10,134.0	22,753.1	31,429.8	45,584.8	66,314.7	87,534.7
Overall Deficit (cheques issued) before	27,850.8	56,640.4	(111,252.9)	(127,381.3)	(391,134.1)	(375,411.3)	(423,181.8)	(391,694.6)	(2,455.5)	(31,710.2)	(54,828.9)	(111,679.8)	(143,842.9)	(170,210.1)
Grants:	46,881.6	81,415.6	119,358.3	169,945.6	280,306.7	286,306.0	379,849.4	542,298.2	4,622.8	30,711.2	49,061.8	130,728.8	145,222.0	214,954.4
O/W : Project	16,914.7	48,380.0	117,541.0	100,499.8	207,519.4	123,629.8	140,192.0	283,903.7	2,559.3	8,148.9	8,955.3	14,345.6	16,955.6	28,237.9
MDF funds				47,530.2	72,787.3	30,436.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall deficit (cheques issued) after G	74,732.4	138,056.0	8,105.4	42,564.3	(110,827.4)	(89,105.3)	(43,332.4)	(391,694.6)	2,167.3	(999.0)	(5,767.1)	19,049.0	1,379.1	44,744.4
Adjustments to cash and other items (net	(96,001.9)	(60,916.8)	(76,242.7)	(25,140.6)	(2,444.3)	(25,447.4)	3,203.8	(10,000.3)	12,306.3	(1,646.3)	(31,145.6)	(32,610.5)	(27,682.4)	(3,941.5)
Overall Balance (cheques cleared)	(21,269.5)	77,139.3	(68,137.3)	17,423.7	(113,271.7)	(114,552.7)	(40,128.6)	(401,694.9)	(52,717.4)	(75,585.4)	(111,265.8)	(89,536.7)	(103,749.4)	(38,496.4)
Financing:	21,269.5	(77,139.3)	68,137.3	(17,423.7)	113,271.7	114,552.7	40,128.6	401,694.9	52,717.4	75,585.4	111,265.8	89,536.7	103,749.4	38,496.4
Foreign Financing (net)	(34,899.5)	(49,065.3)	64,468.1	(18,683.7)	105,417.3	90,354.2	121,842.5	348,440.9	3,482.6	6,059.6	12,393.5	14,363.5	26,438.1	32,300.6
Loans	15,509.0	19,233.1	136,890.0	53,842.8	187,786.3	172,880.4	187,355.5	451,362.7	7,574.7	14,604.2	22,474.5	31,239.5	49,359.5	59,297.0
Program loans	7,703.4	16,543.4	80,069.0	36,626.2	54,821.0	45,326.1	33,171.2	110,801.3	0.0	7,029.5	7,029.5	7,029.5	7,029.5	7,029.5
Development Project loans	7,805.6	2,689.7	56,821.0	17,216.6	132,965.3	127,554.3	154,184.3	340,561.4	7,574.7	7,574.7	15,445.0	24,210.0	42,330.0	52,267.5
Amortization	(50,408.5)	(68,298.4)	(72,421.9)	(72,526.5)	(82,369.0)	(82,526.2)	(65,513.0)	(102,921.8)	(4,092.1)	(8,544.6)	(10,081.0)	(16,876.0)	(22,921.4)	(26,996.4)
Domestic (net)	56,169.0	(41,926.6)	3,669.2	(5,740.0)	7,854.4	(2,494.4)	(22,606.6)	43,254.0	49,234.8	69,525.8	98,872.3	75,173.2	77,311.3	6,195.8
Bank borrowing	62,753.0	(26,072.3)	(23,605.1)	1,230.0	7,690.6	(18,654.8)	(59,180.9)	30,254.0	59,100.6	116,505.9	128,189.0	87,896.8	131,148.9	65,101.4
Non-Bank (net of amortization)	(6,584.0)	(15,854.3)	27,274.3	(6,970.0)	163.8	16,160.4	36,574.3	21,254.0	(9,615.0)	(46,729.1)	(29,065.7)	(12,472.7)	(53,586.7)	(58,654.7)
Amortization	(4,465.3)	(24,696.3)	(53,419.5)	(38,499.1)	(234,092.1)	(256,372.9)	(1,614.0)	9,000.0	(250.9)	(250.9)	(250.9)	(250.9)	(250.9)	(250.9)
Privatization Proceeds	0.0	13,852.6	0.0	7,000.0	0.0	26,692.9	0.0	(10,000.0)	0.0	0.0	0.0	0.0	0.0	0.0
Recovery from NBC bond								18,000.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in Arrears							(59,107.3)	0.0	(67,191.0)	(72,940.1)	(74,353.1)	(74,353.1)	(74,353.1)	(74,353.1)

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

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

p Provisional data

Table A3: Monetary Survey

													Millions of TZS	
		Domestic assets (net)			M3,	Extended Broad Money					Memorandum			
		Domestic credit (net)				M2,	Broad Money				item:			
			Claims on other domestic sectors (net)	Other items (net)		M1,	Narrow Money				M0	Base Money		
End of Period	Foreign assets (net)	Claims on government (net)	Claims on other domestic sectors (net)	Other items (net)	Total			Currency in circulation outside banks	Demand deposits	Time deposits	Savings deposits	Foreign currency deposits	Total sum (9,15)	of which: Reserves
					sum (9-13)	sum (9-12)	sum (9,10)							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1992	54,027.8	82,201.2	34,849.6	130,847.3	301,925.9	284,968.3	185,876.2	95,454.5	90,421.7	62,459.1	36,633.0	16,957.6	112,750.2	17,295.7
1993	29,594.4	184,089.3	245,784.1	(38,832.2)	420,635.6	367,094.8	247,091.1	122,166.7	124,924.4	69,607.5	50,396.2	53,540.8	152,320.8	30,154.1
1994	116,393.2	181,055.6	280,158.6	(7,864.2)	569,743.2	486,489.2	329,624.8	176,308.2	153,316.5	84,799.5	72,064.9	83,254.0	226,441.4	50,133.2
1995	165,813.5	279,257.9	247,846.0	59,994.1	752,911.5	613,695.3	428,285.1	244,313.7	183,971.4	91,210.2	94,199.9	139,216.3	314,885.1	70,571.4
1996	290,319.8	295,822.8	141,341.0	90,579.4	818,063.0	684,990.6	449,213.3	257,662.8	191,550.5	122,436.6	113,340.7	133,072.4	335,768.0	78,105.3
1997	398,918.6	239,457.5	182,976.9	105,716.0	927,068.9	760,353.3	493,868.7	287,877.1	205,991.7	126,269.2	140,215.3	166,715.6	364,940.0	77,062.9
1998	458,003.6	276,586.7	248,276.2	44,118.1	1,026,984.7	844,929.4	545,517.0	307,798.7	237,718.3	134,401.0	165,011.4	182,055.2	418,734.0	110,935.3
1999	622,286.8	366,596.2	311,533.0	(82,789.1)	1,217,626.9	972,088.6	632,571.2	384,848.0	247,723.2	149,257.1	190,260.3	245,538.3	508,674.0	123,826.0
2000	842,755.0	375,146.0	340,628.1	(160,840.2)	1,397,688.8	1,093,610.9	695,006.5	392,404.2	302,602.3	170,051.6	228,552.8	304,077.9	556,430.9	164,026.7
2001	1,209,820.5	239,201.4	404,512.3	(369.0)	1,636,730.7	1,233,667.0	766,019.9	411,638.9	354,381.0	208,101.4	259,545.7	403,063.7	996,008.0	584,369.1
2001-Jun	1,001,411.8	268,919.6	378,422.2	(175,851.7)	1,472,901.9	1,099,034.0	691,254.6	375,044.9	316,209.6	171,597.7	236,181.7	373,867.9	506,847.8	131,802.9
Nov	1,185,337.3	235,030.2	405,040.6	(2,259.1)	1,610,225.9	1,211,966.0	756,950.1	409,503.6	347,446.5	202,702.0	252,313.9	398,259.9	967,684.3	558,180.7
Dec	1,209,820.5	239,201.4	404,512.3	(369.0)	1,636,730.7	1,233,667.0	766,019.9	411,638.9	354,381.0	208,101.4	259,545.7	403,063.7	996,008.0	584,369.1
2002-Jan	1,244,572.7	170,817.3	424,034.3	26,166.3	1,635,487.2	1,208,711.9	732,480.7	389,698.9	342,781.8	218,710.6	257,520.6	426,775.3	980,251.4	590,552.6
Feb	1,358,005.5	104,456.8	431,266.2	29,902.6	1,664,164.4	1,217,354.6	741,586.3	391,993.3	349,593.1	209,448.3	266,320.0	446,809.7	979,735.0	587,741.7
Mar	1,365,588.3	157,637.1	441,917.6	49,654.5	1,744,951.3	1,267,737.6	776,040.6	402,948.8	373,091.8	213,470.3	278,226.7	477,213.6	953,202.4	550,253.6
Apr	1,354,456.8	183,484.9	445,125.3	30,706.0	1,752,488.2	1,268,835.8	766,271.1	398,186.6	368,084.5	212,907.8	289,656.9	483,652.5	981,849.0	583,662.4
May	1,308,438.7	191,092.9	455,418.0	50,016.9	1,776,103.0	1,307,466.2	792,212.9	409,639.8	382,573.1	218,535.4	296,717.9	468,636.8	1,019,570.4	609,930.6
Jun	1,293,645.0	202,879.0	482,041.4	65,181.2	1,797,889.9	1,333,524.2	815,576.3	429,383.9	386,192.4	218,602.1	299,345.8	464,365.7	1,002,471.9	573,088.0
July	1,316,101.9	250,064.6	480,721.0	45,328.9	1,839,450.6	1,369,608.8	837,331.5	433,054.4	404,277.1	236,120.0	296,157.3	469,841.8	1,066,851.9	633,797.5
Aug	1,322,133.4	229,448.7	530,484.4	4,296.3	1,915,685.4	1,421,212.7	879,946.7	466,750.3	413,196.4	243,819.8	297,446.2	494,472.6	1,170,757.2	704,007.0
Sept	1,354,621.1	252,250.1	546,722.1	(17,097.1)	1,931,047.9	1,452,980.7	912,428.8	474,990.5	437,438.2	241,421.9	299,130.0	478,067.2	1,270,803.1	795,812.5
Oct	1,440,512.5	234,814.0	561,301.4	(21,146.7)	1,978,852.0	1,471,851.2	932,828.8	488,790.9	444,037.9	232,950.6	306,071.8	507,000.8	1,241,348.6	752,557.7
Nov	1,442,963.9	308,100.7	562,604.4	(39,172.3)	2,004,263.8	1,499,957.7	957,111.5	500,899.4	456,212.0	228,941.6	313,904.7	504,306.1	1,202,858.5	701,959.1
Dec	1,558,627.1	333,817.9	570,668.3	(59,986.1)	2,047,683.1	1,507,386.5	958,786.6	495,445.6	463,340.9	223,898.7	324,701.3	540,296.5	1,191,146.8	695,701.2

Table A4: Tanzania's Balance of Payments

	Millions of USD				
	1997	1998	1999	2000	2001p
A. Current Account Balance	(403.6)	(921.3)	(858.6)	(529.1)	(559.6)
Goods (f.o.b.)	(395.4)	(793.6)	(825.0)	(673.9)	(715.7)
Exports f.o.b.	752.6	588.5	543.3	663.3	776.4
Imports f.o.b.	(1,148.0)	(1,382.1)	(1,368.2)	(1,337.2)	(1,492.1)
Services	(317.9)	(463.2)	(287.8)	(115.8)	(103.0)
Credit	482.4	538.8	622.0	643.8	679.3
Debit	(800.2)	(1,002.0)	(909.7)	(759.7)	(782.2)
Income	(121.8)	(91.8)	(82.5)	(89.7)	(55.8)
Credit	43.0	44.4	49.0	50.4	69.2
Debit	(164.8)	(136.3)	(131.5)	(140.0)	(124.9)
Current transfers	431.5	427.3	336.6	350.2	314.8
Credit	499.1	454.2	445.6	423.1	384.8
Debit	(67.7)	(26.9)	(109.0)	(72.9)	(70.0)
B. Capital Account	270.9	252.4	270.6	373.9	436.1
Credit	270.9	252.4	270.6	373.9	436.1
Debit	0.0	0.0	0.0	0.0	0.0
C. Financial Account, excl. reserves and related items	236.2	(134.6)	614.1	572.6	(63.2)
Direct investment abroad	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	157.8	172.2	516.7	463.4	327.2
Portfolio investment	0.0	20.5	0.7	0.0	0.0
Other investment	78.4	(327.3)	96.7	109.2	(390.4)
D. Net Errors and Omissions	(323.5)	341.6	(138.0)	(359.7)	171.8
<i>Overall Balance (Total, Groups A through D)</i>	(220.0)	(461.9)	(111.8)	57.7	(15.0)
E. Reserves and Related Items	220.0	461.9	111.8	(57.7)	15.0
Reserve assets	(84.4)	(11.1)	(121.4)	(137.6)	(207.0)
Exceptional financing	304.4	473.0	233.2	79.9	221.9
Rescheduled debt	227.3	366.7	84.6	10.0	131.4
Interest arrears	14.6	73.1	92.7	48.8	53.3
Principal arrears	62.5	33.2	55.9	21.1	37.2
Memorandum items					
GDP(mp) Millions of TZS	4,708,627.0	5,571,641.0	6,432,911.1	7,225,684.8	8,045,915.8
GDP(mp) Millions of USD	7,692.3	8,382.4	8,635.9	8,994.6	8,770.2
CAB/GDP	(5.2)	(11.0)	(9.9)	(5.9)	(6.4)
CAB/GDP (excluding current official transfers)	(8.4)	(14.6)	(12.5)	(8.4)	(8.9)
Gross Official Reserves	623.1	599.0	775.6	974.4	1,156.6
Months of Imports	3.8	3.0	4.1	5.6	6.1
Net International Reserves (year end)	272.6	283.7	405.1	542.7	749.7
Change in Net International Reserves	(84.4)	(11.1)	(121.4)	(137.6)	(207.0)
Exchange rate (end of period)	624.6	681.0	797.3	803.3	916.3
Exchange rate (annual average)	612.1	664.7	744.9	803.3	917.4

Note: GDP (mp)-Gross Domestic Product at Market prices, CAB-Current Account Balance,
p Provisional

Source: Bank of Tanzania