



BANK OF TANZANIA

**ECONOMIC BULLETIN
FOR THE QUARTER ENDED**

JUNE 30, 2003

VOL. XXXIV NO. 2

SELECTED ECONOMIC INDICATORS

Item	Unit	1998	1999	2000	2001	2002*
1. National Accounts and Prices						
1.1 Change in GDP at Factor Cost--Current Prices	Percent	19.7	16.6	12.2	13.2	13.0
1.2 Change in GDP at Factor Cost--Constant 1992 Prices ²	Percent	4.0	4.7	4.9	5.7	6.2
1.3 GDP Per Capita--Current Prices ¹	TZS	185,601	207,879	228,145	252,536	279,863
1.4 GDP Per Capita--Current Prices ¹	USD	272.5	281.2	285.0	288.2	289.5
1.5 Change in Consumer Price Index (Inflation)	Percent	12.8	7.9	5.9	5.2	4.5
1.6 Saving to GNDI Ratio ³	Percent	6.5	6.8	11.6	11.1	12.7
2. Money Credit and Interest Rates						
2.1 Change in Extended Broad Money Supply (M3)	Percent	10.8	18.6	14.8	17.1	25.1
2.2 Change in Broad Money Supply (M2)	Percent	11.1	15.0	12.5	12.3	18.5
2.3 Change in Narrow Money Supply (M1)	Percent	10.5	16.0	9.9	10.2	25.2
2.4 Change in Reserve Money	Percent	14.7	21.5	9.4	5.0	19.1
2.5 Total Credit to GDP Ratio ¹	Percent	9.4	10.5	9.8	7.6	8.8
2.6 Private Sector Credit to GDP Ratio ¹	Percent	4.3	4.7	4.6	4.9	6.1
2.7 Ratio of Private Credit to Total Credit	Percent	45.7	44.6	46.6	63.7	69.2
2.8 Average Deposit Rate (12-Month)	Percent	11.5	10.4	8.6	6.0	5.7
2.9 Weighted Average Treasury Bill Rate	Percent	10.1	15.5	5.7	3.9	4.5
2.10 Average Medium- and Long-Term Lending Rate	Percent	22.0	20.6	21.2	15.8	13.2
3. Balance of Payments						
3.1 Exports (f.o.b)	Mill. USD	588.5	543.3	663.3	776.4	902.5
3.2 Imports (f.o.b)	Mill. USD	1,382.1	1,415.4	1,367.6	1,560.3	1,511.3
3.3 Trade Balance	Mill. USD	(793.6)	(872.1)	(704.3)	(715.7)	(715.7)
3.4 Balance on Current Account	Mill. USD	(921.3)	(860.1)	(469.6)	(480.0)	(325.3)
3.5 Overall Balance	Mill. USD	(461.9)	(111.8)	57.7	(14.9)	285.3
3.7 Gross Official Reserves	Mill. USD	599.0	776.0	974.0	1,157.0	1,529.0
3.8 Reserves Months of Imports (of goods and services)	Months	3.2	4.5	5.7	6.4	8.3
3.9 Exchange Rate:						
3.9.1 Annual Average	TZS/USD	664.7	744.8	800.4	876.4	966.6
3.9.2 End of Period	TZS/USD	681.0	797.3	803.3	916.3	976.3
4 Population (TZ Mainland)	Million	30.0	30.9	31.9	32.1	33.6
5. Public Finance		1998/99	1999/00	2000/01	2001/02	2002/03
5.1 Current Revenue to GDP Ratio ¹	Percent	11.5	11.4	12.2	11.8	12.3
5.2 Grants to GDP Ratio ¹	Percent	2.8	4.1	3.7	4.3	3.2
5.2 Current Expenditure to GDP Ratio ¹	Percent	11.0	11.9	13.0	12.7	13.0
5.3 Development Expenditure to GDP Ratio ¹	Percent	2.2	5.3	3.7	3.9	3.3
5.4 Deficit to GDP Ratio (excluding grants) ¹	Percent	(1.7)	(5.7)	(4.5)	(4.8)	(4.0)
5.5 Deficit to GDP Ratio (including grants) ¹	Percent	1.0	(1.6)	(0.8)	(0.5)	(0.8)
6. Total External Debt Stock		Mill. USD	7,384.7	7,669.7	7,624.8	7,464.0
Disbursed Debt	Mill. USD	6,435.9	6,580.3	6,538.3	6,559.7	6,413.4
Interest	Mill. USD	948.8	1,089.4	1,086.5	904.3	971.3
Total External Debt as % of GDP	Percent	82.1	89.5	80.7	78.5	75.9

Note:

¹ Calculated on the basis of GDP at market price

² Calculated on the basis of GDP at factor cost

³ GNDI stands for gross national disposable income

* Provisional data

Source: BoT, BoS (Economic Survey, National Accounts)

1.0 SUMMARY OF ECONOMIC CONDITIONS

The Tanzanian economy continued to improve during the year 2002, recording real **Gross Domestic Product (GDP)** of 6.2 percent, the highest level attained in many years. Performance of all major sectors of the economy was encouraging, although remains low. The agricultural sector, which accounts for the largest share of GDP and the largest employer, grew at the rate of 5.8 percent, slightly below the previous year rate of 6.5 percent. Growth in agriculture is still hampered by a number of factors including; adverse weather conditions, lack of credit and investments, poor infrastructure, inefficient marketing channels and lack of agro-processing facilities.

During the quarter ending June 2003, **Consumer Price Inflation (CPI)** went up slightly from 4.2 percent as recorded during the quarter ending March 2003 to 4.3 percent. Non-food inflation however declined, from an average of 9.5 percent recorded during the quarter ending March 2003 to an average of 5.4 percent. The decline was due to a fall in the average prices of major non-food items including fuel, resulting from the slowing down of the Iraq crisis.

During the quarter ending June 2003, **Broad money supply (M2)** increased by TZS 56.6 billion, compared with a decline of TZS 5.2 billion recorded at the end of March 2003. The increase in M2 was mainly due to the surge in Net Foreign Assets (NFA) of the banking system associated with donor fund inflows.

With regard to the **Interest rate structure**, the margin between lending and savings deposit rates narrowed further down to 11.6 percent, from 12.2 percent recorded during the quarter ending March 2003.

During the quarter ending June 2003, the **External sector** performed poorly as the current account deficit widened to USD 100.7 million, from a deficit of USD 97.3 million recorded during the preceding quarter. Overall performance of the goods and services accounts also remained poor.

The **Tanzanian shilling on average depreciated** against the dollar by 2.4 percent, moving from TZS 1,016.1 per US dollar during the quarter ending March 2003 to TZS 1,040.5 per US dollar during the quarter ending June 2003. However, this compares favourably with the rate of depreciation of 3.7 percent recorded during the preceding quarter.

The **Overall central government** budget deficit (after grants) narrowed down to TZS 60.9 billion, compared with a deficit of TZS 91.5 billion recorded during the quarter ending March 2003. Revenue collections amounted to TZS 315.7 billion, which was slightly above the targeted amount of TZS 309.9 billion for the review period. Total expenditure (excluding amortization) amounted to TZS 551.0 billion, being 4.3 percent above the planned expenditure amount of TZS 528.1 billion for the quarter.

Total government debts (both domestic and external) stood at USD 8,109.7 million as at the end of June 2003, or 2.4 percent higher than the debt stock of USD 7,916.2 million recorded during the quarter ending March 2003. The increase was due to new commitments, disbursements, accumulation of interest arrears as well as data validation and recording.

The **Tanzania Zanzibar Government budgetary operations** recorded an overall deficit before grants of TZS 3.1 billion during the quarter

ending June 2003, and after considering grants, an overall deficit of TZS 0.8 billion was recorded.

The Tanzania Zanzibar Trade Account recorded a higher deficit of USD 7.7 million, compared with a deficit of USD 4.0 million recorded during the corresponding period in 2002. The deterioration was attributed to an increase in the value of imports of goods and services, coupled with a decrease in the value of exports of goods and services.

2.0 INTERNATIONAL OUTLOOK

Recovery of the global economy remained gloomy during the quarter ending June 2003, owing to a number of factors including; the Severe Acute Respiratory Syndrome (SARS) outbreak in Asia as well as lack of a permanent solution to the Iraq crisis. Worldwide unemployment rates remained high, as companies were reluctant to create more job opportunities amid uncertainties in economic recovery. On the other hand, the inflationary pressures eased slightly due to the decline in oil prices. Substantial monetary policy stimulus occurred in the US and the Euro Area as interest rates were reduced to lowest levels.

The US economy recorded an unexpectedly higher growth of 2.4 percent, up from a growth rate of 1.4 percent recorded during the preceding quarter. The growth was largely due an increase in consumer spending and business investments. Consumer spending rose by 3.3 percent, up from 2.0 percent recorded in the preceding quarter while business investments increased by 6.9 percent, from a decline of 4.4 percent recorded in the preceding quarter. Unemployment rates also rose marginally by 0.4 percentage points to 6.2 percent. Key interest rates were also reduced by 0.25 percentage points, to 1.0 percent as part of additional efforts by the US government to stimulate further consumer and business spending.

In UK, the economy registered a growth rate of 0.3 percent, compared with 0.1 percent recorded during the preceding quarter. The improvement was partly due to the rise in output of construction, distribution, hotels and catering industries. However, unemployment rates remained unchanged at 3.1 percent, in three consecutive quarters since December 2002.

In Japan, the deflationary pressures continued to persist mainly due to the fall in private consumption expenditures and the decline in import prices. Import prices are expected to continue declining, mainly due to the lingering effects of the decline in crude oil prices in the world market.

In the Euro Area, inflationary pressures remained subdued (**Table 2.1**), mainly on account of the fall in the prices of crude oil in the world market. However, unemployment rates were the highest in Germany and France, reflecting weakened economic activities particularly in the industrial sector. In its efforts to stimulate the Euro Area economy, the European Central Bank cut down its key interest rates by 0.5 percentage points to 2.0 percent. However, with a low rate of inflation and weakened growth in most of the Euro Area countries, a further reduction in interest rate is seen as inevitable.

Canada recorded weak economic activities during the quarter under review, largely due to effects of the Severe Acute Respiratory Syndrome (SARS), which had a negative impact on the external demand for Canadian products. The unemployment rate rose by 0.3 percentage points to 7.7 percent, reflecting a weakened labour market which was responding to the weakened manufacturing sector associated with the SARS epidemic.

Table 2.1: World Economic Indicators

Country	GDP Growth Rates (%)			Unemployment Rates (%)			Inflation Rates (%)			Key Interest Rates
	2002- Q4	2003- Q1	2003- Q2	2002- Q4	2003- Q1	2003- Q2	2002- Q4	2003- Q1	2003- Q2	
	Britain	0.4	0.1	0.3	3.1	3.1	3.1	2.6	2.9	
Germany	0.0	-0.2		10.0	10.5	10.7	1.2	1.2	0.9	2.0
Japan	0.5	0.0		5.4	5.4	5.4	-0.5	-0.2	-0.2	0.0
USA	1.4	1.4	2.4	5.9	5.8	6.2	2.2	2.9	2.1	1.0
Italy	0.4	-0.1		8.9	9.0	8.8	2.8	2.7	2.7	2.0
France	-0.1	0.3		9.0	9.2	9.4	2.1	2.4	1.9	2.0
Canada	0.4	0.6		7.5	7.4	7.7	3.8	4.5	2.8	3.3
Euro Zone	0.1	0.0		8.5	8.6	8.8	2.3	2.3	2.0	2.0

Source: Bloomberg System

Key interest rates for Euro Zone applies also to Germany, Italy and France

3.0 REAL SECTOR AND PRICE DEVELOPMENTS

3.1 Overall Economic Performance

Prospects are good for the Tanzanian economy to continue recording improved performance, as long as the Government continues to implement its macroeconomic and structural reforms that started in the mid 90s. However, efforts to further accelerate economic growth above the GDP growth rate of 6.2 attained in 2002 are likely to be hampered by a number of factors including; deterioration of terms of trade, volatility in world energy prices, general slow down of the world economy in 2001/02 and episodes of bad weather. Likewise, prospects for maintaining lower inflation rates such as the rate of 4.4 percent recorded at the end of 2002, and which was the lowest since 1970s, are not likely to be sustained owing to same factors. Thus the economy needs a bigger push through increased investment in agriculture as well as in other sectors like tourism, which have higher potential for growth. Elimination of structural bottlenecks, putting in place good policies to attract investors, are also among the strategies that the government needs to continue pursuing in the future.

3.2 Sectoral Developments

3.2.1 Primary Sector

The agricultural sector, which accounts for the largest share of GDP and the largest employer in Tanzania, remains fragile despite the positive signs of growth of 5.8 percent attained in 2002. A study by the World Bank in 2000 has indicated that, Tanzania needs a growth rate of at least 10.0 percent, to accelerate economic growth and reduce poverty to desired level. This means that more investments are needed in the sector

through; improvement of rural roads, irrigation, input supply and marketing infrastructure.

Mining sector has also grown rapidly in response to government policies, which have attracted substantial amount of foreign investment. However, despite the high growth rates attained in the sector in recent years, its share of GDP remains at less than 3.0 percent. Also, its linkage to the rest of the economy including employment provision remains limited.

During the second quarter of 2003, the manufacturing sector recorded substantial improvement, when compared with the corresponding quarter in 2002. When using Manufacturing Production Index (MPI), which measures the rate of change in production of commodities in real terms over time, the manufacturing production increased by 14 percent as compared with a decline of 1 percent registered in the corresponding period last year (**Chart 3.1**). The improvement in performance of the manufacturing sector was largely attributed to increase in production of fish fillets, beer, blended tea, cigarettes, textiles, cement, rolled steel and corrugated iron sheets. .

The value of goods from selected manufacturing industries increased by 26 percent to TZS 298.4 billion from TZS 237.5 billion recorded in the same period a year earlier. The sub-sectors of food, beverage and tobacco as well as non-metallic products accounted for 57 percent and 11 percent, respectively, while other manufacturing goods contributed the remaining 32 percent (**Table 3.1**).

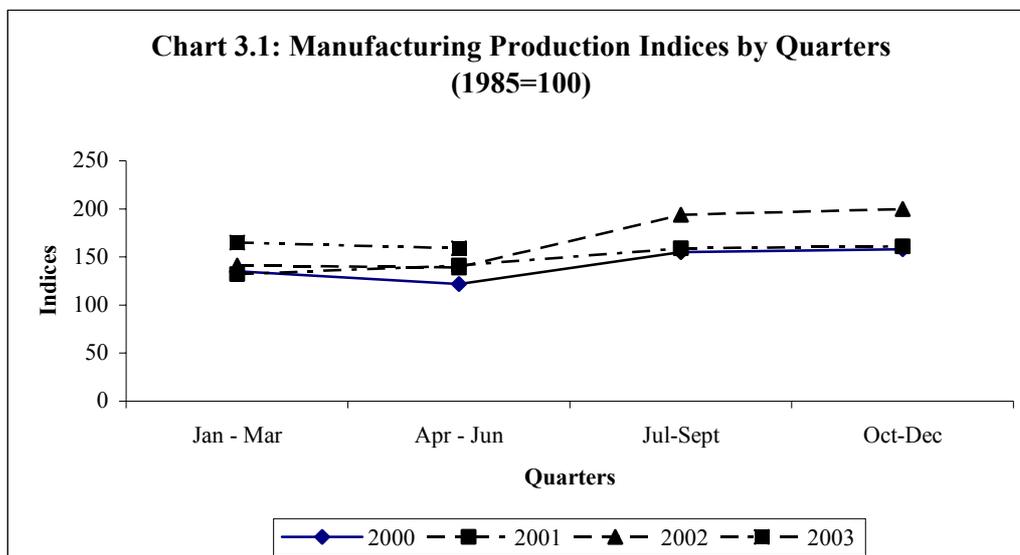


Table 3.1: Production of Selected Industrial Commodities

Commodity	Unit	2002				2003		QII		% Change
		QI	QII	QIII	QIV	QI	QII	2002	2003	
Fish fillets	Metric Ton	8,249	9,676	9,693	7,522	9,360	10,504	9,676	10,504	8.6
Beer	000 Litres	35,596	34,383	52,406	53,485	49,383	41,406	34,383	41,406	20.4
Vegetable oils and fats	Metric Ton	20,293	22,483	27,319	23,203	21,623	19,445	22,483	19,445	-13.5
Soft drinks	000 Litres	48,784	52,282	54,297	53,291	53,810	50,159	52,282	50,159	-4.1
Sugar, refined	Metric Ton	19,968	21,378	77,613	70,614	22,976	18,904	21,378	18,904	-11.6
Blended tea	Metric Ton	1,106	1,119	1,084	1,255	1,399	1,245	1,119	1,245	11.3
Cigarettes	Million Sticks	882	902	937	1,057	931	1,011	902	1,011	12.1
Textiles	000 Square Metre	20,008	23,907	32,103	30,287	31,094	24,780	23,907	24,780	3.7
Cement	000 Metric Ton	225	247	281	273	264	296	247	296	20.0
Rolled steel	Metric Ton	7,508	4,676	5,149	8,085	8,760	9,839	4,676	9,839	110.4
Corrugated iron sheets	Metric Ton	14,087	5,675	6,035	9,270	7,670	9,882	5,675	9,882	74.1
Dry cells	000 Pieces	11,000	10,000	12,000	9,000	9,000	9,000	10,000	9,000	-10.0

Source: National Bureau of Statistics & BOT computation

3.2.2 Secondary Sector

The secondary and tertiary sector namely; trade, hotels and restaurants (including tourism) which is the second largest contributor to GDP have also performed well, though they remain with a lot of unexploited potential. Value added in the sector grew at the rate of 7.0 percent in 2002, compared to 6.7 attained in 2001. Positive growth rates have also been recorded in construction, transport and communications, financial and business services.

3.3 Food Security Situation

During the quarter ending June 2003, the Food Security Department released 7,916 tons of maize grain to the market thus reducing **Strategic Grain Reserves (SGR)** stock to 51,060 tons, from 58,976 tons recorded during the quarter ending March 2003. However, the department had during the review period, planned to purchase about 20,800 tons of maize from food surplus areas to replenish the national grain reserves stock.

Table 3.2: Food Security, SGR Stocks (Tons)

	2000	2001	2002	2003
January	105,665	78,967	60,503	59,961
February	103,305	72,000	58,254	59,493
March	101,496	63,022	56,738	58,976
April	96,326	51,435	52,228	54,118
May	82,119	44,776	48,653	52,857
June	72,000	47,225	47,100	51,060
July	63,976	46,290	44,787	
August	70,352	48,998	41,795	
September	95,000	59,047	57,500	
October	88,474	58,000	62,700	
November	89,882	62,388	61,773	
December	78,967	62,788	58,395	

Source: Food Security Department and BOT computations.

3.5 Price Developments

Headline Inflation

The quarterly year-to-year inflation rate for the quarter ending June 2003 stood at 4.3 percent, slightly above the preceding quarter rate of 4.2 percent, but lower than the rate of 4.6 percent recorded in the corresponding quarter in 2002. This low rate of inflation is a result of a combination of tight monetary policy pursued by the Bank of Tanzania and, the application of cash budgeting system by the government.

Non-food inflation

Non-food inflation, declined from an average of 6.6 percent during the quarter ending June 2002, to an average of 5.4 percent during the quarter ending June 2003. The decline was attributed to a fall in the average prices of major non-food items particularly fuel, power and water.

Food Inflation

Food inflation rate increased from 3.8 percent, recorded during the quarter ending June 2002, to 4.0 percent during the quarter ending June 2003. The increase in food inflation rate is explained by the low supply of food grains following low rainfall in most parts of the country. Pressure on food prices is likely to continue in the months ahead for the same reasons.

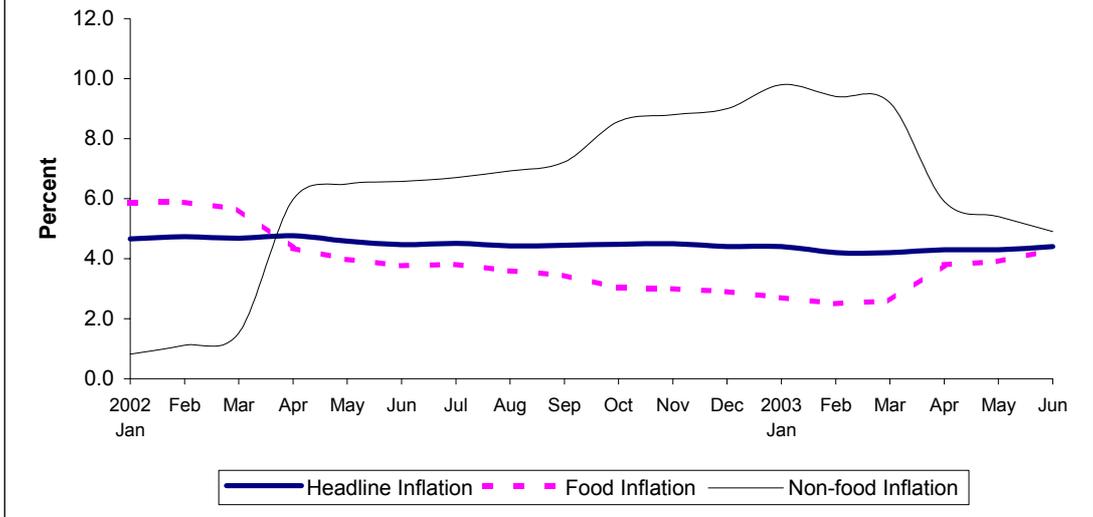
Table 3.3: Quarterly Percentage Change in the Sub-groups of the National Consumer Price Index (All-urban)

(Base: December 1994=100)

Sub-groups	Weight %	Index		% Change	
		April – June 2002	April – June 2003	April – June 2002	April – June 2003
				2001vs2002	2002vs2003
Food	71.2	244.1	253.8	4.0	4.0
Drinks and tobacco	4.4	177.5	185.3	1.7	4.4
Rents	3.9	201.4	210.0	1.9	4.3
Fuel, Power and Water	4.7	321.1	345.0	17.1	7.5
Clothing and Footwear	3.7	197.0	209.9	6.2	6.6
Furniture & Household Equipment	2.5	197.1	205.2	3.9	4.1
Household Operations & Maintenance	1.5	161.2	170.6	1.4	5.8
Personal Care & Health	2.2	150.4	160.7	3.2	6.8
Recreational & Entertainment	1.2	172.7	178.7	1.5	3.4
Transportation	1.2	244.4	252.2	2.1	3.2
Education	1.5	201.9	211.5	3.9	4.8
Miscellaneous Goods & services	2.0	158.7	162.1	4.7	2.1
TOTAL	100.0	233.8	244.0	4.6	4.3

Source: National Bureau of Statistics (NBS)

**Chart 3.2: Annual Headline, Food and Non-food Inflation
January 2002 - June 2003**



4.0 Monetary and Financial Developments

4.1 Money and Credit

The quarter ending June 2003 recorded a moderate growth in money supply. Broad money supply (M2), increased by TZS 56.6 billion or 3.7 percent, from TZS 1,502.2 billion recorded during the quarter ending March 2003, to TZS 1,558.8 billion.

The increase in M2 was attributed to a surge in Net Foreign Assets (NFA) of the banking system, which grew by TZS 101.7 billion or 9.1 percent, from TZS 1,122.5 billion recorded in March 2003 to TZS 1,224.2 billion in June 2003. The increase in net foreign assets of the banking system during the quarter was partly attributed to an increase in Net International Reserves (NIR) of the Bank of Tanzania, which increased by TZS 123.8 billion to TZS 1,215.0 billion. The purchase of donor funds from the government by the Bank of Tanzania, coupled with exchange rate variations of the shilling were the main reasons for the increase in NIR. Subsequently, gross official reserves of the Bank of Tanzania rose from the level of USD 1,546.1 million attained during the quarter ending March 2003 to USD 1,669.0 million in June 2003, equivalent of 7.9 months of imports of goods and non factor services.

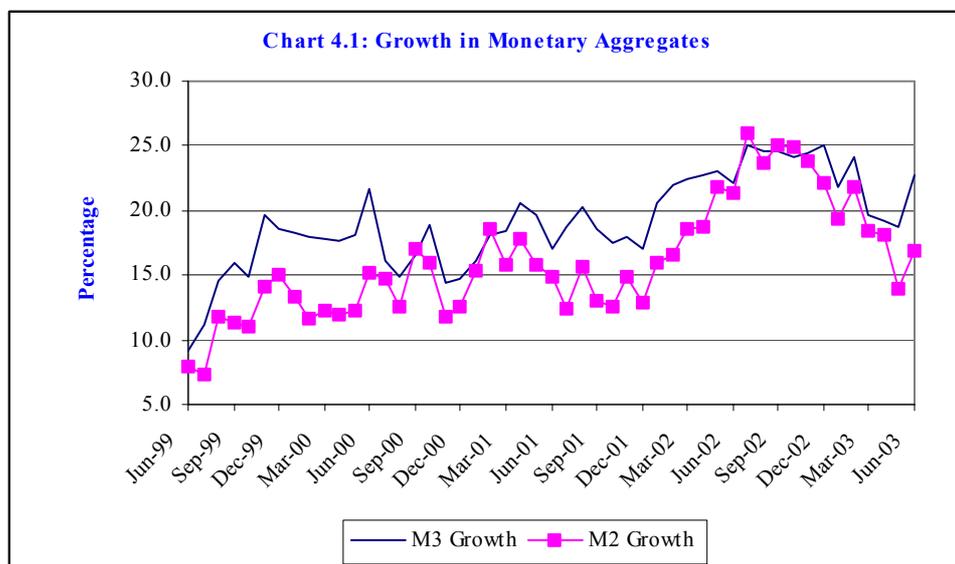
Despite the increase in NFA, Net Domestic Assets (NDA) of the banking system declined by TZS 11.5 billion, thus dampening the impact of NFA on M2. The decline in NDA was associated with an increase in government deposits arising from inflow of donor funds. As a result of these developments, the share of credit to the government to total credit fell from 31.3 percent in March 2003 to 23.3 percent in June 2003, while the share of private sector credit to total credit rose from 68.7 percent to 76.7 percent.

During the review period, total commercial banks deposits increased by TZS 92.4 billion, mainly due to increase in corporate customers' deposits, coupled with transfer of funds from the central government accounts to local government (council, ward, and regional authorities). Specifically, demand and time deposits increased by TZS 46.5 billion and TZS 7.1 billion to TZS 507.4 billion and TZS 246.7 billion, respectively.

During the quarter ending June 2003, foreign currency deposits held by commercial banks rose by TZS 61.7 billion or 10.5 percent, to TZS 647.1 billion from TZS 585.4 billion recorded at the end of March 2003. The increase in foreign currency deposits signifies public preference of holding more foreign currency deposits.

Extended Broad money (M3), increased by TZS 118.3 billion or 5.7 percent, from TZS 2,087.6 billion recorded during the quarter ending March 2003, to TZS 2,205.9 billion. Foreign currency deposits as a percentage of M3, increased from 28.0 percent in March 2003 to 29.3 percent in June 2003. Also, during the same period, foreign currency deposits as a percentage of total commercial deposits increased from 35.7 percent in March 2003, to 37.4 percent in June 2003.

In line with these developments, annual growth rates of M2 decelerated from 18.5 percent in March 2003 to 16.9 percent in June 2003, while those for M3 accelerated from 19.6 percent to 22.7 percent (**Chart 4.1**).

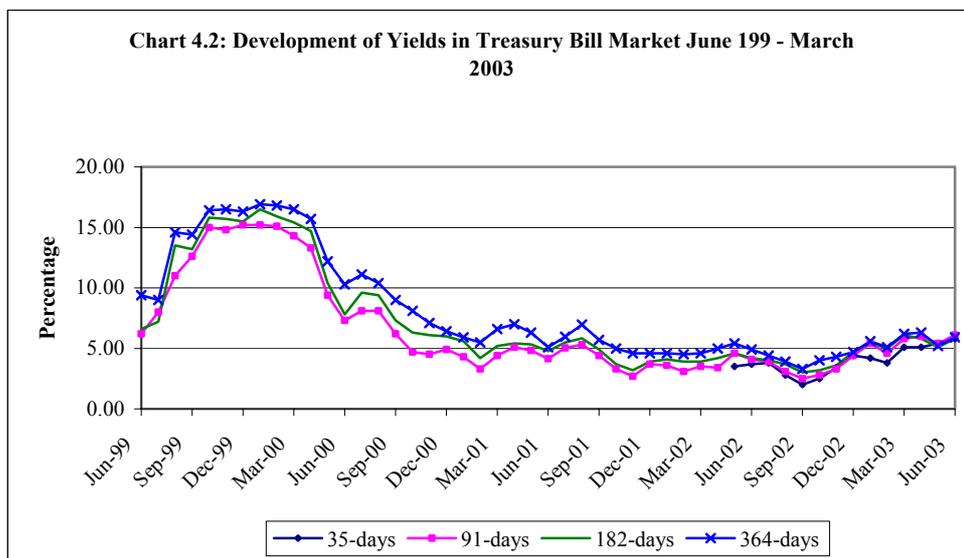


4.2 Financial Markets

4.2.1 Treasury Bills Market

During the quarter ending June 2003, Treasury bills worth TZS 276.9 billion were sold in the market, compared with TZS 333.3 billion sold in the preceding quarter. Demand for Treasury bills also declined from TZS 489.5 billion, recorded in the preceding quarter to TZS 470.2 billion during the quarter ending June 2003. The decline in demand is explained by the liquidity squeeze in the banking system, following Bank of Tanzania's endeavour to mop up the excess liquidity from the economy.

The weighted average yields for 35-day and 91-day T-bills increased from 5.1 percent and 5.8 percent, in the quarter ending March 2003 to 5.8 percent and 6.1 percent, in the quarter ending June 2003 respectively. However, the yields for 182-days and 364-days T-bills fell from 6.1 percent and 6.2 percent to 5.8 percent and 5.9 percent, respectively. As a result, the overall weighted average yield for all maturities retained the previous quarter position of 5.9 percent (**Chart 4.2**).



4.2.2 Treasury bonds

During the quarter under review, the Treasury bond market was supplied with 2-year, 5-year, 7-year and 10-year Treasury bonds worth TZS 58.5 billion compared with TZS 57.0 billion offered in the preceding quarter. However, out of the amount supplied, only TZS 37.5 billion were sold compared with TZS 16.5 billion sold in the preceding quarter. Total demand stood at TZS 39.7 billion during the quarter ending June 2003, against TZS 20.8 billion recorded during the quarter ending March 2003. The sustained low and unsatisfactory demand for Treasury bonds is largely associated with thinness of the market and the presence of few institutional investors.

The weighted average yields (WAY) for the 2-year and 5-year Treasury bonds increased from an average of 5.0 percent and 6.1 percent, in the quarter ending March 2003 to 6.7 percent and 7.6 percent in the quarter ending June 2003, respectively. Those for 7-year and 10-year Treasury bonds increased, from 6.6 percent and 7.6 percent to 7.2 percent and 8.5 percent, respectively.

4.2.3 Repurchase Agreements (REPOs)

During the quarter under review, REPOs worth TZS 30.1 billion were transacted between Bank of Tanzania and commercial banks, compared with TZS 17.8 billion transacted in the preceding quarter. The average REPO rates during the period slightly increased from an average of 6.5 percent in March 2003, to 7.0 percent in June 2003.

4.2.4 Discount Rate Policy

During the quarter under review, there was no borrowing from the discount window by either government or commercial banks. However the discount rate rose to 10.6 percent from 10.4 percent recorded in the preceding quarter.

4.2.5 Inter-bank Cash Market

Total value of transactions in the inter-bank cash market declined by 25.9 percent, from TZS 1,267.7 billion traded during the quarter ending March 2003, to TZS 939.9 billion. Overnight transactions accounted for 73.2 percent of the total inter-bank transactions, compared with 87.7 percent traded in the previous quarter. The overall inter-bank cash market rates decreased from 5.4 percent recorded at the end of March 2003 to 4.8 percent. Likewise, the overnight rates declined from 5.4 percent to 4.6 percent.

4.2.6 Interest rate structure

During the quarter ending June 2003, the spread between lending rates and savings deposits rates narrowed down further by 0.9 basis points, reaching 11.6 percent from 12.5 percent recorded during the quarter ending March 2003. Average interest rates quoted by commercial banks

on domestic currency denominated deposits exhibited a mixed trend. Unlike savings deposit rates which retained their previous end of March 2003 position of 2.5 percent, the 1-month, 2-month and 3-month time deposit rates rose from 2.5 percent, 4.1 percent and 2.5 percent in March 2003 to 3.9 percent, 4.2 percent and 2.8 percent in June 2003, respectively. While 6-month and 12-month time deposit rates fell from 4.2 percent and 5.8 percent in March 2003 to 3.7 percent and 5.1 percent in June 2003, respectively. The overall weighted average time deposit rate fell from 3.7 percent to 3.5 percent during the same period.

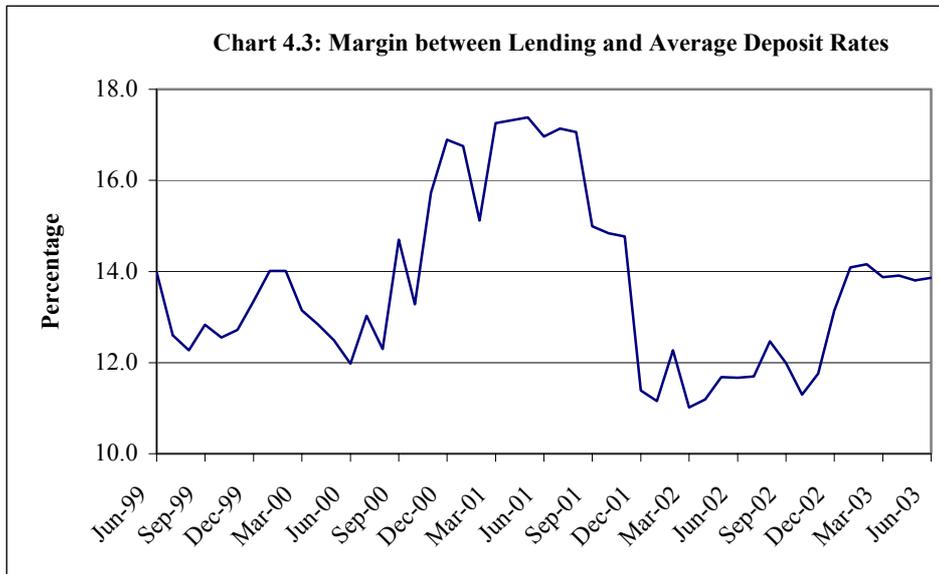
Lending rates quoted by commercial banks on all domestic currency denominated credits declined, except those for medium-term loans of up to 3-year, which increased from 12.3 percent in March 2003 to 13.4 percent in June 2003. Commensurate with rates development, the overall weighted average lending rates fell from an average of 15.0 percent in March 2003, to 14.1 percent as at end of June 2003.

With regard to foreign currency denominated deposits and lending rates, the overall weighted average deposits rates decreased from 1.3 percent recorded at the end of March 2003, to 1.1 percent during the quarter ending June 2003, while the overall weighted average lending rate rose from the end of March 2003 rate of 7.2 percent to 7.5 percent. **(Table 4.1)**

Table 4.1: Weighted Average Interest Rates of Commercial Banks (percentage per annum)

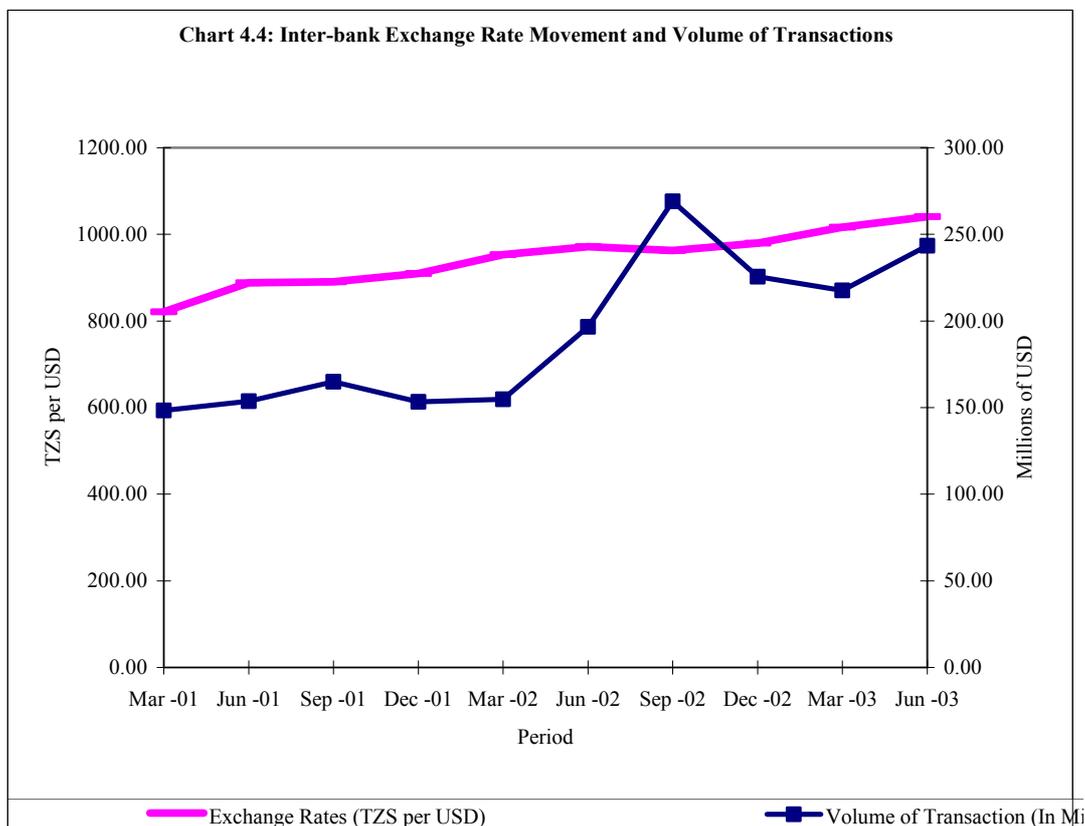
	Jun-02	Sep-02	Dec-02	Mar-03	Jun-03
A Domestic Currency					
1 Interbank Cash Market Rates					
Overnight	2.2	1.3	3.4	5.4	4.6
2 to 7 days	3.0	1.4	3.7	5.6	4.6
8 to 14 days	2.8	1.5	3.8	4.5	5.1
15 to 30 days	3.4	3.8	4.5	4.8	6.8
31 to 60 days	3.8	3.9	4.4	5.7	6.5
61 to 90 days	5.5	3.3	2.7	3.8	5.5
91 to 180 days	4.4	3.1	4.5	4.8	5.7
181 and above	4.9	4.0	6.0	6.9	4.7
Overall interbank cash market rate	2.4	1.6	3.5	5.4	4.8
2 REPO Rate	2.9	2.0	4.4	6.5	7.0
3 Treasury Bills Rates					
35 days	3.7	2.0	4.4	5.1	5.8
91 days	4.1	2.5	4.4	5.8	6.1
182 days	4.2	3.0	4.7	6.1	5.8
364 days	4.9	3.3	4.7	6.2	5.9
Treasury bills rate	4.2	2.6	4.5	5.9	5.9
4 Treasury Bonds- 2-years					
	5.6	3.4	5.3	5.0	6.7
5-years	6.2	4.5	5.6	6.1	7.6
7-years		6.8	6.9	6.6	7.7
10-years			7.2	7.6	8.5
5 Discount Rate	9.4	8.0	9.2	10.4	10.6
6 Savings Deposit Rate	3.2	2.8	2.7	2.5	2.5
7 Time Deposits Rates					
	4.0	3.4	3.4	3.7	3.5
1 month	4.1	1.8	2.2	2.5	3.9
2 months	4.1	3.7	3.9	4.1	4.2
3 months	3.4	3.0	3.0	2.8	2.8
6 months	4.7	3.9	4.1	4.2	3.7
12 months	6.2	5.9	5.7	5.8	5.1
24 months	4.4	4.4	4.3	4.4	4.1
8 Lending rates					
	16.4	15.9	15.7	15.0	14.1
Short-term (up to 1yr)	14.8	14.8	15.9	16.4	16.4
Medium-term (1-2 yrs)	16.6	14.5	15.8	15.8	14.6
Medium-term (2-3 yrs)	15.0	12.6	13.8	12.3	13.4
Long-term (3-5 yrs)	17.2	17.5	13.2	12.1	10.9
Term Loans (over 5 yrs)	18.4	20.0	19.8	18.5	15.2
B Foreign Currency					
1 Deposits Rates					
Savings Deposits	2.1	1.0	0.8	0.9	0.9
Time Deposits					
1-months	1.1	1.3	1.2	0.9	0.9
2-months	2.2	2.2	1.8	2.6	1.4
3-months	1.3	1.4	0.8	1.1	0.9
6-months	1.5	1.6	1.4	1.3	1.7
12-months	1.6	1.7	1.5	1.5	1.2
2 Lending Rates					
	5.6	6.3	7.2	7.2	7.5
Short-term (up to 1yr)	4.9	7.4	7.9	7.6	7.0
Medium-term (1-2 yrs)	4.5	5.5	5.9	6.0	7.9
Medium-term (2-3 yrs)	5.1	7.0	7.8	8.2	8.7
Long-term (3-5 yrs)	7.8	5.3	7.2	6.8	6.5

Source: Monetary and Financial Affairs Department, Bank of Tanzania



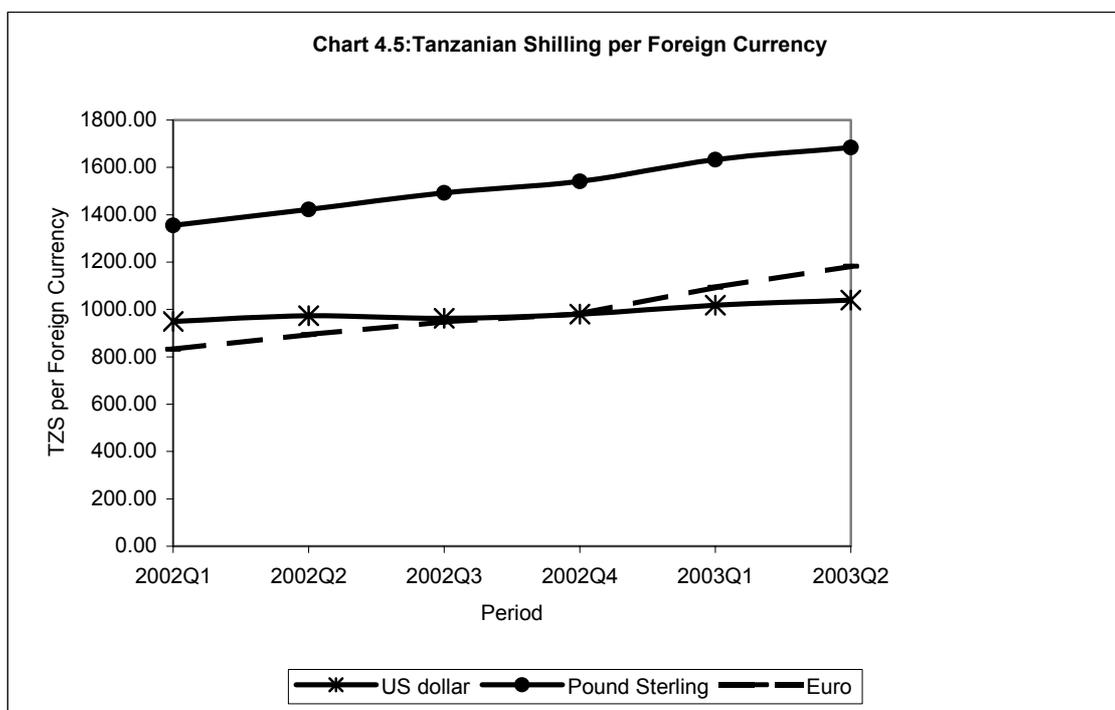
4.2.7 Inter-bank Foreign Exchange Market (IFEM)

During the quarter ending June 2003, the total amount traded at the Interbank Foreign Exchange Market (IFEM) increased by 11.8 percent to USD 243.4 million, from USD 217.7 million traded during the previous quarter (**Table 4.2**). Commercial banks continued to dominate both the supply and demand sides of the market, supplying USD 168.1 million, or 69.1 percent of total amount traded and purchasing USD 212.8 million, or 87.5 percent of total amount traded. Non-bank financial institutions supplied USD 14.1 million or 5.8 percent. Bank of Tanzania's intervention in the market resulted in a net supply of USD 37.1 million, or 15.2 percent of the total amount traded.



Exchange Rate

During the quarter under review, the average rate of depreciation of the Tanzanian shilling against the US dollar slowed down to 2.4 percent, thus moving from TZS 1016.1 per US dollar as at the end of March 2003 to TZS 1040.5 per US dollar. This compares favourably with the rate of depreciation for the preceding quarter of 3.7 percent.



Bureau de Change Operations

The total volume of transactions conducted by the Bureau de change system, declined during the quarter under review by 14.2 percent to USD 101.6 million, from USD 118.4 million transacted in the previous quarter. Likewise, the Bureaux buying and selling rates all depreciated by the rate of 3.1 percent (Table 4.2)

Table 4.2: Foreign Exchange Market Developments

MARKETS	2002/03		
	Q3	Q4	% Change Q4 Vs Q3
IFEM			
Amount offered*	217.7	243.4	11.8
Amount sold*	217.7	243.4	11.8
Exchange rate**	1,016.1	1,040.5	2.4
Bureau de Change			
Amount of sales*	58.4	51.0	-12.7
Amount of purchases*	60.0	50.6	-15.7
Volume of Transactions*	118.4	101.6	-14.2
Buying rate**	1,004.0	1,035.3	3.1
Selling rate**	1,022.3	1,053.7	3.1

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

*Millions of USD,

**Tanzanian Shillings (TZS) per US dollar (Period Average)

5.0 Public Finance

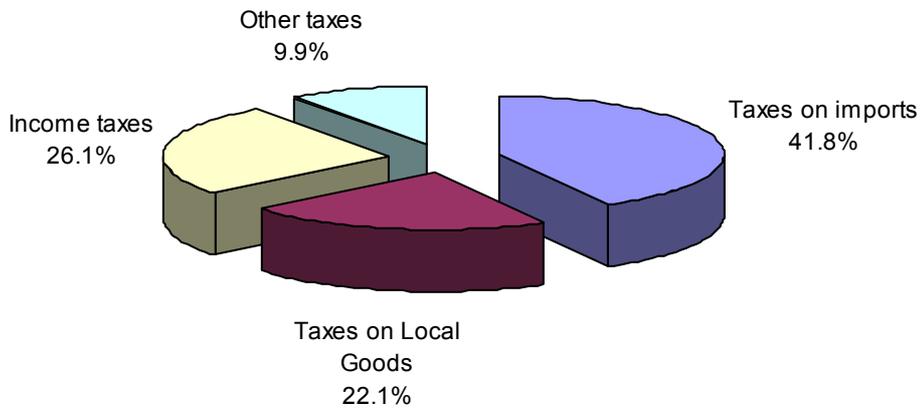
5.1 Government Finance

During the fourth quarter of 2002/2003, the government budget recorded an overall deficit before grants of TZS 235.4 billion, equivalent to 2.5 percent of GDP¹ but slightly above the rate of 1.9 percent attained during the preceding quarter. However, after considering grants amounting to TZS 174.5 billion, the deficit was reduced to TZS 60.9 billion or 0.6 percent of GDP.

Revenue collections amounted TZS 315.7 billion, or 3.3 percent of GDP, and TZS 5.8 billion above the targeted amount of TZS 309.9 billion for the review period. The good revenue performance was mainly boosted by collections from Income Tax and VAT. Income tax increased due to increases in wages and salaries and upward adjustment in tax rates from the minimum marginal tax rate of 7.5 percent to 17.5 percent.

¹ GDP estimate for 2002/2003 is TZS 9,547.5 billion

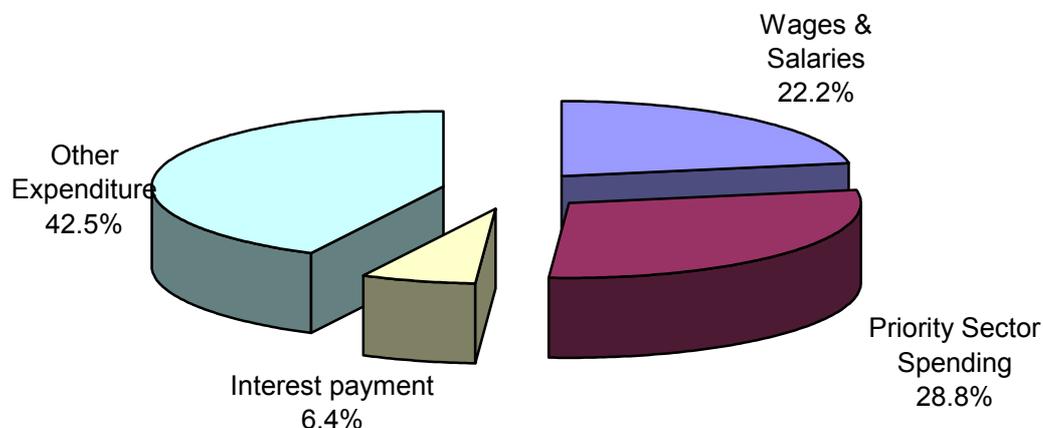
**Chart 5.1: Tax Revenue components:
Apr - Jun 2003**



Total expenditure (excluding amortisation) amounted to TZS 551.0 billion or 5.8 percent of GDP. This expenditure was 4.3 percent higher than planned amount of expenditure of TZS 528.1 billion. Out of the total expenditure, TZS 444.0 billion or 80.6 percent were for recurrent expenditure while TZS 107.0 billion or 19.4 percent was for development expenditure. Development expenditure however was 59.4 percent lower than the planned amount of expenditure of TZS 180.0 billion for the review period. This resulted from lower than expected foreign inflows for development projects, which amounted to TZS 77.6 billion or half of the budgeted amount of TZS 156.1 billion.

During April–June 2003, the Government registered an overall deficit (adjusted for float and other items) of TZS 23.8 billion, which was entirely met through borrowing from foreign sources to the tune of TZS 88.5 billion, and the balance was used to reduce domestic obligations.

**Chart 5.2: Recurrent Expenditure components:
Apr - Jun 2003**



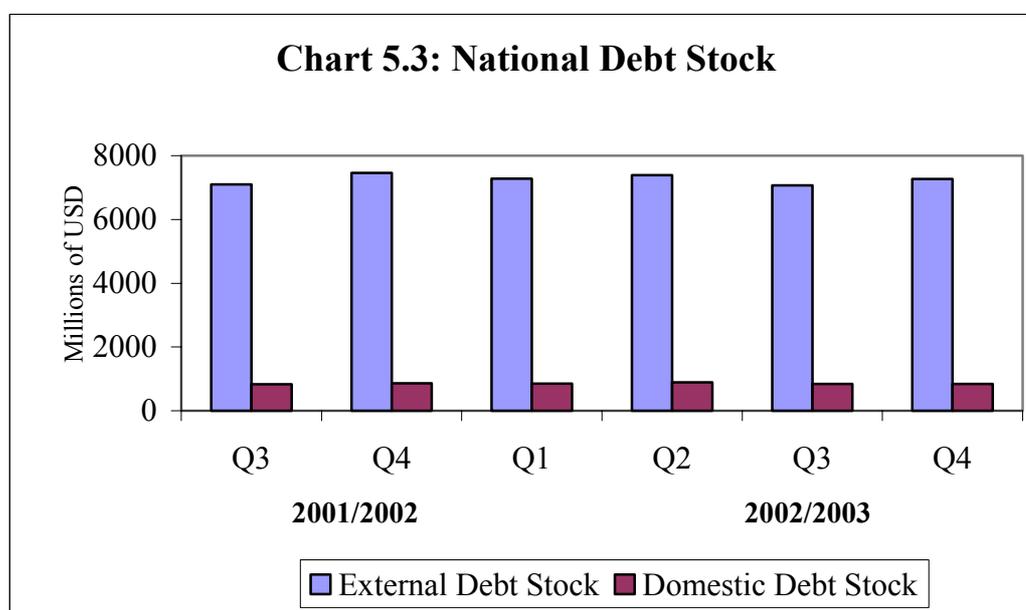
Cumulatively, revenue collections for the year ending June 2003 amounted to TZS 1,217.5 billion, or 12.8 percent of GDP compared with a target of TZS 1,172.3 billion or 12.3 percent of GDP. Tax revenue reached TZS 1,105.7 billion, being 3.6 percent above the fiscal target of 1,066.9 billion, and non-tax revenue, was TZS 111.8 billion or 6.0 percent above the year estimate of TZS 105.4 billion.

Total expenditure for 2002/03 amounted to TZS 1,896.8 billion equivalent to 19.9 percent of GDP. The amount was slightly below the budget of TZS 2,106.3 billion for fiscal year. Recurrent expenditure amounted to TZS 1,423.7 billion, or 14.9 percent of GDP and development expenditure reached TZS 473.2 billion, or 5.0 percent of GDP.

During the fiscal year ending June 2003, the overall deficit after grants and other adjustments reached TZS 135.5 billion being 1.4 percent of GDP. Foreign borrowings all amounted to TZS 172.0 billion and were used to finance the budget deficit and the balance was used to reduce domestic obligations.

5.2 Central Government Debt

Total debt stock (both domestic and external) stood at USD 8,109.7 million, as at the end of June 2003 or 2.4 percent higher than the debt stock of USD 7,916.2 million registered at the end of March 2003. The rise in the overall debt stock is explained by substantial increase in the external debt stock arising from new commitments, disbursements, accumulation of interest arrears as well as data validation and recording. When compared with the corresponding quarter of 2002, total debt stock declined by 2.6 percent.



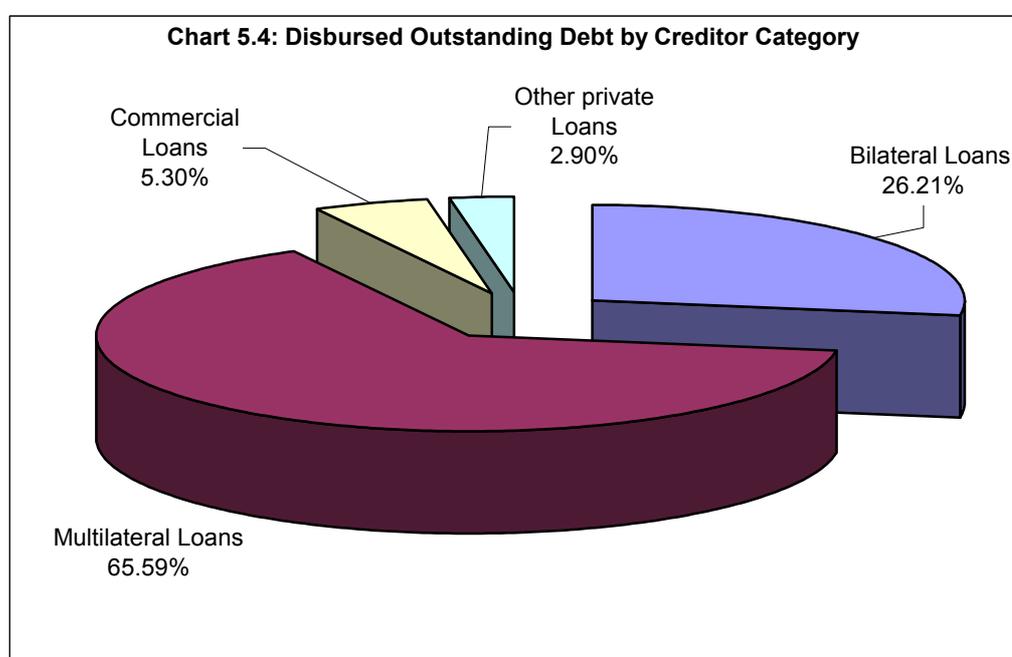
External Debt

Total external debt increased by 2.8 percent, from USD 7,072.5 million recorded at the end of March 2002, to USD 7,268.1 million during the

period under review. The rise was mainly associated with new commitments, disbursements, and accumulation of interest arrears, data validation and recording as well as exchange rate fluctuations.

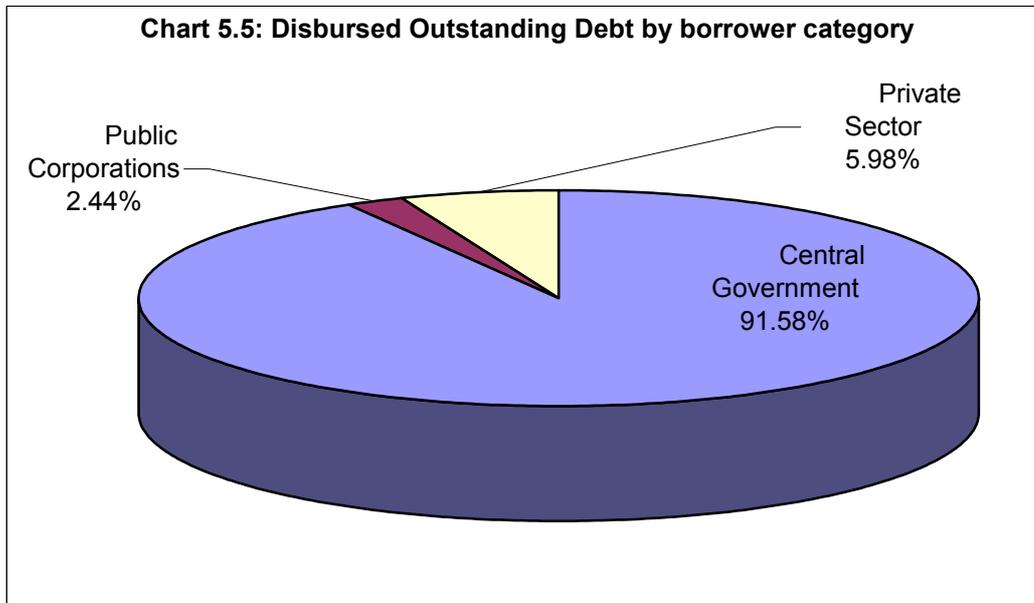
The Profile of External Debt

The profile of disbursed outstanding debt by creditor category indicates that, 65.6 percent of total debt is owed to multilateral creditors, 26.2 percent is owed to bilateral creditors, 5.3 percent to commercial creditors and the remaining 2.9 percent to private sources (**Chart 5.4**).



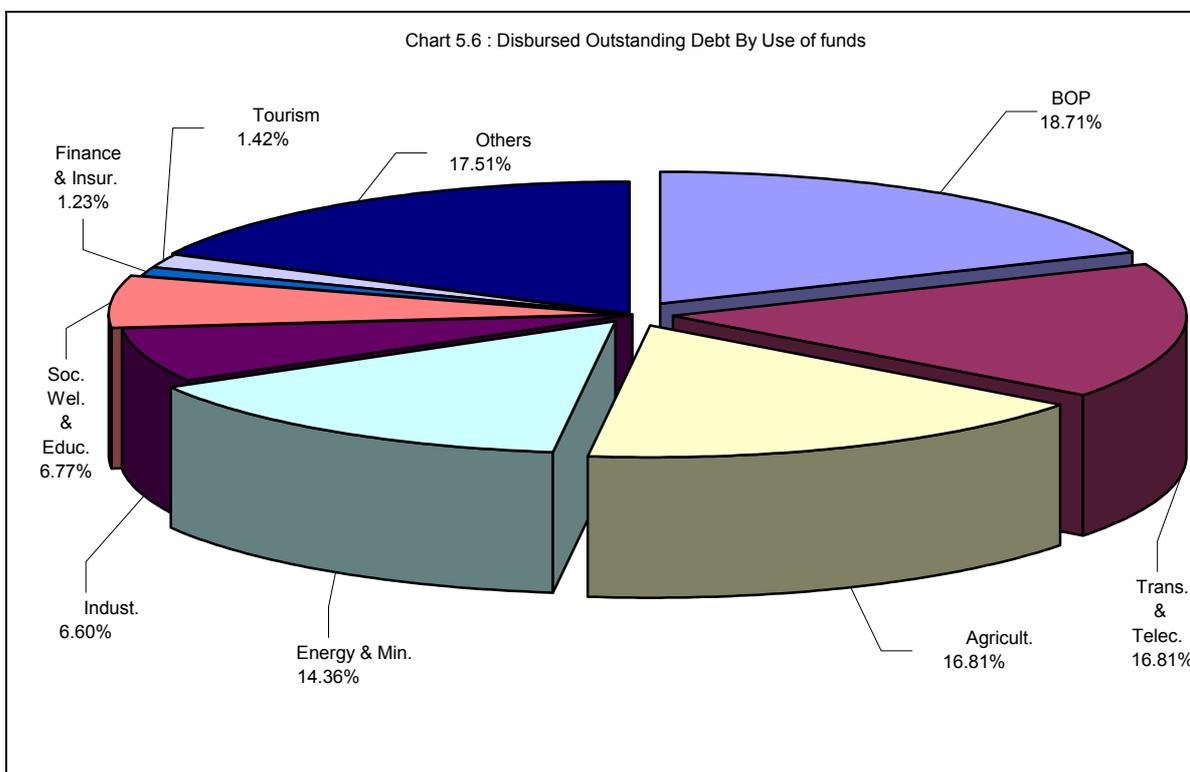
Source: Debt Department – BOT

Disbursed outstanding debt by borrower category shows that, the central government is the largest borrower, accounting for 91.6 percent of the total debt. The proportion of public corporations and private sector in the total debt was 2.4 and 6.0 percent respectively (**Chart 5.5**).



Source: Debt Department – BOT

Classified by utilization of funds, 18.7 percent of the debt was disbursed in the form of Balance of Payments Support, while Transport and Telecommunications Sector received 16.8 percent. Agriculture received 16.6 percent, followed by Energy and mining that received 14.4 percent. Industries absorbed 6.6 percent, while Social Welfare & Education, Finance and Insurance and Tourism received 6.8, 1.2 and 1.4 percent, respectively. The remaining 17.5 percent of debt was absorbed by other sectors (**Chart 5.6**).



Source: Debt Department – BOT

Debt Contracted, Disbursements and Repayments

During the quarter under review, new loans contracted and recorded reached USD 15.4 million, out of which USD 12.9 million went to the government and USD 2.5 went to the private sector. During the same period, disbursements amounted to USD 91.7 million while total debt service amounted to USD 35.1 million, thus resulting to a net inflow of USD 56.6 million.

Enhanced Highly Indebted Poor Countries (HIPC) Debt Relief

During the fourth quarter of 2002/2003, Tanzania received a total of USD 25.5 million as HIPC debt relief from multilateral institutions. Out of which, USD 12.8 million came from International Development Association (IDA), USD 12.5 million from IMF and USD 0.2 million from the African Development Bank Group (ADB).

Paris Club VII

As at end-June 2003, the government had concluded bilateral agreements with the governments of Austria, Belgium, Norway, USA, Canada, Italy, France, United Kingdom, Netherlands and Germany culminating into cancellation of debts worth USD 675.5 million. For non- Paris Club creditors, only Kuwait has offered debt relief by rescheduling their debt amounting to KWD 9.4 million on concessional terms.

Debt Buyback Scheme

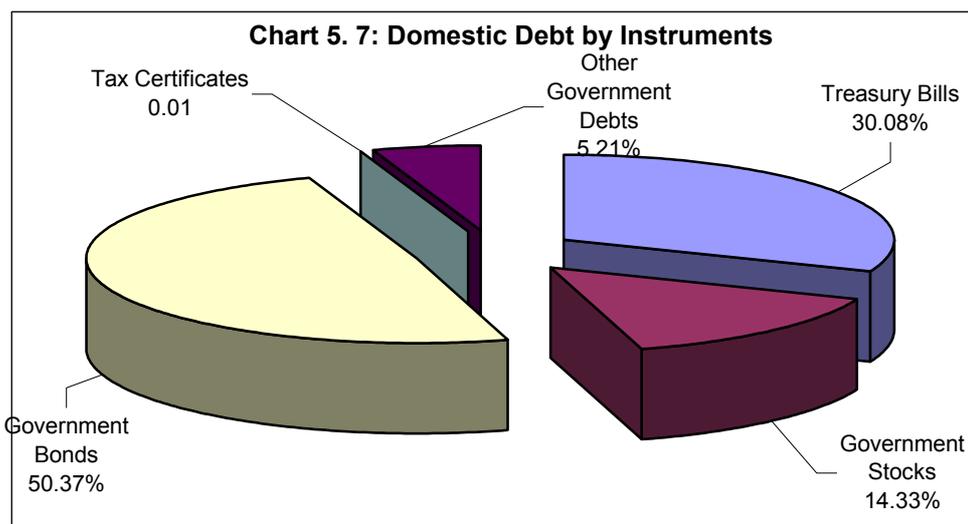
The second and final closing of the scheme, is expected to take place during the third quarter of the calendar year 2003 after failure of earlier plans to have it closed in November 2002. The closure will lead to cancellation of debts worth 31.8 billion.

Domestic Debt

During the quarter under review, domestic debts increased by TZS 12.3 billion or 1.14 percent to TZS 881.5 billion. However, in dollar terms, domestic debts declined by 0.3 percent, due to the depreciation of Tanzanian shilling against the US dollar. When compared with the corresponding quarter of 2002, total domestic debt increased by TZS 62.9 billion or 7.7 percent and accounted for about 10.4 percent of total debt. The composition of domestic debts shows that, government securities, consisting of treasury bills, government stocks and bonds, accounted for about 94.8 percent of total domestic debt and the remaining 5.2 percent was other government debts.

Domestic Debt by Instruments

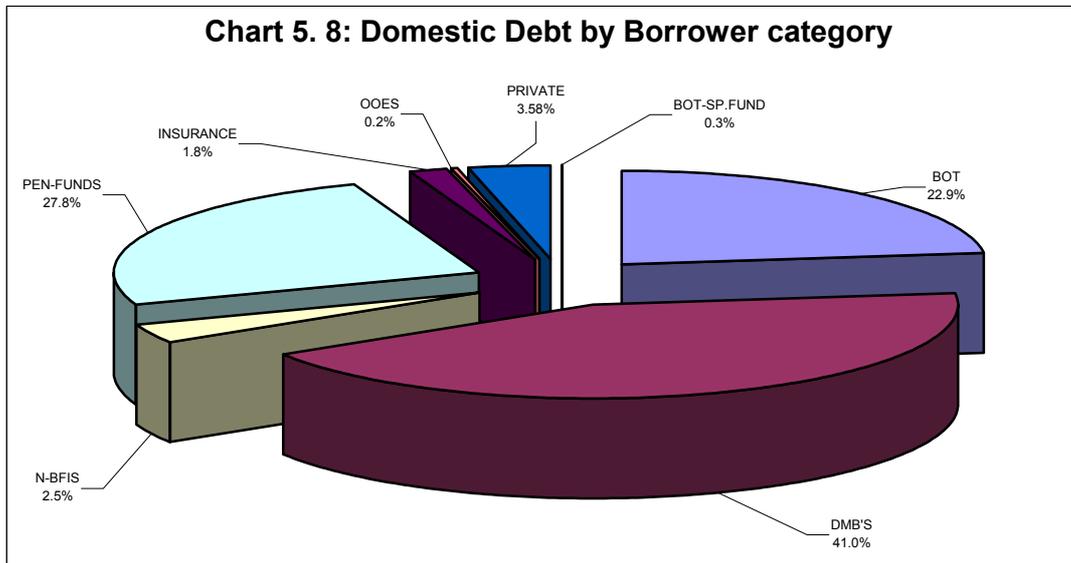
Analysis of domestic debt stock by instruments shows that, government securities, increased by TZS 12.3 billion or 1.5 percent, from TZS 823.1 billion recorded in the previous quarter, to TZS 835.5 billion as at the end of June 2003 (**Chart 5.7**).



Source: Debt Department - BOT

Domestic Debt by Creditor Category

As at end of June 2003, Commercial Banks were the largest creditors, holding claims worth TZS 361.3 billion, or 41.0 percent of the total domestic debt stock. Pension Funds ranked second, with claims amounting to TZS 245.4 billion or 27.8 percent. Bank of Tanzania and Private Investors each held claims amounting TZS 202.3 billion and TZS 30.5 billion or 22.9 percent and 3.5 percent respectively. Non Bank Financial Institutions and Insurance Companies claims accounted for 2.5 percent and 1.8 percent, each respectively. Other Official Entities and BOT- Special Fund altogether held 0.5 percent of total claims (**Chart 5.8**).



Source: Debt Department – BOT

Domestic Debt Service

A total of TZS 150.6 billion, fell due for payment during the fourth quarter of 2002/2003. Out of the total amount, TZS 135.5 billion or 90.0 percent was principal which was rolled over, while the remaining TZS 14.9 billion or 10.0 percent was interest that was paid out of government revenue.

Table 5.1: Quarterly Total Debt in Millions

	2001/2002		2002/2003							
	Q3	Q4	Q1	% Change	Q2	% Change	Q3	%Change	Q4	%Change
A. External Debt Stock (A.1+A.2)	7099.6	7464.0	7281.7	-2.44	7384.7	1.41	7072.5	-4.23	7268.1	2.77
A.1. Disbursed debt by Creditor (DOD mill.USD)	6663.3	6559.7	6366.0	-2.95	6413.4	0.74	6095.2	-4.96	6233.0	2.26
1. Bilateral Loans	2184.5	2277.1	2097.9	-7.87	2104.7	0.32	1676.7	-20.34	1633.7	-2.56
2. Multilateral Loans	3626.1	3808.5	3791.5	-0.45	3827.6	0.95	3941.6	2.98	4088.3	3.72
3. Commercial Loans	278.2	302.5	304.5	0.66	306.6	0.69	303.4	-1.04	330.6	8.97
4. Other private Loans	174.5	171.6	172.1	0.29	174.5	1.39	173.5	-0.57	180.5	4.03
A.2. Interest Arrears (million USD)	836.3	904.3	915.7	1.26	971.3	6.07	977.3	0.62	1035.1	5.91
5. Bilateral Loans	483.5	522.7	524.3	0.31	553.1	5.49	556.8	0.67	577.7	3.75
6. Multilateral Loans	44.8	54.1	55.3	2.22	62.1	12.30	57.6	-7.25	68.4	18.75
7. Commercial Loans	207.5	222.2	229.7	3.38	242.6	5.62	249.2	2.72	268.3	7.66
8. Other private Loans	100.5	105.3	106.4	1.04	113.5	6.67	113.7	0.18	120.7	6.16
B. Domestic Debt Stock (USD Equiv. million)	832.87	864.48	851.68	-1.48	891.64	4.69	843.70	-5.38	841.58	-0.25
TZ\$ billion	817.28	818.60	825.67	0.86	870.51	5.43	869.14	-0.16	881.37	1.41
9. Government Securities(9.1:9.4)	786.81	788.13	796.13	1.02	823.88	3.49	823.13	-0.09	835.45	1.50
9.1 Treasury Bills	169.89	172.73	196.49	13.76	267.61	36.20	270.73	1.17	265.13	-2.07
9.2 Government Stocks	227.80	227.80	208.61	-8.42	126.31	-39.45	126.31	0.00	126.31	0.00
9.3 Government Bonds	389.06	387.54	390.97	0.89	429.90	9.96	426.03	-0.90	443.95	4.21
9.4 Tax Certificates	0.06	0.06	0.06	0.00	0.06	0.00	0.06	0.00	0.06	0.00
10. Other Government Debts	30.39	30.39	29.45	-3.09	45.92	55.93	45.92	0.00	45.92	0.00
11. Interest Arrears	0.08	0.08	0.09	12.50	0.71	688.89	0.09	-87.32	0.09	0.00
C. Total Debt Stock (A+ B)	7,932.47	8,328.48	8,133.38	(2.34)	8,276.34	1.76	7,916.20	-4.35	8,109.7	2.44
D. GDP fc US\$ (million)	8,739.00	8,739.00	9,099.0		9,099.0		9,099.0		9,099.0	
E. Total Debt % of GDP	90.8	95.3	89.5		91.0		87.1		89.2	

SOURCE: BOT and Treasury

6.0 External Sector Developments

During the quarter ending June 2003, the balance of payments for Tanzania was marked by a widening current account deficit. However, when compared with the corresponding period in 2002, the current account balance improved by 13.4 percent. Despite the widening current account deficit, the overall balance recorded a surplus of USD 82.4 million, compared with a deficit of USD 4.6 million recorded during the preceding quarter.

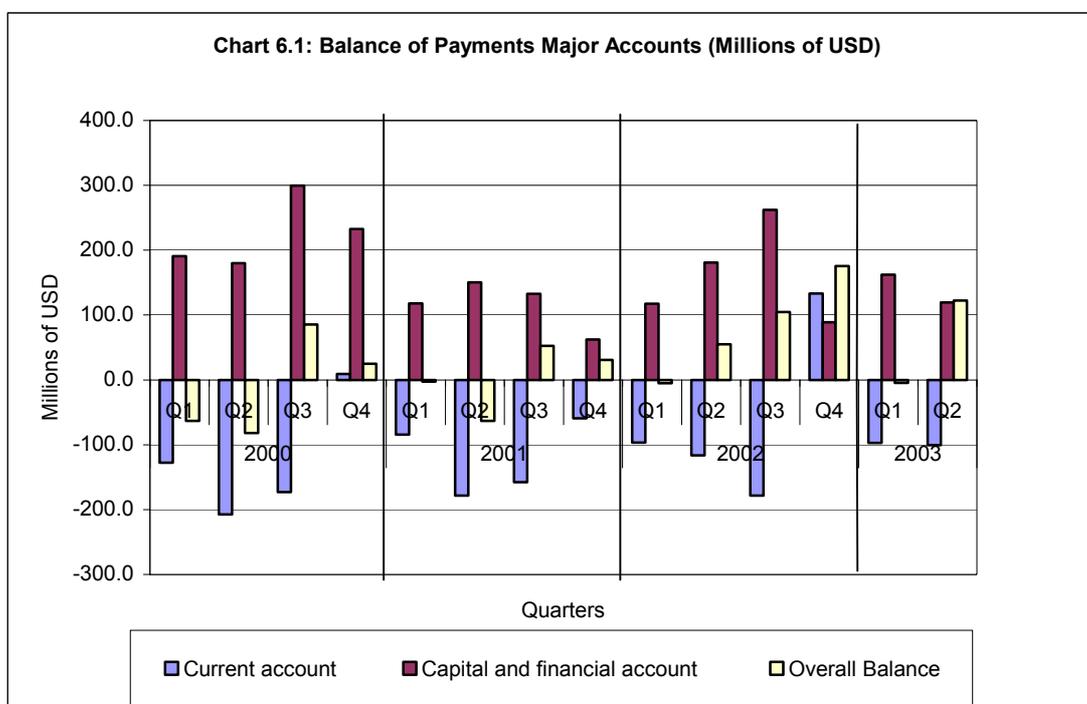


Table 6.1: Tanzania's Quarterly Balance of Payments

		(Millions of U.S. Dollars)					
		Q1-2003	Q2-2003 <i>P</i>	%change	Q2-2002	Q2-2003 <i>P</i>	%change
A. Current Account		-96.7	-100.8	4.2	-116.2	-100.8	-13.3
Goods: exports f.o.b.		243.1	258.1	6.2	202.1	258.1	27.7
	Traditional	55.9	34.7	-38.0	22.8	34.7	51.8
	Nontraditional	187.2	220.1	17.6	179.3	220.1	22.7
Goods: imports f.o.b.		-401.5	-471.6	17.5	-359.3	-471.6	31.3
<i>Balance on Goods</i>		-158.4	-216.9	36.9	-157.2	-216.9	38.0
Services: credit		179.4	164.6	-8.3	152.0	164.6	8.3
	Transportation	24.6	16.8	-31.5	14.1	16.8	19.6
	Travel	109.8	102.0	-7.1	98.6	102.0	3.5
	Other	45.0	45.7	1.6	39.4	45.7	16.1
Services: debit		-195.3	-189.2	-3.1	-170.7	-189.2	10.8
	Transportation	-47.1	-51.7	9.7	-44.2	-51.7	17.0
	Travel	-79.5	-74.3	-6.6	-83.4	-74.3	-11.0
	Other	-68.6	-63.2	-7.9	-43.1	-63.2	46.7
<i>Balance on Services</i>		-15.9	-24.6	54.9	-18.6	-24.6	31.8
<i>Balance on Goods and Services</i>		-174.3	-241.5	38.6	-175.8	-241.5	37.3
Income: credit		18.3	21.4	17.1	15.6	21.4	37.5
Income: debit		-33.1	-26.7	-19.2	-22.2	-26.7	20.1
	Direct investment income	-5.8	-6.9	18.2	-0.5	-6.9	--
	Interest payments (scheduled)	-23.5	-14.9	-36.9	-16.1	-14.9	-7.8
	Compensation of employees	-3.7	-4.9	34.3	-5.6	-4.9	-12.4
<i>Balance on income</i>		-14.8	-5.3	-64.2	-6.7	-5.3	-20.6
<i>Balance on Goods, Services and Income</i>		-189.0	-246.8	30.5	-182.5	-246.8	35.2
Current transfers		91.7	146.0	59.2	66.3	146.0	--
Current transfers: credit		105.1	159.4	51.7	79.4	159.4	100.8
	Government	89.0	143.3	61.0	68.1	143.3	110.4
	ow Multilateral HIPC relief	17.0	17.0	0.0	17.2	17.0	-1.0
	Other Sectors	16.2	16.2	0.0	11.3	16.2	43.0
Current transfer: debit		-13.4	-13.4	0.0	-13.1	-13.4	1.9
Capital and Financial account		133.8	167.2	25.0	181.2	167.2	-7.7
B. Capital Account		91.0	91.0	0.0	88.5	91.0	2.8
Capital transfers		91.0	91.0	0.0	88.5	91.0	2.8
	General Government	80.2	80.2	0.0	81.0	80.2	-1.0
	Project	80.2	80.2	0.0	81.0	80.2	-1.0
	Program	0.0	0.0	0.0	0.0	0.0	0.0
	Debt forgiveness	0.0	0.0	0.0	0.0	0.0	0.0
	Other sectors	10.8	10.8	0.0	7.5	10.8	43.3
Capital transfers: debit		0.0	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B		-6.3	-9.7	0.0	-27.7	-9.7	-64.9
C. Financial Account, excl. reserves and related items		42.8	76.2	78.1	92.6	76.2	-17.8
Direct investment abroad		0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania		62.0	62.0	0.0	60.1	62.0	3.1
Portfolio investment		0.0	0.0	0.0	0.0	0.0	0.0
Other investment		-19.2	14.2	--	32.5	14.2	--
	Assets	-15.0	-10.1	-32.8	18.9	-10.1	--
	Currency and deposits	-15.0	-10.1	-32.8	18.9	-10.1	0.0
	Banks	-15.0	-10.1	-32.8	18.9	-10.1	--
	Other sectors	0.0	0.0	0.0	0.0	0.0	0.0
	Liabilities	-4.2	24.3	--	13.6	24.3	--
	Trade credits	3.3	3.3	0.0	3.3	3.3	2.0
	Loans	12.1	-20.4	--	-2.9	-20.4	--
	General government	22.1	13.4	-39.2	8.7	13.4	54.5
	Drawings	43.9	46.9	6.8	44.3	46.9	6.0
	Repayments	-21.8	-33.5	53.5	-35.5	-33.5	0.0
	Scheduled payments	-21.8	-33.5	53.5	-35.5	-33.5	-5.9
	Rescheduled debt	0.0	0.0	0.0	0.0	0.0	0.0
	Banks	-0.9	-0.1	--	0.0	-0.1	--
	Other sectors	-9.1	-33.7	--	-11.6	-33.7	--
	Drawings	1.0	1.2	20.0	5.5	1.2	-78.2
	Repayments	-10.1	-34.9	--	-17.1	-34.9	103.9
	Scheduled payments	-10.1	-34.9	--	-17.1	-34.9	0.0
	Currency and deposits	-19.6	41.3	--	13.3	41.3	--
	Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total, Groups A through C		36.5	66.5	82.2	64.9	66.5	2.4
D. Net Errors and Omissions		-41.1	15.9	--	-10.1	15.9	--
<i>Overall balance (Total, Groups A through D)</i>		<i>-4.6</i>	<i>82.4</i>	<i>--</i>	<i>54.8</i>	<i>82.4</i>	<i>50.3</i>
E. Reserves and Related Items		4.6	-82.4	--	-54.8	-82.4	50.3
	Reserve assets	-17.1	-122.7	--	-53.5	-122.7	--
	Use of Fund credit and loans	2.5	-4.3	--	6.5	-4.3	--
	Exceptional financing	19.3	44.6	--	-7.8	44.6	--
	Rescheduled debt	0.0	0.0	0.0	0.0	0.0	0.0
	Debt forgiveness	0.0	0.0	0.0	0.0	0.0	0.0
	Interest arrears	13.8	8.3	-40.1	-0.7	8.3	--
	Principal arrears	5.5	36.4	--	-7.1	36.4	--
Memorandum items							
	Gross Official Reserves	1,546.1	1,668.9	7.9	1,212.7	1,668.9	37.6
	Quarters of Imports	-7.8	-7.6	-2.5	-6.9	-7.6	10.4
	Net International Reserves (year end)	1,059.3	1,159.9	9.5	1,058.4	1,159.9	9.6
	Exchange rate (end of period)	1,030.2	1,047.4	1.7	976.3	1,047.4	7.3
	Exchange rate (annual average)	1,037.0	1,039.4	0.2	978.9	1,039.4	6.2

Source: Bank of Tanzania

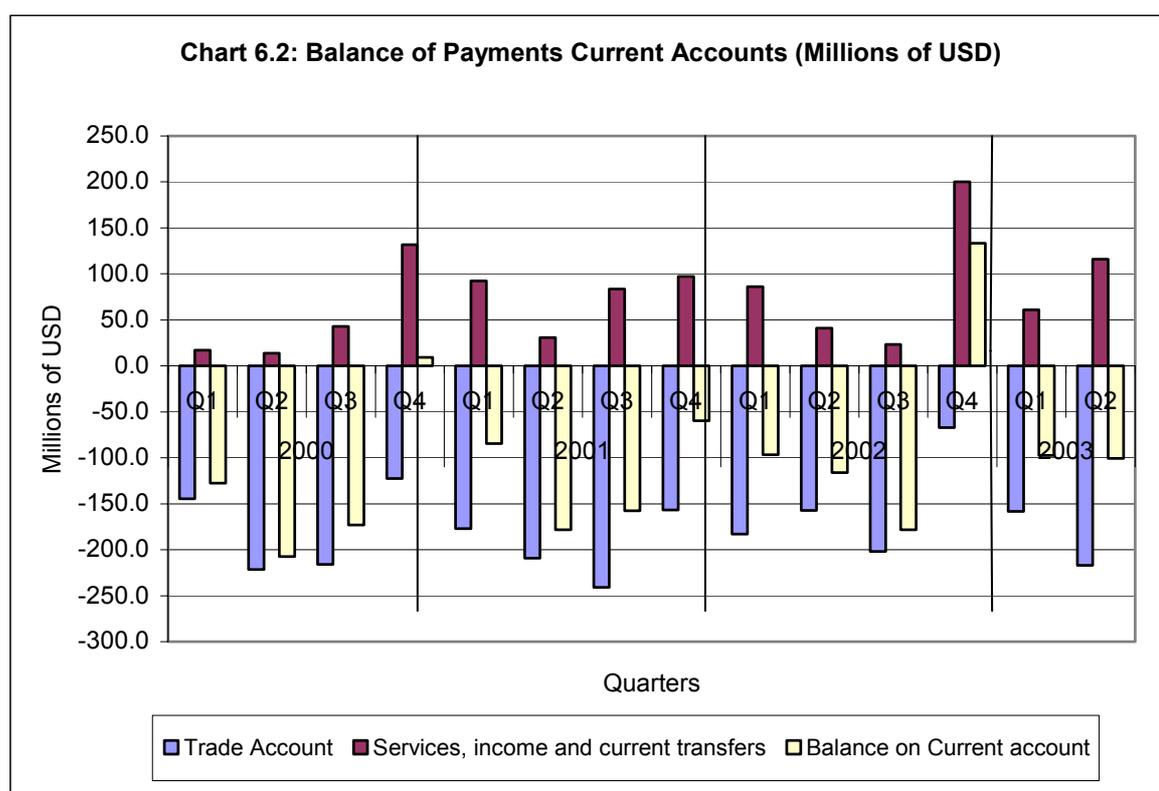
Notes:

-- implies very big value

P- Data reported in the March 2003 Bulletin was provisional

6.1 Current Account

The current account deficit during the review period widened, largely due to poor performance of the goods and services accounts. However, the deficit though wide, was much lower than the deficit of USD 116.2 million recorded during the corresponding quarter in 2002. The improvement was mainly due to increased amount of government grants and good performance of the income account.



6.2 Goods Export

During the quarter under review, total goods export increased by 4.6 percent to USD 254.5 million, from USD 243.2 million recorded during the quarter ending March 2003. Also when compared with the corresponding quarter of 2002, total exports increased by almost 26.0 percent.

Traditional exports however declined by 38.3 percent, mainly due to the decline in both volume and unit prices. Coffee, cotton and tobacco all registered declines in both volume and unit prices, while cashewnuts, tea and cloves recorded declines in export volumes only, and sisal recorded declines in unit prices only. The lower producer prices offered to farmers, coupled with high input costs and poor weather conditions, are among the factors contributing to reduction in export volumes and quality of traditional exports.

Non-traditional exports on the other hand increased by 17.5 percent, mainly due to improved performance in the minerals, manufactured goods, fish and fish products sub-categories. The share of minerals to non-traditional exports was maintained at a high level of 60.0 percent.

Table 6.2 Tanzania: Exports by Type of Commodity (Millions of USD)

Traditional Commodities	2003		% change	April-June		% Change
	January-March	April-June		2002	2003p	
COFFEE						
Value	20.1	12.4	-38.3	6.0	12.4	106.7
Volume	16.0	13.8	-13.8	6.2	13.8	122.6
Unit Price	1,256.3	898.6	-28.5	967.7	898.6	-7.1
COTTON						
Value	11.8	7.0	-40.7	0.7	7.0	900.0
Volume	13.2	7.9	-40.2	0.7	7.9	1,028.6
Unit Price	893.9	886.1	-0.9	1,000.0	886.1	-11.4
SISAL						
Value	1.5	1.5	0.0	1.5	1.5	0.0
Volume	3.0	3.1	3.3	2.9	3.1	6.9
Unit Price	500.0	483.9	-3.2	517.2	483.9	-6.5
TEA						
Value	8.3	7.8	-6.0	7.9	7.8	-1.3
Volume	7.0	6.5	-7.1	6.5	6.5	0.0
Unit Price	1,185.7	1,200.0	1.2	1,215.4	1,200.0	-1.3
TOBACCO						
Value	8.1	2.4	-70.4	5.6	2.4	-57.1
Volume	4.5	2.0	-55.6	2.8	2.0	-28.6
Unit Price	1,800.0	1,200.0	-33.3	2,000.0	1,200.0	-40.0
CASHEWNUTS						
Value	2.9	0.9	-69.0	1.1	0.9	-18.2
Volume	4.9	1.1	-77.6	1.9	1.1	-42.1
Unit Price	591.8	818.2	38.2	578.9	818.2	41.3
CLOVES						
Value	3.4	2.6	-23.5	0.0	2.6	--
Volume	1.5	1.1	-26.7	0.0	1.1	--
Unit Price	2,266.7	2,363.6	4.3	0.0	2,363.6	--
SUB TOTAL	56.1	34.6	-38.3	22.8	34.6	51.8
Non-Traditional Exports						
Minerals	101.3	132.7	31.0	106.8	132.7	24.3
Gold	87.5	120.9	38.2	92.5	120.9	30.7
Diamond	9.9	6.7	-32.3	7.4	6.7	-9.5
Other minerals	3.9	5.1	30.8	6.9	5.1	-26.1
Non-Minerals	85.8	87.2	1.6	72.6	87.2	20.1
Manufactured Goods	14.9	23.8	59.7	17.4	23.8	36.8
Cotton Yarn	0.7	1.3	85.7	0.9	1.3	44.4
Manufactured Coffee	0.2	0.2	0.0	0.3	0.2	-33.3
Manufactured Tobacco	0.2	1.1	450.0	0.2	1.1	450.0
Sisal Products (Yarn & Twir	0.5	1.5	200.0	0.7	1.5	114.3
Other manufactured Goods	13.3	19.7	48.1	15.3	19.7	28.8
Fish and Fish Products	30.3	38.4	26.7	33.9	38.4	13.3
Horticultural products	4.5	3.3	-26.7	2.8	3.3	17.9
Others Exports	36.1	21.7	-39.9	18.5	21.7	17.3
SUB TOTAL	187.1	219.9	17.5	179.4	219.9	22.6
GRAND TOTAL	243.2	254.5	4.6	202.2	254.5	25.9

NOTE:

p = Provisional data.

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

-- implies very large number

SOURCE: Bank of Tanzania, TRA

6.3 Goods Import

During the quarter ending June 2003, total imports (f.o.b.) increased by 17.5 percent to USD 471.1 million, from USD 401.1 million recorded in the preceding quarter. This was mainly due to increased importation of intermediate and consumer goods. The increase in intermediate goods imports particularly oil went up, in anticipation of disruption in oil supplies in the world market due to the war in Iraq.

Likewise, consumer goods imports mainly food and foodstuffs, increased due to anticipated food shortages during 2003/04, arising from shortage of rainfall in most parts of the country.

Table 6.3: Tanzania Imports (By Major Categories)

IMPORT CATEGORY	2003		% Change	April-June		% Change
	January-March	April-June		2002	2003	
CAPITAL GOODS	178.3	176.0	-1.3	150.3	176.0	17.1
Transport Equipment	72.7	49.8	-31.5	36.8	49.8	35.3
Building and Construction Equipment	31.2	45.4	45.5	26.6	45.4	70.7
Machinery	74.4	80.8	8.6	86.9	80.8	-7.0
INTERMEDIATE GOODS	101.1	159.3	57.6	91.6	159.3	73.9
Oil imports	48.1	98.3	104.4	44.5	98.3	120.9
Fertilizers	1.6	6.0	275.0	5.2	6.0	15.4
Industrial Raw materials	51.4	55.0	7.0	41.9	55.0	31.3
CONSUMER GOODS	121.7	135.8	11.6	117.5	135.8	15.6
Food and foodstuffs	31.4	40.9	30.3	40.5	40.9	1.0
All other consumer goods	90.3	94.9	5.1	77.0	94.9	23.2
GRAND TOTAL (F.O.B)	401.1	471.1	17.5	359.4	471.1	31.1
GRAND TOTAL (C.I.F.)	440.8	517.7	17.5	394.9	517.7	31.1

Note: Oil imports refers to refined petroleum products
p = Provisional data

Source: Bank of Tanzania, TRA

6.4 Services Account

The services account recorded a deficit of USD 24.6 million during the review period, against a deficit of USD 15.9 million recorded during the preceding quarter. This development was attributed to a decline in

services receipts, which outweighed the decline in services payments. The decline in services receipts was mainly associated with a fall in transportation and travel receipts. But the decline in travel receipts, is mainly due to the fact that the review quarter falls within the low tourism season.

6.5 Income Account

The review period witnessed an improvement on the income account, as the deficit on the income account declined substantially by 64.0 percent, on account of increased income receipts, coupled with a decline in income payments (**Table 6.4**). Inflows of official transfers increased by 61.0 percent, from US dollar 89.0 million recorded during the preceding quarter to US dollar 143.3 million. This development was attributed to increased donor disbursements under the Poverty Reduction Budget Support (PRBS) and sectoral basket funding.

Table 6.4: Tanzania Services and Income Sector Developments

Millions of USD

		2003			January - March		
		Jan-March *	Apr-June ^P	%change	2002	2003 ^P	%change
A. Services Account	Net	-15.9	-24.6	54.9	-18.7	-24.6	31.4
	Receipt	179.4	164.6	-8.3	152.0	164.6	8.3
	Payment	195.3	189.2	-3.1	170.7	189.2	10.8
1. Transportation	Receipt	24.6	16.8	-31.5	14.1	16.8	19.6
	Payment	47.1	51.7	9.7	44.2	51.7	16.9
<i>o/w freight payment</i>	Payment	38.4	45.1	17.5	34.6	45.1	30.3
2. Travel	Receipt	109.8	102.0	-7.1	98.6	102.0	3.5
	Payment	79.5	74.3	-6.6	83.4	74.3	-11.0
3. Communication Services	Receipt	4.8	6.1	27.3	3.1	6.1	96.2
	Payment	24.4	11.7	-52.0	5.3	11.7	--
4. Construction services	Receipt	0.0	0.0	0.0	0.0	0.0	0.0
	Payment	4.1	5.9	45.5	0.6	5.9	--
5. Insurance Services	Receipt	4.3	4.9	14.0	5.4	4.9	-8.4
	Payment	7.8	6.4	-17.2	5.3	6.4	21.0
6. Financial Services	Receipt	1.0	1.7	58.5	0.7	1.7	--
	Payment	2.1	2.6	23.2	0.6	2.6	--
7. Computer and Information Services	Receipt	0.0	0.0	-100.0	0.2	0.0	-100.0
	Payment	0.0	1.0	--	2.4	1.0	-58.2
8. Royalties and License fees	Receipt	0.0	0.0	0.0	0.0	0.0	0.0
	Payment	0.4	0.4	10.0	0.0	0.4	--
9. Other Business Services	Receipt	17.6	19.7	12.0	14.1	19.7	39.5
	Payment	13.2	16.8	27.4	9.5	16.8	77.6
10. Personal, Cultural and Recreational Services	Receipt	3.3	2.0	-39.9	0.3	2.0	--
	Payment	0.8	0.0	-100.0	0.0	0.0	0.0
11. Government Services n.i.e	Receipt	13.9	11.3	-18.6	15.6	11.3	-27.3
	Payment	15.9	18.3	15.5	19.3	18.3	-5.0
B. Income Account	Net	-14.8	-5.3	-64.0	-6.7	-5.3	-20.1
	Receipt	18.3	21.4	17.1	15.6	21.4	37.5
	Payment	33.1	26.7	-19.1	22.2	26.7	20.3
1. Compensation of Employees	Receipt	1.5	1.8	21.3	2.1	1.8	-12.2
	Payment	3.7	5.0	35.1	5.6	5.0	-11.8
2. Investment Income	Receipt	16.8	19.6	16.7	13.5	19.6	45.1
	Payment	29.4	21.8	-25.9	16.6	21.8	31.2
<i>o/w interest payment</i>	Payment	23.5	14.9	-36.9	16.1	14.9	-7.8

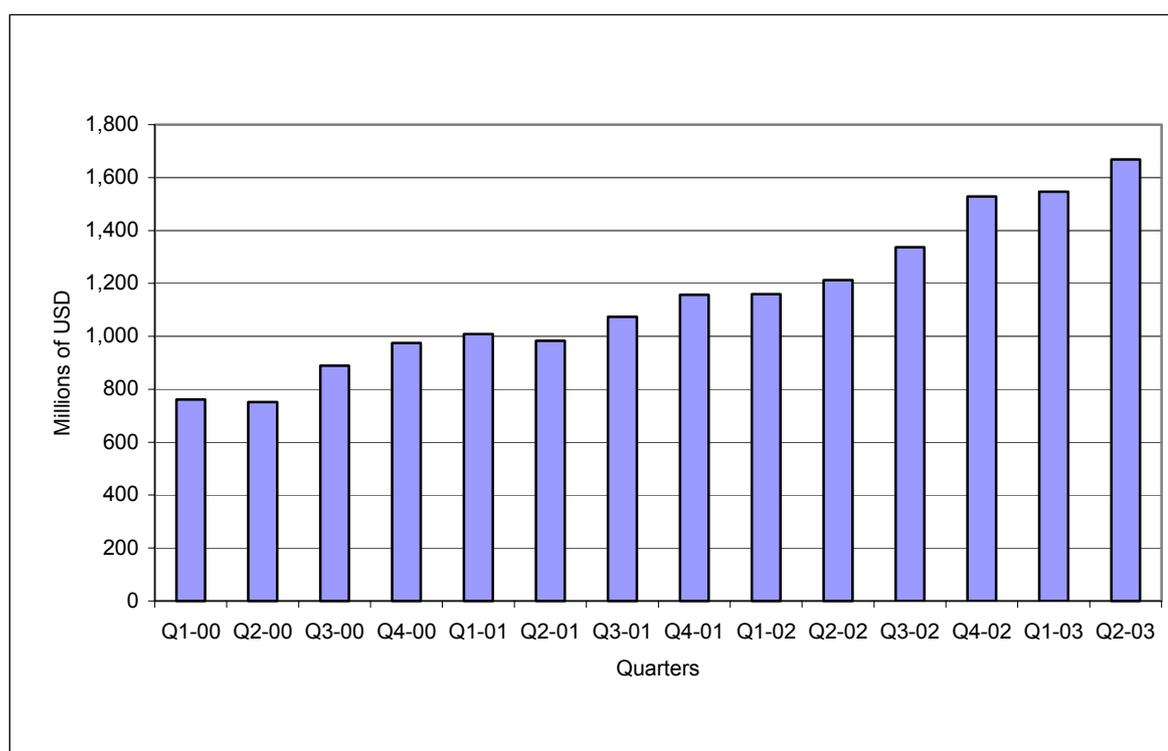
Source: Commercial Banks, Non-bank Financial Institutions, BoT.

6.5 Capital and Financial Account

During the period under review, the balance on the capital and financial account improved by registering a surplus of USD 167.2 million, from USD 133.8 million recorded in the preceding quarter. The good performance was largely due to an increase in other investments as well as increase in non-residents deposits into the banking system. However, when compared with the corresponding quarter of 2002, the capital and financial account surplus declined by 7.7 percent from USD 181.2 million to USD 167.2 million

6.7 Gross Reserves

During the review period, the stock of gross official reserves stood at USD 1,669.0 million, an increase of 7.9 percent from the stock of USD 1,546.1 million, recorded in the quarter ending March 2003. This level is sufficient to cover 7.6 month of imports of goods and non-factor services. When compared with the corresponding quarter in 2002, stock of gross official reserves increased by 37.6 percent from USD 1,212.7 million.



6.8 World Commodity Prices

During the quarter ending June 2003, average prices for coffee (**robusta** and **arabica**) declined by 9.1 percent and 0.7 percent to USD 0.8 per kg and USD 1.41 per kg respectively, from the price levels recorded in the preceding quarter. The decline was mainly attributed to the increase in coffee supply in the world market, as the anticipated risk of frost damaging Brazil's coffee crops subsided. The price of tea (**Mombasa auction**) went up by 2.0 percent to USD 1.51 per kg during the review

quarter from the price level recorded in the quarter ending March 2003, largely due to the rise in demand for tea in the Middle East following the end of the US led war in Iraq. The prices of tea, (**Average of Mombasa, Colombo and Calcutta Auctions**) and Cotton (**A-index**) remained unchanged at USD 1.46 per kg and USD 1.30 per kg, respectively.

The price of **clove** decreased by 24.0 percent to USD 1,672.2 per ton from USD 2,200 per ton largely on account of restrictive import policy opted by the Indonesian Government. Conversely, the price of **sisal** increased by 3.8 percent to USD 675.0 per ton during the quarter under review from the price level recorded in the quarter ending March 2003.

The average prices of **crude oil** (Average of UK Brent, Dubai and West Texas International) and (f.o.b Dubai) declined by 15.4 percent and 14.6 percent to USD 26.5 per barrel and USD 24.4 per barrel, respectively. Similarly, the price of white petroleum products (**f.o.b. West Mediterranean**) went down by 21.9 percent to USD 231.8 per ton from the price level recorded in the previous quarter. The development is partly attributed to the growing worries over weak global economy and the reduction in airline travels to Asia due to the impact of the Severe Acute Respiratory Syndrome (SARS).

During the review quarter, the price of **gold** declined by 1.5 percent to USD 346.7 per troy ounce from the price level recorded during the quarter ending March 2003, largely on account of the strength of the US dollar against major currencies and an improvement in the performance of equity markets following the reduction in political tensions in the Middle East.

7.0 ECONOMIC DEVELOPMENTS IN TANZANIA ZANZIBAR

7.1 Government Finance

Overall Performance

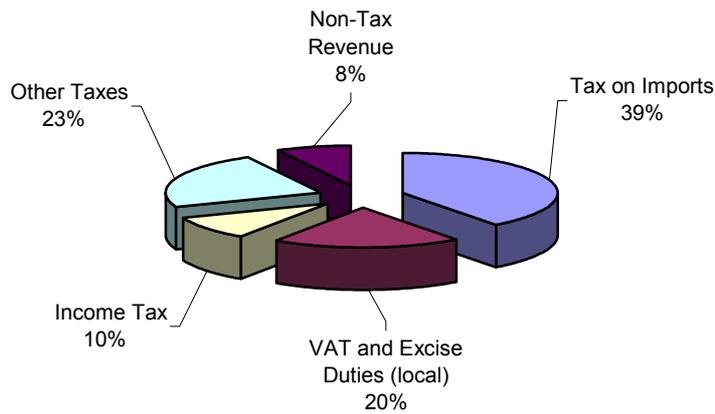
During the fourth quarter of the fiscal year 2002/03, the Zanzibar Government budgetary operations on cheques issued basis recorded an overall deficit before grants of TZS 3.1 billion compared with a deficit of TZS 4.0 billion recorded in the quarter ending March 2002. After considering grants amounting to TZS 2.3 billion, the budget registered an overall deficit of TZS 0.8 billion.

Revenue Performance

During the period under review, revenue collections decreased by 12.2 percent to TZS 10.2 billion, from TZS 11.6 billion registered in the preceding quarter and were 61.1 percent less than the target of TZS 16.6 billion for the quarter. The relatively dismal performance was mainly attributed to a decline in most tax categories with non-tax declining most. Taxes on imports declined by 7.4 percent to TZS 4.0 billion due to reduced volume of imports passing through the Zanzibar port. VAT and excise duty (local) declined by 23.4 percent. Income tax, declined by 19.8 percent and other taxes declined by 13.4 percent. However, non-tax revenues increased by 12.6 percent, but this increase was outweighed by the declines in other tax categories.

Cumulatively, total revenue collections for the year amounted to TZS 45.4 billion, or 68.3 percent of the annual target of TZS 66.5 billion.

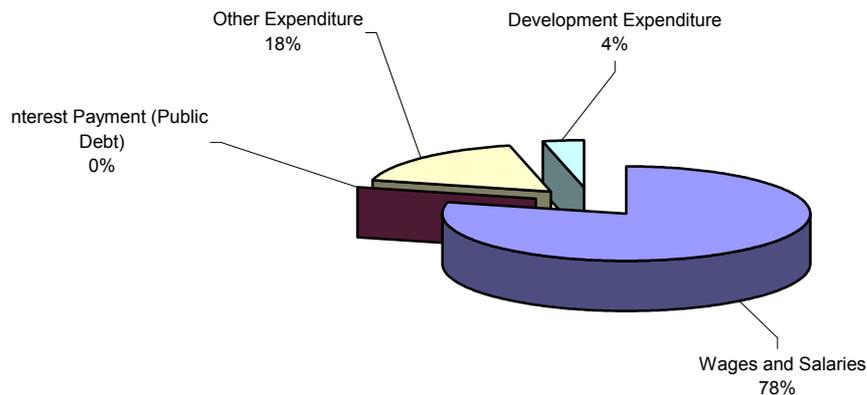
Chart 7.1: Government Revenues By Source April-June, 2003



Government Expenditure

During the quarter ending June 2003, total expenditure declined by almost 14.8 percent, from TZS 15.5 billion recorded during the preceding quarter to TZS 13.2 billion. Recurrent expenditure amounted to TZS 12.8 billion, or 96.6 percent of total government expenditure. Development expenditure amounted to 0.5 percent or 3.4 percent. Recurrent expenditure declined by 15.0 percent, despite the registered increase in wages and salaries. Development expenditure also declined by 4.2 percent, partly due to the adoption of the cash budget system, which requires expenditure to be matched with resources.

Chart 7.2: Government Expenditure By Component April-June, 2003



Financing

During the quarter under review, the Government financed its expenditure from domestic sources and grants from the Union Government to the tune of TZS 2.3 billion. It also borrowed from non-bank sources (treasury bills) to the tune of TZS 3.0 billion.

7.2 Debt Developments

Total debt stock (domestic and external) as at end of June 2003, stood at TZS 99.8 billion equivalent of USD 95.5 million. The debt stock was 8.7 percent lower than the amount recorded during the preceding quarter, but 16.4 percent higher than the amount recorded during the corresponding period in 2002.

External debt amounted to USD 55.5 million or TZS 58.0 billion accounting for 58.1 per cent of total debt, while domestic debt amounted to TZS 41.8 billion, or USD 43.7 million and accounted for 41.9 percent.

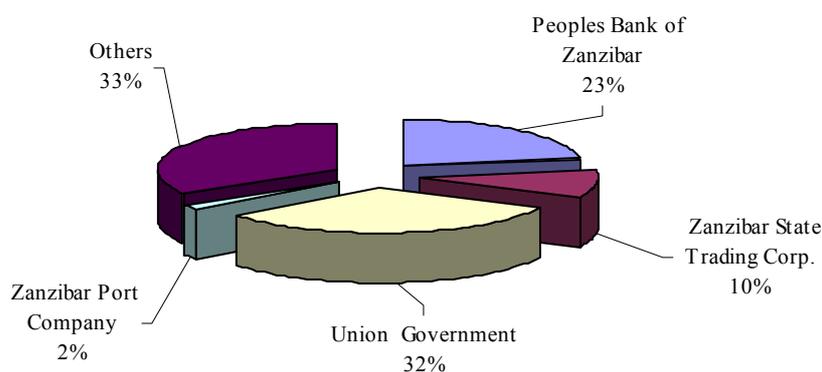
Domestic Debt

During quarter ending June 2003, domestic debt increased by 37.5 percent from TZS 30.4 billion recorded during the corresponding period in 2002, to TZS 41.8 billion. The increase was mainly attributed to new government borrowing through treasury bills, and outstanding interest payments on outstanding long-term loans.

Domestic Debt - By Creditor

Domestic debt by creditor reveals that, the Zanzibar Government owed the Union Government TZS 13.6 billion, accounting for 32.5 percent of total domestic debt. The People's Bank of Zanzibar claims amounted to TZS 9.4 billion or 22.5 percent. Zanzibar State Trading Corporation (ZSTC) and Zanzibar Port Authority were each owed TZS 4.1 billion and TZS 0.7 billion, accounting for 9.7 percent and 1.7 percent of total domestic debts respectively. Other creditor claims amounted to TZS 14.0 billion or 33.6 percent.

Chart 7.3: Domestic Debt by Creditor for the Quarter ending June 2003



Domestic Debt by Instrument

Domestic debt by instruments shows that, long-term loans amounted to TZS 9.4 billion or 22.5 percent of total domestic debt. Government stocks amounted to TZS 4.1 billion or 9.7 percent. Treasury bills amounted to TZS 4.6 billion or 11.0 percent. Short-term loans amounted to TZS 0.7 billion or 1.7 percent. Other debt instruments amounted to TZS 9.4 billion or 22.5 percent of total domestic debt, while advances amounted to TZS 13.6 billion or 32.5 percent.

Domestic Debt by Maturity

Debts with maturity of less than a year amounted to TZS 5.3 billion, or 12.7 percent of total domestic debt. Those with maturity between 1-2 years amounted to TZS 4.1 billion, or 9.8 percent. Debts maturing between 2-5 years amounted to TZS 9.4 billion or 22.5 percent. Pension claims amounted to TZS 23.0 billion or 55.0 percent.

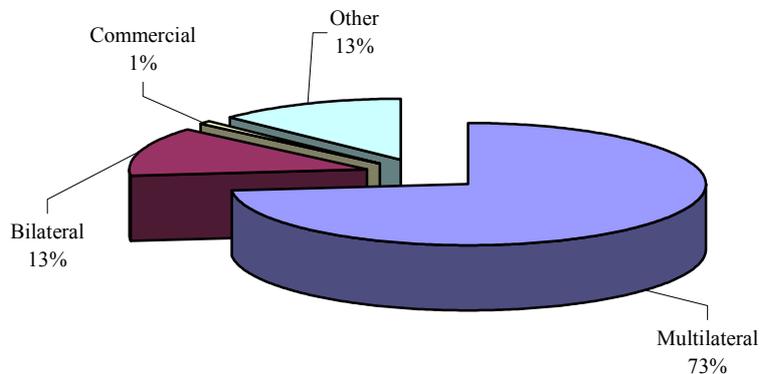
External Debt

The Zanzibar Government external debt as at end of June 2003 decreased by 4.9 percent to USD 55.5 million, being 4.9 percent less than the debt recorded during the corresponding quarter of 2002. The decline was partly a result of the reconciliation exercise of the external database by the Union Government and the Zanzibar Government as well as exchange rate fluctuations.

External Debt by Creditor Category

The external debt portfolio shows that as at the end of June 2003, multilateral debts were the highest, amounting to USD 40.6 million or 73.2 percent of the total external debt. Bilateral debts amounted to USD 7.4 million or 13.3 percent. Commercial debts amounted to USD 0.3 million or 0.5 percent and other debts amounted to USD 7.2 million or 13.0 percent.

Chart 7.4: External Debt by Creditor Type for the Quarter ending June 2003



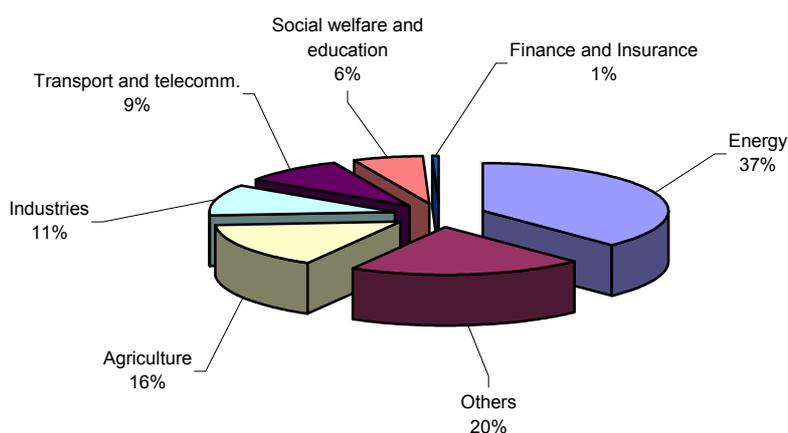
External Debt by Maturity

Debts with maturity of between 5-10 years amounted to USD 6.7 million, or 12.1 percent of total external debt. Those with maturity of between 10-20 years, amounted to USD 5.1 million or 9.2 percent. Debts with maturity of above 20 years amounted to USD 31.4 million or 56.6 percent. Arrears amounted to USD 12.3 million or 22.2 percent.

External Debt by Use of Funds

External debt by use of funds analysis as at end June 2003 shows that, energy sector received the largest share of USD 21.0 million, or 37.9 percent of total disbursed funds. Agriculture sector was second, as it received USD 8.7 million or 15.6 percent. Industries sector received USD 5.9 million or 10.7 percent. Transport and telecommunication sector received USD 4.9 million or 8.8 percent. Social welfare and education received a total of USD 3.4 million or 6.1 percent of total funds. Finance and insurance sector received USD 0.3 million or 0.6 percent and other sectors received USD 11.3 percent or 20.3 percent.

Chart 7.5: External Debt by Use of Funds for Quarter ending June 2003



7.3 Foreign Trade Developments

Trade balance

During the quarter ending June 2003, the trade account (goods and services) recorded a much higher deficit of USD 7.7 million, compared with a deficit of USD 4.0 million recorded during the corresponding period in 2002. The deterioration was attributed to an increase in the value of imports of goods and services, coupled with a decline in the value of exports of goods and services.

Table 7.1: Trade Account (Goods and services)

Millions of USD

Item	April-June		% Change
	2002	2003	
Exports	11.5	11.4	-1.0
Goods	1.0	3.5	242.6
Services	10.5	7.9	-24.5
Imports	15.4	19.0	23.4
Goods (fob)	11.3	14.6	29.1
Services	4.1	4.5	7.7
Trade Balance	-4.0	-7.7	-93.9

Source: TRA, ZSTC and BoT Zanzibar (calculations)

Goods account

During the period under review, the Zanzibar's goods account deteriorated by 8.2 percent, to a deficit of USD 11.1 million from a deficit of USD 10.3 million recorded during the corresponding quarter in 2002. The deterioration was due to a relatively higher change in the value of imports, which outweighed the change in value of exports.

Table 7.2: Goods Account

Millions of USD

ITEM	April-June		% Change
	2002	2003	
Exports	1.0	3.5	242.6
Imports (fob)	11.3	14.6	29.1
Trade Balance	-10.3	-11.1	-8.2

Source: Tanzania Revenue Authority and ZSTC.

Exports

During the period under review, total exports increased from USD 1.0 million, recorded during the corresponding period in 2002 to USD 3.5 million. The increase was due to resumption of clove purchases and exports by ZSTC, which had earlier on suspended activities due to clove glut and marketing problems.

Traditional exports increased from USD 0.4 million to USD 3.3 million. The volume of clove exports increased substantially from almost nil in the corresponding period in 2002 to 1,120.0 tons during the period under review. However, unit prices per ton of USD 2,352.0 were almost half the prices that prevailed in 2002. Exports of seaweed increased by volume but unit prices declined by almost 10.0 percent.

Non-traditional exports declined to USD 0.4 million, from USD 0.6 million recorded in the corresponding quarter of 2002. Manufactured goods declined most from USD 0.4 million to almost nil.

Table 7.3: Zanzibar Exports by type of Commodity

Traditional Commodities	April-June		% Change
	2002	2003	
Cloves			
Value	-	2.6	-
Volume	-	1.1	-
Unit Price	0.0	2,352.0	0.0
Seaweeds			
Value	0.4	0.6	39.7
Volume	2.1	3.2	54.7
Unit Price	209.2	188.9	-9.7
SUB TOTAL	0.4	3.3	645.0
Non-Traditional Exports			
Manufactured Goods	0.4	0.02	-96.1
Fish and Fish Produce	0.0	0.04	-12.7
Horticultural produce	0.0	0.0	-
Others Exports	0.1	0.2	32.7
SUB TOTAL	0.6	0.2	-63.2
GRAND TOTAL	1.0	3.5	243.7

SOURCE: TRA, Customs Department and ZSTC, BoT Zanzibar.

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

Imports

During the period under review, overall imports (c.i.f.) increased by 29.1 percent to USD 16.0 million, from USD 12.4 million recorded during corresponding period in 2002. Capital goods imports registered a substantial increase, due to increased importation of transport equipments and machinery. Consumer goods imports increased by a smaller margin while imports of intermediate goods increased moderately.

Table 7.4: Zanzibar Imports (C.I.F By Major Categories)

IMPORT CATEGORY	April-June		
	2002	2003	% Change
CAPITAL GOODS	3.4	5.5	62.4
Transport Equipments	1.0	1.8	75.7
Building and Constructions	0.4	0.4	15.5
Machinery	2.0	3.3	64.4
INTERMEDIATE GOODS	3.6	4.8	35.6
Oil imports	2.2	3.6	62.1
Fertilizers	0.0	0.0	
Industrial raw materials	1.3	1.2	-8.6
CONSUMER GOODS	5.5	5.7	4.1
Food and food stuffs	3.4	3.5	2.5
All other consumer goods	2.0	2.2	6.8
GRAND TOTAL (CIF)	12.4	16.0	29.1
GRAND TOTAL (FOB)	11.3	14.6	29.1

Note: Imports estimated on the basis of SBE forms from TRA, Value in Millions USD

Source: TRA, Customs Department, BoT Zanzibar Branch.

Combined Services and Income Account

During the period under review, the combined income and services account (net) declined by 45.6 percent, from USD 6.3 million recorded during the corresponding period in 2002 to USD 3.4 million. The decline was attributed to an increase in foreign payments, coupled with a decline in foreign receipts. Foreign receipts declined following reduced inflow of tourists to Zanzibar, resulting from fear of terrorist attacks as cautioned by US and UK authorities.

Service Account

The non-factor services account (net) recorded a surplus of USD 3.4 million, which was lower than the surplus of USD 6.2 million recorded during the corresponding quarter in 2002. The deterioration was due to an

increase in non-factor service payments, coupled with a decline in non-factor services receipts.

Income Account

The income account registered nil balances mainly due to lack of data.

Table 7.5: Service and Income Sector Developments

		Millions of USD		
		April-June		%
		2002	2003	Change
SERVICE AND INCOME ACCOUNT				
	Net	6.3	3.4	-45.6
	Receipt	10.5	7.9	-24.5
	Payment	4.1	4.5	7.7
A. Services Account				
	Net	6.2	3.4	-44.9
	Receipt	10.3	7.9	-23.4
	Payment	4.1	4.5	9.3
B. Income Account				
	Net	0.1	0.0	-100.0
	Receipt	0.1	0.0	-100.0
	Payment	0.1	0.0	-100.0

Source: Commercial Banks, Non-bank Financial Institutions, and BOT

MANAGEMENT LIST

MANAGEMENT LIST

		Telephone
		Direct
D. T. S. Ballali	Governor	2112879
Vacant	Deputy Governor	2112880

1. DIRECTORATE OF GOVERNOR'S OFFICE

J. S. Mhando	Director	2119312
J. B. Kimaro	Deputy Director, Communications	2135567
M. Mugo	Deputy Director, Special Duties	2138390
A.V. Haule	Deputy Director, Special Duties	2121429

2. DIRECTORATE OF PERSONNEL AND ADMINISTRATION

A. J. Liyumba	Director	2112701
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Personnel Management Department

J. N.S. Makindi	Deputy Director	2115058
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Training and Development Department

S. Mahembe	Deputy Director	2110033
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Estate Management Department

P. Mutoni	Deputy Director	2114785
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Administrative Services Department

G. Maganga Deputy Director 2115612

3. DIRECTORATE OF BANKING

L. Kisarika Director 2112703

Banking Department

S. E. Balele Deputy Director 2110750

Currency Department

K.T. Mkango Deputy Director 2118491

Systems Operations Department

S.E. Jengo Deputy Director 2137484

4. DIRECTORATE OF BANK SUPERVISION

I. H. Mkila Director 2118021

Banks Supervision Department

H.B. Kessy Deputy Director 2111294

Non-Banks Department

M. Gasabile Deputy Director 2114695

Operations & Policy**Review Department**

A.E. Kobello Deputy Director 2127467

5. DIRECTORATE OF ECONOMIC POLICY

P. M. Noni Director 2116612

A.J. Mengo Associate Director 2115614

Monetary & Financial Affairs Department

Dr. J. L. Masawe Deputy Director 2119405

International Economics Department

G. Mwakibolwa Deputy Director 2114900

Debt Management Department

T. Mwakilema Deputy Director 2115087

Macroeconomic & Financial Programs Department

P.L. Kadesha Deputy Director 2114901

Trade, Finance and Investment Policies Department

S.S. Mrutu	Deputy Director	2121437
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Real Sector Department

C. Kiliaki	Deputy Director	2112704
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6. DIRECTORATE OF FINANCE

E.P. Issangya	Director	2114784
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Domestic Accounts Department

J. Angello	Deputy Director	2110096
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Foreign Accounts Department

E. M. Boaz	Deputy Director	2117901
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7.DIRECTORATE OF FINANCIAL MARKETS

K. S. Mbatia	Director	2112704
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2118194

Domestic Markets Department

J. C. Ndissi	Deputy Director	2114770
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Foreign Markets Department

J. Mpelebwa	Deputy Director	2112412
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8. DIRECTORATE OF MANAGEMENT INFORMATION SYSTEMS

E. Makwaia	Director	2115124
L. Katawanya	Deputy Director	

Systems Analysis and Administration Department

C. M. Kitwanga	Deputy Director	2118162
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Networks and Office Automation Department

T. N. Kalinjuna	Deputy Director	2110505
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9. DIRECTORATE OF MICROFINANCE

G. Rubambey	Director	2138384
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Micro-Finance Analysis and Policy Department

W. Tawe	Deputy Director	2121781
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Micro-Finance Operations Department

Vacant	Deputy Director	2121785
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10. DIRECTORATE OF NATIONAL PAYMENTS SYSTEMS

I. H. Kilato	Director	2119346
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Payment System Project Management Department

J. M. B. Massawe	Deputy Director	2121742
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Payment System Oversight and Policy Department

L. Kinunda	Deputy Director	2127954
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11. DIRECTORATE OF INTERNAL AUDIT

L. Chingwile	Director	112704
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Internal Audit I Department

R. Mwanga	Deputy Director	2114901
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Internal Audit II Department

O. Kitine	Deputy Director	2121437
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12. OFFICE OF THE SECRETARY TO THE BANK

Vacant	Secretary to the Bank	2118163
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Legal & Contracts Department

B. Kimela	Deputy Director	2118032
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Investigation & Internal Security Department

Vacant	Deputy Director	2119314
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13. BANK OF TANZANIA TRAINING INSTITUTE MWANZA

W. Mgimwa	Principal	500027
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John Mlay	Director of Studies	500982
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A. C. Rukoijo	Deputy Director, Estate	
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B. A. Mbanga	Deputy Director Administration	
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14. BRANCH OFFICES

Arusha Branch

A.F. Bakari	Director	2502928
F.N. Mrosso	Deputy Director, Operations	2508243
V. Mulebya	Deputy Director, Economics	2508243

Mbeya Branch

A.H.M. Mtengeti	Director	2504158
O. Katundu	Deputy Director, Operations	2503321
F. Rugemalira	Deputy Director, Economics	2503321
D. Mwakitalu	Deputy Director, Administration	2502700

Mwanza Branch

E. Semainda	Director	
S. Ajali	Deputy Director, Operations	2500074
D. Thewa	Deputy Director, Economics	2500074
A. Ndalaha	Deputy Director, Administration	2500024

Zanzibar Branch

B.N. Msami	Director	2230415
K.J. Jurango	Deputy Director Operations	2230803
S. Chiguma	Deputy Director, Economics	2230803
C. Kiponda	Deputy Director, Administration	2232687