INTRODUCTION

1. **Mr. Speaker,** I beg to move that this esteemed house now resolves to debate and consider the Economic Survey for 2007 and Medium Term Plan Outlook for 2008/09 – 2010/11. Together with this speech, I wish to submit the Economic Survey Report for 2007 and the Annual Development Plan for 2008/09.

2. **Mr Speaker,** I would first of all wish to thank H.E Jakaya Mrisho Kikwete, the President of The United Republic of Tanzania, for the honour he has given me in appointing me to lead the new Ministry of Finance and Economic Affairs. I want to assure H.E the President and the people of Tanzania, that I shall discharge my duties dilligently, and respect the honour bestowed upon me. I would also wish to thank the voters in the Kilosa Constituency for electing me their Member of Parliament. I am confident that we shall continue working together for the social and economic development of our Constituency.

3. **Mr. Speaker,** I wish to give my sincere thanks to the Members of the Finance and Economic Committee of Parliament under the able Chairmanship of Dr. Abdallah Omari Kigoda, Member of Parliament for Handeni, for their valuable advice and directives to improve and complete this Report. The contributions of this Committee have been critical to improving

the Economic Survey report and providing recommendations for the Macroeconomic Policy and 2008/09 Budget Outlook.

4. **Mr. Speaker,** I would like to take this opportunity to thank the Deputy Ministers for the Ministry of Finance and Economic Affairs, Hon. Omari Yussuf Mzee (MP) and Hon. Jeremiah S. Sumari (MP); Permanent Secretary Mr. Gray Mgonja; Permanent Secretary, President's Office, Planning Commission Ambassador Charles K. Mutalemwa; Deputy Permanent Secretaries: Mr. Ramadhani M. Khijjah, Mr. John .M. Haule and Mr. Laston T. Msongole; Commissioners, Directors, Heads of institutions under the Ministry, and all workers of the Ministry of Finance and Economic Affairs and the President's Office, Planning Commission, who have worked tirelessly to complete this Report. My thanks also go to the Heads and Staff of the Ministries, Departments, Agencies and Regions for their cooperation during the preparation of the Economic Survey and the Development Plan.

5. **Mr. Speaker,** I take this opportunity, to congratulate Honourable Mizengo Kayanza Peter Pinda (MP) for his appointment as Prime Minister and his confirmation by your esteemed House, together with Honourable Ministers and Deputy Ministers who have been appointed in the course of this financial year. I

also congratulate Honourable Dr. Christine Gabriel Ishengoma, and Honourable Rev. Dr. Getrude P. Rwakatare, for their being appointed Members of Parliament through Special Seats; and Honourable Al-Shaymaa John Kwegyir for being appointed Member of Parliament by H.E the President. I congratulate Honourable Benedict Ngalama Ole-Nangoro for being elected Member of Parliament for Kiteto.

6. Mr. Speaker, I would like to take this opportunity, to congratulate H.E Jakaya Mrisho Kikwete, the President of the United Republic of Tanzania, for being elected Chairman of African Union, a position that has made our country to shine in the international arena. I would also like to congratulate you, Honourable Speaker, for being appointed as a Vice President of the Commonwealth Parliamentarian Association, a position that honours and exemplifies the leadership capabilities of Tanzanians in international spheres. We wish you all the best in your new endeavour.

7. **Mr. Speaker,** our Country has been honoured to host the 8^{th} Leon Sullivan Conference that took place in Arusha region from 2^{nd} to 6^{th} June, 2008. These meetings aim at bringing together Africans and Americans of Africa Origin to discuss development opportunities. The Arusha meeting attracted about 4,000 participants, and recorded

tremendous achievements. The expectation of the Tanzania government is that more business people, investors and tourists from the United States of America, including those that participated and those who couldn't, will come back to Tanzania on tourist, investment and business missions.

8. **Mr. Speaker**, with deep sorrow, I wish to extend my condolences to the relatives, friends and families of our fellow Members of Parliament who passed away during this financial year. These were the late Honourable Salome J. Mbatia who was a Deputy Minister in the Ministry of Community Development, Gender and Children; and the late Honourable Benedict Lusulutia, Member of Parliament for Kiteto. May the Almighty God rest their souls in Eternal Peace, Amen.

Macroeconomic Objectives and Policy Targets for the Medium Term Period 2007/08-2009/10.

9. **Mr. Speaker,** before presenting the Economic Survey Report for the year 2007 and over the Medium Term, allow me to present the macroeconomic objectives and policy targets for the Medium Term Period of 2007/08-2009/10. Since 1999, our policies and development plans have been guided by the National Development Vision 2025. The Vision is derived from our aspirations as a society seeking to empower

people socially and economically. A Vision for development is an articulation of the desirable future condition or situation that a nation envisages to attain, and the plausible course of action to be taken for its achievement. The Vision is the foundation of the CCM Election Manifesto of 2005 and the National Strategy for Growth and Reduction of Poverty (NSGRP).

10. **Mr. Speaker,** in this respect the Vision 2025 will guide the direction and outlook of our economic policy and social development up to the year 2025. By 2025, it is envisioned that Tanzanians will have graduated from a least developed country to a middle income country. In order to attain the Vision's objective, the Government has designed and implementing strategies, plans and various program including:

(i) The Medium Term Plans (MTP);
(ii) The National Strategy for Growth and Reduction of Poverty (NSGRP);
(iii) The Tanzania Mini-Tiger Plan 2020 (TMTP 2020);
(iv) The Millennium Development Goals (MDGs);
(v) The Business Environment Strengthening for Tanzania (BEST);
(vi) The Tanzania Social Action Fund (TASAF);
(vii) The Business and Property Formalization Programme (BPFP);

(viii) The National Economic Empowerment Programme;

(ix) The Sectoral Strategies and Programmes.

These strategies and programmes have been incorporated in the CCM Election Manifesto of 2005.

Revised National Accounts Estimates

11. **Mr. Speaker,** in 2007, the National Accounts for Tanzania Mainland were revised with the objectives of enhancing the quality of National Accounts estimates to more accurately portray the status of the economy, and ensuring international comparability via compliance with the United Nations System of National Accounts 1993 (SNA 1993). The revised National Accounts use 2001 as a base year in contrast to 1992 which was used as the base year under the previous system.

12. **Mr. Speaker,** the history of National Accounts compilation in Tanzania Mainland dates back to the year 1954. Since then, continual improvements have been made in the methodologies used to compile National Accounts. The previous series of National Accounts were based on the concepts, definitions and classifications prescribed by the United Nations System of National Accounts of 1953, 1968 and 1993. The first Revision of National Accounts in Tanzania was undertaken

using 1966 prices and estimates were based on the 1953 SNA. The second Revision was undertaken using 1976 prices and based on the 1968 SNA. The third Revision used 1992 prices with estimates based on the 1968 and partly on the 1993 SNAs.

13. **Mr. Speaker,** the current revision uses 2001 constant prices.

14. Mr. Speaker, the choice of the benchmark year was primarily determined by the availability of data for the relevant year collected from different surveys in the country,that had not previously been incorporated in the National Accounts system. Revision of the National Accounts series involved the extrapolation of the benchmark year estimates to the years preceding or succeeding the benchmark year. The revision of the benchmark and National Accounts estimates for Tanzania Mainland was done mainly for the following reasons:

(i) The 1992 benchmark was out of date and did not reflect the most recent structural changes that have taken place in the economy;

(ii) To ensure that structural changes that have taken place, especially in the patterns of production, consumption and investment, are reflected in national account estimates;

(iii) To take into account changes in the relative prices of various products that have taken place between 1992 and 2001;

(iv) To update the list of products in the Consumer Price Index Basket, in recognition of the fact that developments and innovations continuously lead to new products appearing on the market while obsolescence causes old products to disappear from the market;

(v) To incorporate all new data on various economic activities resulting from new surveys such as the household budget survey; and

(vi) To accommodate new requirements in line with the 1993 System of National Accounts.

15. Mr. Speaker, as a result of this revision, our national accounts estimates are now classified into four main clusters of economic activities in contrast to the nine - sector classification used prior to this. These clusters are (i) Agriculture, Forest and Hunting (ii) Fishing, (iii) Industry and Construction, and (iv) Services**.**

16. **Mr. Speaker,** the revision of the methodology for National Account has changed the structure of the economy as regards the weight of the various economic activities in the GDP. Using 1992 prices, agricultural economic activities contributed 44.7 percent to GDP, while using 2001 prices the contribution was 25.8 in 2007, which indicates that the contribution of agriculture to GDP has declined due to the fact that other economic activities have grown at a higher rate than agriculture. The methodology used to calculate the sectoral contribution has changed, from using factor cost to basic prices at current prices.

Economic Growth

17. **Mr. Speaker,** in 2007, the Gross Domestic Product (GDP) grew by 7.1 percent compared to 6.7 percent in 2006. The increase in the growth rate was mainly attributed to an increase in economic activities in communication (20.1 percent), mining (10.7 percent), financial intermediation (10.2 percent) trade (9.8 percent), construction (9.7 percent), health (8.8 percent), and agriculture (4.0 percent).

18. **Mr. Speaker,** following the increase in the overall GDP at current prices from Shs. 17,941,268 million in 2006 to Shs. 20,948,403 million in 2007, and an increase in the population of Tanzania Mainland to an estimated 38.2 million in 2007, the per capita income increased to Shs. 548,388 in 2007 from Shs. 478,434 in 2006, equivalent to an increase of 14.6 percent at current prices. Implication of these statistics is that, if the 2007 GDP of Shs. 20.9 trillion was to be divided equally among all Tanzanians, then each person would have earned Shs. 548,388 in that year.

Inflation

19. **Mr. Speaker,** In 2007, the economy of Tanzania, just like that of other countries in the world, continued to experience inflationary pressure emanating primarily from the rise in oil prices in the world market and the rising food prices. Despite this, overall inflation declined to an annual average of 7.0 percent in 2007.

20. **Mr. Speaker**, the headline inflation increased to 9.7 percent in April 2008, up from 7.0 percent in December 2007. This trend is expected to slow down mainly on the account of increased food supply following the commencement of the harvest season in most parts of the country. Nevertheless, the price trend may remain above 5.0 percent as a result of a continued increase in world oil prices, which is still on the upswing. The Government will take measures to ensure production of

sufficient of food. Detail information will be given by the Minister of the respective sector.

Capital Formation

21. **Mr. Speaker,** capital formation at current prices increased from Shs 4,957,781 million in 2006 to Shs. 6,209,741 million in 2007, equivalent to an increase of 25.3 percent. Capital formation to GDP ratio at current prices increased from 27.6 percent in 2006 to 29.6 percent in 2007. The increase in the growth rate of capital formation was driven by increases in building and construction activities, imports of capital equipment, and other construction works including land improvements and the construction of roads and bridges and other economic activities.

Money Supply and Credit Developments

22. **Mr. Speaker,** for the period ending December 2007, broad money supply (M_2) grew at an annual rate of 28.8 percent compared to 13.7 percent for the period ending December 2006. The annual growth rate of extended broad money supply (M_3) was 21.4 percent for the period ending December 2007 compared to 22.0 percent for the period ending December 2006. The increase in the growth of M_2 was attributed to strong growth in demand deposits following a large increase in the commercial bank credits to private sector.

23. **Mr. Speaker,** as of December 2007, commercial bank credit extended to the private sector increased by 42.2 percent compared to the target of 34.8 percent. Commercial bank credit extended to the private sector increased from Shs. 2,028,294.3 million in December 2006 to Shs. 2,883,789.5 million in December 2007. A significant proportion of this credit was extended to the manufacturing sector (19.3 percent), followed by trade (17.2 percent), agriculture (9.9 percent) and transport and communication (7.0 percent). The increase in credit extended to the private sector was attributed to increased competition among commercial banks and an increase in the number of people using banking services.

24. **Mr. Speaker,** in 2007, the interest rate on government securities declined from an average of 17.1 percent in June 2007 to 11.4 at end December, 2007. Likewise the lending interest rates offered by commercial banks declined from an average of 16.0 percent at end June 2007 to 15.1 percent in March 2008. The decline in interest rates on Government bonds was a result of the Government measures to ensure that no domestic borrowing from financial institutions as well as measures undertaken by the Bank of Tanzania to control the government securities and foreign currency market.

National Debt

25. **Mr. Speaker,** by the end of December 2007, the national debt declined slightly from US$ 7,188.4 million in December 2006 to US$ 7,041.2 million. Out of that amount, domestic debt amounted to US$ 1,673.5 million, equivalent to 23.8 percent of the total national debt, and external debt was US$ 5,367.7 million. Domestic debt consisted largely of government securities. The decrease in total debt was on account of sound debt management practices following debt relief under the HIPC and Multilateral Debt Relief Initiatives (MDRI) arrangements.

External Sector

Mr. Speaker, generally, the performance of the external sector is not encouraging due to continued increase in the current account deficit, from USD 1,379.3 million in 2006 to USD 2,056 million in 2007, (equivalent to an increase of 49.1 percent). The increase in deficit was driven primarily by increased in value of import of goods and services compared to the value of exports of goods and services. The value of merchandise imports (fob) increased from USD 3,864.1 million in 2006 to USD 4,826.9 million in 2007. This was due to an increase in the value of imports of capital and intermediate goods, and the continued increase in the price of oil in the world market.

However, in 2007, there was an encouraging trend in service receipts mainly driven by tourism, trade and transportation (particularly transit traffic from Dar es Salaam to neighbouring countries). In this respect, the Government will increase efforts in enhancing the conducive environment for increasing exports of goods and services, as this will stimulate economic growth.

26. Mr. Speaker, the average exchange rate for the Tanzanian Shilling against the US dollar stood at Shs. 1,244.1 per USD in 2007 compared to Shs. 1,253.9 per USD in 2006. The value of the shilling per USD was Shs.1,132.1 at end December 2007 compared to Shs.1261.6 per USD at end December 2006. The appreciation of the shilling against the USD was mainly driven by depreciation of USD against other major currencies, adoption of a tight monetary policies stance, and other measures undertaken by the BoT.

27. **Mr. Speaker,** despite the deficit in the balance of payment, foreign reserves increased by 21.9 percent to USD 2,755.2 million in 2007, from USD 2,260.1 million in 2006. The reserves position in 2007 was enough to cover 4.6 months' imports of goods and services.

The State of the World Economy

28. **Mr. Speaker**, various indicators suggest that the the world economy is not stable. There is a significant shortage of food as a result of a decrease in food production due to climate change and the use of cereals for production bio fuels by rich countries. This has resulted into increasing food prices globally. Likewise, international financial markets have experienced huge variations due to disturbances in mortgage markets. Climate change has also affected economic performance of all countries in the world, although the magnitude differs from one country to another. The price of oil, construction equipment such as cements, industrial raw materials, and agricultural inputs especially fertiliser, have also continued to rise. On account of these and other factors such as political instability in many parts of the world, the world economic growth declined to an average of 4.9 percent in 2007 from 5.3 percent in 2006.

29. **Mr Speaker,** expectations on world economic growth for 2008/09 are bleak as result of continuing instability in international financial markets following nebulous mortgage markets in the USA and Western Europe together with a decline in the availability of new mortgages. The rate of growth in the world economy is not expected to exceed an average of 3.7 percent in 2008, except the economies of

China and India which have continued to grow at 11.4 percent and 9.2 percent in 2007 respectively. This trend of the world economy threatens the flow of FDIs to the developing countries. As a result, economic growth in the latter countries may fall short of the rate needed to alleviate poverty. In turn, this would lead to failure to achieve the Millennium Development Goals (MDGs). In addition, it is possibilite for those countries to fail to combat inflation due to continued rise in the prices of oil, food, agricultural inputs, and industrial raw materials. In this case therefore, we have to take concrete measures in order to address these challenges.

Africa's Economic Performance

30. **Mr. Speaker**, during the year 2007, output in African countries grew by 6.2 percent compared to 5.9 percent in 2006. The growth rate of output in Sub Saharan Africa (SSA) increased from 6.4 percent in 2006 to 6.8 percent in 2007. This was attributed to an increase in output of oil exporting countries, in particular Angola and Nigeria; and an increase of economic activities in other African regions. In 2007, the Angola economy grew by 21.1 percent as a result of an increase in the production and prices of oil and diamond. With the exception of oil producing countries, Tanzania is among countries which recorded high economic growth in SSA.

DEVELOPMENTS IN ECONOMIC ACTIVITIES

31. **Mr Speaker**, sector Ministers will report in detail on their respective sectoral developments. I will therefore highlight developments in a few areas.

Agriculture, Livestock, Forest and Hunting.

32. **Mr Speaker**, economic activities in agriculture, livestock, forest and hunting grew by 4.0 percent in 2007 compared to 3.8 percent in 2006. This was mainly attributed to the growth in crop production activities from 4.0 percent in 2006 to 4.5 percent in 2007. In addition, livestock activities and livestock products grew by 2.4 in 2007, as in 2006. Forestry and hunting economic activities grew by 2.9 percent in 2007 compared to 4.6 in 2006. This was precipitated by a decrease in the production of forest products, specifically logs following an interim measure that banned the export of logs.

33. Mr. Speaker, in 2008/09 the Government will concentrate on the development of irrigation infrastructure; implementation of the Agriculture Sector Development Programme (ASDP) including increased use of improved seeds, increase use of fertilizer, and development of crop markets. In addition the Government will focus on the rehabilitation of rural roads and review of licences on use of forest products and hunting.

Fishing

34. **Mr. Speaker**, in 2007, fishing activities grew by 4.5 percent compared to 5.0 percent in 2006. This decline in the growth rate was due to illegal fishing; decreased demand of fish and fish products in the world market; destruction of fishing hatcheries through illegal fishing; and the use of poor fishing gear. The contribution of the fishing activities to the GDP in 2007 continued to be 1.3 percent as it was in 2006.

35. **Mr. Speaker,** in 2008/09, the government will focus on combating illegal fishing and conserve fishing hatcheries. The Government will also undertake feasibility study aiming at increasing fishing activities in the Indian Ocean.

Industry and construction

36. **Mr. Speaker,** in the revised classification of GDP data, industry and construction economic activities comprise of: manufacturing; electricity and gas; water supply; mining and quarrying; and construction. Industry and construction economic activities grew by 9.5 percent in 2007 compared to 8.5 percent in 2006. This increase in the growth rate was driven by: manufacturing, electricity and gas,

water supply, and construction activities. However, the growth rate in the mining and quarrying activities declined from 15.6 percent in 2006 to 10.7 percent in 2007. The contribution of industry and construction to GDP was 21.2 percent in 2007 compared to 20.8 percent in 2006.

37. Mr. Speaker, manufacturing activities grew by 8.7 percent in 2007 compared to 8.5 percent in 2006, and contributed 7.8 percent to GDP as it was in 2006. The increase in the growth rate was attributed to sustainability in industrial production following improved access to electricity in 2007, in contrast to the electricity shortages experienced in 2006; and the increase in investment in Export Processing Zones.

38. **Mr. Speaker,** during 2008/09, the priorities in manufacturing activities will focus on Special Economic Zones. The Government will also focus on implementing strategies to sustain trade and investment partnership from China, the other Asian countries, and the Middle East. Specifically, efforts will be directed to the following areas:

(i) Increasing the value of goods produced and ensure that in the medium term we will not export unprocessed products starting with cotton and cashew nuts;

(ii) Implementing the Exports Strategic Plan;

(iii) Continuing to implement the Mini Tiger Plan 2020;

(iv) Continuing to implement the BEST program; and

(v) Training on entrepreneurship skills.

39. **Mr. Speaker,** economic activities in Construction grew at the rate of 9.7 percent in 2007 compared to 9.5 percent in 2006. The growth rate was driven by the construction of: roads and bridges, residential and non-residential buildings, and land development. The contribution of construction activities to GDP remained at 7.8 percent in 2007 as it was in 2006.

40. **Mr. Speaker,** in 2008/09, the Government's objective with respect to construction is to ensure that road networks are accessible all year round. In order to achieve this, the Government will work to ensure that all contracts for road construction and maintenance projects are implemented timely and meet quality standards. The Government will also focus on rehabilitation and maintenance of trunk, regional and rural roads. In addition, the Government will continue to improve settlements in towns, and to mark village boundaries.

41. **Mr. Speaker,** other priority areas for economic activities in industry and construction include:

(i) Improving accessibility and networks for water supply in urban and rural areas;
(ii) Finalising the establishment of Strategic Petroleum Reserve;
(iii) Continuing with on going researches on reliable and sustainable energy; and
(iv) Set-up new investment rules and regulation in mining activities

Services

42. **Mr. Speaker,** the services constitute the fourth category in the classification of the National Accounts, and include: trade and repairs; transport; communications; hotels and restaurants; public administration; education; health; financial intermediation; real estate and business services. The growth rate in the services activities increased to 8.1 percent in 2007 from 7.8 in 2006. The share of services activities to GDP remained at 43.3 percent in 2007 as it was in 2006.

43. **Mr. Speaker,** the communication activities grew by 20.1 percent in 2007 compared to 19.2 percent in 2006, which significantly outpacing all other economic activities. The communication activities

contribution to GDP increased from 2.1 percent in 2006 to 2.3 percent in 2007.

44. **Mr. Speaker,** transport services grew by 6.5 percent in 2007 compared to 5.3 percent in 2006. This increase was attributed to the rehabilitation of roads, railways and airports; increase in domestic and international flights; and the resumption of central railway passenger transport (Dar es Salaam – Mwanza/ Kigoma/Mpanda). The contribution of transport services to GDP declined marginally to 4.2 percent in 2007 from 4.3 percent in 2006.

45. **Mr. Speaker,** in 2008/09, priority in the transport and communication activities will focus on encouraging private sector participation in service delivery.

46. **Mr. Speaker,** the growth rate in the education services sub-sector was 5.5 percent in 2007 compared to 5.0 percent in 2006. The increase was mainly a result of the implementation of the Primary and Secondary Education Development Programmes (PEDP & SEDP); and increased recruitment of teachers.

47. **Mr. Speaker,** the Government will continue with its efforts to improve the education services at all levels. In 2008/09, the

major focus will be on implementing the PEDP and SEDP, specifically in:

(i) Promoting skills by providing training to in-service teachers to improve teacher-students ratio at all levels and quality of education.

(ii) Construction of teachers' houses especially in remote areas.

(iii) Improving the learning and teaching environment at all levels particularly teaching tools for science subjects.

48. **Mr Speaker,** health services grew at 8.8 percent in 2007, compared to 8.5 percent in 2006. The growth specifically emanated from the implementation of vaccination, malaria, tuberculosis and HIV/AIDS programs. In 2008/09, the Government will continue to implement various plans and strategies of public and primary health programmes, including the Integrated Management of Childhood Illnesses Programme and strengthening medical research. The Government will also implement the medium term strategy in acquiring medical equipment so as to treat all diseases in the country which will reduce number of patients treated abroad.

CROSS CUTTING ISSUES

Population

49. **Mr. Speaker,** according to the 2002 National Population and Housing Census, it is estimated that in 2007 the total population was 39,446,061, of which 19,352,480 were men, equivalent to 49.0 percent and 20,093,581 were women, equivalent to 51.0 percent. Tanzania Mainland was estimated to have 38,291,219 people, while Tanzania Zanzibar had 1,154,842 people. The annual population growth rate is 2.9 percent, which is higher and pose a big challenge for development. Using that rate the total population is projected to reach 63,516,735 people in the year 2025.

50. **Mr. Speaker,** the increase in population pose additional pressure on the provision of public services, such as education and health, water, shelter and the creation of employment opportunities. In 2008/09, the government intends to raise awareness on the National Population Policy of 2006, in order to relate the population growth and the GDP growth; to implement the National Population Policy of 2006; and to continue insisting on the integration of population variables in development plans and budget.

Labour Force and Employment

51. **Mr. Speaker** preliminary findings from Integrated Labour Force Survey of 2005/06, revealed that a total of 412,608 new employment were created within 18 months (July 2005 – December 2007). Out of the new employment created, 194,325 originated from the formal sector and 218,283 from informal sector. The Household Budget Survey of 2007 is expected to provide current employment status.

52. **Mr. Speaker,** the following objectives were targeted by the end of 2010:

(i) Implementing the National Policy for Employment and its Strategy;

(ii) Implementing the national program for employment creation; and

(iii) Coordinating economic empowerment programmes and promote employment in each region

Fighting HIV/AIDS

53. **Mr. Speaker,** in 2007, the government conducted a National Campaign on Voluntary Testing for HIVAIDS in all regions in Tanzania Mainland. The campaign aimed to reach

4,170,659 people by the end of November, 2007.The preliminary report revealed that a total of 4,211,727 people, equivalent to 101 percent of the target have been tested. Amongst them 1,863,917, equivalent to 44.3 percent, were men. The analysis showed that 194,149, people equivalent to 4.6 percent of the tested group, including 115,298 women and 74,905 men were living with HIV, without knowing their status. Furthermore, the analysis revealed that 38,041 people, equivalent to 19.6 percent, need ant-retrovirals (ARVs).

54. **Mr. Speaker,** research on HIV/AIDS and Sexually Transmitted Diseases of 2007, indicates that, the average prevalence rate in Tanzania was 7.4 percent. The average prevalence rate in rural areas was 6.0 percent and urban was 11.9 percent. In order to combat HIV/AIDS infection, the government will continue to implement the Second Strategy for Preventing HIV/AIDS Infections in 2008 to 2012, with the objective of sensitising on prevention, care and treatment of HIV/AIDS.

Gender,

55. **Mr. Speaker,** during 2007, the Government continued to provide training on gender issues, mainstreaming gender issues in policy, plans and budget parallel with strengthening gender ,focal points in all MDAs,

and setup Monitoring and Evaluation framework. The government also continued to provide credit to women and youth and strengthened the sensitisation of gender issues at all levels.

56. **Mr. Speaker,** the areas of priority in 2008/09 include; program for empowering women economically; strengthening gender focal points at all levels; and prepare a strategy to increase the representation of women at all levels of decision making to 50 percent.

Environment

57. **Mr. Speaker,** during 2007, the Government continued to implement the National Environmental Conservation Policy by preparing rules, regulations and standards for Environmental Management. The monitoring and evaluation of the implementation of the National Strategy for Land and Water Sources Conservation was conducted in Mbeya, Coast, Tanga, Kilimanjaro, Arusha, Mwanza, Lindi, Tabora, Kagera, Singida, Iringa, Manyara, Kigoma, Ruvuma and Morogoro regions.

58. **Mr. Speaker,** the Government's targets pertaining to environment protection for the year 2008/09 are: to continue implementing the environment policy and its strategies; to promote awareness about the relationship

between the environment, poverty and sustainable development; and to implement regional and international protocols and conventions relating to environment protection, without affecting development programs.

SPECIAL PROGRAMMES FOR SOCIAL AND ECONOMIC DEVELOPMENT

National Strategy for Growth and Reduction of Poverty

59. **Mr. Speaker,** progress has been made in the implementation of the National Strategy for Growth and the Reduction of Poverty (NSGRP) although more efforts are needed. Areas in which performance has been encouraging include GDP growth, domestic revenue collection and the management of government expenditure and social service delivery.

60. **Mr. Speaker,** as I have already explained, GDP has been growing at an annual average of 7.0 percent for the past six years. This indicates that, overall real GDP growth rate has been within the targeted range, considering the prevailing challenges. In order to have a sustainable economy which will reduce income poverty requires sustained GDP growth of at least 8 percent per annum.

61. **Mr. Speaker,** in the cluster of improving quality of life and social wellbeing, there have been substantial improvements in the delivery of social services including education, health, water supply and sanitation. In the education sector, the Gross Enrolment Ratio (GER) and Net Enrolment Ratio (NER) for primary schools have been increasing steadily overtime. During 2007/08, the expansion of secondary school education campaign increased enrolment from 243,359 in 2006 to 448,448 in 2007, equivalent to an increase of 84.0 percent. Higher education has also expanded by establishing many universities and technical colleges. Likewise, there has been a notable achievement in the supply of clean and safe water in rural and urban areas.

62. **Mr. Speaker,** in 2007, the Government continued to implement the second phase of the National Anti-corruption Strategy by officially implementing the new 'Preventing and Combating Corruption Act'. The government also provided training to ethics committee members from all ministries and local governments. Likewise, amendment was made to a clause that provides for all court cases to be ruled on within 90 days after the completion of the hearing. The number of female ministers and members of parliament in the Republic of Tanzania has been increasing and in 2008/09,

the Government focus will be on improving the capacity of the judicial system.

63. **Mr. Speaker,** the Government will continue to implement various plans and strategies in order to boost economic growth, poverty reduction and social wellbeing. These will be implemented through the development programs of various economic activities. These programs typically cut across all three clusters of the NSGRP, economic growth and reduction of income poverty, improving quality of life and social wellbeing, good governance and accountability.

The Tanzania Mini-Tiger Plan 2020

64. **Mr. Speaker,** in 2007, the continuation of the construction of the Benjamin William Mkapa Special Economic Zone at Mabibo – Dar es Salaam proceeded with putting in place infrastructures system of road pavements, water and electricity. The feasibility study for the construction of the International Centre for Technology (ICT – SEZ) was completed and the preparation for construction is on-going.

Tanzania Social Action Fund (TASAF)

65. **Mr. Speaker,** in 2007, the Government of the United Republic of Tanzania continued to implement the Second Phase of the Tanzania

Social Action Fund (TASAF II). The objective of TASAF II is to empower communities to access opportunities and to implement, and monitor sub projects that contribute to improved livelihoods linked to the indicators of CCM Election Manifesto of 2005, MDG and the National Strategy for Growth and Reduction of Poverty.

66. **Mr. Speaker,** TASAF II operations cover all councils in the Tanzania Mainland and two councils in Tanzania Zanzibar. The TASAF II project comprises two major components - the National Village Fund (NVF) and Capacity Enhancement (CE). The targeted beneficiaries of the NVF are those communities who lack access to basic social and market services, have able-bodied but are food insecure households, and have households with vulnerable individuals. The targeted beneficiaries of the CE component are agencies (public and private) that support communities to make the best use of resources made available under the NVF, and poor individuals participating in savings groups.

PRIVATE SECTOR DEVELOPMENT

Strengthening the Business Environment

67. **Mr. Speaker,** in 2007, the Government continued to strengthen the business

environment in the country, whereby Tanzania ranked 130th out of 178 countries in 2007 compared to 142 out of 175 countries, in 2006 in the "Easy of Doing Business". In addition, the estimated cost of doing business declined from 161.3 percent of per capita income in 2006, to 91.65 percent in 2007. In 2007 the Better Regulation Unit (BRU) was restructured and assigned new responsibilities with the aim of facilitating and providing support services to MDAs in implementing the Programme.

68. **Mr. Speaker,** the Government continued to improve private sector investment environment through implementation of BEST Programme with the aim of reducing the cost of starting and operating business by removing obstacles including legal and regulatory frameworks which hamper the growth of private sector. In 2007, some achievements have been noted in two main areas:

(i) the government began implementing the Private Sector Competitiveness Project (PSCP) which aims to boost competitiveness, particularly amongst Micro, Small and Medium Enterprises (MSMEs), by reducing the cost of doing business, building capacity amongst domestic firms, and facilitating their participation in international markets.

(ii) The contribution of private sector in capital formation was 72.1 percent compared to 69.9 percent in 2006. The Government will continue to implement the Private Sector Development Strategy as part of its effort to promote the development of that sector.

69. **Mr. Speaker,** in 2007, the Tanzania National Business Council (TNBC) held two Investors' Round Table (IRT) meetings which attracted both domestic and international investors. During the period under review the TNBC conducted 3 workshops for RBC Executive Committees and Secretariats in the Western Zone (Tabora, Kigoma); Central Zone (Morogoro, Dodoma, and Singida); and Southern Zone (Mtwara and Lindi). Following the establishment of Regional Business Councils, the TNBC is currently focusing on establishing District Business Councils across the country.

Property and Business Formalization Programme (PBFP)

70. **Mr. Speaker,** the Government through PBFP aimed at facilitating transformation of property and business entities in the informal sector, into legally held and formally operated entities in the economy and thus enhance the opportunities of property owners in using their

assets as collateral to access capital. In 2008/09, the PBFP priority areas will include:

(i) to prepare procedures for fast tracking the formalization of village land and grant licences/rights of occupancy;

(ii) to prepare procedures for fast tracking formalization of urban land in some regions of Tanzania Mainland;

(iii) to expand the pilot study of using the property to access mortgage finance in the cities of Arusha, Mbeya and Zanzibar town; and

(iv) to develop and pilot new business registration systems in order to strengthen good governance in business activities.

Economic Empowerment

71. **Mr Speaker**, in 2007 the second phase of the National Economic Empowerment and Job Creation Programme was officially launched. Through this scheme, 13 financial institutions have been approved by the Bank of Tanzania (BoT) to participate in the scheme and extend credit to eligible applicants. By 3rd March, 2008, nine institutions had drawn funds from the scheme for this purpose. Under the first

phase, the Government provided Shs. 10.5 billion cash guarantees to the National Microfinance Bank Limited (NMB) and the CRDB Bank Limited. The banks, in turns, agreed to leverage the amounts and lend three times of the amount issued by the Government and extended loans amounting to Shs. 32.3 billions.

72. **Mr. Speaker**, the Government continued to sensitise the general public to form and join SACCOS in order to increase opportunities of accessing credit from financial institutions and government programs. Between July 2006 and April 2008 the number of SACCOS has increased by 120 percent from 2,028 to 4,445. The SACCOS have mobilised a total of Shs. 74.6 billion in savings, and extended credit worth Shs. 186.6 billion.

MACROECONOMIC ASSUMPTIONS, PROJECTIONS AND POLICY TARGETS FOR THE MEDIUM TERM 2008/09-2010/11.

73. **Mr. Speaker,** after reviewing the economic performance of 2007, I beg to present key macroeconomic assumptions underlying macroeconomic projections and policy targets for the medium term (2008/09 – 2010/11) as follows:-

(i) Sustaining key macroeconomic indicators, including economic growth, inflation, domestic revenue, and the exchange rate;

(ii) Increased impetus in the implementation of NSGRP and resource allocation in the areas that have rapid multiplier effects in the economy;

(iii) The growth rate of agricultural activities (crops, livestock, hunting and forestry) is expected to increase as a result of improvements in rural infrastructure, access to rural finance through SACCOS and the various Credit Trust Funds and other supportive policy measures;

(iv) There will be further improvement in the socio-economic reforms, and past achievements from macroeconomic reforms will be sustained;

(v) Domestic revenue collection will be enhanced through tax administration reforms, and formalisation of businesses;

(vi) Foreign assistance, including grants and concessional loans, will stay on course;

(vii) Increased progress in private sector development;

(viii) A supportive monetary policy reflected in an appropriate fiscal framework, low inflation, a narrowing interest rate spread, and increased credit to the private sector; and

(ix) Enhance public participation in socio-economic development endeavours through their respective LGAs.

74. **Mr. Speaker,** the macroeconomic projections and policy targets for the period 2008/09– 20010/11 are as follows:-

(i) Attain a real GDP growth of 7.8 percent in 2008, 8.1 percent in 2009, 8.8 percent in 2010 and increase to 9.2 percent by 2011;

(ii) Control Consumer Price Inflation (CPI) at below 7.0 percent by end June, 2009, consistent with major trading partners;

(iii) Increase domestic revenue collection from 18.5 percent of GDP in 2008/09 to 18.6 percent in 2009/10, and 19.0 percent in 2010/11;

(iv) Contain the growth rate of M_2 within a bands of 23.9 percent in 2008/09 and 22.9 percent in 2009/10, consistent with GDP growth and inflation targets;

(v) Maintain adequate official foreign reserves of a value equivalent to not less than five months worth of imports of goods and non-factor service;

(vi) Maintain a market determined realistic exchange rate with the Bank of Tanzania's interventions exclusively limited to smoothing wide fluctuations and liquidity management purposes; and

(vii) Accelerate reforms to the requisite legal and regulatory framework for enhancing access to credit by the private sector.

CONCLUSION

75. **Mr. Speaker,** having presented the status and outlook of our national economy, underlying basis, assumptions, and budget for the period 2008/09 - 2010/11, it is obviously that measures taken by the government in the implementation of various policies, strategies and programmes, to a large extent, yield expected positive results. More efforts will be directed to economic growth to ensure better livelihood and poverty alleviation to our people.

76. **Mr. Speaker,** to achieve the foregoing goals, there is need to address the following challenges:-

(i) our economy is currently constrained by increasing international prices of oil, fertilisers and industrial raw materials. We will need to take concrete measures to produce adequate food in order to reduce the effects of those challenges;

(ii) Considering that population is growing at 2.9 percent per annum, there is a need to increase the pace of economic growth and therefore the per capita income;

(iii) The current stocks of road, railway, ports and electricity infrastructure are inadequate to enable the country exploit its geographical opportunity of being a link to neighbouring land locked countries;

(iv) The measures implemented thus far to empower entrepreneurs have started to yield notable results. However, the government's ability to sustain the programs is limited. There is therefore a need to strengthen the capacity of financial institutions to support government initiatives.

(v) The Government budget continued to depend on external aid to a large extent. Notwithstanding the commendable development partners' willingness to continue supporting our effort through budgetary assistance, we need to increase domestic revenue, control public expenditure, and ensure that, to start with, the whole of the recurrent expenditure is financed from our own sources. In future a large proportion of the development budget also to be met from our own sources;

(vi) The demand for foreign exchange in the economy is still higher than our export earnings. It is therefore important to promote exports as a strategy to increase foreign earnings;

(vii) The procedures to start and operate businesses and investment in the country are still cumbersome and costly, and do thus weaken the efforts to achieve the intended objective. It is therefore, important to strengthen business environment;

(viii) Implementation of the Tanzania Mini-Tiger Plan 2020 is continuing at a rather slow pace. Appropriate measures to rectify this situation are needed in order to move forward and faster;

(ix) The capacity of public servants to fulfil government responsibilities need to be strengthened through recruitment of more staff in the priority sectors, particularly education and health, and provide them with appropriate training;

(x) Following the worldwide food shortage which result into high food prices, it is important to increase production and ensure food security and take advantage of the problem to increase production of food crops and export the surplus;

(xi) The lending rates are still high, thus discourage entrepreneurs from borrowing for productive business ventures. Recent achievements in lowering interest rates must be sustained; and

(xii) Given that agriculture employs around 80 percent of the labour force, there is a need to bring together the government and private sector efforts to increase productivity in the sector.

The government will continue to address these challenges in its plans in accordance to its ability. Furthermore, it is important for institutions and all of us to contribute towards addressing the above challenges.

77. **Mr. Speaker,** allow me now to take this opportunity to mention and thank some of our development partners who have assisted us. I wish to thank the following organisations and Governments: World Bank, IMF, AfDB, United Nations Organisation such as UNDP, UNESCO, UNFPA, UNHCR, UNICEF, UNIFEM, FAO, IFAD, WFP, WHO, ILO, etc. The European Commission, OPEC Fund, BADEA, Abu Dhabi Fund, the Governments of: Norway, USA, Sweden, Finland, Canada, Denmark, Japan, Switzerland, Netherlands, Germany, France, UK, Spain, China, Korea, Kuwait, Italy, Ireland, India and other friendly countries; and different international Non-Governmental Organizations.

78. **Mr. Speaker,** I beg to move.

Table No.1: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY

ECONOMIC ACTIVITY	1998	1999	2000	2001	2002	
Agriculture, Hunting and	**2,307,952**	**2,402,845**	**2,512,170**	**2,636,193**	**2,766,479**	**2,**
Crops	1,689,468	1,765,120	1,847,572	1,945,945	2,055,634	2
Livestock	411,009	425,245	441,860	459,448	472,500	
Hunting and	207,475	212,480	222,738	230,800	238,345	
Fishing	**138,128**	**142,487**	**146,675**	**153,660**	**164,049**	
Industry and	**1,377,739**	**1,470,500**	**1,536,952**	**1,638,459**	**1,792,024**	**1,**
Mining and	112,578	122,805	140,400	159,979	187,000	
Manufacturing	653,575	693,058	726,358	762,400	819,200	
Electricity, gas	168,323	175,038	185,847	196,860	209,000	
Water supply	39,782	40,968	42,363	43,840	45,084	
Construction	403,481	438,631	441,984	475,380	531,740	
Services	**3,529,338**	**3,692,255**	**3,890,050**	**4,139,962**	**4,460,699**	**4,**

ECONOMIC ACTIVITY	1998	1999	2000	2001	2002	
Trade and	1,005,241	1,065,186	1,111,165	1,182,797	1,281,544	1
Hotels and restaurants	217,000	230,000	239,528	250,978	267,162	
Transport	428,679	445,166	464,481	487,062	516,000	
Communications	92,158	98,248	103,716	112,783	124,549	
Financial	121,250	126,100	131,000	140,000	154,108	
Real estate and business services	823,698	856,687	898,961	936,440	1,003,260	1
Public	510,027	524,000	580,000	640,649	699,561	
Education	157,368	162,969	169,462	188,733	202,000	
Health	103,837	107,158	112,629	118,972	129,229	
Other social and	70,080	76,741	79,108	81,548	83,286	
Gross value added	**7,353,157**	**7,708,087**	**8,085,847**	**8,568,274**	**9,183,251**	**9,**
less FISIM	-74,437	-76,978	-78,049	-80,000	-87,000	
Gross value added at current basic	**7,278,720**	**7,631,109**	**8,007,798**	**8,488,274**	**9,096,251**	**9,**

ECONOMIC ACTIVITY	1998	1999	2000	2001	2002	
add Taxes on	525,209	550,560	577,542	612,000	655,926	
GDP (At current	**7,803,929**	**8,181,669**	**8,585,340**	**9,100,274**	**9,752,177**	**10,**

Table No.2: GROSS DOMESTIC PRODUCT BY KIND OF ECONOMIC ACTIVITY - PERCENTAGE GROWTH RATE

ECONOMIC	1998	1999	2000	2001	2002	2003	2004	2005	2006	20
Agriculture,	**0.8**	**4.1**	**4.5**	**4.9**	**4.9**	**3.1**	**5.9**	**4.3**	**3.8**	**4**
Crops	1.8	4.5	4.7	5.3	5.6	3.2	6.6	4.4	4.0	4
Livestock	1.9	3.5	3.9	4.0	2.8	2.2	4.1	4.4	2.4	2
Hunting and	1.2	2.4	4.8	3.6	3.3	3.0	2.7	3.6	4.6	2
Fishing	**3.5**	**3.2**	**2.9**	**4.8**	**6.8**	**6.0**	**6.7**	**6.0**	**5.0**	**4**
Industry and	**6.7**	**6.7**	**4.5**	**6.6**	**9.4**	**10.9**	**10.9**	**10.4**	**8.5**	**9**
Mining and	7.7	9.1	14.3	13.9	16.9	17.1	16.0	16.1	15.6	10
Manufacturing	5.5	6.0	4.8	5.0	7.5	9.0	9.4	9.6	8.5	8
Electricity, gas	6.2	4.0	6.2	5.9	6.2	7.2	7.5	9.4	-	10
Water supply	-	3.0	3.4	3.5	2.8	4.5	5.2	4.3	6.2	6
Construction	9.9	8.7	0.8	7.6	11.9	13.8	13.0	10.1	9.5	9
Services	**4.8**	**4.6**	**5.4**	**6.4**	**7.7**	**7.8**	**7.8**	**8.0**	**7.8**	**8**
Trade and	6.3	6.0	4.3	6.4	8.3	9.7	5.8	6.7	9.5	9
Hotels and	7.3	6.0	4.1	4.8	6.4	3.2	3.6	5.6	4.3	4

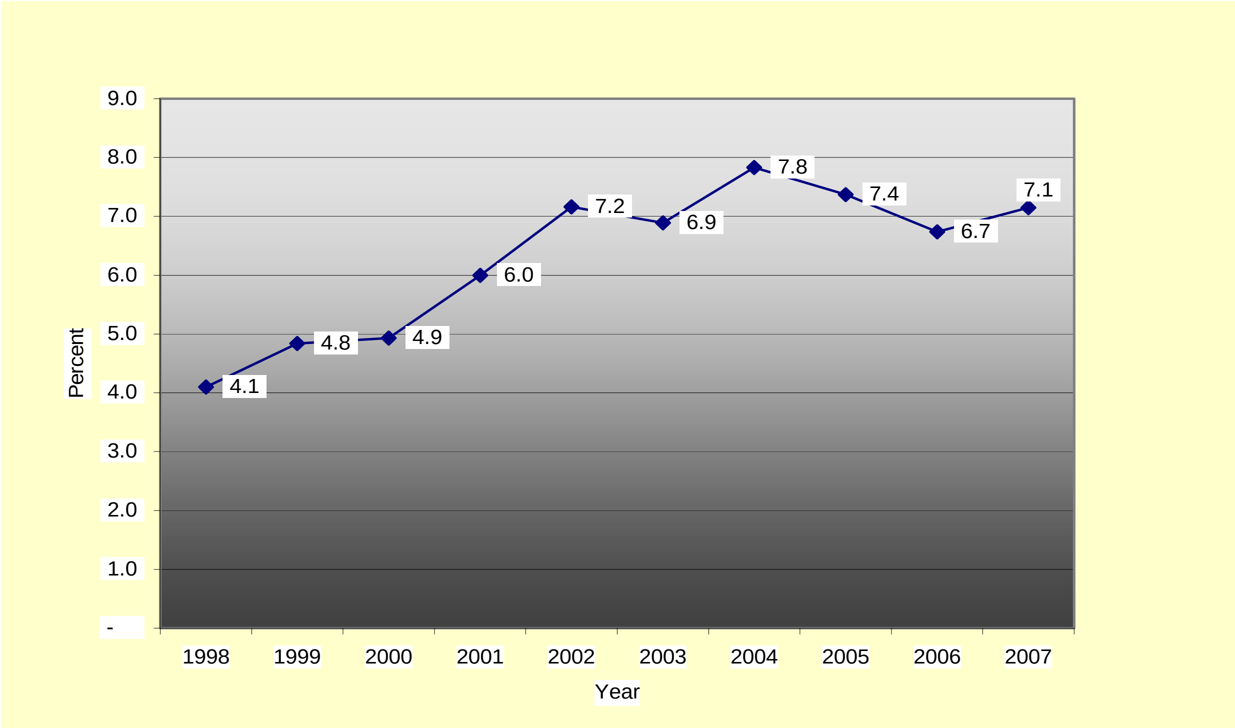
ECONOMIC	1998	1999	2000	2001	2002	2003	2004	2005	2006	20
Transport	4.3	3.8	4.3	4.9	5.9	5.0	8.6	6.7	5.3	6
Communications	5.3	6.6	5.6	8.7	10.4	15.6	17.4	18.8	19.2	20
Financial	4.5	4.0	3.9	6.9	10.1	10.7	8.3	10.8	11.4	10
Real estate and business services	3.6	4.0	4.9	4.2	7.1	6.5	6.8	7.5	7.3	7
Public	3.2	2.7	10.7	10.5	9.2	9.6	13.6	11.4	6.5	6
Education	6.6	3.6	4.0	11.4	7.0	2.8	4.0	4.0	5.0	5
Health	2.4	3.2	5.1	5.6	8.6	8.7	7.8	8.1	8.5	8
Other social and personal services	4.0	9.5	3.1	3.1	2.1	2.0	3.0	2.6	3.7	3
Gross value added before	4.2	4.8	4.9	6.0	7.2	6.9	7.8	7.4	6.8	7
less FISIM	8.6	3.4	1.4	2.5	8.7	11.7	10.1	11.8	14.9	15
Gross value added at current basic	4.1	4.8	4.9	6.0	7.2	6.9	7.8	7.4	6.7	7
add Taxes on	4.2	4.8	4.9	6.0	7.2	6.9	7.8	7.4	6.8	6
GDP (At current market prices)	**4.1**	**4.8**	**4.9**	**6.0**	**7.2**	**6.9**	**7.8**	**7.4**	**6.7**	**7**

Table Na. 3: ECONOMIC ACTIVITY CONTRIBUTION TO OVERALL GDP - At market current prices (%)

ECONOMIC ACTIVITY	1998	1999	2000	2001	2002	2003	20
Agriculture, Hunting and Forestry	**30.3**	**30.2**	**29.5**	**29.0**	**28.6**	**28.7**	**2**
Crops	22.9	22.6	21.7	21.4	21.4	21.8	2
Livestock	4.4	4.8	5.1	5.0	4.8	4.7	4
Hunting and Forestry	2.9	2.8	2.7	2.5	2.4	2.3	2
Fishing	**2.0**	**1.9**	**1.8**	**1.7**	**1.7**	**1.6**	**1**
Industry and construction	**18.5**	**18.3**	**17.9**	**18.0**	**19.6**	**21.0**	**2**
Mining and quarrying	1.4	1.4	1.5	1.8	2.1	2.4	2
Manufacturing	9.7	9.1	8.8	8.4	8.3	8.3	8
Electricity, gas	1.8	1.9	2.1	2.2	2.0	1.9	1
Water supply	0.4	0.4	0.5	0.5	0.5	0.4	0
Construction	5.2	5.6	5.2	5.2	6.8	8.0	7
Services	**44.0**	**44.9**	**45.3**	**45.5**	**44.2**	**42.7**	**4**
Trade and repairs	13.0	13.1	12.8	13.0	12.4	12.0	1
Hotels and restaurants	2.8	2.9	2.8	2.8	2.6	2.4	2
Transport	5.4	5.6	5.5	5.4	5.0	4.8	4

Communications	1.1	1.2	1.2	1.2	1.2	1.3	1
Financial intermediation	1.7	1.6	1.6	1.5	1.7	1.7	1
Real estate and business services	9.5	10.0	10.7	10.3	9.7	9.4	9
Public administration	6.7	6.4	6.6	7.0	7.2	7.2	7
Education	1.9	2.1	2.1	2.1	2.0	1.8	1
Health	1.0	1.1	1.2	1.3	1.5	1.4	1
Other social and personal services	0.9	1.0	0.9	0.9	0.8	0.7	0
Gross value added before adjustments	94.8	95.3	94.6	94.2	94.1	94.0	9
less FISIM	-1.5	-1.2	-1.0	-0.9	-0.9	-0.9	-
Gross value added at current basic prices	93.3	94.1	93.5	93.3	93.3	93.1	9
add Taxes on products	6.7	5.9	6.5	6.7	6.7	6.9	7
GDP (At current market prices)	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**10**

Chart No. 1: GDP Growth Rate -At constant 2001 Prices



TREND OF INFLATION - Tanzania Mainland
At 2001base year

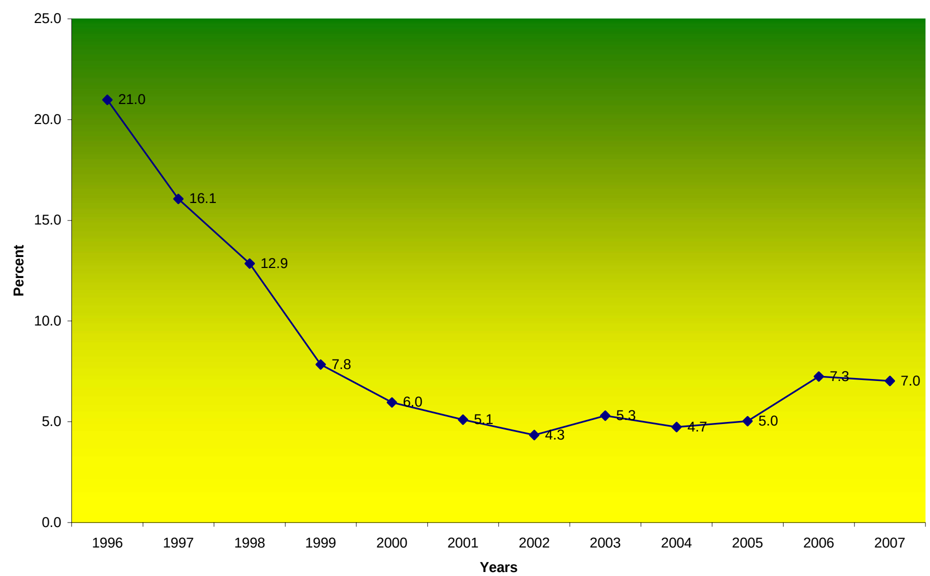


Table 4: Value (fob), Volumes and Prices of Tanzania's Major Exports 2003 – 2007)

	2003r	2004r	2005r	2006p	2007p	2006 2007 (%Chan
Traditional Exports:						
Coffee						
Value (US$ mill.)	50.0	49.8	74.3	61.4	98.1	59.8
Volume ('000	46.2	38.6	46.1	31.5	45.0	43.2
Price (US$ per	1,081.7	1,289.6	1,613.6	1,953.1	2,177.6	11.5
Cotton						
Value (US$ mill.)	46.5	74.6	111.5	55.8	66.4	18.9
Volume ('000	46.9	77.6	112.9	55.0	59.1	7.4
Price (US$ per	992.0	961.1	987.9	1,014.2	1,123.8	10.8
Sisa						
Value (US$ mill.)	7.3	7.2	7.3	6.1	6.8	10.4
Volume ('000	13.9	12.0	9.3	8.0	8.2	3.2

	2003[r]	2004[r]	2005[r]	2006[p]	2007[p]	2006 2007 (%Chan
tons)						
Price (US$ per ton)	523.5	602.8	781.7	766.7	820.5	7.0
Tea						
Value (US$ mill.)	24.8	30.1	25.7	31.0	28.7	-7.5
Volume (‘000 tons)	21.2	24.3	21.8	22.4	21.5	-4.0
Price (US$ per ton)	1,170.3	1,237.3	1,178.0	1,384.9	1,334.8	-3.6
Tobacco						
Value (US$ mill.)	39.8	57.6	80.6	65.3	72.9	11.7
Volume (‘000 tons)	18.3	27.2	31.1	25.0	31.8	27.3
Price (US$ per ton)	2,177.0	2,119.4	2,593.1	2,611.4	2,291.5	-12.3

	2003r	2004r	2005r	2006p	2007p	2006 2007 (%Chan
Cashew nuts						
Value (US$ mill.)	41.8	68.1	46.6	39.4	13.2	-66.6
Volume ('000 tons)	65.1	83.6	62.0	66.3	24.2	-63.5
Price (US$ per ton)	611.6	814.2	751.1	594.4	544.5	-8.4
Cloves						
Value (US$ mill.)	10.3	10.3	8.6	8.1	4.2	-48.7
Volume ('000 tons)	5.6	4.3	3.0	2.4	1.4	-42.6
Price (US$ per ton)	1,845.2	2,367.3	2,863.5	3,346.2	2,968.3	-11.3
Sub-Total Value (Traditional	**220.5**	**297.8**	**354.5**	**267.1**	**290.1**	**8.6**

	2003r	2004r	2005r	2006p	2007p	2006 2007 (%Chan
exports)						
Non-Traditional Exports: (US$ mill)						
Minerals	552.2	680.2	711.3	836.9	886.6	5.9
Gold	502.8	629.4	655.5	786.4	762.9	-3.0
Diamond	28.6	26.0	24.4	22.2	29.0	30.8
Other Minerals	20.7	24.8	31.4	28.3	94.6	234.9
Manufactured Goods	83.8	110.1	156.1	195.8	309.2	57.9
Fish and Fish Products	136.2	125.7	147.5	138.6	137.7	-0.6
Horticultural Products	13.7	14.3	18.3	15.4	19.1	24.0
Re- export	86.9	137.0	127.1	128.3	149.7	16.7
Other Exports	122.9	108.1	161.5	154.0	214.2	39.1
Sub-Total (Non-	**995.7**	**1,175.4**	**1,321.8**	**1,468.8**	**1,716.5**	**16.9**

	2003r	2004r	2005r	2006p	2007p	2006 2007 (%Chan
traditional)						
GRAND TOTAL	**1,216.2**	**1,473.1**	**1,676.3**	**1,736.0**	**2,006.6**	**15.6**

CHART No. 3 TRADITIONAL AND NON-TRADITIONAL EXPORTS
(US$ Milion)

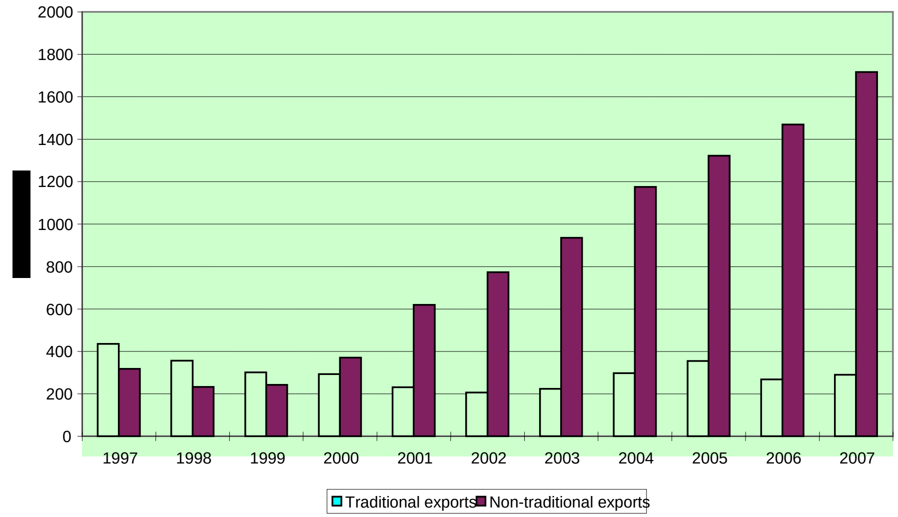


Chart No. 4: PERCENTAGE CONTRIBUTION OF EXPORTS - 2007

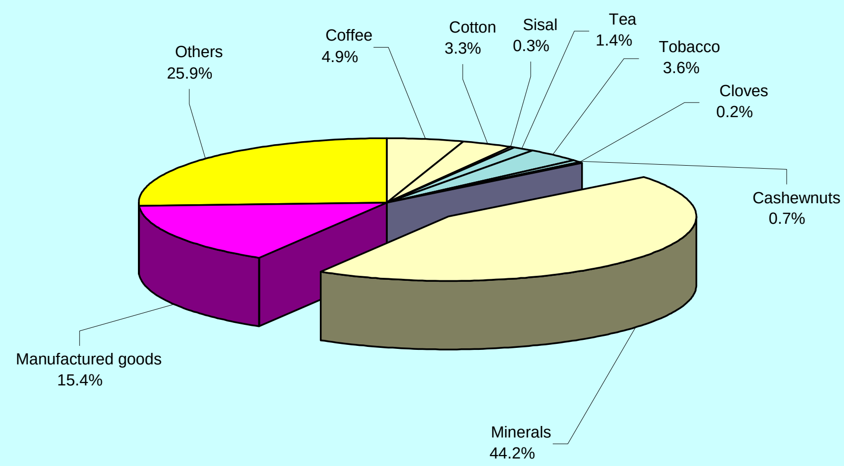


Table 5: Tanzania's Imports by Major Category

Millions of USD

Import Category	2001	2002	2003	2004r	2005r	2006p	2007p	2006-2007 (%Change)
Capita Goods	739.8	721.3	814.8	945.0	1,184.8	1,435.1	1,738.7	21.2
Transport Equipment	189.8	218.3	233.5	251.6	318.2	374.8	479.90	28.1
Buiding and Construction	144.0	134.7	166.3	203.8	282.7	338.0	416.60	23.3
Machinery	406.0	368.3	415.1	489.5	583.9	722.4	842.20	16.6
Intermediate Goods	440.8	423.0	679.5	940.7	1,281.6	1,576.9	1,993.0	26.4
Oil Imports	220.7	194.8	403.3	631.8	931.1	1,146.5	1,505.3	31.3
Fertilizer	15.5	20.1	28.5	59.4	71.0	53.9	59.1	9.6
Industrial raw materials	204.6	208.0	247.7	249.4	279.5	376.5	428.7	13.9
Consumer Goods	534.2	516.6	630.3	842.7	827.6	852.0	1,095.2	28.5
Food and Food stuffs	169.4	147.3	182.5	273.4	185.0	249.2	301.3	20.9
All other consumer goods	364.8	369.3	447.9	569.3	642.6	602.8	793.9	31.7
Grand Total (C.I.F)	1,714.8	1,660.8	2,124.7	2,728.3	3,294.0	3,864.0	4,826.9	24.9
Grand Total (F.O.B)	1,560.5	1,511.3	1,933.5	2,482.8	2,997.6	4,246.3	5,304.3	24.9

Source: Bank of Tanzania

r revised

p provisional

Table No. 6: Balance of Payment

USD million

	199 Act	199 Act	200 Act	200 Act	200 Act	200 Act	200 Act	200 Act	200 Act	200 Pro
Goods Balance	-	-	-	-	-	-	-	-	-	-
Export (fob)	588	543	663	851	979	121	147	167	173	200
Import (fob)	138	141	136	156	151	193	248	299	386	482
Service Balance	-	-	-	266	287	222	158	61.	278	240.
Receipts	538	622	643	915	920	947	113	126	152	171
Payments	988	847	696	649	632	725	974	120	124	147
Income	-	-	-	-	-	-	-	-	-	-
Receipts	44.	49.	50.	55.	67.	87.	81.	80.	53.	80.8
Payments	149	148	154	207	156	236	200	185	146	159.
Current transfers	427	336	390	395	431	556	586	496	589	617.
Inflows	454	445	463	474	494	619	651	563	655	689.
Government	421	411	427	418	427	553	582	478	560	595.
O/W	33.	34.	35.	56.	66.	66.	69.	85.	94.	94.2

	199 Act	199 Act	200 Act	200 Act	200 Act	200 Act	200 Act	200 Act	200 Act	200 Pro
Other Sectors	26.	109	72.	79.	63.	63.	65.	67.	65.	72.0
CURRENT ACCOUNT	**- 921**	**- 860**	**- 469**	**- 199**	**98. 3**	**- 87**	**- 383**	**- 867**	**- 135**	**- 204**
Capital transfers	252	270	330	100	785	692	460	393	521	957.
Inflows	252	270	330	100	785	692	460	393	521	957.
Outflows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	510	613	572	-	255	61.	275	807	-	136
Direct	172	516	463	467	387	308	330	494	597	640.
Portfolio	0.0	0.0	0.0	8.2	2.2	2.7	2.4	2.5	2.6	2.8
Other	338	96.	109	-	-	-	-	311	-	721.
Errors and	-	-	-	-	-	-	-	-	428	148.
OVERALL	**-**	**-**	**-6.2**	**-**	**332**	**389**	**206**	**-**	**453**	**430**

Foreign Reserves (Months of			5.7	6.3	6.9	7.1	6.6	4.8	4.3	4.6
Average Exchange Rate (			800	876	967	1,0	1,0	1,1	1,2	1,24

Exchange Rate End Period) –	803	916	976	1,0	1,0	1,1	1,2	1,13