ECONOMISTS TALK

What's Next For Tanzania Economy?

ECONOMIC CONSULTING GROUP

"Tanzania's Investment Landscape: Navigating the Road to Economic Growth"

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www.ticgl.com

RESEARCH REPORT FOR BUSINESS AND ECONOMIC UPDATES

ECONOMISTS TALK MAGAZINE

Monthly Edition

Published by:

TICGL

Tanzania Investment and Consultant Group Ltd

Economic Consulting Group

Email: ticgl@ticgl.com

Website: www.ticgl.com

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ECONOMISTS TALK is an economic magazine/newspaper that comes out every month (Monthly), analyzing the economic situation in Tanzania using the following criteria: -

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INTRODUCTION

Monthly economic growth figures are discussed in "Economists Talk," along with the research done by the TICGL Economic Research and Data Development Center. Although a monthly comprehensive assessment of the Tanzanian economy is still lacking, "Economist Talk" organizes information on both short- and long-term economic data that is available on a monthly basis. An accurate way to pinpoint turning points in project development, investment, and the economic cycle is to employ a monthly overall indicator, which provides a very relevant and current picture of the Tanzanian economy. The newly created indicator is constructed from the supply side of the economy, combining structural data from the national accounts and monthly year-over-year volume growth rates for various industries. Regarding some industries (industry, construction, mining and quarrying, energy, and water supply etc).

“Economists Talk" analyzes and assesses the performance of monthly economic indicators and provides discussion and analysis on a number of financial and economic statistics pertaining to the Tanzanian economy. The performance of the economy and other aspects of the Tanzania economy are thoroughly reviewed and evaluated in "Economists Talk."

TANZANIA ECONOMIC UPDATES

Tanzania's Investment Development and Economic Landscape

Inflation Rate:

- Tanzania boasts a stable inflation rate of 3.3 percent, with a slight decrease of 0.4 percent in the past month.
- Inflation rates vary across sectors, with food, alcoholic beverages, housing, and healthcare experiencing different short-term and long-term trends.
- Other countries in the region exhibit varying inflation rates, with Zimbabwe having hyperinflation, and Seychelles experiencing negative inflation.

GDP Growth Rate:

- Tanzania's GDP growth rate stands at a healthy 5.6 percent, indicating a steady upward trajectory.
- Comparing it to previous years, there's a consistent increase from 5.5 percent in 2022 and 5 percent in 2021.
- Key contributing sectors include agriculture, construction, mining, trade, manufacturing, finance, and insurance.

Money Supply:

- Money circulation decreased by 0.02 percent in a month but increased by 0.05 percent over a year.
- The central bank actively reduced money in circulation by 4.07 percent in one month, leading to a 7.5 percent increase within a year.
- Net foreign assets increased by 1.3 percent in a month but decreased by 9.67 percent in a year.
- Net domestic assets showed slight increases of 0.12 percent in a month and 0.24 percent in a year.

Export Rate:

- Tanzania has seen a significant 86 percent increase in exports over two years, with a 5 percent increase in one year.
- Export growth is attributed to various sectors, including gold, manufactured goods, traditional exports, and industrial transport equipment.
- However, horticultural and cereal exports have faced declines of 23 percent and 65 percent, respectively, within a year.

Import Rate:

- Import rates have exhibited substantial fluctuations, with a 116 percent increase in a month and a staggering 1209 percent increase in a year.
- Import trends vary across categories, with consumer goods, machinery, industrial transport equipment, and other goods experiencing different short-term and long-term changes.
- Notably, insecticides, rodenticides, and similar products saw a significant 93 percent decrease within a year.

Investment Development:

- A comprehensive analysis of investment projects in Tanzania highlights the sectors of focus, their investment levels, and their expected impacts on job creation.
- There are 58 planned projects with an estimated total value exceeding USD 931 million as of August 2023.
- These projects are projected to create more than 25,731 jobs, contributing significantly to local and regional economic growth.
- The transportation and agriculture sectors are major contributors to job creation, with the latter expected to generate 20,613 job positions.
- Beyond ongoing projects, an additional 22 projects worth USD 64 million are set to begin, creating over 1,094 job opportunities.

Investment Regions:

- Tanzania has seen 58 projects executed across 18 regions, with Dar es Salaam, the coastal region, and Dodoma being notable contributors.
- Surprisingly, Morogoro and Kagera, with just two projects each, are poised to create an impressive 10,120 jobs.
- Despite its 22 projects not primarily focused on employment, Dar es Salaam is expected to contribute more than 1778 jobs.
- The coastal region stands out with projects valued at USD 307 million, followed by Kagera and Dar es Salaam.
- The number of project announcements is increasing, but their impact on the economy's growth is questioned.

Budget Analysis:

- An analysis of the government's budget until August 2023 reveals that there was no deficit in 24 percent of cases.
- Expenditures decreased by over 11 percent compared to the estimated budget, while income decreased by more than 8 percent.
- Key expenditure areas like wages and salaries, interest costs, and development expenditure experienced fluctuations.
- Revenue sources, including import taxes and income tax, declined significantly, while local goods and services taxes saw a substantial increase.

National Debts:

- Tanzania's total government debt has surpassed USD 43,287 million, increasing by 14 percent over a year and 1 percent within a month.
- External debts increased by 8 percent over the year but decreased by 1 percent in a month, while domestic debt grew by 29 percent over the year with a 6 percent increase in a month.
- Effective management of this growing debt is crucial for Tanzania's fiscal health and economic stability.

BUDGET ANALYSIS

Budget analysis

When comparing the government budget's income and expenditures up to August 2023, it's noteworthy that a deficit was absent in 24 percent of cases. Notably, expenditures decreased by over 11 percent compared to the estimated budget, while income saw a decrease of more than 8 percent compared to the budget estimate.

Government Expenditure:

- Expenditure on wages and salaries decreased by more than 5 percent compared to the estimated budget.
- The estimated interest costs decreased by more than 1 percent compared to the budget estimate.
- Development expenditure, as estimated, decreased by over 15 percent compared to the initial budget projection.

Government Revenues:

- The projected revenue from import taxes decreased by more than 12 percent compared to the estimated budget.
- Income tax revenue also saw a significant decrease of over 18 percent compared to the budget estimate.
- Tax revenue from local goods and services, on the other hand, increased significantly by more than 53 percent compared to the budget estimate.

The government's fiscal performance up to August 2023 is characterized by variations in both expenditure and revenue categories. The absence of a deficit in nearly a quarter of cases indicates some degree of financial stability.

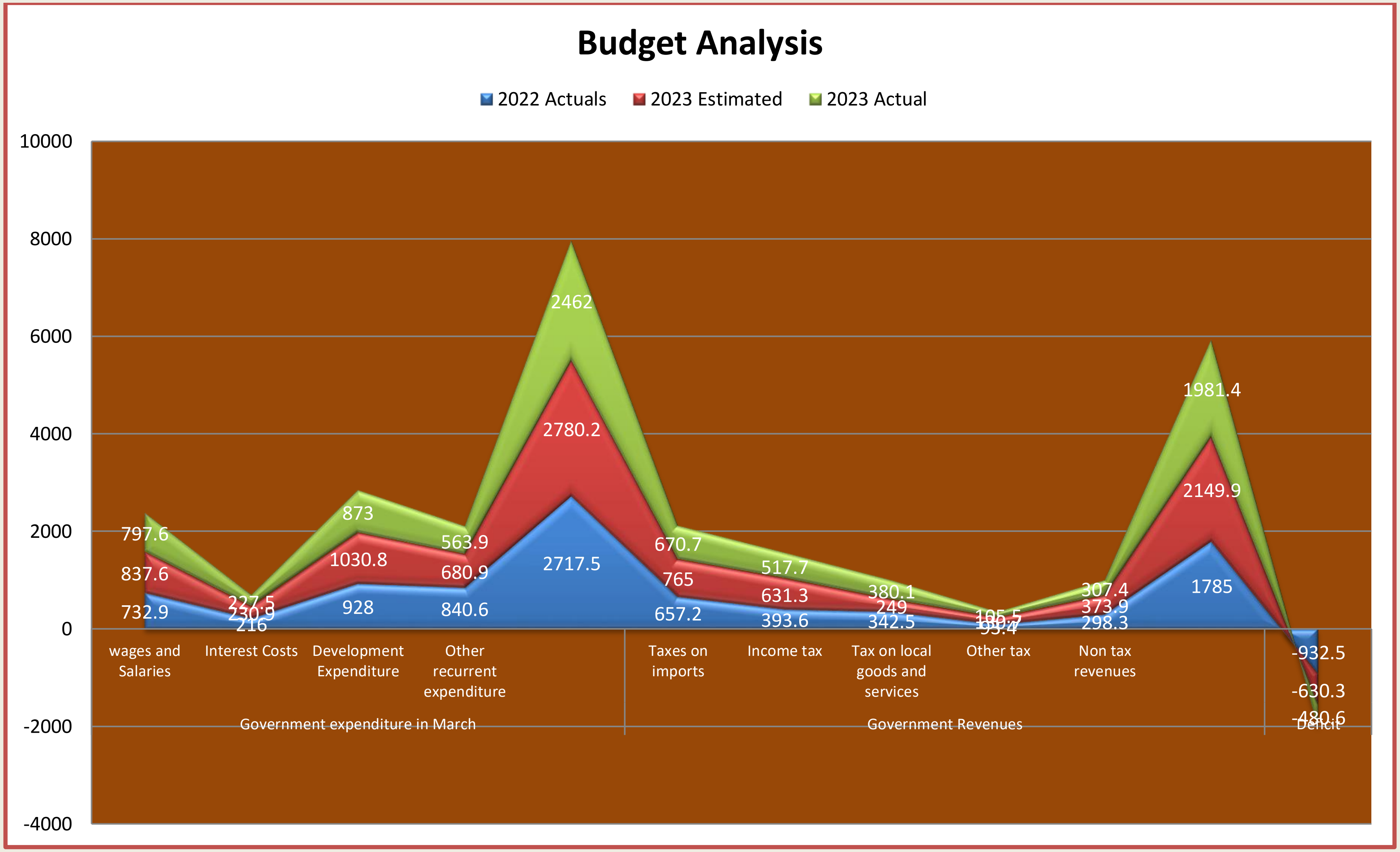
The government's fiscal performance up to August 2023 is characterized by variations in both expenditure and revenue categories. The absence of a deficit in nearly a quarter of cases indicates some degree of financial stability.

However, the reductions in certain expenditure areas and declines in revenue sources signal the need for careful fiscal management and potential adjustments to budget priorities and policies to ensure financial sustainability.

Further analysis and context would be necessary to understand the full implications of these trends on the government's financial health and broader economic conditions.

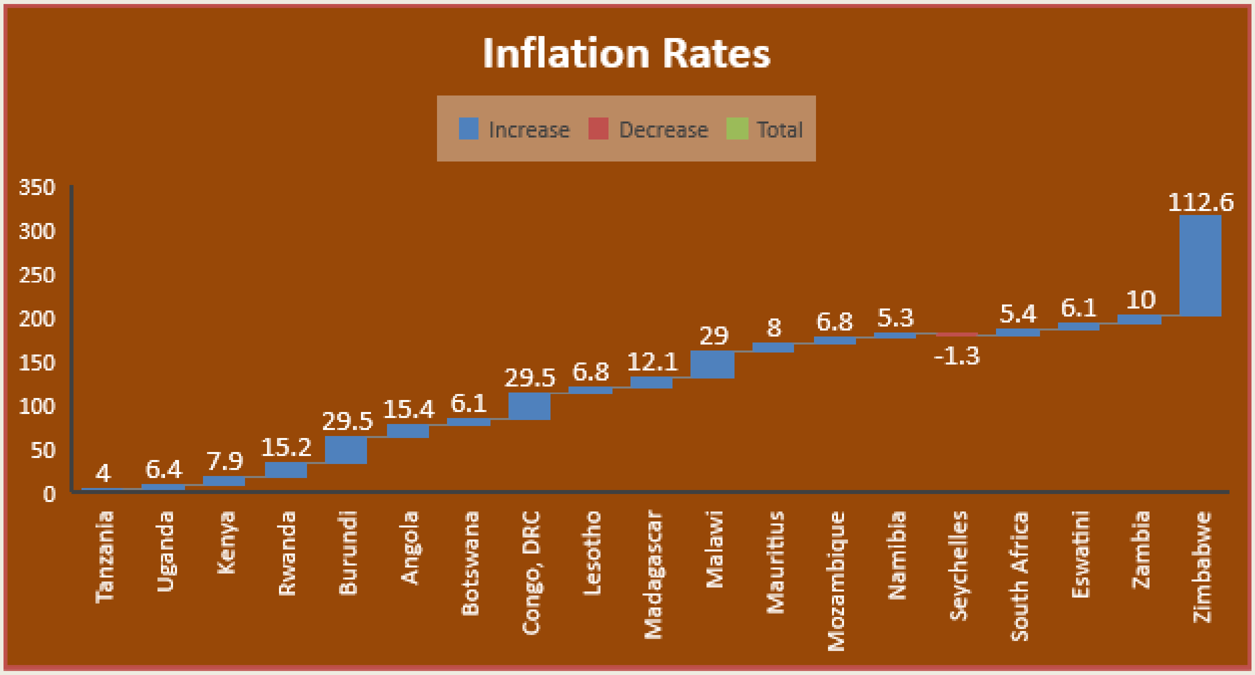
1. **Deficit Absence**: The research highlight that in 24 percent of cases, there was no deficit in the government budget up to August 2023. This suggests that a significant portion of the budget managed to maintain a balanced income and expenditure, which can be seen as a positive fiscal outcome.
2. **Expenditure Trends:**
   - Wages and Salaries: Expenditure on wages and salaries decreased by more than 5 percent compared to the estimated budget. This could indicate cost-saving measures or adjustments in the government's workforce management.
   - Interest Costs: The estimated interest costs decreased by more than 1 percent compared to the budget estimate. This could be due to lower borrowing costs or efficient debt management strategies.
   - Development Expenditure: The most significant decrease was observed in development expenditure, which decreased by over 15 percent compared to the budget estimate. This suggests a reduction in investment in developmental projects or changes in spending priorities.
3. **Revenue Trends:**
   - Import Taxes: Revenue from taxes on imports decreased by more than 12 percent compared to the estimated budget. This could reflect changes in trade dynamics, import volumes, or tariffs.

- Income Tax: Income tax revenue saw a substantial decrease of over 18 percent compared to the budget estimate. This decline may be due to changes in tax regulations, economic conditions, or fluctuations in individual and corporate income.
- Local Goods and Services Taxes: Tax revenue from local goods and services increased significantly by more than 53 percent compared to the budget estimate. This points to a surge in consumption or changes in tax policy affecting these goods and services.


Budget Analysis
2022 Actuals
2023 Estimated
2023 Actual
10000
8000
6000
4000
2000
0
-2000
-4000
797.6
837.6
732.9
227.5
230.9
216
873
1030.8
928
563.9
680.9
840.6
2462
2780.2
2717.5
670.7
765
657.2
517.7
631.3
393.6
380.1
249
342.5
307.4
373.9
298.3
1981.4
2149.9
1785
-932.5
-630.3
-480.6
wages and Salaries
Interest Costs
Development Expenditure
Other recurrent expenditure
Taxes on imports
Income tax
Tax on local goods and services
Other tax
Non tax revenues
Government expenditure in March
Government Revenues
Deficit

GDP GROWTH RATE

Tanzania stands out among the countries in Eastern, Central, and Southern Africa for maintaining the lowest inflation rate up to July 2023, with its inflation rate consistently below 4 percent in comparison to other nations in the region.



Zimbabwe takes the lead with a staggering inflation rate of 112 percent, followed by Burundi at 29 percent, and both Angola and Rwanda with an inflation rate of 15 percent. Remarkably, Seychelles boasts the lowest inflation rate, standing at negative 1.3 percent.

As for Tanzania's GDP growth rate, it currently stands at a healthy 5.6 percent. When compared to the same period in 2022, which saw a GDP growth rate of 5.5 percent, and 5 percent in the year 2021, this indicates a steady upward trajectory.

Tanzania's robust economic growth of 5.6 percent can be attributed to several key sectors. The agriculture and construction sectors are leading the way with remarkable growth rates of 15 percent. They are closely followed by the mining and quarrying sector, experiencing growth at 11.9 percent. Additionally, the trade and repair sector is growing at a rate of 9.1 percent, with the manufacturing sector not far behind at 9 percent. Lastly, the finance and insurance sector is also contributing significantly, registering growth at 8.2 percent."

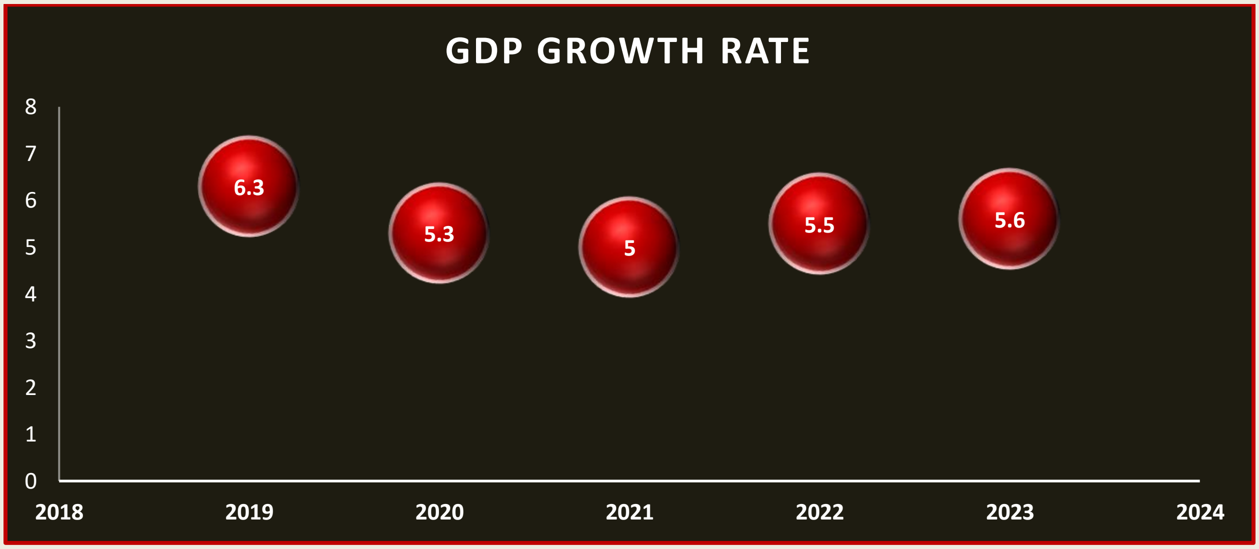
Tanzania's economic stability, low inflation, and steady GDP growth are promising indicators for the country's economic health. The contributions of various sectors to this growth reflect a diverse and dynamic economy, which, if managed effectively, can lead to sustained development and improved living standards for its citizens.

Inflation Rates:

- Tanzania: Until July 2023, Tanzania has maintained a consistently low inflation rate of less than 4 percent. This stability in prices suggests a relatively controlled economic environment, which can be conducive to investment and economic planning.
- Zimbabwe: Zimbabwe stands out with a remarkably high inflation rate of 112 percent. Such hyperinflation can have severe economic implications, including reduced purchasing power and uncertainty in financial markets.
- Burundi: Burundi follows with an inflation rate of 29 percent, indicating some degree of price instability, which could affect the cost of living and economic decisions.
- Angola and Rwanda: Both Angola and Rwanda have inflation rates of 15 percent, suggesting moderate inflationary pressures that may impact consumer behavior and business planning.
- Seychelles: Seychelles showcases negative inflation, which implies falling prices. While this can be positive for consumers in the short term, prolonged deflation can lead to economic challenges, such as reduced production and investment.

GDP Growth:

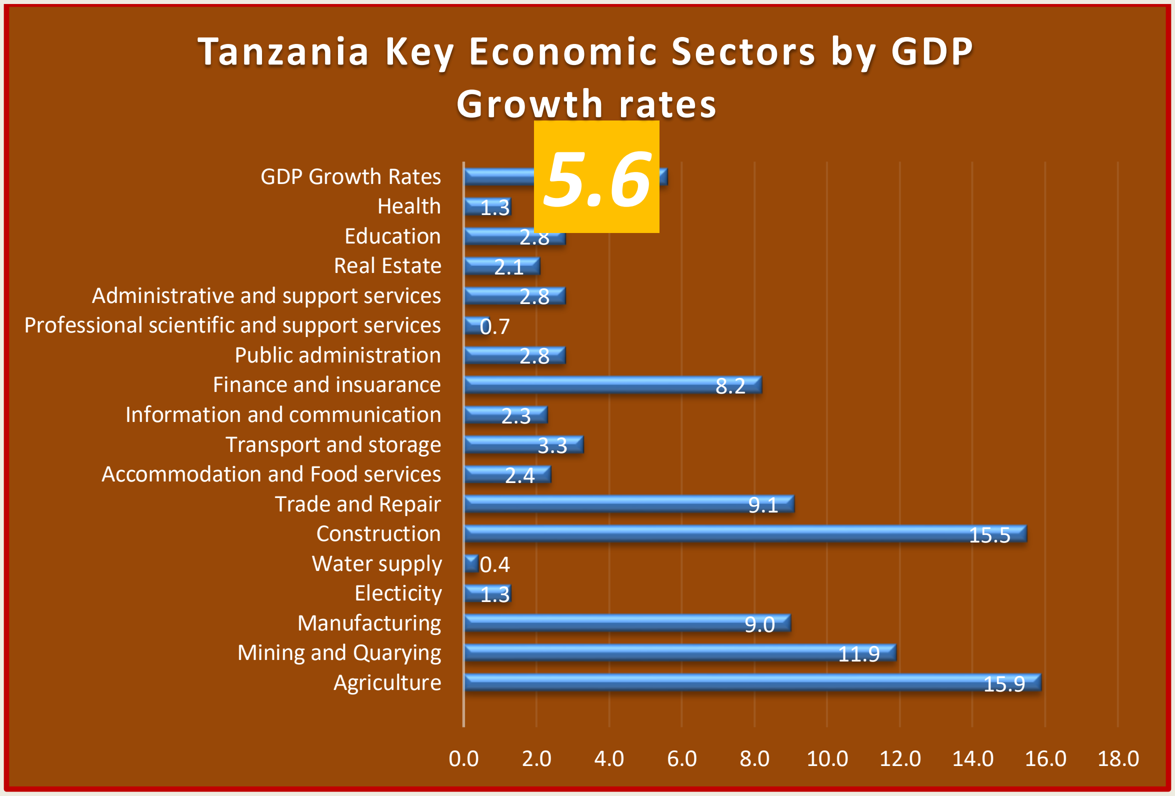
- Tanzania: The country's GDP growth rate has seen a gradual increase, reaching 5.6 percent in the current period. This growth trajectory demonstrates economic resilience and expansion, which can contribute to improving living standards and infrastructure development.
- Comparison to 2022 and 2021: Comparing the current growth rate to 2022 (5.5 percent) and 2021 (5 percent) reveals a consistent upward trend in Tanzania's economic performance.



Sectoral Contribution to GDP Growth:

- Agriculture and Construction: The impressive 15 percent growth in the agriculture and construction sectors underscores their significant role in driving Tanzania's economic expansion. This growth can indicate increased agricultural productivity and infrastructure development.
- Mining and Quarrying: The mining and quarrying sector, with growth at 11.9 percent, is contributing significantly to GDP growth. This could be due to increased mining activities or favorable global commodity prices.
- Trade and Repair: A growth rate of 9.1 percent in the trade and repair sector reflects increased commercial activity and consumer demand.
- Manufacturing: The manufacturing sector's growth at 9 percent signifies the development of industries within Tanzania, potentially resulting in job creation and increased export opportunities.

- Finance and Insurance: With a growth rate of 8.2 percent, the finance and insurance sector is also playing a vital role in Tanzania's economic expansion. This indicates financial sector development and potentially increased access to financial services.



"There is significant relationship between Tanzania's national debt and GDP growth rate, and it requires careful monitoring and management. While a growing economy can help manage debt, it's essential for the government to strike a balance between debt accumulation and sustainable economic growth to ensure long-term fiscal stability."

HOW ECONOMIES FUNCTION

Inflation rates

The inflation rate has remained stable at 3.3 percent, although it experienced a 0.4 percent decrease within the past month.

Despite the inflation rate staying at 3.3 percent, the prices of goods and services have exhibited fluctuations. Some have seen price increases while others have seen decreases, resulting in an overall inflation rate of 3.3 percent. Notable examples include:

- The inflation rate for food and non-alcoholic beverages declined by 1.8 percent within the last month but rose by 5.6 percent over the past year.
- Alcoholic beverages and tobacco experienced a slight 0.1 percent decrease in inflation within the past month, but their inflation rate increased by 3.7 percent over the year.
- In the categories of housing, water, electricity, gas, and other fuels, as well as furnishings, household equipment, and routine expenses, there was a 0.1 percent increase in inflation within the last month. Over the year, these categories saw an overall 1.4 percent inflation increase.
- Health services witnessed a 2.1 percent inflation increase over the year.
- Transportation saw a 0.3 percent inflation increase within the past month and a 0.6 percent increase over the year.

The comprehensive view of how various sectors and categories within the economy are experiencing inflation or deflation over different timeframes.

- Information and communication experienced a 0.1 percent inflation increase within the last month, with a 2.1 percent increase over the year."

The comprehensive view of how various sectors and categories within the economy are experiencing inflation or deflation over different timeframes.

Hence, it's important for policymakers and consumers to consider both short-term and long-term trends when assessing the impact of inflation on their budgets and economic decision-making.

Overall Inflation Rate:

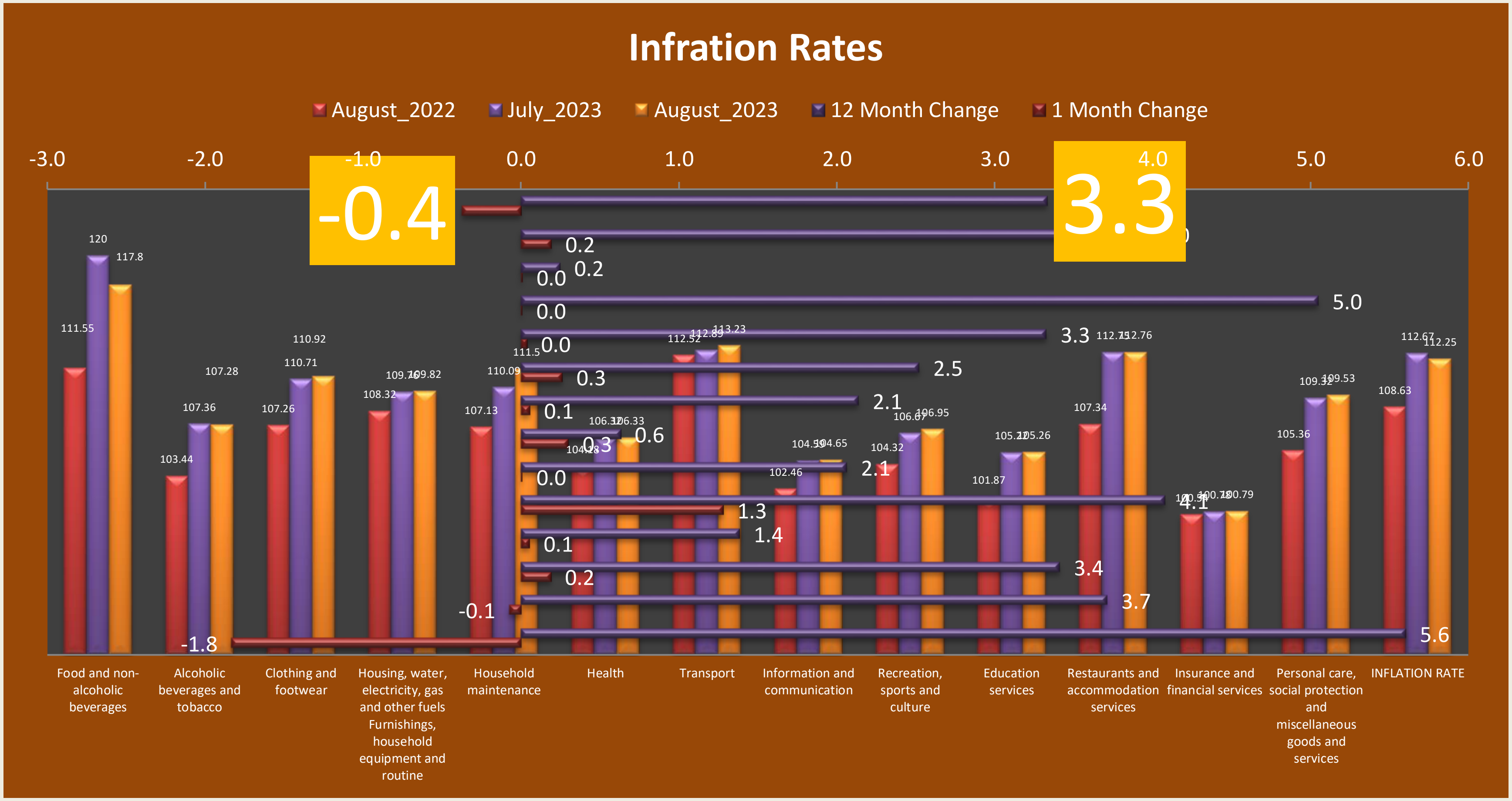
- The general inflation rate has remained consistent at 3.3 percent.
- Within just one month, however, there was a slight decrease of 0.4 percent, indicating short-term fluctuations in price levels.

Price Changes in Different Categories:

1. **Food and Non-Alcoholic Beverages:**
    - Over the past month, there was a notable 1.8 percent decrease in inflation within this category, suggesting that some food items and non-alcoholic beverages became more affordable in the short term.
    - However, when viewed over the course of a year, there was a significant 5.6 percent increase in prices within this category, indicating long-term inflationary pressures.
2. **Alcoholic Beverages and Tobacco:**
    - In the short term, there was a minor 0.1 percent decrease in inflation for alcoholic beverages and tobacco.
    - Over the course of a year, prices in this category rose by 3.7 percent, showing a gradual increase in costs.
3. **Housing, Water, Electricity, Gas, and Other Fuels, Furnishings, Household Equipment, and Routine Expenses:**

- These categories collectively experienced a 0.1 percent inflation increase within the last month, suggesting some upward price movements.
- Over a year, these categories saw an overall 1.4 percent inflation increase, indicating a mild but persistent price rise in housing-related expenses and household items.

4. **Health Services:**
   - Health services saw a relatively significant 2.1 percent inflation increase over the course of a year, reflecting rising healthcare costs.
5. **Transportation:**
   - Transportation costs increased by 0.3 percent within the past month, indicating short-term price growth.
   - Over a year, transportation inflation stood at 0.6 percent, signifying moderate long-term price pressure in this sector.
6. **Information and Communication:**
   - In the short term, there was a 0.1 percent inflation increase in information and communication expenses.
   - Over the year, this category experienced a 2.1 percent inflation increase, suggesting gradual price hikes in services related to information and communication.


Infration Rates
August_2022
July_2023
August_2023
12 Month Change
1 Month Change
-0.4
3.3
Food and non-alcoholic beverages
Alcoholic beverages and tobacco
Clothing and footwear
Housing, water, electricity, gas and other fuels Furnishings, household equipment and routine
Household maintenance
Health
Transport
Information and communication
Recreation, sports and culture
Education services
Restaurants and accommodation services
Insurance and financial services
Personal care, social protection and miscellaneous goods and services
INFLATION RATE

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TANZANIA'S ECONOMIC PERFORMANCE: FACTORS INFLUENCING FUTURE PERFORMANCE

This research findings forecast that Tanzania may face challenges related to trade imbalances and potential fiscal pressures due to a negative current account. The country's economic performance in the coming years will depend on government policies, efforts to boost exports, manage inflation, and attract investment.

Tanzania Economic performance depends on a wide range of factors, including domestic and international economic conditions, government policies, global market trends, and unforeseen events.

Balance of Trade:

The balance of trade for Tanzania is at -1483.00 USD Million. This indicates that Tanzania's imports (goods and services bought from other countries) exceed its exports (goods and services sold to other countries) by $1,483 million. This suggests a trade deficit.

Interest Rate:

The interest rate in Tanzania is 5.00 percent. This is the rate at which banks lend money to borrowers or pay interest on savings and deposits.

It's essential to monitor economic indicators and government actions to make more accurate predictions about Tanzania's economic future. Additionally, external factors like global economic conditions and geopolitical events can also play a significant role in shaping the country's economic performance.

Imports:

Tanzania's imports are at 3223.30 USD Million. This represents the total value of goods and services that Tanzania purchased from other countries.

Exports:

Tanzania's exports are at 1740.30 USD Million. This represents the total value of goods and services that Tanzania sold to other countries.

Bank Lending Rate:

The bank lending rate in Tanzania is 13.19 percent. This is the interest rate at which commercial banks in the country lend money to borrowers.

Personal Income Tax Rate:

Tanzania has a personal income tax rate of 30.00 percent. This is the percentage of an individual's income that they are required to pay in taxes.

Corporate Tax Rate:

The corporate tax rate in Tanzania is also 30.00 percent. This is the tax rate applied to the profits of corporations operating in the country.

Sales Tax Rate - VAT:

Tanzania's sales tax rate, in the form of Value Added Tax (VAT), is 18.00 percent. VAT is a consumption tax added to the value of goods and services at each stage of production or distribution.

Current Account:

Tanzania's current account is at -833.20 USD Million. The current account measures the country's balance of trade in goods and services, income, and transfer payments. A negative current account balance indicates a deficit.

Credit Rating:

The credit rating of Tanzania is listed as 30.00. Credit ratings are used by credit agencies to assess the creditworthiness of a country. A higher rating typically indicates a lower risk of default on debt.

Hence, it's essential to monitor economic indicators and government actions to make more accurate predictions about Tanzania's economic future. Additionally, external factors like global economic conditions and geopolitical events can also play a significant role in shaping the country's economic performance.

- Trade Balance: Tanzania has a negative balance of trade, indicating that it imports more than it exports. This trade deficit can put pressure on foreign exchange reserves and the country's overall economic stability. To improve economic performance, Tanzania may need to focus on strategies to boost exports and reduce imports.
- Interest Rate: A relatively low interest rate of 5.00 percent can encourage borrowing and investment in the economy. It may signal that the central bank is trying to stimulate economic growth. Lower interest rates can lead to increased consumer spending and business investment.
- Bank Lending Rate: The higher bank lending rate of 13.19 percent suggests that borrowing from commercial banks might be more expensive. This could impact the cost of capital for businesses and potentially slow down investment unless the rates are reduced.
- Tax Rates: The personal income tax rate and corporate tax rate are both at 30.00 percent. These tax rates can influence individuals' and businesses' decisions regarding savings, investment, and business expansion. Governments often adjust tax rates to stimulate or stabilize economic growth.

- Sales Tax Rate (VAT): An 18.00 percent VAT rate can impact consumer spending and the cost of goods and services. High VAT rates can contribute to inflationary pressures and affect consumer purchasing power.
- Current Account: A negative current account balance can be a concern as it indicates that Tanzania is spending more on imports and other payments than it is earning through exports and investments. This could potentially lead to a need for foreign borrowing to cover the deficit.
- Credit Rating: A credit rating of 30.00 suggests a certain level of credit risk. A higher rating is generally more favorable for attracting foreign investment and securing loans at better terms. A lower rating can increase borrowing costs and reduce investor confidence.

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MONEY SUPPLY

The money circulation has seen a decrease of 0.02 percent in just one month but has shown an increase of 0.05 percent over the course of one year.

The Bank of Tanzania has actively reduced the money in circulation by 4.07 percent in one month, but this measure has led to a notable increase of 7.5 percent within one year.

On the other hand, the net foreign assets have experienced a modest increase of 1.3 percent within one month, but they have seen a substantial decline of 9.67 percent within one year.

Similarly, the net domestic assets have shown a slight increase of 0.12 percent in one month and a more significant increase of 0.24 percent within one year."

These revisions aim to enhance the clarity and readability of the information while preserving the original meaning.

The research reflects dynamic changes in money circulation, central bank actions, and financial asset positions over different timeframes. These trends may be influenced by a range of economic and policy factors, and a detailed analysis would be necessary to understand the drivers and implications of these fluctuations on the overall economic landscape.

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Money Circulation:

- In a short timeframe of just one month, money circulation decreased by a relatively minor 0.02 percent. This suggests a minor contraction in the availability of money within the economy during that period.
- Over a more extended period of one year, money circulation increased by 0.05 percent. This indicates a slow but overall positive trend in the supply of money in the economy.

Bank of Tanzania's Actions:

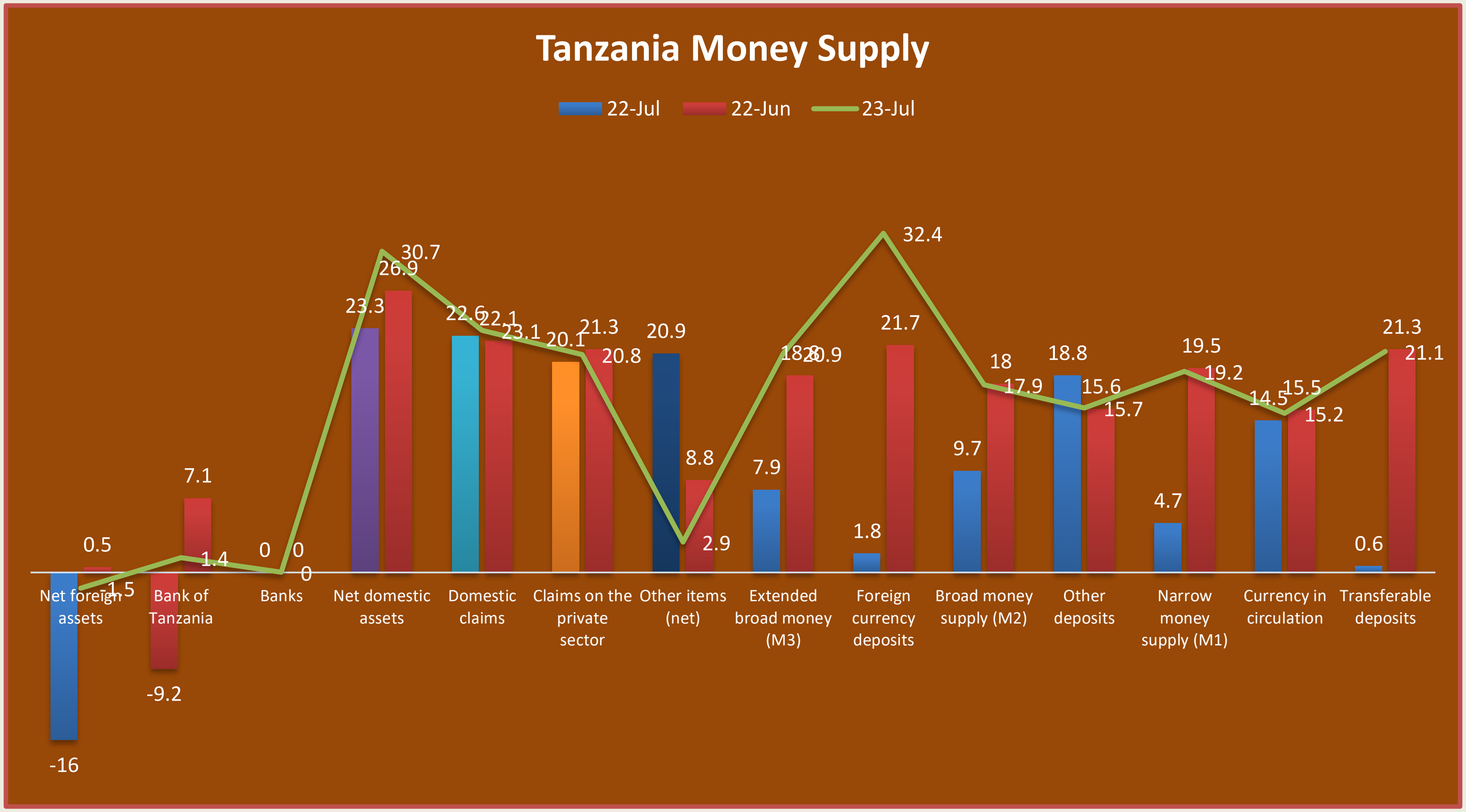
- The Bank of Tanzania took proactive measures to reduce money in circulation, leading to a significant decline of 4.07 percent in just one month. Such measures could include tightening monetary policy or reducing liquidity in the banking system.
- Interestingly, despite the short-term reduction, over the course of one year, there was a notable increase of 7.5 percent in the money supply. This suggests that the central bank's efforts to manage money supply may have varied over time, possibly in response to economic conditions.

Net Foreign Assets:

- Within one-month, net foreign assets increased by a relatively modest 1.3 percent. This could be influenced by factors like changes in foreign exchange reserves or international trade balances.
- However, over one year, there was a substantial decrease of 9.67 percent in net foreign assets. This might indicate changes in the country's international financial position, such as increased foreign debt or reduced foreign exchange reserves.

Net Domestic Assets:

- Net domestic assets experienced a slight increase of 0.12 percent within one month. This suggests that the domestic financial position was relatively stable during that period.
- Over one year, there was a more significant increase of 0.24 percent in net domestic assets. This indicates a slow but positive growth in domestic financial assets, possibly reflecting increased lending or investment within the country.


Tanzania Money Supply
22-Jul
22-Jun
23-Jul
Net foreign assets
Bank of Tanzania
Banks
Net domestic assets
Domestic claims
Claims on the private sector
Other items (net)
Extended broad money (M3)
Foreign currency deposits
Broad money supply (M2)
Other deposits
Narrow money supply (M1)
Currency in circulation
Transferable deposits
-16
0.5
-1.5
-9.2
7.1
1.4
0
0
0
23.3
26.9
30.7
22.6
22.1
23.1
20.1
21.3
20.8
20.9
8.8
2.9
7.9
18.8
20.9
1.8
21.7
32.4
9.7
18
17.9
18.8
15.6
15.7
4.7
19.5
19.2
14.5
15.5
15.2
0.6
21.3
21.1

IMPORT RATES

The rate of imports has exhibited significant fluctuations, with a noteworthy increase of 116 percent within a single month and a staggering 1209 percent increase over the span of one year.

This surge in import rates can be attributed to various categories of goods and services:

- Consumer goods, such as capita goods, experienced a month-to-month increase of 38 percent, but over the course of a year, the increase was a more modest 11 percent.
- Machinery and mechanical appliances, on the other hand, witnessed a decline of 21 percent within one month and a more substantial decrease of 31 percent within the year.
- Industrial transport equipment showed a remarkable increase of 117 percent within a month and a substantial 105 percent rise within the year.
- In contrast, the import rate for fertilizers declined by 56 percent over the year and an even more substantial 81 percent decrease within the same timeframe.
- Imports of sugar for industrial use demonstrated a decrease of 31 percent within a month.
- The import rate of other consumer goods declined by 15 percent within one month but exhibited a 6 percent increase over the year.

The research insights the dynamic nature of imports, with significant variations between short-term and long-term trends. It's crucial for policymakers and businesses to closely monitor these trends and understand the underlying factors driving these changes, as they can have far-reaching implications for the economy, industry sectors, and consumer behavior.

- Notably, import rates for insecticides, rodenticides, and similar products declined by a substantial 93 percent within the year, with a slight additional decrease of 94 percent within the same year."

The research insights the dynamic nature of imports, with significant variations between short-term and long-term trends. It's crucial for policymakers and businesses to closely monitor these trends and understand the underlying factors driving these changes, as they can have far-reaching implications for the economy, industry sectors, and consumer behavior.

Import Rate Trends:

Month vs. Year: The data reveals striking differences in import rate trends when comparing one month to one year.

- Within a single month, imports surged by 116 percent, indicating a rapid increase in foreign goods and services entering the country.
- Over the course of one year, the import rate skyrocketed by an astounding 1209 percent, which suggests a substantial long-term shift in the import landscape.

Specific Categories of Imports:

1. **Consumer Goods:**
   - Capita Goods: These goods saw a significant month-to-month increase of 38 percent, likely indicating increased consumer spending or demand. However, the year-on-year increase was a more moderate 11 percent.
   - Sugar for Industry Use: This specific type of consumer good experienced a notable 31 percent decrease within a month. It's essential to understand the reasons behind this decline, such as changes in demand or supply dynamics.

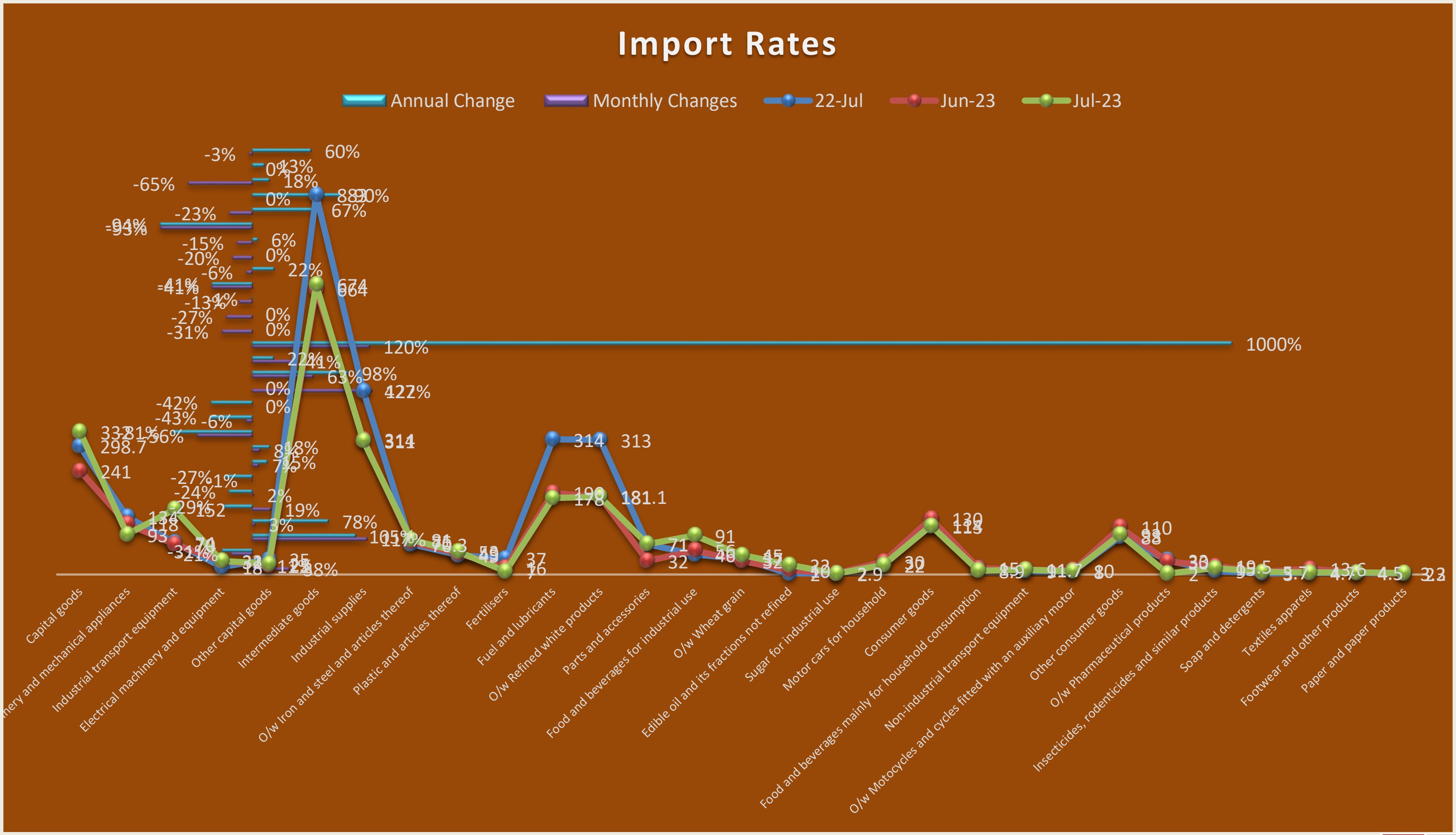
- Other Consumer Goods: While these goods decreased by 15 percent within a month, they displayed a 6 percent increase over the year. The annual increase might suggest a longer-term shift in consumer preferences or market dynamics.

2. **Machinery and Mechanical Appliances**: This category exhibited a month-to-month decline of 21 percent but a more substantial decrease of 31 percent within one year. These trends could be influenced by factors such as changes in industrial activity or technological advancements.

3. **Industrial Transport Equipment**: Notably, the import rate for industrial transport equipment increased significantly by 117 percent within a month and remained robust with a 105 percent increase within one year. This could signify investments in infrastructure and transportation-related industries.

4. **Fertilizers:** Fertilizers, crucial for agriculture, experienced a substantial decline of 56 percent within one year and a more pronounced 81 percent decrease within the year. This might reflect fluctuations in agricultural needs or international fertilizer prices.

5. **Insecticides, Rodenticides, and Similar Products**: Import rates for these products declined significantly by 93 percent within one year, with a slight additional decrease of 94 percent within the same year. Such declines may be influenced by factors like regulatory changes or shifts in pest control practices.


Import Rates
Annual Change
Monthly Changes
22-Jul
Jun-23
Jul-23
Capital goods
nery and mechanical appliances
Industrial transport equipment
Electrical machinery and equipment
Other capital goods
Intermediate goods
Industrial supplies
O/w Iron and steel and articles thereof
Plastic and articles thereof
Fertilisers
Fuel and lubricants
O/w Refined white products
Parts and accessories
Food and beverages for industrial use
O/w Wheat grain
Edible oil and its fractions not refined
Sugar for industrial use
Motor cars for household
Consumer goods
Food and beverages mainly for household consumption
Non-industrial transport equipment
O/w Motocycles and cycles fitted with an auxiliary motor
Other consumer goods
O/w Pharmaceutical products
Insecticides, rodenticides and similar products
Soap and detergents
Textiles apparels
Footwear and other products
Paper and paper products

EXPORT RATE

The export rate has witnessed a remarkable 86 percent increase over the span of two years. Additionally, there has been a 5 percent increase in the export rate within just one year. This surge in export activity can be attributed to growth in various products and services:

- Gold exports saw an 8 percent increase in one year but experienced a 1 percent decrease over two years.
- Manufactured goods exports demonstrated a 7 percent increase in one year and a substantial 23 percent increase within two years.
- Traditional exports recorded a 4 percent increase within one year, followed by an impressive 23 percent increase over two years.
- Horticultural exports, however, faced a decline of 23 percent within one year and seem to be on track for a 17 percent decrease within two years.
- Cereals exports, unfortunately, experienced a steep decline of 65 percent within one year and a further 50 percent decrease over two years."

The research reveals a dynamic export landscape in Tanzania, with significant increases in certain sectors and decreases in others.

The research reveals a dynamic export landscape in Tanzania, with significant increases in certain sectors and decreases in others.

It's important for policymakers and stakeholders to closely monitor and address challenges in sectors with declining export rates, while further nurturing sectors showing growth potential to ensure the overall health and sustainability of Tanzania's export-driven economy.

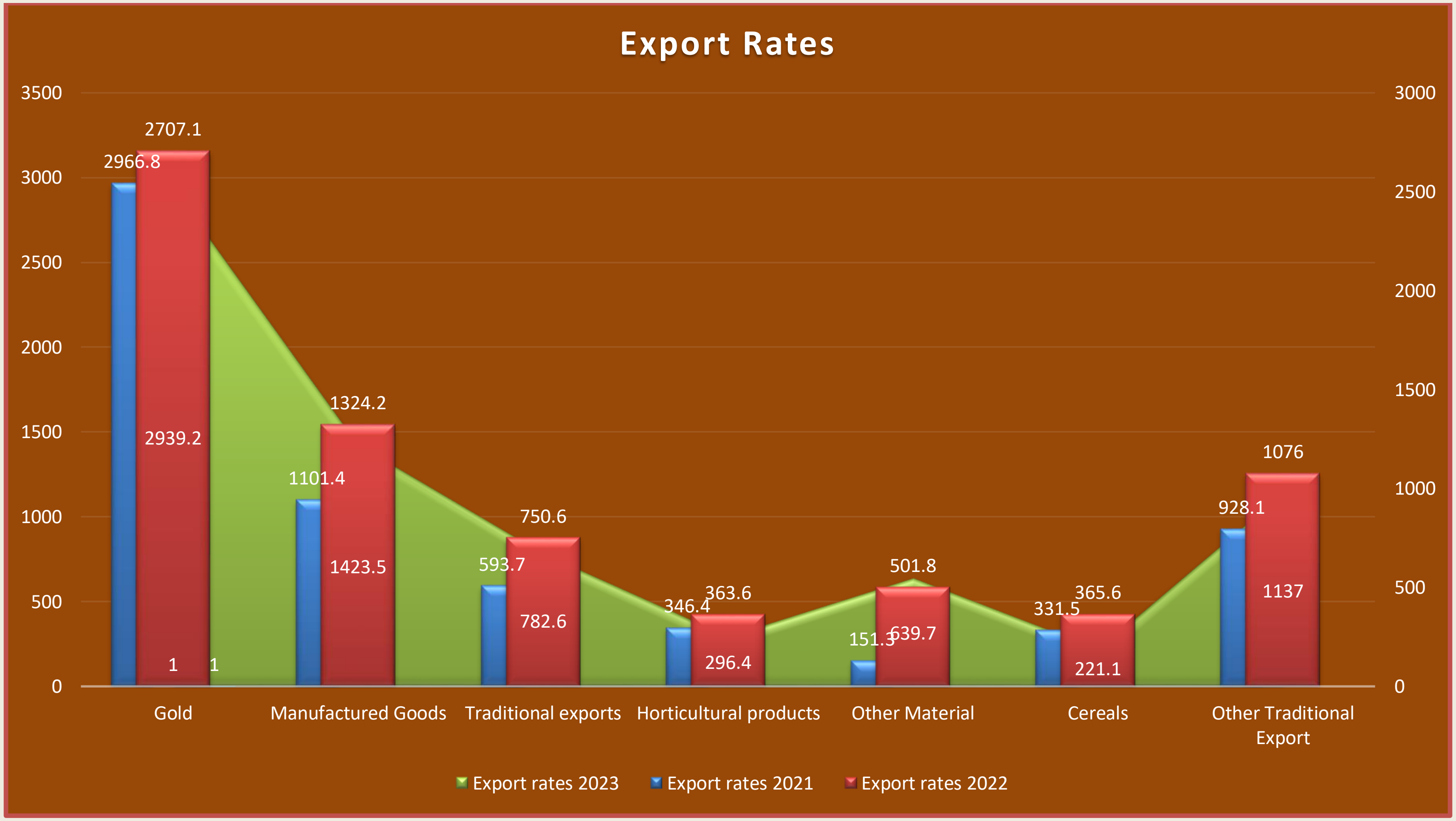
Export Rate Trends:

- Two-Year Increase: The most striking observation is the substantial 86 percent increase in the export rate over a two-year period. This indicates a significant expansion in Tanzania's export activities, which can positively impact the country's trade balance and foreign exchange reserves.
- One-Year Increase: In addition to the two-year increase, there was also a noteworthy 5 percent increase in the export rate within just one year. This suggests ongoing export growth momentum.

Product and Service-Specific Export Trends:

1. **Gold Exports:**
   - One-Year Increase: Gold exports increased by 8 percent in one year, indicating a short-term growth trend.
   - Two-Year Decrease: However, over a two-year period, there was a 1 percent decrease in gold exports. This suggests potential fluctuations in global gold demand or production challenges.
2. **Manufactured Goods Exports:**
   - One-Year Increase: Manufactured goods exports showed a healthy 7 percent increase in one year, indicating growth in the manufacturing sector.
   - Two-Year Increase: Over a two-year period, there was a substantial 23 percent increase, suggesting sustained expansion in this export category.

3. **Traditional Exports:**
   - One-Year Increase: Traditional exports saw a 4 percent increase in one year, reflecting continued demand for these products.
   - Two-Year Increase: Over a longer two-year timeframe, there was an impressive 23 percent increase, indicating the resilience and competitiveness of traditional exports.
4. **Horticultural Exports:**
   - One-Year Decrease: Horticultural exports faced a significant 23 percent decrease in one year, which could be attributed to factors like weather conditions, market dynamics, or supply chain challenges.
   - Two-Year Projection: The data suggests a potential further 17 percent decrease in horticultural exports over a two-year period, signaling potential ongoing challenges in this sector.
5. **Cereals Exports:**
   - One-Year Decrease: Cereals exports experienced a substantial 65 percent decrease in one year. This could be due to factors like crop yields, market conditions, or export restrictions.
   - Two-Year Projection: The data suggests a continued decline, with a projected 50 percent decrease over two years, which warrants attention and intervention in this area.


Export Rates
3500
3000
2500
2000
1500
1000
500
0
3000
2500
2000
1500
1000
500
0
2707.1
2966.8
2939.2
1
1
1324.2
1101.4
1423.5
750.6
593.7
782.6
346.4
363.6
296.4
501.8
151.3
639.7
331.5
365.6
221.1
1076
928.1
1137
Gold
Manufactured Goods
Traditional exports
Horticultural products
Other Material
Cereals
Other Traditional Export
Export rates 2023
Export rates 2021
Export rates 2022

INVESTMENT DEVELOPMENT

Transformative Investments in Tanzania:

A Closer Look at USD 931 Million Worth of Projects and Job Creation

This research provides valuable insights into the economic landscape of the region, showcasing the sectors of focus, their investment levels, and their potential impacts on job creation. It also highlights the dynamic nature of project initiation and the emphasis on both financial investments and employment generation in regional development planning.

It also provided offers insights into a snapshot of economic activities and development plans until August 2023:

1. **Total Planned Projects and Value**: As of August 2023, there were 58 projects in the planning stage, with a combined estimated value exceeding USD 931 million. This significant investment demonstrates a commitment to various sectors and initiatives.
2. **Projected Job Creation**: These projects are not just about financial investment; they are also expected to have a substantial impact on employment. It is projected that these initiatives will create more than 25,731 jobs, contributing to local and regional economic growth.
3. **New Project Initiatives**: Beyond projects that have already commenced, an additional 22 projects are set to start. This increase in project activity surpasses the total

The projects in Tanzania are expected to have far-reaching social and economic effects, including job creation, skills development, community development, increased investment, sectoral growth, revenue generation, trade opportunities, and poverty reduction. These effects can contribute to the overall development and prosperity of the nation.

number of projects initiated in the month of August. These new projects are valued at USD 64 million and are expected to generate over 1,094 job opportunities.

4. **Transportation Sector**: The transportation sector emerged as the second-largest contributor in terms of project quantity for August. With 11 projects valued at USD 121 million, it is poised to create more than 2,895 jobs. This highlights the importance of infrastructure development in the region.
5. **Agriculture Sector**: Agriculture, with 10 projects valued at USD 339 million, stands out as a key sector. These projects are expected to generate an impressive 20,613 job positions, emphasizing the significance of agricultural development in the local economy.
6. **Job-Generating Sectors**: The sectors projected to have the most significant job creation impact include agriculture, transportation, and services. Interestingly, even though the services sector comprises only three projects with a total value of USD 67 million, it is forecasted to contribute more than 662 jobs, underlining its role in employment generation.
7. **Sectors with Highest Investments**: In terms of monetary investments, agriculture takes the lead with a substantial total value of USD 339 million. Following closely is the commercial building sector, which attracted USD 206 million in investments. Despite being the second-highest recipient of investment funds, it is noteworthy that the commercial building sector also plans to create an additional 188 jobs.

The projects in Tanzania are expected to have far-reaching social and economic effects, including job creation, skills development, community development, increased investment, sectoral growth, revenue generation, trade opportunities, and poverty reduction. These effects can contribute to the overall development and prosperity of the nation.

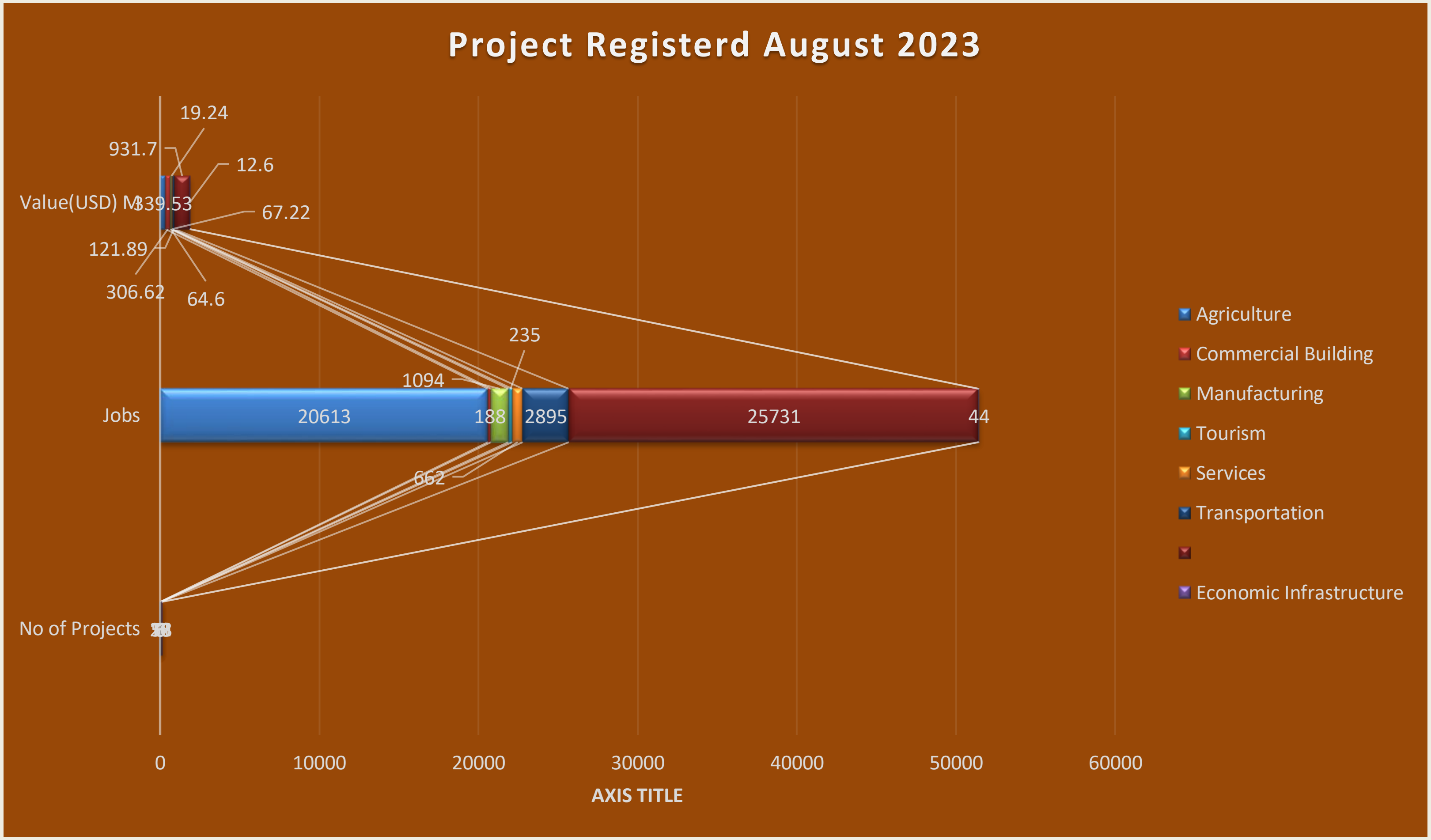
Social Effects:

- Job Creation: The projects are expected to create more than 25,731 jobs in various sectors, including agriculture, transportation, and services. This will reduce unemployment rates and improve livelihoods for thousands of Tanzanians.

- Skills Development: As these projects are implemented, there will be opportunities for skills development and training for the local workforce. This can enhance human capital and increase employability in the long term.
- Community Development: Infrastructure and development projects often lead to improved living conditions in surrounding communities. Better roads, access to services, and enhanced facilities can positively impact the quality of life for residents.
- Diversification of Opportunities: The presence of a variety of projects in sectors like agriculture, transportation, and services diversifies economic opportunities for individuals and communities, reducing dependency on a single industry.

Economic Effects:

- Increased Investment: The investment of over USD 931 million demonstrates confidence in Tanzania's economic potential. It attracts both domestic and foreign investors, stimulating economic growth.
- Sectoral Growth: Agriculture, transportation, and commercial building sectors are set to experience significant growth due to these projects, contributing to their overall economic development.
- Revenue Generation: The increased economic activity generated by these projects can boost government revenue through taxes, fees, and other sources, which can then be reinvested in public services and infrastructure.
- Trade Opportunities: Enhanced infrastructure, particularly in transportation, can facilitate trade both domestically and regionally, further fueling economic expansion.
- Poverty Reduction: The creation of jobs and improved economic conditions in various sectors can help reduce poverty and income inequality in Tanzania, leading to a more equitable distribution of wealth.


Project Registerd August 2023
19.24
931.7
12.6
Value(USD) M
339.53
67.22
121.89
306.62
64.6
235
1094
Jobs
20613
188
2895
25731
44
662
No of Projects
0
10000
20000
30000
40000
50000
60000
AXIS TITLE
Agriculture
Commercial Building
Manufacturing
Tourism
Services
Transportation
Economic Infrastructure

INVESTMENT REGIONS

Despite the increasing number of project announcements each month, it appears that these developments do not have a significant impact on the economic growth of both individuals and the nation as a whole.

A total of 58 projects have been executed across 18 regions, spearheaded by the Dar es Salaam region, which has successfully initiated 22 projects valued at USD 111 million and is projected to generate over 1178 employment opportunities. Following closely is the coastal region, which boasts a portfolio of 9 projects valued at a staggering USD 307 million, expected to create more than 285 jobs. The Dodoma region has also contributed with 6 projects valued at USD 45 million, set to generate more than 580 jobs.

Interestingly, the top three regions in terms of job creation are Morogoro and Kagera, despite having only two projects, are poised to create an impressive 10,120 jobs. Morogoro region, with just one project in the works, anticipates generating over 10,100 jobs. Notably, the Dar es Salaam region, with its 22 projects that don't directly involve employment, is still expected to contribute more than 1778 jobs.

The unexpected job creation potential in some regions and raises questions about the overall economic impact of these projects on both individuals and the nation.

It's worth noting that the coastal region stands out as the only region with projects valued at USD 307 million, followed by Kagera region with projects worth USD 226 million, and the Dar es Salaam region with projects valued at USD 111 million.

This research provides insights into project implementation, job creation, and investment in various Tanzanian regions.

The unexpected job creation potential in some regions and raises questions about the overall economic impact of these projects on both individuals and the nation.

Regional Project Implementation:

- A total of 58 projects have been implemented across Tanzania in 18 different regions.
- The highest number of projects (22) has been executed in the Dar es Salaam region, amounting to USD 111 million in investment.
- The coastal region follows closely with 9 projects valued at USD 307 million.
- The Dodoma region has 6 projects with an investment of USD 45 million.

Job Creation:

- The Dar es Salaam region, despite having the most projects, is expected to create over 1178 jobs.
- The coastal region is set to generate around 285 jobs from its 9 projects.
- The Dodoma region is projected to create more than 580 jobs.

Top Job-Creating Regions:

- Surprisingly, the regions of Pamoja and Kagera, with only two projects, are anticipated to create an impressive total of 10,120 jobs.
- Morogoro, with just one project, is expected to contribute over 10,100 jobs.

- While Dar es Salaam has 22 projects, they are not primarily employment-focused but are still expected to generate more than 1778 jobs.

Investment Highlights:

- The coastal region is notable for having projects valued at USD 307 million, the highest among all regions.
- Kagera follows with projects worth USD 226 million, and Dar es Salaam with projects worth USD 111 million.

Economic Impact:

- Despite the increasing number of project announcements each month, there seems to be a question about whether these developments are significantly affecting the economic growth of both individuals and the nation.

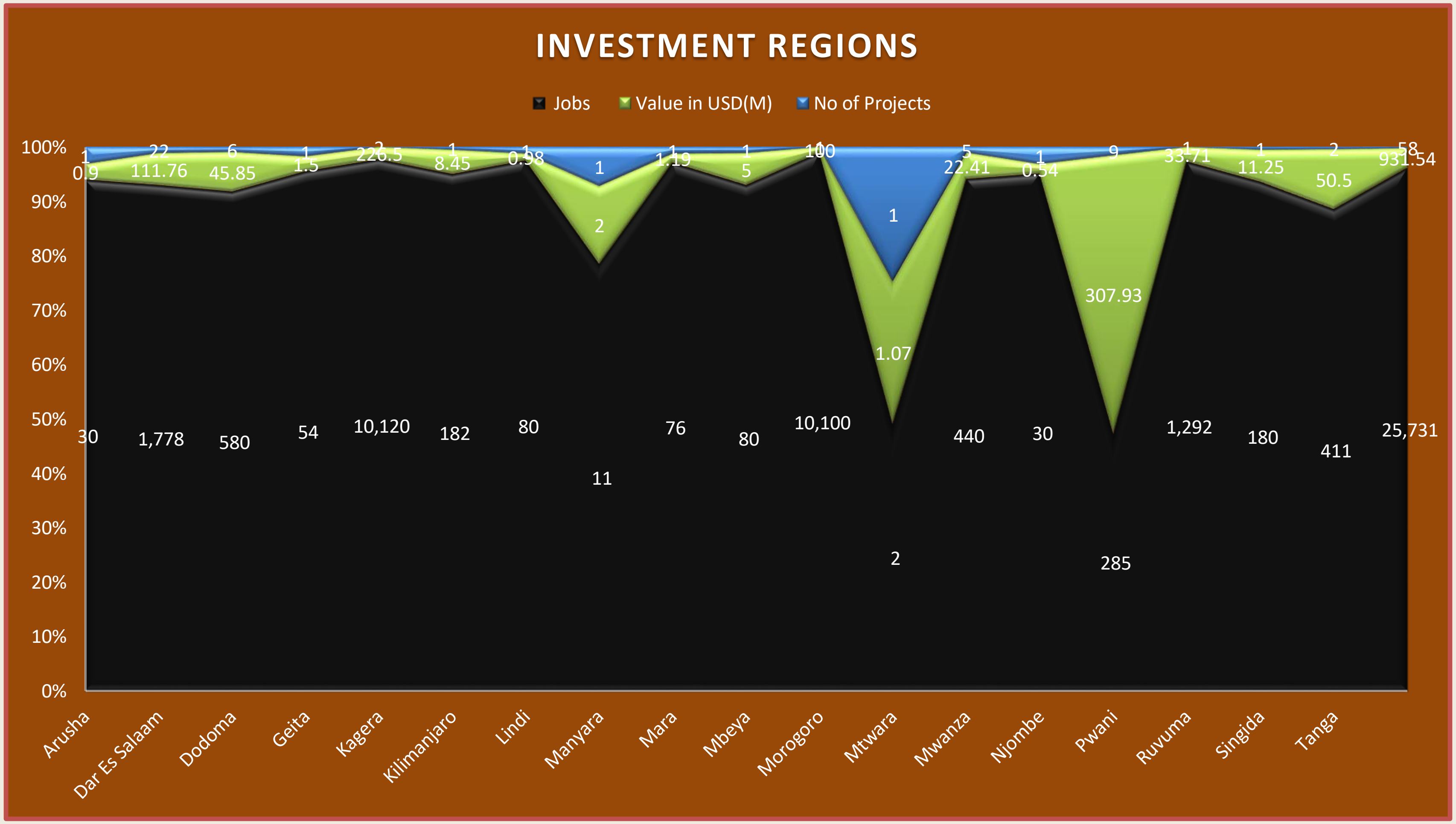
The government of Tanzania can work towards ensuring that the projects not only create jobs but also contribute significantly to the overall economic growth and development of the country.

The number of project announcements is steadily rising each month, yet it appears to have no impact on the economic prosperity of both individuals and the nation as a whole.

The project must have more substantial impact on Tanzania's economic growth, the government may consider the following actions:

1. Economic Diversification: Encourage diversification of projects to cover a wider range of sectors, not just in terms of employment but also in industries that can stimulate economic growth. This might include manufacturing, technology, agriculture, and infrastructure development.

2. Skills Development: Invest in education and skills development programs to ensure that the workforce is adequately trained and prepared to take on the jobs created by these projects. This can help improve the quality and productivity of the labor force.
3. Infrastructure Development: Ensure that there is adequate infrastructure to support these projects. Infrastructure development can enhance the attractiveness of regions for investment and ease the transportation of goods and services.
4. Investor Support: Offer incentives and support for investors, both domestic and foreign, to encourage more substantial and impactful projects. This might include tax breaks, streamlined bureaucracy, and investor-friendly policies.
5. Value Addition: Encourage projects that focus on value addition within the country. This can help capture more of the value generated by projects within Tanzania, rather than seeing profits flow out of the country.
6. Monitoring and Evaluation: Implement a robust monitoring and evaluation system to track the progress and impact of each project. This can help identify issues early and make necessary adjustments to ensure their success.
7. Local Community Engagement: Ensure that local communities benefit from these projects by involving them in decision-making processes and creating opportunities for local businesses to participate.
8. Promotion of Innovation: Encourage innovation and research within these projects to drive competitiveness and create higher-value products or services.
9. Sustainable Development: Prioritize sustainability in project planning to ensure that economic growth is environmentally and socially responsible.
10. Policy Coordination: Coordinate policies at both regional and national levels to create a conducive environment for investment and economic growth. Ensure that there is alignment between regional and national development goals.
11. Long-Term Vision: Develop a long-term economic vision for Tanzania that outlines clear goals and strategies for sustained economic growth and development.


INVESTMENT REGIONS
Jobs
Value in USD(M)
No of Projects
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Arusha
Dar Es Salaam
Dodoma
Geita
Kagera
Kilimanjaro
Lindi
Manyara
Mara
Mbeya
Morogoro
Mtwara
Mwanza
Njombe
Pwani
Ruvuma
Singida
Tanga
30
1,778
580
54
10,120
182
80
11
76
80
10,100
2
440
30
285
1,292
180
411
25,731
0.9
111.76
45.85
1.5
8.45
0.98
2
1.19
5
1.07
22.41
0.54
307.93
33.71
11.25
50.5
1
1.07

DEBTS DEVELOPMENT

National debt

The government's debt continues to rise, exceeding USD 43,287 million. This represents a 14 percent increase over the course of a year, but only a 1 percent increase within a month.

When we break down the debt into its components:

- External debts increased by 8 percent over the year but experienced a 1 percent decrease in just one month.
- Meanwhile, domestic debt has shown a substantial 29 percent increase over the course of a year, with a 6 percent increase within a month."

The research insights that while the government's debt load is increasing, the rate of increase varies between external and domestic debt and across different timeframes. Managing this debt effectively and sustainably will be critical to the country's fiscal health and economic stability.

Hence, further analysis would be required to understand the reasons behind these debt dynamics and their potential implications for the government's financial position and economic stability.

The research insights that while the government's debt load is increasing, the rate of increase varies between external and domestic debt and across different timeframes. Managing this debt effectively and sustainably will be critical to the country's fiscal health and economic stability.

Total Government Debt:

- The total government debt has reached an alarming figure of more than USD 43,287 million.
- Over the course of a year, this debt has increased by a significant 14 percent, indicating a substantial expansion in government borrowing and financial obligations.
- However, when considering a shorter timeframe of just one month, the debt increased by a more modest 1 percent. This suggests a potential slowdown in the rate of debt accumulation in the short term.

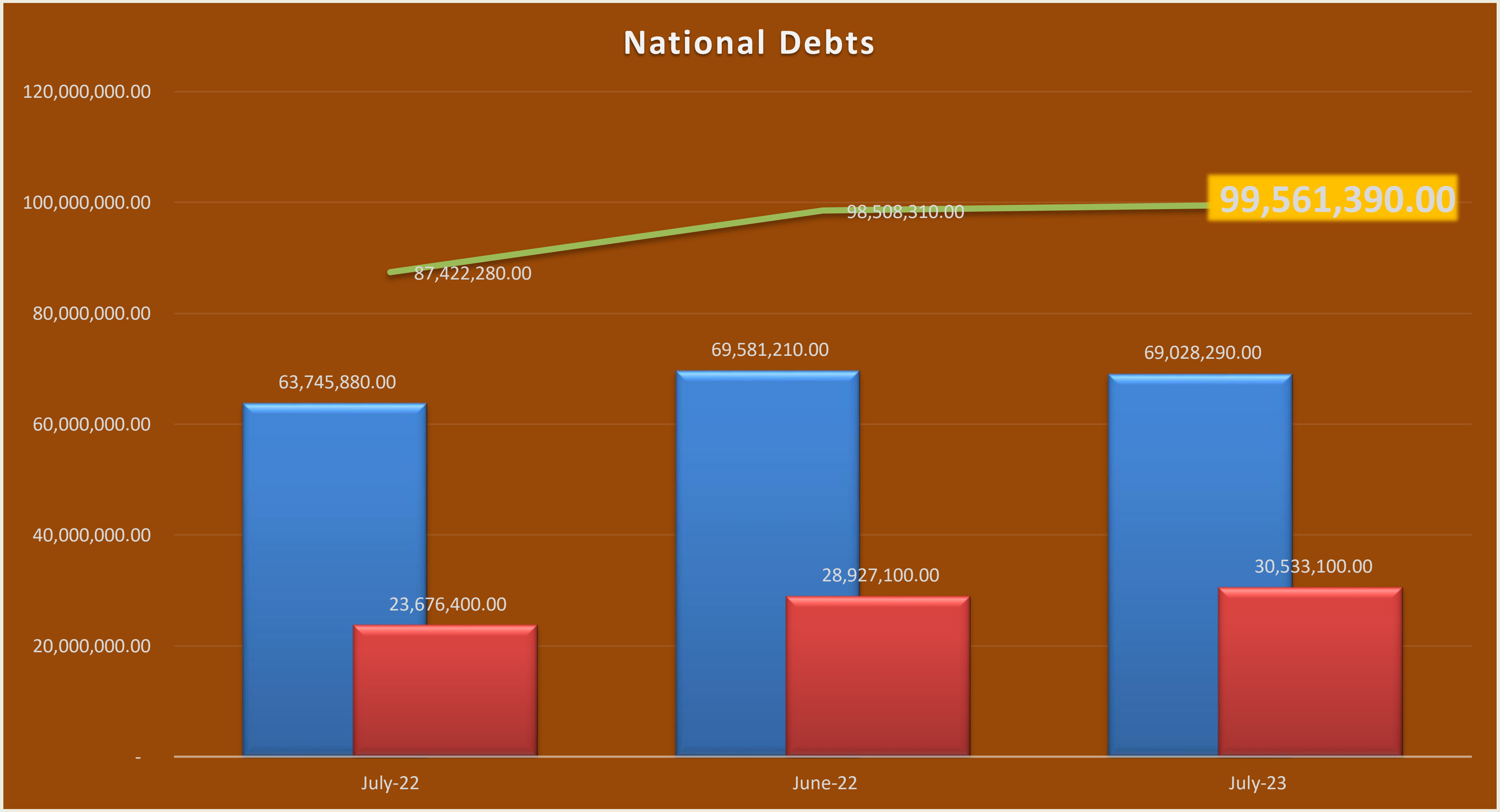
External Debt:

- External debts, which are obligations owed to foreign creditors, have exhibited mixed trends.
- Over the year, external debt increased by 8 percent, indicating continued reliance on international borrowing to finance government operations or projects.
- In contrast, within just one-month, external debt decreased by 1 percent. This decrease may be attributed to repayments or fluctuations in exchange rates affecting the value of external debt.

Domestic Debt:

- Domestic debt, representing obligations owed within the country, has shown noteworthy patterns.
- Over the course of a year, domestic debt surged by a significant 29 percent, indicating a substantial increase in borrowing from domestic sources.

1. Within a shorter timeframe of one-month, domestic debt continued to increase, albeit at a slightly slower pace, with a 6 percent rise. This suggests ongoing reliance on domestic borrowing to meet financial needs.


National Debts
120,000,000.00
100,000,000.00
80,000,000.00
60,000,000.00
40,000,000.00
20,000,000.00
-
99,561,390.00
98,508,310.00
87,422,280.00
63,745,880.00
23,676,400.00
69,581,210.00
28,927,100.00
69,028,290.00
30,533,100.00
July-22
June-22
July-23

ECONOMISTS TALK

TANZANIA ECONOMIC UPDATES

We review and evaluates the performance of monthly economic indicators

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