TANZANIA - GENERAL →

1993 – 1995

Conflict displaces 500 000 in

Strife racks Rwanda

Sowetan 15/2/93. (318)

France sends 300 troops to protect nationals caught in flare-up of mini-state's 28 month bush war:

KIGALI, Rwanda - A new rebel onslaught against government forces accused of tribal massacres has added a new chapter to Rwanda's blood-steeped recent history and uprooted half a million people.

The crisis prompted France to double the number of its troops in Rwanda to 300, officially to protect several hundred French residents of the tiny central African state.

They reportedly evacuated some 70 expatriates last week from the northwestern town of Ruhengeri, a government stronghold near President Juvenal Habyarimana's home region where the army is holding out against rebels who attacked from three sides.

But the rebel Rwanda Patriotic Front (RPF) says French soldiers are fighting alongside government forces.

"The French should support the peace process," said RPF military chief Paul Kagame. "Instead of being part of the problem, they should be part of the solution."

RPF guerillas based near the northern border with Uganda have advanced southwards to within 30 km of Kigali, the closest they have come to the capital in the 28-month bush war that has ruined Rwanda's fragile economy. - *Sapa-AFP.*

Tanzania agrees to put pressure on PAC

ADRIAN HADLAND (318)

PRETORIA — The Tanzanian government had agreed to put pressure on the PAC to close Apla bases in the country, a diplomatic source said at the weekend.

The agreement follows the visit to Dar-es-Salaam of a senior SA Foreign Affairs official last week in the wake of Goldstone commission disclosures about Apla activities in Tanzania. B/DAY 5/4/93

The Goldstone commission found, in its interim report last month on Apla activities, that the majority of Apla members — up to as many as 15 000 — were based and trained in Tanzania. Tanzanian government officials had said they would seek the support of the OAU to close down the Apla military camps and put pressure on the PAC, the source said.

Foreign Affairs deputy director Wolf Rothkegel said although his trip to Tanzania had been planned before the Goldstone disclosures, the question of Apla camps had been among issues that were discussed.

Tanzanian officials had been informed about the state of negotiations in SA, violence and Apla activities, Rothkegel said.

Meanwhile, Sapa reports Transkei ruler Maj-Gen Bantu Holomisa and Azanian People's Liberation Army commanders are to hold talks later this month aimed at ending hostilities between Pretoria and Apla.

Holomisa and Apla have confirmed the meeting, scheduled for Dar-es-Salaam.

Holomisa held talks last month with Apla's high command in Umtata.

Holomisa yesterday blamed the SADF's Gen Kat Liebenberg and SAP Commissioner Gen Johan van der Merwe for the present strained relationship between his country and SA.

"I told President F W de Klerk last week that when rumours of Apla bases in Transkei first surfaced last year, I invited Gen Liebenberg and Gen Van der Merwe to investigate the allegations with impunity from my government.

"The two generals failed to convey my invitation to the SA government or to undertake such investigations."

Scrutiny of Apla aid

318

Sowetan 7/4/93

TANZANIAN authorities said they would examine assistance to the Pan Africanist Congress, a South African Foreign Affairs official said on his return from Tanzania.

Wolf Rothkegel, deputy director responsible for relations with, among other countries, Tanzania, said on Monday the topic was raised during discussions with his Tanzanian counterparts. — *Sapa.*

Muslims on pork rampage

Smtimes 2 15 93

By ADAM LUSEKELO
In Dar es Salaam

THE Tanzanian government has banned a Muslim fundamentalist group called Balukta for inciting violence after supporters went on the rampage smashing shops which sell pork.

(318)

Relations between Muslims and Christians, who have lived together peacefully for decades in Tanzania, soured when dozens of Balukta supporters protested this month against the sale of the meat, which is banned by Islam.

"It just cannot happen here. These people are crazy," Kassim Madari, a Western-trained hotelier said. "I eat pork — no one can tell me what to eat," he said, after the government announced the ban on Balukta on Wednesday.

Deputy Prime Minister and Minister of Home Affairs, Augustine Mrema, dismissed Balukta as thugs after the government crackdown last week.

S Times (Buss) 16/5/93 (318)

Tanzania venture

SOUTH AFRICAN companies continue to expand in Africa. Unique Engineering, a Unihold subsidiary and Metallurgical Design & Management (MDM) are to build a R9-million graphite processing plant in Tanzania.

Tanzanian mine seeks De Beers' help

DAR ES SALAAM — The Tanzanian government has asked De Beers to help save a diamond mining company from collapse after years of haphazard production.

De Beers holds a 50% share in the company, Mwadui Williamson Diamond Mines in the northern Shinyanga region. (318)

A two-man De Beers team, director R M Crawford and mining expert Roy Edwards, flew to Dodoma in central Tanzania last Thursday for talks with Prime Minister John Malecela. BDAM 17/5/93

Tanzanian reports quoted Malecela saying that plans for rehabilitating the ailing mines were ready. His office said the main aim was to raise production capacity. Malecela also urged De Beers to look at the possible expansion into other areas.

Crawford said yesterday De Beers had proposed sending a small technical management team to the mines. Mwadui Williamson was a small producer of less than 70 000 carats a year. As grades fell, the mine could no longer be operated on the same large scale for which it had been designed. — Sapa-AFP.

B/DAY 8/6/93

Visit called off

(318)

A VISIT to SA by a Tanzanian Tourist Corporation delegation had been cancelled because of fears over violence, organisers said yesterday. [redacted]

A telex from ~~the~~ corporation received by the local organiser, African Outposts, said reports of planes being rerouted over Johannesburg and killings on the East Rand worried the authorities to the extent that they forbade the visit.

need the opportunity to make … age with others in our field. I feel that the ASA should offer suc…

If it is possible at this p… ssion, to find space on an existing panel, roundtable or other foru… tive. I read in the last *ASA News* that you were planning a Y… 1993. I would be interested in participating in this panel, or a… students. I would also appreciate a frank explanation of the rea… paper, so I may know what to consider in future submissions. … your consideration.

Sincerely,

Michelle Adato

Tanzania expecting mine boom

BDay 18/6/93

DAR ES SALAAM — Tanzania is expecting a mining boom that could reverse declines over the past 25 years.

"Seventy companies have not asked for prospecting licences for nothing," commissioner for mineral resources Stephen Bugaisa said. (318)

Companies were prospecting for "everything" from gold to copper.

Under World Bank sanctioned reforms, Tanzania is encouraging investment in mines neglected under former President Julius Nyerere. De Beers and British companies Reunion Mining and Rio Tinto Zinc had been given mining licences in the past year, Bugaisa said.

Small-scale local miners had contributed substantially to economic output — 16% of GNP in 1992, a rise from mining's 0,4% of GNP in 1985, 8,5% in 1990 and 12% in 1991.

Bugaisa said with proper mining equipment Tanzania could produce up to 30g of gold per ton, compared to 2g per ton in SA.

Last year small-scale miners produced 4,52 tons of gold worth \$49,72m and expected six tons this year. Tanzania realised \$51,2m from minerals last year, up from \$26,3m in 1990.

Bugaisa said diamonds also had a bright future, with prospects of exploiting 400 known kimberlite pipes in the country. Other base metals had been found in northwestern Tanzania, including nickel, cobalt and copper. Three companies, Sutton Resources (US), Romanex (Canada) and BHB (multinational) had already been licensed to prospect in the region, Bugaisa said. — Sapa-Reuter.

Plea for foreign aid

Sowetan 27/10/93

DAR ES SALAAM — Tanzania yesterday appealed for international aid to help feed and house tens of thousands of Burundi refugees fleeing tribal clashes triggered by a military coup at home.

"The massive and sudden influx of refugees from Burundi has exerted unbearable strain on the existing services and facilities and the government cannot cope with the flow of refugees on its own," Prime Minister John Malecela said.

(318)

Government officials said the number of refugees had swelled to 80 000 from 12 000 on Sunday.

The office of the United Nations High Commissioner for Refugees has said more than 240 000 other Burundians had fled across to neighbouring Rwanda and about 15 000 to Zaire.

The refugees are fleeing a new bout of clashes between the majority Hutus and the minority Tutsis after the Tutsi-dominated army last Thursday ousted and killed President Melchior Ndadaye. — *Sapa-Reuter.*

Tanzania hikes taxes to bridge deficit

DAR ES SALAAM — Tanzania has hiked taxes on car ownership and frozen travel for civil servants to raise funds to bridge a $32m budget deficit during the remaining six months of the 1993/94 fiscal year. BIDCM

Finance Minister Kighoma Malima said on Sunday the government would levy between $60 and $400 on cars, depending on their engine power, to raise $2,4m for the Exchequer. 4/1/94

The government would also stop using 75% of its vehicles to reduce expenditure, while all travel for government employees had been suspended.

Customs duty on various imported goods were also raised to net about $14m and protect local industries from unfair competition. (318)

The government's recurrent and development expenditure had exceeded its income by 30% over the past six months, Malima said.

By last November, government income totalled 83,6-billion shillings ($167,6m), while expenditure rose to 143,3-billion shillings ($286,6m). — Sapa-AFP.

PAC and Apla barred from Tanzania

BIDCH 12/1/94

WILSON ZWANE

THE PAC will consult its armed wing, Apla, about future operations after a Tanzanian ban barring the two organisations from the East African country.

Reuter reported yesterday that Tanzania had banned the PAC and Apla from using it as a launchpad for attacks in SA. Tanzania's foreign ministry summoned the PAC's Dar es Salaam representative, Raymond Johnson, and strongly condemned recent attacks on SA civilians, for which the PAC and Apla had been blamed.

Officials said the PAC and Apla would no longer be permitted to issue hostile statements or plot against SA. "Tanzania condemns the violence against innocent citizens in SA," the government said, adding that Tanzania supported and was "closely monitoring the progress of the democratic process in SA". (318)

PAC spokesman Jaki Seroke confirmed that a document had been received from Tanzania. The PAC had responded, saying statements had been issued from its Johannesburg headquarters since September.

Seroke would not say whether Apla would move to another country. The PAC had suspended its armed struggle pending the outcome of negotiations with government. But he stressed that the PAC had a good relationship with Tanzania.

Sapa reports that PAC deputy president Johnson Mlambo denied the organisation was using Tanzania as a base for attacks, saying it was not close to SA.

Government spokesman Dave Steward welcomed Tanzania's announcement. "We would certainly welcome any decision by any neighbouring state directed towards the peaceful resolution of disputes in SA."

Dar es Salaam bans hostile acts by PAC

Star 12/11/94

Dar es Salaam — Tanzania banned the Pan Africanist Congress yesterday from using its territory as a base for attacks on South Africa, the Tanzanian foreign ministry said.

Foreign ministry officials summoned the PAC representative to Tanzania, Raymond Johnson, and handed him a strongly worded government statement condemning recent violence blamed on the PAC inside South Africa.

Hostile

Foreign ministry officials said that from now on the PAC would not be permitted to issue hostile statements or plot against South Africa from anywhere in Tanzania.

"Tanzania condemns the violence against innocent citizens in South Africa," a government statement said.

"The government (of Tanzania) is closely monitoring and supports the progress of the democratic process in South Africa, especially the agreement for multiparty elections on April 27," it added. (318)

The PAC yesterday reacted with surprise to the Tanzanian decision.

"I'm surprised there is such a position coming out like that," PAC deputy president Johnson Mlambo said.

"In any case, whatever the position is, we have always had good relations with Tanzania and those relations remain sound.

"Tanzania is one country that has supported the liberation struggle and we have always been based in Tanzania."

He denied that the PAC used Tanzania as a base for attacks as it was not near to South Africa.

He said the PAC had briefed Tanzanian authorities about talks with Pretoria on a mutual cessation of hostilities. — Sapa-Reuter.

Tanzania trying to establish privatisation for the people

B/Day 23/2/94

(318)

DAR ES SALAAM — Tanzania is examining how indigenous Tanzanians can acquire shares in public companies and factories to be sold under a parastatal restructuring programme.

Parastatal sector reform commission chairman George Mbowe told journalists recently that six options had been identified through which Tanzanians could buy shares in privatised public firms.

One way was for workers to buy shares in their respective companies or factories through financing from a credit society, banks or government. Another was for social security institutions such as provident or pension schemes to acquire shares on behalf of workers, using their contributions.

People could also buy shares through unit trusts.

Mbowe said government could also declare that a certain number of shares must be sold to the Tanzanian public, as was done in Kenya when the country's largest bank, the Kenya Commercial Bank, floated its shares and 50% was set aside for its workers.

The last option, which Mbowe said would not be applicable in Tanzania, was the free voucher system that was applicable in formerly communist eastern Europe.

Under the system, all citizens older than 18 years qualified for a voucher with which they could automatically acquire shares in a company.

There have been wide-ranging criticisms of the World Bank-financed privatisation programme, with most Tanzanians complaining that only foreigners or well established private enterpreneurs would be able to acquire the privatised state firms, while the majority of Tanzanians would be sidelined.

Mbowe confirmed that up to now not a single Tanzanian had come to his office to seek clarification or information on the privatisation exercise, despite the fact that workers could still acquire shares in their respective institutions, even if they did not have enough funds.

Mbowe cited as an example the Wazo Hill Cement Factory, where workers bought 5% of the shares, along with government and two Norwegian and Swedish companies. — Sapa-AFP.

Tanzania looks to private sector to boost tourism

B/Day 25/2/94

DAR ES SALAAM — Tanzania, short of foreign exchange, has thrown its tourist industry open to private investors.

Long overshadowed by its East African neighbour Kenya, it has ended an inept state monopoly in the hope of cashing in on its own game parks.

It is aggressively promoting itself in Europe, the US and the Far East as a high-class destination.

But first it will have to tackle a rundown road and rail network and a barely functioning airline that have discouraged big spenders in the past.

"We intend to change all that. We intend to give tourism here a new face," said Credo Sinyangwe, GM of the new Tanzania Tourist Board, which replaced the state-owned Tanzania Tourism Corporation.

Tanzania, one of the world's poorest countries, has much for tourists to see and enjoy.

They can climb Kilimanjaro, Africa's highest mountain, and see fabled snows 5 896m above the African plains.

There is the wildlife of the breathtakingly beautiful Ngorongoro Crater and the annual migration of thousands of wildebeest in the Serengeti National Park.

(318)

On the Indian Ocean coast and on the island of Zanzibar there are idyllic tropical beaches and big-game fishing.

But despite all that, Tanzania has played second fiddle to Kenya, with tourists taking it in as part of a Kenyan package. "Our neighbours have been benefiting more from our tourism industry and it is time to reverse that," said tourism board marketing director Peter Mwenguo.

Problems in Kenya may help change all that. Attacks on tourists and riots and violence that followed the legalisation of opposition parties in 1991 have cut tourism there 30%, Kenyan economists say.

Tanzanian President Ali Hassan Mwinyi's government hopes free market reforms will give it the edge over Kenya.

Sinyangwe says throwing the industry open to private companies and investors will help revive hotels, attract international hotel chains and offer tourists a much better service.

Tanzania, for its part, expects to reap a financial reward.

Income from tourism, Tanzania's seventh-ranking source of hard currency after agricultural goods and minerals, rose to $100m in the 1991/92 year from $89m the year before.

Officials expect a marginal rise in earnings to about $120m this year.

Last year about 200 000 tourists visited Tanzania, up from 186 000 the year before, but many had their packages pre-paid in Kenya.

Sinyangwe said once fully rehabilitated, tourism could earn Tanzania up to $500m, more than half the $800m Western donors underwrite annually for the country's balance of payments support. — Sapa-Reuter.

NEWS FEATURE *Boers have bitter memories of uhuru and are uncertain of ANC rule*

Sowetan 2/4/94

Boers have nowhere to run to

FLEE OR FIGHT *Tanzanian Afrikaners fearful of the future:*

THIRTY years ago the Boers of Tanzania fled when blacks took over their white-ruled country. Now blacks are about to take over in South Africa, and the Boers have nowhere to run to.

"After April 27 we either flee or fight," said Wynand Malan, one of several hundred Tanzanian-born Afrikaners who were expelled or emigrated when the then British-controlled Tanganyika obtained independence in 1963.

Asked where they could go to escape black rule after South Africa's first all-race elections from April 26 to 28, Malan could only shrug his shoulders in despair.

The Tanzanian Boers have bitter memories of *uhuru* (independence) which for many of them meant confiscation of their farms and homes without compensation.

They packed their trucks and headed south, reversing the trek of their forefathers who travelled half the length of Africa to escape British domination after losing the Boer War at the turn of the century.

They feel out of place in South Africa now, hankering after the good old days when they lived as a tight-knit community in the country they still call Tanganyika.

They hold regular reunions and met recently at the farm of Awie de Beer north of Pretoria to reminisce about the past and discuss the uncertain future.

"In five years, we won't be able to have a braaivleis like this," said Awie's cousin Adriaan, gloomily poking at the chops and sausages on the grill.

Nelson Mandela

"The African National Congress is going to take our farms away." Nelson Mandela's ANC is expected to win the election with up to two-thirds of the vote.

"They'll force us to marry blacks," Malan said. "That's their plan, to get rid of us by creating a race of bastards. Black government means chaos — look what happened in Tanganyika, look what happened in Rhodesia."

"They'll force us to marry blacks. That's their plan, to get rid of us by creating a race of bastards. Black government means chaos — look what happened in Tanganyika, look what happened in Rhodesia"

Wynand Malan, one of several hundred Tanzanian-born Afrikaners.

"I can't live with blacks," said Fanie van Emmenes, one of a dozen Tanzania Boers at the barbecue. "I don't trust them. All these blacks who tell President de Klerk they'll vote for him, you watch, none of them will."

After eating, the Boers watched a video shot in Tanzania by a recently returned traveller. It included shots of Katrina Odendaal, a Boer woman who married a black Tanzanian and remained behind.

De Beer and his guests gasped in shock as Odendaal appeared on the screen, squatting on her haunches outside a mud hut, a brightly coloured cloth wrapped African-style around her waist.

"Appalling," muttered a woman in the audience, the wife of Calvinist preacher Mossie van den Bergh who ministered to the Boers in Tanzania during the '50s.

(318)

Van den Bergh said Odendaal, surrounded by mixed-race children, was an example of how whites would "disappear into Africa" if they turned their backs on centuries of Christian, European culture.

"It won't happen to us in South Africa if we have our own culture, our own territory, our own government," Van den Bergh said, stating the policy of the rightwing Afrikaner People's Front.

"We must not make a demi-god of the Marxist cry for 'peace'," he said. "Nothing worthwhile is ever achieved without a struggle. We must not be afraid of war."

In one shot in the video, black children practised writing in the dust outside a Boer home that had been converted into a school.

"That used to be the most beautiful garden, filled with flowers," one of the Boers said. "They've turned it into a desert."

Awie de Beer said the Tanzanian Boers had been fortunate to have a safe haven in South Africa to return to. "We will not be oppressed here," he said.

"I don't think blacks and whites are so different. Once you get past the surface, we're all the same underneath"

But his cousin Adriaan looked forward to full-out race war with foreboding.

"The Boers are too divided now. I don't think we would win another Blood River," he said, referring to the 1838 battle in which a small party of Boers defeated a Zulu army.

The victory, which Afrikaners commemorate every year as a sign of God's blessing on their nation, was a landmark in the white conquest of Southern Africa.

But one of the De Beer daughters, who was five months old when the Boers left Tanzania, said she was optimistic.

"I don't think blacks and whites are so different. Once you get past the surface, we're all the same underneath," she said. — *Sapa-Reuter.*

(Issued from 141 Commissioner Street, Johannesburg.)

318 28/9/94.

After nearly three decades of free health services — such as they were — Tanzanians are now beginning to pay. But they're also being given a say in how this new revenue should be spent, reports Health Writer ***David Robbins*** *from Dar es Salaam*

New treatment for Tanzanian medicine

Many Tanzanians say the easy way out is to say socialism, and especially the Ujamaa experiment has ruined their country.

The collective village experiment might have been a failure, but Ujamaa began a process of bringing social services to the people outside the urban areas in a way which had not even been attempted in colonial times.

Although the country remains desperately poor, more than 80 percent of the predominantly rural population are literate, and basic health indicators, while far from satisfactory, put several of South Africa's old homelands to shame.

With specific regard to health services, 75 percent of the people are within 5 km of one of the 3 500 staffed facilities (dispensaries and health centres) scattered about the country, and 90 percent are within 10 km. Another plus is the thousands of health workers trained at various levels.

In spite of these gains, however, all is not well.

Cape Town-born Christopher Davids, head of analysis, monitoring and evaluation at the United Nations Children's Fund (Unicef) office in Dar es Salaam, outlines some of the problems:

"At the root of all the difficulties is money. The vision of the 1960s and 1970s was to gather people together into collectives so that services could be rationalised.

"But quite apart from the dangers inherent in moving people around, the performance and management of the economy wasn't equal to the vision.

Now, reform has come in a not unexpected form.

While Tanzania is busy freeing up an economy once strangled with controls, the health reformers have so far looked in two directions at once: first, towards private practice, and, second, at the principle of cost recovery at State hospitals.

Market forces

Dr Elias Massesa and Dr Romanus Mkerenga, both of Unicef's health unit, explain how these reforms are going.

"During socialism private medical practice was banned. It is now being allowed. Yes, there are guidelines, but generally that is left to market forces.

"There are two reasons why the private practice of doctors and other health workers is being allowed. The first is to increase health-care coverage in the community. The second is to provide health professionals with the opportunity of supplementing their incomes," they told me.

Some state doctors earn less than 50 000 shillings (about R360) in Tanzania, and not surprisingly many of them have left the country for more lucrative positions elsewhere.

As far-reaching in potential consequences is the principle of paying for health services which is currently being introduced.

The process began last July when fees were introduced at Tanzania's four national hospitals. Regional hospitals, of which there are 18, became involved in January 1994 and scores of district hospitals followed in July.

Fees are low, and pregnant women, under fives, and people suffering from tuberculosis, cancer and AIDS, are exempt.

At a national hospital, a consultation at outpatients' department costs 300 shillings (just over R2), admission to hospital 500 shillings (about R3,50) regardless of length of stay or type of treatment, and prescriptions 50 shillings (35c), irrespective of the actual cost of the medicine.

Fees at regional and district hospitals are graded lower, an arrangement which should help to shield the bigger institutions from patients who can be adequately treated lower down the referral system and all services below district hospital level are still free.

"Fees may well be introduced here, too," say Massesa and Mkerenga. "But the problem at the moment is that no financial management systems exist in the health centres."

Perhaps the most interesting innovation in the cost recovery reforms is that communities are being involved in how to spend the new revenue, and there's 200 million shillings (nearly R1,4 million) of it so far. 318

The money remains at the hospital where it is collected, a principle enshrined in SA's new health policy as well.

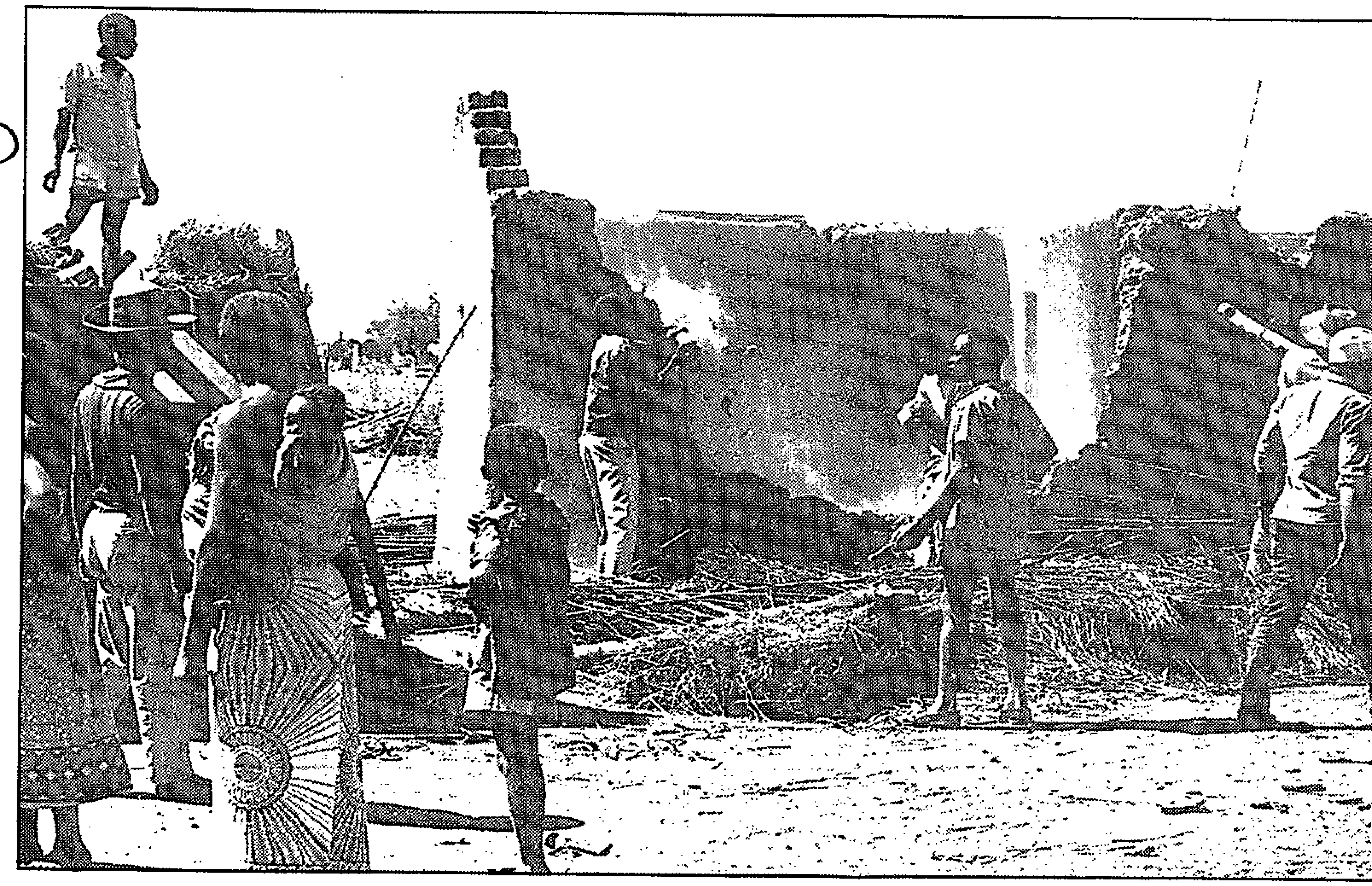
Guidelines lay down that priority must be given to the elements of the health service which deteriorated so disastrously during the 1980s: pharmaceutical supplies and the rehabilitation of hospital structures.

Socialist principles

But what effects will these cost recovery reforms have in a country where the per capita gross national product is only R356?

Say Massesa and Mkerenga: "It's too early to tell. We can't yet say that the new will be better than the old. The socialist principles were good. It was how they were applied that was questionable. Perhaps these new reforms will rectify some of that."

Perhaps they will. It would be a tragedy, however, if the hard-gained improvements in Tanzania's health status were lost simply because a new-look health service had priced itself out of the market.



Success out of failure . . . Tanzanian villages are destroyed to force the inhabitants into controversial Ujamaa settlements, but the collective movement did have benefits to general health.

Tanzanian oil refinery at risk

CT (BR) 26/4/95 (318)

By Joe Khamisi
ARGUS FOREIGN SERVICE

Nairobi — Tanzania has formed a task force to study a World Bank proposal calling for the closure of the country's only oil refinery for economic reasons.

Yonah Kilagane, managing-director of the Tanzania Petroleum Development Corporation described the proposal as "dangerous", claiming it was meant to pave the way for South Africa to be the major oil supplier in the sub-region.

The World Bank's proposal came in a letter to Tanzania earlier this year that set out conditions for the release of a second portion of financial assistance, amounting to \$200 million, under the Strategic Adjustment Credit programme.

The conditions included the deregulation of the oil business and the closure of the refinery in Dar es Salaam which produces 60 percent of the country's fuel needs.

"Oil is a strategic and political weapon," Kilagane said in the weekly newspaper, The East African.

"Oil deregulation and closure of the oil refinery are definitely not good for Tanzania, its economy and security."

Kilagane said it was wrong to consider South Africa a regular supplier of oil products.

Last month, the Tanzanian corporation had a contractual row with Engen after the South African company declined to fulfil a Tanzanian request for 27 000 tons of fuels.

Engen said the request was outside the contract entered into earlier this year, which provided for a quarterly supply of fuels of up to 180 000 tons during the coming year.

The incident prompted the corporation to question South Africa's ability to meet Tanzania's fuel requirements.

Tanzania consumes 600 000 tons of crude oil and 400 000 tons of processed oil products.

Kilagane says the closure of the refinery would not only render 400 employees jobless, but also cause the prices of oil products to rise.

However, the refinery is said to be making considerable losses because of poor maintenance of equipment and mismanagement.

Officials are worried that a rebuff of the World Bank proposal could infuriate donors and lead to reprisal measures.

Two months ago, Tanzania won a promise of \$1 billion from the Donors' Consultative Group meeting in Paris, in new commitments for the 1995/96 period.

The World Bank said the pledges depended upon "strong measures being completed to deal with tax exemptions and evasions, and provided structural reforms can be further accelerated".

Tanzania has been at loggerheads with donors over poor revenue collections and over charges of of corruption in high levels of government.

Apart from the Tanzania refinery, the World Bank also recommended the closure of three other refineries — in Mombasa, Kenya, Ndola, Zambia and another in Madagascar — saying they were "small and uneconomical" and could not compete with "sophisticated international refineries".

Kenyan officials are said to be highly concerned over the issue.

The London oil daily fax sheet, Compass Fax, has also questioned South Africa's ability to supply the region.

"South Africa's hopes of becoming a regional refining centre to rival Singapore have been dashed over the past two years," the sheet said.

"After embarking on extremely costly expansion programmes over the past few years, refineries find themselves in a difficult commercial position, where there is no clear prospect of recovering their investments," Compass Fax said.

"To make it worse, despite the expansion and upgrading, South Africa will be short of gasoline capacity by 1998, forcing buyers to turn to the Gulf, Singapore perhaps even Europe".

Supplement to WEEKLY MAIL & GUA
May 1995

Tourism helps Tanzania get back on track

(318) wm(OA) 28/4-4/5/95

Perhaps more than any country, Tanzania has made enormous sacrifices for Africa's oppressed. Now it is using sensitive tourism policies to help the economy recover from the costs of solidarity. **Tony Weaver** reports

IF there is one country which still embodies all the old romantic images of "wild Africa", notions of safari and wide-open savannah spaces, then that country is Tanzania.

Mention Tanzania, and the travel images which spring to mind are those of Mount Kilimanjaro, the Serengeti, the Ngorongoro Crater and Zanzibar. But these are just a small part of the attraction of this incredibly diverse and exciting country.

Tanzania has long been the step-child of the African tourism industry. In 1977, it closed its borders with Kenya in protest against Kenya grabbing the bulk of the assets of the dissolved East African Economic Community — a community which was revived last year. This plunged Tanzania's tourist industry into a temporary deep freeze, as most travellers entered through the border with Kenya.

Throughout the years of socialist rule, travel was difficult, often impossible. Independent travellers faced bureaucratic hassles at every turn — every town and village had a cell system reporting to central committees, and any stranger in town had to register with the local cell, local immigration and local police. A tedious procedure. Today, this has collapsed in all but the most remote areas.

Tanzania also suffered heavily because of the principled stands taken by former President Julius Nyerere. He was the only African leader to stand up to the brutal regime of Ugandan dictator Idi Amin. In 1979, the Tanzanian army invaded Uganda after Amin's army had earlier — in October 1978 — annexed a 1 200 square kilometer chunk of north-western Tanzania. The Ugandans were routed and the Tanzanians took Kampala.

Nyerere stood alone. The Organisation of African Unity piously condemned this interference in the affairs of a member state and Tanzania ended up footing the bill of more than US$500-million. The economy has still not recovered.

Tanzania was also one of the most important countries in the liberation of Southern Africa, hosting training camps for Umkhonto weSizwe, Apla, Swapo, Frelimo and, earlier, Zimbabwe's Zanla and Zipra guerillas — all costly exercises in solidarity.

Nyerere is alternately revered and reviled, depending on the viewpoint of the critic. Western economists say he ruined the economy by following rigid socialist principles. Perhaps this is true, but the bulk of the people, rural Tanzanians, are better off than most other rural Africans, with a good network of schools, health-care centres and marketing co-ops, and although they are not cash rich, they have a very good quality of life. Outside of the cities and towns, violent crime is virtually non-existent.

Nyerere retired in November 1985, when Ali Hassan Mwinyi took over. Mwinyi has moved Tanzania back into the Western fold, courting favour with the International Monetary Fund (IMF) and World Bank. In 1992, parliament abolished one-party rule. The first general elections are scheduled for later this year. Mwinyi also moved the country on to a market economy, dismantling socialist structures and instituting capitalist measures in line with IMF and World Bank Structural Adjustment Programmes

While there is heated debate in Africa about the appropriateness of the Bank's approach, Western donors have embraced Tanzania with open arms, and aid money is pouring in. Tourism development is a major beneficiary of this aid — mostly aimed at the top end of the market, the big buck, fly-in safari jocks.

But unlike Kenya, where developments in game parks have often been carried out by developers with little or no eco-sensitivity (and often with blatant corruption of government officials) Tanzania's authorities are consulting widely on new development.

The World Conservation Union (IUCN) has been called in, and Tanzanian National Parks are using them and other consultants to carry out environmental impact assessments on all new developments. These studies include wide-ranging consultation with local people in efforts to develop an inclusive conservation policy which takes into account their needs as well as those of wildlife.

Tanzania is justifiably famous for its wildlife, the so-called Northern Safari Circuit is one of Africa's most thrilling theatres of the wild. This is where most travellers head first. But it presents a major problem: money.

You are unlikely to get away with much under US$100 a day for any of the attractions. That means a Kilimanjaro climb will cost you a minimum of US$500 — a lot of money to puke on the slopes of the highest mountain in Africa, especially as only a small proportion of climbers make it to the top — altitude sickness is a potent leveller. To do a proper safari circuit of, for example, Lake Manyara National Park, the Ngorongoro Crater, Olduvai Gorge and the Serengeti, again needs a minimum of five days.

For lovers of true wilderness travel, some areas of Tanzania will be a bitter disappointment. The Ngorongoro Crater can be nightmarish at the height of the tourist season, with scores of vehicles criss-crossing the crater floor, sending up enormous dust clouds. The best way to avoid the crowds is to get permission to go in at sunrise, as most of the tour operators only descend the crater after their guests have eaten breakfast and slept off their hangovers. The crater is undoubtedly one of Africa's greatest wildlife spectacles; nevertheless we found it uncomfortab commercialised and teetering on t brink of irreversible environment degradation.

The Serengeti is far wilder, thoug the area around Seronera can g obnoxiously crowded. But the park so vast that one can travel for da without seeing another vehicle.

If you want real adventure travel, ar have plenty of time on your hand spend a short time in the north, the head south, east or west. The tr wilderness of Tanzania lies in its centr heartlands, and in the great Selou National Park in the south. Along th shores of Lake Tanganyika lie two of th most exciting conservation areas i Africa — Mahale Mountains an Gombe Stream National Parks.

The coast of Tanzania is largel unspoilt and undeveloped, with idylli stretches of tropical paradise. Mafi Island offers some of the finest ski and scuba diving on the continent.

A last, vital tip. If you intend spend ing any length of time in Tanzania start learning kiSwahili before yo leave home. It is universally spoken i the rural areas. Rural Tanzanians ar friendly people, but often suspicious o strangers. When you speak to them i kiSwahili, no matter how broken, the become friends for life.

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WM (CA) 28/4 – 4/5/95

Playground bully: An irate elephant in the Manyara National Park charges a mixed group of buffalo and wildebees

PHOTOGRAPH: TONY WEAVER

(318) FM 28/4/95

TANZANIA

No small beer

Tanzania, on the east coast of Africa, is an increasingly appealing proposition for investment by large SA corporations.

SA Breweries has already staked a claim with a R105m investment which it is using to finance the building of a new brewery in Mwanza — and it has acquired a 50% interest and the right to manage two government-owned Tanzania Breweries plants in Dar es Salaam and Arusha. This is on top of the considerable volume of SA-brewed beer it exports to Tanzania.

SA Airways (SAA) has so far invested R10m and is providing the aircraft for a new airline, Alliance, in which it has a 40% stake. The governments of Tanzania and Uganda each have 5%, and their airlines Air Tanzania and Uganda Airlines each have 10%. The remaining 30% is being retained for private investors in those countries.

The formation of Alliance, which starts flying later this year, provides a partial answer to what SAA intended doing with the two Boeing 747 SPs returned to it last year when its leases with Trek Airways and Air Mauritius expired. Another benefit for SAA is its contract to maintain the aircraft at Jan Smuts.

Dubai and Bombay are two of Alliance's destinations so it will be able to offer a regular service to the Indian and Muslim populations of the three countries.

As Tanzania is in deep financial crisis, Alliance is ready to bid to take over the operation of Dar es Salaam airport when it is privatised. But it will have to spend millions upgrading what is a rundown operation.

The Protea hotel group, which also operates hotels in Zimbabwe, Kenya and Malawi, has been running four of Tanzanian Development & Finance Limited's hotels since August last year under a joint venture agreement.

They are the Bahari Beach Hotel, 4 km north of Dar es Salaam, the New Arusha Hotel in Arusha, the Mkonge Hotel in Tanga on the north coast, and the Morogoro Hotel near the Zambia-Tanzania highway.

The agreement forges another link in Protea's efforts to create an African tourism axis that will sweep from SA through central and east Africa all the way to the north — an ideal it shares with SAA.

These and other SA ventures will be helped by a SA High Commission being established in Dar es Salaam. Their moves are well timed as the field for investment is wide open. Not much works. The country is at the nadir of its existence and can only go up from here. ■

Zanzibar turns to tourism

(318) WM (BM) 26/5-1/6/95

Paul Chintowa in Zanzibar

ZANZIBAR, once the world's biggest exporter of cloves, has turned to tourism to replace earnings slashed by dwindling world market prices for the aromatic flower.

The 160 000-odd tourists who visit Zanzibar each year earn the islands about $150-million dollars and the administration of President Salmin Amour has been moving to build the industry.

Preparations for the shift to tourism speeded up about nine years ago with the passing of an act aimed at promoting investment in the archipelago, which is made up of Unguja, the main island, Pemba, where most of the cloves are grown, and many islets.

Projects are underway to improve the islands' roads, improve sea and air transport between Zanzibar and mainland Tanzania, and build more hotels and lodges.

A multi-million-dollar hotel being built with the aid of the Aga Khan Fund for Economic Development is expected to be completed by early 1996. The Gulf states, Indonesia and Singapore have also shown interest in constructing hotels in the islands, whose 700 000 people are mainly Muslims. — IPS

(318)

Economic bell tolls for rulers in Tanzania

Star 31/5/95

SECOND poorest country in the world, Tanzania holds elections in October. Economic woes will top the agenda, says Joe Khamisi of The Star Foreign Service.

As Tanzania edges towards its first multiparty elections, economic issues have taken centre stage in a campaign that could see tables turned on the ruling Chama Cha Mapinduzi (CCM) which has been in power since independence in 1962.

Listed by the World Bank as the world's second poorest country, many think Tanzania's future will depend on what happens on polling day on October 29.

The east African country is poor due to years of misguided socialist policies and widespread corruption in government.

The country's largest aid donors, Sweden, Finland and Norway, are still withholding about R108-million in aid to protest over the government's failure to collect import tax revenue amounting to US$125-million (about R450-million).

Even the donors' consultative meeting in Paris earlier this year failed to persuade donors that Tanzania was serious in its economic reform policies.

Further consultations with the IMF are scheduled to be held late next month.

But June is also the time when the government announces its new budget.

Without a clue as to the level of forthcoming aid, Dar es Salaam is facing a dilemma about whether to proceed with budget guidelines or wait until after the new government takes over.

Economic observers say President Ali Hassan Mwinyi must put his house in order first in as far as the tax issue is concerned before expecting any restoration of aid.

Last year alone, the government granted more than 2 400 tax exemptions. Most of the exemptions were given to importers with high connections in government.

The tax scandal forced Mwinyi to replace Finance Minister Kighoma Malima with Jakaya Kikete, and to institute stringent measures to block loopholes for corruption and tax evasion.

If public confidence in the government was not eroded by this scandal, the R108-million lost by 7 500 depositors of the collapsed Meridien Biao Bank (Tanzania) Limited did it.

The government in its haste to liberalise the banking sector failed to do enough research into the track record, character, experience and capability of Meridien's management.

In addition, the planned nationalisation of 40-plus money-guzzling public corporations has been slow due to bureaucratic wrangles.

For example, for the second time in six months, the government failed to push through parliament an insurance Bill early this month that sought to break the 31-year-old monopoly of the National Insurance Corporation (NIC).

Because of the strong lobby from a mass of insurance brokers and companies, the government now finds it difficult to decide whether or not to reintroduce the Bill when parliament meets this month or to abandon the exercise.

Tanzania's 27-million people are suffering from 40% inflation that has reduced the purchasing power of the shilling by more than 78%.

About 60% of the rural population live below the poverty line.

It appears the ruling party has run out of ideas on how to improve the standard of living of the people.

Observers feel the country needs an innovative and pragmatic leader in State House who can address the economic problems of the country.

But, so far, most of the CCM members who have indicated interest in the presidency are former allies of ex-President Julius Nyerere. They are viewed as unlikely candidates to steer Tanzania from its poverty line and allegations of corruption cloud their chances.

This has made former Labour and Youth Development Minister Augustine Mrema an attractive candidate for most Tanzanians.

He resigned from the government in March after clashing with Mwinyi on corruption. From the CCM he crossed over to the National Convention for Construction and Reform. He has a track record as a crusader against social ills.

NETTING ISLAND VISITORS *Tanzania's ambitious tourism plan aims to attract holidaymakers to the mainland and Zanzibar*

Tanzania to revive its ailing tourist industry

CT(BR) 1/6/95 (318)

By Joe Khamisi

ARGUS FOREIGN SERVICE

Nairobi — Tanzania has embarked on a major drive to jumpstart tourism and mining, once key sectors in the country's economy.

Analysts said that this could move the country from its present state of extreme poverty to one of sustainable development by 2000.

As the East African country struggles to extricate itself from years of poor planning, corruption and financial mismanagement, there are signs on the horizon of brighter things to come.

Deficit

However, this will only be possible if a new government, expected to take over after the October 26 polls, strives to reduce a government deficit of $140 million and cut inflation to a single digit figure from 42 percent.

The new government will also have to speed up the privatisation of costly parastatals, eliminate corruption and improve the country's infrastructure.

The investments in the tourism and mining sectors are showing an upward trend.

Last year's acquisition of a majority shareholding in Mwadui's Williamson Diamonds by the South African mining conglomerate De Beers has provided a major boost to the country's economy.

Analysts predicted that investments by De Beers and other European companies would raise the sector's contribution to the national economy from about 1,5 percent of GDP to 10 percent by the end of the century.

Before the increase in shares last year, De Beers and the Tanzanian government each held a 50 percent stake in the Mwadui mine.

The mine is described as the world's biggest kimberlite duct and produces 50 percent gem quality diamonds.

Licences have been granted to other companies for the processing of gold as well as other precious minerals.

Equally important to the future of Tanzania is tourism. Despite its wealth of natural resources, the country managed to attract only 23 0166 tourists in 1993 because of poor services and facilities.

The government is preparing an integrated tourism master plan in conjunction with the European Union.

The plan aims to attract 500 000 tourists and $501,7 million in revenue by 2000.

Hotels and lodges will be reclassified and a hotel and tourism college will be established.

Last April, Sopa Lodges Management, a subsidiary of the Channel Islands-based Consolidated Tourist and Hotels Investment, announced investment their plans in the tourism sector.

Investments

The company, which already has hotels in the country, plans to invest a further $50 million across the mainland and on the island of Zanzibar.

The Aghakhan-owned Serena hotel group is also building lodges in the famous Serengeti, Lake Manyara and Ngorongoro national parks.

A 52-room development is under way in Zanzibar. Although tourism and mining appear set to prosper, many factories are closing down.

The textile industry, once Tanzania's biggest employer after the public service, has virtually collapsed due to importation of secondhand clothes.

The government is looking for $60 million to rescue an important 6 000 hectare Kagera Sugar Estate.

The estate could have saved the country millions which it is spending on imports of this basic commodity.

However, the project ground to a halt after the government failed to implement an irrigation component

Bureaucracy

A Belgian-built sheet glass factory outside the capital, Dar es Salaam, is rusting away due to bureaucratic indecision.

As a result, the country has been forced to import more than 5 300 tons of sheet glass annually to meet its requirements.

The infrastructure is also deteriorating. The telephone system is inefficient, most roads are impassible, even in the capital, and power rationing is stifling production.

But hope is on the way. This year, Tanzania will install four microwave radio links to improve telephone communication in six strategic towns.

This is part of a $230 million national telecommunication restructuring programme funded by the African Development Bank.

It also plans to embark on a project to restructure its road network.

Major minerals discovery boosts mining in Tanzania

CT(BR) 19/7/95 (318)

By Joe Khamisi
Independent Foreign Service

Nairobi — Tanzania's bid to rehabilitate and develop its mining industry has been boosted by the discovery of what is being called "a major copper, nickel and cobalt deposit".

Jackson Makweta, Tanzania's minister of water, energy and mines, has told the Tanzanian parliament that the size of the ore body containing the minerals was estimated to be 22,6 million tons.

The ore body is in the border district of Ngara, in the north-western Kagera region, close to where thousands of Rwandan refugees are sheltering from civil war in their country.

Makweta said the company making the discovery — Broken Hill, based in Melbourne, Australia, — had identified another fourteen areas in the Tabora and Shinyanga regions in central Tanzania as thought to have unquantified diamond deposits.

The Ngara find comes only a few weeks after an Australian company, East African Goldmines Limited, reported discovering a 10 million ton gold deposit in the Mara Region in the north-east.

Broken Hill chairman Geoff Stewart says his company plans to start a $40 million gold production operation within the next two years.

Initial plans are for the treating 1,5 million tons of ore and the extraction of more than 100 000 ounces of gold annually (equal to about two grams a ton).

Meanwhile, following the increase in the stake of De Beers' subsidiary Willcroft in Williamson Diamonds at Mwadui — from 50 percent to 75 percent — and an injection of cash into the company, diamond production is about to be resumed.

Makweta told parliament that Willcroft would start exporting about 8 000 carats of diamonds a month from August this year.

Before independence in 1961, Tanzania was a major international supplier of diamonds and other minerals.

Mining profits declined after independence due to the socialist policies of president Julius Nyerere which scared away investors.

The liberalisation of the mining industry began in 1988 when licences were issued to small scale miners. This led to gold exports rising from $1,2 million in 1989 to $31 million in 1993.

Last year minerals contributed seven percent of the country's GNP.

In March this year, Tanzania launched a $13,9 million project to encourage private sector mining and to develop an overall mining policy and expand private investment.

It will also strengthen the capacity of mining institutions to administer the sector and improve productivity and explore the environmental and social viability of small-scale operators working with hand tools.

So far, 47 foreign mining companies have been registered to prospect for minerals in Tanzania. Apart from De Beers, there is the Canadian Romanex International, Broken Hill of Australia and British companies Cluff Minerals, Sanax, Reunion Mining Company and RTZ. Hundreds more applications are reportedly pending.

Tanzania hopes reforms will restore aid

CT(BR) 20/7/95 (318)

BY MATT BIGG

REUTER

Dar es Salaam — Tanzania meets Western donors in Paris next week confident that an aid ban will be lifted to allow it to push ahead with overdue economic reforms.

Jakaya Kikwete, the Tanzanian minister of finance, will meet donors at a Paris Club consultative group meeting and said he had addressed donor concerns about tax evasion and corruption.

Balance of payment support to Tanzania was suspended by donors in November after a World Bank probe found that an import tax exemption scandal had cost the treasury up to $120 million.

The aid ban was confirmed at a February meeting in Paris with donors demanding that tax loopholes be sealed and the government implement promised reforms.

These reforms included privatisation of the country's 400 inefficient state-owned firms and the reduction of the public service by about 10 000 jobs.

Analysts said yesterday that both steps were difficult for the ruling Chama Cha Mapinduzi (party for the revolution) as it prepared for presidential and parliamentary elections in October.

Donors also wanted the government to cut inflation to less than 12 percent annually from the present 35 percent.

Some donors conceded that the government of president Ali Hassan Mwinyi had made headway in the tax area.

"I think they have made some progress and the government deserves some support now," said Erik Korsgren, the senior economist at the Swedish embassy.

Asked about a timetable for a restoration of aid, he said: "I hope it will be before the elections in October, but it depends on the International Monetary Fund."

Support from the fund and the World Bank was essential as they underwrote annual donor aid of well over $850 million.

Korsgren said some donors preferred to wait until after the elections before releasing aid.

Even the World Bank agreed that some progress had been made, but Motoo Konishi, its representative in Tanzania, declined to say if this would lead to a resumption of aid at the Paris talks.

Shadow hovering over Tanzania poll

Sowetan 11/8/95 (318)

The return of Julius Nyerere to active politics causes concern

By Mathatha Tsedu
Political Editor

Dr Mwalimu Julius Nyerere bowed out of office as president of Tanzania in August 1990. But today, as the country prepares itself for the first multiparty elections since independence, his shadow hovers over the entire process.

The party he formed and led for over 30 years, Chama Cha Mapinduzi (CCM), is faced with stiff opposition from a myriad of newly formed and mainly pro-capitalist parties that threaten its hold on Tanzania.

And Nyerere, the *Baba wa Taifa* (Father of the Nation) as he is known, has been forced out of his self-imposed retirement to guide the CCM.

Partisan actions

In the process he is attracting the wrath of the other parties, who say his actions are partisan and that he is instead acting as the father of the CCM.

However, Nyerere's virtual return to active politics has also caused concern in the CCM itself, as he is seen to be using his immense influence to get his own proteges into powerful positions.

For example, the CCM presidential candidate is his own former student, Prime Minister and Higher Education Minister Mr Ben Mkapa, whom he pushed for at the party's conference, overruling other candidates.

Speaking to Tanzanians revealed to me the awe in which Nyerere is held by the population. Journalists and lawyers said his decision to play an open role, firstly in favour of CCM and secondly in support of Mkapa, meant the party was assured of winning at least the presidential race, and that Mkapa can expect no opposition from within the CCM.

Opposition parties

The array of opposition parties is led by the National Resistance Construction and Reform (NCCR Mageuzi), formerly a pressure group which transformed itself into a party under former policeman and Home Affairs Minister Mr Augustine Mrewa.

Mrewa left the CCM after being shifted from his powerful position to the lesser portfolio of Youth. He joined the NCCR and was made its leader.

He has now been joined by another former cabinet minister, Professor Abdulrahman Babu, who returned to Tanzania last Friday after living in exile for more than 20 years.

A former journalist and visiting professor, Babu's return brought a hive of activity around Dar es Salaam, with huge crowds turning up at the airport to welcome him home, despite the rain.

Election pact

Babu is Mrewu's running mate, although the NCCR, Chama cha Demokrasi na Maendeleo (Chadema) and the Civic United Front (CUF) entered an election pact last weekend. The two other parties will not field presidential candidates in the race.

The election campaign itself is low-key compared to the visibility of South Africa's experience last year. There is hardly a poster in the city centre and people are not emblazoned with the T-shirts of any of the 13 registered parties vying for office.

Former president Julius Nyerere ... Is he the father of the Tanzanian nation, or the father of the party he formed and led for 30 years?

Presidency at stake

At stake is the presidency and 240 seats in the National Assembly. President Hassan Mwinyi cannot stand, as he has already served the maximum of 10 years allowed by the constitution.

Mrewa is seen as a shallow man with no vision, but who was good as a Minister of Police, carrying out other people's visions and fighting crime.

Mkapa is an intellectual, and goes into the election with the backing of the *Baba wa Taifa*, which should stand him in good stead.

Besides anything else, however, the CCM has the national infrastructure to pull people into its fold, whilst the others are struggling to make themselves known outside Dar es Salaam.

The country's economy is on the mend, with the construction of office blocks in many parts in the capital. This is also likely to play into CCM hands as they are still in power and are seen as responsible.

Traffic problems

Pavements are hawkers' territory, with all sorts of wares on sale. The city centre is a no-go area for motorists as traffic jams are a perennial problem from morning to night. One journalist said this has been getting worse since the liberalisation process.

"One company opened up a second-hand car dealership, importing cars from Japan. Many people were suddenly able to buy cars and now one can no longer even drive around Dar es Salaam anymore," he said.

"If nothing is done soon, there will be a standstill in Dar es Salaam. Already many people just park at the first point and walk the city on foot."

As one rand equals 140 Tanzanian shillings, food is essentially inexpensive for a visitor, with a four-course hotel meal costing a mere R29.

Salaries are low, however, with a cadet journalist starting at about R350 a month. But state employees have subsidies, including a food allowance.

These subsidies are now under threat as the Economic Structural Adjustment Programme insisted upon by the World Bank cuts deeper and deeper into them.

The liberalisation process has also opened the floodgates to rural people, who were making a living in the *Ujamaa* villages established by Nyerere at the height of his socialist revolution.

Worldwide phenomenon

The ditching of the policy has meant that many peasants have flocked to the cities, especially Dar es Salaam. This has brought about the worldwide phenomenon of street children, which is daily on the increase.

Prostitution has also emerged as a growing industry, with girls as young as 12 years working full-time on the streets. Topless and dressed in skin-tight shorts, these child workers of the oldest profession implore men with promises of "standing milk", which means upright breasts.

Discarded ships

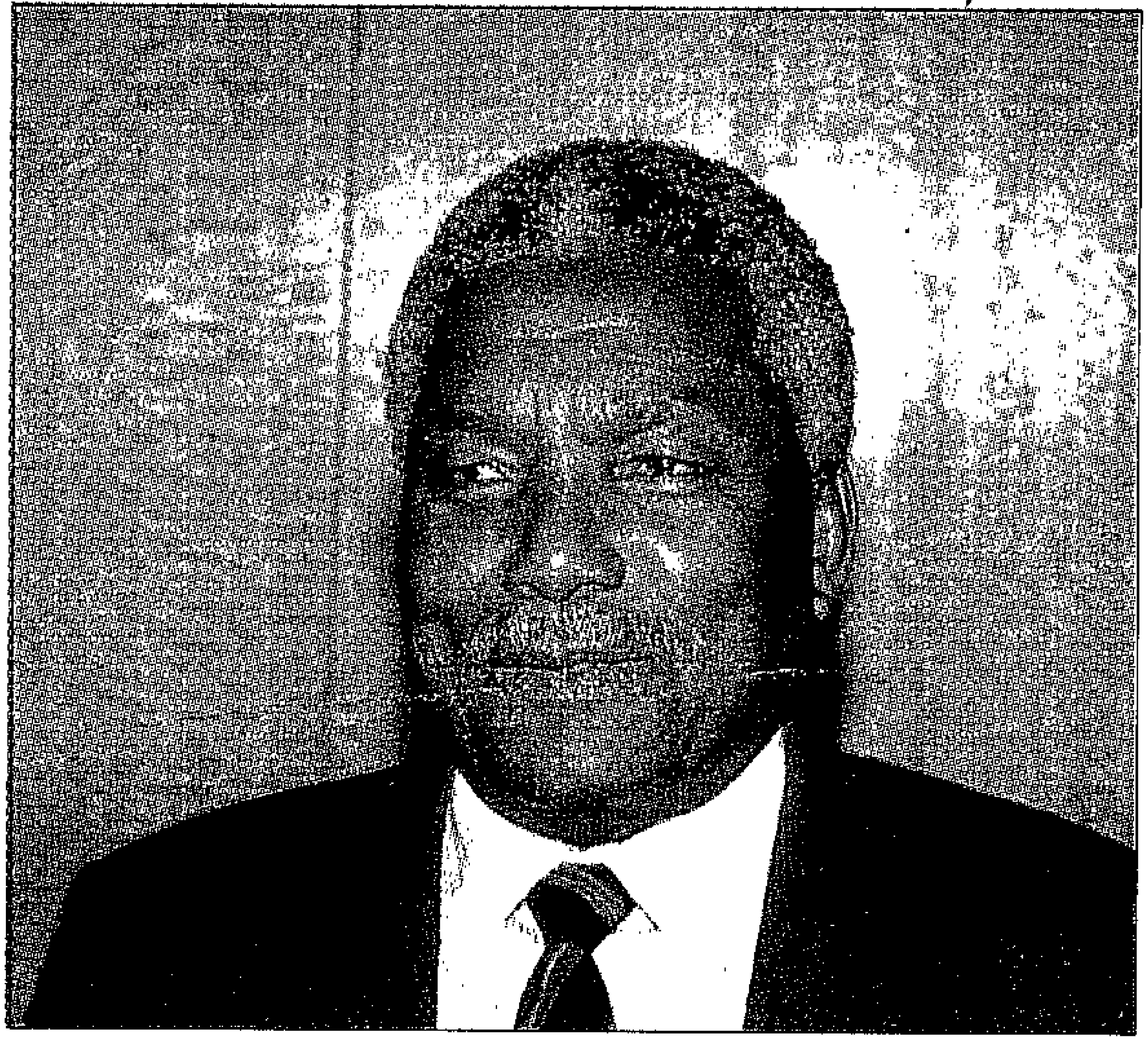
The area around the harbour is littered with discarded ships, which are nothing but scrap metal. Many people also use the harbour area as a dumping place for rubbish.

"The collectio n of

IMF enters Tanzanian aid debate

CT(BR) 28/8/95 (3/8)

By Joe Khamisi
Independent Foreign Service



GOVERNMENT SHAKE UP *President Ali Hassan Mwinyi, whose party will face opposition at the polls later this year for the first time in 34 years*

Nairobi — Tanzania is pinning high hopes on an IMF delegation, presently visiting the country, to break the deadlock that led to the freezing of about $940 million in aid.

About $215 million of it was in balance of payments support.

The delegation arrived in Dar es Salaam about a week ago and will be in the country for two weeks to check on key economic indicators to determine whether Tanzania has fulfilled certain reform conditions to qualify for renewed aid.

The Paris consultative meeting suspended assistance to Tanzania last year to express its anger over a tax exemption scandal that had cost the Tanzanian government $120 million.

The scandal, unearthed by the World Bank, involved senior government officials and other influential people. It also involved a massive abuse of tax exemption regulations.

President Ali Hassan Mwinyi was asked to clean up his act before expecting any thaw and some steps were taken by the government to plug tax loopholes.

The government also replaced the finance minister and fired six customs officials believed to have been involved in the scandal.

But revenue is still only 30 percent of what should be rendered to the exchequer.

The IMF delegation was said to be dissatisfied with the budget announced in June which failed to pinpoint revenue collection measures planned by the government.

"The IMF is not fully satisfied with the 1995/96 budget and they will discuss some changes," said Erick Korscren, a delegate and the head of the Swedish development agency.

Donors are also demanding the launch of the privatisation process which is intended to rid the country of money-losing government corporations.

However, only 95 of 371 these enterprises have been divested.

Sources in Dar es Salaam said the IMF team would question Tanzanian officials over continued allegations of corruption in the government.

Last month, the Christian Council of Tanzania issued a 21-page booklet accusing the government of supporting corruption.

Authorities in Dar es Salaam said everything was being done to eliminate it although they did not admit that there has been any corruption.

The IMF delegation is also in Dar es Salaam to discuss a new structural enhancement programme which is worth about $200 million.

Statistics released earlier this month showed the country's economy was still not out of the woods.

However, inflation appears to have dropped from 36,1 percent to 26 percent between March and June this year.

Export earnings increased and the amount of borrowing from commercial banks, another sticking point, was reduced from an average of $16 million last year to $1,1 million in June this year.

Tanzania needs about $1,2 billion in assistance this fiscal year to make ends meet.

In July Jakaya Kikweet, the finance minister, led a high-powered delegation to the informal donor meeting in Paris hoping to restore some of the country's credibility and to regain donor confidence.

However, the minister received no new pledges.

The budget deficit which was about $65 million earlier this year and the government's reluctance to liberalise the insurance industry, would be on the table for the IMF discussion.

The issue assumes a particularly significant dimensions because of the upcoming elections on October 27.

Some donor representatives made it clear that they were waiting for the outcome of the IMF mission before they made any decisions.

But others said it was highly unlikely that frozen funds would be released before the polls.

The ruling Chama Cha Mapinduzi (Revolutionary Party) is facing its most formidable political challenge this year.

For the first time in almost 34 years the ruling party will be opposed at the polls.

Observers said that although its presidential candidate, Benjamin Mkapa, was untainted by corruption, he lacked grassroots support to confront Augustine Mrema, of the NCCR Mageuzi.

Mrema, a former home affairs minister who made enemies in government circles for his anti-corruption crusades, could be the person to turn the tables on the Chama Cha Mapinduzi.

tural Development study recently
ten in Beijing this week

PHOTO: AFP

Kenya airline doubles profit

(123) CT(PR) 4/9/95

FROM SAPA-AFP

Nairobi — Kenya's national air carrier, Kenya Airways, has more than doubled its net profit for the year ending March, Koome Mwambia, the airline's public relations manager, said on Saturday.

The net trading profit of Kenya Airways doubled from 398 million Kenyan shillings ($7,23 million) in 1993/94 to 885 million shillings on sales of 1,9 billion shillings, representing a 10 percent margin on sales, said Mwambia.

During the same period the corporation repaid 1,1 billion shillings of external debt from its own resources, completing the carrier's debt restructuring and enabling its privatisation process to begin.

The margin was well in line with the more successful airlines, he said.

Tanzania's inflation rate is over 28%

(318)

BY MATT BIGG

CT(PR) 4/9/95

REUTER

Dar es Salaam — Tanzania's inflation rate has risen to 28,9 percent from 27,7 percent last year, according to figures released by the Bank of Tanzania.

Tax changes, rising wages and an increase in the petrol price accounted for the inflation rise, the bank's report for the year ending in July of this year said.

A Flash Consumer Price Index (FCPI) has been established as an early-warning inflation indicator for monetary policymakers, the report says.

The value of Tanzania's exports increased by 3,8 percent in the first seven months of this year.

According to the bank's figures, export earnings rose from $294,51 million for January-July last year to $305,59 million in the same period this year.

Despite this, exports of coffee and cotton, two of Tanzania's most important export crops, declined in volume despite higher world commodity market prices.

During the same period, imports fell by 18,5 percent from $910,75 million to $742,62 million.

"Reduced disbursement of donor funds for balance-of-payments support may have accounted for the fall," the bank said.

Scandal

Tanzania's donors froze balance-of-payments aid, which accounts for about 20 percent of total aid to Tanzania, last November in protest at a tax-evasion scandal estimated to have cost the treasury around $70 million.

In the first half of this year only $19,7 million was disbursed in balance-of-payments support, compared to $110,15 million in the same period last year, according to the bank.

In the coming year the food supply situation in Tanzania is expected to be satisfactory, it added.

While an expected shortfall in wheat production will necessitate wheat imports, there will be a food-supply surplus in the year ahead. "On account of the improved food supply this year and the next, food prices are expected to decline and thus ease the inflationary pressures during the year," the bank reported.

Tanzania to restructure banking sector

CT(BR) 13/9/95 (318)

The collapse of two promising institutions may put others at risk if more strict controls are not put in place

By Joe Khamisi
Independent Foreign Service

Nairobi — Tanzania is studying ways of restructuring its banking sector following the dramatic collapse of two promising institutions within six months.

The Tanzanian Housing Bank became the second casualty of poor banking practices and a lack of proper government controls.

The government said it was closing the bank because of what it called "critical deterioration of the financial condition".

In April, the Zambia-based Meridien Biao Bank was disbanded as a result of liquidity problems barely a year after it started operations.

Shortly before its collapse, the bank had transferred $34 million out of Tanzania.

Efforts are being made to recover the money.

Meridien Biao Bank assets were sold to South Africa's Standard Bank. The future of several other local banks is also in jeopardy.

In July, the Tanzanian government was forced to inject $17 million to rescue the ailing National Bank of Commerce. It suffered a $177 million loss in the 1993/94 financial year.

Economic observers fear the same fate may befall the Dar es Salaam-based Co-operative Rural Development Bank, and the Zanzibar-based People's Bank.

Both are showing signs of financial weakness.

The Co-operative Rural Development Bank was forced to close 20 rural branches and cut staff to reduce its operating costs.

However, fears of its imminent collapse were discounted by Bent Claudi, the deputy managing director of the bank.

Claudi was seconded from the Danish Development Agency.

He said the bank had the potential to become a financially credible institution following ongoing restructuring.

During the past few years, the agency has injected $600 million into the bank and streamlined its management core to improve performance.

Analysts say Tanzania's banking sector continues to face a series of operational problems because of a lack of control and government interference.

Recommended

Although a 1990 presidential commission on banking and financial institutions recommended major financial reforms, its recommendations have not been fully implemented.

The government is working on amendments in the banking law that would provide harsher penalties for management transgressions.

There would also be a higher capital requirement for the registration of banks.

State-run banks will be restructured to make them more cost conscious and commercially oriented.

However, without modern technology such as electronic auditing facilities and trained personnel at the Bank of Tanzania, the country's central bank, proper supervision of commercial banks has not always been easy.

Until July this year, for example, banks were not compelled to publish their balance sheets. This is now mandatory following recent crises.

Failure to publish financial statements twice in newspapers by August 11 will lead to a fine of $1 655 for every day after the deadline.

Charles Inyangete, a director at the Institute of Finance Management in the financial capital, Dar es Salaam, says banking malpractices have existed for years.

"The situation was condoned by the government and it created panic and a run on the banks," he said of the collapsed institutions.

Liquidity

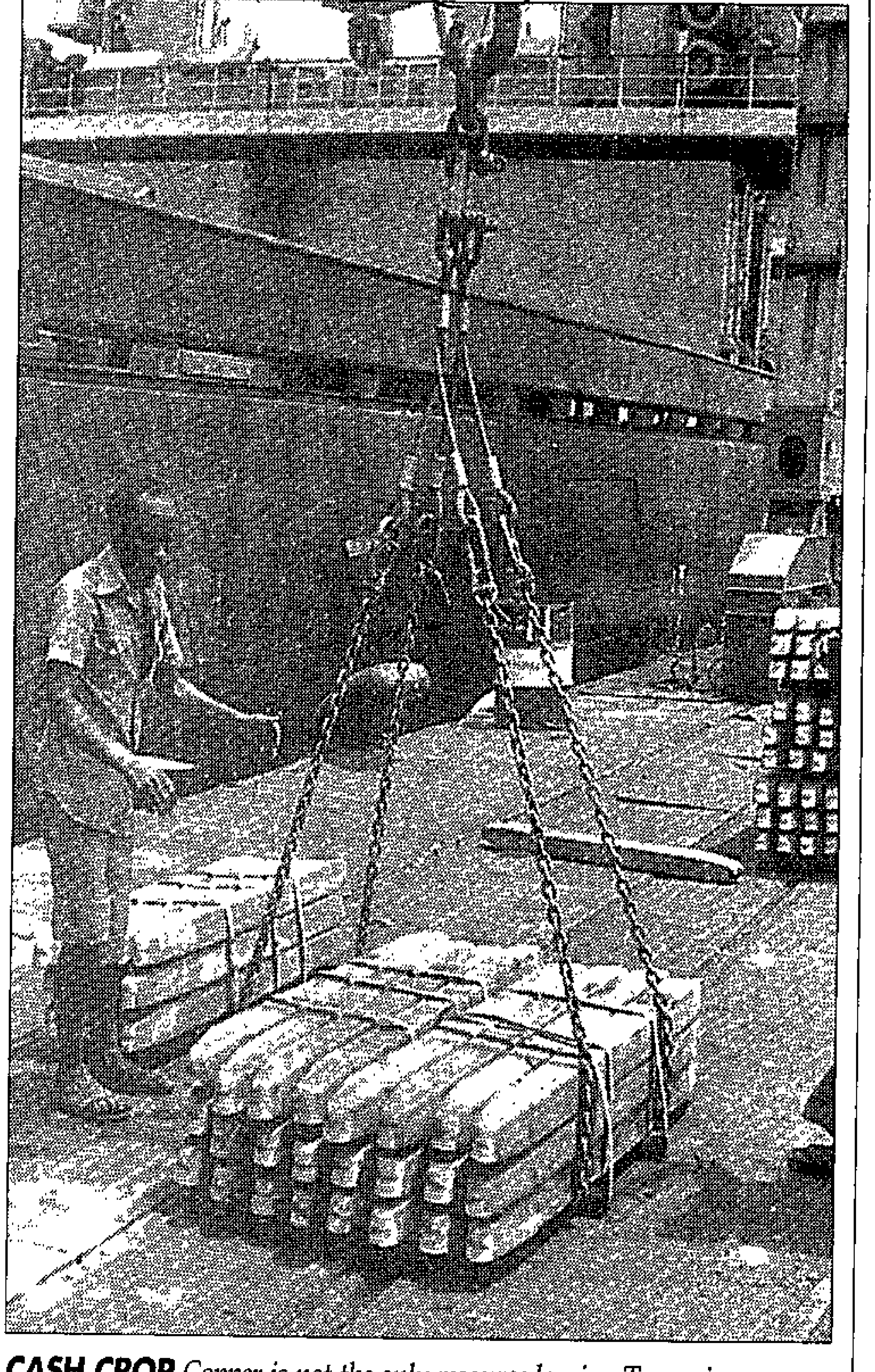
Reports said billions of shillings were lent to government institutions, private companies and individuals. The money was never recovered which resulted in liquidity problems.

For example, a major reason why the Tanzanian Housing Bank collapsed, officials say, is because the bank invested large sums of money in real estate, a sector which failed to generate income fast enough.

Public banks were also borrowing heavily from the central bank which had a prime lending rate of about 60 percent, almost twice as much as the inter-bank rate.

Laxity and low morale in state-run institutions was also responsible for the poor performance by local banks.

Banking sources say it takes six months for either the Co-operative Rural Development Bank or the National Bank of Commerce to generate what a Tanzania-based foreign bank generates in a month.



CASH CROP *Copper is not the only resource leaving Tanzania*

# of self-governance on Zanzibar island

(318) WM 15-21/9/95

glorious days as a gateway to Africa for Arab trade, Islam and the Swahili language, alongside its notorious role as the world's largest slave market. But, like many Zanzibaris, Armour believes the island's identity was subordinated to other interests.

"Zanzibar is supposed to be an equal in the union, but for 30 years we have been treated as second-class citizens by the mainland. They have tried to take away our identity. They have ruined us with their socialism. They have stolen what this place has to offer. We are not our own people but we will be," he said.

Zanzibar possibly had the briefest independence in history. In December 1963 it joined the United Nations for 20 momentous weeks after liberation from the British crown. A month after independence a bloody anti-Arab revolt against the despised Sultan brought a former seaman to power. Within weeks President Abeid Karume had surrendered Zanzibar's independence to unequal union with Tanganyika to form Tanzania. And then the shutters came down. To question the union was treason and those who dared paid a heavy price.

On paper, the union guaranteed the island its own president, legislature and autonomy in everything but specified areas such as foreign affairs. In practice, Zanzibar was subordinated first to President Karume's harsh brand of socialism and then, after his assassination in 1972, to the vagaries of Tanzania's one-party state. Zanzibar was effectively ruled by the central committee of the Chama Cha Mapinduzi (CCM) party.

Independence is not yet on Zanzibari lips. But as Tanzania's reintroduction to multiparty politics climaxes with elections in October, the only issues that matter are autonomy and identity. The 1964 revolution cost more than 17 000 Arabs and Asians their lives. Ten percent of the population fled the island and their property was seized. Yet Zanzibar remains a creation of Arabia as well as Africa. Arab-influenced music pulsates through the alleyways. Women respect Middle-Eastern ways of dress. Islam is supreme. And the islands look great distances to the north and east for trade as much as the short hop to the mainland.

Both the CCM and the opposition promise greater freedom for Zanzibar. Yusuf Armour and many islanders are suspicious. Armour suspects that just as self-government may be within the island's grasp, the mainland is scheming to snatch it away again.

"They only have one agenda which is to make Zanzibar a district of Tanzania. It's a very big issue here. We don't want their government. We don't get any benefits from the mainland because they're so big they treat us like a small boy," he said.

Zanzibari scepticism has been fuelled by a series of recent moves on the mainland. The central government aborted Zanzibar's attempt to join the Islamic Conference. Parliament tried to snatch control of the island's tax revenues. When the move was blocked, 55 MPs denounced Zanzibar as an upstart of just 700 000 people attempting to dictate to a nation 40 times its size. The MPs demanded it be thrown out the union.

'Zanzibar is supposed to be an equal in the union, but for 30 years we have been treated as second-class citizens by the mainland'

Among the most extreme opponents of Zanzibari aspirations is a fiery preacher, the Reverend Christopher Mtikila, whose attacks on Islam, Arabs and Asians are disturbingly popular on the mainland. He has demanded that Zanzibaris be barred from all public offices in Tanzania.

But while the demand for autonomy is strengthened by hostility across the water, it is being driven by resentment at decades of political repression and economic mismanagement.

The government still does not officially acknowledge the disappearances, murders and political detentions but the island's main torture centre is known to everyone. It was built by the East Germans in the midst of the old golf course.

The CCM would rather focus attention on newly stocked shops.

"Everybody is aware what we have done in 31 years, particularly on the economic side," said Zanzibar's Chief Minister, Omar Ali Juma. "The fact that Zanzibar is not a society of privileged and underprivileged as it was before the revolution speaks for itself. I admit there were some mistakes made. But we have made some very bold decisions. If you were here 10 years ago the shops were empty. Now we have everything."

The opposition says the only reason there is anything on the shelves is because the government is retreating from the socialist policies that emptied them in the first place. A collapse in the once hugely profitable spice market has compounded the economic crisis. Social services are deteriorating. The main hospital now asks patients to bring their own candles and water.

The opposition Civic United Front (CUF) is garnering the fruits of old resentments and new aspirations. Its candidate for the Zanzibari presidency, Seif Sharif Hamad, was the island's chief minister until he was imprisoned for advocating greater autonomy. It is the central theme of his campaign.

"Zanzibaris fear Zanzibar will be swallowed by the mainland. This was a country in its own right, it has its own history. At the stroke of the pen, without the people of Zanzibar being consulted, their statehood was taken away. We just want to look after ourselves," he said.

The CUF is campaigning with the mainland opposition for Zanzibar and Tanganyika to have their own parliaments with a third legislature restricted to dealing with union issues such as defence and foreign relations.

But Zanzibaris shy away from outright independence. Some say the economic ties are too close. Others, that centuries of intermingling and intermarrying have created a bond that requires co-operation. Hamad says the other factor is fear.

"If we go for independence it could create some animosity with Tanganyika and we can't afford to have such a giant as an enemy to us. We have to live cordially. We live to appease the giant," he said. — *The Guardian*

SA's Roshcon to help light up Tanzania

CT(BR) 20/9/95 (318)

By Joe Khamisi

Independent Foreign Service

Nairobi — Tanzania's long-standing power rationing may end soon, thanks to the emergency power plant being installed with the involvement of a South African company. It is to be commissioned next month.

The arrival in Dar es Salaam earlier this month of two gas turbines for the plant has started a round-the-clock schedule to ensure construction work is completed on time.

Johannesburg-based Rosherville Construction (Roshcon) has been joined by American turbine experts Steart and Stevenson, and a Canadian engineering company, Stone and Webster, to complete the project.

Roshcon won the tender after stiff competition from 30 American, Swedish, Finnish and Malaysian companies.

The tenders were advertised internationally in February by a Canadian joint venture comprising Transcanada Pipelines and Ocelot Energy.

The two, which are already involved in power-generation projects in the country, won the main tender from the Tanzania Electric Supply Company (Tanesco), to provide, install and commission the emergency power generators.

Once installed, the plant at Ubungo, Dar-es-Salaam, will generate 75 megawatts of power. The country presently produces about 260 megawatts of power against the national demand of 380 megawatts at peak hours.

There are 250 000 electricity consumers in the country and thousands are on the waiting list.

Tanzania resorted to power rationing in 1992 and tightened the belt further last October. This followed a drought that brought water levels at its main hydroelectric plant in the southern Iringa region to a critical level.

Dar-es-Salaam residents go without power at least three days a week. Officials said the shortages were costing more than $8 million a year through loss of earnings from industry.

Most factories have been forced to use standby generators. But government officials say the textile industry has virtually been killed and cement production has dwindled to the extent that more than 5 000 tons have to be imported from Zambia. This has raised the price of cement by up to 300 percent in some parts of the country.

Tanesco itself has lost more than $25 million because of reduced services to consumers.

The project will run on imported liquid fuel for about two years until the Songo Songo gas field is developed.

This month, Roschcon began installing 41 000 prepaid electricity dispensing units in the financial capital.

Officials say the units will revolutionise the present outdated billing system. The contract is worth R44 million.

Tanzanian trade links grow stronger

ET(BR) 26/9/95 (3/18)

By Jaston Binala

Independent Foreign Service

Dar es Salaam — South African business people on a visit here have expressed interest in importing Tanzanian coffee, cotton and other products in efforts to cement trade links between the two countries.

South African companies are eager to trade and invest in Tanzania, Leticia Schutte, the head of a nine-person trade delegation visiting the country, said in Dar es Salaam.

"We have come to widen the horizons of business between Tanzania and South African business people through the chambers of commerce of the two countries," Schutte told reporters.

She was in the country leading a delegation from the Johannesburg Chamber of Commerce and Industry. The delegation was scheduled to meet in Arusha last Monday, where they were expected to sign a co-operation agreement with the chamber of commerce before flying back to South Africa through Nairobi, Kenya.

Johannesburg business people have been looking for ways to establish trade and business links with Tanzania since March last year, when they signed a co-operation agreement with the Tanzanian Chamber of Commerce, Industry and Agriculture, Schutte said.

She said the delegation was not only looking for opportunities to export to Tanzania but also investigating the possibility of importing to South Africa.

The Johannesburg chamber of commerce plan augurs well with promises made by South African President Nelson Mandela during his recent visit here.

Mandela told Tanzanian chamber of commerce members that his country would be careful not to become an economic bully-boy in the southern African sub-region.

He said his country would strive to do both importing and exporting to neighbouring countries in the region.

Schutte said exports from South Africa to Tanzania were likely to include animal feeds, wines and spirits, grain, cardboard coffins, water barrels, cement bags, electrical appliances and meat.

She said South Africa wanted to import waste paper, raw cotton, coffee, paper boards, PVC sheeting and polypropylene from Tanzania.

Some businessmen in Dar es Salaam have even attempted to export prawns to South Africa.

The delegation head also remarked that business between the two countries had doubled in recent years. In 1992 Tanzania exported to South Africa goods worth R10,3 million, whereas the exports rose to R21,3 million by 1993.

Imports have also shown an equally significant rise. Tanzania imported from South Africa goods worth R27,7 million in 1992. The figure shot up to R58,6 million the following year.

South African investors are equally interested in Tanzania. They have already started running a number of industries here.

Tanzania Breweries is now partly owned by South African Breweries. Tanzania's largest diamond mine, the Mwadui Diamond Mine, is run by South African mining company De Beers.

The visiting delegation included representatives from two South African companies, Enterprise Foods and Powermac Cables, who are investigating joint ventures with two Dar es Salaam companies.

Nyerere still battles to hold on

(318) Sowetan 25/9/95

By Julius Zava

TEN years after winning local and international plaudits for voluntarily standing down as president of Tanzania, Julius Nyerere is fighting a behind-the-scenes battle for his ideas – particularly state ownership.

But the old socialist war-horse's resistance to change is causing problems with international financial institutions and Western governments to which the government is looking for help.

The are withholding funds until key economic sectors have been privatised – a move which Nyerere says would take the country back to its colonial days.

Nyerere, now 73, still commands large crowds and respect for his dedication and idealism. Even John Cheyo, leader of the opposition United Democratic Party, says Nyerere would qualify as the father of the nation.

But he adds: "He would do Tanzania a great favour by shutting up. He has nothing new that the country needs. Nyerere has murdered the minds of Tanzanians. They now need mental reorientation."

Ironically, Nyerere was one of the first African leaders to introduce the tough economic medicine prescribed by the International Monetary Fund and World Bank, following the failure of widespread nationalisation and village collectivisation. His one-party policies had led to a steady drop in gross domestic product (GDP) of 0,2 percent a year in the two decades to 1982.

So out went the Soviet-model five-year development plans and in came reform – albeit limited. GDP has been rising, reaching 4,5 percent this year, but the economy is still in a mess.

Part of the problem for the continuing economic difficulties is the lack of commitment by the ruling Chama Cha Mapinduzi (CCM) party – and by its number one card-holder Nyerere.

His "periodic public appearance and pronouncements", commented the government-owned *Daily News*, "demonstrate that he is an undrying fountain of wisdom."

But criticisms are mounting. Says political scientist Joatham Kamala: "People need a crop of new leaders. CCM and Nyerere no longer have a comprehensive policy. Education, heath and parastatals have collapsed and there is corruption from State House to the village.

"Social services are no more. There are no roads, electricity, telephones, and state buildings are collapsing."

A chance for change comes in October when, under donor pressure, Tanzania will hold its first multi-party election.

Whoever replaces President Ali Hassan Mwinyi at the end of the two terms of office allowed by the constitution will have to deal with Nyerere and his dislike of market forces.

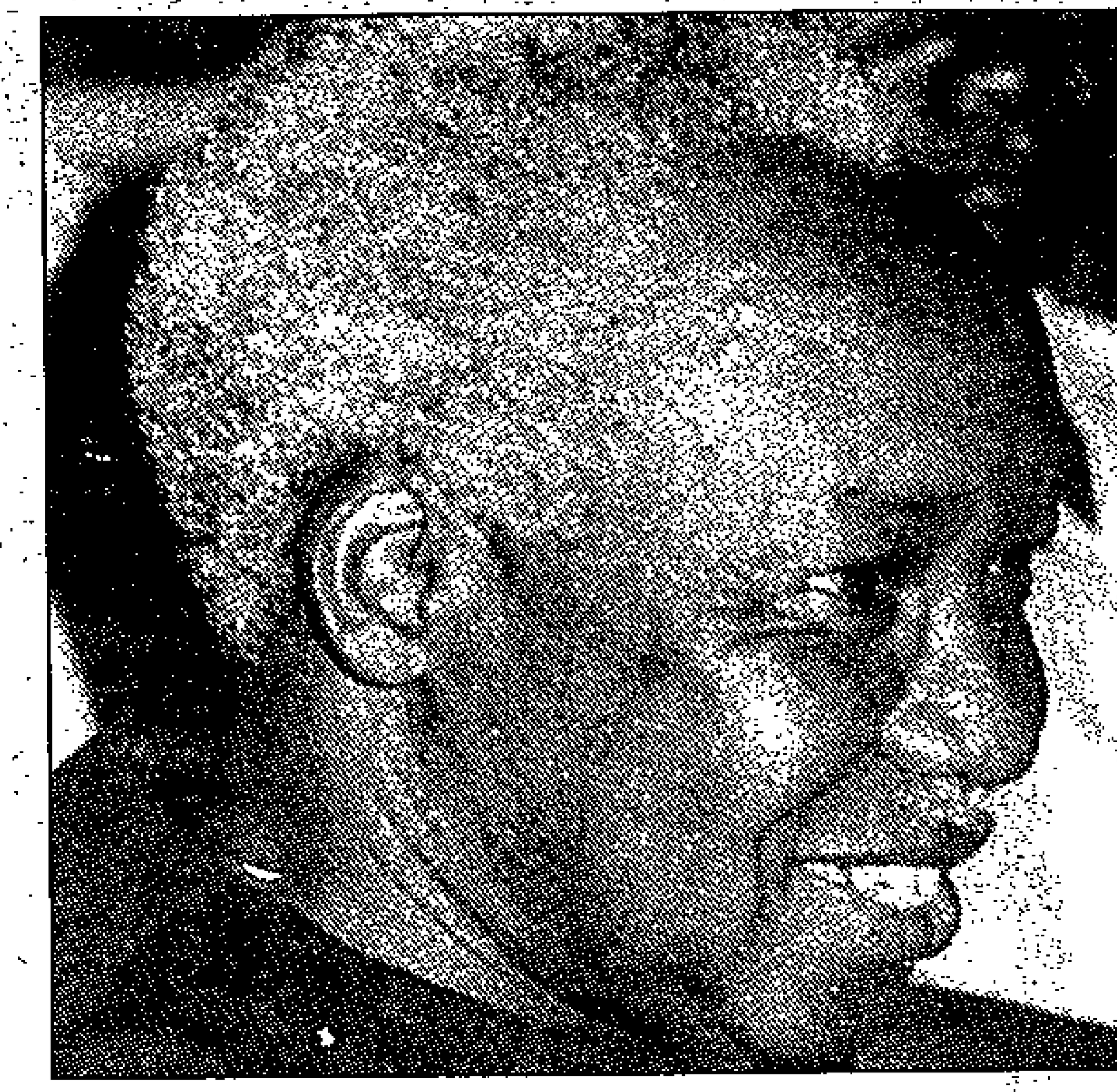
Nyerere, who is chairman of Third World think-tank, the South Commission, is also determined to see the survival of the union between mainland Tanganyika and the islands of Zanzibar and Pemba which he sealed in 1964.

The separatist Civic United Front holds sway in Zanzibar, reflecting the increasingly hostile views of islanders who view the mainland as an economic liability. CCM defeat on the island would almost certainly lead to the end of union.

As Nyerere watches the disintegration of everything he fought for since independence in 1961, such a collapse would be the final, devastating blow to his dreams.

A plethora of parties is bidding to contest the election, but they are divided, have no resources to reach the grassroots and no access to the mainstream media, which is controlled by the government.

On the other hand, there is no separation between the state and the CCM, which gives the party enormous resources and means it probably will retain power, even though its economic policies are widely seen as bankrupt. – *Gemini News*.



Former Tanzania president Julius Nyerere .... trying to fight a behind-the-scenes battle for his ideas.

Jaw-jaw better than war-war

Time to decide ... eager to weigh up their future leaders and prospects, Tanzanians read the newspapers as their first multi-party elections draw near GUY

(318) Star 13/10/95

A BROADCAST debate between presidential candidates is a sign of political maturity, and better than "killing each other like animals", reports Jaston Binala from Dar es Salaam.

Tanzanians have welcomed with considerable enthusiasm the new culture of political tolerance.

When four presidential candidates in this month's general election met in open debate on how they would deal with the nation's pressing economic problems, the nation listened in on their radios.

Many Tanzanians regard the debate as a growing and welcome sign of political maturity.

Invited guests in the packed conference room at Dar es Salaam's Kilimanjaro Hotel clapped enthusiastically in welcoming the speakers, who included Benjamin Mkapa, the presidential candidate from the ruling Chama Cha Mapinduzi (CCM).

Others were John Cheyo, the presidential candidate of the United Democratic Party, Augustine Lyatonga Mrema of NCCR-Mageuzi, and Professor Ibrahim Limpumba of the Civic United Front.

Presidential debates are a new culture in Tanzania, and indeed in the whole of Africa with the exception of South Africa, and as it kicked off at 10am last Tuesday, many locals were seen glued to their radios. Japhet Mwangoka, a pilot with Air Tanzania, said clusters of people could be seen listening under trees, or in their cars and offices.

A street book vendor, Raphael Kilawe, said: "The debate was of interest because it was new, and most of us were really curious to know what each of the candidates would say."

Each struggled to be the best. Mkapa, a journalist with training in diplomacy, talked about clamping down on tax evaders if he became president.

He also said the policies of the ruling party were the best, adding that opposition parties were still "toddlers in politics" and should not be given a chance to rule yet.

Mrema talked about imitating Kenya on a number of economic policies. He also repeated accusations that the ruling party was too corrupt to remain in power.

Cheyo promised to fill the people's pockets, but did not say how. He also accused Mrema of being vindictive.

Mrema, a former state-security operative, joined the opposition in March this year after falling out with the CCM government. He was Home Affairs Minister and later minister of labour. Cheyo is a businessman.

Professor Limpumba, an economist, used a lot of statistics to discredit the outgoing administration but promised to cut the size of the government down to 13 ministries instead of the current swollen 23.

He asked Tanzanians to elect an economist for president instead of a secret police officer or a journalist.

A woman guest remarked that the debate was a sign of Tanzania's political maturity because only politically tolerant politicians could agree to come together like the four.

While Rwandese and Burundians "killed each other like animals in the wilderness, it feels good that we can come together like this and simply talk to solve our problems", the woman said as she left the hotel.

It is not yet known how villagers reacted to the debate.

As Japhet Mwangoka put it, the debate was useful because the nation got an opportunity to measure the candidates.

In an interview afterwards, Cheyo said it had enabled him to talk to the entire nation at virtually no cost.

"For me, I thought it was a very good opportunity to campaign, and I used it. I knew that once on the air I was talking straight to the voters."

He added: "I wish the organisers would call for another debate, just before voting day."

A privately owned newspaper, The Business Times, organised the debate and the Friedrich Naumann Foundation, a German organisation, funded it. – Independent Foreign Service.

Tanzania poll mess

Dar es Salaam – Tanzania's first multiparty elections, which began slowly yesterday facing a host of logistical and administrative problems, were suspended late in the day.

This was after the voting period had been extended by four hours.

Many people were unable to vote in the elections, which followed three decades of single-party rule, with some polling stations missing ballots or opening late. Some election officials were also unable to reach polling stations.

An estimated nine million voters were choosing from among four presidential contenders and 1 311 candidates from 13 parties for 230 seats in the parliament.

The main presidential contenders are CCM's Benjamin Mkapa and Augustine Mrema of the NCCR-Mageuzi party.

Mkapa, a protegé of former president Julius Nyerere, who led Tanganyika to independence from Britain in 1961 is also considered a favourite.

If none of the presidential hopefuls wins 50% of the votes, another round of voting will be held in 40 days.

There were also reports of irregularities.

In Dar es Salaam, two men were arrested for offering to pay voters to cast ballots for the CCM.

Money and voter lists were found in their car.

Elections were held in Pemba and Zanzibar, two semi-autonomous islands off the Tanzanian coast, on October 22.

The CCM was declared to have won the local presidency and parliament, but the opposition alleged fraud and Western nations have urged a recount. – Sapa-AP.

Star 30/10/95 (318)

Opposition cries foul: Voters on Tanzania's island of Zanzibar celebrate the result of their first multi-party election in more than 30 years. But the result was disputed by the opposition
PHOTOGRAPH: CORINNE DUFKA

Tanzania's chaotic poll collapses

MG 3-9/11/95 (318)

Tanzania's first presidential election since independence has collapsed under suspicion of fraud, **Chris McGreal** reports from Dar es Salaam

THE credibility of Tanzania's presidential elections finally collapsed on Monday as the chaotic vote in Dar es Salaam was scrapped and a new poll called.

But the opposition said the election was so riven with fraud that it should be annulled across the country and a coalition formed. International observers said it was unlikely they would endorse as free and fair Tanzania's first multi-party presidential and parliamentary election since independence.

The national electoral commission tried to rescue the poll by announcing a new vote next week in Dar es Salaam, home to about 10 percent of Tanzania's nine million electors. It also ordered a second day of polling in the rest of the country on Monday for those who had not voted.

The chairman of the electoral commission, Judge Lewis Makame, admitted that many ballot papers had gone astray, that polling stations had failed to open, and that there was a popular suspicion of fraud, as there was when the ruling Chama Cha Mapinduzi won Zanzibar's election a week ago.

But Makame failed to offer a convincing explanation for the problems. Instead he appeared interested in ensuring the electoral commission was not blamed for failing to distribute ballots.

Opposition parties dismissed Makame's assertion that the worst problems were confined to Dar es Salaam and there was no need for a rerun of the vote elsewhere.

They wrote a joint letter to him saying: "The opposition strongly feels the elections up to this time have been rigged and therefore are not free and fair ... In order to avoid problems, a provisional government should be formed under the chief justice, with all parties, to organise new elections."

But some constituencies continued as if nothing had happened. Returning officers opened ballot boxes, held counts and released results overnight. Others held a second day of voting after angry Tanzanians besieged polling stations. Government and opposition monitors slept next to ballot boxes overnight to protect them from tampering.

International observers are now leaving. Many said privately that they were unwilling to endorse the legitimacy of the poll.

But Makame, who was criticised for failing to accept foreign assistance in the election, thought the departure of foreign observers no great loss. "We shall miss their company," was his only comment. — *The Guardian*

WORLD

Observers' silence upsets Tanzania's opposition

(318) BD 9/11/95

DAR ES SALAAM — An African growth industry, the observation of elections in the new multiparty era, has suffered a jarring setback in Tanzania.

Hundreds of foreign observers were flown in by an array of organisations to help ensure that the first multiparty votes in 30 years were free and fair.

They found themselves embroiled in a conflict about their mandate and their role in Africa's efforts to build democracy.

Bickering between different observer groups centred on the decision to work under the umbrella of the UN.

"That is definitely the last time we accept UN leadership in an African election," complained one Western diplomat, convinced that crude rigging of the count in Zanzibar's regional polls affected the outcome.

For opposition parties in Zanzibar on October 22 and in Tanzania a week later, the 420 observers were vital components in their campaign to oust the ruling Chama Cha Mapinduzi (CCM).

However, matters turned sour in both polls and instead of a quick and firm response from observers, there was a long silence.

"If they do not come up with a strong statement then their presence here was just a waste of taxpayers' money in their countries," said Seif Shariff Hamad, the opposition presidential candidate in Zanzibar.

Tanzania's Western donors, led by long-standing friends in Scandinavia who forged a special bond with former president Julius Nyerere, spent about $20m on the two elections.

Tanzania's 17 main donors, who disburse at least $500m a year in aid, complained on October 27 of "serious discrepancies" in the Zanzibar count.

The donors then fell silent and critics suggested that they were embarrassed about the no-strings contract they had with the national electoral commission.

The commission took the money but refused technical assistance and later presided over chaotic voting in Dar es Salaam and some provincial areas.

For Augustine Mrema, the main opposition presidential candidate in Tanzania, the donors and their observers have failed to understand the raw reality of African politics.

"We have leaders who accept a multiparty system in theory but not in practice because they are not prepared to relinquish power.

"The problem is that observers only observe. They do not have any powers to intervene when they see things going wrong," said Mrema.

The opposition alleged rigging by the CCM, but the ruling party was firm in its denials and the observers kept quiet until a group sent by the Commonwealth reported "chaos and confusion".

The observers, however, did have one line in their walk-on role: "The elections were broadly free and fair, despite flaws which did not alter the final outcome." — Reuter.

Tanzania on the brink in wake of botched election

(3/8) ARG 11/11/95

JOE KHAMISI
Foreign Service

NAIROBI. — A political and economic crisis is looming in Tanzania following last month's botched general election.

The immediate economic future of the nation of 27 million appears bleak.

Financial sources say millions of rands have been sent abroad secretly by worried Tanzanian businessmen during the past few weeks.

Donors irked by widespread poll irregularities say no immediate resumption of aid was expected until the controversy-ridden election was regularised.

An International Monetary Fund mission which was expected to visit the country this month now appears uncertain. The mission was to determine whether conditions existed for the resumption of balance-of-payment aid frozen in October 1994.

Aid to Tanzania was suspended following international anger over the government's failure to collect tax amounting to $125 million (R313 million).

According to the budget proposals announced in June, Tanzania requires R750 million in foreign aid and grants for the 1995/6 financial year for recurrent expenditure and development.

The aid is required to jump-start an economy on the brink of collapse. It was expected that the money would be disbursed immediately after the new government took office.

But outgoing President Ali Hassan Mwinyi, who was to have handed over on November 5, is now expected to remain in office until after November 19.

That is the date when the government ordered re-run of elections is to be held in the capital, Dar es Salaam.

The political impasse is said to be causing considerable concern among investors and potential tourists.

Of the three East African countries, Tanzania has been the most stable politically. The 120 tribes have lived in relative harmony. But things may now change.

Foreign and local observers branded the elections a farce.

The 15-member Commonwealth observer mission talked of inadequate preparations, chaos and confusion not seen before in the Commonwealth.

(318)

Tanzanian election ends with apathy

CT 20/11/95

DAR ES SALAAM: Confusion and apathy hit a re-run of presidential and parliamentary elections in Tanzania's capital yesterday with Mr Benjamin Mkapa of the ruling party heading for the presidency.

Only a handful of people had voted at polling stations in Ilala constituency by mid-morning and election officials who struggled to cope with long queues at the first nationwide poll on October 29 waited yesterday for up to an hour for a voter to appear.

Some 700 000 people were eligible for the repeat vote but the CCM's strong lead in the rest of the country and a fragmented opposition boycott ensured that many stayed at home.

"People are not voting because they know Mkapa is going to win the presidency," said Aziza Sayah, an election official.

It was an uninspiring end in Dar es Salaam's seven constituencies to Tanzania's first multi-party presidential and parliamentary polls after three decades of CCM single-party rule. —Reuter

Promising Tanzanian prospect for Randgold

CT (BR) 22/11/95 (318)

By Derek Tommey

Johannesburg — Randgold's gold prospect in Tanzania is producing promising results.

Randgold Resources, the group's exploration company, said drilling and sampling at the Golden Ridge prospect had confirmed a resource of at least 1 million ounces of gold.

Mark Bristow, who was conducting the exploration, said he was encouraged by what he had seen to date and was confident that the prospect had the potential for a significant increase in gold-bearing ore.

Randgold took over management control of the prospect in September from Pangea Goldfields which was listed on the Vancouver stock exchange.

So far it has spent $1 million exploring the prospect which has given it a 25 percent stake. The investment of a further $4 million will bring its stake up to 50 percent and the provision of a bankable feasibility study will increase this stake to 65 percent. Randgold can also increase its stake to 70 percent by paying $30 an ounce for 5 percent of the proven, and probably mineable, reserves.

Bristow said the gold-bearing ore had an average grade of 2 grams a ton and the deposits lay from the surface down to a depth of about 150m.

Mkapa ... taking over reins

Tanzanians vote in a new ruling team

(318) Star 23|11|95

Dar es Salaam – Benjamin Mkapa, the candidate of Tanzania's long-dominant Chama cha Mapinduzi party, was declared the new president of Tanzania yesterday.

National Electoral Commission chairman Justice Lewis Makame told a special ceremony here that Mkapa (57) had won the presidency after receiving 61,8% of the votes in the country's first multiparty presidential elections since independence in 1961.

Makame also declared Omar Ali Juma, Mkapa's running mate, the vice-president of the United Republic of Tanzania.

Giving a breakdown of the vote, Makame said following the October 29 presidential poll and the November 18 repeat of voting in the Dar es Salaam region, Mkapa had polled 4 026 422 (61,8%) of votes against National Convention for Construction and Reform candidate Augustine Mrema's 1 808 616 votes (27,8%).

Professor Ibrahim Lipumba of the Civic United Front garnered 418 973 votes (6,4%) and John Cheyo of the United Democratic Party managed only 252 734 votes (4%), Makame said.

He said that out of the total 8 929 681 Tanzanians registered as voters, only 6 846,681 (76,7%) voted, and 333 936 (4,9%) of the ballots were spoilt.

"I declare Benjamin William Mkapa president of the United Republic of Tanzania, and Omar Ali Juma the duly elected vice-president of the United Republic of Tanzania", Justice Makame said. – AFP.

The Star .... Friday November 24 1995

New Tanzanian president Mkapa sworn in

(318) Star 24/11/95

Dar es Salaam – Benjamin William Mkapa was yesterday sworn in as Tanzania's new president after he was declared the winner of the country's multiparty elections held last month, officials said.

Mkapa (57) of the Chama Cha Mapinduzi (CCM or Revolutionary Party) which has ruled Tanzania for past three decades, was sworn in by the Chief Justice, Francis Nyalali.

He becomes Tanzania's third president since independence from Britain in 1962.

Omar Ali Juma, a former chief minister of Tanzania's semi-autonomous islands of Zanzibar, also took the oath of office as the country's new vice-president.

Mkapa secured 61,8% of the vote, compared to 27,8% for opposition National Convention for Construction and Reform (NCCR-Mageuzi) candidate Augustine Mrema.

Ibrahim Lipumba of the Civic United Front (CUF) garnered 6,4% and John Cheyo of the United Democratic Party (UDP) 4%.

The CCM also swept parliamentary elections, winning 186 seats in the 232-member national assembly, compared to a total of 46 seats for the 13 opposition parties.

The parliamentary vote in Dar es Salaam had to be repeated because of major irregularities and flawed planning, but donor countries said that the outcome fairly reflected the aspirations of a majority of Tanzanian voters.

But on Tuesday, a group of 10 major western aid donors strongly criticised a separate election in the semi-autonomous island of Zanzibar, held a week before the national vote.

The statement, issued by Belgium, Britain, Canada, Denmark, Germany, Ireland, Japan, Norway, Switzerland and the United States said that an "atmosphere of intimidation was created" during the Zanzibar poll, which was won by the CCM. – Sapa-AFP.

Chaos and confusion as poll in Tanzania branded 'a farce'

(318) Star 25/11/95

By JOE KHAMISI

Nairobi – A political and economic crisis is looming in Tanzania as the country tries to come to grips with scars inflicted by last month's botched general elections. The immediate economic future of the country of 27-million people appears bleak.

Financial sources say millions of shillings have secretly been sent abroad by worried Tanzanian businessmen during the last few weeks.

Donors irked by widespread poll irregularities say no immediate resumption of aid was anticipated until the controversy-ridden elections were regularised. An IMF mission which was expected to visit the country this month now appears uncertain.

The mission was to determine whether conditions existed for the resumption of balance of payment aid frozen in October 1994.

Aid to Tanzania was suspended following international anger over the government's failure to collect tax revenues amounting to U$125 million.

According to the budget proposals announced in June, Tanzania requires U$295 million in foreign aid and grants for the 1995/6 financial year for recurrent expenditure and development.

The aid is required to jumpstart an economy on the brink of collapse.

It was expected the money would be disbursed immediately after the new government takes office.

The political impasse is said to be causing considerable concern among investors and potential tourists.

Of the three East African countries, Tanzania has been the most stable politically. The 120 tribes have lived in relative harmony.

But things may now change.

Foreign and local observers branded the elections a farce. The 15-member Commonwealth observer mission talked of inadequate preparations, chaos and confusion never seen anywhere else in the Commonwealth.

The worst irregularities occurred in Dar es Salaam which has 760 000 voters or six percent of the 8,9 million eligible voters. Dar es Salaam is an opposition stronghold but it is also a hotbed of potential trouble.

Unrest brewing

Attempts by the opposition to have the elections stopped were thwarted by a High Court ruling. The opposition warned the country was heading for chaos.

Already, in the islands of Zanzibar and Pemba where the ruling party, Chama Cha Mapinduzi (CCM), narrowly defeated the Civic United Front (CUF), social unrest appears to be brewing.

CUF won 21 seats in the Arab-dominated Pemba while clinching only three seats in the predominantly African inhabited Zanzibar.

On the other hand, CCM won 26 seats, three of them in Pemba.

In the heavily contentious presidential elections, the incumbent, Dr Salmin Armour, took a 50,2 percent share of the vote while his opponent, Seif Sheriff Hamad got 49,88 percent.

The narrow margin of defeat has revived historical schism between the Arabs and Africans. The local media is already reporting attacks on Arab institutions and a slow but steady exodus of Arabs from Zanzibar to Pemba. – Independent Foreign Service

Tanzania's first free elections hang in the balance

Tanzania's first free presidential election could descend into a farce unless a dispute over the results of last weekend's Zanzibar elections is resolved.
Chris McGreal reports from Dar-es-Salaam

TANZANIA'S first free presidential election was thrown into jeopardy this week after the leading opposition candidate threatened to withdraw.

Augustine Mrema, who heads the National Convention for Reconstruction and Reform, said he would quit unless the government admits defeat in last weekend's closely fought and highly disputed election for control of the tiny islands of Zanzibar.

On Zanzibar, the swearing-in of a new president was postponed while the ruling party and its opponents claimed to be victims of fraud — though no final election tally has been released.

Zanzibaris voted on Sunday for their own government before joining the rest of Tanzania to choose a national president and parliament this weekend. But Sunday's vote could descend into farce if Mrema does pull out, unless the Zanzibari dispute is settled beforehand. He and his supporters argue that if the government is permitted to get away with fixing Zanzibar's election, it could open the way for vote-rigging on the mainland.

The ruling Chama Cha Mapinduzi (CCM), once the only legal party, controls both the island and national governments. An incomplete count in Zanzibar gave the CCM a razor-thin majority over the Civic United Front (CUF), which promises greater autonomy for the islands.

Before the electoral commission stopped releasing results, the parties were almost evenly matched in competition for parliamentary seats. That left the presidential race as crucial, not just for control of the executive but, because the victor appoints 10 additional members of the legislature, to swing the balance of power in parliament.

One election monitor believed that while voting was largely fair, ballot boxes had been stuffed and returns altered. More people were recorded voting than were registered in some constituencies, he noted.

The CCM is not inexperienced in election rigging. Even under one-party rule, ballot boxes were switched to strengthen public endorsement of the president or to favour one candidate over another. Suspicions that history was to repeat itself on Zanzibar were raised when at the last minute the authorities turned down an offer from the British government to print the ballot papers.

The administration said it had decided to pay for the printing in South Africa, where there was less scrutiny of the process. The total number of ballots provided was never revealed.

But while some accuse the CCM of irregularities, the party protests that it is the real victim. Once scrutiny of the results began, the ruling party suddenly alleged it was being robbed of victory and accused the electoral commission of bowing to opposition pressure to alter the tallies.

318) MG 27/10 - 2/11/95

The CCM candidate, the incumbent Zanzibari president, Salmin Amour, demanded complete nullification of the election and fresh voting in three to six months. In the meantime, the CCM said, Amour should remain in power.

In contrast to the electorate, who voted enthusiastically but peacefully, opposing politicians last night sounded increasingly threatening as they besieged the electoral commission to press their causes. But there was still no clear picture of who the commission was likely to declare president, or if it would do so at all.

On the mainland, Mrema's campaign committee chairman, Mwesiga Baregu, feared vote-rigging on Zanzibar was just of taste of things to come. "We've already got problems with voter registration and people being left off," he said.

Mrema said he would withdraw from Sunday's election unless the government recognised the opposition victory or met CUF demands for a recount of the presidential vote and release of the electoral rolls so that names ticked off as having voted could be checked against the number of ballots cast.

If Mrema did withdraw, it would be a severe and perhaps fatal blow to the credibility of Tanzania's elections which, as on Zanzibar, are closely fought. — *The Guardian*

Many wish for Nyerere's return after Tanzania's first multiparty elections

Star 5/12/95 (318)

Special Correspondent
Independent Foreign Service

This month, Tanzania held its first multiparty democratic elections since 1965. Despite the allegations of fraud and rigging, the triumph of Chama Cha Mapinduzi (CCM), the long ruling party, was assured.

None of the other parties contesting these elections had ever participated in a general election, nor did they have the resources available to the CCM, its organisational capacity, nor indeed its appeal to the masses.

Tanzania, then known as Tanganyika, gained its independence from Britain in 1961 under its first president, Julius Nyerere. It was Tanzania that precipitated the withdrawal of South Africa from the Commonwealth later that year, when Nyerere called for the expulsion of South Africa because of its apartheid policies. "To vote South Africa in is to vote us out" was the refrain he used so persuasively, implying that other African states would withdraw if South Africa remained. In the event, South Africa withdrew from the Commonwealth, and Tanzania remained to wage a diplomatic war against South Africa that lasted until 1993.

Nyerere demonstrated his greatness at an early stage in his presidency. In January 1962, barely two months after he had been installed as his country's first president, he resigned his position to concentrate on building his party, the Tanganyika African National Union (Tanu).

Independence had catapulted all Tanu's leadership into government positions, and the party remained leaderless and without direction. Nyerere performed the supreme sacrifice (imagine Mandela quitting the presidency to reorganise the ANC) returning to the grassroots to build a formidable party able to rise to the challenges of independence.

Nyerere's gamble paid off, for after he had reorganised the party into a powerful tool, he was reelected as president in December 1962.

In 1965, Tanzania had its first post-independence elections. Although these elections were contested by a number of parties, Tanu emerged as the dominant party, capturing 70 of the 71 seats at stake. It was this massive victory that precipitated the advent of a one-party state, with supporters urging that there would be more democracy since the party would offer a choice of candidates to voters, whereas under a multi-party system, the party would present one candidate per constituency, who was virtually certain of winning.

African Socialism key to development – Nyerere

The shift to a one party state also coincided with the adoption of more socialist policies, coined under the phrase of African Socialism. Nyerere was convinced that development in Tanzania would come faster only if the inhabitants of its sparsely populated villages came together and lived in communes. In this way, schools, health clinics, water, and other amenities would be provided to serve a larger number of people than if the government tried to provide these facilities to farflung, thinly populated villages.

Under the circumstances under which these policies were formulated, they made economic sense. Tanzania did not have the resources to provide the whole country with adequate transportation or basic facilities. Moreover, the pooling of resources in the communes, called Ujaama villages, would lead to greater productivity and cooperation.

These policies were embodied in a document called the Arusha Declaration and formally adopted in 1967. It was at this time that the first cracks in Nyerere's government appeared. Oscar Kambona, hitherto the Minister of Foreign Affairs, resigned and fled to Britain, claiming the document represented a slide to Socialism.

There were also disturbances in Zanzibar, which had been incorporated into Tanganyika after a 1964 coup. But no long lasting opposition materialised, and Nyerere was to continue with his experiment in African Socialism.

Despite reports to the contrary, Nyerere's brand of socialism was to a certain extent quite successful. Health care in Tanzania is available in every village. Clean piped water is available almost everywhere, and Tanzania has the highest literacy rate in Africa, with 95% of its adult population able to read and write.

Considering that there are 120 tribes in Tanzania, the sense of national consciousness is very high. Swahili, an Afro-Arab language introduced in East Africa during the times of slave trade, is the national language and understood by everyone in the country. While most of Africa, including all Tanzania's neighbours (except Zambia) have faced civil strife and wars, Tanzania has remained a beacon of stability and unity.

Nyerere's failures, if they can be termed failures, were his inability to reduce Tanzania's dependence on foreign aid, which was the declared aim of the Arusha Declaration, and the poor state of the economy. The economic collapse, however, was more the consequence of external factors.

In 1985, Nyerere was succeeded by Mwinyi as President, although he retained the chairmanship of CCM. Nyerere's departure left a void in the leadership of the country that was never to be filled.

His advocacy of human rights had made him many enemies. Alone among African leaders, he condemned dictatorships in Uganda, Malawi, Zaire, and Nigeria long before it was fashionable to do so. Within the country, his departure was greeted with sadness and regret, for it was he who had made Tanzania.

Since Nyerere's departure from the political scene (he finally resigned as Chairman of CCM in 1992), Tanzania has battled to cope with the many challenges facing it. In 1992, the constitution was changed to allow multiparty democracy. Since then more than 20 groupings have sprang up. This has revived spectres of division and tribalism, and a danger to Tanzania's closely guarded unity.

Corruption, unheard of during the Nyerere years, has surfaced. In 1994, the Minister of Finance was forced to resign after failing to control corruption in the Customs department.

In the current climate, many Tanzanians may be forgiven for wishing for a return of the Nyerere years.

TANZANIA – GENERAL

1996 – 97

Tanzania's new mini-budget opens the way for IMF

(318) ETCBR) 9/1/96

By Joe Khamisi

Nairobi — With the announcement of a mini-budget in Tanzania on January 2, the way is now open for an International Monetary Fund mission to visit Dar-es-Salaam.

Analysts say the visit could take place within the next two months — once the mini-budget has been approved by parliament, expected later this month. The IMF postponed the mission three times to await the outcome of the country's general elections and assess the extent of a budget deficit said to be at the centre of discord.

The mission aims at breaking a one-year stalemate that saw donors suspend R223,2 million in balance-of-payments support to Tanzania. Donors were unhappy about the huge shortfalls in revenue collection that led to a loss estimated at R450 million in 1994.

The IMF mission will discuss a new aid package totalling R720 million, most of which is expected to go towards social services. The success or failure of the talks will determine donor response for resumption of assistance.

On the agenda will also be the restructuring of the financial sector, with particular emphasis on the troubled national bank, the national insurance corporation and other government institutions. Heads have already begun to roll in the two financially troubled institutions: the chairmen of both bodies were replaced in late December.

The bank is said to have lost huge sums of money through irregular disbursements of loans, bad bookkeeping and questionable investments. Idris Rashidi, governor of the central bank, said the NBC — the "people's bank" — having incurred a loss of R9 000 million, was insolvent.

Indications are that a similar purging exercise will be carried out in other government parastatals. This, sources say, is in line with Tanzanian President, Benjamin Mkapa's commitment to inject new blood and instill efficiency in government.

Last week, in a move intended to please donors ahead of the meetings and improve its budgetary position, Tanzania announced sweeping tax increases and other measures aimed at raising R252 million for the exchequer. The money is intended to bridge a deficit of R768 million — expected during the coming financial year.

Observers feel Mkapa — one of the few top politicians untainted by corruption — began on the right track when he swayed away from the tradition of appointing old guards from the ruling Chama Cha Mapinduzi party and chose a younger, more educated cabinet. He vowed to seriously tackle corruption, rejuvenate the ailing agricultural sector and promote dialogue with the opposition.

Mkapa won highly controversial elections in November, but the whole exercise was conducted peacefully. Thus Tanzanians see no reason why donors should continue with the aid boycott.

That the Netherlands broke away from its allies on the eve of the election and gave Tanzania R111,6 million is a positive sign for Dar-es-Salaam.

The Netherlands argued that Tanzania needed the money to lessen pressures caused by Rwandan refugees. It was also an acknowledgement of political and economic reforms and the peaceful nature of the election process, it said.
— Independent Foreign Service

Bleak future for Tanzanian girls

(318)

CP 21/1/96

Only 16,9 percent of girls of school-going age in Tanzania attend school. The outlook for women looks bleak given new policies for payment of school fees.

MARIA Teresa would like to go back to school. But this is a dream. Two years ago at the age of 14 she was forced to drop out because her parents could not pay the fees.

Teresa is now a barmaid in Dar es Salaam, the capital. She is one of thousands of other youngsters who have had to give up school because their parents are practically penniless.

Cost-sharing policies promoted by the World Bank and the International Monetary Fund (IMF) through their structural adjustment programmes are set to have widespread effects on the amount of children whose parents cannot afford to send them to school, especially girls.

"I WANT MY MAMA" . . . While girls in Tanzania face a bleak future in education, this little local girl wailed when her mother left her on the child's first day at school. ■ Pic: MIKE MZILENI

Many of the victims, according to studies, include women who make up 51 percent of the population of 28 million. Only 16,9 percent of girls of school-going age attend school.

Until recently, Tanzania was one of the few countries where, despite immense poverty, education was free. But with new policies, the cost of education has been shifted to parents.

Considering the crushing poverty of the majority of parents, many say Tanzania's education system is now at a crossroads. "It is only for the rich and boys," says Teresa's friend, Elizabeth Romanus. Her parents have decided to pay school fees for her two brothers Elias and Zakaria, ignoring her merely because she is a girl. Traditionally, boys are given preference.

Social workers and women activists believe that even if a family is wealthy enough to pay for all of their children's schooling, boys will still be given preference should a problem arise. Indeed, in many tribes, education for girls remains a luxury. Thousands of girls are taken out of school each year so they can marry.

"Were it not for the heavy penalties imposed on parents who withdraw their daughters from school so that they can get married, the number of girls in schools would be even more dismal," says Hatib Sultan, a retired secondary school teacher.

Parents in the poverty stricken southern regions of Lindi and Mtwara frequently say they cannot afford to send their offspring to school. Over 500 000 youths are estimated to have moved from these areas to Dar es Salaam during the past two years alone.

Professor Cuthbert Omari, of the sociology department at the University of Dar es Salaam, says structural adjustment programmes are undermining both the formal and informal social security systems. He says that, at present, formal social security is male-biased. Even the right to work for women is not clearly defined as it excludes those in rural areas and in the informal sector, who make up the majority.

Only 32 percent of government employees are women, so men are the major beneficiaries of various social security programmes because they make up the vast majority of the workforce.

All of these are pointers to a bleak future for Tanzania's women, given the cost-sharing policy in education.

'Mr Clean' restores confidence

ANACLET RWEGAYURA of International Press Services reports from Dar es Salaam

(318)

ARG 2/2/96

Two-months after winning Tanzania's first multi-party election, President Benjamin Mkapa's image as "Mr. Clean" is softening the hearts of hesitant donors.

Development aid has begun to trickle into the country as a one-year moratorium by donors fed up with the level of corruption under his predecessor is gradually lifted.

Demonstrating a no-nonsense start to his presidency, Mkapa declared his assets before taking office (two houses and four cars) and has rooted out the old-guard from the ruling Chama Cha Mapinduzi (CCM) party, announcing a slimmed down cabinet.

Mkapa, who before his campaign was a low profile science and technology minister, says he wants his term remembered as one that "demonstrably fought corruption and strengthened the kind of leadership, public service, values and responsibilities that promote good governance."

This is all good news to the donors who hold significant clout in this impoverished country. They had turned their back on the past administration of Ali Hassan Mwinyi and were particularly scathing over corruption in the tax system and the low levels of locally raised revenue.

Sweden, Tanzania's leading donor over the past 30 years, says the relationship between the two countries should be reviewed. Stockholm had earmarked an aid package of R310-million for Tanzania this year, up from R120-million disbursed in 1994 and 1995

"We see as a positive development the government's recourse to instilling fiscal discipline, good governance and serious efforts at internal generation of resources," said Pierre Schori, Sweden's Minister for International Development Cooperation, during a recent visit here.

"Our development cooperation should aim at ridding this country of aid dependence," he added.

Following in Sweden's footsteps, Norway's Minister for Development and Cooperation, Kari Nordheim Larsen, has announced here that her country was lifting its suspension of financial aid and would soon release funds for balance of payments support.

The envoys of Belgium, Denmark and Finland have also followed suit announcing their intention to come to the aid of Tanzania's economic recovery programme.

Meanwhile, Britain's Minister for International Development, Baroness Lynda Chalker arrived Monday for a three-day tour when she will review her country's aid programme.

According to treasury sources, Tanzania is also negotiating with the International Monetary Fund for an Enhanced Structural Adjustment Facility.

The facility was put on hold by concerns over the previous government's probity and commitment to reforms.

The challenge facing Mkapa's government is to attain fiscal viability, says Prof. Benno Ndulu of the University of Dar es Salaam.

He notes a "disturbing" factor in Tanzania's use of external assistance to beef up the country's recurrent budget of government instead of financing development projects.

ST 4/2/96 (318)

Iscor in Tanzanian gold venture

By DON ROBERTSON

ISCOR has signed an agreement with Pangea Goldfields of Canada to investigate a number of joint gold ventures in Tanzania.

The agreement covers three areas of about 600km^2 of Pangea's exploration concessions in Tanzania.

Ben Alberts, managing director of Iscor's mining division, says a "strategic rethink" of mining operations prompted the group to step up its search for gold and base metals.

"We want to develop a high potential portfolio of preferred commodities in selected countries which will add value to Iscor.

"Our approach is that open pit mining requires the same skills and techniques, regardless of the commodity being exploited. Should we find a suitable gold mine, we will certainly develop and run it and would consider bringing in a suitable joint venture partner if necessary."

In terms of the Pangea agreement, Iscor will get a 75% interest in each of the joint ventures after the completion of a feasibility study which it will finance. Once about R18-million has been spent on each joint venture, Iscor will be entitled to a 51% interest in each project.

Iscor is also exploring for gold and base minerals in Uganda.

Iscor has agreed to obtain the finance for any mines established on the properties and will be entitled to recoup this out of the proceeds of 80% of the cash flow from these operations.

Initial geological soil sampling has proved very interesting, says Con Fauconnier, general manager of business development at Iscor Mining.

Tanzania expects US tobacco deal to herald international reinvestment in economy

318

BY JOE KHAMISI

Nairobi — The entry into Tanzania of RJ Reynolds, the international tobacco conglomerate, is a significant economic boost for the new government of President Benjamin Mkapa.

The entry is also a mini-coup for RJR Nabisco, the subsidiary of the US consumer products multinational. It signals a successful push into Africa for a company that is increasingly losing its traditional North American market.

International cigarette makers, including RJ Reynolds' competitors Philip Morris and British American Tobacco, are turning their attention to the Third World where smoking is gaining popularity, especially among the youth.

Analysts see Tanzania as a staging point for RJ Reynolds' eventual expansion plan through eastern and central Africa.

Last December, RJ Reynolds won a $55 million deal enabling it to acquire majority shares in the state-owned Tanzania Tobacco Company (TCC).

The parastatal-sector reform commission was impressed by RJ Reynolds' rehabilitation plans for the 30-year-old local company.

The deal was completed despite a public outcry in Tanzania.

TCC is one of hundreds of government corporations due to be privatised to create a more efficient market-orientated economy.

But critics of the sale cited studies pointing to potential health risks from tobacco smoking if production were to be increased.

Tobacco-related diseases such as lung cancer and heart ailments are reported by the World Health Organisation to be on the increase all over the world.

Nearly 10 million people worldwide were expected to die from tobacco-related conditions before the middle of the next century.

In Tanzania, a compromise was reportedly reached between authorities and RJ Reynolds, allowing health warnings to be posted on all cigarette packets. Such warnings are credited for successfully reducing consumption in the West.

For example, come the year 2000 only one American in seven will still be smoking as compared with the 1970s ratio of one in three.

CT (BR) 13/2/96

But some critics, including former president Julius Nyerere, opposed the sale saying TCC was viable as it was.

The Organisation of Tanzanian Trade Unions even went to court in an attempt to stop the sale.

The government won the battle, underscoring a new positive investment approach for a country hungry for new foreign capital.

Observers say RJ Reynolds' entry also meant a vote of confidence in Tanzania which has experienced donor apathy in recent years. Lenders are expected to restore full assistance to Tanzania in the coming weeks after a virtual freeze in 1994 in protest over corruption and tax-collection irregularities.

The cigarette maker plans to boost production and improve cigarette quality in Tanzania over the next five years.

The company plans to launch three of its brands in the country soon. The TCC produces several brands but its Sportsman and Sweet Menthol account for 80 percent of the total yearly domestic sales, of $75 million.

RJ Reynolds is reported to have long-term investment plans for Tanzania, including improving curing processes. It will also encourage farmers to improve quality, with prospects of higher incomes from increased sales. — Independent Foreign Service

They're still the makaburu but no longer the enemy

2 (318) Star

17/2/96

Saturday Star
February 17 1996

By JASTON BINALA

Dar es Salaam – A plump white man in khaki shorts and a white T-shirt walking down a busy street in Dar es Salaam looks different, somewhat out of place, among the black crowd.

But he is obviously comfortable as he talks to street-side curio sellers, who accept him.

Attitudes towards white people have changed in this part of Africa following what is regarded here as South Africa's "independence" and its adoption of a multiracial democracy.

This new attitude is a far cry from the recent past, when virtually every white man was suspected of being a South African spy who might be looking for freedom fighters of Swapo, the ANC or the PAC.

Whites who came to Tanzania risked being attacked by people who were overly suspicious. Nearly every white person was suspected of being a *kaburu*, a derogatory name derived from the word *boer*.

Since independence in 1960, Tanzania was a major training ground for freedom fighters

Two Baptist missionaries were, on two separate occasions, mistaken for SA spies. Don Smith was detained at the Kigurunyembe teachers' training college at the Uluguru mountain near Morogoro. He had driven too close to the institution for the defence force's comfort.

Ervil Senter was arrested at Mzinga village at the foot of Uluguru by soldiers who were convinced he was a *kaburu*. He was saved by Harry Mwasanjala, a Tanzanian preacher who vouched for the American missionary. On another occasion a male tourist was brutally manhandled at the Urafiki textile mills in Dar es Salaam. He had taken a picture of the factory and was suspected of being an arsonist.

All the suspicion and hatred have now vanished, however. People smiled and cheered when a South African gunship and submarine docked in Dar es Salaam's harbour recently.

Michael Okema, a senior lecturer in political science at the University of Dar es Salaam, says hatred against *kaburus* started to subside when Nelson Mandela was released from prison in 1990. The crumbling pillars of apartheid have also greatly improved attitudes.

Since its independence in 1960, Tanzania was a major training ground for freedom fighters. They later returned to their home countries in southern Africa to remove the *makaburu* from power.

Tanzanians were highly politicised. They felt a part of the "struggle". Primary schools sang hate songs against apartheid South Africa every morning.

But as Pretoria gave in, Okema observed, as the *kaburus'* last stronghold moved closer to a multiracial democracy, the hatred became worthless. Both black and white South Africans began to gain acceptance – to such an extent that some South African investors have moved here and find Tanzania a good country in which to trade.

One of the pioneer companies to move to Tanzania is South African Breweries. Through its subsidiary company, Indol, SAB has pumped about R150-million into Tanzania Breweries Limited to enter into a joint venture with the Tanzanian government.

Danny Niemandt, Indol representative in Tanzania and also executive managing director of Tanzania Breweries, says he feels accepted and receives numerous phone calls from fellow South Africans who would like to move their investments here. Nimandt advises them about areas for potential investment, including agriculture, tourism and mining.

The new attitude is probably best typified by Miki Tasseni, a columnist at The Guardian newspaper in Dar es Salaam. "Whenever I see the word *kaburu* in a story I simply scratch it out. It does not mean much anymore," he says.

South African investors have also moved here and find it a good country in which to invest

"The feeling that South Africa is accepted in this country can also be measured by the volume of people wanting to migrate south," says Okema, who adds: "Intellectuals, peasants, young people, you name it – everybody wants to go south. Everybody realises it is no longer the enemy."

Okema argues, however, that the absence of the word *kaburu* is superficial. White South Africans will always be *makaburu*, albeit only in name.

"You have to understand the Tanzanian culture to get what I mean. A derogatory word can very quickly turn into a joke here," he says.

"So for Tanzanians, white South Africans will always be *makaburu*; but it does not mean anything. It is just to give them an identity. Nothing more." – Independent Foreign Service

Ecotourism group expands into Tanzania

CT (BR) 19/2/96 (3/8)

By Maggie Rowley

Cape Town — The Conservation Corporation (Cons Corps) will acquire a game lodge group in Tanzania as part of its multimillion-rand expansion drive into the continent.

The corporation will also be changing its name to the Conservation Corporation Africa..

Steve Fitzgerald, the group managing director, said last week it would acquire the Tanzanian group, in a joint venture with an East African consortium. The Tanzanian group owns four lodges including a small island off Zanzibar.

He said the acquisition would cement the ecotourism group's presence in East Africa. A new camp had also been acquired at Lake Manyara giving the group a circuit running from Maasai Mara in Kenya, through Serengeti to Lake Manyara and off the coast of Tanzania.

Two years ago Cons Corp Africa acquired a major interest in Windsor Hotels from the Abercrombie and Kent group.

Windsor Hotels operates the Windsor Golf and Country Club and Mayfair Court Hotel in Nairobi, the Siana Springs camp in Maasai Mara, the Kichwa Tembo lodge and the Ngorongoro Crater lodge in Tanzania which is being rebuilt into a super-luxury lodge.

Last year the group also embarked on a joint venture with Chizim Investments of Zimbabwe and the Zimbabwean government's Rainbow Tourism group to develop the 49 000ha Matetsi private game reserve near the Victoria Falls. The first two lodges would be opened by July 1, Fitzgerald said.

The group's expansion within South Africa continued with a 50 percent acquisition of the 10 000ha Makalale reserve in Mpumalanga where a lodge would be opened on May 1. Fitzgerald said this reserve was the keystone towards long-term plans to link the Kruger National Park with the high-rainfall areas, which would put an end to the culling of elephants. However, this would only be implemented if economically viable, he said.

Other South African lodges in the group include Londolozi, Ngala and Phinda Game Reserves, which was being extended by 48 beds.

Fitzgerald said plans to list the group in London and Johannesburg were still on schedule for the next 12 to 18 months. It is 60 percent South African owned. Major shareholders are the AECI pension fund, United Kingdom Merchant Bank, Hambros and various Getty family trusts.

Expansion has been funded by share issues, the latest of which was a private placing of R31 million with shareholders late last year.

Tanzania's state sugar industry damaged by illegal importing

DAR ES SALAAM — Tanzania's local sugar industry was being hurt by illegal imports of sugar that were wiping out millions of dollars of revenue from government coffers, industry officials said on Friday.

The illegal trade originated in Zanzibar island, where importers paid paltry taxes on imported sugar and then shipped their cargo to the mainland, said officials from the state-owned Sugar Development Corporation (Sudeco).

Although taxes for sugar importers have risen from 5% to 95% since 1992, key importers managed to negotiate a tax waiver with the previous government. As a result, private importers can sell sugar at $150 a ton while Sudeco's sugar sells at $400 a ton.

"There is massive tax evasion and massive fraud on the part of private importers and as a result we fail to sell our own sugar here," Sudeco GM George Mbati said.

Tanzania produces about 120 000 tons of sugar annually, but demand within Tanzania is more than 300 000 tons, leaving a lucrative niche for importers.

According to a recent report by Tanzania's Confederation of Trade and Industry, total tax evasion on sugar imports is estimated at $14,5m. Mbati estimated that Sudeco lost $11,1m in revenue because the market was flooded with cheap imports. (318)

Zanzibar has long exploited its semi-autonomous status within the Tanzanian union to attract imports by setting tariffs at a fraction of those charged on the mainland. The goods can then be legally shipped on to Dar es Salaam — the transfer tax is only 1% — and even that can be avoided when the sugar comes across in dhow boats with minimum documentation.

In one of his first measures aimed at eliminating corruption, President Benjamin Mkapa ordered tough monitoring measures by customs officials to clamp down on transit trade cheating.

Tax dodging is widespread in Tanzania and foreign donors froze balance of payments support in 1994 after the World Bank discovered a massive import tax evasion scam. But recently a handful of Western donors agreed to resume aid to Tanzania.

Meanwhile, recent Sudeco figures showed a poor year for the company. During the 1995/96 season, five processing plants produced 115 000 tons of sugar, well short of the 124 000 tons forecast. — Reuter.

BD 26/2/96

[redacted]

IMF, Tanzania expect talks to end this week

CJ(BR) 26/2/96 (318)

FROM AP-DJ

Washington — Tanzania and the IMF expected to complete negotiations this week on a new economic programme that could lead to hundreds of millions of dollars in loans and other financial aid, an IMF official told the Dow Jones Emerging Markets Report last week.

A senior IMF team is in Dar es Salaam working over the details of a shadow programme, under which the Tanzanian government would adhere to IMF-World Bank economic guidelines with the understanding that a $200 million, three-year, low-interest loan would probably be approved in July.

Last week, the IMF team met President Benjamin Mkapa. The official said the meeting reinforced the fund's belief that Tanzanian authorities were strongly committed to fiscal prudence and economic reforms. The official said: "We were particularly encouraged by the president because he's probably more committed than anybody else in the country."

A year ago, during President Ali Hassan Mwinyi's term of office, multilateral donors pledged $1 billion in aid for Tanzania, but held back on disbursements because of concerns that uncollected taxes and suspect tax exemptions seemed to indicate corruption was rife.

The IMF team expects that by the end of this week it will finish reviewing the government's mini budget, an amendment designed to balance the 1995-96 budget. The IMF had predicted that the original budget would produce a 50 billion shilling shortfall.

Among the other issues to be addressed in the economic programme are civil service, bank and tax collection reforms.

The shadow programme is designed to establish a track record of economic performance that will allow the IMF to provide a new structural-adjustment-facility loan, probably in July.

Once an IMF programme is in place, the World Bank is expected to consider a structural-adjustment credit of its own. Agreement on a shadow programme could also pave the way for a World Bank-assisted commercial debt buy-back operation as well as a fifth restructuring of Tanzania's bilateral debt.

Tanzania's foreign debt is estimated at between $6,5 billion and $7 billion, according to World Bank data from the end of 1994. The country's overdue commercial debt is between $300 million and $500 million.

IMF, Tanzania may sign first deal since 1994

(318)

CT (BR) 28/2/96

By Matt Bigg

Dar es Salaam — The IMF could this week sign its first agreement with Tanzania since an aid freeze in 1994, an executive said yesterday.

An IMF delegation, in Tanzania since last week, continued to negotiate a shadow programme agreement — the first step to a resumption of the quick disbursment loans to the country. The loans are worth up to $200 million.

"The chances are that we are going to reach an agreement by Saturday. We are very close to it," said Goodall Gondwe, the IMF deputy director for Africa.

The agreement would enable the IMF to shadow government efforts to promote financial discipline to see if Tanzania's performance warrants the release of an enhanced structural adjustment facility (Esaf) loan package.

No money was attached to the shadow programme, but it was a first step to a resumption of IMF loans for which a timetable had to be set, Tanzanian officials said.

"We are going to observe where we are going up to June 30. If we are successful we will move towards an Esaf and we will be back to agree on a more formal programme that will attract funds from the IMF," Gondwe said.

He said the new mood in relations between Tanzania and the IMF was almost entirely because of the new president, Benjamin Mkapa. He said Mkapa was efficient and concerned about getting results.

In 1994, the IMF and other donors froze aid to Tanzania after they uncovered a massive import tax exemption scam that cost the treasury $70 million a year in lost revenue.

In the wake of the scandal most donor countries set the signing of an IMF agreement on a new Esaf as a precondition for the resumption of balance of payments support.

The IMF delegation will remain in Tanzania for another week to iron out the details of the agreement with the president and senior government officials.

An IMF loan under Esaf would be worth about $200 million spread over three years and repayable in 10 years at 0,5 percent a year.

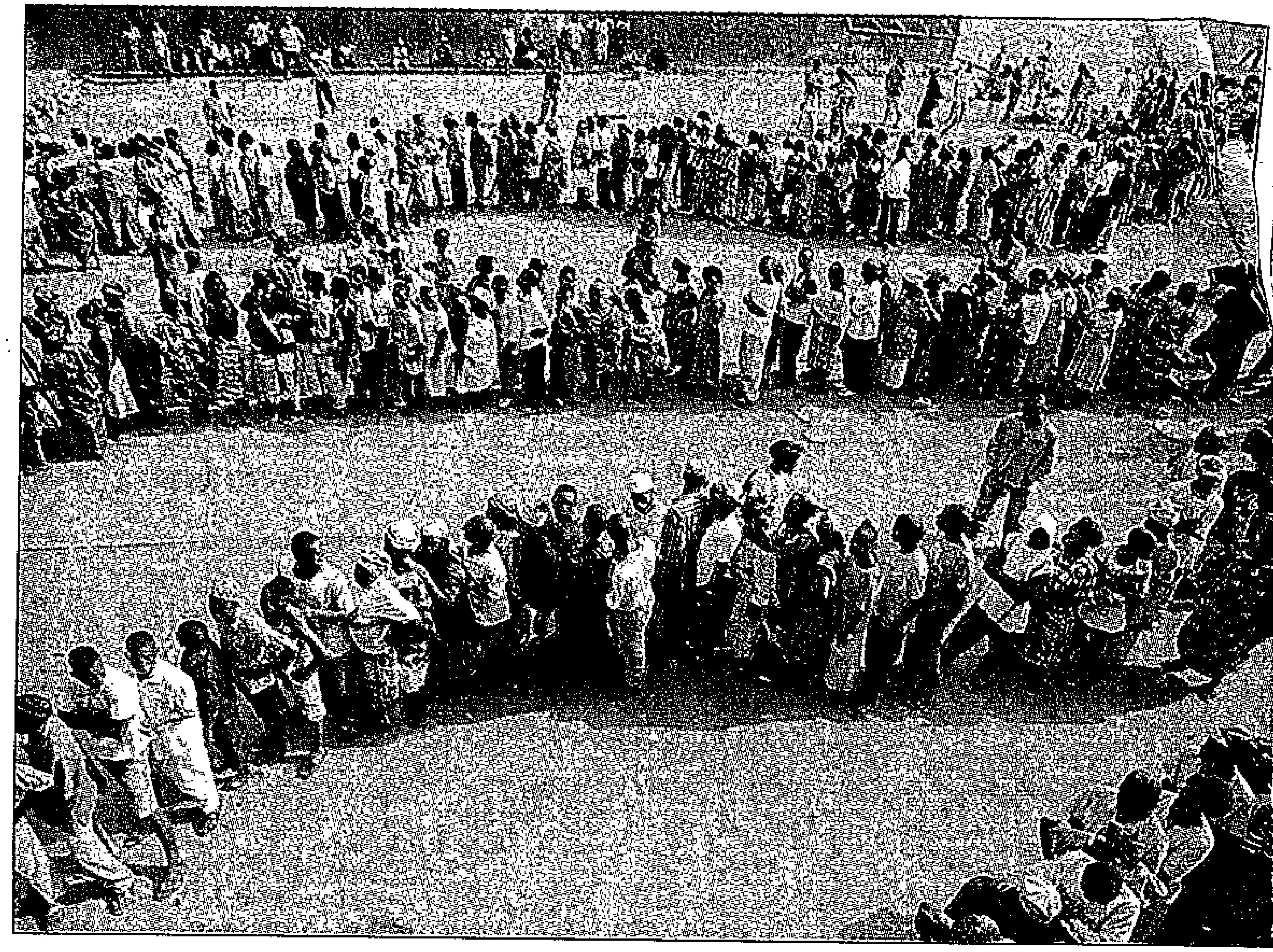
The IMF wants Tanzania to control central bank borrowing, limit government spending, simplify salaries to government employees and increase revenue collection.

It also wants Tanzania to rehabilitate the country's main commercial bank, the National Bank of Commerce (NBC).

Idris Rashidi, the governor of the Bank of Tanzania, the central bank, said recently that the NBC was bankrupt and insolvent. It has since embarked on a restructuring programme.

Treasury officials say Tanzania's economy grew 4,1 percent last year from 3,6 percent in 1994, but many Tanzanians say they see no tangible improvement in their quality of life.
— Reuter

FREETOWN FREEDOM



Voters in Freetown, Sierra Leone, queued throughout the day on 26 February to cast their ballots in the country's first democratic election in a decade. The country has been under military rule for more than four years

PHOTO: AP

Diamond plant heading for Tanzania

CT(BR) 26/3/96 (318)

By Jon Beverley

Durban — A second modular dense-medium separation diamond plant leaves for the Williamson Diamond Mines in Tanzania this week.

De Beers has come to an agreement with the Tanzanian government to rehabilitate the mine, which has seen diamond output sag in recent years.

This is the second plant ordered by the mine. Processing will double once the equipment is installed.

The plant was manufactured for process engineers, Dowding Reynard of Gauteng, and is an exact replica of the R2 million, 100 ton-an-hour plant sent to the mine last year.

Mike Keating, one of the project engineers, said they had increased the size of these modular and transportable plants from the traditional 10 tons to 25 tons an hour to 150 tons an hour.

Recent contracts awarded to Dowding Reynard included a 150 ton plant for Namdeb in Namibia and two 100 ton modules for the River Ranch diamond mine in Zimbabwe.

They also have the contract for a small 8 ton-an-hour jigging plant for an Australian company exploring in Mozambique and have made plants for Canadian firms, following the country's diamond rush.

Keating said that they were making a "miniature" dense-media separation plant aimed at prospecting firms.

This is expected to be of interest to small mining operations hoping to take up the 53 properties which De Beers plans to sell.

Tanzania risky for business, says report

(318) CT (BR) 26/3/96

Dar es Salaam — Despite a decade of free-market reform, Tanzania remains a high-risk environment for business, according to a report prepared for the United States Agency for International Development (USAid).

Corruption, bureaucracy and a poor infrastructure continue to make life difficult for the business community, said the report issued in Dar es Salaam on Sunday.

"Individual entrepreneurs are rushing to take advantage of the economic liberalisation, but they consider that Tanzania remains a difficult and high-risk economic environment," the report said.

Presenting Tanzania as a country at a crossroads, it said the business community doubted the government's commitment to reform and remained haunted by the legacy of the socialist experiment in the 1970s and 1980s.

"Slow bureaucracy and repressive laws still on the statute books" were evidence that the socialist influence lingered.

The report described corruption as an "implicit tax" on all business activity.

After the October elections, Tanzania's new government publicly committed itself to pursue market reforms. Earlier this month it reached a preliminary agreement with the International Monetary Fund on a stiff reform programme. — Reuter

Tanzanian retrenchees hard hit

(314)

Sowetan 27/5/96

DAR ES SALAAM – Imani Jumanne (not her real name) is frustrated. The four million shillings (R30 000) she got as a golden handshake from the government when she voluntarily retired two years ago is finished.

She is not alone. According to an economist with the Tanzanian Federation of Free Trade Unions (TFTU), Jumanne is one of 48 000 civil service retrenchees, lured by large retrenchment packages during the government's costcutting campaign.

The exercise, which started in 1986, is in its third phase. Apart from retrenchments, it is also responsible for the abolition of free education and medical services.

This has hit low-income citizens worst.

Most of the retrenchees planned to invest their money in the formal sector.

Jumanne, for example, put half her money in fixed deposit in a bank and invested the other half in a rice plantation.

Crop investment

But she found herself drawing money from the bank to finance her seasonal crop investment, as well as for food and shelter while waiting for the harvest.

Like most small-scale farmers in Tanzania, her harvests were poor. She had to reinvest all of her harvest sales – although they were insufficient – into another farming season.

With less money in the bank, she is in a worse situation than when she started.

Ninety-five parastatals have already been privatised and another 30 are to be privatised this year.

Vuyo Wagi, of the Parastatal Sector Reform Commission (PSRC), says the commission submitted proposals to the government in October 1994 on improving the lot of people retrenched by parastatals, but the government has not yet responded.

She says the proposals embrace counselling and training retrenchees to become economically viable, including how to invest their money.

But TFTU economist Tuntufye Kasilati says the proposals are not practical.

First, he does not see the logic of counselling to prepare a person for a life as a retrenchee.

Secondly, it is almost impossible to contact retrenchees because they tend to move around a lot, especially to the rural areas, in their struggle to make ends meet.

"And the question of investment is out because people will be broke by the time they are contacted," says Kasilati.

He is pessimistic with good reason.

"Of 30 000 targeted retrenchees in the civil service, we (members of the government's training and counselling team) managed to reach 2 000 people as of March 1996. Most of those reached turned out to be practically untrainable due to the frustration caused by life without money," he says.

Kasilati says the TFTU is lobbying the government to get input from employees of parastatals before deciding on their fate, which could be liquidation, outright sale or joint venture.

He says that employees' suggestions could contain solutions to save the "tragedy" of liquidation or outright sale.

On its side, the PSRC believes it has always had sufficient inputs from employees, especially executives and management teams.

"For example, the management of Tanzania Breweries Limited (TBL) came to us, explained the gloomy future of the company and suggested we (PSRC) sell it off," says Wagi. – *Africa Informantion Afrique.*

Tanzanians turn to informal sector

(318) CT(BR) 16/4/96

By Joe Khamisi

Nairobi — With soaring unemployment and poor prospects for new job opportunities, many Tanzanians are turning to the informal sector to survive.

Children as young as seven are scavenging for menial jobs in a country with one of the worst records of child labour abuse in Africa.

Official statistics show that out of a labour force of 11 million, 21 percent are employed in the informal sector while only 6,7 percent are in the formal sector.

The informal sector in Tanzania refers to small units, employing less than 10 people. A government labour force survey released last year showed there were 1,8 million informal enterprises employing 2,3 million people.

Officials say the informal sector is expected to become the largest employer in view of dwindling prospects in the formal sector.

In spite of vast natural resources, including diamonds, gold and rich tourist resources, the country remains one of the poorest in the world.

An obsession with socialism during the first 20 years of independence scared away investors, compounding unemployment.

In a report released last month, two United States academics concluded that in spite of a decade of free market reform, Tanzania remained a "high-risk environment" for investment.

The report, called Diversity in the Tanzanian Business Community; its Implications for Economic Growth, was written by Michael Lofchie and Thomas Callaghy.

It singled out corruption, bureaucracy and poor infrastructure as the main causes for the investment flop.

Analysts do not expect a major change in the employment sector. More than 300 000 people enter the job market every year, but the formal sector is able to absorb only 9 000.

President Benjamin Mkapa's government is taking measures to jumpstart the economy by offering more liberal investment incentives and opening up to donors and the international lenders.

However, results will be long term.

Meanwhile, Mkapa has ordered 19 key state-owned companies to include young people and women on their management boards.

The move has, however, sparked off severe criticism from the old guard in the ruling Chama Cha Mapinduzi party.

They argue that such people lack experience.

Although Mkapa's directive was intended to end incompetence and corruption in the government, many saw it as a way of pushing out members of the old guard to pave the way for unemployed young graduates to move in.

Job scarcity

The grave job scarcity in Tanzania has led to a serious child labour problem.

Because of poverty most parents cannot afford to send their children to school. About 30 percent of all 10 to 14 year olds are no longer in school. Every year, 600 000 join them.

Consequently, parents encourage children to seek menial jobs.

Children under the age of 18 constitute 70 of Tanzania's population.

About 3 million of them are employed illegally in the informal sector earning $6 a month.

Children work in mines, plantations and manufacturing industries. In towns, they hawk goods and work as prostitutes.

Research findings by Dr SH Mamuya, of Muhimbili medical centre in Dar es Salaam, warned of serious health risks facing the children working under unhealthy conditions. In almost all cases the children are exploited by unscrupulous employers.

As a remedial measure, the government has set aside $5,3 million to help young people in several towns become self employed in the informal sector.

The money will be used by the national income generation programme to establish a micro-enterprise development credit facility to give loans to small traders who have no access to banking facilities.

Skills development centres will be established in Dar es Salaam and Zanzibar to train 9 000 young people during the next two years.

Although many think these measures are far from adequate, they demonstrate the government's determination to deal with the child labour problem. — Independent Foreign Service

Tanzania comes down from 'comrades' cloud and faces harsh reality

Star 8/4/96 (318)

Three decades of political rhetoric have impoverished the country: now its people must bite the bullet to prosper

Independent Foreign Service
Nairobi

Tanzania is finally settling down to the realisation that politics isn't all it's cracked out to be.

For more than three decades, Tanzania under Julius Nyerere and Ali Hassan Mwinyi, fed its people with socialist political rhetoric. Conventional titles such as "Sir", "Mr" and "Mrs" were abandoned for a left-leaning term, "ndugu" (comrade or brother).

Suits and shirts were discarded for Mao Tse-Tung's all-purpose China outfits.

For the sake of collectiveness, people were taught to think alike, feel alike and share poverty. Unemployed Tanzanians were forcefully thrown out of towns to work in remote Ujamaa villages where basic facilities were non-existent but where political orientation was fundamental.

Every Tanzanian had to undergo comprehensive civil defence training.

No incentives were provided for those who excelled.

Intellectualism was stifled since schools and higher institutions were considered an extension of the socialist agenda.

Thousands of Tanzanians fled abroad in search of an education and professional fulfilment.

With Tanu (Tanzania Africa National Union) and then CCM (Chama Cha Mapinduzi), everyone was expected to be a loyal member of the ruling party. Those who strayed were banished into the political wilderness.

Thus, patronage and sycophancy became the norm for those aspiring to leadership positions.

Corruption spread. In the Western world, Tanzania became a pariah. It claimed to be non-aligned yet it leaned heavily on Mao's China and Castro's Cuba.

Apart from its warm relations with Nordic countries, it was considered anti-West.

Nyerere became a compassionate crusader of pan-Africanism and a stubborn philanthropist for liberation movements.

He used his meagre national resources to finance wars of liberation against apartheid South Africa and colonial rule in Zimbabwe, Mozambique, Angola and Guinea Bissau.

As anti-Tanzania resentment grew, the charismatic leader opened dozens of embassies abroad to polish Tanzania's soiled image.

But with the country's fast dwindling mineral wealth and the virtual collapse of key exports such as coffee and cloves, it became increasingly difficult for the country to maintain its offices abroad.

When Nyerere left office in 1985, a gradual downsizing had become imperative.

The country's per capita income had dropped from R800 in 1961 to just R520 when Mwinyi took over in 1985.

To save the country from total collapse, he was forced to accept internationally prescribed structural adjustment programmes which Nyerere had vehemently resisted.

Mwinyi also reduced Tanzanian foreign missions abroad from more than 30 to 15.

But with economic mismanagement and corruption in high gear, the country continued to spend beyond its means.

Now, Benjamin Mkapa, himself a former envoy, is determined to chart a new global policy course that will instil new meaning to diplomacy and, hopefully, reap better economic diplomacy.

"We are not really formulating a new policy but we are making a shift to give economic diplomacy its rightful place," Foreign Affairs Minister Jakaya Kikwete told the media.

"We are doing a lot of in-house evaluation, sorting out the foreign policy to give it the proper definition that will guide decisions on diplomatic representation, country accreditation, types of ambassadors and staffing of the country's foreign missions."

This will provide guidelines on where to locate missions, at what level and determine which ones should be closed.

The government will also develop criteria for choosing envoys.

Ambassadorial appointments are the prerogative of the president who often tended to select cronies without considering qualifications.

The selection process is to be standardised to allow input from expert views.

Sources say the country will put more emphasis abroad on trade and investments.

Envoys will be expected to act more vigorously in propagating the country's positive climate as a new investment mecca.

Already, cash-strapped Tanzania has laid down what appears to be a constructive foundation in its relations with donors.

A first agreement was signed with the IMF late February that could lead to the release of R800-million and free millions more withheld by donors in 1994 to protest against years of economic mismanagement.

Tanzanian firms hit by shortage of money

(318) CT (BR) 14/5/96

By Joe Khamisi

Nairobi — Tanzania is facing a severe shortage of money in circulation because the large state-owned banks have frozen lending.

The resultant lack of capital and rising operational costs have reduced production capacity and even closed some public and private firms.

The freeze was implemented last year to help in the restructuring of badly run banks, especially the National Bank of Commerce, which was facing a crisis resulting from bad debts estimated at $1,11 million.

Two other state-run banks, the Rural Development Bank in Dar es Salaam and Zanzibar's People's Bank, had similar liquidity problems.

Late last month, the Rural Development Bank took dozens of its debtors to court to try to recover 385 million Tanzanian shillings (about R3,2 million).

A similar recovery exercise is contemplated in Zanzibar.

A central bank report released on May 1 in Dar es Salaam confirmed the scarcity of money. "It is increasingly difficult to be in possession of a shilling now than was the case, say last year," said Idris Rashidi, the bank's governor.

Growth of extended broad money supply (M3) had decreased by 5,4 percent within a year. Extended broad money supply includes all currency in circulation outside the banking system, such as demand (current) deposits, fixed and savings deposits, and foreign currency deposits.

The central bank reported that in March last year, M3 was 581 billion Tanzanian shillings. The figure rose to 753 billion Tanzanian shillings in January. The downward spiral has continued since then.

The Tanzanian report confirmed a World Bank assessment that the slowdown was due to the lending freeze.

Analysts said the banking crisis was hurting the economy. The government has already noted that exports have dropped and imports have increased.

In March, the country recorded a trade deficit of R255 million compared with R180 million the same time last year. Between January and March, Tanzania sold goods worth R792 million abroad.

Even the traditional exports of cotton, coffee, sisal, cashew nuts, tea and tobacco declined almost 18 percent. Consequently, foreign-exchange revenue was reduced.

Fortunately donors came to the rescue, unfreezing millions of shillings held in protest against Tanzania's economic mismanagement. Several countries have begun to pour in money to revamp the economy.

The donor action followed successful meetings with the IMF in February. An agreement was reached to monitor Tanzania's economic performance until June 30. During that period, the government must adhere to strict fiscal policies, including improving revenue collection.

A successful performance would lead to the release of $200 million in IMF loans later this year. The IMF wants 2 900 National Bank of Commerce employees retrenched from the 6 000-strong force.

President Benjamin Mkapa has already taken measures to stabilise the Tanzanian shilling to about 550 against the dollar from a peak of 630.

Early this month, the government unfolded measures to seal tax-exemption loopholes which cost the country more than $100 million in lost revenue in 1994.

The government is optimistic the overall performance of the economy this year would be good. Economic growth is projected to reach 5 percent, inflation is expected to come down to 22 percent from 27 percent, and the broad money supply is expected to drop by 25 percent. — Independent Foreign Service

Private coffee buyers erode co-op's hold

CT (BR) 21/5/96 (318)

By Matt Bigg

Moshi — Tanzania's main coffee co-operative was being forced to reform or die in the newly liberalised coffee economy, co-operative union officials said at the weekend.

The Kilimanjaro Native Co-operative Union used to be the sole legal buyer of farm coffee, but since the liberalisation of the industry in 1993, it saw up to 40 percent of its business eroded by private buyers.

"In the short term the union will survive because it has a strong base and a willing membership," said Raymond Kimaro, the co-operative's general manager. "But we cannot stick to the traditional way of operating because we are facing a competitive situation," he said.

The co-operative was established in 1932 to protect coffee farmers' interests in an unfavourable market. Despite industry reforms, it remains the major coffee buyer in the Kilimanjaro growing region.

Kimaro said that the co-operative was set to lose more market share in the short term. A lack of capital and a lack of awareness of what it does were two problems.

Under the old system, the co-operative would collect coffee from farmers and pay months later after sale. Now farmers have a choice and many are opting to sell to private buyers, who pay the same day, at prices lower than the co-operative's. — Reuter

Poor farm input distribution threatens bean quality

Moshi — Tanzania's coffee quality and production are threatened by poor distribution of inputs and seedlings to farmers, senior coffee officials said yesterday.

Some coffee buyers provide smallholding farmers with the sprays and insecticides they need to protect their crops. There is no legal requirement to distribute inputs or plant seedlings and officials acknowledge the system is haphazard and could be detrimental to the crop in the long term.

"The inputs are a worrying problem. So far we have not found a permanent solution and the inputs are still being done in a haphazard fashion," said Edward Sannda, the managing director of the Tanzania Coffee Board. — Reuter

SA company plans to build sugar factory in Tanzania

CT(BR) 4/6/96 (318)

By Joe Khamisi

Nairobi — The Tanzanian sugar industry, struggling to offset a 200 000 ton deficit in production, is delighted that a South African company plans to build a sugar factory in the country.

According to the Investment Promotion Council (IPC), discussions between Tanzania and an unnamed South African firm are at an advanced stage.

"The discussions have been going on for two years, and a deal should be made soon," said an IPC official.

The official declined to name the company or indicate where the factory would be located.

The country runs four sugar factories under the state-run Sugar Development Corporation in Kilombero, Mtibwa, Moshi and Kagera. With a combined output of 110 000 tons a year, the country has a shortfall of almost 200 000 tons, which is now met through imports.

The government says the factories will be rehabilitated within the next four years, raising their production to 230 000 tons. The four plants are due to be privatised by December.

The Dutch government has offered a grant of $140 000 to help the government to divest from Mtibwa, Moshi and Kilombero.

The African Development Bank has agreed to fund a study on the future of the Kagera plant.

The four plants have suffered from poor maintenance resulting in frequent disruptions.

Only the Mtibwa plant is producing its maximum capacity of 34 000 tons.

This year, only 122 500 tons will be produced locally.

The entry of South Africa into the Tanzania sugar industry marks the country's continuing interest in Tanzania.

Tanzania was one of Africa's most vehement opponents of apartheid.

In 1994, Willcroft from South Africa invested $12 million to become the main shareholder in Williamsons Diamonds at Mwadui.

Three more companies have expressed interest in the mining industry according to press reports.

These include the Anglo-American mining conglomerate, Johannesburg Consolidated Investments and Randgold.

Officials at the IPC said the companies — all listed on the JSE — would pump R32 million into the country between now and next year.

Other South African companies that have invested in Tanzania include South African Breweries, which owns a 45,8 percent majority stake in Tanzania Breweries.

The Tanzanian government holds 44,4 percent.

The rest of the shares are held by Dresner of Germany, the international finance corporation, a Dutch finance house and Propaco of France. The once badly managed beer manufacturer is now considered one of the most successful joint ventures.

In 1993, Tanzania breweries sold only 4 million crates of beer a year. This year, 10 million crates will come off the production line.

The company is spending about $1,27 million in an export drive in Kenya. Until now, Tanzanian beer has only been sold in the country. — Independent Foreign Service.

Tanzanian budget to maintain austerity

ET (BR) 6/6/96 (318)

By Joe Khamisi

Nairobi — Despite donor assurances to bail out cash-strapped Tanzania with millions of shillings in aid, the country's budget, due on June 20, will reflect continued austerity conditions for the coming financial year.

Reports say the government is to allocate 582,9 billion shillings (about R4,63 billion), the equivalent of 21,5 percent of GDP, in recurrent expenditure for next year, up 7 percent from this year.

Seventeen percent of this will be sourced from domestic revenue, loans and grants. The balance will come from non-bank borrowing.

Observers say this budget will be the tightest in the country's 34-year history.

According to budget guidelines approved by the cabinet, there will be cuts in social services including health, education and youth development.

Observers predict that the budget will lead to further declines in the standard of living in a country where more than 60 percent of the people already live below the breadline.

Tanzania's fiscal position nosedived in 1994 when donors withdrew about $64 million in balance-of-payments aid.

The government was accused of allowing the loss of millions of shillings through tax exemptions, tax evasion and the misuse of bonded warehouses.

Under an agreement with the IMF reached a month ago, Tanzania must fulfil certain benchmark conditions to benefit from a $200 million package under the enhanced structural adjustment facility.

The conditions include the restructuring of the tax department, which has already been done.

The government succumbed to donor pressure to create the Tanzania revenue authority, which will come into effect on July 1.

A close watch is being kept on moves to tighten government expenditure and plans to reduce the public service from 315 000 to 20 000, however.

Defence is likely to receive almost half of the 110 billion shillings it requested.

Sources say large cuts in the defence expenditure would restrict the government's ability to deal with a potentially ominous refugee crisis on its border with Burundi and Rwanda.

So far, Tanzania has had to turn away hundreds of Burundian Hutu rebels who have been besieged by Tutsis.

On several occasions, ethnic fighting in war-torn neighbouring countries has spilled over into Tanzania.

The government is expected to collect 547 billion shillings in tax this year. — Independent Foreign Service

AFRICAN BUSINESS

Country must reform the economy and civil service

Tanzania trying to qualify for IMF loan later this year

CT(BR) 13/6/96 (318)

By Matt Bigg

Dar es Salaam — Tanzania is likely to qualify later this year for a $200 million loan from the International Monetary Fund to implement economic reforms, a senior fund official said on Wednesday.

"We are moving towards an ESAF (enhanced structural adjustment facility)," said Festus Osunsade, the senior resident representative in Tanzania for the fund.

"The basic question is how come things are working out so suddenly. The basic answer is the (President Benjamin Mkapa) factor. The guy is forceful, determined and pro-growth," he said.

A team from the fund is due to visit Tanzania in August to negotiate the loan. Approval could be forthcoming by October, the same month Tanzania goes to Paris for talks on debt relief.

The $200 million loan would be spread over three years. It would open the door for a $100 million soft loan from the World Bank's International Development Association and renewed balance of payments support from bilateral donors of $200 million, Osunsade said.

The fund's conditions for the loan include deadlines for the reform of the National Bank of Commerce and the Tanzanian Revenue Authority.

Targets were also set for civil service reform and a reduction in regional government. Tanzania must also address the vexing issue of expenditure control and tighten tax collection.

Revenue collection is projected at 40 billion shillings (R289,71 million) a month and national expenditure should not exceed that amount, according to Erik Korsgren of the Swedish International Development Agency.

"The government is on track with the shadow programme. Donors want to assist the government in its effort to break the negative trend of the last few years," Korsgren said.

Donors suspended balance of payments support in 1994 after the World Bank exposed an import tax exemption scandal costing the treasury $70 million a year in lost tax revenue.

Tanzania receives about $1 billion in aid a year and is one of the world's poorest and aid-dependent countries.

Per capita income stands at about $180 a year, gross domestic product grew by 4 percent last year, but inflation stands at 25,5 percent, according to figures released by the central bank. — Reuter

Tanzania draws up affirmative action plan

CT(BR) 14/6/96 (3/8)

By Joe Khamisi

Nairobi — Benjamin Mkapa's government in Tanzania is to introduce affirmative-action measures to redress what it calls years of imbalances in the industrial sector by giving African entrepreneurs preferential access to credit, licences and training opportunities.

During 34 years of the country's independence, the sector has been dominated by a tiny community of Tanzanians of Asian origin.

The government is putting the final touches to a new industrial policy that admits years of socialist policies did little to encourage indigenous entrepreneurs to enter crucial areas of the country's industrial development.

The policy is titled Tanzania Industrial Development Policy 1995-2020 and seeks to guide one of the poorest countries in the world into a new era of sustainable industrial development during the next 25 years.

It targets a growth rate of 8,8 percent, a contribution of 20 percent to the gross domestic product and a share of 10 percent to total exports. It also aspires to provide employment to 260 000 Tanzanians.

The policy says the lack of homegrown entrepreneurs is a major stumbling block to the country's development and calls for the creation of a new industrial elite. The government's role, it says, will gradually be reduced to providing social and economic infrastructure.

The initiative seeks to make business and technical information available. It will shift industrial management from the public to the private sector and encourage investment in export products that are net foreign exchange earners.

Small-scale industries will be promoted and the emphasis will be on a partnership between the government and the private sector. — Independent Foreign Service.

Tanzania to hold forum to sort out investment problems

(318) ET (BR) 14/6/96

By Joe Khamisi

Nairobi — Tanzania will hold an investment forum in November, but the organisers are complaining about the country's antiquated laws and the laxness of its Investment Promotion Centre.

Officials now say the Investments Act will be reviewed to give the centre more clout and investors more protection. The centre was created in 1990 to serve as a one-stop investment centre. Lack of funds has hampered its operation and there has been little marketing overseas.

Despite these drawbacks, the seven-month-old government of President Benjamin Mkapa has made promoting investment one of its top priorities, identifying nine specific areas, including tourism, manufacturing, agriculture, natural resources and construction.

The two-day forum in Dar es Salaam is being organised by Tanzania, the United Nations Development Programme and the United Nations Industrial Development Organisation.

The forum will provide opportunities for Tanzanian entrepreneurs to meet investors and enter into joint ventures.

A similar forum took place in Zanzibar last May, in which projects worth more than $1 million were secured.

Tanzania's investment policies have come under severe criticism from businessmen and international agencies.

Several months ago, the United States Agency for International Development said antiquated, socialist-era laws were a large impediment to the development of a strong market-orientated economy.

An agency study conducted by two US academics concluded that the legal system needed to be restructured to attract potential investors.

"(Business) must enjoy the benefits of a legal system in which there are laws that clearly spell out the rights of property in producing assets and a court system fully able to assure those rights," the agency said.

"This sort of legal environment does not yet exist."

Potential investors in Tanzania complain of poor responses to inquiries directed to the investment centre. Promotional materials are in short supply and there are few qualified staff who can respond quickly and efficiently to investors' demands.

Tanzania's Asian businessmen told Mkapa last month that the contradictory policies of the labour ministry and the immigration department were delaying investors' work permits.

"These delays hold up operations and cost money," said one.

Mkapa promised to investigate. He said he wanted to transform the country, which is heavily dependent on foreign aid, into a viable economy capable of eradicating unemployment and poverty.

One party state: Tanzania offers to share tips

ARG 1/8/96 (318)

MXOLISI MGXASHE
Staff Reporter

TANZANIAN Prime Minister Frederick Tluway Sumaye says his country has lots of political and economic experiences to share with newly democratised South Africa to ensure that South Africans do not encounter similar problems.

Mr Sumaye, who attended a three-day World Economic Forum and Southern African Development Community (SADC) conference in Cape Town recently, said one of the experiences his country could share were the problems of a one party state.

"It was perhaps necessary for us in Tanzania to experiment with this system to unite our people who now speak one national language, kiSwahili, and who could at a very early stage in our nationhood have been split along fragmented opposition parties.

"After succeeding in uniting our people we could later afford to switch to the multi-party system with honour, dignity and unity," he said.

He said his country was among the few that had opted for socialism in Africa because the system made it possible to narrow the gap between the poor and the rich.

He said the problem with capitalism was that it encouraged co-existence between wealth and poverty, and if his country had from the onset opted for this system there would have been social chaos and instability in Tanzania.

"We might not have been able to destroy totally the social and economic gaps in our society, but they are not as wide as they are in a typical capitalist economy," Mr Sumaye said.

Socialism is not bad system, but the way in which Tanzania implemented it by, for instance, placing big companies under state control, had had negative results and the parastatals ended up running at a loss.

With that experience the country had revised its socialist path, known in kiSwahili as Ujamaa, and privatised most of its former parastatals in order to achieve efficiency and profit. A few strategic enterprises were left under state management.

Mr Sumaye said these were only some of the experiences Tanzania could share with South Africa.

He noted that South Africa had chosen its own path of development and had chosen the multi-party system.

He said if by supporting the liberation movements of Southern Africa since attaining independence in 1961 Tanzania was investing, then that investment had paid off very well.

Tanzania and all the other SADC countries were looking to the economic, industrial and technological advances South Africa had achieved for growth.

He said he was aware of Zimbabwe's recent complaint that South Africa's trade protectionist policies in the region were hurting her, but did not think this should really create serious contradictions among SADC countries. Instead these are issues that should be laid out in the open for discussion.

One of the objectives SADC had charted for itself was the integration of the economies of the region so that no single country could progress and leave the others behind.

SHARING PROBLEMS: Tanzanian Prime Minister Frederick Tluway Sumaye offers to share the problems of a one-party state with South Africa.

AFRICAN BUSINESS

Many lives depend on Tanzania-Zambia train

CT (BR) 4/7/96 (318)

By Joe Chilaizya

Dar es Salaam — Few Tanzanian or Zambian officials are likely to have heard of Chozi, Idiga or Vwawa.

Fewer still would be aware that should their governments close the railway line operated by the troubled Tanzania-Zambia Railway Authority, most activity in those small, remote stations would grind to a halt.

The Tanzania-Zambia railway is a lifeline to villagers living along its route. When they hear the train coming, people bearing baskets full of produce rush to meet it.

They live for those 10 minutes when the train stops alongside the drab white station to change tracks or locomotives on its three-day journey between Dar es Salaam in Tanzania and the Zambian town of New Kapiri Mposhi.

A few are men, but most are barefooted women with babies strapped on their backs and heavy bags or baskets of produce on their heads.

"I've got to sell as much as I can, which normally is not much or anything at all because the train stops for just a few minutes," said Amina, a woman in the Zambian village of Chozi.

"Usually, we sell our produce very cheaply because there is too much competition among ourselves and those of us who are more desperate for cash end up lowering prices for everybody," she said.

But, unknown to Amina and her counterparts in Tanzanian villages such as Vwawa and Idiga, the railway authority is finding it difficult to keep afloat.

The railway was Zambia's answer to the closure of its routes to southern African ports because of Rhodesia's unilateral declaration of independence in 1965.

The 1 860km line was built in the mid-1970s with help from the Chinese government in partnership with the Tanzanian government. It cost $23 million.

The railway line was first meant to handle all of landlocked Zambia's freight and it did. But Zambia's dependency on Dar es Salaam port has lessened since the re-opening of the southern routes after Mozambique's independence in 1975 and the coming of majority rule in Zimbabwe in 1980.

As a result, the volume of cargo along the railway has been considerably reduced.

Total freight decreased from more than a million tons in 1992 to about 643 000 tons in 1994 — and with it the railway authority's earnings.

When they hear the train people bearing baskets of produce rush to the station

That has forced the two governments to take a new look at its operations.

Gilbert Mululu, Zambia's transport and communications deputy minister, said recently that the Tanzanian and Zambian Railway Authority needed to address its colossal overheads, the biggest of which is salaries.

About 6 000 Zambians and Tanzanians work for the railway authority, which has said it cannot continue to employ all of them.

In a planned restructuring of the company about 4 000 will be laid off, leaving about 2 000 on its payroll.

Travelling on the railway, it is hard to imagine it is not doing well. Its passenger trains are almost always full to capacity, with little or no standing room left at all.

Each passenger pays between $26 and $46 for the trip between Dar es Salaam and New Kapiri Mposhi, but most passengers board the train at one of the several small stations.

The train is the cheapest and most convenient link to the rest of Zambia or Tanzania for people living along the route.

The third-class carriages are usually so full that many commuters spill over into the second- and first-class corridors.

For those who can afford to pay for first class, it is a luxurious ride in great comfort along scenic landscapes.

However, most of the people who use the line do so out of sheer necessity. They would suffer greatly if the service were stopped, though the two governments seem unlikely to take such a drastic step.

There was talk that the Zambian government had lost interest in the operation, but it recently reiterated its commitment to the railway.

Sources at the railway authority's office in Dar es Salaam said there were plans to privatise the company. They said the Zambian and Tanzanian governments would put most of their shares up for sale to their citizens and the rest would be sold to outside investors.

"Rumour has it that a South African company has expressed interest in investing in the railway line, but it is all just speculation," one source said.— Sapa-IPS

Women want inheritance laws to be changed

(318) Star 22/7/96

Rayner Ngonji
Dar es Salaam

An attempt by the Tanzanian government to make inheritance laws fairer to women is being blocked by Muslims, with the National Muslim Council saying such a change would be tantamount to "defiling a sacred cow".

Parliament was to have debated the issue in January this year but the bill was withdrawn following threats of mass street demonstrations by Muslims. The government is undecided as to when it will try again.

"The delay in making the changes means more suffering to women and innocent children," says Rose Migere, a law lecturer at the University of Dar es Salaam.

Although women are affected most often, men sometimes fall foul of an inheritance system burdened by three different types of laws – statute, customary and Islamic.

The Statute Law, introduced in 1907, is modelled on the Indian Succession Act of 1865, which in turn was based on English law. A report by Women and Law in East Africa says that the law has not been amended since its adoption and that Tanzania's circumstances are very different to those of India.

The greatest injustices to women come from customary law, which is mostly unwritten and is applied irrespective of religious beliefs. The government decided to act because of the large number of cases of widows being left destitute after the death of their husbands.

It is common for relatives of the dead husband to take all the property acquired during the marriage.

Islamic law is immune to other legal changes because it is within the Koran. Non-Muslim spouses are not entitled to inherit the property of their partners. Similarly children born out of wedlock are not entitled to inherit. The law however appears to enjoy support from women who accept Islamic norms and who have never had any education.

In regard to succession, in a number of families male children are regarded as being superior to female children and are given preference. These families regard the law as convenient since it is laid down in the holy books.

"Our religious ethics want us that way, to go against them means to go against the Koran," said Khadija Hamisi, a married woman in Dar es Salaam.

But women who have had a wider education are against it and are pushing for change. Some have gone as far as drawing up a contract with their husbands for fear of losing what they have jointly acquired.

"My husband and I are jointly constructing a house at Tabata suburb. I have decided to enter into a legal contract to avoid losing my share upon divorce or death of my partner," says Mariamu Basheikh, a Muslim activist.

Justice and Constitutional Affairs Minister Samuel Sitta said when he tried to introduce the changes: "We want fair treatment as far as the question of succession is concerned, regardless of religious provision."

The Women and Law in Africa, Tanzania branch, have written to Sitta's ministry to push for the changes. The government should not bank on the controversy going away of its own accord.– Independent Foreign Service/AIA.

Donors lift two-year ban on Tanzanian aid

(318.)

CT (BR) 30/7/96

By Joe Khamisi

Nairobi — Tanzania is back in the good books of international philanthropists with donors pledging to pump in $1,2 billion after a two-year aid freeze.

It was resolved to remove the ban imposed in 1994 at a two-day meeting of the Donor Consultative Group in Paris on July 17.

The censure had followed a protest by the World Bank over a tax exemption scandal which involved government officials and well-placed businessmen and cost Tanzania an estimated $70 million.

Since then, the government has streamlined revenue collection procedures at ports of entry and sacked dozens of corrupt officials.

To meet other donor conditions, Tanzania stepped up its privatisation of money-losing government parastatals.

It also introduced measures to reduce trade and budget deficits, trim expenditure and cut down inflation to single digit figures.

Officials say the measures would reduce inflation to 10 percent, from its present level of 28 percent, within two years.

Analysts say the renewed donor confidence was a personal victory for President Benjamin Mkapa who vowed to curb corruption and move towards complete market reform.

The Paris meeting was the first since Mkapa came to power last year.

"We have strong faith in President Mkapa and the new leadership in Tanzania," Sten Rylander, the head of the Swedish delegation to the Paris meeting, was quoted as saying after returning to Stockholm.

Two days before the Paris meeting, Tanzania removed all foreign exchange controls.

This means all restrictions on payments and transfers for imports, education, transportation, travel and the repatriation of investments have now been removed.

The way is now open for final negotiations involving the disbursement of a $200 million package from the International Monetary Fund under the Enhanced Structural Adjustment Facility.

An IMF delegation is expected in Dar es Salaam early next month to review a policy framework paper that lays bare Tanzania's economic vision for the future.

Officials say if the negotiations are successful, an agreement could be sealed by October, the same time that Tanzania goes to Paris to negotiate debt relief. — Independent Foreign Service

Tanzania's new stock exchange may have nothing to trade (318)

ST (BR) 30/7/96

By Joe Khamisi

Nairobi — The inauguration of the Dar es Salaam stock exchange will take place in September, but there may be no shares to trade.

The launch has been delayed twice because of inadequate preparations, but now the government is undecided whether to release shares it owns in key enterprises for quotation on the bourse.

At least two Tanzanian companies qualify for listing on the exchange and in both cases, the government has substantial stakes.

The state owns 48,4 percent of the shares in Tanzania Breweries, a joint venture with South Africa's Indol International, and 49 percent of Tanzania Cigarette, jointly owned with RJ Reynolds, a subsidiary of the US consumer products multinational RJR Nabisco.

The Capital Markets Authority would like the government to shed at least 20 percent of its shares from each of the two money-making firms. The authority suggested that part of the shares should be issued to institutions and the rest sold on the stock exchange.

But sources said the government believed the two foreign companies should also risk their stakes on the exchange.

The two companies were uncommitted. They argued that they were under no obligation to sell their shares on the local stock exchange.

They said, however, that they would not use their pre-emptive rights to block the government from releasing its shares.

Fratern Mboya, the managing director of Capital Markets Authority, believed the future of the exchange would depend on the initial quotations.

"Without these two companies the (authority) will not risk starting the (exchange)," he said. "It will be too weak to succeed."

By starting with strong offers, Mboya said the bourse would attract other companies for listing.

At least four other companies, including Tanzania Oxygen, BP and Agip Petroleum, were also being considered for initial listing.

The Tanzania government is divesting itself of hundreds of enterprises. Thousands of workers have been laid off as a result of the privatisation exercise, which is intended to reform the country's formerly socialist economy.

Financial analysts said that the privatisation of state enterprises would boost the stock exchange, but only if their shares are sold on the market. — Independent Foreign Service

Women bear the brunt of a sharply declining Tanzanian literacy rate

BD 5/8/96 (318)

DAR ES SALAAM — Worried education officials in Tanzania are calling on the government to take urgent action to tackle the worsening illiteracy rate.

In a country which won a UN award 10 years ago for achieving a 90% literacy rate, one out of three people now cannot read or write. In stark terms 12 million of the 30-million people are illiterate.

At the heart of the problem is the declining economy, which has forced the government to cut spending. In turn many of the government's financial problems are being blamed on economic reform programmes suggested by the World Bank and IMF.

The proportion of the national budget going on education has fallen from close to 20% 20 years ago to an average of 12% in the past five years. And it was the huge effort in improving schooling 20 years ago that saw illiteracy drop in the years after independence from Britain in 1961.

The constitution gives children a right to free education, but the government has been forced to introduce school fees. Mary Kamm, a respected education researcher and MP, criticises the lack of action.

She says that children are spending much less than the official target of 211 days a year at school. And this, she says, is having an effect on the national character. "We are spouting a lot of ideas, but we have failed completely to use our schools for character formation, to make our students cherish the values of democracy and justice."

Another educational researcher, Dr Ndembweala Ngunangwa, says the lack of interest among government leaders is the cause of the drop in funding. At the same time, she says, these same leaders send their children to schools abroad on taxpayers' money.

Inevitably, crime is on the increase because parents cannot afford to send children to school and unemployment is up. Old cultural habits have reasserted themselves, with girls being the first to lose out on schooling.

The UN Children's Fund (UNICEF) report on the state of the world's children for this year says there are now twice as many boys as girls at school and that twice as many women as men are illiterate.

Mary Nagu, minister for community development, women and children's affairs, says that the large number of illiterate women is a direct result of them not being enrolled in schools.

Girls are now being exploited, getting very little pay for jobs which are far too arduous for them, says Kuleana, a non-governmental organisation dealing with street children in the town of Mwanza, where girls as young as six are employed as household servants.

Nagu says unwanted pregnancies and abortions have complicated the problem.

She says the government is preparing a policy on how to deal with abortions, baby dumping and child exploitation.

That is fine as far as it goes. But it deals with only the symptoms of a national disease of declining education and literacy. — AIA.

Tourism: Life and death for Tanzania

Having learned from the mistakes of its neighbour Kenya, Tanzania is putting the environment first even as it joins Africa's race to attract tourists. Sapa-AP reports from NGORONGORO CRATER, TANZANIA.

(318) ARG 13/8/96

A LATE starter in Africa's highly competitive race to attract tourists, Tanzania has plenty of wildlife and unspoiled nature to offer.

But taking a cue from the mistakes of neighbouring Kenya, the East African nation is going after the market in a different way.

Earning hard currency is important, but nature comes first, President Benjamin Mkapa says. So Tanzania enacted rules calling for "environmentally friendly" resorts.

The Aga Khan, a major investor in East Africa's tourism industry and one of the world's richest men, became the first to open hotels under the rules with an investment of $32,5 million (about R140-m) in three resorts.

One of his resorts is perched on the rim of the Ngorongoro Crater.

Within the steep walls of the crater of the extinct volcano, lions roam, giraffes browse on acacia trees, thousands of flamingos turn Lake Magadi pink and herds of Cape buffalo stand as though posing for pictures.

The government wants it to stay that way.

"We will not let our short-term needs for money obscure our long-term commitment to conservation and preservation," Mr Mkapa said when he and the Aga Khan inaugurated three hotels in June.

The World Bank, Commonwealth Development Corp and Tanzania's National Provident Fund also invested in the resorts.

Mr Mkapa acknowledged Tanzania was late in exploiting its tourism potential.

But he said the country had managed to preserve its national heritage, "while others have over-exploited and ... overcommercialised their natural resources with negative environmental impact".

The reference was obviously to Kenya. Long the leader in sun and safari tourism in Africa, Kenya's dilapidated infrastructure and tourist hordes – dozens of minivans circling a lonely lion – have resulted in a decline of up to 30 percent in the number of visitors over the past several years.

"I am informed that consumers are now searching for new and unspoiled destinations," Mr Mkapa said, "and we have the advantage of being able to learn from the experience of others and, therefore, avoid costly mistakes".

He said Tanzania wanted no more than 500 000 visitors a year. He said the recent rise in tourism of 15 percent to 20 percent a year – the country's fastest growing economic sector – can be maintained or even increased with co-operation from tour operators and hotels.

The Tanzania Tourist Board says a record 293 834 foreigners visited the country in 1995 and spent $258 million (about R1 109-m). The board is expecting about 326 000 tourists this year, accounting for $372 million (about R1 600-m) in revenue.

Each of the three resorts built by the Aga Khan's Serena Group – on the Ngorongoro Crater, in the middle of the Serengeti Plains and at Lake Manyara – went through four environmental impact assessments before the government gave the green light, said Abyd Karmali, an independent environmental expert familiar with the project.

"There are few places where impacts on environment and local culture have been minimised like here," he said.

The initial site for the Ngorongoro lodge, a stone construction covered with vines, was moved two metres to accommodate a fig tree.

Plans to install bathtubs, a swimming pool and water slide were dropped after the area's Maasai people objected to the hotel pumping water from a nearby spring. Guests will get by with showers fed by a rooftop rainwater collection system.

A diesel generator, necessary to produce electricity in the remote site, is housed in a double-skinned shed to reduce noise and fumes. Solar panels produce hot water.

The second lodge is in the middle of the Serengeti, an area crisscrossed by wildebeest, Thompson's gazelles, zebra and antelope gathering for the annual migration.

The hotel is a cluster of huts arranged like a Maasai village — with five-star luxury inside. And there is no fence to keep animals away.

"You just stay indoors if you hear lions drinking water at our pool outside," said the manager, Mugo Maringa.

After winning independence from Britain in 1961, Tanzania struggled through decades of experiments in radical socialism that brought it to the brink of economic collapse.

Mr Mkapa's pragmatic government emerged from the country's first multiparty elections last October, with international financial institutions demanding economic reforms.

Poor in natural resources, Tanzania is banking on its natural beauty and beasts to bring income.

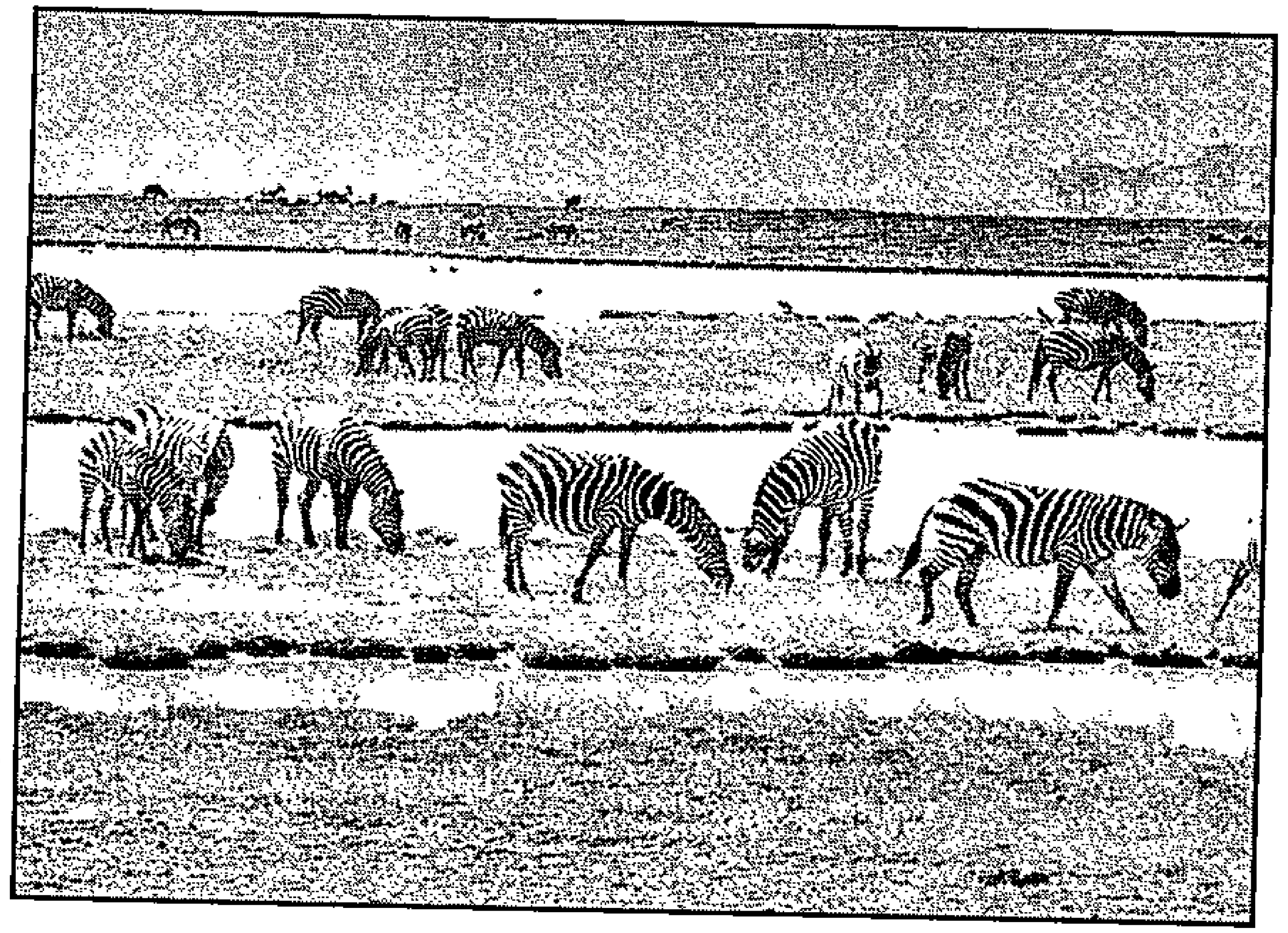
Annual revenue from the three hotels is projected at $23,3 million by 1999. But it will take more than the three lodges to convince the discerning that Tanzania should be their next destination.

Battered roads, outdated infrastructure, bureaucratic delays at the airports and poor promotion abroad will all have to change if the government's expectations are to come true.

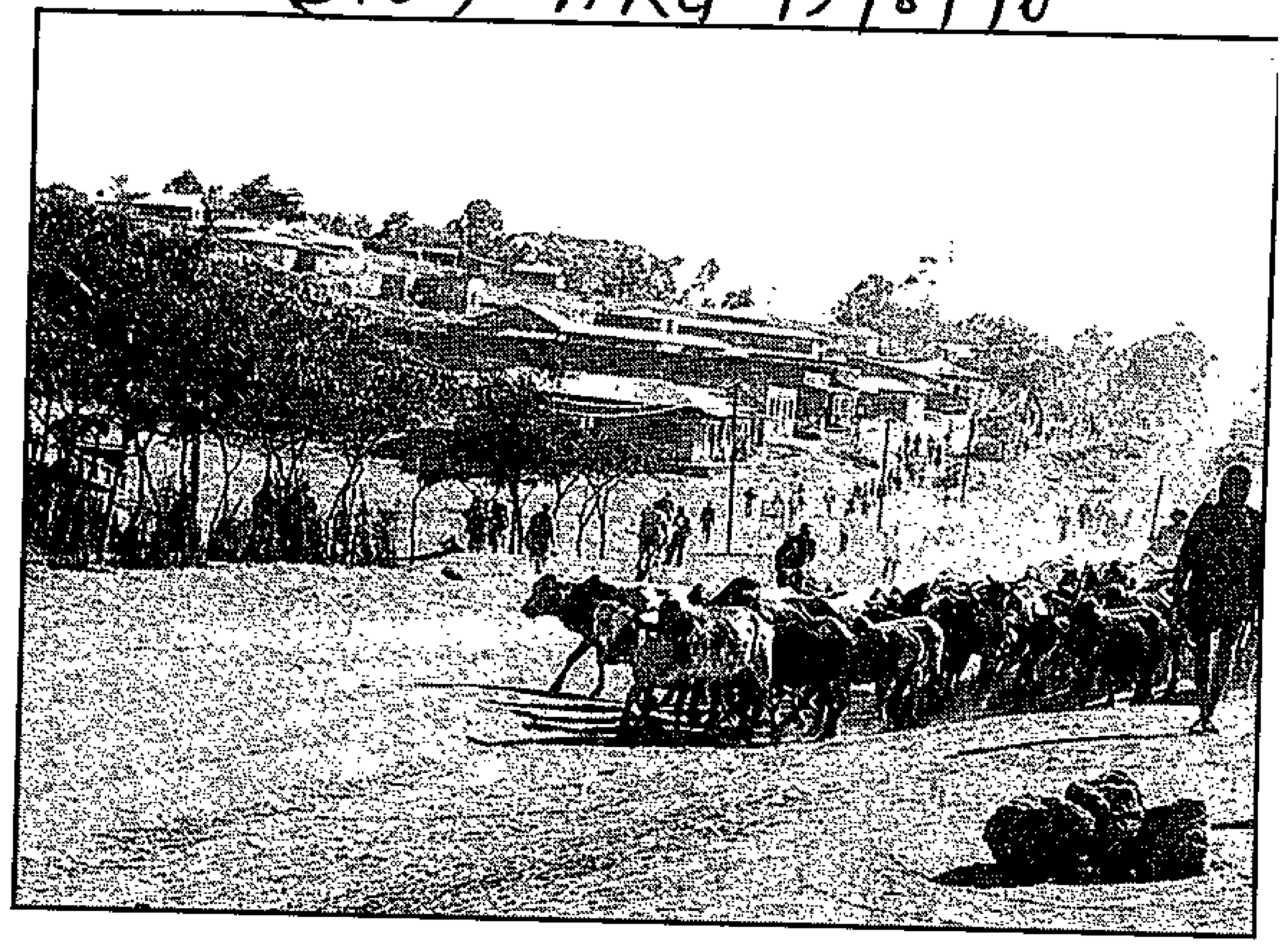
In the spring, Air France dealt a blow to tour operators by unexpectedly cancelling its twice-weekly flights from Paris to Kilimanjaro airport in Arusha, the jumping-off point in northern Tanzania for trips to the Serena lodges. The airline had been flying in about 300 visitors a week.

Tour companies say the entry of the private French carrier, Corsair, which opened once-a-week flights on the same route on July 4, could fill the gap.

"Tanzania must be competitive in terms of product and service, as a matter of life and death," Mr Mkapa said, "because we have already identified tourism as the No 1 foreign exchange earner by the year 2000."



UNSPOILED BEAUTY: Zebras grazing at the floor of the Ngorongoro crater.



NATURAL HERITAGE: A Maasai boy in traditional black blanket herding cattle down the main road to Arusha.

BUSI

Tanzanian children subjected to a cycle of poverty and abuse

(318) BD 26/8/96

DAR ES SALAAM — At the age of 10 Elizabeth Sanga ran away from home in south-western Tanzania because her mother was mistreating her. Today, five years later, she is working a 12-hour day as a house servant in Dar es Salaam for $8,50 a month.

She is just one of millions of children on farms, mines and in homes throughout the country working as virtual slaves for abysmally low wages and in appalling conditions. She gets no free time, is seldom paid her wages and is subject to physical beatings or sexual abuse.

Labour and Youth Development Deputy Minister William Lukuvi says 30% of children between the ages of 10 and 14 are being exploited as factory workers, farm labourers and domestic servants.

Their pay is nothing like the national minimum wage of $29 a month, but they are helpless. Products of broken homes, poverty or sheer negligence, they have no choice about the life they lead.

Kuleana, a charity and welfare organisation, highlights the plight of children in domestic work. "They are regularly abused, and rarely loved or cared for. Most of them are exploited in a way that is best described as slavery."

A poor schooling system is partly responsible for the worsening problem. Classes of up to 200 pupils, many without desks, teachers unpaid for up to six months and no reading materials — means that today 2-million children, out of a population of 30-million, are not at school.

Despite child labour being outlawed in Tanzania, Women's and Children's Affairs minister Mary Nagu recently told journalists and UN Children's Fund officials: "Those who employ children must make sure they reduce their difficulties by treating them as their own." That goes a long way to explain why the ministry has no department to deal with the problem, although one is supposedly being set up.

In country villages, child exploitation and abuse has almost become an institution with children of 14 being forced to pay poll tax and work for nothing.

Lukuvi says the minimum wage law will now be strictly enforced. The problem is many of the employers themselves earn no more than $50 a month and cannot afford to pay more. If the laws were enforced strictly, hundreds of thousands of starving children would appear on the streets. — AIA.

Tanzam rail seeks life in new corridor

CT (BR) 27/8/96 (318) [illegible]

By Victor Zaza

Lusaka — For more than a decade in the 1960s and 1970s the Tanzania-Zambia Railway (Tazara) held an iron-clad monopoly while it carried Zambian cargo to the Tanzanian port of Dar es Salaam.

Now in the doldrums, it is trying to pick itself up

Tazara was constructed following the unilateral declaration of independence by then Rhodesia and the subsequent closure of the border between the two countries, a move which nearly crippled the Zambian economy.

Completed in 1976, Tazara sought to protect Zambia from political blackmail from her then hostile neighbours.

With the liberation of southern African and as South Africa attained majority rule, which coincided with Zambia's adoption of liberal economic policies, many Zambian importers and exporters switched to the South African ports of Durban, Port Elizabeth and Namibia's Walvis Bay which are efficient and reliable, their tariffs are fair and goods are handled speedily.

Consequently, the use of Tazara has dwindled and led to a huge loss of revenue which has caused liquidity problems.

Rather than sit and watch it become a White Elephant Zambian authorities, with the Tanzania Harbours Authority, have mapped out joint strategies to weather the competition. They have introduced the Dar es Salaam corridor.

In implementing the corridor, incentives have been offered to Zambians to use Tazara.

Zambian clients will no longer be quoted on the basis of laid down tariffs. Tazara will negotiate its rates with clients.

Tazara and its partners plan to offer complete packages from the source to the port and vice versa; transit times will be reduced from 10 days to four; and Zambian importers and exporters will be charged lower port fees. Meanwhile, Zambia Railways, which has experienced two major passenger train disasters in the past six months, has embarked on refurbishing and modernising old passenger coaches in an attempt to revitalise the passenger service. —Independent Foreign Service.

Everybody likes Tanzanian arabica (318)

Tanzanian AA and AB grade mild arabicas were buoyant at Thursday's coffee export auction in the northern town of Moshi, reaching a high of $165 for 50kg, traders said yesterday. Lower grades sold at prices between $117 and $159,20. Coffee is measured in 60kg bags but sold in 50kg units. Tanzania Coffee Board data showed northern arabica prices at $125 for premium AAs and $124 for ABs at the previous auction, on October 3. The lower grades traded at between $75 and $107 at that auction. A total of 33 223 60kg bags of mild washed arabicas and 11 256 bags of robusta were sold at the auction. One trader attributed the high prices to a general shortage on the world market for mild arabicas together with improvements in quality. Another trader reported strong interest from buyers since the auctions resumed in August, but said Thursday's "extreme prices" were caused by a shortage among certain players.—Reuter, Dar es Salaam CT(BR) 22/10/96

Tanzania and Zambia's rail authority puts profits on the line

CT (BR) 23/10/96 (318)

LUCY TESHA

Dar es Salaam — Faced with stiff competition from truckers on the Tanzania-Zambia route and an alternative railway corridor in Mozambique and South Africa, Tanzania Zambia Railways Authority (Tazara) has resolved to commercialise its activities to make a profit.

Tazara, built 20 years ago to haul a maximum of 5 million tons a year, has handled freight of less than 1 million tons in each of the past three years. Since 1992 its annual freight has been between 600 000 tons and 880 000 tons last year, a drop of about 34 percent from the 1,2 million tons in 1978.

According to Charles Nzo-Mbaga, the Tazara public relations manager, the commercialisation measures involve reducing operational costs by streamlining the administration, cutting the workforce and limiting various activities to enable the authority to serve customers' interests and safety.

He says: "The changes to Tazara's mode of operation will obviously guarantee and attract investment from the marketplace."

The 20-year-old railway service plans to reduce its workforce from 6 600 to 4 100 in both Tanzania and Zambia. It will set strict safety standards and introduce performance-based remuneration for the staff in a bid to raise efficiency and productivity.

The company felt the need to review its performance because of revenue lost to other carriers. Tazara had a $500 million interest-free loan from the People's Republic of China obtained through friendship between the then leaders Mao Tse-tung, Mwalimu Nyerere of Tanzania and Kenneth Kaunda of Zambia, but the railway did not perform as expected.

A highly placed Tazara official says: "The commercialisation exercise has exposed a number of hidden costs which were not known before." He added that the railway service's new philosophy is based on customer orientation, profitability, workers' accountability and clear demarcation of responsibilities.

Salim Msoma, the chairman of Tazara, says under the commercialisation programme Tazara's market share of traffic is expected to shoot up to 77 percent annually by 1999-2000, from 69 percent last year.

"The target will bring the authority to a minimum level of an annual average of 880 000 to 1 million tons of traditional traffic," says Msoma.

The railway's passenger service has fared better because it offers southern Tanzania and northern Zambia cheaper transport. The line carried some 826 000 passengers in 1976-77, rising to 1 024 000 in 1980-81. Two years later, the number of passengers dropped dramatically to 564 000 because the service was slow and unreliable.

The Chinese engines were not powered to scale the southern highlands terrain. They were replaced by powerful DE German engines, and the line carried 2 219 000 passengers in 1992-93.

Tazara showed operational losses from the mid-1970s until 1983-84, when it turned a profit of 89,7 million Tanzania shillings (about R615 000), rising to 3,42 billion shillings in 1991-92. The company projects earning 10 billion shillings by next year.

Researcher Peter Simmonds, who has studied Tazara, attributes the reported rise in revenue to fare and traffic rates increases and depreciation of local currencies.

The railway serves mainly Tanzania and Zambia, and is looking to expand its market to Zaire, Zimbabwe and Malawi. Already Malawi has built a railway transit terminal at Mbeya, where road cargo can be transferred to and from trains. Malawi exports tea and tobacco, and imports fertiliser and machinery.

However, the future of the Tanzania-Zambia railway line is still in doubt. An official said the authority "needs at least $200 million to strengthen the rail operation, (while) it owes clients more than 300 million shillings". — Independent Foreign Service

Tazara goes commercial

(318) ~~(314)~~ Sowetan 23/10/96

STIFF competition in the transport industry has forced the Tanzania-Zambia Railway Authority (Tazara) to commercialise its activities in order to make profits.

Tazara is faced with stiff competition from truckers on the Tanzania-Zambia route and an alternative railway corridor in Mozambique and South Africa (Maputo Corridor).

Tazara, built 20 years ago to haul a maximum of five million tons a year, has handled freight of less than 1 million tons in the last three years.

Since 1992, its annual freight has been between 0,6 million tons and 0,88 million tons last year, a drop of about 34 percent from 1,2 million tons in 1978.

According to Tazara public relations manager Charles Nzo-Mbaga, the commercialisation measures involve reduction of operational costs by streamlining the administration, reducing the workforce and limiting various activities to enable the authority to serve customers' interests and safety.

He says: "The changes to Tazara's mode of operation will obviously guarantee and attract investment from the market-place."

The 20-year-old railway service plans to reduce its workforce from 6 600 to 4 100 in both Tanzania and Zambia.

It will set strict safety standards and introduce performance-based remuneration for the staff in a bid to raise efficiency and productivity.

'The railway service plans to reduce its workforce and will set strict safety standards and introduce performance-based remuneration for staff'

Need for review

The company felt the need to review its performance because of revenue lost to other carriers. Tazara has a $500 million (about R2,3 billion) interest-free loan from the People's Republic of China, obtained through friendship between the then leaders Mao Tse Tung, Mwalimu Nyerere of Tanzania and Kenneth Kaunda of Zambia.

"The commercialisation exercise has exposed a number of hidden costs which were not known before," says a highly placed Tazara official, adding that Tazara's new philosophy is based on customer orientation, profitability, workers' accountability and clear demarcation of responsibilities.

Tazara board chairman Salim Msoma says under the commercialisation programme, Tazara's total market share of traffic is expected to shoot up to 77 percent annually by the year 1999-2000, from 69 percent last year.

"The target will bring the authority to a minimum level of an annual average of 880 000 to 1 000 000 tons of traditional traffic per year," says Msoma.

Tazara's passenger service has fared better because it offers southern Tanzania and northern Zambia cheaper transport. The line carried some 826 000 passengers in 1976-77, rising to 1 024 000 in 1980-81. – *Africa Information Afrique.*

Tanzania to privatise 128 firms

(318) ARG 3/8/96

DAR ES SALAAM. – Tanzania has earmarked 128 state-owned firms for privatisation by the end of next year as part of Western-backed economic reforms in the formerly socialist country, a senior official said yesterday.

Thirty one of the firms would be sold by the end of this month, with the total rising to 78 by the end of the year.

The official said a detailed list and timetable for the privatisation exercise would be made public within a fortnight.

Tanzania is scheduled to open a stock exchange later this month and private companies have been invited to prepare prospectuses. – Reuter.

Tanzania's long search for crude oil may be over at last

(318)(TBR) 26/9/96

Joe Khamisi

Mombasa — Drilling is about to begin at two test wells that an Irish company says may contain up to 1 billion barrels of crude oil on Tanzania's Indian Ocean coast.

Early this month Tanzania's Dublin International Petroleum Development (IPD) announced it had struck oil in the southern region of Kilwa Masoko. Though the government said it was too early to celebrate, news of the find was received with jubilation in a country entirely dependent on expensive oil imports.

The discovery, say government officials, marks a turning point in the country's desperate search for the black gold.

In an announcement recently, Tim Sarney, the Irish company's drilling manager, told journalists oil had been found at two sites in the Mandawa/Rufiji river basin.

"Using improved technology in seismic data analysis and interpretation," Sarney said, "we have been able to come up with precise information with regard to oil deposits in the two areas we have selected."

The investors likened the Tanzanian basin to the Maarib Al Jawf basin in Yemen where large oil reserves were discovered in 1984.

The Yemeni basin now spews 360 000 barrels of oil daily.

Sarney said one of the two wells could yield up to 4 400 million barrels of oil.

But the government, anxious not to raise excessive expectations, said that more exploratory work was needed to confirm the find.

A notice from the Tanzania Petroleum Development Corporation (TPDC) said: "No oil has been discovered in Tanzania." But officials conceded that based on the IPD report, a crude oil find was almost certain.

Salvatory Ntomola, TPDC's deputy managing director, was even quoted as saying the reserves could contain as much as over 4 billion barrels at designated sites 50km and 90km from Kilwa Masoko.

IPD said $15 million had been allocated for the project.

Foreign companies have been looking for oil in Tanzania for more than 50 years.

A total of 31 test wells have been dug by foreign explorers including BP, Agip and Shell but to no avail.

The latest venture appears to offer unprecedented hope.

IPD began the search for oil after signing an agreement with the government last year.

Tanzania imports 1 million tons of crude oil and processed petroleum costing $200 million annually.

The bulk of the oil is sourced from the Gulf.

Analysts say a commercially viable oil find could dramatically transform the country's economy which relies heavily on agriculture and tourism.

It would also help the country control inflation which has been running at about 30 percent during the past few years.

Prices of petroleum products and allied services have been raised twice this year. — Independent Foreign Service

Engen invests in Tanzanian oil depot

4 (318) CT (BR) 1/11/96

From Reuter

Cape Town — Engen said yesterday that it had invested R100 million in a state-of-the-art bulk oil terminal in Tanzania with the pre-emptive right to take over two service station networks.

Rob Angel, the chief executive of Engen, said the company had also bought a pre-emptive right to take over two service station networks.

He said that the deal included several inland depots, "which will open up the whole hinterland".

"It is a major investment for us," he said.

The tank farm was bought from an independent trader who recently bought service station networks from Esso and Caltex, the departing multinationals.

"He has a deadline by which to convert the Esso brand name and the Caltex brand name into his own brand name," Angel said.

"That will cost money and we have a pre-emptive right on that (in case he ran into difficulties)," he said.

Angel said that Engen had been keen to get into Africa for several years.

"(We have been) putting volumes into Africa since 1990, but now for the first time there is substantial evidence of serious investment going in there," Angel said.

He attributed this to the fact that Petronas, the Malaysian state-owned oil company, had given Engen a heavy cash injection at the time it took up a 30 percent stake in the company earlier this year.

"That makes it easier for us to pursue that activity (moving into Africa) much more aggressively than we could have done before, particularly given our earnings last year when we really had to rein in everything," he said.

He said Engen's market share by volume in Africa north of the Limpopo was 10 percent but the aim was to take this up to between 20 percent and 25 percent.

Engen has operations in Zimbabwe, Mozambique, Zaire, Kenya and Tanzania.

On oil exploration subsidiary Energy Africa, Angel said it had acreage in the right areas. He said the company was having "great success" in offshore Congo, Angola and Namibia.

However, that was not yet fully reflected in its share price, particularly because many investors ignored the fact that it was a straight rand hedge, Angel said. — Reuter

Mining alliance seeks Tanzanian co-operation deal

(318) CT (BR) 1/11/96

JOHN SPIRA
DEPUTY EDITOR

Johannesburg — A newly formed alliance of South African mining interests is holding talks with the Tanzanian government aimed at securing a co-operation agreement to harness the growth of mining industry in the Southern African Development Community (SADC).

The alliance, the Southern African Mining and Minerals Industry Exchange (Demindex), was formed to mobilise the potentially vast earning power of mining operations outside the mining houses.

A spokesman for Demindex said yesterday that Tanzania was one of several SADC nations to have expressed "tremendous interest and support" for their initiative.

He said the agreement, facilitated by the minerals and energy affairs department, was due to be signed next week.

He said Demindex saw the developing mining industry as a largely untapped mining force behind black economic empowerment, with the potential to create tens of thousands of jobs over the years.

AR Mpungwe, Tanzania's high commissioner to South Africa, said Demindex "can significantly contribute to further beneficiation of SADC mineral resources and the growth of our economies".

Demindex said it had already made presentations to 125 embassies and high commissions in its bid to gain international support and financial backing.

It had also made a formal application to the World Bank for a $3 million (about R15 million) grant and to the government of mainland China for a similar sum.

Major SA firms look at Tanzania

SA's strong representation at this week's Tanzanian foreign investment forum reflects the country's growing interest and influence in the East African region, reports **Maja Wallengren** from Dar es Salaam

(318) BD 7/11/96

SA COMPANIES are strongly represented at Tanzania's first mainland foreign investment forum in the capital, Dar es Salaam, this week.

More than 20 major SA companies are taking part, including SA Breweries, construction firm Murray & Roberts, JCI's gold and uranium division and Stanbic Bank, signalling SA's rapidly increasing business interests in the East African country.

In the past two years, SA investment in Tanzania has mushroomed and other foreign investors, as well as diplomats based in Dar es Salaam, agree that SA is moving rapidly towards becoming one of the leading economic powers in the region.

"SA plays an increasingly important role in Tanzania. It seems there is a lot of interest — and a lot of potential," says Danie Niemandt, SA chief executive director of Tanzania Breweries Ltd, in which SAB has a 46% share.

"We have SA business people making contact with us weekly, asking us what is going on," says Niemandt, who has been in the country since 1994.

SA high commissioner Thandi Lubaje-Rankoe says she is planning to open a trade office in the SA embassy in Dar es Salaam to cope with the flood of business executives from SA requiring information and assistance.More than 400 SA nationals were registered at the embassy, and most were in Tanzania for business purposes, she said.

A number of SA mining companies were already involved in joint ventures, extracting diamonds and exploring for gold and other metals, she said.

"That's where South Africans have their expertise and they are here right now using it. They are all over, trying to see what they can do."

According to statistics from the high commission, Tanzania now ranks as SA's fifth largest trading partner in Africa, with trade increasing by more than 500% in the past two years.

About 300 leading foreign companies from 38 countries are taking part in the investment forum — far above the government's initial goal of 100 to 120 participants.

Industries and Trade Minister Abdallah Kigoda said recently that the government expected large numbers of lucrative deals worth hundreds of millions of dollars to be signed during the four-day event, which is seen as a crucial test of the government's economic reforms.

Besides the SA interest, multinationals represented include US power conglomerate Westinghouse, Swedish motor manufacturers SAAB, Scania and Volvo, and Germany's Metal Gesellschaft.

The government has proposed a list of 102 potential investment projects in manufacturing, tourism, mining, agro-industries and infrastructure, in addition to 70 specific projects in the field of technology, for which they hope investment deals can be signed worth almost $1bn.

Most important, Kigoda stressed, was the government's aim of creating confidence among the potential foreign investors.

Among the biggest concerns foreign investors have regarding investment in Tanzania has long been the high level of corruption in the state apparatus. But since President Benjamin Mkapa took over leadership a year ago in Tanzania's first multiparty democratic elections, the government has launched an aggressive campaign to crack down on graft and a number of former senior officials have been forced to "retire in the interest of the public", according to a foreign observer.

Progress has been made in developing economic reforms; and donor agencies and foreign investors already in the country agree that while a lot remains to be done, Tanzania seems to be on the right track.

A long-term foreign investor said: "There seems now to be a possibility to really get things moving."

Tanzanian success prompts IMF to reopen credit line and extend $235m loan

318 CTCBR

12/11/96

Mark Dodd

Dar es Salaam — The IMF has approved $235 million in financial aid to Tanzania, restoring credit cut off in 1992, Festus Osunsade, a senior IMF representative, said on Sunday.

The IMF suspended credit to Tanzania following allegations of corruption, including a huge import-tax fraud.

Osunsade said the IMF's executive board had given approval for the loan, part of the fund's enhanced structural adjustment facility (ESAF), on Friday. The first instalment of $40 million will be handed over next week.

"The commitment of ESAF loan resources represents an expression of confidence by the IMF in the economic and financial policy agenda of the (President Benjamin) Mkapa administration," he said.

He said the move followed a sustained improvement in Tanzania's economic and financial indicators since January.

Improvements included cut inflation and a slowdown in the expansion of domestic money supply in relation to the availability of goods and services. Osunsade said the loan would help unlock extra financial assistance and external debt relief.

He said the IMF would monitor Tanzania's compliance with the provisions of the agreement closely, and the loan would be phased in in line with continuing implementation of reforms.

Particular scrutiny would be given to the government's spending programme to ensure budget estimates were adhered to.

The government's goals include 6 percent annual growth by 1998-99, 5 percent inflation and an external current account deficit of 13,3 percent of GDP, down from 20,6 percent.

In September, inflation was 18,8 percent, down from a peak of more than 43 percent in 1994.

"They've been put on a test. The IMF will be informing the international community of Tanzania's adherence to the conditions," said Osunsade.

Government officials were ecstatic with the agreement.

"Tanzania's economic reform programme has always been dependent on foreign aid so we really welcome this decision," said one senior official at the trade ministry.

"We have to get foreign capital into the economy and this could really help stimulate growth to the national budget."

One foreign banker said the credit was crucial for Tanzania's economic development following the start of liberalisation reforms in 1986, when the socialist policies of Julius Nyerere, the founding president, were scrapped.

"I think it is very necessary for Tanzania to have the support of the IMF. I believe the IMF is quite happy with Tanzania's performance because they have applied a very strict programme on Tanzania in order to get the loan," said Steven Forster, a senior manager of Stanbic bank based in Dar es Salaam.

The decision would probably trigger a soft loan of $100 million from the World Bank and the Paris Club of donors could agree to more than $220 million in debt relief, Osunsade said. Tanzania's net foreign debt is about $7,8 billion.

Mkapa left on Sunday for visits to Britain and Italy. He was expected to press Britain for debt relief and attend the World Food Summit in Rome.

One of the world's poorest countries, Tanzania enjoys a reputation as a stable, peaceful democracy with vast potential in minerals, agriculture and tourism. — Reuter

Tanzania could be staring prosperity in the face

(318) CT (BR) 25/11/96.

Joe Khamisi

Dar es Salaam — Tanzania may be on the brink of unprecedented development if investment pledges worth $786 million secured at a recent international forum here are forthcoming.

The pledges were made by more than 400 foreign investors representing 222 companies attending the country's first international investment and technology forum which ended on November 8.

Pledges covered a wide range of sectors, including mining, manufacturing, energy development and tourism. At least four joint-venture agreements and 75 letters of intent were signed by local companies and state bodies.

The forum was organised by the government in co-operation with the United Nations Industrial Development Organisation and the United Nations Development Programme.

An official of the Tanzania Investment Promotion Centre said: "Now it's up to the government to provide the environment so that the investors are encouraged to make good their pledges."

Analysts said, however, the pledges fell far short of the government's expectations.

Proposals for a total of 102 projects worth $1 billion had been sent to investors before the forum.

According to analysts, the shortfall may have been caused by lingering doubts about the country's uncertain investment climate.

Bureaucratic delays in processing of licences, excessive taxation and runaway corruption in government remain major stumbling blocks to investment. — Independent Foreign Service

Law society leads crusade for new constitution in Tanzania

(31) Star 29/1/97

By Lawrence Kilimwiko
Dar es Salaam

The Tanganyika Law Society (TLS) is spearheading a crusade for a new constitution in Tanzania, calling for a decentralisation of executive powers.

Issa Shivji, a law professor with the University of Dar es Salaam, says it is time for Tanzanians to discuss a system of government that does not create dictators through the ballot box.

Addressing a workshop on Constitutional and Legal Making Process in Tanzania, organised jointly by TLS and the German Friedrich Ebert Stiftung Foundation, Shivji said under the present system it was difficult to challenge presidential results in court.

"The executive presidential system in Tanzania's constitution allows the president to wield enormous powers, making him an elected dictator," says Shivji.

Other weaknesses in the constitution include the lack of proportional representation, the right to recall and discipline MPs who fail to deliver and the Local Governments Act, which allows the minister responsible for regional administration and local government to dissolve district, town, municipal and city councils.

George Chale, an expert on local governments, says no matter how weak a local authority may be, it is undemocratic to dissolve it without consulting those responsible for putting the body into office. He says the constitution must be decentralised so that people at the grassroots level have a say in the management of their affairs.

Robert Makaramba, law lecturer at the university, told the workshop that outdated legislation, such as laws forbidding private presidential and parliamentary candidates, were proof of the dire need for a new constitution.

He said the right to stand for election should not be confined to only four million Tanzanians who belong to political parties.

As the law stands now, a total of 20 million are excluded from standing in any election. Under the present constitution the president is also the head of state, commander-in-chief of the armed forces and chief employer.

"All these make the president more powerful than all the MPs put together," says Shivji. He suggests four steps towards the introduction of a new constitution.

"The first is a national convention which will draw a spectrum of interests from all walks of life and will act as a bridge for the next stage," he said.

The setting up of a constitutional commission charged with the task of drafting the constitution based on the major principles from the national convention is the next step in the process.

The third, says Shivji, is the constitutional assembly which will discuss and adopt the draft constitution. The final stage involves a referendum.

"These four stages are extremely important because they provide civic education through meetings and conventions and finally through the referendum in which the whole nation is involved," he said.

Professor Mwesiga Baregu, a political scientist, says there are various reasons why Tanzanians should participate in writing their new social contract.

Firstly, Tanzanians never had the opportunity to write a constitution of their own, as the 1961 independence constitution was imposed by the departing colonial rulers. As a nation Tanzania needs a vision," he said.

Price Bagenda, co-ordinator of Africa Political Risk Group Analysis, says a new constitution is necessary to cope with new economic and political forces. – Star Foreign Service/AIA.

Tanzania seeks magic formula

CT (BR) 2/12/96 (318) (~~314~~)

JOE KHAMISI

Nairobi — Tanzania is looking for a magic formula in a draft blueprint, which officials hope could extricate the country from its economic stagnation.

Known only as Tanzania's economic vision, the blueprint is the result of months of soul searching by the Economic Research Fund, a Dar es Salaam-based, non-governmental think-tank.

Government and research fund technocrats who attended a meeting in the north-eastern town of Tanga, in September, agreed that past formulae devised and backed by donors and multilaterals had failed to spur growth.

Since abandoning socialism for free enterprise in the mid-1980s, Tanzania has adopted three significant restructuring programmes to no avail.

The National Economic Survival Programme, the Structural Adjustment Programme and the Economic Revival Programme, all are blamed for deteriorating living standards in the country.

In trying to balance the budget, government expenditure on social services was reduced, making health and education prohibitive to the majority.

Inflation boosted by high fuel costs has rendered even the basic necessities beyond the reach of most Tanzanians.

Consequently, Tanzania, a country of nearly 30 million people, is listed by the United Nations as one of the poorest in the world with a per capita income of about $100.

Analysts appear confident the new initiative will reverse the trend and get the country back on track.

Details of the new plan remain sketchy but sources within the research fund say the blueprint emphasises the revitalisation of the key agricultural sector devastated by years of socialist policies, the removal of bureaucratic bottlenecks hindering trade and investment, the creation of employment generating projects and the renewal of management discipline in the private and public sectors.

It also suggests measures to reduce inflation, cut budget and trade deficits through better fiscal management and how to move away from donor dependency. — Independent Foreign Service.

Star 8/2/97

More than 500 000 Tanzanians face famine

Dar es Salaam – More than half a million Tanzanians are facing famine because of severe drought, Agriculture Minister Paul Kimiti told the National Assembly this week.

Kimiti said up to 470 000 people would have to be given food assistance because they did not have the means to provide for themselves.

He said lack of rain between October and December in northern Tanzania and the coastal belt region had led to a food production shortfall of 730 000 tons, including 580 000 tons of grain, 70 000 tons of beans and 80 000 tons of other food crops.

He said the northern and north-eastern Lake Victoria regions had received only 25% of the usual annual rainfall last season.

"Predictions show that there will be less rain again in most parts of the country this year," Kimiti added.

He said that 85 400 tons would be immediately sent to needy regions and assured lawmakers that the country's food reserves would not be affected. – AFP

(~~314~~) 318

African Business

Low rainfall figures for area around Lake Victoria could reduce production by about 80 000 bales

Drought threatens Tanzania's cotton cash crop

318

ET (AR) 17/2/97

~~314~~

Mark Dodd

Dar es Salaam — Severe drought in Tanzania's main cotton-growing areas will cause a sharp drop in cotton production for the period from October last year to September this year, a senior industry official said at the weekend.

Ali Ngongolo, the general manager of the Tanzania Cotton Lint and Seed Board, said low rainfall around Lake Victoria late last year meant production would reach about 350 000 bales to September this year from 430 000 bales for October last year.

Ngongolo said earnings to September this year were expected to drop to $83 million compared with $109 million for October last year and $115 million in the 1994-95 period. Production in that period was 440 000 bales.

"The reason why we project a decline is poor weather," said Ngongolo. "Most of the main growing areas around Lake Victoria did not get adequate rains to support planting. Cotton in Tanzania depends on weather. We do not irrigate our crop. It is rain-fed."

The lowest production was about 200 000 bales in the 1974-75 period.

Farms also face an aphid attack that could further undermine quality and production. "Because of the drought, we could encounter problems with aphids. They suck water out of the plant and make it weaker," Ngongolo said.

Tanzania accounts for less than 1 percent of world production, which is dominated by Australia, Russia, China and the US.

Tanzania's cotton is highly regarded because of its quality. It is classified as a medium staple and is hand-picked, a measure that ensures the quality.

Ngongolo said during last year's season, the board purchased about 2 percent of the yearly crop, with the rest bought by private buyers following reforms in the industry.

Union-run cotton co-operatives account for 30 ginneries while private ginneries total 15. About 2 million Tanzanian families or 10 million people derive a living from cotton production.

Their mostly peasant holdings average between 0,5ha and 3,0ha in size. Land used for the production of cotton is estimated at up to 400 000ha.

According to Ngongolo, domestic use of cotton is about 30 000 bales, down from a peak of 100 000 bales in the 1980s. Its main cotton export markets are Europe, Taiwan and Malaysia. — Reuter

Tanzania is confident things will go better with Coke

CT(DR) 17/2/97

(318)

Joe Khamisi

Nairobi — With the recent inauguration of the $35 million bottling plant in Tanzania by Coca-Cola, a regional war has began between the US soft drinks manufacturer and its arch-rival Pepsi.

The plant is one of the most modern in sub-Saharan Africa, excluding South Africa. It is a joint venture between the South Africa-based Coca-Cola and local entrepreneurs.

The huge plant at Mikocheni industrial area in the financial capital Dar es Salaam includes a training centre for Coca-Cola personnel from across the continent.

President Benjamin Mkapa, elated at the facility which would initially produce 10 million cases a year, said the venture was a vote of confidence in the country's economic policies.

Coca-Cola was encouraged to invest in Tanzania by new regulations that offer a five-year tax holiday incentive to all new investors.

"A (leading) reason for our global success is that we are committed to the economic success of every market for the long term," said Douglas Ivestor, the president and chief executive for Coca-Cola globally.

"The revitalisation of our business in Tanzania is an integral part of our long-term strategy plan to put our products within an arm's reach of the African consumer."

The entry of Coca-Cola to the once-closed socialist market comes shortly after RJ Reynolds, the global cigarette manufacturing company, bought shares in the Tanzania Cigarette Company.

Analysts say American companies are impressed with Tanzania's liberalisation programme and see the country of nearly 30 million people as a potentially lucrative market of the future.

The local Coca-Cola franchise, Kwanza Bottlers, recently changed its name to Coca-Cola Kwanza Bottlers to underscore the full participation of the global company. It has the franchise to sell brand products in Dar es Salaam, Zanzibar, Tanga and Mbeya.

"The opening of this plant is a testimony to the confidence the Coca-Cola system has in the future development of this country," said one official.

Official figures shows drop from 18% to 14% in six months

Tanzania's success in cutting yearly inflation impresses visiting IMF team

CT (BR) 11/3/97 (3/8)

Mark Dodd

Dar es Salaam — Tanzanian success in cutting yearly inflation to 14 percent from 18 percent over a six-month period ranks among the best economic achievements in Africa, a senior IMF official said last week.

But Goodall Gondwe, the IMF deputy director for Africa, and his visiting team called for continued fiscal discipline form Tanzania's government.

Gondwe's team also expressed concern about the pace of Tanzania's privatisation programme and delays in implementing cuts to Tanzania's bloated civil service.

Latest figures from the central Bank of Tanzania showed a drop in yearly inflation to 14 percent in January from 15,4 percent in December and 18 percent in August last year. Yearly inflation in January last year ran at 25,1 percent.

"This has been the best we've seen so far for Tanzania, and compares favourably with the better performers in Africa," Gondwe said.

"It is hoped this performance is maintained as it could change very dramatically if discipline relaxes."

Gondwe heads a team of experts reviewing Tanzania's economic progress over a six-month period after restoration of IMF credit in November. He said progress included cutting money supply and improved balance of payments.

Tanzania posted a trade deficit of \$21,1 million in January, a fall of 78 percent compared with \$94,9 million for the previous month.

"Balance of payments particularly, with reserves improving very substantially from 9,1 weeks of imports (August last year) to close to 15,7 weeks in January (this year). That's a good six-month result," Gondwe said.

Government revenue collection also increased and exceeded the benchmark target for Tanzania's Enhanced Structural Adjustment Facility for the six months to December 31 last year.

Actual revenue collected totalled 272 billion shillings compared with a target figure of 245 billion shillings.

Gondwe said the privatisation programme, part of the structural facility benchmark requirements, had been notable for its absence of large loss-making parastatals, listing Air Tanzania, Tanzania Harbour Authority and Tanzania Telecommunications, the state telecom monopoly.

"We (IMF) thought things could have gone better on the privatisation side. The sort of companies they are privatising were the smaller ones, and one would like ... a bigger impact on the economy by privatising the larger ones.

"Now, they're very much at the early stages of that, and unfortunately when we came before (November last year), they were still at the early stages. We don't think they've progressed much on that subject," Gondwe said.

He said despite these concerns Tanzania was on target to receive its second structural facility tranche, which was worth \$35 million.

Last November, the IMF approved \$240 million in credit after severing its support in 1992 because of a tax scandal. — Reuter

Investment code would put cap on state ownership

Joe Khamisi

Dar es Salaam — In a move to put a cap on state ownership of property, the once-socialist Tanzania is drafting an investment code that will rule out compulsory acquisition of private firms by the state.

The code would be submitted to Parliament in April as part of a comprehensive investment bill intended to woo investors.

During the socialist era of former President Julius Nyerere, hundreds of private enterprises were nationalised by the state. But the plan, initially intended to centralise the means of production and make ownership of business indigenous, failed miserably as laxity set in and production declined.

The nationalised firms became looting grounds for politicians and government bigwigs. Scores of enterprises, including banks, collapsed.

The government has been trying to seal off some 200 such parastatals which have been draining the economy through massive subsidies. The socialist policies of the 1970s are largely blamed for the waves of poverty in a country endowed with vast natural resources.

The draft code states that no enterprise shall be acquired, nationalised or expropriated except in exceptional cases of public interest. In such a case, full and fair value of compensation would be paid. Where there was a dispute, it would be referred to the Multinational Investment Guarantees Agency and the International Centre for Settlement of Investment Disputes.

Under the proposed initiative, foreign investors would be paid promptly for lost value of share and allowed to transfer funds without conditions.

The code is part of an overall process to restrict investment regulations which have been under discussion since Benjamin Mkapa became president a year ago. — Independent Foreign Service

Cautious response to privatisation programme

(314) (318) CT(BR) 13/3/97

LAWRENCE KILIMWIKO

Dar es Salaam — Tanzania's government plans to privatise water distribution and other public services, but this has led to calls for caution from economic and political analysts, who warn of overhastiness.

Parliament is debating the sale of the National Urban Water Authority first, to be followed by electricity, telecommunications and transport.

Professor Mark Mwandesya, the chairman of the Centre for Energy, Environment, Science and Technology, says the government must be very cautious.

"Divestiture of utilities taken over in the present form means a transformation from state monopolies to private monopolies," says Mwandesya.

He says that although the country is switching to a free market, an unfettered approach will inhibit investment, and the country might find it impossible to finance large projects.

His reasoning is that the organisations will have to deal with thousands of individual consumers, leading to a waste of time and effort and making the organisations unattractive to private investors.

Mwandesya says a national company should be formed to sell supplies, with smaller regional companies to be the link with consumers.

At a conference in Dar es Salaam to discuss the proposals there was agreement on one point, that the government should be a policeman by keeping watch over utilities and allowing private companies administrative control rather than outright ownership. It was also suggested that the government and private companies could split control between them.

'Utilities must be overhauled. Deteriorating infrastructure has deterred investors'

George Mbewe, the chairman of the commission overseeing the sale of the utilities, says they urgently need to be overhauled and that deteriorating infrastructure has deterred foreign investors. If there is no improvement, investors will continue to stay away, he says.

The government seems determined to make room for the private sector in the provision of water services.

The National Investment Promotion Protection Act, no 10 of 1990, which identified the provision of water as the exclusive preserve of the public sector, is being amended to allow private involvement.

The move to privatise the water sector has come at a time when towns are facing huge water shortages because of a combination of drought and the lack of planning by the government.

In the capital, Dar es Salaam, the sole water supply has almost dried up and Pius Ng'wandu, the water minister, said recently the government was now thinking of desalinating water from the Indian Ocean for the city's 3 million residents. Only 180 million litres a day is being pumped instead of the 400 million needed. Much water is lost because of burst pipes.

The main brewery has had to reduce production because of the water shortage, losing the government US$825 000 a week in excise duty. Residents now have to resort to buying water from street vendors, at $0,66 a bucket. — Africa Information Afrique

Picture: AP

Drought 'could hurt Tanzania's books'

(318) ~~(314)~~ BD 18/3/97

DAR ES SALAAM — Drought sweeping through East Africa has hurt many sectors of Tanzania's economy, ranging from soft drinks and beer to coffee and cotton, and triggering fears of a difficult balance of payments (BoP) position.

Tanzania's worst drought in 40 years has left many parts of Dar es Salaam without water for weeks. Three-quarters of the city's 3-million people rely on water from the Ruvu catchment, which is now at perilously low levels.

"We're living from day to day. There is no water to be purchased. It (drought) has affected production a lot," said Humphrey Van Dermerwe, technical manager at Coca-Cola Kwanza, Tanzania's biggest soft drink plant. The Dar es Salaam plant opened only last month and is one of the most modern in Africa. Water shortage has caused production to stop on several days.

"We've stood still on days. That is linked directly to the drought," he said. The water shortage had become so severe the company was considering buying a $2,5m desalinating plant. Kwanza lies close to the Indian Ocean sea front.

Tanzania's biggest brewer, Tanzania Breweries (TBL), said production had fallen due to the acute water shortage. TBL's chief executive director Danie Niemandt said "a huge water scarcity" late last month caused a double problem for the recently privatised company.

The plant could barely keep up with packaging and had failed to meet local demand. The water shortage had also forced a temporary halt to brewing operations.

"We've had 12-15 days; that's half a month where we haven't had any production at all. This business cannot exist without water," he said. Niemandt said TBL had spent $100 000 on sinking five boreholes and another $600 000 on purchasing a water treatment plant.

In the northern town of Moshi, senior coffee trader Nitesh Virji of the Unexímp group said annual coffee production of mild-washed arabicas would be affected by the drought. "We haven't received the short rains due in December.

"Production would be affected. During the flowering period rains are essential and this has not happened," Nitesh said.

Coffee is Tanzania's main export earner with annual production expected to slump this season to about 41 000 tons worth an estimated $95m, from a peak averaging 55 160 tons between 1981 and 1985.

In nearby Tanga several tea estates have also reported a fall in production due to the effects of the drought.

Drought would also cut output of cotton, Tanzania's second biggest agricultural earner, said Tanzania Cotton Lint and Seed Board GM Ali Ngongolo.

Low rainfall around the cotton-growing area at Lake Victoria could see production fall to 350 000 bales for the 1996/97 crop season against 430 000 bales worth $109m in 1995/96.

A representative of the International Monetary Fund in Tanzania said the effects of a prolonged drought could also dent the country's improving balance of payments.

"The government may be forced to call on the Bank of Tanzania for foreign currency to finance imports of food." — Reuter.

Air Tanzania spurns merger

(318) (514) BD 20/3/97

DAR ES SALAAM — State-owned Air Tanzania's (ATC's) chairman has rejected talk of merging with Uganda Airlines and Alliance Air as there are no legal provisions to allow it.

"We cannot merge because there is a law — an act which established Air Tanzania — and it does not allow a merger. The law is still operational unless the parliament amends the law," ATC chairman Abbas Sykes said on Tuesday.

He said any ATC merger deal should involve a reputable international carrier such as Deutsche Lufthansa or British Airways.

"That would be ideal; they have got the muscle. You cannot survive if you are both weak."

He cited the partnership between Kenya Airways and Royal Dutch Airlines KLM as an example of the sort of merger preferred by the ATC board.

Sykes was speaking in reaction to a proposal last month endorsed by Tanzanian Transport Minister William Kusila for a merger of the national carriers of Uganda and Tanzania with Alliance Air, which Uganda and Tanzania and SAA own.

The proposal has been met with strong opposition by ATC's board, which claims the deal could embroil ATC in a big loss-making venture.

Sykes denied claims that the ATC board would resign if the merger went ahead, saying the board was unified in its opposition and would "fight it out". He said the merger proposal was fraught with risk because Alliance Air's losses over two years of operation exceeded $20m.

Sykes said that of the three airlines only ATC owned its own aircraft.

The idea of a regional airline merger dated back about three years. The original proposal sought a merger of national carriers of Southern Africa Development Community states, to compete with the major international airlines.

There was no reaction from Uganda Airlines, Alliance Air or the governments of Tanzania and Uganda. — Reuter.

British stay wary of Tanzania

(318) (344) BD 26/3/97

DAR ES SALAAM — British business saw great potential in Tanzania, but progress there was hampered by choking bureaucracy and a complicated and inequitable tax regime, business leaders and analysts said.

They said bureaucracy and inertia meant there still was no evidence of an investor stampede for Tanzania yet, Uganda's progress was hampered by infrastructure problems and Kenya was still the region's economic engine.

London-based Eastern Africa Association CE Chris Buckmaster said the British business lobby welcomed moves to review regional economic co-operation to boost intraregional trade.

Created in 1964, Buckmaster's group consists of 170 companies with interests in East Africa. They represent banking, mining, agriculture, manufacturing, transport and other sectors and range in size from multinationals to small family businesses. More than 70% of the group's members are British.

Buckmaster was sceptical about talk of trade liberalisation in East Africa. He said if that happened, Ugandan and Tanzanian manufacturing would be crushed in an avalanche of Kenyan goods.

"If Uganda and Tanzania remove all duties on Kenyan goods by 1999, a lot of industries in Uganda and Tanzania will fold — they just couldn't compete. That is the strength of Kenya. It is a more diversified and successful economy," Buckmaster said.

Kenyan exports to Uganda totalled \$279m in 1995 and \$229,8m to Tanzania last year.

"I remain an unabashed bull of Kenya. The fact is the economy does function in Kenya," Buckmaster said.

"Kenya has gone faster in lowering duties according to the Comesa (Common Market of Eastern and Southern Africa) treaty.

"Kenya is able to do this because exports to neighbouring states show they are much more efficient in production. That reflects the economic dominance of Kenya over the other two," Buckmaster said.

However he also praised economic reforms in Tanzania: "The medicine they're taking is the correct medicine."

He urged continued fiscal discipline in government, saying investment would start to flow "if the people have confidence inflation will continue to drop and be held down, and the state keeps control on revenue (collection) and expenditure".

After ditching central planning in the 1980s, gross domestic product (GDP) growth in Tanzania is averaging 4,5% annual inflation is running at 14% compared with 25% one year ago, the currency is stable and reserves are up.

Buckmaster saw Uganda's economic prospects as bright, because President Yoweri Museveni's country started to see the benefits of a harsh fiscal programme started five years ago and implemented it regardless of any political fallout.

"People are correct in rating Uganda more highly even though the potential in Tanzania is greater. That perception would be substantiated by the fact that Uganda has 7% GDP growth."

With a smaller economy and smaller population, it had attracted greater investment, although the hydroelectric sector still had problems, he said. "All the indications are Uganda will be short of power for at least (another) five years," he said. — Reuter.

Tanzania's economic reform 'a tightrope act'

(318)

BD 4 4 97

(314)

ADDIS ABABA — Tanzania was walking an economic tightrope, with only 20% of tax revenues available to run the government and develop infrastructure, Finance Minister Daniel Yona said.

Under a programme of donor-backed economic reform the government was spending only what it could raise in cash.

Of the average 45-billion Tanzanian shillings collected in taxes each month about 40% went on debt servicing and another 40% on salaries of state workers, Yona said in the Ethiopian capital of Addis Ababa where he was attending a financial conference.

"With a cash budget, we spend what we collect. There is no deficit. But for a government to run on only 20% and carry out development programmes, it is really a tightrope.

"It is very hard on our people. It is hard for a government to tell its people there is simply no cash."

Yona said that the sale of public companies, originally listed at 400, was well on course with 150 sold so far. But he said the big ones, such as telecommunications and power, were still to go and Tanzania was interested in offers.

"We want to speed up the process. The longer it takes the worse the institutions get." In the case of the telecommunications company, the government was still not sure what percentage it wanted sell. So far 50 000 jobs had been slashed from a 350 000-strong public service and donor support for retrenchment had helped the programme move along "very fast".

A lack of public awareness had delayed the establishment of the Dar es Salaam stock exchange, although the regulatory Capital Markets Authority was in place and brokers and dealers had already been trained on market procedures. "It will be opened this year, exactly when I couldn't say.

But it served no good purpose opening up the exchange with public awareness still too low. "Now we have literature explaining the stock market being distributed." Yona said 13 companies, including the Tanzania Cigarette Company, Tanzania Breweries, General Tyres and Tanzania Oxygen, would be the first to be listed when the exchange was opened.

Tanzania was drawing from a three-year International Monetary Fund soft-loan facility worth \$240m. About \$40m had already been disbursed and another \$40m was expected in six months provided Tanzania stayed on the path of reform. — Reuter.

Tanzania walks tightrope on a shoestring budget (318)

CT(BR) 4/4/97 (314)

Manoah Esipisu

Addis Ababa — Tanzania is walking an economic tightrope, with only 20 percent of tax revenues available to run the government and develop infrastructure, Daniel Yona, the finance minister, said yesterday.

Yona said in the Ethiopian capital of Addis Ababa, where he was attending a financial conference, that under a programme of donor-backed economic reform, the government was spending only what it could raise in cash.

Of the average 45 billion Tanzanian shillings (about R332 million) collected in taxes each month, about 40 percent went on debt servicing and another 40 percent on the salaries of state workers.

"With a cash budget, we spend what we collect. There is no deficit. But for a government to run on only 20 percent and carry out development programmes, it is really a tightrope," Yona said.

"It is very hard on our people. It is hard for a government to tell its people there is simply no cash."

He said 150 of the 400 public companies originally listed for privatisation had been sold. But the big ones, such as telecommunications and power, were still unsold and Tanzania was interested in offers. So far, 50 000 jobs had been slashed from a 350 000-strong public service and donor support for retrenchment had helped the programme move along "very fast".

A lack of public awareness had delayed the establishment of the Dar es Salaam stock exchange, but it would be opened this year.

Yona was in Addis Ababa to attend a meeting of African finance ministers focusing on debt and financial reforms. — Reuter

Tanzanian coffee in need of a rescue plan

(3174) CT(BR) 8/4/97 (318)

Mark Dodd

Moshi, Tanzania — Tanzania's annual coffee production, in decline and handicapped by drought, ageing trees and poor husbandry, could be restored to 60 000 tons a year in under five years, Jeremy Lefroy, managing director of the Moshi-based African Coffee Company (ACC), told Reuter at the weekend.

Lefroy sits on the Tanzania Coffee Board and is secretary of the Tanzania Coffee Association, formed in February as the lead industry voice. Its members include local traders, exporters, growers, co-operatives and agents.

At its peak in the mid-1980s, Tanzania produced around 68 000 tons of coffee a year, with production averaging 55 160 tons between 1981 and 1985.

However, production has slumped over the past decade, with the 1996/97 (October/September) season forecast between 41 000 to 43 000 tons worth about $90 million. This compares with 53 000 tons in the 1995/96 crop year.

Tanzanian coffee is the country's agricultural mainstay. Premium-quality mild-washed arabicas grown around the foothills of Mount Kilimanjaro account for 50 percent of the country's arabica coffee, which in turn accounts for 75 percent of total Tanzanian coffee output.

Lefroy listed several preconditions for achieving the production objective: an increase in seedling production, farmer education, inputs, research and development of disease-resistant coffee trees, and the rehabilitation of estates and farms.

"If we go for all these (conditions) then we could see Tanzania back up to 60 000 tons in under five years," he said.

A key element in the strategy involves a massive replanting scheme to replace the bulk of the country's ageing arabica coffee trees.

In the northern zone, most of the trees are about 50 to 60 years old, well past their productive prime, while some are 100 years old and date back to the German colonial period.

Lefroy said farmers should be encouraged to replant at least five percent ("ideally 10 percent") of their trees every season "for the next twenty years.

"If we could replant 60 million over the next 10 to 20 years then we get Tanzania back to 60 000 tons a year," he said.

High-level industry sources said Tanzania is capable of producing in excess of 100 000 tons of coffee a year.

Tanzania's arabica coffee is well-regarded and enjoys a reputation of being among the world's best, traders said. "It is considered one of the top three coffees in Japan.

"There is progress being made on quality, and this is reflected in premiums over the New York market," Lefroy said.

The ACC and coffee house C Dorman are looking at a joint venture to rehabilitate several coffee farms in the Kilimanjaro region, Lefroy said.

"This country used to have a reputation for producing among the world's best coffee. It can still get there but it will take some time," said a senior official from C Dorman.

About 90 percent of Tanzania's coffee is grown on small holdings averaging from half to one hectare.

Arabica production involves some 20 000 families who usually interplant their crop with bananas for extra cash.

Tanzania's arabica coffee is thought to have been first introduced in the 1890s by Jesuit priests from Reunion Island in the Indian Ocean. — Reuter

Fights for food as starvation hits Tanzania

(318) (314) Sowetan 11/4/97

DAR ES SALAAM – Villagers in the area near Arusha in northeast Tanzania are fighting with wild animals for food and water as the worst drought in 40 years sweeps through the area.

In one such encounter a 16-year-old boy was injured by a buffalo while both were searching for water.

"Wild animals and human beings have been fighting for water," says a resident of the village of Lendikinya, one of the worst affected.

According to Mbina Simango, a village leader, people are fighting each other. "It is a matter of survival of the fittest."

Four children in one village starved to death.

Women are reportedly walking up to 20km in search of water and one village was invaded by buffalos looking for water.

Thousands of wild animals and livestock have already died and, according to one district commissioner, there are so many zebra and gazelle corpses scattered throughout some game-reserves that even the hyenas are unable to polish them off.

Cattle have become so thin that their price has fallen by 70 percent to R26,60 a head.

The nomadic Masai herders are reported to have moved with their cattle to other areas, leaving behind women and children – some of whom are said to be starving.

The local member of parliament says schools may be forced to close and all 48 dams in the area have dried up.

The Tanzanian government is supplying 10 000 tons of food aid, while international agencies are donating another 33 000 tons. – *Africa Information Afrique.*

Kenya, Tanzania in row over maize seed

CT (BR) 16/4/97 (318)

Robert Otani

Kisumu, Kenya — A row over Tanzania's importing of substandard maize seed varieties is dampening the new spirit of co-operation in east Africa.

In January last year, Tanzania's agriculture and livestock ministry banned the importing of two maize seed varieties from the state Kenya Seed Company because the importers had breached government regulations that any seed from outside the country be tested for three years before import approval is given.

Kenya Seed has been unsuccessfully canvassing for the lifting of the suspension.

Seed imports are tested to verify if they are true to type; to establish their suitability for a particular environment; and to ensure they are free of disease.

Lumbadia Nunga, a seed technologist at the Tanzanian agriculture ministry, said recently the Kenyan company or its agent had to provide parent lines of the suspended seed varieties for testing.

Paul Kimiti, the Tanzanian agriculture and livestock minister, said: "If we allow the importation of seed without testing it, this will adversely affect maize growing in our country. Things must be done in a scientific manner and with the approval of the government."

Lawrence Kamau Mugere, a Kenya Seed official, said the banned seed was tested and approved by Kenya's Tropical Pesticides Research Institute.

In October last year, the Kenyan firm appointed as its agent the Tanzania Farmers Association. Up to the time of the ban 40 000 tons of the seed had been sold, according to Kenya Seed.

Tanzanian government seed specialists said the farmers' association was not a legal importer, but a stockist that did not seek government approval to import the seed.

They said laboratory tests carried out by the agricultural research institute when the seed was first imported, under a drought emergency plan in the 1980s, did not include some genetic aspects.

Kenya Seed is under fire from various organisations that claim the company imports and distributes substandard seeds.

The Seed Trade Association in Nairobi is concerned over the company's importing of low-quality varieties of seed that have not been tested by the Kenya Agricultural Research Institute but are being sold to local and foreign farmers.

JL Shah, the secretary of the trade association, said it had received complaints from overseas buyers about the flagging standards of French monel beans and Indian vegetables in particular.

The parastatal Agricultural Development Corporation accused the seed company of failing to test the seed it imports, and said that the seed spreads a fungal maize disease.

Walter Kilele, the managing director of the development corporation, said it had lost 54 million shillings (R4,4 million) after an attack of the disease on its 1 754ha maize crop.

He said the disease affects maize planted from the SC50I variety imported from Zimbabwe three years ago. "The disease has been identified in South Africa, where it is called the grey leaf." Johnson Thaiya, a Kenyan agricultural scientist, said the air-borne disease could destroy adjacent fields. — Independent Foreign Service

TANZANIA (318) ~~(314)~~ CT (BR) 2/5/97

Drought causes jump in annual inflation

Tanzania's annual inflation, as measured by changes over 12 months in consumer price indices, increased to 17,5 percent in March from 13,8 percent in February, Tanzania's central bank said yesterday in its monthly economic review for April. The Bank of Tanzania said that seasonally adjusted food inflation had risen from 17,7 percent in February to 28,5 percent in March as a result of increased prices of staple foods triggered by a long drought. Foodstuffs account for more than 71 percent of the total weight in the composite consumer price index. The trade deficit was $53,6 million from $26,3 million the previous month. But it was 5,0 percent up on the $56,4 million deficit in March last year. Export earnings dropped 13,6 percent to $66 million from $76,4 million. Imports rose 16,5 percent to $119,6 million from $102,7 million, a rise of 47,4 percent on March last year. — *AFP, Dar es Salaam*

TANZANIA

CT (BL) 5/5/97 (318)

Inflation up, but IMF says trend is down

Monthly inflation in Tanzania rose to 17,5 percent in March because of drought in the first quarter of the year but the International Monetary Fund (IMF) said on Friday the overall trend was down.

The Bank of Tanzania in its monthly review said annual headline inflation, as measured by change over 12 months in the consumer price indices, increased from 13,8 percent in February to 17,5 percent in March. "Similarly, seasonally adjusted food inflation increased from 17,7 percent in February to 28,5 percent in March due to increases in prices of staple foods following the prolonged drought in the country," the bank said.

Festus Osunsade, the IMF representative in Tanzania, said the IMF did not regard the March inflation figure as representing the underlying inflation trend in this country, which was down. "The normal trend is that inflation is coming down, and the drought is not a permanent feature in the economy but an isolated problem," he said. — *Reuter, Dar es Salaam*

Fiscal policies vex Tanzanian enterprises

(314) (318) CT(BR) 6/5/97

CHANDER MEHRA

Nairobi — Tanzanian entrepreneurs are complaining about the government's tight fiscal policies introduced two years ago.

"They affect local businessmen more than foreign investors," said a Coopers & Lybrand survey. The policies "are inflicting considerable short-term pain on Tanzanian enterprises, particularly those operating outside Dar es Salaam", the survey found.

The less-affected foreign investors were able to expand their businesses because they had adequate capital and enjoyed tax holidays and exemptions, said the survey.

"A non-business-friendly" tax system and the bureaucracy which encouraged corruption were among the leading drawbacks to the growth of businesses, the survey of 123 public, private and foreign firms showed.

Another drawback cited was the high cost of borrowing — interest rates range between 23 and 30 percent. The lack of demand for products and services, high input costs, poor infrastructure, competition, financial constraints and the lack of skilled labour were other complaints. Entrepreneurs said export growth was being inhibited by crippling taxes, a cumbersome bureaucracy, foreign competition, a lack of export finance, difficulty in finding customers, overvalued currency and poor quality of products.

More than 40 percent of local firms mentioned taxes as the main drawback whereas foreign and public firms did not consider these to be the biggest constraint. Many firms had been reducing staff levels and were likely to continue doing so. — Independent Foreign Service

Irish firm licensed to fish off Tanzania

(318) CT (BR) 13/5/97 (314)

Chander Mehra

Nairobi — An Irish company has been given a licence for deep-sea fishing by the Tanzania Investment Promotion Centre. This is expected to boost the country's present yearly harvest of 2,3 million kilograms of sea products.

African Fishing, a subsidiary of Tannol Holdings whose majority shareholders are Irish, is the only company in the fishing sector to be so licensed. The firm's entry is seen as a positive development for the fishing sector, which has the potential of growing by 15 percent a year.

The company will start with six deep-sea fishing vessels, which will later be increased to nine. Each vessel will have a 13-ton capacity a trip. However, before the licence becomes operational, the company will have to wait for an environmental assessment from the vice-president's office.

The project will comprise a fish-processing facility, an animal feed mill, a fish mill plant, fish farming and a fisheries training institute. The total investment will be $201,3 million.

Tanzania's 800km coastline has the potential to make the country a leading fishing producer in the east African region. However, Dar es Salaam has complained several times of foreign fishing vessels illegally fishing in Tanzanian waters and robbing the country of its resources.

Another recent problem has been a European Union alert to member states that fish from Tanzania, Kenya and Uganda may have traces of the harmful Salmonella bacteria, which, it is claimed, has been detected in the Nile Perch.

Tanzania has about 72 500 fishermen who bring in between 340 000 and 400 000 tons of fish and fish products a year. — Independent Foreign Service

Tanzania plans to polish its gemstones

(314) CT(BR) 15/5/97

Joe Khamisi (318)

Dar es Salaam — Plans are at an advanced stage for the construction of a gemstone polishing centre in Tanzania as part of a programme to enhance the country's marketing potential of minerals, the local media reported.

The reports said a subsidiary of Korea's Gossam Industrial Group was awaiting final approval to pump $620 000 into the Dar es Salaam project.

The centre will identify, appraise and have lapidary facilities for the cutting and polishing of gemstones. There would also be a training school to teach Tanzanians the modern art of gemstone handling, said Yoo Jeung Sung of the Korean subsidiary, Tan-Kor Tanzania.

These services are presently difficult to obtain locally because of a shortage of gemstone specialists. Prospectors generally prefer to send their material overseas for assessment.

"Expertise in this sector is so low in Tanzania that dealers spend a third of their working time looking for identification specialists," Jeung Sung said.

The centre is expected to polish 1 000 kilograms of gemstones a year.

Before independence in 1962, Tanzania was a significant producer of gold, diamonds and a host of other precious and semi-precious minerals. But the industry was run down by the socialist policies of Ujamaa (villagenisation), which encouraged collective exploitation of resources as opposed to foreign involvement. This forced multinationals to close down their mines and leave the country.

Reforms that began in 1985 have brought back the big players. There are also hundreds of small-scale, informal miners but these lack tools and marketing outlets.

The government has undertaken restructuring measures including breaking up the monopoly of the State Mining Corporation (STAMICO). Plans are under way to ensure 100 percent private participation in the mining sector. — Independent Foreign Service

Tanzania stands on its own legs

CT(BR) 20/5/97 (318)

Joe Khamisi

Dar es Salaam — Tanzania's macroeconomic policies, which have been accelerated at full throttle by President Benjamin Mkapa's commitment to the free market economy, are expected to yield significant growth results in the coming year.

However, they are unlikely to ease chronic social ills such as poverty and unemployment nor end basic infrastructural woes.

For the first time in the country's history, Tanzania will be able to finance 60 percent of its expenditure from domestic savings in the next fiscal year, beginning in July.

This will be a reversal from the past, when it depended on donors for two-thirds of its operational budget.

Between July last year and January this year, the treasury collected 331 billion Tanzanian shillings (R2,64 billion). It spent 315 billion Tanzanian shillings, realising a saving of 15,6 percent — a near miracle for a country used to living beyond its means.

"This is a record in our history, and it shows the government's determination to reduce heavy dependency on foreign aid which has characterised our economy for so many years," Nassoro Malocho, the planning minister, said recently.

This turnaround, though considered modest, was made possible by new revenue collection strategies that were recommended by donors two years ago as part of widespread financial reforms.

Tax evasion has been reduced, although some financial sources say the country has lost 120 billion Tanzanian shillings through tax holidays, equivalent to a quarter of the nation's budget. Inflation has declined by half to about 13 percent; the balance of payments deficit has been reduced significantly; foreign exchange reserves have doubled to $434 million; and total food production has increased.

But the country of 28 million people still ranks the third poorest in the world. According to the latest World Bank indicators, Tanzania has the third lowest average income, the same level as war-ravaged Zaire, at $120. Mozambique is the lowest with $80, followed by Ethiopia at $100 a year.

Officials from the IMF and the World Bank, meeting in Dar es Salaam recently, advised Tanzania to increase private sector participation in the economy and improve its fiscal and monetary policies in order to win the war against poverty.

To end the absolute poverty that afflicts more than half the population, they said the economy would have to grow from its present 4,5 percent to 8 percent in the next decade. At the maximum growth rate, the country will be able to increase its average income to $440.

A government blueprint aimed at directing annual budgets for the years from 1998 to 2000 has promised to inject more money into the social sector to fight poverty, unemployment and other social ills.

However, a dramatic increase in growth is considered by some to be a tall order. Professor Samwel Wangwe of the Economic and Social Research Foundation said the country would need strict fiscal and management discipline to maintain the required growth. — Independent Foreign Service

COMPANIES

Tanzania signs oil deal

BD 12/6/97 (318)

CANADIAN oil company Canop International had signed a $20m oil exploration agreement with Tanzania, Canadian officials announced yesterday.

Canadian high commissioner to Tanzania Verona Edelstein said the agreement was signed on Tuesday by Canop chairman and former Canadian prime minister Joe Clark and Tanzania's Energy and Minerals Minister Abdallah Kigoda.

The deal brings to four the number of Canadian petroleum exploration companies operating in Tanzania.

"Canop, along with three other Canadian petroleum exploration companies, intends to invest a total of about $100m in exploring for oil and gas in Tanzania within the next year or two," Edelstein said. "They believe the prospects for success over time are strong."

Clark said that Canop's exploration programme would include the reprocessing of seismic data as well as drilling of several exploration wells.

The deal, known as the Production Sharing Agreement, covers the Dar es Salaam platform situated onshore between the mouth of the Ruvu River to the north and the Rufiji delta to the south.

The exploration zone also includes the Mafia basin, which is situated on the broad continental shelf, and the islands east of the Rufiji delta and north of the Songo Songo shelf. Canop International was established early last year by Clark and another Canop principal, Alan Smith, with a mandate to pursue oil and gas exploration opportunities outside Canada.

Other Canadian companies in Tanzania include Dublin International Petroleum, a subsidiary of Tanganyika Oil of Vancouver, and Antrim Resources & Ocelot Energy Incorporated, both of Calgary.

Investment in Tanzania's fledgling minerals sector grew from $15,8m in 1987 to more than $53m in 1992, about 2% of gross domestic product.

The government aims to raise this level to 10% by 2025.—Reuter.

ET (BR) 12/6/97.

Canadians in oil deal with Tanzania

(318)

MARK DODD

Dar es Salaam — Canop International, the Canadian oil firm, has signed a $20 million oil exploration deal with Tanzania, Canadian officials said yesterday.

Verona Edelstein, the Canadian high commissioner to Tanzania, said the deal was signed on Tuesday by Joe Clark, Canop's chairman and former Canadian prime minister, and Abdallah Kigoda, Tanzania's energy and minerals minister.

The agreement, known as the "production sharing agreement", brings to four the number of Canadian petroleum exploration companies operating in the east African country.

"Canop, along with three other Canadian petroleum exploration companies, intend to invest a total of some $100 million in exploring for oil and gas in Tanzania within the next year or two," said Edelstein.

Clark said Canop's exploration programme would include the reprocessing of seismic data as well as drilling exploration wells.

Investment in Tanzania's fledgling mineral sector grew from $15,8 million in 1987 to more than $53 million in 1992, about 2 percent of the country's gross domestic product.

The government aims to raise this level to 10 percent by the year 2025.— Reuter

Tanzania's ports facing a dry future

(318)

PAUL CHINTOWA

CT(DR) 17/6/97

Dar es Salaam — Tanzania's ports, which also serve as gateways to land-locked neighbouring countries, could soon be out of business if the government does not act quickly to commercialise their operations, according to a leading harbours official.

"We have to step up efforts to commercialise and privatise the ports to survive in business," Samson Luhigo, the director-general of the Harbours Authority, said last week.

He said more efficient South African and Mozambican ports were gradually attracting shippers in central Africa who in the past reached the sea through Tanzania.

"But it would take the Harbours Authority more than commercialisation to increase revenue from cargo handling. We have to satisfy the needs of our clientele," said Luhigo.

He said the authority's plans to raise productivity included trimming the 4 200 workforce and minimising operational costs at Dar es Salaam, Mtwara and Tanga. About 400 workers face retrenchment this year.

Dar es Salaam, along with the ports of Mombasa in Kenya and Maputo in Mozambique, is set to benefit from an African ports commercialisation programme spearheaded by the UN Economic Commission for Africa.

"Privatisation and commercialisation of state-run enterprises is new in Africa. We have been learning the process from Europe where it took off at a different economic level," a commission official said. — Independent Foreign Service/AIA

World Bank gets tougher on Tanzania

EA (DR) 25/6/97 (318)

Mark Dodd

Dar es Salaam — The World Bank warned Tanzania yesterday it would only pay the first instalment of a key credit if the government restructured the National Bank of Commerce (NBC).

Tanzania said yesterday it would delay restructuring the NBC, its largest commercial bank, until September to consider how best to go about it.

The World Bank's board approved a $125 million structural adjustment credit last Friday. However, they said the bank would only pay when Tanzania restructured the NBC, said Ron Brigish, the Tanzanian representative of the World Bank.

The first tranche of SAC is $50 million for balance of payments support with the release date at the bank's discretion. In total, $25 million is earmarked for the NBC's restructuring.

Brigish said he understood a government request for time to build a political consensus on restructuring, but said the issue was seven years old.

"We are basically saying the timetable is not the issue. The issue is action. We will release funds when privatisation and restructuring action are undertaken," Brigish said. "We think restructuring should take place as soon as possible."

The World Bank wants Tanzania to split NBC's assets and distribute them to holding companies or new institutions. Under this scheme, NBC would be broken into three smaller banks focusing on trade, regional and micro-finance respectively.

But Tanzania had postponed the restructuring from July 1 until September to allow time to look at other strategies, said Patrick Chokala, a presidential spokesman.

The breakup of NBC is proving difficult politically, with vocal opposition from the bank's supporters. — Reuter

TAXATION *The implications of the new system are generally not fully understood*

Tanzania to launch VAT cautiously

(318) CT (BR) 27/6/97

JOE KHAMISI

Dar es Salaam — After two abortive attempts elsewhere in Africa, Tanzania launches its value added tax (VAT) on July 1 amid complaints that the planned 20 percent is too high and its envisaged threshold of 20 million shillings too low.

In neighbouring Kenya and Uganda the threshold is higher and the rate is 15 percent in the former and 17 percent in the latter. But Tanzanian officials argue the same high rate was applied successfully in Zambia.

The new taxation system will replace sales tax at present levied on a wide range of goods and services. Exemptions have, however, been provided, covering such strategic items as animal, livestock, dairy, fish and agricultural products.

Also to be exempted from VAT will be pesticides, health supplies, books, newspapers, housing, water, funeral and transport services.

Tanzanian officials have been cautious in launching the scheme, which caused fatal riots in Ghana a few years ago and trade boycotts in Uganda. An extensive campaign in the state-owned media was undertaken to ensure understanding of the procedures by the business community.

But there is a general feeling the implications of VAT are not fully understood by most Tanzanians. Complaints about the high rate of VAT is only one problem. The low threshold means an exceedingly large number of illiterate traders will be covered by the system. The government's manpower resources will be stretched to the limit to ensure procedures are followed. It also means that officials will be faced with a large number of forms to process and accounts to audit.

Surveillance at ports of entry will also have to be tightened to avoid evasion and ensure maximum revenue collection.

On June 12, Melkizedeck Sanare, the commissioner-general of the Tanzania Revenue Authority, said only co-operation and honesty would ensure the success of the VAT exercise. —Independent Foreign Service

Ghana wants new tax back after bloody riots led to its withdrawal

FROM REUTER

Accra — Ghana's government asked parliament this week to reintroduce value added tax, two years after bloody riots led to the withdrawal of the levy.

A memorandum with the bill or draft law said the tax, if passed, would be one of the most effective and equitable in the West African country.

The draft proposed a 15 percent levy on a range of goods and services from January next year compared with a 17.5 percent levy which was withdrawn in July 1995.

The new system will replace sales and service taxes.

President Jerry Rawlings' government introduced VAT in February 1995, sparking protests. Clashes between government supporters and opponents killed five people in May 1995.

Under the bill, VAT would apply to all goods and services originating within Ghana and imports and imported services, other than those specifically exempted.

Exemptions range from mining, farm, industrial, dredging and rail equipment, to livestock, medical supplies, oil and oil products and domestic electricity up to a certain amount.

Outrage at Tanzanian water tax (318)

CT (BR) 27/6/97

From Reuter

Dar es Salaam — The Tanzania Water Bottlers' Association said yesterday a new 25 percent sales tax on bottled water was a threat to public health.

"In our nation it is more than evident that clean drinking water is not available. Therefore bottled drinking water is a necessity and should not be compared and taxed in the same manner as soft drinks," the association said in a statement.

It said this sales tax would force the majority who would not afford it to consume unhygienic water.

Despite massive foreign aid, over the last 30 years the capital Dar es Salaam remains without an adequate water supply. Outbreaks of cholera and diarrhoea from contaminated water or food are commonplace in the east African nation.

Financial analysts were surprised at the announcement of a 25 percent sales tax on bottled water, given the low level of duty and sales tax on locally made alcoholic beverages.

The association said it hoped the government would reconsider the tax introduced in last week's Budget statement and "balance out carefully the social need to make available safe drinking water to everybody".

A pint of locally produced drinking water retails for 500 shillings, about R3.

TANZANIA

CT(BE) 10/7/97 (318)

Media and trade unions unite for workers' cause

The media and trade unions in Tanzania have united to champion the cause of workers' rights now that private enterprise has taken over control of the economy from the government.

Under a $400 000 programme financed by Swedish aid, seminars are being held at media offices to promote the trade union system while also pressing for improved rights, working conditions and salaries. The media has been picked as the first target in a wider campaign because of the emergence of a free press in recent years, following the lifting of government controls on the economy. The number of journalists has grown from 500 four years ago to 6 000, but there are still low rates of pay and journalists' trade unions have little power.

Late last week, Tanzania's Association of Journalists and Media Workers said: "All newsrooms, be they television, radio, or newspaper, are littered with injustice, bad working conditions, poor pay, discrimination in employment and promotion, insecurity of employment and women who get forgotten when it comes to promotion." — *Independent Foreign Service/AIA, Dar es Salaam*

CT(BR) 14/7/97 (318)

Prawns could save or sink Tanzanian economy

LAWRENCE KILIMWIKO

Dar es Salaam — A proposed prawn farming project along Tanzania's richest mangrove forests has aroused strong opposition from ecologists who fear environmental damage.

A private developer, the East African Fishing Company, wants to develop a 19 000ha farm along the Rufiji river delta, about 150km south of Dar es Salaam. Total export earnings could be as much as $500 million a year, more than the country's total earnings from other exports. However, social and environmental experts say the damage to the environment will far outweigh the profit.

"Tanzania is not yet ready for such 'boom and bust' type of projects. Tanzania's coastal ecosystem must be protected even if that means forgoing millions in foreign currency earnings," says Felician Kilihama, an environmentalist.

"The preparatory work for the present proposal in Rufiji delta has great shortcomings in both social and environmental effects," says a report prepared by Hakon Fottland from the Mangrove Management Project and Carol Sorensen of the Institute of Resource Assessment.

JET, a non-governmental environmental journalist lobby group, has called on the government to insist on an environmental impact assessment on any proposed projects.

"We believe the widespread environmental destruction caused by shrimp farms in the coastal lands in Asia and Latin America is being swept aside by both eager investors and gullible government officials for personal gains," says Clement Mshana, JET's secretary general

The driving force behind the proposed project is the harvest of 6 210kg of prawns a hectare a year which would be expected from the farm, with most exports going to Europe and Japan.

The developers say the farm will create 2 000 jobs for the local communities and improve social services in the area.

But environmentalists say developers have a record of corruption, mismanaging finances, applying environmentally destructive methods, mishandling labourers, evading taxes and supplying inappropriate equipment. — Independent Foreign Service/AIA

Anglo buys stake in Tanzanian venture

(318) (318)

David McKay

BD 22/7/97

ANGLO American Corporation has bought a majority stake in a project to explore a nickel and cobalt deposit in Tanzania, which could result in the development of a $135m mine.

The SA mining house said yesterday it had signed an agreement with Canadian group Sutton Resources, in terms of which Anglo American would commit $27m towards the development of the project.

Anglo would gain a 60% stake in Kabanga Nickel Company, which holds the project rights.

The Kabanga nickel-cobalt project, situated in northwest Tanzania, estimates that 20-million tons of nickel and cobalt can be mined at grades of 1,65% and 0,14% respectively. The feasibility of the project would take four years to determine.

The total capital investment to establish a mine and facilities at Kabanga was estimated at $135m. The partners intended to bring the mine into production in 2001 if feasible.

Anglo new mining business chairman Robert Danchin said an additional exploration and drilling programme would be undertaken by Anglo. It would be completed in 18 months.

Danchin said Anglo had the technical expertise, financial resources and experience to undertake the project.

The corporation recently established a gold mine, Sadiola Hill, in Mali at a capital cost of $290m. It produced its first gold late last year.

Kabanga forms part of a nickel-ferrous deposit stretching from the Ugandan border in the north to the shores of Lake Tanganyika in Burundi.

An initial appraisal identified a mineable resource of massive sulphide deposit of about 12,7-million tons at grades of 2,1% nickel and 0,16% cobalt.

Tanzania aims to raise its coffee exports to Japan

CT (MR) 22/7/97 (318)

FROM REUTER

Dar es Salaam — Tanzanian coffee exports to Japan, averaging about 11 000 tons a year, are expected to rise as Japanese buyers are showing an increasing interest, a senior government official said yesterday.

"Japan is the second largest importer of Tanzanian coffee, and it's growing. But they're only interested in top-quality coffee — nothing else," Edward Sannda, the managing director of the state-run Tanzania Coffee Board, said.

"If we continue to produce more top-quality coffee, I think this business will continue to grow," he said.

Germany is Tanzania's biggest coffee customer. It bought 14 355 tons of mild-washed arabicas, 439 tons of hard arabica and 1 732 tons of robusta in 1995. Other top buyers include the Netherlands, Belgium and France.

Sannda hosted a nine-man delegation from the All Japan Coffee Association, the country's leading industry body, at the weekend.

The coffee association has promoted Tanzanian coffee in Japan, which has helped to raise Tanzanian coffee exports to Japan from an average of 5 000 tons a year between 1985 and 1992 to an average of 11 000 tons between 1993 and last year, Sannda said.

Tanzania exported 55 000 tons of coffee in the 1995-96 season, of which 19,8 percent was bought by the Japanese coffee group.

Sannda said total Tanzanian coffee production for the 1997-98 season (starting in November this year) will be about 45 000 tons.

The expected drop in production is a result of the drought which has affected much of east Africa.

The 1996-97 crop is expected to total 41 000 tons, worth $92 million.

The Japanese delegation was briefed in Moshi, Tanzania's coffee centre, on key measures to boost the production and quality of Tanzanian coffee by providing seedlings and finance for peasant farmers.

Sannda said plans were also under way to develop Tanzania's coffee production — mainly arabica beans — in Iringa and Morogoro, in central Tanzania, and Kigoma and Mara, in the northwest. Premium mild-washed arabica accounts for about 75 percent of coffee output.

Experts say Tanzania can increase coffee production, which has declined because of poor plant husbandry, ageing trees, intercropping and an erratic supply of inputs.

Tanzania needs partner to help wine industry

BD 25/9/97

Tanzania's wine industry's revival could lead to an export drive, reports Maja Wallengren from Dar es Salaam

(318)

TANZANIA's small wine industry is soon going to see a revival of its red, white and rosé wines, which in the 1970s won awards at international competitions in Madrid.

But the Tanzanian wine producers are looking to SA for joint venture partners to help raise the quality.

"We would like an SA joint venture partner as SA's experience could help a lot," said Tanzania Wine Company (Tanwine) GM Doto Mahinga.

Two new companies have been set up recently to take over and further develop the former state-owned Dodoma Wine Company, which collapsed due to mismanagement and poor economic performance in 1992.

Earlier this month Tanganyika Wineyards Ltd, a joint venture between Tanzanian and German investors, launched their first bottles of Tanzanian wine from the central Dodoma region in Dar es Salaam. The company has the capacity to produce up to 240 000*l* of wine a year.

At the end of the month Tanwine, a fully owned Tanzanian venture, will launch its first red and white wines.

The potential for producing good quality wine in Tanzania is high, due to favourable climatic conditions in Dodoma which, Mahinga says, can produce two harvests in a season — a unique incentive in the industry.

The Tanzanian wine industry was set up in Dodoma in 1966 by Italian missionaries who imported European grape varieties such as Makutupora and Aleatico red grapes and Chenin Blanc for the white wines.

Mahinga said Tanwine would launch its new wine in two weeks' time; one white and one red. "We have the capacity to produce 5-million litres of wine a year, but will start with about 300 000*l*. We plan then to gradually increase the production by about 25% a year over the next two to three years," Mahinga said.

"The idea is really to have a dual purpose of our business, so we want to export at least 25% of the production from the beginning. But as we increase our capacity the aim is to export a minimum of 50% of production into neighbouring countries like Burundi, Rwanda, the Democratic Republic of Congo, Uganda and Kenya," he said.

Vusi Kama, manager of SA wine trader Kama's, who visited Tanzania last week, said his company might be interested in a joint venture deal, but still had to sample the wines, and look at the grapes and the growing areas before making any decisions.

"There are many things which have an effect on wine, such as the soil and the climatic conditions. All we have done at this stage is to establish a contact, but we are staying in close touch with Tanwine.

"It is quite unique to have two harvests, so we are interested in getting some samples and visiting the growing areas."

The government has given a lot of support to farmers as grapes are the main cash crop of the Dodoma region, Kama said. About 1 500 tons to 2 000 tons of grapes are grown in the region annually and the yield is about 4kg a plant. Red grapes make up about 70% of total output.

The main crop, harvested in the dry season between August and September, had a sugar content of 20%, while a smaller crop harvested during the rainy season in February to March, had a sugar content of 17%.

Tazara sell-off 'not on the cards'

CT (BR) 1/8/97

FROM AFP (318)

Dar es Salaam — Frederick Chiluba, the Zambian president, said this week that Tanzania and Zambia had no plans to privatise the financially strapped Tanzania-Zambia Railway Authority (Tazara), financed and built by China.

Addressing a joint press conference with Benjamin Mkapa, the president of Tanzania, at the state house in Dar es Salaam, Chiluba said: "Tazara needs to commercialise and improve efficiency in order to attract business for better performance."

Saying that measures had already been taken to streamline Tazara's management, Chiluba cited a previous example whereby cargo took 11 days to reach Zambia from the port of Dar es Salaam. He said it now only took a day-and-a-half to reach Kapiri Mposhi Station, which is on the Zambian side of the border.

"Tazara is still the cheapest route for Zambian cargo. We, therefore, will not entertain any inefficiency. We must work to reverse the negative image that the railway had," Chiluba said.

Chiluba also reiterated his call to the two countries to stop relying on donor support and work for self-sustainability "to add value to our political independence and sovereignty."

Mkapa reiterated Tanzania's commitment to the improvement and modernisation of the port of Dar es Salaam for faster transfer of Zambia's transit cargo.

Reading a joint communique signed by the two presidents, Mkapa further reaffirmed Tanzania's commitment to smooth operation of both Tazara and the Tazara Pipeline, through which Zambian oil is handled, for the benefit of the two countries.

They emphasised importance of the participation of the private sector in the promotion of trade exchanges between Tanzania and Zambia and urged the two private sectors to boost economic production, trade and investments in agriculture, manufacturing, industry, small-scale mining, communication, transport and tourism.

But they regretted the failure to meet regularly of their joint permanent co-operation commission, established eight years ago to create an environment for promotion and consolidation of bilateral relations in trade, industry, finance and tourism, and they ordered a commission meeting as soon as possible.

POLITICS *By acting President Mpaka alarms party faithful, by inaction he loses votes to opponents*

Tanzanian leader in corruption dilemma

(318) CT(BR) 15/8/97

LAWRENCE KILIMWIKO

Dar es Salaam — Tanzanian President Benjamin Mkapa is in a dilemma. If he acts against corrupt officials, he loses allies in his own party. If he does not, he loses votes to the opposition.

This could explain why Mkapa has been slow to act, six months after a presidential commission on corruption finished its report.

Insiders say Mkapa has compiled a list of 20 people accused of corruption, which has been presented to the director of public prosecution.

The commission is believed to have named over 70 individuals. On receiving the report, Mkapa was reported to have given his cabinet members six months to show how they were going to combat corruption.

The Warioba Commission, the anti-corruption team, had recommended an overhaul of the government system and recruitment of "new clean people if the government wanted to win back public confidence and trust".

It also recommended the formation of a truth commission to "cleanse the public sector and restore public confidence in the government". Among the recommendations was that an ethics commissioner should ensure every leader announces his assets within a three-month period as required by the Leadership Code of 1995.

Observers say Mkapa has become fearful of creating more enemies than friends within the establishment in the government and his ruling party Chama cha Mapinduzi, who have been directly implicated in the Warioba Commission Report.

If this trend is allowed to continue, the president might win friends among the corrupt officials in the establishment and lose his popularity among the electorate to the advantage of the opposition.

At a meeting of the ruling party's executive committee to prepare the way for elections in 2000, Mkapa admitted the party's proposed manifesto was overloaded with promises, which could not be fulfilled by his cash-strapped and heavily indebted government.

"Our manifesto must remain with development projects, which we are sure beyond doubt we will implement in the remaining three years before the next general election.

Otherwise, we are free to remain with the current manifesto and wait to be judged by our voters for embracing many things but with no tangible results," he warned his party leaders.

The president must also contend with donor aid problem. As he had said, aid would probably drop by 60 percent over the next three years to $100 million. And of $310 million promised by donors in 1996-97 only 30 percent had been forthcoming up to June this year. — Independent Foreign Service/Africa Information Afrique

Tanzanian govt seeks consultant on airline privatisation

BD 19/8/97 (315)

Maja Wallengren

DAR ES SALAAM — The Tanzanian government is in the process of appointing a consultant to report on privatisation options for the country's national carrier, Air Tanzania Corporation, with a focus on a merger with Uganda Airlines and regional carrier Alliance Air.

A senior official with Alliance Air, a joint venture between SA Airlines (SAA) which holds a 40% equity, Air Tanzania and Uganda Airlines, whose governments each hold 30% of shares, said at the weekend the consultant would be the "first real step" in the privatisation process.

"The government has, or is about to, appoint a consultant to look at the basic possibilities for privatising Air Tanzania and Uganda Airlines, and we are now waiting for the consultant to come up with proposals to the government on the best way of privatisation.

"This is the first real step, which will give the government the direction it needs; so all is really now hanging in the air, waiting for the government to decide," the senior official said.

He said Alliance Air, formed three years ago, was keen to get involved in the full merger if it went ahead.

"We want to expand and we believe that joining the three airlines would make them a much stronger market force in the region.

"We want to build up such a merger from scratch and won't take on any liabilities, so we are in for a long period of negotiation," the official said.

Air Tanzania management is against a merger with Alliance, saying the carrier leases its sole Boeing 747-Sp and has not made a profit in two years. Uganda Airlines has also expressed concerns about the possibility of a merger with Alliance Air, but both national airlines agree that they need foreign capital to upgrade the airlines.

"Air Tanzania is looking for something similar to the KLM-Kenya Airways joint venture, but it fears ending up like Kenya Airways, which has absolutely no say in its own future according to its agreement with KLM," said the Alliance official.

"However, there are different ways of doing it; you can do many kinds of merger which would give them more security."

Royal Dutch Airlines KLM bought a 26% stake in Kenya Airways in March last year.

Tanzania may soon realise its dream of becoming a major gold producer

A new gold rush is on — in one of Africa's poorest countries, writes **Mark Dodd** in Dar es Salaam

BD 20/8/97

(318)

TANZANIA's embryonic mining sector has high hopes of becoming a world-class gold producer within the next decade and if recent investment levels are a guide, one of the world's poorest countries may see its dream come true.

At a recent Tanzania Chamber of Mines function, chairman Samuel Lwakatare said annual investment in Tanzania's mining sector had sprung from a dismal $500 000 less than 10 years ago to $150m.

"This expenditure is rising rapidly as more companies gain the confidence to get into detailed exploration and mine development. There is now justification to expect that from now on we should be seeing one or more new sizeable mines — especially for gold — being opened in the country each year," Lwakatare said.

"This should make Tanzania one of the major gold producers in Africa, if not the world, in less than a decade."

Tanzania's government has made a priority of attracting foreign investment to the mining sector to spur development in the Lake Victoria gold field zone.

Tax breaks for miners announced by the country's reformist Finance Minister Daniel Yona in his June 19 budget, included an abolition of export tax and stamp duty on minerals exports; exemptions on taxes for importing machinery and equipment until the first year of production, after which duties and sales tax of 5% would be imposed; and a 100% depreciation allowance on capital expenditure. Other measures included in Yona's statement were a withholding tax on dividends and profit-sharing tax for nonresidents set at 10%.

Within the next three months the government is expected to announce a new national mining policy setting out guidelines on exploration, exploitation and development in this sector.

Minerals and Energy Minister Abdallah Kigoda has likened the status of Tanzania's mining sector to the awakening of a "sleeping giant".

The ministry had issued more than 700 mining licences to date and four medium- to large-scale mines would be going into full production before 2000, Kigoda said.

Tanzania has attracted several big names in the mining industry, among them Australian mining and resources company Broken Hill, SA's De Beers and Anglo American, Ghana's Ashanti and Canada's Sutton Resources.

Smaller Australian and Canadian miners are particularly active in Tanzania.

The first gold bar to be poured in Tanzania since independence in 1964 is likely to be next year at the joint venture between Western Australia's Resolute and British-based Samax Resources.

Hot on their heels will be Kahama Mining, a fully owned subsidiary of Vancouver-registered Sutton Resources whose prospect at Bulyankulu will be ready for production by 1999. Kahama has already commissioned Swedish engineering company Skanska International to excavate extensive underground workings.

Last month Anglo American signed a $27m joint venture with Sutton to take a 60% equity in Kabanga Nickel Company, owners of a nickel/cobalt prospect in the northwest Ngara region.

Adding sparkle to Tanzania's prospects is East Africa Mines, a fully owned subsidiary of East Africa Gold Corporation, an Australian-managed and Canadian-owned company.

East Africa Mines' GM Tony Macfarlane said Tanzania's gold mining industry had huge potential and could kick-start an economic turnaround for the country.

"There is no infrastructure required to get it going. It has low government cost. We (industry) don't need roads and ports," Macfarlane said, comparing the gold industry to the tourism and agriculture sectors. He compared Tanzania's potential gold wealth to Western Australia's where the industry generates $12bn annually, producing more than 7-million ounces of the metal a year.

"There is no geological reason why this could not be the same for Tanzania," he said.

East Africa Mines was one of the first mining companies to start operations in Tanzania and holds eight prospects centred on the Lake Victoria gold field.

Since 1990 East Africa Mines has invested $10m in exploration and plans to spend another $10m over the next 12 months, centred on its Bucksreef prospect. "We envisage getting a mine into production within a couple of years," Macfarlane said.

Figures provided by the Tanzania Chamber of Mines show that between 1992 and 1995 the government approved 85 prospecting licences, mostly for gold, and last year a total of 283 licences were issued. About $80m was expected to be spent on gold exploration this year. "I think mining is the future of this country. Every year we will be giving the government $66m in revenue — from July 1999 onwards," said Bill Bali, resident director of Kahama Mining Corporation.

Tanzanian horticultural industry developing rapidly

BD 27/8/97 (318)

Maja Wallengren

ARUSHA — Tanzania's young horticulture industry is developing rapidly and the flower industry dominating the northern Arusha region is set for further expansion.

The region surrounds Mount Kilimanjaro and Mount Meru. According to growers, last year's figure of about 40ha cultivated with flowers is expected to more than double by the year-end to about 100ha, mostly cultivated with roses for the flower auctions in Holland.

In addition to the five growers in Arusha and one in Moshi established in the market, at least four new companies are reported to be close to starting up business.

"It's getting more and more competitive here. Now there are about 70ha of flowers, but all the companies here are increasing," said Adrian Moss, estate manager for Hortanzia.

Hortanzia, backed by Tanzanian and Kenyan investment, started business in 1993 with just two hectares and seven greenhouses, and already the business has expanded to five hectares and 13 greenhouses.

"In the Arusha-Moshi areas there is lots of water and a lot of land. It's a good region for flower growing," Moss said.

Hortanzia sends three truckloads of flowers to Nairobi every week, and has started experiments with the special flower variety Lizianthus, which now makes up most of their business.

"It's a relatively new plant which is much more expensive than roses, but then it lasts much longer with up to 15 heads in just one plant which will continue to open up for weeks. There is only a very small amount of Lizianthus being sold at flower auctions compared to roses.

"We are still experimenting with varieties, but we can produce about 10 heads per stem and we get quite a good quality here. We can produce a much better quality Lizianthus here in Tanzania for the overall Lizianthus market, than we can with roses, and much better than the ones in Kenya," said Moss.

Heikki Niskala, farm manager for the biggest of the growers, the Dutch-managed Kiliflora, said that if the horticulture industry in Tanzania continued to grow at its current speed, it could within five years from now be the number three, or even second producer in Africa, after Kenya, which with more than 1 200ha cultivated is by far the biggest producer in Africa, and number four in the world.

"The Arusha-Moshi area has big potential; and the export market to Europe seems so far to be bottomless. We ship, in terms of weight, 25 to 30 tons a week of flowers. In terms of stems we are looking at close to a million stems a week," Niskala said.

Kiliflora is now cultivating a total of 30ha at two different sites in Arusha, all roses, and most of the production of the varieties known as First Red, Baroness and Esacda.

While Kiliflora's first established 18ha plantation at the moment is producing all the company's production, the new 12ha plantation is expected to be ready for the start of the 1997/98 growing season soon.

But still Niskala expects that area to be further expanded within the near future.

"The flower industry here has been growing by 100% at least by hectares over the last few years. It's definitively on the upswing and by the end of this year the acreage under cultivation will be more than 100ha, and then it will continue to increase gradually.

"Our neighbours are now also starting to get involved with the flower business and there is another company starting soon. There are many, many people interested at the moment," he said, adding that Kiliflora itself was planning expansions.

"Within three years the plan is to reach 50ha and by that time Kiliflora will be one of the biggest rose farms in all of East Africa."

And while such comments to some sound a little optimistic, Holland's biggest flower auctioneers are confident about the potential of Tanzania's horticulture industry.

"We are watching the development with interest. Imports from East Africa have been growing quite fast, with about 1% a year in the last five years, and while it doesn't sound much, it's a lot in quantity," said Dich van Dam of Bloemen Veiling Aalsmeer, the biggest of Holland's seven flower auctioneers with annual turnover of $1,3bn.

Albert Haasnoot, direct sales account manager of Bloemen Veiling Flora, with an annual turnover of about $390m last year, said the auction house was to focus specifically on Tanzania and Zambia next year and help offer advice and technical support for further developing the industry.

In another move certain to boost the Tanzanian flower exports, Swiss freight forwarder giant Kuehne & Nagel plans to start chartered freight flights out of the northern Kilimanjaro airport three times a week directly to the European markets in Frankfurt and Amsterdam later this year.

"We have decided to charter the freight flights in order to secure the transport of our flowers into the European markets. We expect to take something like 80 tons a week from Tanzania," said Klaus Voss, CE of German importer Omniflora, which has initiated the charter flights.

"Tanzania produces some high-quality roses and ... has the potential to become a major player in the horticulture market in Europe," Voss said.

While SA produces cut flowers for its own market and for exports, increasing quantities of roses from East Africa are being exported to Johannesburg.

A big freight forwarder in Nairobi, through where most of Tanzania's flowers are being shipped, said growing volumes of cut flowers were going on weekly flights for SA's markets.

Tanzania calls for foreign agribusiness

CT (BR) 29/8/97 (318)

FROM AP-DOW JONES

Dodoma, Tanzania — Frederick Sumaye, the Tanzanian prime minister, has called on foreign investors to get into agribusiness in the country, where drought has resulted in severe food shortages, particularly maize.

Closing a 10-week parliamentary budget session this week, Sumaye said local growers had to modernise and drop old farming practices.

After abandoning several decades of collectivised farming, Tanzania has been struggling to increase agricultural production to feed its estimated 30 million people.

At least 80 percent of the population earns a living from agriculture, which accounts for about 55 percent of the country's export earnings. No more than 8 percent of the country's 365 000 square miles are under cultivation.

Sumaye also said privatisation would be given a big push in the new budget year.

Tanzania 'may face (318) famine before January'

The absence of rain is threatening Tanzania's grain reserves, Moyiga Nduru reports from Nairobi

BD 3/9/97

THE threat of famine looms in Tanzania, where the number of persons needing food aid is reported to have risen to 5,5-million.

The United Nations Food and Agricultural Organisation (FAO) said in the latest report by its Early Warning System that the country's cereal production was expected to decline in the 1997/98 marketing year to 3,41-million tons, significantly lower than the 1996/97 output.

"Good harvests are expected in only limited areas, notably in western parts where rains were normal.... There will be a substantial shortfall, forecast at about 1-million tons," said the report, titled "Food supply situation and crop prospects in sub-Saharan Africa".

Last week, Tanzania's government urged its business community to import more food to offset a grain deficit of more than 916 000 tons.

Prime Minister Frederick Sumaye said that if business people failed to do so, the government would take up the challenge.

Of the total amount that needed to be imported, maize — Tanzania's staple food — accounted for 776 000 tons, Sumaye told parliament in the central Tanzanian town of Dodoma. The shortage had affected 14 regions, he said.

Sumaye's statement followed the release on August 12 of the preliminary findings of a joint mission in July conducted by the FAO, World Food Programme (WFP) and Tanzanian government in nine of the most affected regions. It indicated that the national maize crop had been poor.

It said Tanzania's reserve stocks had been depleted to the unprecedented level of 17 000 tons by July. Replenishing stocks has been hampered by stiff competition from private traders, who offer relatively higher prices. Another constraint is low production levels which limit the areas where stocks can be purchased effectively.

The report said the government and WFP allocations were not enough for the most vulnerable people during the next four to eight months. WFP's food, allocated initially to 200 000 people, is now being shared among a much larger number of persons.

The food deficit has been attributed to the failure of rains, which has also taken a toll on cash crops, particularly cotton and tobacco. This will inevitably affect the incomes and purchasing power of most farming communities.

The FAO and WFP envisage that some parts of Tanzania will face severe food shortages and possibly famine, particularly between now and January next year, when harvests from the short rains are expected.

East Africa as a whole is feeling the impact of a drought that affected not only Tanzania but also Kenya and Uganda this year.

In Kenya, the overall food supply remains low and food prices have increased sharply. Food aid is being distributed in pastoral and agriculturally-marginal areas which were most affected by the drought.

An FAO mission to Kenya in April found that domestic availability of the staple, maize, fell short of this year's requirements by 721 000 tons. Most of the deficit is expected to be covered by commercial imports, leaving a food aid requirement of about 218 000 tons.

Recently, the first FAO-WFP Crop and Food Supply Assessment Mission to Uganda forecast that the country would barely meet its food needs this year, registering small surpluses in only a few crops.

The mission was sent to Uganda in response to crop production difficulties in the eastern and northern districts due to a combination of drought, floods and civil strife.

The situation in the three countries does not reflect the overall picture in sub-Saharan Africa where the FAO says it expects this year's cereal import requirement to be lower than last year's by about 21%.

This is a result of the generally satisfactory 1996 harvests in west Africa and parts of the horn, and a relatively good harvest, now nearing completion, in southern Africa. — Sapa-IPS.

AFRICAN BUSINESS

Tanzania rings the changes to its communications

(318) CT(BR) 3/9/97

LAWRENCE KILIMWIKO

Dar es Salaam — Tanzania is finally overhauling its dilapidated telecommunications network.

The five-year project to 1998 to improve the country's telecommunications network is paying off with customer satisfaction in regions that have been overhauled increasing from 40 percent to about 55 percent.

Previously, applicants in some areas had to wait for two years for a telephone. Now, even though more than 50 000 new subscribers have been connected, there are still 94 000 extra exchange lines. By December next year there will be an extra 192 240.

A new "superhighway" has been installed between Dar es Salaam and Dodoma with a capacity of 3 840 channels compared with 960 channels previously.

A microwave link between northwestern Tanzania and the central city of Dodoma has been expanded from 960 to 1 960 channels.

"Switching from analogue to digital technology has increased the capacity, reliability and quality of services as these services are almost maintenance free," says Tanzania Telecommunications.

The overall telephone coverage of the country has improved from 1,5 percent of the population to 2,2 percent and is expected to rise to 2,8 percent by next year.

The aim is to have one telephone for every 100 people by the year 2000, but to reach that projection an additional $375 million is required.

Three private companies have been granted licences as cellular phone providers: Mobitel, Zantel and Tritel.

The government owns 25 percent of Mobitel with the other shareholders being Millicons International Cellular (51 percent) and Ultimate Communications (14 percent).

Cellular telephones have proved to be enormously popular. — Independent Foreign Service/Africa Information Afrique

Tanzania wakes up to lights out

(318)

JOE KHAMISI

ET(BR)9|9|97

Dar es Salaam — Large parts of Tanzania woke up to power blackouts yesterday as a nationwide electricity rationing programme took effect following falling water levels at the country's two hydropower generation reservoirs at Iringa in the south.

By the weekend, water levels at the Mtera and Kidatu plants had dropped to critical levels. At Kidatu, the level was only one metre higher than the minimum accepted for power generation.

Any further drop would led to its four turbines being shut down altogether, making the situation even more precarious, officials warned.

With rains not expected for another two months, officials of the state-owned Tanzania Electric Supply Company (Tanesco) warned of a long-drawn-out load-shedding scenario.

Analysts said the exercise could cost the government $66 million in revenue if it continued for the next sixty days. Residential and industrial areas were to lose power at an average of three days a week for periods stretching up to 15 hours a day.

Kiato Iranga, an acting managing director of Tanesco, said the capital Dar es Salaam, which normally consumes 150 megawatts a day, would be supplied with only 31 megawatts a day.

The Confederation of Tanzania Industries had warned that power rationing would have serious implications for the country's production capacity, Iranga said.

Manufacturers were yesterday adjusting work schedules to cope with the blackouts.

Continuing drought in the country's southern highland catchment areas, which had not had rains since the end of the seasonal precipitation in June, was blamed for the power rationing decision. The last major load-shedding occurred four years ago under similar circumstances. — Independent Foreign Service

Tanzania declares food emergency, calls for aid

BD 16/9/97 (318)

DAR ES SALAAM — Tanzanian President Benjamin Mkapa yesterday declared a national food emergency and imposed a ban on food exports from his drought-stricken east African nation.

In an appeal for help during a meeting with western ambassadors at State House, his official residence, Mkapa said Tanzania's immediate requirement was 916 000 tons of food with an estimated import value of $14,5m.

Mkapa's appeal came a month after the United Nations World Food Programme called for urgent measures to avert severe food shortages and a looming famine in impoverished Tanzania.

Assessment teams had reported last month that residents of many villages affected by food shortages had already started leaving their homes when household food stocks had fallen below minimum levels.

The UN food agency said the government's Strategic Grain Reserve had fallen in August to an unprecedented low of 17 000 tons.

Mkapa told the envoys that the drought would force changes in forecasts of economic growth and inflation in the 1997/98 fiscal year.

"Taking into account the magnitude in the shortfall in grains, and the large number of people affected, the government has been compelled to declare a national food emergency in the 1997/98 year," Mkapa said.

Tanzania's food crisis follows a severe drought which hit much of East Africa last year and earlier this year.

In addition, seasonal rains which effectively stopped in July were well below the expected average. Except for Tanzania's southern highlands and some pockets in the northeast, rains were erratic and the uneven distribution damaged grain crops. — Reuter.

Food stocks expected to run out this month

3 million face famine soon in Tanzania

(318)

CT(BR) 17/9/97

MARK DODD

Dar es Salaam — Tanzanian President Benjamin Mkapa said his drought-stricken nation faced famine and appealed to Western donors for immediate food aid.

"I cannot overstate the seriousness of the food shortage, indeed famine, facing a large part of the country," Mkapa said. "Neither can I overstate the magnitude of emergency assistance we require from any country that has the means to help us."

Speaking to Western ambassadors in Dar es Salaam, he said the food crisis was a result of a debilitating drought which swept East Africa late last year and early this year.

Trevor Rowe, the United Nations' World Food Programme (WFP) spokesman, said in Rome: "This looks like a very serious emergency." He said 3 million people were potentially affected.

Mkapa made an immediate appeal for 92 000 tons of food aid and said the rest of the shortfall would have to come from external sources.

Speaking from the WFP's headquarters, Rowe said: "We have prepared an appeal and the key issue is how quickly donors respond, because the food stocks in Tanzania are extremely low, 17 000 tons, and they will run out this month.

"It is impossible to predict the exact donor response. Even though overseas development aid has been declining, when you have a real emergency people do respond with their hearts."

Mkapa said his government had been forced to declare a state food emergency. "Taking into account the magnitude in the shortfall in grains and regional spread of food shortages, and the large number of people affected, the government has been compelled to declare a national food emergency."

Mkapa said the country needed $14,5 million in food aid, excluding transport costs.

It is estimated Tanzania faces a 916 000-ton shortfall in food.

"The period between now and December is especially critical and, as such, the urgency of my appeal is very great indeed," Mkapa told the diplomats.

"It is estimated that 10 percent of the food shortage relates to people with no source of income or ability to work for food," he said. "These will require relief supplies of up to 92 000 tons.

"This is a shortfall that is real and imminent and one which has been verified by the Joint Assessment Mission. This is a shortfall that has to be met from external sources."

Mkapa said drought would force changes in forecasts of economic growth and inflation in the 1997/98 fiscal year. Coffee purchases had fallen 12 percent in the period April to August as a result of the severe drought.

Coffee is Tanzania's agricultural mainstay and the single biggest earner of foreign exchange. From a production peak averaging 55 160 tons between 1981-85, the yield for 1996-97 was about 43 000 tons, worth $95 million.

Industry experts say production for 1997-98 is unlikely to exceed 40 000 tons. Coffee exports to Japan, which normally account for 50-60 percent of northern Tanzanian production, were expected to fall.

Festus Osunsade, the International Monetary Fund representative in Tanzania, said the fund was willing to meet with the government to discuss financing the food deficit. — Reuter

IMF to release $37m to Tanzania

BD 18/9/97 (318)

Maja Waltengren

DAR ES SALAAM — The International Monetary Fund (IMF) expects to release a new tranche of aid worth about $37m to Tanzania by November this year after what it describes as "impressive progress" in economic reforms.

Assistant director of the IMF's African department, Jerry Johnson, said a visiting mission from the fund had been satisfied with the reforms undertaken by President Benjamin Mkapa's government. "It has been a difficult year with the drought, but I think the government has come through it pretty well. The targets set by the enhanced structural adjustment facility loan programme have been met," Johnson said. "Budget control has been kept and inflation is coming down."

He said the first disbursement worth about $37m of the second annual tranche could be ready in November. This forms part of the total to be disbursed under the $240m three-year adjustment fund loan the IMF approved for Tanzania last October. Johnson said real inflation, at 10%, remained low despite a serious drought earlier in the year which caused big food price increases.

Johnson said the new Investment Act passed a few months ago was another positive sign of government's understanding of how to create a friendly and open investment climate, offering lucrative tax breaks as incentives while still retaining tight control.

Economic growth looked promising and Tanzania could expect to maintain 4,3% for the 1997/98 financial year, and could, within "a few years" reach 6%. "Exports have been growing ... The main area for growth is in agriculture, which was severely suppressed under the old system. You are also seeing tourism doing well."

Johnson said it was vital that government kept putting every effort into privatising parastatals, which was "essential" for the country to achieve and maintain high growth. Government was "putting a lot of emphasis" on privatising the big utilities such as telecommunications, the power sector and the port, he said.

The IMF broke off negotiations with Tanzania in 1994 for an extension of an earlier loan amid a corruption scandal involving government officials. Donors estimated that the scandal cost the state more than $300m in lost revenue.

The IMF approval of the $240m loan to the country in October last year marked the return of Tanzania to the IMF fold.

Drought expected to ravage Tanzanian coffee

CT(BE) 19/9/97 (3/8)

Mark Dodd

Dar es Salaam — Drought would force a 40 percent reduction in Tanzania's coffee production for 1997-98, although the deficit would be partially offset by high yields from new coffee growing areas, a senior industry official said yesterday.

Frederick Mpangile, the acting managing director of the Tanzania Coffee Board, said production forecasts for 1997-98 season were for 40 000 tons of clean coffee.

The season runs from October to September.

Total production for the 1996-97 season was 41 700 tons of clean coffee worth about $95 million, Mpangile said in a telephone interview from the northern Tanzanian coffee town of Moshi.

"We expect a 40 percent decline in total production due to drought.

"But we are expecting coffee from other parts of the country where planting has been ongoing for the past three or four years, especially Iringa and Mbeya where traditionally we don't get any coffee. This will help us make up the loss," he said.

Drought caused by the failure of short rains last November and inadequate rainfall this year have ravaged the northern arabica-growing area around Kilimanjaro. Coffee is Tanzania's key cash crop and its main agricultural income earner.

"It's really affected the coffee purchases in the northern areas of Kilimanjaro and Arusha," Mpangile said.

"This time, between May and August (1997) 750 tons was bought from the farmers compared with 5 000 tons for the same period last year (1996). This is going to mean a huge decline in Tanzanian production," Mpangile said.

The UN aid agency World Food Programme appealed to donors on Wednesday to provide food for 3 million people who face severe food shortages over the next few months.

It said Tanzania had suffered a virtual nationwide crop failure because of erratic and poorly distributed rains. — Reuter

Tanzania wants an SADC power grid

(318) [redacted] CT (BR) 29/9/97

JOE KHAMISI

Dar es Salaam — The creation of a southern African power grid under the auspices of the Southern African Development Community (SADC) could help Tanzania and other African countries overcome serious problems of power shortages, a government-sponsored think-tank, the Economic & Social Research Foundation, said last week.

Haji Semboja, a senior official with the organisation, said the arrangement would be cheaper and reliable and would benefit immensely from South African expertise in power technology.

He said the grid system could include countries such as Zambia, Zimbabwe, Mozambique and Angola, in addition to Tanzania. Semboja claimed that power rationing, which began in Tanzania on September 8 in response to dwindling water levels at its hydroelectric dams, was adversely affecting the country's industrial sector at a time when the government had embarked on a serious campaign to woo investors. Continued power rationing, he said, would lead to lower levels of production, diminish capacity utilisation and increase production costs.

"As production decreases, government revenues will tumble," he said. Semboja noted that in the absence of a regional effort, Tanzania would be unable to fully utilise its hydroelectric potential. — Independent Foreign Service

AFRICAN

Facility valued at $260m will lower external deficit

IMF package aims to accelerate growth and cut inflation to 5%

CT (MR) 29/9/97 (318)

Mark Dodd

Dar es Salaam — The International Monetary Fund's (IMF) three-year aid programme for Tanzania was aimed at accelerate economic growth, cutting inflation and boosting reserves, the IMF said yesterday in its yearly country report.

The report said an IMF enhanced structural adjustment facility, valued at up to $260 million and approved in November last year, aimed to boost gross domestic product growth to about 6 percent from the present level of 4,3 percent.

Other medium-term goals of the enhanced structural adjustment facility included a reduction in annual inflation to 5 percent from the government's figure of 17 percent now, and a reduction in the external current account deficit to 13,3 percent of gross domestic product in 1996-97 from 20,6 percent in 1995-96.

The programme also aimed to boost gross official reserves to the equivalent of three months of imports by end-June 1999. It did not give the current level of the reserves.

Festus Osunsade, the IMF's senior representative in Tanzania, said he disputed the government's current inflation figures, which he said were exaggerated because of the effects of drought and the incorrect weighting of the food index.

Osunsade said that, using correct data and subtracting the effects of drought, Tanzania's year-to-year inflation rate was about 8 percent.

Tanzania only computes figures for headline inflation and does not produce data for underlying inflation, which removes the effects of short-term disasters such as drought and floods.

The IMF said structural reforms expected from Tanzania by the organisation included an expanded privatisation programme which would institute "a hard budget constraint for the parastatals".

In addition, it said petroleum prices should be completely freed by June next year.

Tanzania launched reforms in earnest nearly two years ago when President Benjamin Mkapa won the general elections, ending the reluctance to carry out economic reforms of his predecessors, Ali Hassan Mwinyi and the socialist founding president, Julius Nyerere.

Mkapa has won wide praise for his anti-graft campaign. — Reuter

Electricity rationing harming Tanzanian economy

BD 2|10|97 (318)

Maja Wallengren

DAR ES SALAAM — Increasing restrictions on the use of electricity because of the drought would have a severe effect on the Tanzanian economy, foreign investors and donor representatives warned yesterday.

The Tanzania Electric Supply Co has just increased the level of power rationing across the country from 10-15-nour periods twice a week to the same periods four days a week.

The severe drought in eastern Africa earlier this year has left the water level in Tanzania's main dam for supplying hydroelectric power, the Mtera dam, at its lowest level yet. The level is only 0,72m above the level at which the dam will automatically switch off supply lines to the Mtera and Kidatu hydroelectric power stations.

The entire country, except for a few areas in northwestern Tanzania which receive power from neighbouring Uganda, has been affected by the crisis. Investors and diplomats said power rationing, which will continue until rains normally due in November or early December, would severely affect the national economy.

An additional problem is that the Tanzania Electricity Supply Company is owed about \$40m by clients — at least two-thirds is owed by cash-strapped government departments and parastatals. This has meant the supply company cannot buy fuel and spare parts for the diesel generators meant to be used during a severe water shortage.

Swazi legislation to control media passed

BD 7/10/97 (312)

Reneé Grawitzky

SWAZILAND's cabinet approved a bill which grants it powers to decide which journalists can practice in the country.

The Media Council Bill, soon to be tabled in parliament, stipulates that media owners face a hefty fine or up to seven years' imprisonment if they run a newspaper without themselves being "accredited" journalists.

Journalists will march on government buildings to protest against the bill which, some Swazi journalists claim, "came from nowhere" and was not drafted by the attorney-general, despite coming from his office.

The march precedes the start of a national stayaway on Monday by the Swaziland Federation of Trade Unions in support of trade union and political demands as well as by the nonaligned Swaziland National Association of Teachers, which is striking in support of wage demands.

The bill envisages the establishment of a media supervisory body — the Swaziland Media Council — which will grant accreditation to, and discipline, journalists.

The seven-member council will allow for two appointments by the Swaziland National Association of Journalists. The council wishes to promote press freedom and responsible journalistic standards by ensuring journalists and publications do not contravene a code of ethics (yet to be circulated).

Swazi residents with a journalism diploma can apply for accreditation and journalists and media owners operating without accreditation face fines, imprisonment or both. The University of Swaziland started offering a journalism course in August this year. Journalists or publications found by the council to have committed a serious breach could be ordered to publish the council's findings, issue a retraction, publish an apology or be deregistered.

Journalists who fail to comply could then face a fine of up to R15 000 or five years' imprisonment and the publication a fine of up to R100 000.

Journalists reject controls

Tensions rise as government forges ahead

(312) ARG 11/10/97 (~~243~~)

TOM HOLLOWAY AND PETER FABRICIUS

Mbabane – Proposed legislation that would give the government sweeping powers to jail journalists for up to seven years, and indefinitely ban publications that break an official code of ethics, is fast raising tensions between the Swaziland government and the country's media.

This week journalists marched and toyi-toyied to the prime minister's office to protest against the Swaziland Media Council Bill, which has already been approved by cabinet.

If passed by parliament, it would establish a media council appointed entirely by the government to register all local and foreign journalists, and discipline them and their publications if they break a code of ethics also drafted by the government.

The punishments for breaking the code range from being forced to publish the findings of the council's investigations of a complaint, and being forced to retract an offending article, through to banning the publication indefinitely, and de-registering the journalist involved.

'Journalists who ignore ... the council may be fined up to R15 000'

Journalists who ignore one of these disciplinary directives from the council may be fined up to R15 000, or be jailed for up to five years, while the publication's owners risk fines of up to R100 000.

Anybody who continues to publish, distribute or disseminate a banned publication will be guilty of an offence carrying a maximum jail term of seven year, or a fine of R14 000.

The bill also determines that a ruling by the media council that an article is defamatory or injurious of any person shall constitute prima facie proof of alleged defamation in any civil claim for damages brought against the journalist or publication, placing the onus on the journalist or publication to prove otherwise.

Information Minister Muntu Mswane has dismissed the protests by the country's journalists, saying that they have a month to lobby members of parliament before the bill is tabled.

Journalists fear the bill is intended to give government control over the media and impose censorship, but Mr Mswane insisted it was merely aimed at regulating the local media to uphold professionalism in journalism. A media council in Swaziland, he said, was long overdue to protect the public and journalists from abuse.

'Media council will protect the public and journalists from abuse'

Mr Mswane drafted the bill following complaints in parliament of a lack of professionalism in the local media, and allegedly irresponsible and sensational reporting.

Angry senators have accused local journalists of abusing the freedom of the press in the absence of legislation to serve as guidelines. The senators accused some journalists, particularly those with the independent Times of Swaziland of unbalanced reports in favour of progressive labour and political opposition movements campaigning for multi-party rule.

The journalists, carrying Swaziland National Association of Journalists' banners, marched, sang and toyi-toyed their way to the prime minister's office. At the gates, the journalists' president, Mbuso Mkhatjwa, read a statement demanding the immediate withdrawal of the media bill, before handing the document to a cabinet office official for delivery to prime minister Dr Sibusiso Dlamini.

While journalists here unanimously condemn the media bill in its present form as being a threat to press freedom, some agree there is a need for more responsible reporting, but only through guidelines drawn up by the media houses themselves in consultation with government.

☐ TANZANIA CT (BR) 14/10/97

Coffee crop 'marginally' reduced by drought

Tanzania's coffee production would be marginally reduced in 1997-98 because of drought last year, but a bumper harvest was forecast for 1998-99, officials said last week. (318)

Frederick Mpangile, head of operations and planning at the Tanzania Coffee Board (TCB), said Tanzania's coffee production had suffered from a shortage of rains last year. Mpangile said the arabica-growing districts around Kilimanjaro and Arusha were the most affected by the drought and would suffer a 40 percent loss in production. "What we are saying is that production will drop to around 40 000 tons or slightly lower in 1997-98." Total production for the 1996-97 season was 41 700 tons of clean coffee worth $95 million, TCB statistics showed. Mpangile said drought was not a major determinant for crop quality. He would not comment on the quality of Tanzania's crop.

He said the main coffee-growing areas had already received some rain in the last few weeks, and more was expected later this month. — *Reuter, Nairobi*

Investment needed to revive nut industry

BD 23/10/97 (318)

Maja Wallengren

DAR ES SALAAM — The revival of Tanzania's cashew nut industry and the reopening of its 11 processing plants are dependant on securing private investment from foreign or local businessmen.

Cashew Nut Board of Tanzania acting director of marketing and planning Fidelis Mrope says it is working particularly hard at convincing investors to get involved in nut processing. He believes that unless the raw nuts are processed locally, Tanzania will never get the best prices on international markets and farmers will remain reluctant to improve crop standards.

"We don't process cashew nuts here because our processing plants were closed. They are quite old and if we processed today we would not be able to achieve the highest standard."

Investors from Singapore and Kuwait had visited Tanzania shortly before "to study the cost measures needed to get the factories working at an economic level".

By exporting almost the entire raw cashew nut crop to India, Tanzania was losing 25% of the real price on the world markets. "Processing the crop here would open a much bigger market for Tanzanian cashew nut production. We are fearful that at some stage we may not have a market for our raw cashew nuts because India is starting to provide its own farmers with incentives to grow more cashew nuts," Mrope said.

Production for the current crop year is expected to drop significantly largely due to poor rains last year, but also in accordance with Tanzania's trend towards declining overall production. Over the past few years the crop had averaged only about 60 000 tons, Mrope said.

Cashew nuts were brought by Portuguese colonialists to the coastal strip of east Africa centuries ago, but it was developed into a commercial industry after the Second World War by the British.

The nuts are grown all along the coastline from Tanga port in the north to the border with Mozambique in the south, but after reaching a peak in the late 1960s of about 130 000 tons a year, production started to decline in the early 1970s.

Mrope blamed socialist policies, saying production dropped to as low as 15 000 tons in the late 1980s. Farms were eventually abandoned and the old trees no longer had good yields.

Most of the trees need to be replanted and the cashew nut research station in southern Mtwara is trying to develop new varieties resistant to a fungal disease which has become a serious problem. A five-year improvement project, implemented in 1991, involves research into reasons for the decline in production and diseases.

"The programme has seen improvements. Replanting schemes have started gradually but we still need to push farmers," he said. "However, if our government can get foreign investors to come here it will be promising for the industry."

Thousands of Swazis gather to confront king

(312) BD 29/10/97

Business Day Reporter

THOUSANDS of people gathered around Matsapa Airport outside Manzini yesterday to await the scheduled arrival of Swaziland's King Mswati — who was due back from Edinburgh — to present him with a list of grievances.

The second day of protests followed a demonstration on Monday by a crowd of more than 6 000 teachers, public servants, students and representatives of political parties and labour organisations who marched to the parliamentary offices to express their lack of confidence in the Swazi government.

Banele Ginindza reports from Mbabane that today's protest will be aimed at Britain's Prince Charles, who will be arriving on a two-day visit.

At least three petitions were delivered to the parliamentary offices on Monday by an association called Women and the Law, the Swaziland National Association of Teachers and the newly formed National Parents-Teachers' Association. The teachers are entering a third week of strike action to press demands for an 18% salary increment. Government's offer of 8% and provisional 1,1% increments have been rejected in earlier meetings.

The protesting students, in turn, have said they are prepared to sacrifice a year of schooling in a bid to make the government accede to calls for abolishing the 1973 decree which prohibits political activity in the kingdom. Parents, unions and political organisations have also joined the protests in sympathy with teachers and students.

O-level external final exams and form three exams which are written along with Lesotho for the junior certificate have been affected by the teachers' strike.

Education Minister Solomon Dlamini's efforts to force striking teachers back to class or at least to start the exams have so far been unsuccessful.

Students, in turn, have issued a statement saying that they support the concept of "freedom first, education later".

The demonstrators marched and picketed for hours in the driving rain on Monday. Petitions were received by the cabinet's principal secretary, Bell Katamzi.

CT(PR) 31/10/97

Dredging of Dar harbour is on course

(318)

Joe Khamisi

Dar es Salaam — Dredging work intended to widen the shallow, winding channel at Tanzania's main harbour which began in June would be completed by mid-next year, Aasan Rugaihuruza, the port manager, confirmed yesterday.

The $24 million project has been undertaken with the assistance of the Dutch government.

Tanzania is contributing $9,6 million, or 40 percent of the total cost.

Currently, ships of more than 175m long could only enter the port during the day and only when the tide is right.

This has been costly to shippers who have had to wait for the tide to rise.

Rugaihuruza said the ongoing work would include the widening, straightening and deepening of the narrow channel to accommodate bigger vessels on a 24-hour basis.

The port width would be increased by about 40 percent to 140m, considered to be within the requirements of deep-sea ships entering the harbour.

Ham Dredging Company, a Dutch firm, is undertaking the work.— Independent Foreign Service

Gold price fall challenges Tanzania's nascent mining sector

(318) CT (BR) 31/10/97

MARK DODD

Dar es Salaam — This year's steep fall in the price of gold is a threat to the planned multimillion-dollar development of Tanzania's gold mining sector, a senior mining industry official said this week.

"Tanzania retains its tremendous prospectivity, but right now the question is 'how will it get its investment funds?'," said Tony Macfarlane, vice-chairman of the Tanzania Chamber of Mines (TCM).

"Mine financing could become stalled in some instances to retain current levels," he said. "It's difficult for some companies to sustain exploration momentum in this climate."

Tanzania is pinning high hopes on a gold-led economic recovery, with four medium to large-scale gold mines scheduled to open for production before 2000.

In a speech to the TCM in August, the energy and minerals minister, Abdallah Kigoda, described Tanzania's mining industry as a "sleeping giant" on the verge of awakening. Annual investment running at $50 million in 1994 had shot up to more than $200 million in 1997 and was projected at $300-$400 million before the end of the millennium, he said.

But in its latest monthly newsletter for October, the TCM warned the government to "adjust its expectations downward while the mining industry learns to cope with a new lower benchmark".

Tanzania needs to sustain its efforts to attract the investment required to develop the country's embryonic gold mining sector. "Government has a part to play in assisting industry to cope with the adverse change. It is now more important than ever that the new fiscal policy of incentives and a lower, more reasonable and transparent tax regime be clearly and unambiguously implemented," the TCM said in its newsletter.

Mining industry sources said other measures being sought included a reduction in bureaucracy over the issuing of work permits and a simplification of rules governing joint ventures, buyouts and mergers.

Tanzania's first operational gold mine since independence in 1964 is expected to be a $50 million joint venture between Australian miner Resolute Limited RSG.AX and British-based Samax Resources. Production is scheduled to begin next year. — Reuter

Tanzania plans to transform tea industry

BD 4/11/97 (318)

Maja Wallengren

DAR ES SALAAM — Tea leaves at the bottom of Tanzanian cups should be forecasting important changes given government plans to transform the industry.

Legislation was passed recently enabling management of the industry to be privatised, and an ambitious long-term programme has been launched to double production.

Tea is one of the country's biggest foreign exchange earners and a large amount is exported to the UK. Tanzania Tea Authority MD Salum Mijinga said the new legislation would lead to full privatisation of the tea authority.

"By December 1997 the tea industry will be fully privatised and the Tanzania Tea Authority will be separated into two independent organisations: the Tanzania Tea Board and the Tanzania Small Holders' Development Agency," Mijinga said.

He also said the government would welcome foreign companies wishing to invest in large-scale industrial plantations. "The main policy is to expand into new areas ... and we have 20 000 additional hectares of land available for production," he said. Six tea processing factories owned by the authority would also be up for privatisation.

The parastatal authority has already launched a programme to double production by planting new tea plantations and improving yields. Mijinga said a 10-year expansion programme had been launched which, when fully implemented, would increase growing areas from the current 20 000ha of cultivated land to 30 000ha.

This, together with a growing-improvement programme for the local small holder farmers, who produce 49% of total national output, aimed at increasing production from about 23 000 tons annually to 40 000 tons, Mijinga said. However, this was a "slow and expensive process".

Most tea is produced in the southern Mbeya region, and Tanzania is still suffering from low yields in comparison to other producers. Kenyan small holders obtain yields five times greater over the same area. "The yields are much higher for the big estates run by private companies — between 2 000 and 3 000kg a hectare — but then in Kenya the big estates get up to 5 000kg a hectare," he said.

Mijinga said problems facing the tea industry were high fertiliser prices, late payments to farmers which meant they could not buy stocks at the right time, drought and the bad state of rural roads.

However, some help could also come from plans for the takeover of the government-run tea research station in northern Tanga region by a new management under the Tanzanian Tea Authority. This will pave the way for a second research station to be set up in the southern growing region — the provinces of Mbeya and Iringa.

Research, which is almost nonexistent at present, is likely to improve under new management and the lack of funding should be addressed by a plan to use the proceeds of 1,5% of tea sales for this purpose.

Mijinga said British tea giant Brook Bond, whose plantation in Mbeya produces about 35% of Tanzania's total output, had achieved good results from experiments.

Tanzania contributes 0,8% to total world tea production. Of that 80% is exported and 20% is consumed locally.

Tanzanian bourse to begin trading next year

BD 10/11/97 (318)

Liz Gilliland

DAR ES SALAAM — The first shares of a company listed on Tanzania's fledgling stock exchange would be issued later this month, but trading would not begin until early next year, a senior bourse official said.

At the end of last month, the prospectus of the company earmarked to inaugurate the Dar es Salaam Stock Exchange (DSE) was conditionally approved by the government regulatory body, the Capital Markets and Securities Authority (CSMA).

"The green light has been given," Dar es Salaam Stock Exchange council chairman Ernest Massawe said. "Now it's just a matter of tying up loose ends."

Tanzania Oxygen Ltd had only to supply a few remaining details such as underwriting arrangements and its most recent quarterly earnings, Massawe said. The authority would finalise the prospectus of the government-owned company by the end of this month. A prospectus for 7,5-million shares will then be issued to the public for subscription for a period of two to three weeks. After the shares are allotted and issued, the bourse will open for trade.

"(The DSE) will be operational for trading early next year," Massawe said. Government directives prohibit foreign investors from trading on the local bourse until a later, unspecified time. Tanzanians would have priority in the government's attempt to privatise through the mechanism of the stock exchange, he said.

"Currently companies to be listed are those being privatised, and the government wants the public to participate. The government wishes their shares to be sold to nationals only. After the stock exchange has been operational for some time, we will open it to foreign investors."

Companies earmarked for listing include Agip Tanzania, General Tyres, British Petroleum Tanzania, Tanga Cement, Tanzania Breweries, Tanzania Portland Cement and Tanzania Cigarette Co.

Both government and foreign shareholders have begun preparations for listing in the first quarter of next year. Because the capacity of the local market is unknown, the demand for the first listed shares will be carefully monitored. "This will be a good pilot case," Massawe said.

Many within the business community have wondered why the DSE, which was to start operations in June last year, has yet to open after almost three years of preparations and delays. Although the authority had taken more than seven months to evaluate the company's prospectus, rumours about the viability of the local bourse were unfounded, Massawe said.

"Initially people projected the (DSE) start-up too optimistically and underestimated the groundwork that had to be done. Instead of giving a more realistic and revised picture, the government, the CSMA, and the companies marked for listing continued to give an optimistic one.

"The CSMA has been creating a blueprint for the stock exchange. Everything was being done by a small group of professionals, and no one had any previous experience in these areas. The time, therefore, is more understandable."

Massawe said the DSE, as a private company,would not allow the malpractices rampant in the government.

Contrary to an earlier report in the Business Times, the DSE will not begin operations with secondary trading.

The CSMA's Director for Legal Services H Kabila denied reports that the Commercial Rural Development Bank would be the first company to trade on the DSE.

News Digest

☐ TANZANIA

CT (BR) 11/11/97

Southern African firms may help revive ailing timber parastatals

(318)

Tanzania's ailing timber industry could receive a strong boost if plans by two South African firms and one Zimbabwean firm to buy privatised state-run companies materialise.

Officials at the Parastatal Sector Reform Commission (PSRC) confirmed that Bell Equipment and ING Barings of South Africa and Border Timbers of Zimbabwe had expressed interest in setting up wood and furniture plants in joint partnership arrangements with Tanzania. PSRC's Salvatore Nindi said officials from the two South African companies were in the country recently to evaluate some of the local companies awaiting privatisation.

If a decision is made, the South Africans will install small modern plants in Dar es Salaam to produce high-quality wood furniture, reports say. Tanzania imports most of its furniture from Kenya and Europe, despite the abundance of wood in the country. Because there is no duty, imported furniture costs up to 50 percent less than locally made goods. Nindi says this costs the country both in lost revenue and in employment opportunities for its people. — *Independent Foreign Service, Nairobi*

☐ MALNUTRITION CT (BR) 11/11/97 (318)

Soya enjoys revival as meat substitute

The production of soya beans, which in the early 1970s was one of Tanzania's significant exports, has seen a recent revival as demand increases for its use as a meat substitute.

In the last 20 years exports have dropped 90 percent from more than 10 000 tons as farmers switched to more profitable cash crops. But nutritionists say that half a kilogramme of soya is equivalent to 1kg of beef, and that the use of soya flour has helped to reduce malnutrition among children in most developing countries.

Government statistics indicate that about 2 million children in Tanzania die from malnutrition every year, and experts say soya beans, which are cheap and simple to prepare, could save lives. — *Independent Foreign Service/Africa Information Afrique, Dar es Salaam*

NEWS DIGEST

☐ TANZANIA (318) CT (BR) 12/11/97

SA fleet management systems firm enlisted to clean up road carnage

CI-VDO Instruments, a South African company, had been enlisted to help Tanzania cope with increasing road carnage, officials in Dar es Salaam said on Monday.

The company, a wholly owned subsidiary of Control Instruments Group, will introduce a series of fleet management systems including taxi meters, engine protection systems, automotive instrumentation and a vehicle security system known as Shurlock EV100.

Sources at the Road Transport Department in Dar es Salaam said Terry Savage, CI-VDO's managing director, was in the country late last month and indicated the system would be introduced in February. The latest innovation follows the introduction earlier this year of speed-limiting devices by CI-VDO's local franchise holders, Equator Body Builders. Officials are confident the combined measures would reduce accidents and promote safety through better driving techniques and understanding of traffic codes. — *Independent Foreign Service, Nairobi*

☐ GROWTH

Tanzania falls short of 5% GDP target

Tanzania's economy registered 4,2 percent growth in real gross domestic product (GDP) in the 1996-97 fiscal year, compared with 3,6 percent for 1995-96, the Bank of Tanzania said in a report released on Monday.

But the bank said the overall growth rate registered during the year was short of the targeted GDP growth of 5 percent. The agricultural sector grew at 3,9 percent, compared with 5,8 percent in the previous year, probably because of unfavourable weather conditions in the second half of last year, the report said.

The report said the manufacturing sector grew 4,8 percent compared with 1,6 percent in the previous year, helped by improved production in many privatised state industries. In the agricultural sector, tobacco output increased significantly but cotton decreased 21,2 percent, tea increased 27,2 percent and cashew nuts by 30,2 percent. However, the mining sector registered sharp growth, with significant increases in the production of diamonds, gemstones and gypsum. — *AFP, Dar es Salaam*

☐ SAO TOME

Tanzania unveils probe into constitution overhaul

(318) ARG 15/11/97

Dar es Salaam – The Tanzanian government plans to establish a team to review the constitution and propose amendments.

State radio quoted Prime Minister Frederick Sumaye as telling a ruling Revolutionary Party conference that the team would start work early next year and submit its report to parliament on completion.

"Constitutional amendments can only be made by the national assembly and anything outside the legislative body is unacceptable," the radio quoted Mr Sumaye as saying in the central town of Dodoma.

Opposition parties have been demanding a conference to amend the current constitution in this East African country. They say changes carried out to allow multi-party politics in 1992 favoured the Revolutionary Party, which was then in power.

The government has rejected the demands, maintaining changes to the constitution can only be made by the national assembly, and has invited proposals for changes from both the ruling and opposition parties.

The opposition parties have formed a review team under the chairmanship of Bob Makani, private lawyer and secretary-general of the Party for Democracy and Progress. – Sapa-AFP

Tanzania offers banking equity

BD 19/11/97 (318)

DAR ES SALAAM — Tanzania's privatisation agency invited strategic investors yesterday to buy a majority shareholding in banks created from the huge National Bank of Commerce.

The offer made by the Parastatal Sector Reform Commission said the government would not be seeking to participate in the bank's management.

"The government seeks to recapitalise the banks entirely from non-government sources to meet minimum regulatory capital requirements by March 1998," the commission said

It said the Tanzanian government would retain a minority share for sale through an initial public offering on the Dar es Salaam Stock Exchange once a two or three-year track record of profitability had been established.

The National Bank of Commerce was officially split into two separate banking divisions on October 1, NBC (1997) Ltd, aimed at corporate clients and the National Microfinance Bank Ltd to serve smaller stakeholders.

By September about 2 000 staff had been dismissed leaving a total of 2 000 at both banks. The workforce has been posted at 9 800 over 205 branches.

NBC (1997) Ltd remains Tanzania's biggest commercial bank and operates 35 branches with deposits worth 200 billion shillings. National Microfinance Bank is the second biggest bank with 95 branches and total deposits at 140 billion shillings.

The NBC's passage to privatisation has been anything but smooth, with former president Julius Nyerere initially opposing the sale.

Nyerere's intervention prompted heated political debate, but President Benjamin Mkapa finally reaffirmed the sale, describing the bank as an unsustainable burden on the taxpayer.

Irritated by the wrangling, the World Bank, which had approved a \$125m structural adjustment credit, said it would withhold payment until the NBC's assets had been split. — Reuter.

CAPE ARGUS, FRIDAY, NOVEMBER 21, 1997

Brewery in a froth over taxes

ARG 21/11/97

(3/18 ...)

Dar es Salaam - The entry of South African Breweries into the Tanzanian beer market through a joint venture with Tanzania Breweries, has sparked a battle with Kenya Breweries, which used to dominate 70% of the market.

South African Breweries bought 49,5% of the Tanzanian company in 1994.

"We have won the battle. What remains is a mopping up exercise – our aim is to gain 95% of the market," says Arnold Kilewo, head of Tanzanian Breweries.

Mr Kilewo says that while at the time of joint venture, foreign products took up 70% of the Tanzanian beer market, his company has now regained nearly 80% of the market.

The company is now operating at a profit and turnover has increased by 155%.

Kenya Breweries complains about what it says is a discriminatory tax structure in Tanzania, which favours locally-brewed products.

Chairman Jeremiah Kiereini says that although everyone stands to gain from a level playing field, there are disparities in the tariff structures.

He says there has been "increased tax discrimination" on his company's beers in Tanzania of $1,83 (R8,80) per case. "Investors in the region – and Kenya Breweries is a significant one – will only be able to take real advantage when there is greater economic harmony; when all providers of goods and services pay similar taxes; and where both the taxpayer and the government tax recipients will feel the impact of competing products battling for market share at the best prices for consumers."

The Kenyan company is not giving up. It is building a brewery in Moshi at the foot of Mount Kilimanjaro in Tanzania.

Public opinion has long been against Kenyan Breweries, which has been criticised for treating Tanzania as part of its back yard.

Tanzanian Breweries, on th other hand, says it is satisfied with the taxation system. – Foreign Service/AIA

NEWS DIGEST

TANZANIA

ST(BR) 21/11/97

Buyers sought for 70 tons of stockpiled ivory released by Cites

Tanzania was seeking buyers for the 70 tons of ivory stockpiles the Convention on International Trade in Endangered Species (Cites) had allowed it to sell, said Bakari Mbano, the country's natural resources director. (318)

Mbano told the independent Guardian newspaper in an interview published on Wednesday that it would take 18 months to dispose of all the ivory under the conditions imposed by Cites. Trade in elephant ivory was banned in 1989, but at a conference on endangered species held in June, Cites allowed unspecified "donor countries and organisations" to buy ivory stockpiles in African countries other than Zimbabwe, Botswana and Namibia.

Those countries, which have healthy and growing elephant populations, won their fight to sell their stocks — a total of nearly 60 tons — to Japan, where ivory is used mainly for manufacturing signature stamps. Revenue from the purchase must be put into conservation trusts to be used by boards of trustees in each country, made up of representatives from governments, donors and the Cites secretariat. — *Sapa-AFP, Dar es Salaam*

El Niño drought hits Tanzania's coffee output

CT (BC) 21/11/97 (318)

MARK DODD

Dar es Salaam — Coffee production in the northern Tanzanian belt, the country's main coffee growing area, has been severely hit by the effects of drought brought on by the El Niño weather phenomenon, senior Tanzanian coffee officials said on Wednesday.

Leslie Omari, the managing director of the Tanzania Coffee Board, said that in the past 10 years Tanzanian production had averaged about 50 000 tons of clean coffee a year.

"A big drop is expected in 1997-98 due to severe drought experienced in the traditional northern coffee growing areas of Kilimanjaro and Arusha, where this year only 9 531 tons of coffee is expected," Omari said.

Production in the same area in 1996-97 totalled 16 570 tons.

Omari said the weather meant a 40 percent decline in the range. "In all other areas, production will be affected very marginally."

According to Jeremy Lefroy, the chairman of the Tanzania Coffee Association and a leading trader in Tanzania, total Tanzanian production for 1997-98 is forecast at about 37 000 to 39 000 tons.

Coffee is an agricultural mainstay for Tanzania and traditionally the single biggest earner of foreign exchange. — Reuters

Tax scandal minister heads investment body

(318) BD 26/11/97

DAR ES SALAAM — Former Tanzanian finance minister Simon Mbilinyi, who resigned last year over an import tax scandal, had been appointed to head the newly formed Tanzania Investment Centre (TIC), a senior government official said yesterday.

The centre, which has a mandate to cut red tape, will take over from much-criticised Investment Promotion Centre (IPC) as Tanzania's "one-stop shop" for foreign investors.

TIC's director of investment promotion Emmanuel Ole Naiko said Mbilinyi's appointment was effective immediately. Former IPC chief Samuel Sitta will serve as the TIC's executive director.

Mbilinyi, who was educated in the US, resigned as finance minister after a scandal involving tax waivers given to importers of edible oil. He remained a member of parliament, however.

Ole Naiko said the centre was now geared to meet the needs of new investors. "The new TIC will facilitate the investment process as well as promotion," he said. "The IPC was supposed to facilitate the process, but was clobbered by laws from other ministries which gave it no teeth. Now those laws have been amended to make the TIC more effective."

The centre will issue approvals to new investors and, for a facilitation fee, process paperwork for visa requests and other permits for foreigners.

Under the old IPC rules, once a project was approved an investor had to navigate Tanzania's daunting bureaucratic maze alone.

"For example, he (an investor) came to IPC to have his import list approved, then he went to treasury for approval and customs and so on. As a result many, many investors were frustrated by this process," Ole Naiko said.

Under the new regulations there will be less bureaucracy and red tape, and faster approval of projects.

Ministries have been directed by legislation to facilitate investment within 14 days of receiving a request from the centre, he said. "This is the big difference between IPC and TIC."

Yesterday, the TIC issued its latest summary of approved investment projects in Tanzania worth \$2,75bn between 1990 and October this year.

The summary shows 938 projects have been approved, generating about 152 085 new jobs.

Top of the list of approvals was Tanzania's manufacturing sector with 475 projects, followed by tourism with 139 projects and agriculture and livestock development with 80.

The natural resources sector accounted for 80 projects, and petroleum and mining 34. The energy sector looked least attractive with only one investment project listed. — Reuter.

TANZANIA *Ambitious targets set for 2025*

Almost $1bn pledged for development

(314)

(~~334~~)

CT(BR) 12/12/97

MARK DODD

Dar es Salaam — Western donors and UN agencies pledged nearly $1 billion yesterday to help Tanzania meet its development needs in 1998, the World Bank said.

"Participants agreed to commit a total of just under $1 billion to help Tanzania's development needs in 1998," the bank said at the end of a two-day Consultative Group meeting, held for the first time in Tanzania.

The pledge came a day after Tanzanian President Benjamin Mkapa reaffirmed his commitment to fight against graft in his impoverished nation, and Daniel Yona, the finance minister, asked donors to help Tanzania achieve ambitious social and economic targets by 2025.

Long-term goals include raising growth from 3%-5% to 8%-9% by the end of 2000

The reformist finance minister was speaking on Wednesday, shortly after the opening of the Consultative Group meeting on Tanzania.

The meeting, normally held in Paris but convening for the first time in Dar es Salaam, is attended by around 200 delegates from donor countries and agencies.

Yona said the government had set in place sound policies, but unless more cash was forthcoming there could be little improvement to roads, health, education and other key areas.

In 1995, Tanzania's planning commission set out a long-term development vision for the country until 2025. Its goals include raising annual economic growth to a sustainable 8 to 9 percent from the current 3 to 5 percent range by 2000.

Other targets include boosting primary school enrolment from 70 percent to 100 percent, raising life expectancy from 52 years to 70, and reducing dependence on agriculture as the main income source.

Diplomats said on Wednesday there was a general mood of sympathy for Tanzania and they acknowledged the pain of its economic reforms programme.

Officials from key donor countries called on Mkapa yesterday to translate his pledges to fight corruption into action.

Mkapa came to power in November 1995, taking over from Ali Hassan Mwinyi, whose administration was criticised by donors for not doing enough to fight corruption. Donors cut off aid to Tanzania to protest the corruption, and this was restored after Mkapa took power and moved to deal with graft. — Reuter

New hope for tomato farmers in Africa

(318)

Dar es Salaam — A vegetable research centre in Tanzania's northern town of Arusha has given hope to southern African tomato farmers by developing two new tomato varieties whose yields are expected to improve tomato production in Africa.

The Asia Vegetable Research Development Centre, the brainchild of the Taiwan-based Vegetable Research Centre, was set up in 1995 to cater for countries that are members of the Southern African Development Community.

Known as ARP367-2, the tomato varieties are resistant to common diseases affecting tomatoes, last longer and mature between 80 and 120 days. — Paul Chintowa, Independent Foreign Service/Africa Information Afrique

CT(BR) 4/12/97

Ailing Tazara railway line in dire need of an injection of private sector management expertise

(318)

A once proud symbol of African socialism is set for privatisation, writes Mark Dodd in Dar es Salaam

BD 4/12/97

THE fabled Tazara railway, a Chinese engineering masterpiece linking Tanzania's port of Dar es Salaam with Kapiri Mposhi, 1 992km away in the heart of Zambia' s copper belt, has fallen on hard times.

Built in 1975 by Chinese aid at a cost of $400m, the rail link was once a showpiece of socialist co-operation and solidarity and a lifeline for south central Africa.

Known officially as the Tanzania-Zambia Railway Authority (Tazara), the strategic rail link was hailed as a major technological achievement for its time and initially flourished as the main transport artery for exporting millions of tons of Zambian copper — which would otherwise have been reliant on the Beira corridor route through what was then Rhodesia and Mozambique.

However, the end of the apartheid regime in SA and the switch from centrally planned to free-market economies in Zambia and Tanzania has hurt Tazara's once lucrative monopoly status. The parastatal railway is teetering on the verge of bankruptcy now and has pulled out all stops to reverse its economic decline.

Tazara has been earmarked for partial privatisation towards the end of next year and has, in the meantime, been placed under a performance contract in terms of Tanzania's agreements with the World Bank and International Monetary Fund.

A new management team will monitor progress in achieving targets set in terms of the contract.

A report prepared by the state-run Tanzania Harbours Authority shows that Dar es Salaam port handled 73 884 tons of cargo for Zambia during July-September this year, consisting of 47 179 tons of exports, mostly copper, and 26 705 tons of imports.

In this period, Zambia Consolidated Copper Mines (ZCCM) railed 45 463 tons of copper to Dar es Salaam, a fall of 3 872 tons on the previous quarter.

However, Tazara is expected to move a total of about 200 000 tons of Zambian copper in 1997/98, says Tazara marketing director Joseph Minsula. Minsula admits the current level of business is a far cry from the apartheid era days when Tazara's share of the copper export haulage totalled 400 000 tons a year.

Minsula said despite its poor showing, the railway line could be made viable again. The addition of six new Chinese-built locomotives with 3 000hp engines as well as the renovation and acquisition of new rolling stock should help turn around the bleak picture.

He said despite stiff competition from southern African routes, "Tazara was still getting the bulk of metal exports from Zambia".

The Tanzania Harbours Authority report quotes ZCCM manager Ezekiel Muwowo as saying 58,5% of total company exports were railed to Dar es Salaam on the Tazara line, 15,1% through the Beira corridor while SA's East London and Durban ports accounted for the remaining 26,1%.

Last October Tanzanian Transport Minister William Kusila issued a strong warning to Tazara — to improve its performance or face insolvency.

In a speech to rail workers, Kusila said Tazara could no longer depend on state handouts, as Tanzania now operated as a free-market economy: "You either compete or you perish ... crying for high salaries without enhancing performance will not help much."

Faced with a barrage of complaints about Tazara's operations, the government earlier this year sacked the MD and last month retired four other senior officials and reshuffled 14 others in an attempt to breathe the new life into the ailing parastatal.

Senior financial analysts in Dar es Salaam agree that with good management and a revamp of Tazara's hardware inventory, the company could enjoy a rosy future and boost the economies of landlocked countries in the great lakes region.

More efficient functioning would also facilitate linking up trade routes in central and southern Africa, providing more spin-offs for the Tanzanian economy.

"The problem is management. If well-run, Tazara has got the potential — it can only grow. Certainly the potential is good. The trade is still there for it to be attractive," an analyst said.

TANZANIA - GENERAL
1998

(318)

Tanzanian stock exchange to open in March

John Dludlu

BD 7/1/98 (~~344~~) (~~334~~)

THE Dar-es-Salaam Stock Exchange, which has been on the cards for some years, will finally begin trading in March, says the head of the bourse.

Hamisi Kibola, the exchange's CE, said yesterday that trading on the Tanzanian share market would begin on March 24.

Initially one company, Tanzania Oxygen, would be quoted on the exchange. Kibola hoped two others — including Tanzania Breweries, the joint venture with SA Breweries — would join it by year-end.

The third firm that would seek a listing this year was Agip.

Tanzania Oxygen had already started a share issue to the public and the share allocation would be made in six weeks in line with the listings requirements, he said.

The main reason for delaying the exchange was the difficulty encountered in converting private companies into public ones, he said.

The only delay the exchange announced was in 1995 when it ran into problems in trying to develop shares, Kibola said.

Tanzania Breweries hoped to have its prospectus approved by the Capital and Securities Market Authority, the financial markets regulatory body, at the end of March.

Five Tanzanian brokerages had been licensed by the financial markets regulator.

These were Tanzania Securities, Orbit Securities, Solomon & Co, Exim Securities and Investments and Rasilimali.

A deliberate decision had been taken not to allow foreigners to invest until a framework providing for their involvement was in place, Kibola said.

Flight to fight Tanzanian epidemic

Star 27/1/98 (~~334~~)(318)

By Joe Khamisi
Star Foreign Service

Nairobi – A South African Air Force Hercules C-130 plane will touch down in Dar es Salaam this week, bringing a capacity load of medicines to fight a killer cholera epidemic and construction equipment to mend roads damaged by heavy rains.

The South African military adviser to the east African nation, Colonel J C van Schalkwyk, confirmed yesterday that medical supplies sent by South Africa to Tanzania and building equipment bought from private suppliers would be in the country by tomorrow.

The medicines, worth about R500 000, will go to the island of Zanzibar to fight cholera, which has killed dozens of people there since heavy rains, blamed on El Niño, started late last year.

Last week, medicines of a similar value were made available by South Africa, at the request of the Organisation of African Unity, for use at refugee camps.

SA plane to bring medicines

The total cost of construction equipment, including culvert material and wire mesh, amounts to R650 000, according to Van Schalkwyk.

The equipment will be used to repair the badly damaged roads leading west to Tabora, Kigoma and Dodoma from the capital Dar es Salaam.

In all the deliveries, the South African Air Force offered to transport the supplies free of charge as part of a growing military alliance between the two countries.

"This relief assistance and humanitarian aid provided by the South African Government is a confirmation of the solidarity between the two countries," a statement issued by the South African embassy said over the weekend.

Currently, military officials are in the process of identifying eight candidates from the Tanzanian Defence Force for diving training at Simon's Town. The need for such training followed the May 1996 ferry tragedy on Lake Victoria in which hundreds of people died.

Tanzania shaves 1,5% off trade account deficit

CT(BR) 3/2/98 (~~314~~) (318)

FROM AFP

Dar es Salaam — Tanzania's trade account recorded a marginal improvement of 1,5 percent to a deficit of $39,5 million last December from a deficit of $40,1 million during the previous month, the Bank of Tanzania said yesterday.

The bank said in its monthly economic review for December that the improvement was largely the result of an increase in export earnings by 21,6 percent to $81,5 million from $67 million the previous month.

The import bill also increased, from $107 million to $121 million during the same period, the report said.

Tanzania's trade balance during last year also improved marginally, recording a deficit of $618,9 million compared with $632,6 million recorded in 1996, a 2,2 percent improvement.

On an annual basis, export earnings last year decreased by 5,6 percent to $718,8 million from the previous year's $761,2 million.

There was also a decline of 4 percent in the import bill for 1997 to $1,337 billion from $1,393 billion recorded during 1996.

On Tanzania's external debt, the central bank said total amount committed as at December 31 was $7,931 billion. This was an increase of 1,8 percent compared to $7,793 billion committed in 1996.

Out of the total debt, disbursed outstanding debt was $6,522 billion while committed undisbursed debt was $1,408 billion.

The profile of disbursed outstanding debt by creditor category reveals that bilateral and multilateral debts were the largest, accounting for 43,4 and 48,5 percent respectively of total debt.

Meanwhile, Tanzania's year-to-year headline inflation increased from 15,1 percent in November to 15,4 percent last December, the bank report said. It attributed the increase to an upward movement in all items in the consumer basket, except clothing and footwear, whose shortages were caused by increased transportation costs resulting from ongoing El Nino-induced torrential rains.

But the bank said year-to-year underlying inflation, excluding changes in food prices, declined from 10,2 percent in November to 9,9 percent last December.

The underlying inflation, influenced by monetary factors, is expected to remain fairly stable over the coming month, it said.

NEWS DIGEST

CT (BR) 6/2/98 (318)

~~28~~ (~~224~~)

☐ TANZANIA

Tourism boost brings in $16m between July and December 1997

Tanzania earned $16 million from 485 496 tourists who visited the country between July and December 1997, Zakia Meghji, the natural resources and tourism minister, said this week.

Meghji said the increase in the tourist flow was attributed to the uncertain political situation in neighbouring Kenya last year. Last year's visit to Tanzania by US First Lady Hillary Clinton also helped boost tourist confidence in Tanzania, coupled with improved services and hotels since the country opened the tourism industry to private investments.

But Meghji warned that the number of tourists was projected to fall drastically between January and July this year, owing to heavy rains and flooding. — *Sapa-AFP, Dar es Salaam*

Tanzania plans huge increase in gold production by 2000

BD 9/2/98 (~~334~~) (318)

DAR ES SALAAM — Tanzania was ~~to~~ produce 675 000 ounces of gold a year from the year 2000 when four mining firms started production, minerals commissioner Gray Mwakalukwa said yesterday.

Mwakalukwa said that during the same period, the mining sector's contribution to the national economy was expected to increase from the current 2% to 10% of the gross domestic product.

"The upward trend of mining activities could turn the sector into a rapidly growing one and with an estimated volume of 26 tons a year, Tanzania would become the third biggest gold producer in Africa after SA and Ghana," Mwakalukwa said.

According to Mwakalukwa, two companies — Resolute and Samax, situated in the central district of Nzega — would produce 180 000 ounces of gold a year, Kahama Mining Corporation, a subsidiary of Sutton Resources, 300 000 ounces, Afrika Mashariki in northern Tarime district bordering Kenya 135 000 ounces, and Rangold Resources/Pangea of Shinyanga 60 000 ounces.

Mwakalukwa said, more than 100 foreign investors were also expected to apply for licences to mine in Tanzania.

In a move to attract and boost investor confidence the government has organised a conference in the northern Tanzanian town of Arusha on Wednesday, during which President Benjamin Mkapa will meet 40 CEs of mining firms s in Tanzania to discuss the problems facing the industry. — Sapa-AFP.

Tanzania revamps tourism

FOREIGN SERVICE (318) BD 11/2/98

Nairobi – Tanzania is to launch a 10-year national tourism master plan in June, aimed at doubling the number of visitors and earnings by the beginning of the next century.

The plan, already approved by the cabinet, is to be funded mainly by the European Union.

It is intended to rejuvenate the industry and restore it as the country's biggest foreign exchange earner.

Natural Resources and Tourism Minister Zakia Meghji said that under the plan all roads leading to national parks will be rehabilitated, hotels will be reclassified to comply with international standards and communication facilities improved.

The less developed southern circuit will be promoted more vigorously to ease pressure on the over-used northern circuit.

At present 80% of the 300 000 annual tourists to Tanzania go north. The government planned to improve the southern and western regions and promote offbeat reserves such as Udzungwa, Mikumi and Selous game parks, Ms Meghji said.

AFRICAN BUSINESS

HANDS OF FRIENDSHIP *Jesse Jackson, US President Bill Clinton's special envoy for democracy and human rights in Africa, greets well-wishers in Kinshasa yesterday. Jackson said yesterday that Democratic Republic of the Congo President Laurent Kabila had declined to meet him during his two-day visit to the country. Jackson arrived in Kinshasa on Monday as part of US efforts to encourage Kabila's administration to open up political debate in the country and promote human rights. But the outspoken African American civil rights leader said Bizima Karaha, Congo's foreign minister, had been unhappy about his earlier talks with a broad section of Congolese society, including Kabila's opponents. The meeting with Kabila was cancelled after being rescheduled five times, Jackson said. "The foreign minister expressed disagreement with my meeting with a broad cross-section of their political leaders and civil society," Jackson told a news conference before leaving for Liberia. "I am not so much disappointed as saddened" — Reuter*

PHOTO: AP

SA group buys ailing Tanzanian pyrethrum company

(318) (334) (344) CT(BR) 12/2/98

JOE KHAMISI

Nairobi — A South African company, International Chemical Producers (ICP), has acquired the troubled state-owned Tanzanian Pyrethrum Processing and Marketing Company (TPPMC) at a price of 630 billion Tanzanian shillings (R8,05 billion), officials in Dar es Salaam said this week.

TPPMC was among 400 state firms in line for privatisation.

In a deal between the ICP and the government, 15 percent of the shares would be allocated to pyrethrum growers free of charge, said Paul Kimiti, the agriculture and co-operatives minister.

Pyrethrum is an insecticide prepared from dried Eurasian chrysanthemums. In Kenya almost all the processed pyrethrum products are for export.

Norman Landsberg, ICP's owner, was in Tanzania last week to conclude the deal with Tanzanian officials.

Kimiti said that the company was sold to ICP because his government was impressed with ICP's performance in South Africa.

The company is capable of processing up to 4 500 tons of pyrethrum flowers a year.

The TPPMC has been beset by financial problems for years, rendering most of its machinery largely unoperational.

Production by ICP will only start after rehabilitation work has been completed and the huge electricity bills accumulated by the Tanzanians cleared. It was agreed that TPPMC would pay workers' outstanding salaries. — Independent Foreign Service

Tanzania's gold aims for third place in Africa

BD 17/2/98 (318)

Mark Dodd

ARUSHA — Tanzania's leaders hope to turn the country into Africa's third-largest gold producer after SA and Ghana, and are urging local and foreign investors to take advantage of the government's competitive mining policy.

SA investors already have an interest in Tanzania through Randgold Resources and Anglo American, while Avmin is still prospecting.

Anglo has a majority stake in Kabanga Nickel Company, which is exploring a nickel and cobalt deposit which could result in the development of a $135m mine. It is also partnering Australian exploration company Tanganyika Gold in a venture in the Geita gold field.

Randgold, which entered a joint venture with Canadian company Pangea Goldfields, will invest about R4,5m to develop an ore body at Lake Victoria.

At a recent mining conference in the northern farming town of Arusha, Tanzanian President Benjamin Mkapa urged companies to take advantage of the government's mining policy and invest in the resource-rich east African country. He said Tanzania was rich in unexploited mineral potential, including gold, rubies, diamonds, copper, nickel and cobalt.

Government economic reforms started 10 years ago had resulted in a conducive investment environment for the development of the country's fledgling mining industry, he said.

Last October, Tanzania's parliament approved a package of new incentives designed to attract foreign investment in the mining sector. Features included full sales tax exemption and import and excise duties on equipment until the first year of production.

Export and stamp duties on mineral exports have been abolished, and a 100% depreciation allowance on capital expenditure has been allowed. The withholding tax on dividends and profit-sharing tax for nonresidents has been set at 10%.

Tanzanian Energy and Minerals Minister Abdallah Kigoda estimates the country's gold reserves at 15-million ounces and predicts that Tanzania will become Africa's third-largest gold producer after SA and Ghana once production gets under way. "It is estimated that by the year 2000 at least four gold mines will have been established in different parts of the country and this will put Tanzania higher on Africa's gold mining charts," he says.

Tanzania's first gold mine, scheduled to enter production mid-year, is a joint venture between Australian company Resolute Mining and a British partner, Samax Resources.

The two companies, which signed a $50m joint venture last June, estimate an ore resource base at their northwest Nzega mine site of 20-million tons containing 2,4-million ounces. The projected mine life is 10 years. The partners are optimistic about new gold discoveries in their prospect which covers about 3 700km^2.

With an investment of $135m, Kahama Mining Corporation, a subsidiary of Canadian-based Sutton Resources, is also planning to open its mine at northern Bulyanhulu for production by 2000.

Other gold miners include East Africa Goldmining, based on its prospect at northern Tarime, and Ashanti Goldfield Ltd at Geita. All the gold prospects are centred on Tanzania's northwest Lake Victoria gold-field region.

The one factor that may stall Tanzania's gold-led economic recovery is the continuing fall in the price of gold on the world market, mining analysts say.

"Tanzania retains its tremendous prospectivity but the question is how will it get its investment funds," says Tony Macfarlane, vice-chairman of Tanzania's Chamber of Mines. "Mine financing could become stalled in some instances to retain current levels. It is difficult for some companies to sustain exploration momentum in this climate," he says.

IMF discounts repayment threat

(318) ~~(314)~~ 20/7/2/98

DAR ES SALAAM — The International Monetary Fund (IMF) had received no formal notice that the Tanzanian government would suspend debt repayments and doubted that the threat would materialise, the fund's senior Tanzanian official said yesterday.

In a speech to parliament last Tuesday, Tanzanian President Benjamin Mkapa threatened to suspend repayments on external debts totalling almost $8bn until damage from recent floods had been repaired.

A senior diplomat said Mkapa's threatened suspension was made for domestic political reasons. "It has to be seen as political grandstanding," the diplomat said. — Reuter.

Zanzibar's industrial growth plan fails

Island's trade dream has lost its spice

CT(BR) 17/2/98 (318)

Joe Khamisi

Nairobi — Economic Processing Zones (EPZs) established five years ago in the Tanzanian island of Zanzibar to attract foreign investments and promote industrialisation have failed to meet their target even after gobbling millions of dollars of public funds.

The EPZs were begun after the island government liberalised trade in 1984 and opened the economy to foreigners following years of socialist rule.

The Zanzibar Free Economic Zones Authority (Zafreza) was to co-ordinate industrial development and woo investors with the aim of generating employment and transferring technology.

Manufacturers who produced 80 percent for export purposes were to enjoy a tax incentive of 10 years on corporate tax and import duty on raw and construction material. All company directors, both local and foreign, were to be exempt from income tax for the same period.

No exchange control restrictions were to be imposed on foreign earnings. In addition, investors were to be charged no interest on shares and loans.

The package was intended to attract the largest number of genuine investors to the island.

For many years, Zanzibar's economy depended on cloves. The island was one of the largest producers of spice. But world prices tumbled and new competitors hit the market, sending the traditional crop into a spin.

The government there felt the need to diversify. But, five years down the line, the EPZs appear to have failed dismally to prop up the economy.

Only a handful of investors, mainly in the textile industry, were lured to the three designated zones — two in Zanzibar and one in the twin island of Pemba. Within two years even some of those closed down.

It was expected that up to 7 000 jobs would be generated. The EPZs managed to create only 2 000. With closure of some of the firms, only 500 jobs now remain.

"The incentives were attractive. We had investors rushing in. And then they started leaving," says Salmin Senga, the Zafreza executive secretary. Fifty million dollars pumped into the project appear to have yielded no results.

The sudden fall of the concept, which is working successfully in Mauritius, is attributed to red tape and an inappropriate work ethic. Investors complained of long delays in the clearance of raw material from the port and in issuing work permits for foreign experts. Absenteeism was high and a casual attitude towards work was rampant.

Senga says a renewed effort to bring back investors who left and to attract new ones had been launched. "What we want most is investment in manufacturing."

A one-stop processing centre has been established at the Zanzibar Investment Promotion Agency to cut down on red tape.
— Independent Foreign Service

CT(BR) 17/2/98 (318)

Tanzania sells sisal authority for $6,5m

Mark Dodd

Dar es Salaam — The state-run Tanzania Sisal Authority (TSA) has been sold to private owners, almost in its entirety, for $6,5 million, the country's privatisation authority said at the weekend.

Under a share sale agreement, a local registered company, Katani, would acquire 99 percent of core TSA assets grouped in a TSA subsidiary called Mkonge Group of Companies (MGC), the Presidential Parastatal Sector Reform Commission said.

The government will continue to hold one "golden share" with special rights enshrined in the sales agreement.

Katani is a consortium comprising two British companies, Grecian Investments and Wigglesworth and Co, German firm Dekowe Schuerholz Teppichfabrik and MIM Co, which was formed by 90 former TSA staff.

Core assets include the factory resources of Tanzania Cordage and Kilosa Carpet, 30 percent equity in Mkonge hotel, and assorted offices and warehousing in the Indian Ocean ports of Tanga and Dar es Salaam.

Under terms of the sales agreement, Katani would rehabilitate sisal estates and factories and invest $28,4 million within five years, the privatisation authority said.

Sisal is a traditional Tanzanian export commodity which has fallen on hard times. — Reuter

Tanzania plans commercial court

DAR ES SALAAM — Tanzania is reportedly planning to establish a commercial court to deal with trade disputes in response to increasing demands from the business community. DD 20/2/98

Chief Justice Francis Nyalali said that Tanzania stood apart from Uganda and Kenya in that it was the only east African country without a commercial court. (318)

He said President Benjamin Mkapa had first promised to establish commercial courts in his election campaign in 1995. "Preparations have been going on for two years," Nyalali said.

h category it corresponds.

Tanzania warned of airline boycott

CT 4/3/98

(318) (3774)

JOE KHAMISI
INDEPENDENT FOREIGN SERVICE

NAIROBI: Tanzania has been told to restore its non-functional navigational aids at the country's two main airports or face a boycott by international airlines.

The airlines have also protested against high prices of jet fuel, which they claim have inflated their operational costs. On January 24, the government hiked the price of aviation fuel by 28% — making Tanzania the most expensive airline destination in the region.

Industry officials warn higher operating costs could scare away international airlines and ruin the tourism industry.

Both the Dar es Salaam airport in the capital and Kilimanjaro in the key northern tourism region are said to be unsafe for aviation because they lack proper navigation, communication and surveillance equipment.

"The situation is shocking and dangerous," says Mr Joseph Muluku of the Tanzania Air Traffic Controllers Association.

Mr Johan Bosman, manager of Alliance Air — a joint carrier of South Africa, Uganda and Tanzania — says South African airlines may be forced to suspend flights if nothing is done to improve the obsolete and often non-functional equipment. Several accidents at the two airports over the past decade have been blamed on the absence of working radar equipment. Twenty four accidents occurred in Tanzania air space in 1996.

The radars installed at Dar es Salaam airport in the 1960s through a French technical assistance programme are obsolete and spare parts are not available. The computerised automatic fixed Telecommunications Network Switching System used for information exchange has been unserviceable for the past four years.

The Very High Frequency (VHF) Radio at Dar es Salaam airport works at less than 50% of installed capacity, Mbuluku says. At Kilimanjaro airport, a solar-powered Doppler Vor/Dem — a very important navigation surveillance and radio aid — has been out of order for the past few years.

Officials say air traffic controllers often have to rely on guesswork when clearing flights for landing and take-off. Lack of rescue and firefighting equipment, an erratic airfield lighting system and poor state of the runways, add up to a nightmare situation.

Investment in mineral exploration to triple

Tanzania plans to increase its output of gold

ET (DA) 11/3/98 (318)

From Reuters

Dar es Salaam — Tanzania is likely to produce more than 25 tons of gold a year by the turn of the century, according to Abdallah Kigoda, the energy and minerals minister.

"Close to 20 million ounces of gold, equivalent to 622 metric tons, have been proven so far in the country," Kigoda told a mining seminar on Friday.

"By the turn of the century, three to four mines will be in operation, producing in excess of 25 tons of gold a year."

Kigoda was speaking at the launch of Unatrac Mining Services Unit, established by South African-based Gailey & Roberts, agents for Caterpillar machinery.

Mineral exploration last year exceeded $80 million, making Tanzania, in mining terms, "the most explored country in sub-Saharan Africa behind South Africa, Ghana and Zimbabwe", he said. He added that the level of investment should triple by 2000.

For its part, government had provided legislation and incentives to attract further mining investment. These included the 1997 Tanzanian Investment Act which offers better tax and fiscal incentives to miners, the minister said.

"The new mineral policy is already out, while the new Mining Act has been tabled in parliament. It awaits approval, most probably in the coming April sitting," he said.

Under new legislation mining companies and contractors are allowed to import all equipment and heavy machinery duty-free during an establishment period.

Tanzania has lagged behind neighbouring Kenya and Uganda in attracting foreign investment, in part because of complaints of excessive red tape, despite government promises.

Kigoda challenged Unatrac not to ignore the sales potential of an estimated 500 000 small-scale miners who currently provide the backbone of the gold mining industry in Tanzania.

"Look into the possibility of providing support to small-scale artisanal miners through the provision of simple, appropriate, affordable and environmentally friendly mining and ore processing equipment such as compressors, jackhammers and pumps," he advised.

According to government statistics small-scale miners produce between 1 and 2 tons of gold a month worth between $10 million and $20 million.

Kigoda said there was great potential to open up new mines in the near future to exploit deposits of coal, cobalt and nickel.

African countries successfully banded together to restore democratic rule in a neighbouring country. — Reuter.

Sierra Leone President Ahmed Tejan Kabbah makes a thankful gesture after returning from 10 months of exile, while Nigerian President San Abacha sits at his side in Freetown, Sierra Leone. Kabbah returned after a Nigerian-led west African peacekeeping force drove a military junta from power. Picture: AP

Transport woes worsen food crisis

(318) DP 12/3/98

DAR ES SALAAM — Two UN agencies said in a report yesterday better transport links were key to easing serious food shortages in Tanzania, and should be the priority of international assistance.

The joint United Nations report, the World Food Programme and the Food and Agriculture Organisation, said Tanzania's critical food supply situation was "heavily influenced by transport and accessibility".

"The immediate priority for any appeals for international assistance (for Tanzania) should be focused on transport constraints and moving food as soon as possible to areas of need rather than on injecting further quantities of relief food," the agencies said in a joint statement.

The report was based on a joint assessment mission conducted at the request of Tanzania.

Tanzania suffered a severe drought in late 1996 and early last year that swept much of East Africa and caused widespread crop failure.

President Benjamin Mkapa appealed last September for 76 000 tons of food aid saying the country faced a total food deficit in 1997/98 of 916 000 tons.

However, from last October Tanzania had received unprecedented rainfall attributed to El Niño, and floods had caused $150m in damages.

The report found that while rains had caused serious crop losses in low-lying areas, there was increased production "in higher areas and sandy loam soils".

"Moreover, in the aftermath of several years of drought, farmers in most areas increased planting of security food crops such as cassava and sweet potatoes, which are expected to do well this year," it said.

Addressing Tanzania's food supply situation, the report said a poor transport network was acting as a severe constraint on economic development in important sectors, notably agriculture.

As a result, access to urban markets especially in the lake (Victoria) region is especially difficult as movement in and out of areas like Kagera, Kigoma, Mwanza, Mara and Shinyanga still remains highly restricted.

"In the coming months, logistical limitations in food movement and the pace at which transport difficulties are resolved will be as important determinants of food security as the overall food supply situation in the country."

Tanzania's stock of cereals, principally maize, stood at an estimated 350 000 tons at the beginning of February, according to the Food Security Department.

Large traders and mills are estimated to hold 200 000 tons, the Strategic Grain Reserve a further 48 000 tons with the balance of 102 000 tons being held by a combination of smaller traders and households.

Per capita cereal consumption in Tanzania has been estimated at 192kg a year. — Reuter.

World Bank lays down law on Tanzanian power project

(318) ET (DAR) 16/3/98 (~~334~~)

FROM SAPA-AFP

Dar es Salaam — The World Bank has warned it would not participate in Tanzania's multimillion-dollar Songo Songo gas-to-electricity power project unless the government reviewed terms for the costly Malaysian-financed deal.

Ron Brigish, the World Bank's resident representative in Tanzania, said: "We don't see any prospects over the Songo Songo project, and we will only continue financing the project if the conditions are set right."

Brigish said that, apart from the high project cost and other provisions, investors were concerned with the state-owned Tanzania Electric Supply Company's ability to meet its financial obligations to the Malaysian-funded Independent Power Tanzania Limited (IPTL) project.

The World Bank has withheld a $200 million loan to the Tanzanian government for the $350 million Songo Songo project because of its reservations over the viability of the IPTL.

Other equity investors in the Songo Songo project, which Brigish described as a "sound package of financing engineering," include the International Finance Corporation, the Commonwealth Development Corporation, the European Investment Bank, DEG of Germany, Tanzania Development Finance and Canada's Ocelot Energy.

The International Monetary Fund has also expressed reservations over the project, saying it was not consistent with Tanzania's economic future.

Illovo and UK firm in Tanzanian sugar deal

CT(PR)18/3/98 (318)

Ravin Maharaj

Durban — Illovo Sugar, Africa's leading sugar producer, and ED & F Man Sugar of London, together had acquired Kilombero Sugar in Tanzania, Don MacLeod, the managing director, said yesterday. He did not disclose the value of the deal.

ED & F Man Sugar is part of the ED & F Man group. Its principal businesses are the supply of agricultural products and the provision of financial services.

The partners aimed to bring the company's sugar production up to 100 000 tons a year by 2001, MacLeod said.

The Tanzanian government has described the partnership as a "strategic investor with appropriate technology, strong management and experience in operating large sugar estates".

MacLeod said the acquisition was in line with Illovo's strategic plans for geographic diversification and expansion in Africa.

"We are pleased to have ED & F Man Sugar as a partner as they have extensive experience in African sugar marketing, particularly in Tanzania, where they have built up a network of operating channels for the national distribution of sugar," said MacLeod.

Kilombero Sugar has two sugar estates and factories, with a production capacity of 100 000 tons of sugar a year. Current production is about 30 000 tons.

Illovo would hold 55 percent of the shares; and ED & F Man would hold 20 percent. The remaining 25 percent would be retained by the government for eventual flotation in line with its policy to ensure participation of Tanzanians in all large-scale privatisation.

Of the four sugar companies operating in the country, three, including Kilombero, have been earmarked for privatisation.

Illovo and ED & F Man Sugar buy Tanzanian sugar firm

(318) 30/8/98 (334)

Nicola Jenvey

DURBAN — Sugar producer Illovo Sugar and London-based ED & F Man Sugar have acquired Kilombero Sugar Company in Tanzania in a partnership for an undisclosed sum, Illovo MD Don MacLeod said yesterday.

The partnership planned to more than triple Kilombero's annual sugar production to 100 000 tons by 2001, MacLeod said.

He said the Tanzanian government, in its official confirmation of the success of the bid, described Illovo and ED & F Man as a "strategic investor with appropriate technology, strong management and experience in operating large sugar estates".

Illovo would hold 55% of the shares, ED & F Man 20% and the remaining 25% be retained by the government for eventual flotation in line with its policy of community participation in privatisation.

Kilombero included two sugar estates and factories 375km southwest of Dar es Salaam with the combined capacity of 100 000 tons. The estates comprised 6 400ha of irrigated sugar cane and a further 3 800ha with considerable expansion potential.

MacLeod said that out of four sugar companies operating in the country, two in addition to Kilombero were earmarked for sale.

AFRICA

Tanzania to speed up customs reform

BD 19/3/98 [3 18] (3 P)

DAR ES SALAAM — The state-run Tanzania revenue authority, keen to consign its reputation for red tape and bribery to history, yesterday promised speedy implementation of reforms in customs services.

"The programme, which includes a detailed action plan and a time frame for implementation, aims at increasing government revenue, facilitating genuine international trade and travel and generally improving the quality of services rendered to the public by the customs department," it said.

Tanzania customs once stood as a synonym for a nightmarish bureaucracy and graft but the reforms are now starting to bite, bringing a measure of good news to the local business community and visitors to the East African country.

The programme's main components include an ambitious plan to computerise manual handling procedures.

Computerisation will be extended to other customs offices.

"The computerisation of procedure is expected not only to facilitate international trade procedures but also to improve the collection of government revenue," the authority said.

A package of measures has been implemented to tighten Tanzania's taxation net and to eradicate widespread tax evasion.

"Undervaluation of imports will be countered through, among other things, an enhanced pre-shipment inspection scheme, the use of minimal dutiable values and the development of a price data bank," the authority said.

Supervision of warehouses was also being improved and this included regular audits. Responsibilities for pre-shipment inspections was shifted from the central Bank of Tanzania to the authority, on January 1 1998.

The revenue body said "stern action" would be taken against clearing and forwarding agents involved in revenue leakage.

On trade and travel issues, the authority said streamlined customs and cargo clearance procedures had come into effect at Dar es Salaam airport.

Other positive developments for stakeholders include improved methods for releasing trade statistics, better qualified staff and increased dialogue between the authority and taxpayers on changes in efficiency procedures. — Reuter.

ILLOVO SUGAR

Tanzania's sweetener

FM 20/3/98 (318)

Illovo Sugar's sweet romance with the rest of Africa continues. The group has been nominated as the preferred bidder for a controlling interest in the Tanzanian State-owned Kilombero Sugar Company, which has a projected production capacity of 100 000 t/year.

Though the acquisition — still subject to the final negotiation of a sale agreement — is expected to have a neutral short-term impact on Illovo, it could begin generating profits after year three.

One concern is whether the deal will add to the debt burden built up as a result of last year's R1,6bn acquisition of Lonrho's African sugar interests.

The word, however, is that the deal will have minimal impact on gearing. A finance mechanism has been structured that will not actually run through to Illovo. Illovo and its London-based partner ED & F Man Sugar will lend substantial weight to the balance sheet, enabling Kilombero to access soft developmental-type loans.

While the group remains tight-lipped about the price paid for the underperforming Tanzanian operation — current production is about 30 000 t/year — other comparative deals in Africa suggest that a sub-US$30m price tag would probably have been considered fair, even in the face of stiff international competition.

In terms of the bid Illovo will hold 55% of the company, one of the three Tanzanian sugar operations identified for privatisation (out of four total), with partner ED & F Man Sugar acquiring a 20% stake, and the balance of 25% being retained by the Tanzanian government for a public flotation. The assets acquired essentially comprise two factories and sugar estates 375 km southwest of Dar es Salaam.

The programme of bringing the factories up to capacity to be capex intensive should be achieved through de-bottlenecking and improved maintenance during the off-crop season.

Herb Payne

Mauritius loses millions over export tariff rates

(378)

(~~3444~~) Sowetan 24/3/98

TANZANIA and Mauritius, both members of the Common Market of Eastern and Southern Africa (Comesa), are locked in a dispute over a decision by Dar es Salaam to stop giving preferential treatment to goods from its neighbours.

Mauritius says it is losing millions as a result of Tanzania's decision last July to suspend preferential tariffs agreed within Comesa.

Both countries are members of the sub-regional body set up to encourage free trade.

Mauritius, which exported goods worth about R28,88 million a year to Tanzania before the suspension, says the value of its exports to that country is just a third of what it used to be.

Normal trade between the two countries was a high priority for the Mauritius government.

The country says it had to send a high-level delegation to Tanzania in February to persuade Dar es Salaam to reintroduce the preferences.

"We are looking forward to seeing Tanzania honour our request so that the tariff issue is resolved," said H Ganoo, who headed the Mauritius International Trade Department delegation to Tanzania.

According to Ganoo, Tanzania needed more time to look into the matter because some Comesa members were not "honest" when dealing with tariff issues.

"The government is still investigating the matter," says Tanzania's minister of finance Daniel Yona.

He said: "This is a serious issue because Tanzania has lost out on the tariff issue."

Under the preferential tariff arrangement between Comesa members, every country is supposed to reduce its tariffs on specified items to zero percent by the turn of the century.

Ganoo said the decision by Dar es Salaam to suspend Comesa tariff rates would encourage other countries in the region to hesitate when investing in Tanzania, whose industrial sector is in difficulty.

Most of Tanzania's industries have closed or have been sold to foreign companies. Apart from beer, soft drinks and cigarettes, industrial production does not exceed 40 percent of installed capacity.

Goods from Tanzania face stiff competition from exports by fellow Comesa members such as Kenya, Uganda, Mauritius, Zimbabwe and South Africa because of their low quality and high production costs, industrial sources say.

Mauritius exports a wide range of materials and goods, such as sugar-processing equipment, textiles, printing materials, laundry soap, audio cassettes and live chickens, to Tanzania.

The latter sells prawns, onions, beans, Irish potatoes, timber and other agricultural products amounting to about R24,9 million a year to the archipelago.–*Sapa-IPS.*

Tanzanian govt deports Muslims

(318) DD 24/3/98

DAR ES SALAAM — The Tanzanian government had deported illegal aliens from several African and Asian countries in a move to check increasing Islamic fundamentalism, the Daily Mail reported yesterday.

The private newspaper quoted an immigration department source as saying that the operation started in the southwestern Ruvuma region and Dodoma in central Tanzania, where several foreigners were rounded up and deported.

"Some people of Arab and Asian nationality have been arrested by the department recently ... and deported — most of the deportees coming from Egypt, Iran, Pakistan, Saudi Arabia and Sudan, among others," the source said, without specifying numbers.

The source told the paper that the operation was necessitated by a surge in Islamic fundamentalism in the east African nation.

Last month three people were killed in Dar es Salaam when police clashed with demonstrators allegedly protesting against "suppression of Islam by the government".

The Muslim Council of Tanzania later accused several Islamic organisations from Libya and Saudi Arabia of being behind the surge in Islamic fundamentalism and having trained militants involved in the riots, a charge strongly denied by the Libyan and Saudi Arabian embassies.

The newspaper said the illegal aliens were rounded up in remote, predominantly Muslim locations.

The paper said, however, that officials from the Egyptian, Iranian, Pakistani and Sudanese embassies had denied any knowledge of the arrests and deportations of their nationals.

Since the riots, the government, concerned about the growing religious extremism pitting Christians and Muslims, has banned public sermons.

A number of Islamic leaders have since been arrested and taken to court for defying the order.

Last week Cardinal Polycarp Pengo decried the growing extremism and urged Christians to refrain from such confrontations. — Sapa-AFP.

Bid to revive Tanzania's coffee industry

BD 26/3/98 (318)

ARUSHA — An urgent reform plan has been drafted to resuscitate Tanzania's coffee industry and double production within five years under the orders of President Benjamin Mkapa.

Agriculture Minister Paul Kimiti ended the yearly industry conference on Tuesday evening by issuing a list of objectives which, if implemented, would revive coffee production and boost farmer income and interest in Tanzania's most important crop.

The list — expected to be cleared by the industry and submitted to the government for formal approval — includes a reduction in certain taxes and levies, more efficient seedling distribution, better support for coffee research and supply of inputs, and an innovative move to renovate coffee estates.

The conference saw the launch of an educational video for farmers to promote awareness of the importance of coffee to the economy.

Kimiti also authorised the holding of robusta coffee auctions in western Bukoba, a move warmly welcomed by growers and traders.

Mkapa expressed grave concern at the conference about falling coffee output and ordered a doubling of production within five years, promising full government support, including a sympathetic ear on tax relief.

"Is it too much to ask of you, the stakeholders in the coffee industry, to brainstorm on ways to double production within five years? Together we can do it," he said.

"I expect everyone else in government, especially regional commissioners from coffee-growing or potential coffee-growing areas, to translate my policy commitment into practical terms," he said.

Severe drought in 1996/97 and unseasonal heavy rains which hit last December and continue in many parts of Tanzania have sharply cut coffee output. Production averaged a paltry 45 169 tons in the past eight years and dipped to a record 10-year low in 1997/98 with a forecast yield of between 35 000 and 38 000 tons.

Buoyed by strong world prices despite falling output, income in the past three years has averaged $120m, making coffee Tanzania's top cash crop.

The conference heard weather was not the only problem affecting Tanzania's coffee. About 95% of output is in the hands of an estimated 250 000 smallholder families whose plots often average no more than half a hectare, too small for efficient coffee cultivation, some industry experts say.

A common practice is interspersing coffee trees with bananas and other fast-growing cash and food crops.

"We feel there are a lot of improvements that can be made by making changes, notably in some of the estates, research and extension (farmer education) — this could give a (quick) return," said Ranieri Sabatucci of the European Commission.

The European Union, which has injected about $120m in aid into the industry in the past 20 years, said in a recent report: "Tanzania could easily export twice the current quantity without seeing any downward adjustment in its prices."

Attention is now turning to renovating derelict estates which were nationalised in the 1960s and turned over to co-operative unions.

A paper presented by the state-run Tanzania Coffee Board compared estates in private hands averaging production yields of 800kg of coffee a hectare with nationalised estates averaging 30kg a hectare.

With their influence already declining after industry liberalisation in 1993, co-operative unions may fight moves for privatisation of estates.

To what extent co-operatives can continue to rely on government support remains unclear. In his speech, Mkapa said: "Old farms, including nationalised ones, can be rehabilitated and revamped with private-sector participation." — Reuter.

INTERNATIONAL

Tanzania stepping up its gold output

Mark Dodd (318) BD 8/4/98

DAR ES SALAAM — Tanzania, one of the world's poorest countries, aimed to lift annual gold exports from the current half a ton to 26 tons by 2001 when there would be four or five gold mines, Deputy Mining Minister Manju Msambya said yesterday.

Of nine major companies operating in Tanzania, seven were attracted by gold. Investment in prospects nearing production would reach $360m over the next two years.

However, smuggling to Kenya by small-scale miners who currently dominate gold production accounted for more than official exports, he said.

Mining exploration, mainly gold related, had risen rapidly over the past five years with estimates of proven Tanzanian gold reserves at about 20-million ounces and annual exploration expenditure jumping to $80m.

The embryonic mining sector, dominated by gold, accounts for about 2% of gross domestic product (GDP) and is expected to rise to between 10% and 15% within five years.

Tanzania's first operational gold mine since independence from Britain in 1961 is expected to be a $50m joint venture between Australian company Resolute Mining and its British partner, Samax Resources, at their prospect on the booming Lake Victoria gold field. Production is expected to begin before December.

Kahama Mining, a subsidiary of Canada's Sutton Resources, plans to start production nearby in 1999, and has invested $135m in mine development. Others to start production by 2000 include Australian-owned Africa Mashariki (East Africa Gold) which has invested $75m in property at Tarime. Ghana's Ashanti Goldfields has invested $100m in its prospect.

SA's Randgold Resources has a 1,5-million ounce resource base at Shinyanga, while Australian mining giant BHP Minerals is searching for base metals in Tanzania's far western Kigoma region.

In the same region, Anglo American is on the prowl for nickel, cobalt, copper and base metals.

Hopes of a headlong rush into gold mining riches may, however, prove premature. The Tanzanian Chamber of Mines cautioned last year that the sector could be hurt if the gold price continued to fall below $300/oz.

"So far there have been no shockwaves from the downward slide of the gold price in Tanzania — no pullouts," Msambya said.

Tanzania would continue to streamline mining policy and laws to attract foreign investors, he said. A draft of the new mining act, aimed at further opening the minerals sector, would be submitted to parliament in April. Key provisions included security of tenure for investors, simpler rules and regulations, transparent provisions and streamlined licensing procedures.

Tanzania is also a significant diamond producer, mostly via De Beers subsidiary, Williamson Diamonds. After declining from 300 000 carats in the early 1980s to 68 000 carats in 1992, production has shot up to 120 000 carats after rehabilitation of the mine.

56 Tanzanian miners feared dead after rains

~~DN~~ DD 14/4/98

(318)

ARUSHA — At least 56 people were killed in a mining disaster in northern Tanzania following flash floods that caused pits to collapse, Tanzanian state radio reported yesterday.

It quoted the head of rescue operations as saying 56 people had died and 21 were rescued following Thursday's disaster at Mbuguni, south-east of Arusha.

Arusha's regional commissioner Daniel ole Njoolay said that a rescue team set up two days ago had gathered a list of 55 people known by authorities to have entered the Mererani mine and were missing and presumed dead.

However, he said the death toll could be higher, since it was possible more miners had entered the area to work illegally. "There could be 100 dead," Njoolay said from Arusha.

The flood accident happened at a tanzanite mine near the northern farming town of Arusha. Workers were trapped as deep as 300m after the floods caused about 14 pits to collapse.

Continuing rescue efforts were hampered by a lack of equipment and poor communications, said Njoolay.

Tanzanite is a semi-precious stone unique to Tanzania and is mined using relatively primitive methods, often without safety equipment. — Reuters.

At least 55 feared dead in Tanzania mine

Star 14/4/98

(318)

Wokers trapped in pits following heavy rain and a landslide – and inadequate rescue equipment means there is now little hope of finding any more survivors

REUTERS
Mererani, Tanzania

Hopes faded yesterday of rescuing more survivors from a mining disaster in northern Tanzania in which at least 55 miners were presumed to have died in flash floods.

Four bodies were recovered and 21 people pulled out alive yesterday from the Mererani mines, which flooded after heavy rains last week.

Rescue workers and regional officials said they lacked the heavy-duty pumps needed to draw water out of the pits.

Mine owners had made a list of 55 workers in the mine at the time of the accident who were now presumed dead, but up to 100 more, including illegal workers, were probably trapped inside the mine, they said.

State radio earlier reported that the deaths of 56 miners had been confirmed.

"There are more than 100 trapped and it is not easy to survive. They would have suffocated when the water entered the passages," said Judika Palanjo (29), a miner involved in the rescue.

Heavy rains flooded a site containing 15 pits situated about 60km southeast of Arusha, trapping miners up to 200m underground.

A rescue effort was co-ordinated by the office of Prime Minister Frederick Sumaye, who visited the site on Sunday and called a halt to all mining activity in the area.

Up to 2 000 people, including scores of relatives, waited yesterday at the head of the pits and at the Mererani offices.

Rescuers at the Glitter Gems mine said their greatest need was for pumps which could draw water from more than 45m.

"If we had big pumps from day one we would have a different story today," Arusha regional commissioner Daniel ole Njoolay said.

"The area is hilly and we had a lot of rains and on the night of April 9 there was a landslide in which a lot of water went down into the narrow pits and some people got trapped underneath.

"We have to get them out. They are human beings," Njoolay said.

Small-scale miners using crude methods work the pits for Tanzanite, a semi-precious stone unique to Tanzania.

The mine owners often provide medicine and tools, but pay is based on commission and sometimes miners earned nothing, one miner said.

Another problem faced by rescuers was the inaccessible location of the mines, set amid slag heaps on a sandy hillside south-west of Mount Kilimanjaro.

Partial selloff of Tanzanian brewer gives SAB control

ET(MR) 17/4/98(318)

PAUL RICHARDSON

Nairobi — The Tanzanian government would list between 7 and 10 percent of its stake in Tanzania Breweries Limited (TBL) in July, more than doubling the capitalisation of the country's new stock market, the company said yesterday.

Danie Niemandt, the chief executive director of TBL, in which South Africa's SAB owns a 46 percent stake, said the issue was expected to raise up to $20 million.

"Government currently owns just over 40 percent of TBL," Niemandt said.

"They will be listing between 7,5 and 10 percent initially ... which means we are looking at between $15 and $20 million."

The issue will more than double the current $10,15 million market capitalisation of the Dar es Salaam stock exchange, which began trading on Wednesday.

"The offer will open in May. We will close it before the end of June, with the actual listing taking place during the first half of July," he said.

Niemandt said that, before the listing, TBL would hold a rights issue of 10 percent of its shares to SAB, which would result in the South African company taking a controlling stake in the Tanzanian brewer. "We are busy concluding an arrangement whereby SAB will inject equity into the company," he said.

"The dilution effect means that SAB will increase its stake to about 50,7 percent.

"It will happen in the very near future, before we list."

TBL will be the second company to list on the fledgling stock exchange, joining the recently privatised Tanzania Oxygen.

Niemandt said that, in time, a minimum of 25 percent of the government's stake would be listed on the Dar es Salaam stock exchange, raising some $50 million in total.

Officials at the exchange said yesterday that the Tanzanian government was unable to list a significant stake on the bourse because of Tanzanian citizens' low capacity to invest.

Large public issues are further hampered by a ban on foreign participation in the exchange, although the Tanzanian government is formulating a policy on this issue.

Niemandt said that, despite the low investment capacity of Tanzanians, he believed the public issue of up to $20 million in shares was feasible.

Niemandt would not divulge the company's production figures. — Reuters

AFRICAN

State takes a hard line on power tariffs

IMF reopens Tanzania's credit talks

CT(BR)21/4/98 (318)

MARK DODD

Dar es Salaam — The International Monetary Fund (IMF) would resume talks with Tanzania this week on payment of a structural adjustment credit of up to $50 million, a senior fund official said at the weekend.

Festus Osundade, the IMF's senior representative in Tanzania, said the state's handling of a controversial $150 million power deal with a Malaysian-backed company had been a critical factor in resuming the talks on the enhanced structural adjustment facility (ESAF).

Talks reviewing the facility were suspended in March after the IMF expressed concern about the power-supply contract between Tanesco, the state power company, and Independent Power Tanzania (IPTL).

"Negotiations resume next week so we're waiting to see ... the position of the government on IPTL, in the context of an enhanced structural adjustment facility," Osundade said.

"There has been no official statement from the government, the electric supply company, Tanesco or IPTL. But if what the local media is saying is true, then clearly the government is moving in the right direction."

Tanzania is at the mid-term review stage of its $240 million ESAF. A favourable outcome at this week's talks would result in disbursement of up to $50 million, officials said. Already, $130 million has been released.

Western diplomats said last week Tanesco had defaulted on the contract to buy electricity from IPTL after three days of fruitless talks on tariffs between IPTL, the energy ministry and Tanesco.

When the talks broke up in disarray last Thursday, the government served a deportation order on the seven-member Malaysian delegation representing IPTL, who left Tanzania. The state and Tanesco have not commented on the dispute.

"It is clear the government is ready to go for broke and if necessary take the issue to international arbitration," said a Western diplomat who declined to be identified. "It seems the government is taking a very robust position which is bound to win it a lot of respect in the international community."

In 1994, IPTL won a contract to build a 100 MW thermal power station worth $150 million near Dar es Salaam. But the IMF and the World Bank later said it would be an unacceptable burden on Tanzania's fragile economy because the proposed wholesale tariff of 21c a kilowatt hour was too high.

The deal would also have locked Tanesco into paying IPTL a minimum $5 million a month for electricity.

The station is almost complete and had been expected to come on stream in June.

The government's stand raised the prospect of a resumption of the stalled Songo-songo gas-to-electricity project. Wrangling over the IPTL deal stalled that project, favoured by the World Bank as a cheaper source of electricity, more than two years ago. — Reuters

Tanzanians ask for review taxes on imports

MARK DODD (218)

Dar es Salaam — Tanzanian car traders have appealed to the government to review taxes on imported vehicles after a slump in sales, said an industry report.

The report said motor traders sold only 86 new saloon cars last year, of which 80 were tax-free units, against imports of 8 000 reconditioned cars, mostly from Japan.

A copy of the report, dated March 26 and compiled by the Tanzania Motor Traders' Association (TMTA) for limited circulation, was obtained yesterday. The association represents 20 leading motor traders which are authorised dealers of most foreign brands.

"TMTA recommends a major reduction in taxation of saloon cars to stimulate demand, increase treasury revenues and shift demand towards new car sales where tax revenues are fully accountable. With a more reasonable taxation level, sales of new saloon cars will increase immediately to a minimum of 300 units and tax will increase by 2 800 percent," the report said.

The association accused Japan of treating Tanzania as a dumping ground for used cars to sustain its own domestic new car sales. It said imports of second-hand vehicles were grossly under-invoiced to evade taxes. — Reuters

ET (BR) 22/4/98

Jubilee to be Tanzania's first private company

(318) BD 30|4|98

NAIROBI — Tanzania's first private insurance company since the sector was liberalised last year had been established with the help of international investment, the Washington-based International Finance Corporation said yesterday.

The corporation and the Aga Khan Fund for Economic Development have each invested $285 000 in Jubilee Insurance Company of Tanzania. Jubilee was likely to be the first private insurance company allowed to operate in Tanzania since legislation opening up the sector was approved last February, Michael Hooper, the corporation's Nairobi representative, said.

"There are about 15 other companies applying for licences but we anticipate that Jubilee will be the first, probably in a matter of weeks," he said.

Jubilee Tanzania will provide general, nonlife insurance and also plans to offer life insurance after one to two years.

The main shareholder in the company will be Jubilee Insurance Kenya, with a 40% stake. The corporation and the Aga Khan Fund will each hold 15%, while the remaining 30% will be held by Tanzanian investors and Jubilee subsidiaries in Uganda and Mauritius.

Before nationalisation more than 30 years ago, Jubilee Tanzania controlled about 30% to 40% of the insurance market, Hooper said. "They have a good track record and will be hoping to gain back that market share," he said. — Reuter.

(318) BD 14/5/98

No water, no Coca-Cola

DAR ES SALAAM — A severe water shortage in the Tanzanian capital caused by damage to a mains pipe has forced the local Coca-Cola bottling plant to stop production, local media reported yesterday.

The city of 3-million people has been without water for 10 days after flood waters washed away a section of mains pipe north of the city. Army engineers and works ministry personnel have been working round the clock to repair the damaged pipe and water was expected to start flowing again yesterday.

The shortage has sparked a booming trade among many unemployed youths selling 20l jerry cans of water for $0,75.

On Tuesday, Dar es Salaam University closed down, citing among other reasons unsanitary conditions on campus caused by the lack of water.

Tanzania Breweries and a smaller independent brewer, Associated Breweries, have stopped beer production because of the shortage. Muhumbili Medical Centre, the country's main hospital, has also stopped all but emergency surgery. — Reuter.

The Director
South African Labour & Development
Research Unit (SALDRU)
School of Economics

Slow growth and reluctant investors bedevil Tanzania

CT (PR) 14/5/98 (318)

SIMON DENYER

Dar es Salaam — Tanzanian economic growth in 1998 was likely to come in at about 3 percent, barely keeping pace with the country's population growth, a World Bank official said yesterday.

Resident Bank representative Ron Brigish told Reuters the effects of drought in 1997 and floods at the turn of the year, both linked to the El Niño weather phenomenon, had undermined agricultural production and would lead to slower growth in 1998.

Excessive state bureaucracy and poor infrastructure were also discouraging potential foreign investors, he said.

"This year (growth) may well be close to 3 percent ... maybe close to zero in per capita terms," he said. Population growth in Tanzania was about 2,8 percent a year, he added.

Harvests of coffee and cotton, Tanzania's two leading export crops, have been particularly badly hit by the inclement weather, undermining economic growth and the country's trade balance, analysts say.

On a more positive note, Brigish applauded the government's success in bringing down inflation and interest rates and in keeping a lid on fiscal policy.

"Progress on the macroeconomic side is really encouraging ... reflecting greater discipline within public finances," he said. "This is no mean achievement."

Headline inflation fell to 13,4 percent in March from 14,7 percent in February, according to Bank of Tanzania figures. On an underlying basis — excluding food prices which have been pushed up by the poor weather — inflation stood at just 6,1 percent in March, down from about 24 percent in mid-1996.

Brigish also gave a thumbs up to the government's privatisation programme, which he called "one of the better programmes in sub-Saharan Africa".

But these achievements have failed to translate into faster economic growth because bureaucracy and poor infrastructure have discouraged foreign investment.

"It takes on average 18 to 36 months to establish a business in Tanzania because of all the approvals required," Brigish said. "This is simply too long."

Poor road, rail and telecommunication networks were also exacting a high price on the economy, he said. He recommended the government push ahead with plans to privatise the state telephone company and improve roads.

Large parts of Dar es Salaam have been without water in the last week after floods destroyed a bridge and broke a key supply pipe. The water shortage is already having an impact on production, economists say.

Donors also complain that corruption holds back Tanzania's economic growth. In particular, they bemoan the government's failure to act on the recommendations of the 1997 Warioba commission report on corruption.

Another big challenge for Tanzania is to reduce its dependence on foreign aid, which accounts for about 15 percent of gross domestic product, or $1 billion a year. With rich countries cutting back on aid, the country had to move fast to make sure foreign investment filled the gap, Brigish said. — Reuters

BREWING *State offers 10% of its share in one of country's most profitable companies*

Stake in Tanzania Breweries up for grabs

CT(MR) 20/7/98 (318)

MARK DODD

Dar es Salaam — Tanzania has offered about 10 percent of its stake in Tanzania Breweries, one of the country's biggest and most profitable companies, for sale, it was announced yesterday.

The government is offering 23 594,277 shares at 550 shillings each for 12,97 billion shillings (R99,4 million).

Danie Niemandt, the chief executive director of Tanzania Breweries, said the government's stake would be reduced to 26,9 percent if the sale was fully subscribed.

"It should be noted that this offer does not increase the share capital of Tanzania Breweries, since the offer is for the sale of existing shares," Niemandt explained.

Other main shareholders are South African Breweries International Africa (50,5 percent) and International Finance Corporation (8,8 percent). Smaller stakeholders include Proparco (1,6 percent) and Dresdner Bank (1,5 percent).

Under the new share structure, the Tanzanian public would hold 10 percent because the offer is closed to foreigners.

Tanzania Breweries is a commercial success story for Tanzania. Since its privatisation in 1993 the company has notched up impressive figures, showing profit of 18,01 billion shillings last year. The company's directors are forecasting a further improvement in 1998.

But the rate of improvement is expected to slow because of climatic and economic difficulties in Tanzania.

Niemandt said: "The economy of Tanzania is heavily dependent on the agriculture sector, and the current conditions are very unfavourable.

"The damage caused by rains to the transport infrastructure is also inhibiting deliveries and sales growth."

The company also warned that a large portion of its expenditure was held in foreign currency, and any rapid devaluation of the Tanzanian shilling "would affect profit".

While the shilling has remained stable since February, leading banks are predicting a steady depreciation from about 670 shillings to the dollar at present to about 700 shillings in the long term.

Tanzania Breweries shares will join those of Tanzania Oxygen, the sole stock on the nascent Dar es Salaam stock exchange.

Tanzania Cigarette, petroleum supplier Agip (Tanzania) and a cement producer are expected to be listed in the near future. — Reuters

Netherlands to scrap $64m of Dar's debt

Dar es Salaam — The Dutch government would write off a $64 million debt to help reduce Tanzania's $8 billion external debt, Sjoed Leenstra, the Netherlands ambassador, announced yesterday.

Leenstra, after a meeting with Tanzanian finance ministry officials in Dar es Salaam, said the decision was in line with efforts by the Paris Club of donor countries to ease debt for least developed countries. Leenstra announced that the Netherlands would contribute $8 million to the newly launched Tanzania Multilateral Debt Relief Fund, to which Britain and Sweden have also pledged to contribute.

In addition, the Dutch government plans to award a $16,6 million grant during the 1998-99 financial year for use in various Tanzanian development projects. — AFP

Tanzania to float 10% of brewery stake

BD 20/5/98 (318)

DAR ES SALAAM — The Tanzanian government has offered about 10% of its stake in Tanzania Breweries for sale. The brewer is one of the country's biggest and most profitable companies.

The government is offering 23 594 277 shares at 550 shillings each for a total value of 12,97-billion shillings, about $19,4m.

The government's stake will be cut to 26,9% if the sale is fully subscribed, said CE and director Danie Niemandt. "It should be noted that this offer does not increase the share capital (of the company) since the offer is for the sale of existing shares," he said.

Other big shareholders are SA Breweries International Africa, with 50,5% and International Finance Corporation with 8,8%. Smaller stakeholders include Proparco with 1,6% and Dresdner Bank with 1,5%. Under the new share structure, the Tanzanian public will hold 10%. The offer is closed to foreigners.

Since the brewer's privatisation in 1993, it has performed impressively, showing a profit of 18,01-billion shillings last year. The directors expect a further improvement this year but the rate of improvement is expected to slow as a result of climatic and economic difficulties in Tanzania.

The company also warned that a rapid devaluation of the shilling would affect profit.

Its shares will join those of Tanzania Oxygen, the sole stock on the Dar es Salaam exchange. Tanzania Cigarette Company, Agip (Tanzania) and a cement producer are expected to be listed in the near future. — Reuter.

AFRICA

Pleas for road funding met with scepticism

BD 27/5/98

(318)

ARUSHA, Tanzania — Western donors yesterday reacted sceptically to an east African plea for a massive injection of foreign funds to improve roads, saying a history of mismanagement argued against ploughing in more doner funds.

Funding from the European Union for the repair of part the Nairobi-Mombasa road, east Africa's main trade lifeline, has yet to be released after what the EU calls "technical delays" relating to the project proposals.

"Work on the damaged Nairobi-Mombasa road has not started two years after funding was obtained for that project from the EU and the World Bank," a Western ambassador who preferred anonymity said.

On Monday, the Presidents of Kenya, Uganda and Tanzania, meeting in the northern Tanzanian town of Arusha, asked their mainly Western creditors to part with $4,664bn to repair or construct 15 273km of roads in the region over the next five years.

But donors who are dismayed that expensive roads projects have in the past been left to return to ruins and who have already committed funds to the individual countries for infrastructure repair say more money is not necessarily the solution.

"Tanzania is also sitting on a ton of money meant for roads," the ambassador said. "We think Kenya and Tanzania lack the capacity to absorb any huge amount of money for roads."

Officials from the three countries admit road maintenance accounts for little of their countries' national budgets.

Donors go further, suggesting that heavy taxes levied specifically for roads maintenance, like the fuel levy in Kenya and Tanzania, serviced other ambitious government expenditures or were stolen from government coffers by officials.

In countries such as Kenya, donors said there were no proper procedures for awarding contracts for road construction or repair.

They said that once contracts were awarded, corrupt officials often stifled proper monitoring.

Excessive bureaucracy is another problem, they said. "The question is one of implementation, which is too slow," said Harold Wackman, World Bank country director for Kenya.

Cabinet minister Rebecca Kadaga, leader of Uganda's delegation at the conference, said that in 10 years from 1986 Uganda had rehabilitated 60% of its 31 000km road network at a cost of $350m.

But she acknowledged neglect had caused some setbacks. "Because this was not immediately followed up with effective maintenance, a number of roads deteriorated back to their former state," said Kadaga, who also spoke of "erratic releases of government funds to road maintenance".

In a formal speech on Monday, Kenyan President Daniel arap Moi spoke of the importance of ensuring roads were constructed to international standards.

Kenya and Uganda said they planned to create independent road authorities, and that they were prepared to allow the private sector take care of maintenance.

They also suggested special road funds to help in repairs.

But only Uganda's Kadaga presented comprehensive plans on accountability and transparency with proposals to investigate and punish graft. — Reuter.

Tanzanian brewer unveils growth plans

(318) BD 8/6/98

DAR ES SALAAM — Tanzania Breweries unveiled plans last week to expand production as part of a campaign to popularise a flotation on the Dar es Salaam bourse.

Brewery CE Danie Niemandt said the brewer planned to expand production in Dar es Salaam and the Lake Victoria port of Mwanza by 50%-60%.

Total production capacity is about 1,5-million hectolitres. The brewer estimates that Tanzanian consumer demand is close to 1,8-million hectolitres.

"At present, I think Tanzanians drink one beer bottle a week, we hope in three years, they will be taking three to four bottles a week," Niemandt said.

The Tanzanian government is unloading a 10% stake or 23 594 277 shares in Tanzania Breweries, in which South African Breweries (SAB) has a majority shareholding.

"There is interest but we're off to a slow start," Sanjay Rughani, operations manager at sponsoring broker Exim Securities and Investments, said.

This is the second initial public offering for Tanzania's young bourse and is part of a privatisation scheme. The proceeds go to the treasury office.

The offer opened on May 18 and will close on June 26. It is closed to foreigners in accordance with Tanzanian law.

Production in the new plants in Dar es Salaam and Mwanza will begin in August and September respectively.

Tanzania Breweries has grown since it its privatisation in 1993 when the government sold off a 50% stake to SAB. Last year, the company recorded a profit of 18-billion Tanzanian shillings. — Reuter.

Tanzania sees slow growth for economy

(318)

DAR ES SALAAM — Tanzania expected a gradual economic recovery to take place this year after suffering from the effects of drought and then floods in 1997, a senior government official said yesterday.

Nassoro Malocho, minister of state in the president's office, said the government forecast real gross domestic product growth of 3,5% in 1998, compared with 3,3% in 1997 (originally predicted at 5%) and 4,2% in 1996.

The minister was presenting the government's economic survey report ahead of the 1998/99 budget to be unveiled by Finance Minister Daniel Yona.

The agricultural sector, which accounts for roughly half of Tanzania's economy, grew by 2,5% in 1997 from 3,9% in 1996. BD 12/6/98

The government was putting into place measures to curb the growth in external debt including requesting cancellation of some bilateral debts, Malocho said.

He also said the government would focus on repairing the country's infrastructure in the coming fiscal year, but said economic recovery would be slow.

"Our expectations for developments in 1998/99 are not ambitious," Malocho said. "Our development targets have been trimmed to realistic levels in keeping with our ability as a nation to deliver." — Reuter.

Tanzanian shirt deal cancelled over report

Star 2/7/98 (318)

By Lawrence Kilimwiko
Star Foreign Service

Dar es Salaam – K-Mart/Wal-Mart, an American chain store, has cancelled a $2-million (R12-million) order of men's shirts that were to be manufactured in Tanzania, citing human rights abuses mentioned in a US State Department report.

The company had signed a contract for 42 000 dozen woven men's shirts to be manufactured by Gooryang of Dar es Salaam.

The Tanzanian government reacted to the cancellation by saying problems such as lack of medical care and inadequate space for prisoners were a result of economic difficulties rather than government policy.

"The US firm should therefore understand that the cancellation of trade links ... further exacerbates poverty," the government said.

Gooryang will be forced to stop production by September, and 1 100 workers will lose their jobs, press reports have said.

Police brutality is one of many allegations made by Wal-Mart. A cited example is Chuki Athuman, a paralysed schoolboy who was shot by police and who is chained to his hospital bed.

Prisoners being paraded naked, sodomy, excessive floggings and lack of medical care are catalogued in the US report. Keko prison in Dar es Salaam was built to hold 340 prisoners but holds 1 300.

But the government said in a statement: "Tanzania has one of the best records in the maintenance of human rights in Africa."

Tanzania's new VAT stirs fears

(318) EU(BR) 7/7/98

Wairagala Wakabi

Kampala.—Tanzania had introduced value-added tax (VAT) from July 1 to replace a number of taxes and duties, the government announced at the weekend.

But the introduction was accompanied by an increase in the prices of many consumer items, including rice and sugar, as traders and consumers reacted haphazardly to the new 20 percent VAT rate.

Benjamin Mkapa, the president of Tanzania, assured the country that food and other essential commodities would remain unaffected.

The VAT replaces sales tax, entertainment tax and stamp duty, and is aimed at widening the tax base and improving tax administration. It was expected to rake 6,6 billion shillings (R65 million) into the treasury during the current financial year.

But there were fears the new tax would provoke big price increments and hurt businesses. Government officials dismissed such talk, saying no new tax had been introduced but existing ones replaced.

"The government has no intention of overburdening its own people without reason," Mkapa said at the launch of the tax. He said government wanted to collect taxes in a manner that would not hurt people and the economy.

The government announced in the 1998-99 Budget that it was introducing the new tax on mainland Tanzania from July in a bid to broaden the tax base and reduce scope for erosion.

About 9 200 firms have registered for VAT. Although most traders do not understand the working of the new tax, observers say there is little possibility of traders striking against the tax, as was the case in neighbouring Uganda. They say Tanzania has done better preparations for the tax.

But the Tanzania Chamber of Commerce has criticised the Budget as "taxing poverty". It had recommended that the top income tax rate be reduced to 30 percent, but it remained at 35 percent. It also wanted the income tax minimum threshold to be raised to 100 000 shillings, as in Uganda and Kenya, instead of starting at 20 000 shillings.

"The tax structure remains unnecessarily complicated, and import duties have not been specified on some problematic areas," the chamber said.

Some Tanzanian businessmen and politicians were also up in arms over the recent reintroduction of Comesa tariffs in the new Budget. They said the measure would damage local industry since other countries did not adhere to the tariffs and also had lower costs of production.

The parliamentary committee on finance and economic affairs said the change would make locally manufactured goods uncompetitive because imported merchandise would be cheaper. "The government should ensure the ground is level first (before reintroducing the tariffs)."

AJ Shah, the vice-chairman of the Confederation of Tanzania Industries, said: "This issue, as it is in the Budget, does not have our support because it does not have envisaged benefits and will leave the country's industrial commodities without adequate protection."

Shah said the country should not have reintroduced Comesa rates in the absence of harmonisation of external tariffs within the region.

Tanzania recorded a growth rate of 3,3 percent in 1997, down from 4,2 percent in 1996. Agriculture, which accounts for 50 percent of gross domestic product, was hit heavily by the El Niño weather pattern.

The decline in the country's export earnings forced the shilling to depreciate substantially between January and April this year.—Independent Foreign Service

Rwanda, Tanzania in private sector accord

CT(BK) 8/7/98 (318)

FROM REUTERS

Dar es Salaam — The presidents of Rwanda and Tanzania yesterday urged the private sector in both countries to take the lead in economic development.

At a news conference in the Tanzanian capital, Rwandan President Pasteur Bizimungu said the two countries shared a common vision of a new Africa. He said the private sector played a key role in economic development while the state should focus on good governance.

"We are also convinced that one of the priorities is to improve economic infrastructures," Bizimungu said.

He was speaking at the end of a three-day official visit to Tanzania.

A joint communiqué issued by the two countries underscored the importance of peace, security and stability along their common border to encourage trade, which has fallen to its lowest level in five years.

Key to improving trade between the two countries would be the establishment of a dry port at Isaka in northwest Tanzania and the extension of Tanzania's central railway line into the Democratic Republic of the Congo and Uganda, the communiqué said.

"The railway line could be extended to eastern Democratic Republic of Congo and Uganda," it said. "They (the leaders) directed the relevant authorities to pursue its implementation as a regional project."

Recent rains severely damaged Tanzania's central railway line. Traders said it now took six to eight weeks to transport cargo from Dar es Salaam to Rwanda, compared with only a few days from Kenya's Mombasa port to Rwanda by road.

Treaty may hurt Tanzanian industry

(318) BD 20/7/98

DAR ES SALAAM — Tanzanian industry will lose out if a proposed east African co-operation treaty with Kenya and Uganda creates a common market by 2000, analysts say.

Tanzania was the most disadvantaged of the three nations, the country's Economic and Social Research Foundation said last week.

Co-operation should be gradual because Tanzania's tourism and manufacturing sectors lagged far behind those of its east African neighbours, the foundation said.

"A lot of Tanzanians are scared of opening up the borders," research fellow Flora Musonda said.

"They feel because of Tanzania's past policies of socialism, Kenya and Uganda are a step ahead."

"We should be cautious. Once bitten, twice shy," Ibrahim Kaduma, managing director of financial advisers Teleconsult said.

"Perhaps you can call it an accident of history, but once you open it up, the economies of scale will determine that industries be located in Kenya and Uganda. And yet, Tanzania has the greatest potential for growth," he said.

The proposed treaty should be signed in November and upgrades an initial agreement for east African co-operation signed by the presidents of the three nations in 1993.

The forerunner of the present treaty, the East African Community, saw wide integration of economic life including a common air service, railways and port authorities.

But the East African Community, which dated back to colonial days, broke down in 1977 because of political wrangling between the three former presidents.

Analysts say the main bone of contention within the present arrangement is the harmonisation of import tariffs.

The draft treaty proposes a zero internal tariff for goods and a common external tariff to be charged on goods imported from outside east Africa.

"That shouldn't be a problem if it wasn't that Tanzania's import tariff on the top side is the highest — about 30% — compared to 15% to 20% in Uganda and Kenya," Musonda said.

"Harmonisation would mean choosing the lowest tariff or lowering tariffs which will result in a loss of revenue," Musonda said.

Tanzania already runs a substantial trade deficit with Kenya, with imports of $94m in the 1996/97 fiscal year, compared with exports to Kenya of $14m.

"The challenge we have is to build capacity to be more efficient and competitive. That cannot be done too fast," Sam Wangwe, executive director of the foundation said.

"Infrastructure and joint investments must be considered.

"But we need to go carefully so that it becomes a permanent establishment. The issue of balancing of benefits must be dealt with," Kaduma said.

And, although regional trade should promote competitiveness, Tanzania's prohibitive tax structure could mean investment flows are more likely to be directed to Kenya.

"If businesses can serve the Tanzanian market from Kenya then why should they try to produce in such a difficult environment," the foundation said. "A good example is the export processing zones which Kenya has."

Musonda said that opening up the borders without protecting the local industries would be fatal.

"Politically it makes sense, but these issues should be ironed out because if there is a group of people who feel that it's not beneficial to them, they might make implementation difficult," she said.

With 80-million people who share common languages, analysts say East African co-operation offers great potential for investment and business.

"Take telecoms. Each of the countries is privatising now.

Alone we are very small but we stand a better chance to attract a better price if we do it all together," Kaduma said. — Reuter.

Tanzania, SA in deal

(3/8)

TANZANIAN and South African trade and industry ministers signed an agreement establishing a joint finance company, the Tanzanian commerce and industry ministry said last week.

The ministry said in a statement that the agreement was signed by acting commerce and industry minister Kingunge Ngombale-Mwiru for Vertex Financial Services and visiting South African Trade and Industry Minister Alec Erwin for African Harvest Ltd of South Africa.

Each of the two companies, which are currently engaged in capital markets, securities, risk management, merchant banking, private equity and corporate advertising, will hold 50 percent shares in the new venture, the statement said, without giving any figures.

However, African Harvest director Fred Robertson, a member of the South African businessmen's delegation led by Erwin, said his company would invest above R12 million.

South African companies have already invested in Tanzania's tourism, financial, aviation and industrial sectors, including taking over the giant Tanzania Breweries Ltd, previously owned by the government. – *Sapa-AFP.*

Sowetan 4/8/98

UN mission finds Tanzania all set for bumper crop year

CT(BR)5/8/98 (318)

Wambui Chege

Dar es Salaam — Tanzania's food crop production was likely to rise this year to its highest levels for five years, two UN agencies said yesterday.

In a joint report, the Food and Agriculture Organisation and World Food Programme (WFP) attributed the above-average performance to heavy rains between October and February, linked to the El Niño weather pattern.

"Aggregate production of food crops in 1998 is forecast at some 32 percent above last year's reduced volume and 13 percent above the average output for the past five years," the report said. "Total food production is estimated to grow to 7,99 million tons cereals equivalent, with substantial increases estimated for cereals, bananas, roots and tubers."

The report — the result of a joint assessment conducted between June 25 and July 16 — said the increase in production meant the country would not need external food aid.

Up to 350 000 people in isolated areas in central, northern and coastal regions would need food assistance, but that could be sourced internally and distributed with the help of WFP, the report said.

Tanzania suffered from a debilitating drought which swept much of east Africa late in 1996 and early 1997, causing widespread crop failure.

In October, the country received unprecedented rainfall, resulting in flooding and the collapse of the transport network.

Despite work on the country's main rail and road corridors, the transport of agricultural goods remains disrupted.

"This situation will have a very negative impact on the movement of food from surplus to food deficit areas," the report said.

The report forecast food supplies in the 1998-99 (June-May) marketing year would exceed normal demand, with a bumper harvest in rice and, to a lesser extent, maize.

"The mission estimates a bumper rice harvest will allow for exports in the order of 100 000 tons and forecasts maize exports of some 70 000 tons."

The only crops likely to record a drop in production were sorghum and millet, at an estimated 32 percent, the report said. — Reuters

Mauritius to advise on franc zone bourse

From Reuters

Libreville — Authorities in the Central African part of the franc zone had asked the Mauritius stock exchange to advise on the potential for a regional stock market, a senior Gabonese banker said yesterday.

Plans for a stock exchange in Gabon were proceeding under the aegis of the finance ministry, said Emile Doumba, the managing director of Banque Internationale pour le Commerce et l'Industrie du Gabon (BICIG).

The Central African bourse would serve Cameroon, Central African Republic, Chad, Congo Republic, Equatorial Guinea and Gabon, which share a common currency, the CFA franc, and a common central bank, the BEAC.

"The project, which has been in the air for several months, is much delayed," Doumba said. "The feasibility study has just been entrusted to the stock exchange of Mauritius."

The BEAC central bank is believed to favour the idea of establishing national exchanges in the first instance, with their activities merged to serve the whole region later.

However, the technical means, especially telecommunications, are not yet up to the task.

Plans for a regional bourse in the west African part of the franc zone, though much further advanced, have stalled in recent months. A December 1997 opening date was missed, and the authorities have since been reluctant to name a new date.

The Gabonese authorities want their national stock exchange to be ready for 1999. Doumba estimated that as many as 100 local companies could be quoted.

AFRICA

Tanzania detains blast suspects

(318) BD 11/8/98

WASHINGTON — Tanzania has detained a number of suspects in the bombing of the US embassy in Dar es Salaam, a senior US state department official said yesterday.

The US official said twelve people were detained and another source close to the investigation said most of the suspects were believed to be Sudanese or Iraqi. Wilson Mwansasu, the assistant police commissioner in Dar es Salaam, confirmed several suspects were arrested.

He said they were "connected to others", but refused to elaborate.

Nearly simultaneous blasts at or near US embassies in Nairobi and Dar es Salaam, the capitals of Kenya and Tanzania, killed about 239 people on Friday.

"We have just gotten word that the government of Tanzania has announced that it has detained three groups of suspects. We don't know the precise identity of those suspects or whether they will turn out to be an important lead in this investigation," said Susan Rice, the assistant state secretary for African affairs.

Secretary of State Madeleine Albright was scheduled yesterday to address state department employees, devastated by the blasts that killed friends and colleagues.

Meanwhile, rescue operations at the site of the Nairobi bomb blast were suspended shortly after midday yesterday after rescue teams gave up hope of finding any more survivors in the rubble.

"It seems there's no hope for any survivors living inside that," Capt Jean-Claude Marcuzzi from the 7th French army civil defence unit told Deutsche Presse-Agentur in Nairobi.

As he spoke, a 150-ton crane tore down chunks of concrete and slabs of rubble from the seven-storey Ufundi Co-operative House tower block, next to the US embassy, which absorbed most of the blast on Friday.

Visible through the dust and rubble were occasional glimpses of human body parts as buried corpses were uncovered.

An Israeli rescue official said that if anybody was found alive, demolition operations would be suspended immediately.

The death toll in Nairobi is about 200.

As the hope of finding more survivors of the Nairobi bombing dimmed, investigators focused yesterday on finding clues to the terrorists at the blast site guarded by armed marines and hidden from view by black fabric.

Prudence Bushnell, the US ambassador to Kenya, lay a bouquet of roses at her wrecked embassy in central Nairobi yesterday. She described the carnage as "heartbreaking".

About 12 Americans and at least 27 Kenyans were killed in Friday's massive car bomb attack.

Bushnell was in a building close to the embassy when the bomb exploded. She suffered cuts to her lip, which had to be stitched and to her hands.

"There was blood everywhere ... a shoe here and there ... the banister was wet with blood," and smoke was billowing up the stairwell, she said.

Rescue workers continued searching through the rubble of a collapsed four-storey building beside the embassy for two women who might still be alive. However hope is fading as neither woman has spoken since Sunday afternoon.

More than 4 800 people were injured in Nairobi, many of whom were cut by flying glass as windows blew in on buildings.

The government said the blast damaged 40 buildings so badly that it declared them out of bounds. — Sapa-AFP.

US ignores carnage: Page 14

French rescue workers and others dig in the rubble of Gateway House in front of the US embassy in Nairobi four days after a bomb blast destroyed the four-storey building. Picture: AFP

Tanzanian police arrest embassy bomb suspects

(3/18) Star 11/8/98

Rescue workers continue to search for possible survivors of two blasts as death toll reaches 202

Reuters
Nairobi

The first arrests for the bomb attacks on two US embassies in East Africa were made yesterday as rescue workers frantically searched for remaining survivors from Friday's devastating blasts.

Investigators in Dar es Salaam said they had arrested possible suspects for the attack in Tanzania, which occurred within minutes of a more powerful blast in the Kenyan capital, Nairobi.

Police Commissioner Wilson Mwansasu confirmed "some arrests" but he could not say how many or whether those being held were considered prime suspects.

In Washington, US Assistant Secretary of State for African Affairs Susan Rice said she had heard from Tanzanian authorities that three groups of suspects had been arrested.

Mwansasu said senior officers were meeting on the case. Further details were not immediately available.

US Secretary of State Madeline Albright announced a reward of up to \$2-million (about R12,6-million) for information leading to the arrest of those responsible for the bombings.

By yesterday afternoon, the death toll from the blasts had risen to 202, all but 10 in Nairobi, but a faint tapping sound gave Nairobi rescue workers hope that a woman was still alive beneath the rubble.

US President Bill Clinton, who has vowed to hunt down those responsible for the bombs, cut short a trip to the US West Coast to discuss the bombings with his foreign policy advisers.

The flag-draped coffins containing the bodies of 11 of the 12 Americans killed in the Nairobi bombing – none was killed in Dar es Salaam – left Kenya aboard a US Air Force plane. The family of one of the American victims, who had married a Kenyan, chose to bury her in Kenya.

Albright, who was to fly to Ramstein US Air Force Base in Frankfurt, Germany, to escort the bodies home, told State Department employees in Washington that she and Clinton were preparing a budget request to rebuild the shattered embassy building and tighten security at other US missions.

Dressed in black, Albright vowed that the US "will not be intimidated" by the explosions.

"Although terror can turn buildings to rubble and laughter to tears, it can never, will never, deter America from its purpose or presence around the globe," she said.

In Nairobi, rescue workers continued the task of sifting through tons of debris to try to reach possible survivors of the attack, described by a British army engineer as "the biggest bomb I have ever seen".

Dozens of US medical assistants and forensic experts have arrived in the region to help the two East African nations cope with the tragedies. They have been joined by experts from South Africa, Israel, France, Britain and Germany. – Reuters

► Reports, pictures Page 13

South Africans rally to call to donate blood: 300 litres to be flown to Kenya

By Staff Reporter

South Africans have donated 300 litres of blood to the survivors of the Kenyan bombing, and the shipment is expected to be flown there later this week.

The South African Blood Transfusion Service (SABTS) ran clinics at shopping centres in Pretoria and Johannesburg after a request from the Kenyan embassy on Friday.

Diane de Koning, SABTS spokesperson, said the blood donations to Kenya would not affect the South African blood supply and that donors had been informed their blood would be used on Kenyans.

Meanwhile, Kenyans have given so much blood after the bombing at the US embassy that the Nairobi hospital has stopped taking donations because its storage facilities are full.

The toll of injured could be as high as 5 000. Many had been sliced by flying glass.

If there are more people who would like to donate blood to the Kenyans, they can do so at these clinics: Everite House in Braamfontein, Eastgate shopping centre, Westgate shopping centre, the Fourways Value Mart, the Benmore shopping centre, the Northmead shopping centre and the Palm Springs shopping centre.

Attack will dent Tanzanian tourism

CT (DSR) 12/8/98 (318)

WAMBUI CHEGE

Dar es Salaam — Tanzania's growing tourism sector would bear the economic brunt of the bomb blast that rocked the US embassy here last week, analysts said yesterday.

Friday's explosion killed 10 people and injured about 75. A similar bomb targeting the US embassy in neighbouring Kenya killed at least 218 people and injured about 5 000 others.

"It is catastrophic to the people in Arusha," said Emmanuel Mantheakis, the chairman of Tanruss Investments, a prominent shareholder in the Sheraton Hotel in Tanzania.

"Businessmen will still come to Dar es Salaam, but in the north I am afraid we are going to pay a heavy price."

The northern Arusha region — the home of the world-famous Mount Kilimanjaro and the Ngorongoro game park — is Tanzania's busiest tourist area.

Official figures from the Tanzania Tourist Board put provisional tourist arrivals at 359 000 last year, and officials forecast a rise to 400 000 this year. Tourist revenues reached $392 million last year, nearly 5 percent of gross domestic product.

But tourism industry officials say the sector is already struggling to meet its potential under the burden of heavy taxes, poor infrastructure and growing competition from other African destinations.

Its problems will be compounded by the blast, especially after the US state department warned its citizens on Friday not to travel to Kenya or Tanzania.

"About 25 percent of our tourist arrivals are Americans," Mantheakis said.

Colin Grenfell, a manager with StanbicBank Tanzania, said: "Tanzania's country risk has grown. Foreigners will take a view that things are not as placid as they used to be."

One Dar es Salaam hunter was said to have received cancellations from overseas clients within an hour of the attacks.

Friday's explosion was unprecedented, as Tanzania prides itself on its peaceful behaviour. The capital, Dar es Salaam, means haven of peace.

But a perception that the bomb was not targeted at Tanzanians could mean there will be no direct effect on overall investor confidence.

"This could have happened anywhere in the world. What I am really worried about is tourism," one analyst said.

Njeri wa Muthoni, a consultant with Peat Marwick, said: "Private businesses are at no worse risk than before. Tanzania was a soft target."

Tanzanian bank staff want slow privatisation

BD 7/9/98

(318)

DAR ES SALAAM — Employees of Tanzania's largest commercial banking group feared the government's privatisation plans for the bank would cost jobs and were not in the national interest.

Privatisation of the National Bank of Commerce (NBC) and the National Microfinance Bank has been high on the Tanzanian government's economic reform agenda.

But bank employees say that selling the bank outright — transferring a majority stake to a foreign partner — will destroy the bank and be counter to national interests.

They also fear a foreign investor might acquire the bank at a throwaway price and close down many of the bank's 35 branches, which are spread across the country, in an effort to cut costs, raise efficiency and consolidate profits.

Instead of this, they want a gradual privatisation and claim that they have the backing of many parliament members.

"We are not against privatisation, but it should be done gradually. What is happening will kill the bank," a senior bank manager said. "The changes have come too fast."

Originally created as a single bank in 1967, the NBC was part of sweeping Socialist policies then launched under founding President Julius Nyerere — when private enterprise was scuttled and nationalisation became a crucial password.

The NBC, as a state monopoly, ran an extensive network of branches throughout the country until the dismantling of the socialist system in the 1990s.

The Tanzanian government is currently looking for a strategic investor or a bank-led consortium of strategic investors to take up a 70% stake in the bank.

Bids were invited in August and the invitation closes on October 31.

The remaining 30% stake will be offered to the public through an initial offering on the Dar es Salaam stock exchange.

An NBC spokesman said privatisation was necessary to insure the bank's future.

"To survive, we have to improve our services. People will have more choice, there'll be good competition in the banking sector. We will also improve our technology," said Ngalimecha Ngahyoma.

"The biggest hurdle is to change our (people's) attitude towards privatisation. After many years of socialism, people don't really accept private ownership," Ngahyoma said.

The privatisation process only got under way after NBC was split in 1997 into two entities to pave way for a sale. At that time, the bank had $250m worth of bad debts. — Reuter.

Strong start for brewery shares

BD 10/9/98 (318)

DAR ES SALAAM — Shares in Tanzania Breweries enjoyed a strong debut on the Dar es Salaam Stock Exchange yesterday.

The stock traded between 560 shillings and a peak of 630 shillings compared with its initial offer price of 550 shillings. About 4 550 shares were traded yesterday.

"I think this rise is sustainable.... This is the most exciting day we have had since the market began in April," said Manoj Shinde, investment manager at brokerage house Exim Securities & Investments.

Tanzania Breweries is the second company to list on the Tanzanian bourse after Tanzania Oxygen. The brewer's stock received a boost from recent financial results, brokers said. It reported after-tax profit of 6,88-billion shillings for the six-month period ended June 30, exceeding its earlier profit forecast of a 6,53-billion shillings.

However, the brewer's interim dividend slipped to 22 shillings a share from 23,9 shillings a share in the first half of last year.

The company produces four beer brands including the top-selling Safari lager, and also makes Castle lager, the main SA Breweries brand. Tanzania's government began privatising the company in 1993, selling half to SA Breweries. This was raised to a majority 50,5% in April.

The loss-making brewer began to turn around in 1995 and now has 80% of the the Tanzanian beer sector. It has forecast a profit of 24,9-billion shillings for the year, up from 18-billion shillings last year. — Reuter.

Cheap sugar imports flood Tanzania

(318) BD 15/9/98

DAR ES SALAAM — Cheap imports have severely undermined Tanzania's sugar millers and may threaten privatisation of the sugar sector, industry officials said yesterday.

Francis Kibonde, managing director of the Sugar Development Corporation said the domestic market was saturated with cheap imports, preventing local millers from selling.

"We've been having a very serious sugar dumping problem in the country since the 1998/99 (July-March) milling season began," Kibonde said.

Millers expected to produce 118 750 tons of sugar in 1998/99 — a 47% increase on the 80 848 tons produced in the previous year. Since July a total of 42 500 tons had been produced, but only 2 160 had so far been sold.

"We have about 147 782 tons of cheap sugar dumped and this is expected to stay in the market up to the end of the season," Kibonde said.

Domestic consumption was estimated at 250 000 tons a year.

Warehouses were stacked with unsold sugar, creating an additional storage problem for the millers.

"The bulk of this sugar in the warehouses is expected to carry over into the next year. Some of the companies are having serious cash-flow problems. They don't even know if they will pay September salaries," Kibonde said.

Sugar imports are subject to a tax of 30%. However, imported supply is still $67 a ton cheaper than locally milled sugar, officials estimate.

Imported sugar is sold on the local market at between 14 500 and 16 000 Tanzanian shillings for 50kg, while local millers sell at 17 500.

"We fear that since Kenya raised duty on their imports, sugar dumped in Kenya will find its way to Tanzania very fast," Kibonde said.

Following a flood of cheap imports, Kenya increased dumping taxes, taking the price of imports to about $702 a ton versus $601,8 for local produce.

The Tanzanian government was considering laws that would protect the local industry and encourage foreign investors to participate in the current privatisation programme. The legislation would include the introduction of a minimum dutiable value of $390 a ton on all sugar imports.

This year, the government sold its interests in two mills — Kilombero Sugar and Mtibwa Sugar. SA's Illovo Sugar now owns 75% of Kilombero while the Tanzania Sugar Industries took over the Mtibwa factory. Tanzania Sugar contracted a Mauritian company to manage the factory.

"It's very difficult because the new owners are not making money on their investments. The government's privatisation programme is threatened and could be affected," Kibonde said.

Two other factories in Moshi and Kagera are earmarked for privatisation in the 1998/99 (July-June) financial year. — Reuter.

Cango Caves team export expertise to Tanzania spectacular

AKG 25/9/98 (318)

MOSES MTHETHELELI MACKAY
STAFF REPORTER

Experts at the Cango Caves are exporting their knowledge to Tanzania in a project they hope will enhance Africa as an eco-tourism destination.

The move to help with opening the Amboni Caves in Tanga province in Tanzania will be to the betterment of "our society and Africa as a whole", said Winston Coerecius, a director of the Oudtshoorn Tourist Bureau.

The four-man Oudtshoorn delegation from the famous tourist attraction recently returned from Tanzania.

Mr Coerecius said that before visiting the site they had assessed photographs from Amboni. The initial aim of the project was to investigate whether a sustainable ecotourism development was feasible.

He said the Cango Caves staff had a wealth of experience – not all of it favourable.

"It is with this experience that we approached Amboni.

"We don't want them to make the same mistakes we did in the Cango Caves."

In the past, the use of lighting systems that emitted heat had resulted in algae growth.

People had been allowed to touch stalactite and stalagmite formations and, as a result, they were damaged and broken.

Sixty years ago, there was no electricity in the Cango Caves and people had used candles.

Mr Coerecius said candles emitted wax smoke which was detrimental to caves and people tended to make smoke graffiti.

He said this should not happen in the Amboni caves.

"It would be better for the Amboni caves if torches are used if there is no electricity," he said.

They had to look at a new way of showing caves to tourists.

Jan Smit, director of Cango Caves and Oudtshoorn town clerk, said the environment surrounding the Amboni caves was underdeveloped and needed investors and private developers.

Infrastructure in the area needed to be upgraded.

The project was initiated two years ago at the SA national travel symposium Indaba '97 when representatives of Tourcare in Tanzania approached the Cango Caves delegation for help.

Hein Gerstner, general manager at Cango Caves, said: "It has an incredible potential for tourism. But the infrastructure is not good. It should be addressed.

"We proposed that the people of Tanga village, near the caves, should be involved in promoting tourism in the area and should benefit from it."

He said the Cango Caves team members were keen to share their experience with the Tanga authorities and help with the development of Amboni caves.

The development of the caves would enhance Africa as a tourist destination.

Mr Gerstner said the team would now submit a research report on the Amboni Caves and motivate for their development.

Kenyan banking crisis hits Tanzania

BD 21/10/98

James Macharia (318)

NAIROBI — The banking crisis in Kenya, where several smaller banks are undercapitalised, has spilled over into Tanzania.

Four Kenyan banks have either been closed or forced to suspend part of their operations, while two others have shut down in Uganda and Tanzania.

As a result, customers are becoming nervous about the remaining smaller banks, exacerbating liquidity concerns.

A week ago, Kenyan Central Bank governor Micah Cheserem closed Reliance Bank after the bank failed to pay 160-million Kenyan shillings in overnight borrowings from eight local banks.

Three other banks are in trouble: Bullion Bank has been suspended after suffering liquidity problems; Trust Bank — Kenya's seventh largest — has been placed under statutory management after a run on its deposits prompted by its involvement in a court case; and Prudential was suspended by the central bank on Wednesday after it failed to meet its financial obligations.

Trust Bank, which has 15 branches countrywide and operations in Uganda, Tanzania and Pakistan, is being sued for 800-million shillings over a land deal payment it has yet to meet.

In a bid to prevent Trust Bank's troubles from plaguing Tanzania, Tanzanian authorities took over Trust Bank Tanzania. "This measure is intended to prevent negative spillover effects of the (Central Bank of Kenya's) action towards Trust Bank Kenya," the Bank of Tanzania said.

The Bank of Uganda announced a week ago that it had closed the locally-owned International Credit Bank and suspended its board and MD. Although the International Credit Bank is not one of Uganda's largest banks, it runs a system of prepayment cards that are widely used, say industry sources.

The banking crisis in Kenya has led to emergency talks between the central bank and 20 small commercial banks.

Of the 53 banks in Kenya, 35 are classified as small or medium-sized in a market dominated by British, American and Dutch banking subsidiaries.

Already businesses in Nairobi are declining to accept cheques from their clients that are drawn on small banks.

Cheserem has appealed to depositors to stay calm and show restraint "following the recent loss of confidence in the banking industry". He has advised small banks to merge or inject more capital to strengthen their financial base. New banking rules that become effective on January 1 1999, will force small banks to do that.

Banks will be required to have a capitalisation of 200-million shillings which most cannot raise on their own.

According to the governor, one of the problems with Trust Bank, owned by Ajay Shah, was overexpansion. "We have been warning them for some time. One of their problems was overexpansion and the other was spending. They have been on a spending spree."

He has indicated, however, that the Kenyan central bank will not "pump in money" to defend the shilling if it comes under pressure in the wake of turbulence in the banking industry.

Trans Africa gets 20-year deal for Tanzanian line

(318) BD 8/10/98

Michael Wakabi and
Claire Pickard-Cambridge

KAMPALA — The Tanzanian authorities have granted Trans Africa Railway Corporation a 20-year concession to operate on the state-run rail network, and the company is negotiating a similar deal with Uganda.

Trans Africa is a Tanzanian-registered company but it is 48%-owned by the SA Infrastructure Fund. The remaining shareholders are Comazar, in which SA's Transnet has a 66% stake, and the East Africa Coast Corporation, which is owned by two SA entrepreneurs.

Trans Africa GM Simon Fourie said in Dar es Salaam that Trans Africa would reinforce the Tanzania Railways Corporation fleet with three locomotives and 200 wagons, modified to fit the narrower 1 000mm east African rail gauge. Trans Africa's wagons will boost haulage capacity on the lines as Tanzania Railways Corporation lacks sufficient rolling stock. Uganda faces a similar problem with haulage capacity.

A Johannesburg-based director of Trans Africa, Mark Gordon, said yesterday that this was the first time in Africa a private company had gained the rights to operate across a country's entire rail network. He said Trans Africa was also negotiating to build an inland port just outside Kampala, Uganda.

He said Trans Africa could start using the Tanzanian lines next month because all the necessary permits had been granted. Agreements had also been reached for rolling stock to be imported on a duty-free and VAT-free basis.

Trans Africa hoped to launch its service linking Gauteng with Kampala in December, and this would be made possible by the completion of a trans-shipment facility in Kidatu, Tanzania.

Protekon, a division of Transnet, is expected to finish constructing the $5m trans-shipment facility at Kidatu, about 250km southwest of Dar es Salaam. The facility will link the imperial gauge railways used in southern Africa with the German gauge lines in east Africa.

Gordon said the system of cranes used at Kidatu could transfer the goods from an entire train arriving on one gauge to another train in a "few hours". It would be the only such trans-shipment facility on the continent.

Fourie said Trans Africa hoped to carry 80 000 tons of cargo annually between Gauteng and Kampala, as well as 250 000 tons of domestic cargo within Tanzania.

Kenya Ports Authority representative in Kampala, Ismail Mboya, said Mombasa port was privatising most of its services to improve efficiency. "We want to offer the same level of service as the proposed rail and then it will be up to shippers in the region to make a choice."

Tanzania feels the pain of indifference

(318) M+G 16-22/10/98

Mark Atkinson in Washington

When Asian currencies collapsed last year, the International Monetary Fund (IMF) and the World Bank came to the rescue with multi-billion-dollar bail-outs.

Since 1985, when Tanzania began implementing its IMF structural adjustment programme, the local currency, the shilling, has devalued by 1 500%, yet the country will not qualify for debt relief under the heavily indebted poor countries initiative (HIPC) until 2002.

Meanwhile Tanzania, one of the world's poorest countries with more than 50% of its population living below the $1-a-day poverty line, is spending $8 per person serving its $7,9-billion external debt. That compares with $3 per person on health.

Christopher Mwakasese, executive director of the Tanzania Social and Economic Trust, an NGO, is angry. "If Asia can get help, why not us," he said at the World Bank/IMF meetings last week.

HIPC was launched two years ago to provide a comprehensive framework for relieving the world's poorest countries of unsustainable debt burdens. In this year's IMF and World Bank meetings it was overshadowed by discussion of the global economic crisis. Nevertheless three significant proposals made by Britain's Chancellor of the Exchequer, Gordon Brown, and International Development Secretary, Clare Short, were agreed.

First, that 22 countries should be on track for debt relief by 2000. Second, that there should be a flexible framework in place by early 1999 to help countries ravaged by war. Third, that there should be a review of HIPC by the end of next year. All this "was way beyond" what was agreed at last year's meetings in Hong Kong, said Short.

Mwakasese welcomed Britain's efforts, but said other creditors lacked political will to offer meaningful debt relief. He was annoyed with the World Bank's demand for repayment of loans for its own badly designed projects. Out of 25 agricultural projects, 13 have a negative rate of return, he said.

Andrew Simms, of Christian Aid, said: "Tanzania is paying for the World Bank's own mistakes. The money is simply going round in circles."

Government adds 20% excise tax to duties on imports

Tanzania moves to protect sugar industry

CT(OTK) 26/10/98 (318)

SHIRLEY JONES
KWAZULU NATAL EDITOR

Durban — The Tanzanian government had added a 20 percent excise tax to duties on imported sugar, taking a stand against those undermining the local industry by dumping sugar in African markets, it emerged last week.

Graham Clark, Illovo Sugar's operations director for Africa, said outside investors such as Illovo had seen the Tanzanian move as encouraging.

Clark said the government, which appeared to have an unwavering resolve to court and push private investment, had lent an ear to the sugar industry's lobby for protection of the domestic industry while it rehabilitated itself.

The duty structure was based on a minimum dutiable value of $390 a ton. This meant importers paid a standard duty on the minimum dutiable value before the new excise duty, plus 20 percent value-added tax.

Clark said that whereas in the past Tanzania's duty structure had been lower than neighbouring countries, it was now comparable to other African countries, such as Kenya and Malawi.

The new agreement was in accordance with the General Agreement on Trade and Tariffs and World Trade Organisation commitments.

Reuters quoted Felician Busigara, the customs and excise commissioner at the Tanzanian Revenue Authority, as saying the new structure would run for a year and then be reviewed.

It would apply to sugar already on the high seas and in warehouses which had not yet been cleared at the port of Dar es Salaam.

Terry Pearse, the general manager of Kilombero Sugar, said: "Our capacity to sell our sugar had really been affected by the cheap, dumped imports."

Kilombero consists of two sugar estates and factories, and has a production capacity of 100 000 tons. Output at present is 30 000 tons. Illovo has a 55 percent stake in the company, while ED & F Man Sugar of London has a 20 percent shareholding.

Clark said in view of present low world prices, protection of Tanzania's domestic market was crucial. When initially considering investing earlier this year, he said Illovo had made it clear protection was necessary if the investment was to prove viable.

Clark said the Tanzanian industry was relatively confident the new system would be adequately policed, especially in Dar es Salaam, the main port of entry. The government had also committed to watching the notorious Zanzibar route, an amorphous route for sugar into Africa.

The policing mechanism would include an understanding with industry, which would be on hand to advise authorities on dealing with illegal consignments.

Clark said not only Illovo but the entire Tanzanian sugar industry had lobbied the government for a duty increase. This was based on the fact that the sugar industry needed rehabilitation if it was to reach its full potential. To achieve this it needed breathing space and not a duty structure, which set it up as a magnet for unscrupulous importers looking for the best place to dump sugar.

Clark said the sugar industry would ultimately be a significant contributor to the Tanzanian economy and rural development.

He added it was pretty insignificant now, but had enormous potential.

Dispute delays Air Tanzania privatisation

BD 29/10/98 (318)

DAR ES SALAAM — A dispute between state-owned Air Tanzania (ATC) and regional Alliance Air is delaying privatisation of the national carrier, according to senior industry officials.

Transport and Communications Minister Ernest Nyanda, said Air Tanzania was no longer viable because key routes had been ceded to Alliance Air under a 1994 agreement. However, Alliance, which faces a similar problem in Uganda, argued that the issue was legitimate competition.

"The issue of traffic rights is the major hindrance to its privatisation because prospective investors are saying they (will) have nothing to do with ATC without traffic rights," he said.

Alliance Air reported losses of $31,6m over the past three years and has projected losses estimated at $5m to the end of 1999 with break-even to be realised in year 2000.

Air Tanzania officials argue that restoring traffic rights will pave the way for the privatisation of the national carrier.

The routes in question are international routes, in particular those to Europe that ATC lost after the governments of Tanzania and Uganda signed an agreement in 1994 with South African Airways (SAA).

The agreement designated African Joint Air Services (AJAS) which trades as Alliance Air, as the national airline for all existing and potential international routes. In 1994 ATC did not oppose the deal.

"We are not saleable. Airline business is about routes and passengers. But without our international routes who will buy the airline," asked the official, who declined to be named.

"It will be very difficult to privatise ATC. No-one is interested in our old Boeings. Investors want air traffic rights and since our rights are with Alliance, ATC will never be privatised," said the official.

Nyanda said that other small airlines operating in the country that wished to expand their services to cover long routes could not do so under the present agreement, which designated Alliance as the national carrier.

Alliance Air has dismissed ATC's claim for the traffic rights, saying the matter was settled years ago.

"The rights belong to the government. I think the issues are clearly of an economic nature," said Gideon Kaunda, special assistant to the executive director of Alliance Air.

"It's all about the economies of scale: Our countries are too small. One or two serious airlines cannot exist in the same region. One has to give way."

Tanzania's annual air traffic is estimated at 480 000 people, compared to 300 000 for Uganda and 1,2-million for Kenya.

The Tanzanian government and ATC hold a 5% and 10% stake in Alliance Air respectively as does the Ugandan government and Uganda Airlines. SAA holds 40%, while the remaining 30% is held in trust for the peoples of Uganda and Tanzania. — Reuter.

FM Focus

AFRICAN BEER WARS

GUINNESS SQUARES UP TO SAB

(318)

Guinness Breweries has positioned itself for a head-on confrontation with South African Breweries in Tanzania in a bid to gain market dominance.

Tanzania Breweries, in which SAB has a 45% shareholding, holds sway in the local market. But Guinness's parent company, the branded food and drinks group, Diageo, has served notice it wants a bigger slice of the action.

Guinness and SAB are already locked in a battle for control of Uganda's beer market, where Kenya Breweries, in which Guinness has a 46% stake, turned the tables on SAB, gaining the lead in beer sales. Previously, SAB had a dominant share of Uganda's market through its 40% stake in Nile Breweries (*FM Focus* October 9).

In Diageo's review of trading activities for the year ended June 30 1998, the directors report Guinness increasing its Tanzanian sales of the Guinness Foreign Extra Stout (FES) brand by 58%.

Guinness and Kenya Breweries will "step up" their activities in Tanzania with the opening later this year of a new US$30m brewery in Moshi, near Kilimanjaro. The brewery has annual capacity of 450 000 hectolitres.

"Once the new brewery starts to produce FES locally, the assault on the Tanzanian beer market will continue in earnest," Diageo directors say.

They describe Tanzania as one of the three fastest growing markets for Guinness. The other two are the US, where sales of Guinness rose 28% during financial 1998, and Chile, where Guinness introduced its product in April 1997.

Jabulani Sikhakhane

FM 30/10/98

Tanzania party bosses come clean on assets

JOE KHAMISI (318)
Foreign Service

ARG 20/11/98

Dar es Salaam – Three senior Tanzanian government and party officials are the first to declare their personal wealth in response to President Benjamin Mkapa's recent plea for transparency and accountability in the public sector.

Declarations by the secretary-general of the ruling Chama cha Mapinduzi (CMC), Phillip Mangula, and two regional commissioners came a week after Mr Mkapa – in a campaign to curb widespread official corruption – appealed to members of the party's decision-making national executive committee to show the way and declare what they owned.

He said it was time for high-ranking government officials to show on which side they belonged – the side supporting his efforts to clean up the government or the side which defended corruption.

Mr Mkapa first issued the plea for financial transparency immediately after his election in 1995 and asked aides to follow suit.

But no one responded, even though he and his vice-president, Omar Ali Juma, went ahead and declared their assets, mainly bank accounts, farms and houses.

Mr Mkapa, who is gearing up for re-election in two years' time, has been criss-crossing the country in the past few weeks, condemning corruption and challenging MPs and regional governments to expose culprits.

A few years ago, the government appointed a probe committee, called the Wairoba Commission, to investigate corruption.

Several top names in the government and CCM were mentioned, but in spite of calls for action, Mr Mkapa's government has refused to prosecute them.

Instead, Mr Mkapa has sacked dozens of middle-level officials on allegations of irregular practices and warned that more will go.

The latest call to declare wealth was directed at senior party members, but some commentators have suggested it should be extended to all civil servants and that a mechanism be set up to verify declarations.

"The leaders must be required not only to declare what they own – but also to account for it," one said.

Tanzania in court over power plant

CT(BR) 20|11|98 (318)

FROM REUTERS

Dar es Salaam — The Tanzanian government had decided to seek international arbitration over a $160 million power project which had been put on hold amid cost disputes with the supplier, officials said last week.

The Tanzania Electric Supply Company (Tanesco) has been locked in a row with Malaysian-backed Independent Power Supply (IPTL) over the project's cost. It will seek settlement at the International Centre for Investment Disputes in Washington.

Tanzania says the project should cost only $90 million and that the costs claimed by IPTL would force it to impose excessively high electricity tariffs.

"We've failed to agree on the most basic item — which is the power tariff," said Patrick Rutabinzibwa, the ministry of energy and minerals secretary.

The power project at Wazo Hill near Dar es Salaam is almost completed but was put on hold in April when Tanesco issued a notice of default to IPTL, accusing it of substituting the low-speed generators specified in the pre-purchase agreement with cheaper medium-speed generators.

Subsequent negotiations broke down after the government said IPTL had failed to justify other major project costs.

Rutabinzibwa said the state also had gone to court because IPTL had failed or refused to produce sufficient evidence on how it arrived at this cost.

IPTL has said its total cost was $160 million, but some analysts estimate the firm saved $40 million to $50 million with the engine substitution — a factor not reflected in IPTL's submission.

Ire raised as Swazis pursue SA land clams

BD 2/12/98 (312)

Claire Pickard-Cambridge and Sapa

SWAZILAND's campaign to claim large swathes of land in Mpumalanga and northern KwaZulu-Natal has triggered a furious response from some affected communities.

The claim, pursued by the late King Sobhuza II and since pursued by King Mswati III, apparently refers to former Swazi territory annexed and given to SA during the colonial era when Swaziland was a British protectorate.

Although the claim is a long-standing one, temperatures rose recently when the chairman of Swaziland's border adjustment committee, Prince Khuzulwandle, accused SA of refusing to co-operate with Swaziland in resolving the border dispute.

The SA authorities have repeatedly dismissed the claims.

A spokesman for Mpumalanga premier Mathews Phosa, Oupa Pilane, said yesterday the Swazis were demanding "at least half of Mpumalanga". Villagers living near the border of Swaziland had told Phosa on Sunday that they "would rather take up arms and die than be incorporated into Swaziland".

He said Phosa consulted regularly with "people's forums" in the province and knew that the citizens of the former KaNgwane homeland — which now makes up about half of Mpumalanga — had long opposed Swazi claims to their land. Locals from the village of Steenbok, on the Swazi-Mpumalanga border, were especially upset by the claims and had been most vociferous in rejecting the claim.

"As far as the SA government is concerned, the land claims are long dead and buried. Rather than focusing on border disputes with SA, we feel the parties should look more closely at constructive issues such as job creation and economic co-operation," Pilane said.

Swaziland is claiming vast areas of land, including Mpumalanga and Ingwavuma in northern KwaZulu-Natal. According to Pilane, the Swazis are also claiming a section of Mozambique near its border with Swaziland. Mozambique has opposed the claims.

It is understood that most African governments recognise there is not much they can do about their borders which were confirmed in terms of an Organisation of African Unity Charter in the 1960s.

SA foreign affairs spokesman Marco Boni said yesterday that if the Swazis were unhappy about specific issues they should raise these formally with the SA government rather than approaching the media.

Trade and Industry Minister Alec Erwin, right, and European Union commissioner Joao de Deus Pinheiro, left, failed to resolve an impasse in trade negotiations between SA and the EU.

Picture: TYRONE ARTHUR.

'Reign of fear' is threatened

(312) BD 3/12/98

MBABANE — A group which claims responsibility for a bomb blast that killed a security guard and damaged the Swaziland deputy prime minister's office building in Mbabane, has warned that more attacks will follow.

The group, which calls itself the Black Tigers, sent a fax to The Times of Swaziland newspaper, threatening to launch a reign of "fear and terror" unless the 1973 royal decree banning political parties was reviewed.

The faxed message, splashed across the front page of the newspaper yesterday, threatened cabinet ministers, in particular Foreign Minister Albert Shabangu. So far the government has declined to comment except to say that police investigations into the recent bombings were continuing.

Meanwhile, in a related development, moves are under way to call an emergency meeting of Swaziland's parliament aimed at introducing tough anti-terrorism laws.

The speaker of the house of assembly, Mgabhi Dlamini, said yesterday he had requested a meeting with the prime minister to ask for parliament to be reconvened.—Sapa.

Shock (312) report on Swazi HIV

ANT 9/12/98

Mbabane – More than 50% of people who tested HIV-positive in Swaziland were between the ages of 10 and 24, a report has revealed here.

The report was to mark World Aids Day on December 1, but was published in Mbabane on Monday, a correspondent reported.

Only 8% of those who tested positive said they or their partners used condoms regularly, and 37% admitted to never using condoms.

The report said 76% admitted having sex outside marriage and over half of those had sex with multiple partners.

Most of the infected students, aged between 15 and 18, were sent for tests by parents rather than volunteering. – Sapa

Tanzania looks forward to great mining year

(318) BD 4/12/98

After decades of false starts, optimism is growing that the country offers fantastic prizes and the government will involve foreign investors, writes Mark Turner of the Financial Times

NEXT year could be great for mining and exploration in Tanzania. Despite news that SA's JCI was pulling out, the launch of Golden Pride, Tanzania's first large-scale gold mine, confirmed what the optimists had been saying for years. After decades of false starts, obstructive governments and price uncertainty, Tanzania's vast gold potential stands its best chance of being realised.

In a continent where SA and Ghana have dominated exploration, optimism has been growing for the past three years that east Africa's sleeping giant offers some fantastic prizes and that — more importantly — the government will involve foreign investors.

Metals Economics Group, a Canadian consultancy, says Tanzania has attracted more exploration expenditure this year than any other African country, including SA, with spending on non-ferrous minerals reaching $57,7m, about 13,3% of the African total. That compares with $59,3m last year, only 9,8% of the total $606,6m, behind SA and Ghana.

Over the next five years, gold production is expected to triple from five to 15 tons a year, and maybe more, recently inspiring a resource information unit in Perth, Australia, to describe Tanzania as having more gold potential than any other country north of the Limpopo river.

This interest is not a new phenomenon. Since the 1900s geologists have highlighted Tanzania's attractive geology, with the rich greenstone belts around Lake Victoria bearing a remarkable resemblance to the eastern goldfields of Western Australia and Canada.

What has changed is a recent turnaround by a government previously characterised by socialist self-reliance and a distrust of foreign interference. A new investment code exempts foreigners from import duty on equipment and sales tax, and crucially allows the repatriation of profits.

Continual battles over VAT, which increases drilling and analysis costs by 20%, have led to a strong war of words between government and the industry, but few doubt that in principle at least Tanzania is now open for business.

Golden Pride, a joint venture between Resolute Resources and Samax Gold, produced its first gold ingot at the end of November, and is expected to produce 150 000oz a year at $210 an ounce: far enough below world prices of $300 to be very viable. Optimism over the project and other Samax holdings recently prompted Ghana's Ashanti Goldfields to buy the Canadian company outright.

Ashanti CE Sam Jonah said this year that subsequent consolidation would open the way to one of the biggest gold mines on the continent with an output of about 400 000 troy ounces a year at a cost of $180 an ounce.

Other companies, still concerned about gold prices, are playing a game of wait-and-see, and it will not be clear until next year whether this year's activity will be replicated.

Nevertheless, few doubt that the potential is there — it appears more a matter of when, rather than whether, Tanzania's minerals will be exploited.

Sutton Resources' Bulyanhulu project is well advanced and contains an estimated 7,2-million ounces of gold, while Tanganyika Gold boasts a prospect with resources of more than 750 000 ounces. Anglo American's Buzwagi is estimated to contain 1-million ounces. Its Nyamulilima Hill reserves could exceed 2-million ounces.

"This prospect looks destined to come on stream in the next five years," said chairman Julian Ogilvie-Thompson in June.

Recent speculation that Anglo American was losing interest has been quashed, while word has spread that Australian miner Delta is looking for new investments.

Samuel Lwakatare, chairman of the Tanzania Chamber of Mines, is optimistic.

"We are headed for a turning point where previously the mining sector was dominated by exploration." The country could produce 26 tons a year by 2001 — 10% of gross domestic product (GDP).

That would be a profound turnround from the current situation, where Tanzanian gold mining is dominated by thousands of artisanal diggers, who produce only seven tons a year and account for just 2% of the country's GDP.

Dar es Salaam hopes also to boost this sector with Meremeta, a recent joint venture involving the Tanzania military, which will organise artisanal marketing and curb smuggling.

Gold is not the only encouraging prospect. The Kabanga nickel project, a joint venture of Anglo American and Sutton Resources, has the potential to produce 100 000 tons a year of concentrated ore containing 15% nickel, 1,2% cobalt and 2,5% copper, with a minimum life of 14 years.

Tanzania is already a significant diamond producer with exports worth about $15m for the past two years, mostly under the control of Williamson Diamonds, a De Beers subsidiary. The government has highlighted also commercial opportunities in phosphates, salt, kaolin, coal and tin.

Nevertheless companies still complain that high levels of bureaucracy, complicated taxation and inadequate electric power are hampering progress.

Perhaps most irritating is the state of Tanzania's crumbling roads.

"A well-maintained infrastructure is critical to the development of the mining industry in Tanzania," says Tanganyika Gold's Matthew Yates.

Tanzania's parastatal pension fund stops loans until advised

James Macharia

NAIROBI — Tanzania's Parastatal Pension Fund, at the centre of controversy over loans it made to prominent politicians, has stopped lending to individuals and hired Price Waterhouse Coopers consultants to advise it on future investments.

Contributors complained recently that the fund was lending money to people who did not have collateral and were not contributors. They claimed that some of the recipients used political influence to secure the loans.

Last week the fund found itself in trouble when, only a day after fund director-general David Mataka declared that it was not lending to politicians and powerful people, Prime Minister Frederick Sumaye admitted publicly that he had borrowed $74 626 from the fund early this year to construct a house.

Sumaye was declaring his property as part of an initiative by leaders to declare their wealth and list their assets. The admission contradicted the denial in June by his press secretary, Jacob Tesha, that Sumaye had borrowed money from the fund.

The fund was created to take contributions from employees of state-owned firms and ordinary workers. Politicians and government officials do not contribute to the fund.

BD 14/12/98 (318)

TANZANIA - GENERAL
1999

Tanzania's foreign reserves improve

ET(BR) 29/1/99 (318)

JOE KHAMISI

Dar es Salaam — Tanzania, weighed down by a foreign debt of $8 billion, had accumulated $586 million in foreign reserves during the year to November, the Bank of Tanzania said in its bi-annual report released on Wednesday.

The reserves were sufficient to finance 23,4 weeks of import requirements — a significant improvement over the previous year, when only $502 million, or the equivalent of 16,7 weeks of imports, was in the exchequer.

The bank said the target was to achieve 24 weeks of imports requirements by June if donor resources would be available. "Short of that, the bank will be forced to run down its reserves," said Daudi Ballali, the bank's governor.

The country, suffering a severe famine in 13 regions, has appealed to donors for $100 million to fill its grain deficit. The government will meet with the Donors Consultative Group to discuss the fate of $37 million pending. This forms part of a three-year $240 million package under the enhanced structural adjustment programme.

The country has generally been given a fair rating by the International Monetary Fund and the World Bank on the conduct of its economic affairs, but donors said they would like to see faster privatisation of state-owned corporations and a curb on corruption in the public sector. — Independent Foreign Service

SA likely to send maize to Tanzania

CT(BR) 9/2/99 (318)

From Reuters

Dar es Salaam — Traders see South Africa as a likely source of maize to fill an import tender launched by Tanzania yesterday.

Asked what the source of the imports would be, one senior trader said: "South Africa, I would imagine. That's the only country I know that would be able to meet that demand. It's also easier to manage with freight."

The trader said he had imported 4 400 tons of maize of his own at a price of $150 a ton from South Africa and did not believe any bids would vary significantly from that figure.

The Tanzanian government invited bids yesterday to supply a total of 75 000 tons of grade one white maize to alleviate a food shortage.

Maize production from the short rainy season between October and December is expected to fall by 60 percent as a result of reduced rainfall, United Nations agencies said earlier this month.

Yesterday's invitation for the supply of the maize was contained in two tender documents from the Tanzanian Central Tender Board. The deadline for bids to supply 50 000 tons was March 10, while bids for the supply of 25 000 tons have to be submitted by February 18.

Tanzania firm probes meter fraud

B:D 9/2/99 (3/8)

James Macharia

NAIROBI — The Tanzania National Electricity Supply Company (Tanesco) is reviewing the use of prepayment meters which are at the centre of a fraud probe into revenue losses of up to $150 000 over the past few months.

Tanesco said its initial investigations linked the losses to three former Tanzanian employees of Roshcon, an SA company that sold and installed the meters in 1997. However, the matter has not been finalised.

The power supply company recently uncovered fraud at several points where licensed agents sell tokens to the 45 862 clients who use the meters.

Some agents have tampered with the automatic vending machines to dispense tokens for a certain amount but reflect a lower figure for accounting purposes, the difference going to the cheats.

Tanesco public relations manager Daniel Mshana said the initial findings showed that the former Roshcon employees, all Tanzanians, may have taught meter sales agents how to bypass the metering system as well as to steal from the token vending machines.

Tanesco has instituted tougher controls at vending points while it considers changing the technology to replace prepayment tokens.

The company has suspended the three agencies in connection with the swindle.

Mshana said Tanesco was considering using plastic smart cards to replace permanently the disposable tokens.

GOLD *Incentives attract investors*

(318)

Quartet of new mines for Tanzania

CT(BR) 12/2/99

Joe Khamisi

Dar es Salaam — Tanzania expects to become the second largest mining country in Africa after South Africa when four modern gold mines are commissioned in the next two years, said Benjamin Mkapa, the president of Tanzania, recently.

He was opening the Golden Prine mine owned by two companies, Resolute Tanzania and Samax, in the central part of the country. Officials describe the mine as world class, with a deposit of 2,7 million ounces of gold, equivalent to 84 metric tons.

The mine is expected to produce 5,4 tons of gold a year, worth $50 million at current world prices.

Three other gold mines are under construction in various parts of the country.

The Balyankulu mine in Kahama district in northern Tanzania is being developed by Sullton Resources of Canada. When the mine becomes operational, it will produce 300 000 ounces of gold a year.

The third mine is in Geita, also in the north. It is owned jointly by Ashanti Goldmines and the Golden Pride Mine. It will be the second largest mine in Africa when it is completed in the next 18 months.

The fourth mine being constructed is the Afrika Mashariki Mines, owned by an Australian company in the Mara region, north of the country.

President Mkapa said by the year 2001 the total annual gold production would amount to 31 tons, which is worth more than $277 million.

In gearing to become a mining power, non-ferrous spending hit $58m in 1998

Robert Pett, the chairman of Resolute company, told the president that his firm was committed to making the mine the "most successful project in this part of the world".

He said the company planned to use modern mining and process technologies to achieve large-scale production.

The mining boom in Tanzania is a result of a new Mining Act passed last year which offered more attractive incentives to investors in the mining sector.

A report in a recent issue of Business Africa magazine said spending on non-ferrous minerals in Tanzania reached $57,7 million last year.

This represented 13 percent of the continent's total prospecting budget and a higher sum than in either South Africa or Ghana, the other two principal gold mining countries.

Tanzania was one of the world's largest producers of gold and diamonds, but the sector was run down under socialist policies that closed the profitable mines. This left the industry in the hands of artisanal miners who did not use modern equipment, only primitive tools.

President Mkapa has declared mining to be the country's most important sector. A year ago he met top mining executives from around the world in the northern town of Arusha to promote the sector. — Independent Foreign Service

Big investors shun Tanzania

(318)

Bureaucracy, investment climate cause loss of two multimillion-dollar ventures

BD 15/12/99

James Macharia

NAIROBI — Government bureaucracy and an unpredictable investment climate have led to the loss of at least two multimillion-dollar ventures and discouraged many other investors from coming to Tanzania.

In 1992, the Hyundai automobile company of South Korea took its money to Botswana, where it set up a factory after encountering a hostile investment atmosphere in Tanzania.

The executive director of the Tanzania Investment Centre, Samuel Sitta, said last week: "Hyundai intended to secure an industrial licence but ended up getting frustrated and took its investment to Gaborone." Another potential investor, a Middle Eastern farmer who wanted 10 000ha of land to grow mangoes, was denied the land by local authorities. He was forced to import mangoes from India for his juice factory in the Middle East.

"The investment centre receives many complaints from investors about conservative and outdated rules and laws pertaining to entry into Tanzania," Sitta said. He cited a recent incident involving an official of SA Breweries, the majority shareholder in Tanzania Breweries, who was held up for hours at Dar-es-Salaam airport because he did not have a yellow fever vaccination certificate.

"If we continue entertaining such hindrances to investment, Tanzania's economic reforms are unlikely to yield the desired objective of making the private sector the engine of economic growth," said Sitta.

There are many potential local and foreign investors registered with the investment centre who have still not been licensed. Investors seeking a trading licence in Tanzania must pass through the ministries of home affairs, trade and industry, legal and constitutional affairs, and lands and settlements. They must also pass through the local authorities, the planning commission, the prime minister's office and the Tanzania revenue authority.

"What we need is to have these institutions harmonised to erase the fortress mentality each of them has towards investors."

According to the investment centre, more than 1 086 commercial ventures with total capital of \$3,4bn have been established since 1990. The investments have generated about 175 000 job opportunities, but Sitta says the figure could be higher if efforts are made to create a more investor-friendly atmosphere.

Several big companies are still steering clear of Tanzania such as detergent manufacturer Unilever, which has invested heavily in Kenya, and beer producer Heineken, which has invested in Rwanda and Burundi.

REST OF AFRICA

Tanzanian court holds up Absa's takeover of bank

(718) BD 24/2/99

James Macharia

NAIROBI — A Tanzanian court has issued a temporary order blocking the sale of a majority share in the country's largest commercial bank, National Bank of Commerce (NBC), to SA's Absa Bank.

The ruling was made at the request of NBC staff who want assurances that the new owners will protect their interests.

The International Monetary Fund (IMF), which is supporting Tanzania's financial sector reforms, regards NBC's privatisation as crucial. The Parastatal Sector Reform Commission last month picked the SA banking group's tender, ahead of those by three other bidders, including Barclays Bank of London, Stanbic of SA and local bank First Adili Bancorp.

Absa was instructed to negotiate with the reform commission and NBC on the details of the takeover. The new investor is expected to acquire 70% of NBC shares.

It was only after Tanzania announced that Absa was the investor that the IMF released a third-year loan of $80m a few weeks ago under the enhanced structural adjustment facility.

Soon after the tender selection, the Tanzania Union of Industrial and Commercial Workers demanded that the privatisation be blocked until it had guarantees that its agreements with NBC would be valid after the bank changed hands.

The union also wanted assurances that although management had the right to lay off staff, workers would not be retrenched inhumanely, and no external recruitment in certain occupations would occur until certain grades of employees had been given an opportunity to fill them, if necessary after retraining.

Neither reform commission co-ordinator Nikubuka Shimwela nor NBC's MD Francis Mlozi would comment on the court order. The case has been scheduled for another hearing next week.

Selling state-owned enterprises is one of the government's strategies to revive the economy. It aims to raise annual economic growth to 8%-9% in 2000 from the present 3% to 5%.

Tobacco row may affect output

BD 24/2/99 (318)

James Macharia

NAIROBI — A protracted row between Tanzanian tobacco farmers and major merchant companies has raised fears that the country's output could be slashed.

The merchant companies normally buy the tobacco crop from farmers and then process it for sale on the international markets.

The row was triggered when three major US-owned tobacco dealers — Universal Leaf, Dimond International and Standard Commercial — suspended the supply of inputs to farmers because farmers failed to repay them in the agreed manner.

Companies supply inputs on credit to farmers on the understanding that farmers will deliver their entire crop to the companies. Companies then deduct input costs and pay the balance back to farmers.

Although most big dealers have resumed supplying inputs, officials say the damage has already been done. They also warn that a drop-off in planting raises the issue of how farmers will be able to repay the money they owe to companies.

The row is expected to lead to a sharp fall in production in the key tobacco-growing areas of Tabora and Iringa. The resumption of supplies by the companies after the intervention of the Tanzania Tobacco Board, which regulates the industry, did little to improve the situation coming almost a month after the farmers normally plant their crop.

The production of tobacco, Tanzania's most lucrative cash crop, has been growing steadily over the past three years. Output doubled to 51 994 tons in the 1996/97 season, but fell 27% to 37 726 tons last year due to the 1997 El Niño rains.

Projections for the 1998/99 crop stand at only 36 000 tons, partly because of the row between farmers and merchant companies and because of poor weather.

Tobacco board officials and farmers agree that liberalisation of the sector, without the rules of engagement being clearly spelled out, lies at the heart of the crisis.

Some farmers are pointed in their accusations against tobacco companies. A large-scale farmer in the Ufuluma area in Tabora region, Juma Magono, claims the three tobacco merchant companies have been dishonest — contributing to the crisis by buying from farmers who have contracted their supplies to another company.

"Dealers appointed by the companies are dealing directly with the farmers instead of going through co-operative societies. They are discouraging farmers from selling their crops to the companies which gave them inputs in the first place."

However, field officials appointed by the merchant companies accuse the farmers of dishonesty. They claim the farmers enter into contracts with one company and then choose to sell their crop to another, resulting in farmers owing billions of shillings to some companies.

"Nobody forces the farmers to sell their crops. It is a case of willing-seller, willing-buyer, even if it turns out they are selling to the wrong buyer," one official says.

Dimond MD Kevin Stainton admits the tobacco marketing situation is "chaotic".

"We have all played a part in creating the chaos. But with two other tobacco-buying companies, we are seeking a solution to the problem," he says.

The crisis has affected both the small peasant farmers and the large-scale farmers, who fall under the umbrella of the Southern Highland Tobacco Growing Association. The association includes seven large-scale Greek farmers, who have been growing the crop in the Iringa area for many years.

Farmers are adamant that they are forced to sell their crops elsewhere as they would otherwise receive such poor returns. They claim merchant companies are finding it easier to deal with individual farmers than with the co-operative societies they normally use to channel inputs through to farmers.

However, the merchant companies say they cannot be blamed for low tobacco prices, which are set by the Tanzania Tobacco Council in accordance with international marketing conditions.

Tanzania lifts GDP growth despite poor weather conditions

Wambui Chege (318)

Dar es Salaam — Tanzania will shrug off drought to record improved economic growth in 1998-99, Daniel Yona, the finance minister, said on Monday.

He raised his forecast for 1998-99 gross domestic product (GDP) growth to 4,3 percent from 4 percent. The Tanzanian economy grew 3,3 percent in 1997-98.

He called the expected growth modest, adding that climatic and other factors had been taken into account in making the new forecast.

But it showed that economic recovery was on course. Tanzania had initially forecast GDP growth of 3,5 percent in the fiscal year ending June 1999.

Yona said a drought caused by the failure of the seasonal "short rains" that fall between October and December had undermined agricultural production, but other sectors were showing steady growth.

The drought followed heavy rains linked to the El Niño weather phenomenon in late 1997 and early 1998. The rains damaged infrastructure and ruined the coffee crop, one of Tanzania's main commodity exports.

Yona said mining, tourism and manufacturing were doing better than expected, and GDP growth would have been stronger if not for the drought.

"We have spent more of our budgetary resources on food and less is going into other sectors," he said. "We hope the drought will not last too long and we hope we will be able to contain the food situation within a reasonable time."

Analysts were surprised by his optimism at a time when they believed growth would be depressed by the drought. Government cash is needed to fund food imports to help alleviate famine.

"Clearly, there must be other sectors of the economy doing far better than previously thought," said one economist. "That could explain the figure issued by the finance minister." — Reuters

CT(BR) 3/3/99

Drought expected to end Kenyan deflation

Manoah Esipisu

Nairobi — Kenya's inflation rate was poised to rise in the coming months after months of deflation, the Central Bank of Kenya said yesterday.

This is because a widespread drought has begun to push up the price of basic foods.

Prices fell 0,5 percent year on year in the 12 months to February, compared with a fall of 1,1 percent in January.

Maurice Kanga, the bank's chief economist, said underlying inflation, which excludes food prices, declined to 2,5 percent in February from 5,8 percent in January. "The overall inflation remained low in the month but showed signs of increase," he said.

"Both year-on-year and three-months annualised inflation rates rose to higher levels than in the previous month.

"This is because the ongoing drought is beginning to impact negatively on the supply of basic foods."

The threat of famine looms across a large section of this east African country of 29 million people.

The government has spent 400 million shillings (about R39 million) buying maize from the key Rift Valley and western Kenya growing areas. It will distribute the maize to ravaged areas of eastern and northeastern Kenya in its efforts to combat famine.

Musalia Mudavadi, the agriculture minister, said he wanted a further 500 million shillings to buy more maize to help avert starvation.

Drought results in an immediate rise in the prices of fresh vegetables and fruits, which are favoured by many families in Kenyan urban centres.

Meanwhile, the bank has cited low inflation as one reason for a fall in yields on treasury bills. The yield on the benchmark 91-day treasury bill stands below 8 percent after peaking at 27 percent in the middle of last year.

Kanga said the shilling, which weakened in reaction to a Cabinet reshuffle nearly two weeks ago, had regained most of its losses. But it remained generally weak against the dollar, averaging 64,01 this week from 63,12 last week. — Reuters

~~300~~ CT(BR) 3/3/99

Where school is a luxury

Tanzania faces food shortages, yet it may not qualify for help with loan repayments, writes **Charlotte Denny**

Angelus Mtego is in his final year at Lusala Primary School in the Ludewa district of southern Tanzania. Children start their education later here and, like most of his leaving class, Mtego is aged 15.

His main ambition in life is to move on to the local government secondary school by passing an exam. Last year only 10 out of 70 in the year group were accepted.

But for Mtego, the biggest hurdle is the cost of education. His father is too poor to pay his primary school fees of 3 000 Tanzanian shillings per year (about $5), let alone the $100-a-year fees for a secondary school education.

Schools used to be free in Tanzania but in 1993, at the instigation of the International Monetary Fund (IMF), the government introduced education and health fees to cut its huge budget deficit.

Government finances are under pressure because of Tanzania's foreign debt. It owes $8-billion to its international creditors — $266 for every man, woman and child in the country. The government must spend nine times as much on debt repayments as on basic health care and four times as much on debt as on primary education.

Since the government was forced to cut back on spending, school buildings have fallen into disrepair and there are shortages of equipment. A recent Oxfam report estimated that, on average, there was one desk per seven pupils, and each textbook was shared by four children. Classes of more than 50 pupils are not uncommon.

At Lusala school the children are comparatively lucky. The parents built the school themselves in the days when the government still provided free roofs. There are seven classrooms for 450 pupils, and almost every child has a desk.

But the introduction of fees has made the school unaffordable for some. The headmaster, Matano Nguwila, estimates that one in four children in his area are not in school because their parents cannot afford the fees. Some pupils attend school even though their parents cannot pay. The school cultivates and sells its own coffee crop to cover the shortfall.

Others like Angelus pay their own way. Since the age of 12 he has supported himself by working on his own tiny field. He now pays his own school fees and those of his brother, and buys exercise books and pens.

Last year he made a profit of around 10 000 shillings ($15) from his bean crop. After paying two sets of school fees he had just 4 000 shillings left to feed and clothe himself. His school uniform is torn and he goes barefoot.

The government hopes that some of the pressures on its budget will be relieved soon through the World Bank's Heavily Indebted Poor Countries (HIPC) initiative.

The main lenders — Western governments and international financial institutions such as the World Bank and the IMF — have agreed to write off up to 80% of the loans for developing countries with unsustainable debts. Tanzania should be the next in line for relief under the HIPC initiative — provided its debts still meet the definition of "unsustainable" stipulated by the IMF and the World Bank.

Their criteria are strictly financial. If a country spends more than 20% to 25% of its export earnings on servicing debt, it qualifies for relief. Tanzania would have qualified three years ago, but it has since had several years of strong export growth.

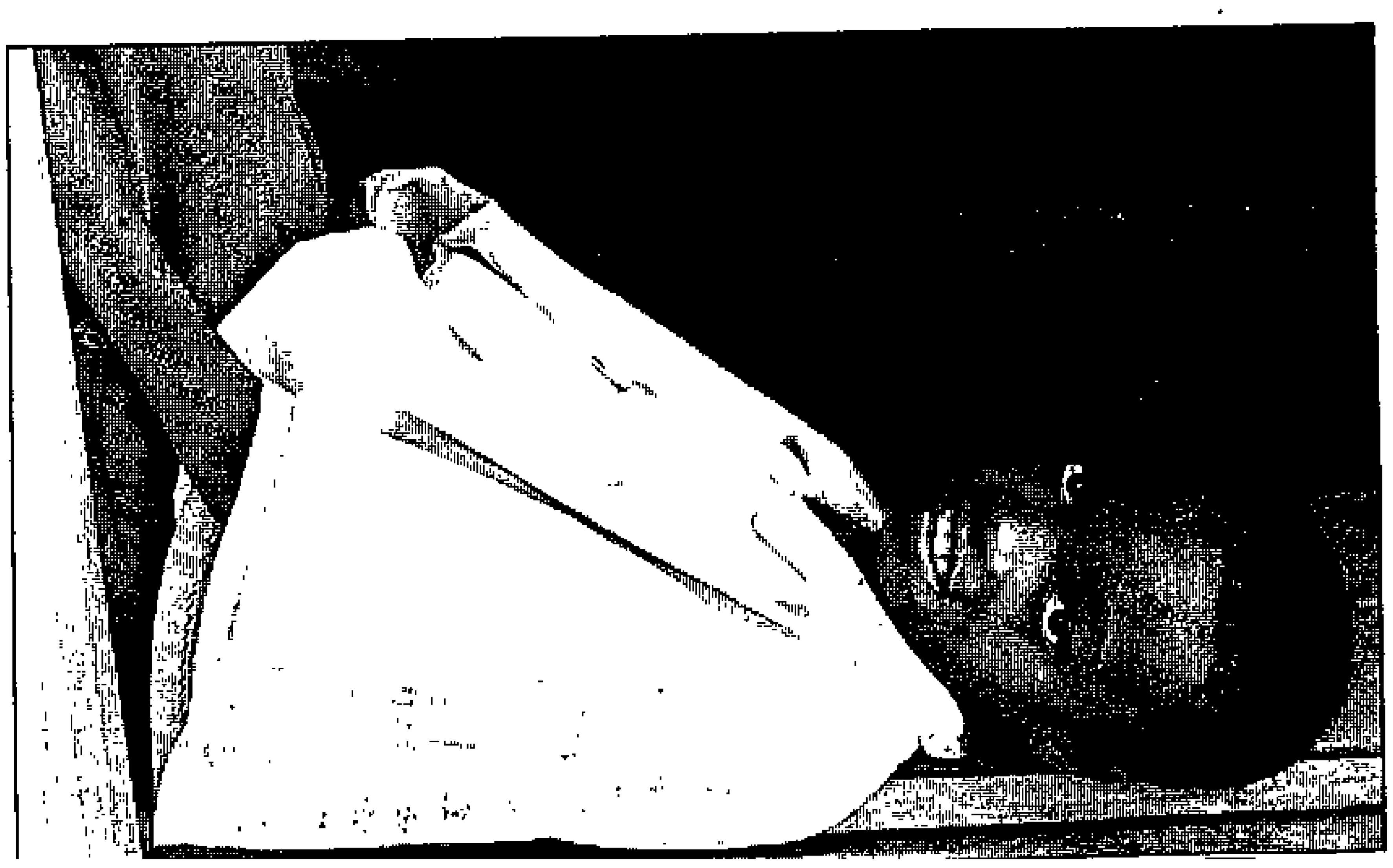
Christopher Mwakasege, executive director of the Tanzania Social and Economic Trust which campaigns on the issue, is concerned that his country will miss out.

According to Mwakasege, the economic figures don't reflect the reality of life for ordinary families, who are facing their third bad harvest in a row. Household production is not included in national accounts, so the fact that famine is looming in parts of Tanzania is not reflected in estimates of gross domestic product growth.

The World Food Programme estimates that 40% of the population face food shortages and is planning a mass feeding campaign in Tanzanian primary schools.

Debt relief alone cannot reduce poverty but it is a necessary first step, says Simon Levine, Christian Aid's programme officer for Tanzania. "Tanzania will never be able to provide any kind of reasonable living conditions for its citizens without debt relief," he says. "Tanzanian poverty ... isn't about a sudden catastrophe like Hurricane Mitch, it's people being slowly ground down."

(318) M+G 5-11/3/99



Hard work: Mtego pays his school fees by growing beans. PHOTO: PETER JORDAN

Severe restrictions imposed on foreigners

Tanzania in move to save local business

(318)

ET(BE) 25/3/99

JOE KHAMISI

Dar es Salaam — Foreigners will no longer be allowed to run petty businesses in Tanzania as from May 1, in what the authorities say is a move to safeguard the interests of Tanzanians in a liberalised economy.

A government statement earlier this week listed 13 enterprises which foreigners could run with 50 percent local participation only, and 24 types of businesses to be reserved for Tanzanians.

The government lamented that local people were facing difficulties in securing jobs in the public and private sectors: "Even business undertakings which Tanzanians could run have been monopolised by foreigners."

Foreigners will have to seek local partnerships in running consultancy services, cargo handling, catering services, publishing and printing, as well as pharmacies. Other businesses include supermarkets, goldsmithing and running petrol and filling stations.

However, they will be barred from running furniture shops, radio repairing, rearing of chickens and selling of eggs, running small hotels and restaurants, beauty clinics and tailoring.

Recently, former president Julius Nyerere complained that many Tanzanian university graduates were unemployed and said measures were needed to rectify the situation.

Foreigners of Asian descent and nationals of neighbouring countries are prominent in small business enterprises in the country. The government said this trend was increasing poverty among Tanzanians and fuelling criminal incidents in the society.

In a related move, the Tanzanian industrial sector has stepped up its opposition to the East African Co-operation Treaty (EACT) agreed to a year ago by the leaders of Kenya, Uganda and Tanzania, on the grounds that the arrangement, meant to broaden the scope of regional integration, would be "suicidal" to the country's development.

The three countries entered into a loose economic union three years ago. The planned treaty is intended to give the EACT a legal standing to integrate all sectors of the economy with intentions for an eventual political federation of east Africa.

But three months before the signing of the treaty by Presidents Benjamin Mkapa of Tanzania, Daniel arap Moi of Kenya and Yoweri Museveni of Uganda, Tanzanians are asking for more time to review the document.

Tanzania industrialists complain there were too many disparities in the trade and industrial sectors of the two countries, claiming the arrangement would benefit Kenya more than Tanzania and Uganda.

Once the treaty is signed, all tariff and non-tariff barriers would be removed to facilitate interregional trade, a move Tanzanians say could result in a huge revenue loss.

Kenya exports to Tanzania are more than 10 times those of Tanzania to Kenya.

Tanzania also claims to be losing huge amounts of money in revenue from goods smuggled into the country from its northern neighbour. — Independent Foreign Service

IN BRIEF

(318)

EU slaps ban on fish imports

BRUSSELS — The European Commission confirmed yesterday it would ban fish imports from three African countries — Kenya, Uganda and Tanzania — for an unspecified time, over fears of pesticide contamination.

"The ban should take effect on Monday and follows a proposal from European Union veterinary experts," said a commission official. The 15-nation bloc imported only small quantities of fish from the three nations, he said.

Tanzania said on Wednesday it would appeal against the ban, saying it was unfair and threatened the country's economy. — Reuter.

'Tanzania is Africa's latest rising star'

The country needs to make its business environment far more friendly before it can see real gains in economic recovery, writes Tony Hawkins of the Financial Times

BD 14/4/99 (318)

WHEN a recent investor describes Tanzania as "the rising star in Africa", it is time to sit up and take notice. Had such a comment come from a donor agency, World Bank official, or emerging markets analyst, it could be shrugged off as a self-serving assessment by people seeking a success story.

However, when it comes from a hard-headed private investor who has put more than $70m into a recently privatised business that is more than meeting its financial targets, it carries far greater weight.

The company, Tanzania Cigarette, was privatised nearly three years ago when US multinational RJ Reynolds Tobacco International bought a 51% stake.

Nor is its assessment unique. Emka Emuwa, of Citibank Tanzania, is also bullish, while Danie Niemands, CE of Tanzania Breweries, controlled by SA Breweries, says the company's market capitalisation has quadrupled from $50m five years ago to more than $200m today.

There are other upbeat indicators, too. Tanzania now ranks ahead of Ghana in attracting foreign exploration funds in non-ferrous metals in sub-Saharan Africa, accounting for more than 14% of the total.

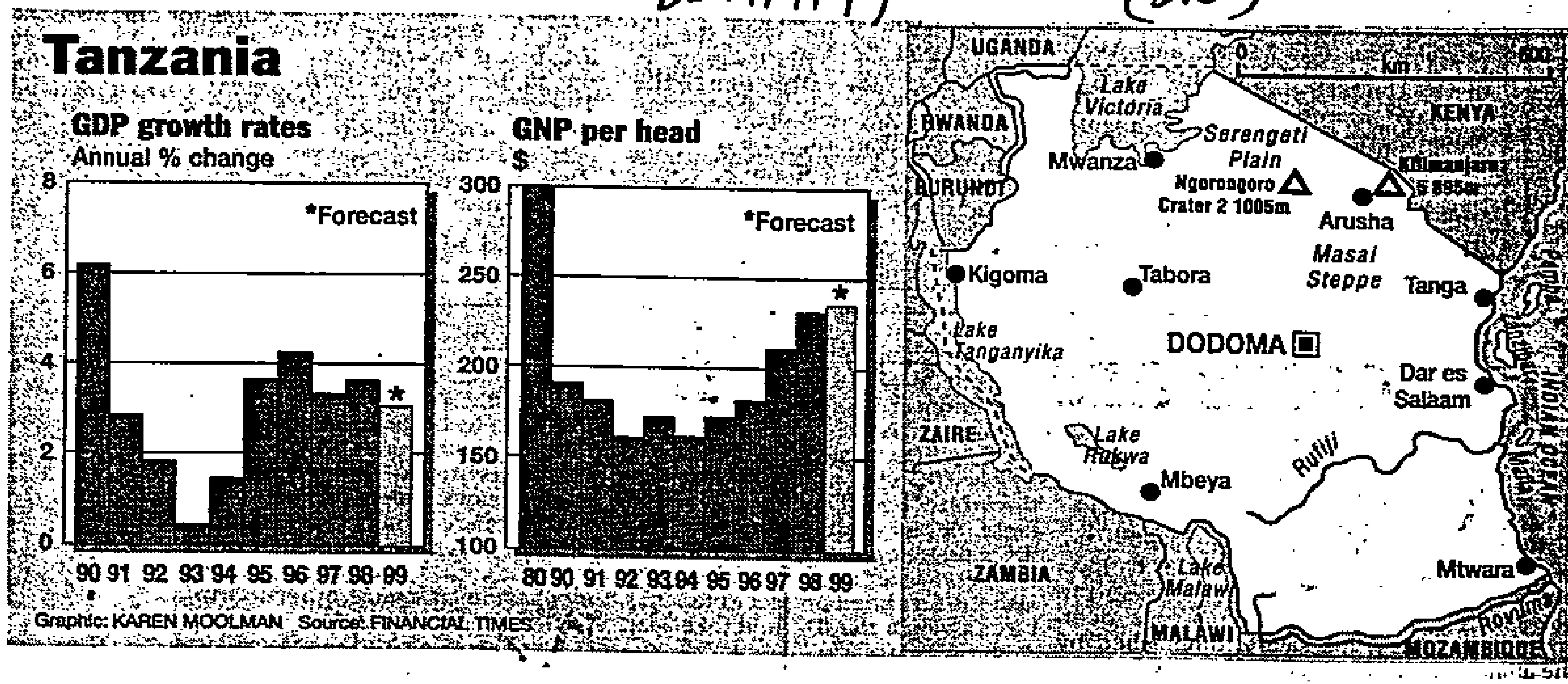
Nontraditional exports, which will increasingly be driven by mining, now exceed traditional exports of coffee, cashews, cotton, tea and tobacco.

Despite this, no one is suggesting that Tanzania's slow recovery from its unhappy experience as a command economy for a quarter of a century constitutes any kind of economic miracle.

"To be classified as such is the kiss of death," says a young Tanzanian entrepreneur ruefully. "Look at Uganda." Ironically, too, the smaller the business the greater the complaints about bureaucracy. Disincentives appear to be negatively correlated with firm size, so those small-scale firms are a good deal less enthusiastic than the high profile companies.

Although some, including Bank of Tanzania governor Daudi Ballali, believe the economy could grow at 8% annually — double its recent rate of about 4% — the country's consensual management style and very low savings levels point to a long-run expansion rate closer to 5%.

It is not just that decision-making and implementation tend to be cautious, in keeping with consensus-building, but also that the capacity, institutional and human as well as physical, for east Asian growth rates simply is not there. The key constraints on growth are infrastructure — poor roads, costly electricity, inadequate water — the high cost of doing business and the scarcity of managerial and technical talent.



Natwar Gotecha, of Tanzania Cigarettes, says his company uses the internet to track down and recruit Tanzanian graduates from abroad. Skills of all kinds will continue to be a serious bottleneck for the foreseeable future, the more so as most avenues of business become more knowledge-intensive.

While the government is working to make Tanzania a more business-friendly environment, progress is slow. Nearly 30 years of socialism have left an indelible imprint in the form of an anti-market culture that is breaking down only slowly.

Aid dependence has stood at more than $1bn annually since 1990 and at present accounts for 14% of GNP, and its hangover continues in the twin forms of an unsustainable burden of foreign debt and emasculated institutional capacity.

A bloated bureaucracy still seeks to intervene whenever it can, both to justify its existence and to exploit what is politely called economic rent, but in reality is largely petty corruption. And there is a residual suspicion of private enterprise, especially if it is foreign-owned.

Changing this culture is a generational challenge, evident in the fact that it is the younger, often foreign-educated Tanzanians, who are most committed to economic reform. True, there has been some impressive, if spotty, evidence of supply-side responses to liberalisation, most dramatically in the mining sector but also in cashew nuts and more recently tobacco.

There are grounds for caution, too, in the sense of déjà vu. In several respects Tanzania today is much where it was in 1992 after the first six-year phase of economic reform. Then, as now, relative macroeconomic stability had been achieved. Inflation had slowed, the budget deficit had swung from a deficit of 9% of gross domestic product (GDP) to a marginal surplus after grants, reserves had reached three months' import cover, compared with two weeks in 1986, and GDP was growing at 5%.

Then it all began to go wrong. Ballali says: "Financial discipline began to dissipate and corruption became deeply rooted." The government's commitment to reform was "suddenly abandoned".

The share of government revenue in GDP fell from more than 14% to 10,6%, reflecting huge discretionary exemptions from import duties and taxes, while spending increased to 20% of GDP. Donor funds, and with them development spending, dried up and debt arrears accumulated.

The change came when President Benjamin Mkapa's administration took office at the end of 1995. The new team put in place the policies necessary to return the budget to surplus and reduce inflation to single digits in January for the first time in 23 years.

Meanwhile, despite adverse climatic conditions, GDP growth has averaged 4% in the past three years. The risk now is that, as in 1994 and 1995, these hard-won gains will again be dissipated in the run-up to the elections due late next year.

However, while keeping its nerve on macroeconomic policy may be the top short-run priority, arguably it is structural change that is the most important challenge now facing Tanzania.

So long as the public sector inhibits, rather than facilitates, economic growth, the economy will underperform. That is why successful privatisation is now the government's most important task.

The 1998-2001 policy framework paper sets up an intimidating menu of far-reaching policy reforms including privatisation, deregulation, civil service reform, continuing fiscal and monetary restraint, restructuring the utilities, reforming agricultural marketing and improving delivery in the social sector, especially health and education.

The timetable looks unrealistic, not just because of approaching elections but also bureaucratic antipathy towards privatisation on the one hand and sheer paucity of managerial talent on the other.

There are also nagging questions over the depth of official commitment, reflected in a tendency to let targets slip until the last possible moment before donors cut off funds.

In the private sector there is a feeling too that restraint has gone on too long and that, after years of pain, it is time to focus on gain in the form of significantly faster growth, lower real interest rates and a much more effective tax system than at present.

It is also essential to get away from donor dependence. Foreign aid performs two roles, closing the structural balance-of-payments gap — now $800m a year — and financing public sector investment.

Since 1990 net aid has averaged more than $1bn and financed more than 90% of investment. While this ratio is far from Africa's highest — Rwanda comes in at more than 500% — it highlights the necessity for far greater private sector investment than hitherto. Fortunately, foreign direct investment is picking up, averaging $140m a year and up from virtually nothing in the early 1990s. This is likely to continue to increase, fuelled by a combination of privatisation and mining development.

However, with the trade gap estimated to have doubled in three years to a forecast $900m this year, when substantial food imports will be needed because of the drought, the balance of payments is in poor shape, hugely dependent on aid and debt relief.

Despite this the real effective exchange rate has appreciated 17% during the past three years, suggesting that devaluation would contribute to a healthier external payments situation while also giving nontraditional exports a lift.

Tanzania is pushing hard for heavily indebted poor country programme eligibility. This would help, though not for a few years. Foreign investment and export-led growth in mining, tourism and agriculture are the keys to faster expansion, but without radical public sector restructuring and a more business-friendly culture, Tanzania's hopes of becoming an "African Lion" are unlikely to be realised in the medium term.

Tanzania gears up for gold production

Star. 14/4/99 (318)

Last year, the country attracted R335-million in exploration spending, representing 13% of Africa's prospecting budget

Despite lingering bureaucratic delays, Tanzania is set to become a leading gold producer as a string of world-class mining projects come online before the end of next year.

Last year, the country attracted R355-million in exploration spending, the highest on the continent, representing 13% of the total prospecting budget for Africa as a whole.

The man widely credited for orchestrating the gold bonanza, Minister for Minerals and Energy Abdallah Omari Kigoda said: "That speaks a lot for the potential of gold in Tanzania. I am confident that with further improvements in the regime governing the mining sector in the country, we shall see even better achievements."

The executive secretary of the Tanzania Chamber of Mines, Emmanuel Jengo, is even more emphatic: "This is only the beginning. Many companies are now involved in exploration for gold."

Currently, four major goldmining ventures, worth a total of R3.3-billion, are in various stages of development in northern and western Tanzania.

Canadian, Ghanaian, Australian and South African companies are exploring for gold in various areas.

"We expect annual gold production from these mines to reach at least 31 tons by the year 2001, and the amount to go up substantially as new reserves are discovered," Kigoda said.

"We have the potential, and the government is serious and committed to building confidence with investors. It's a win-win situation."

Projects will assist local miners

Last month president Benjamin Mkapa opened Golden Pride, the country's first modern commercial gold mine owned 50% each by Ashanti Goldfields and Resolute, with estimated reserves of 2,7 million ounces (about 87 tons) of gold.

Initially, the open-pit mine in Tabora in western Tanzania is expected to yield 180 000 ounces (5 800kg) annually.

When it is completed next year, Bulyanhulu mine, under development by Canada's Sutton Resources, is expected to yield at least 300 000 ounces a year. Sutton has identified reserves of 9 million ounces.

Bill Bali, local head of Kahama Mining Corporation, says comprehensive reforms in Tanzania's mining sector have boosted investor confidence. Among these are a simplified investment approval procedure, with a favourable regulatory framework and a competitive package of fiscal incentives for mining investments.

There is also an easily accessible and systematically archived geological and minerals resource database. Opportunities exist to acquire state-owned mining enterprises.

But several executives from international mining companies are concerned about prolonged delays by bureaucrats in processing forms and claims.

Ashanti Goldfields will soon begin a 16-month project to build the second-largest gold mine on the continent outside SA in the northern Geita District.

Commissioner for Mineral Resources Gray Mwakalukwa said the Geita mine has reserves estimated at 6,4 million ounces and is expected to produce 450 000 ounces a year.

A mine in Tarime District in northern Tanzania, run by Australia's Afrika Mashariki Gold Mines Limited, is scheduled to begin production of 140 000 ounces annually next year.

Mwakalukwa said Tanzania's under-exploited gold-studded geological formations extend over 800 000sq km.

Artisanal gold miners, who until recently were the only serious exploiters have not been forgotten, he said.

The government has set up Meremeta Limited to buy gold from artisanal miners at competitive world prices and to supply them with modern tools, through credit or rental, to raise efficiency.

"Although the company is not directly involved in gold mining, its assistance to artisanal miners is expected to boost their gold production quite substantially," he said.

Infrastructure improvement is the principal benefit expected from Tanzania's gold rush.

In Bulyanhulu, Sutton Resources plans to build a 50km pipeline to take water from Lake Victoria to northwestern Tanzania to 15 draw points for local communities. Other expected benefits are social services like schools and hospitals, community development funds and the stimulation of commercial activities. – Sapa-AP

Tanzanian women demand equality

(318) Star 16/4/99

*Outdated laws still discriminate heavily against women, writes **Asha Mnzavas** from Dar es Salaam*

Tanzanian activists are urging the government to abolish a law that forces women who marry refugees from other countries to stay with them in refugee camps. Men who marry refugees are free to live where they want.

Parliamentarians have added their voices to the protests. But the government maintains that the law reflects traditions of the society.

"It is natural in our society that a woman must follow the husband," said William Lukuvi, deputy minister for Labour and Youth Development.

Roda Kahatano, the secretary general of women's affairs in the ruling CCM party, says the legislation has elements of gender segregation.

"Refugees live in camps with restricted freedom. It is unfair to force a woman to go there by virtue of her marriage. If I have a better place to live with my husband, why should I be condemned to a camp? Why should a man get a better treatment in this matter?"

Kahatano says that activists are finding it difficult to get unfair laws scrapped as gender discrimination is entrenched in most people. And parliament has only 45 women out of a total of 275 members.

Elizabeth Kasembe, a leader of the opposition Civic United Front, says that the legislation is hypocritical.

"Such a law is yet another example of how Tanzanian laws degrade women and lack gender fairness."

She says it effectively makes Tanzanian women refugees in their own country. By forcing the wife to join her refugee husband in a camp, the law actually turns any children into refugees as well.

The Marriage Act of 1971 is heavily biased in favour of men.

For example, a male civil servant can ask for his wife, if she is also employed by the government, to be transferred with him.

No such concession is given to women.

"The marriage law and of course, the refugee act, perpetuate the idea that women are always dependent on men, even when the husband is unproductive as in the case of a refugee who stays idle in a camp," says Teresia Kaijage, a sociologist from the Institute of Social Welfare.

The 1992 Citizenship Act stipulates giving citizenship to children of a Tanzanian father married to a foreigner, but not if a Tanzanian woman is married to a foreigner.

"The law reduces women to second class citizens whose rights are inferior to those granted to men," says Palamagamba Kabudi, of the Faculty of Law of the University of Dar es Salaam.

He says the Act violates Article 13(1) of the constitution, which advocates equality before the law, and contravenes the Bill of Rights, introduced in 1984.

The minister for women's affairs, Mary Nagu, agrees that the laws are outdated, and points out that Tanzania is a signatory of the Convention on the Elimination of all forms of Discrimination Against Women (Cedaw).

"We have forwarded our recommendation on the need to review the Marriage Act to the Ministry of Justice and Constitutional Affairs. However, because of a shortage of finance and personnel, the revision is yet to be made," she said.

Among other changes being sought in the law are raising the marriage age for women from 15 to 18 years, making sure that widows and divorcees get a fair share of household assets, criminalising wife beating and providing for care of children after divorce.

"It is not that we are doing nothing. Women in the government are trying to address the plight of women," says Nagu.

"Only we are very few, and we are overshadowed by male dominance." – Star Foreign Service

Business curbs cause concern in Tanzania

BD 19/4/99 (318)

James Macharia

NAIROBI — Tanzania's business community has expressed some concerns about a government move to stop foreigners conducting certain types of business.

Many locals commend the sentiment behind the move, but doubt local entrepreneurs can fill the vacuum because they do not have enough capital.

With effect from May 1, only Tanzanians will be permitted to run category A businesses, such as retail and subwholesale, small hotels (up to 20 rooms) and restaurants, auctioneering and brokerage outfits and bureaux de change.

Among others, beauty and hair salons, tailoring marts, poultry farming, carpentry, painting, cobbling, milling, fish retailing, bakeries, laundries, radio repairs, vegetable and charcoal selling, cobbling, watch and iron repairs and selling stationery will be restricted to Tanzanians.

Businesses in category B, in which foreigners will be allowed to go into 50/50 partnership with Tanzanian nationals, include catering services, printing and publishing, pharmacies, cinemas, supermarkets and jewellery shops.

Charles Mzena, chairman of the Dar-es-Salaam Chamber of Commerce, said: "Its good intentions notwithstanding, the government is being unrealistic in expecting Tanzanians to have the financial capability to invest in serious businesses."

The majority of Tanzanians not in formal employment are petty traders and hawkers, or commission agents for Tanzanians of Asian origin.

"We should identify what type of Tanzanians the government is talking about; is it the majority hawkers, who live by selling cheap products, or those few business entrepreneurs who have more than three passports at their disposal," Mzena said in a veiled reference to Asian entrepreneurs.

As in Kenya, Asian businessmen control much of the industry, wholesale and retail sectors. They employ Africans of various nationalities. In recent times, a growing wave of resentment against the Asians has grown.

In Kenya, more than 100 Indian immigrants were arrested and deported in January to mollify Kenyans angered by loss of jobs to illegal aliens.

Uganda has only recently begun to welcome back Asians sent away in the 70s by dictator Idi Amin.

Othman Mfutakamba, chairman of consulting firm NewTech International, said: "The plan is too ambitious. There is a lot of background work to be done before indigenous Tanzanians are able to fully undertake business enterprises.

"It is not enough for the government to declare a positive move for its citizens," said Mfutakamba. "It should see to it that the locals are capable of participating in economic activities."

He cited lack of credit finance for small entrepreneurs with inadequate or no collateral as one of the major factors stifling the development of entrepreneurship.

"If the government wants to help its people, then it should identify ways to empower them financially."

Tricky Tanzanians kill off SA export

eT(PR) 13/5/99 (318)

JOE KHAMISI

Dar es Salaam – South African-made electricity control meters introduced by the state-owned Tanzania Electric Supply Company (Tanesco) four years ago to streamline billing procedures have fallen victim to organised fraudsters.

Installation has been stopped as a result. A total of 45 000 meters, popularly known in Tanzania as Luku, have been installed in residential and commercial buildings in mainland Tanzania since 1995, when a South African company, Rosherville Construction, trading as Roshcon, won a \$11,5 million tender from Tanesco.

But William Magambo, a senior Tanesco official, has announced that, following massive tampering, no more meters will be installed.

He said only 1 500 additional meters would be brought in as stand-by replacements for defective ones. Tanesco says it had lost billions of shillings from the racket, which appeared to link consumers, some company employees and Luku card vendors and agents.

The suspension decision was taken after Roshcon and Tanesco experts stumbled on a syndicate that specialised in tampering with meters to reduce readings. Officials became suspicious after receipts from some vendors and consumers dropped substantially.

Electricity supply to scores of suspected consumers has been disconnected, and at least a dozen vending stations closed down. A senior company audit official has also been arrested.

Tanesco officials were said to be angered that the meters seemed not to be tamper-proof. Fresh efforts were in hand to find other brands that were not easy to tamper with, they said. – Independent Foreign Service

Nation's $8bn burden the focus of Dar meetings

Light at end of tunnel of debt for Tanzania

CT(BR) 18/5/99 (318)

JOE KHAMISI

Dar es Salaam – Tanzania's crippling $8 billion debt burden will be the main point of focus when debtors and donors meet government leaders in Dar es Salaam next month.

Tanzania is spending 35 percent of its total revenue, or an equivalent of $220 million a year, to service its foreign debt. The figure is equivalent to 26 percent of total export earnings, which now stand at around $650 million, having dropped from $762 million in 1996.

It represented 94 percent of the gross domestic product last year.

Although the debt servicing amount is much less that the $880 million a year the country used to spend only five years ago, thanks to relief packages offered by several donors, the amount is still considered extravagant for a country with poor social services and inefficient infrastructure.

The relief packages so far given have included rescheduling of payment timetables for up to two decades and, in a few cases, total write-off.

James Adams, the World Bank country director, said recently the meeting to discuss debt relief measures would be held before July. He added that most creditors were willing to give a 12 percent discount to Tanzania's commercial debt. If achieved, he said, it would mean that $180 million would be removed from the external debt portfolio.

Track record may justify inclusion in relief project for poorest countries

Tanzania is one the world's poorest nations. But it has not qualified for inclusion in the heavily indebted poor countries' programme, which offers substantial reliefs to countries with a track record of economic reforms. This is likely to change, donor representatives say, because of significant progress Tanzania has made in its macroeconomic policies.

The economy has stabilised, the inflation rate has dropped to about 9 percent and the growth rate is an improved 3,3 percent, which is expected to reach 5 percent in two years.

The once-depressed tourism sector is back again as the country's leading foreign exchange earner, and the agriculture and mining sectors are coming alive with multibillion-dollar projects by South African, Australian and Canadian investors.

In addition, the government has announced measures to tighten the grip on corruption and increase revenue collection through the elimination of loopholes in existing regulations.

These actions were enough to win the confidence of donors who at mid-month approved a $1 billion package for the country's development needs. – Independent Foreign Service

Tanzania lauds IMF scheme

(318) BD 28/5/99

Experts urged to apply their skills to microeconomic aspects of the economy

DAR ES SALAAM — Confederation of Tanzania Industrialists vice-chairman Ravi Chande has given rare praise to the International Monetary Fund (IMF) and World Bank programmes, which he says have succeeded in bringing macroeconomic stability to the country.

In an interview on Tanzania's economy, Chande said: "When we talk of macroeconomic stability we are talking of the inflation, exchange and interest rates.

"All of these are much more stable than they were three years ago...

"We have liberalised the economy, we have followed the programme of privatisation and have reduced the role of the government in the economy.

"We have pushed the private sector to become the engine of economic growth. In short, what the IMF has done to us is to deliver us a market economy."

Chande conceded there was a shortage of money in the economy, and said this was caused by tight fiscal and monetary policies and that reduced government spending had contributed to the situation.

He also conceded there was rising unemployment in both the public and private sectors. More than 700 000 youths came on to the job market in Tanzania each year, and the economy could only absorb 30 000.

Agricultural output had also decreased, in part because of outdated machinery and unstable weather patterns in the last few years. In addition, Tanzania did not have widespread irrigation in its agricultural sector, Chande said.

Negative growth

"We also have negative export growth because of a lack of an effective policy to promote exports. We are short of micro-finance for budding entrepreneurs and we believe the commercial banks should provide this."

Although Tanzania had a low inflation rate, it also had a low growth rate because of poor demand. Hence Tanzania was in a recession, according to Chande.

He said that while IMF experts had done a good job with the macroeconomics, they had not lent their skills to the micro aspects of the economy. "The IMF prescriptions, as you know, are the same for all member countries. It is difficult for an organisation which deals with more than 150 countries to give correct solutions for each country, because it may not have the market knowledge of every country and its players. So some of the prescriptions are not solutions for Tanzania." Tanzania might be the only country in Africa where the government's budget was done in co-operation with the private sector.

The next budget, Chande said, should stimulate demand for locally manufactured goods which would stimulate capacity, reduce prices and stimulate job creation.

"The bulk of the government budget has gone into debt servicing and salaries, and Tanzania needs to improve its revenue collection to offset this." He said there was substantial tax evasion and unwarranted tax exemptions. Chande said it was clear the ratio of revenue to the gross domestic product should rise from 12% to 30%, and this would happen only if imported goods were replaced by locally manufactured substitutes.

He also proposed improved tax incentives for investors and for exporters. He said these measures would get Tanzania out of its recession within three years.

Tanzania had a per capita income of $250 and needed to grow at more than 10% per annum, Chande said. — AIA.

Zanzibar aims to sell key industries to private sector

ZANZIBAR — Development Minister Ali Juma Shamhuna said at the weekend that Zanzibar's government is finalising plans to privatise key sectors of this Indian Ocean island economy.

Communications, electricity, harbours, airport facilities and the government-owned sugar factory would soon be privatised, he said.

The Madhvani group, an international company with interests in Uganda, Kenya and India, is close to completing agreement to take over the Mahonda sugar factory, he said. The factory was developed and operated by a Chinese government-backed team in the 1970s and 1980s.

Finance Minister Amina Salim Ali is due to present the government's annual budget on Thursday.

Budget Commissioner Juma wa Juma said the government would strengthen tax collection and work to control spending more effectively.

Juma said Zanzibar was budgeting for a resumption of foreign aid.

Donor nations suspended aid after the island's 1995 elections because of allegations that Zanzibar President Salmin Amour had manipulated the results.

An agreement to end four years of political stalemate is expected soon following exploratory talks with the opposition, which has been boycotting the island's parliament.

Zanzibar is part of Tanzania, but is largely autonomous, with its own parliament and government. — Reuter.

(318) BD 7/6/99

Tanzania's growth defies weather

CT(BR) 11/6/99 (318)

WAMBUI CHEGE

Dodoma, Tanzania – Tanzania's economy would grow at an accelerated rate after sustaining years of bad weather that had devastated agriculture, the government said yesterday.

Droughts and then floods linked to the El Niño weather phenomenon had battered the important sector, and the failure of the short rains in the last quarter of 1998 caused food shortages in many parts of the country.

Nevertheless, the economy grew at a real rate of 4 percent in 1998, up from 3,3 percent in 1997, Nassoro Malocho, the minister of state for planning in the president's office, told parliament in a pre-budget presentation.

"Despite the food shortage experienced, the performance of the economy in 1998 was satisfactory," Malocho said.

"The fact that the economy registered an average annual GDP (gross domestic product) growth of 3,8 percent over the past three years despite adverse weather conditions is an indication the economy is poised to sustain its higher GDP growth rate."

He said the economy would grow by a real 4,9 percent in 1999 and 6 percent in 2000.

Tanzania used its estimated 1999 growth as the basis for its 1999/2000 budget, which was presented to parliament yesterday by Daniel Yona, the finance minister.

The agricultural sector contributes half of the nation's GDP, employs 80 percent of the labour force and accounts for 75 percent of foreign exchange earnings. It grew by 3,7 percent in 1998, down from 5,2 percent in 1997 and 7,6 percent in 1996.

Malocho said the tourism, mining and energy sectors made "significant contributions" to growth in 1998.

Tanzania is one of the world's poorest countries, with average income estimated at just over $200 a person a year. Over the last three years the government has embarked on a series of economic reforms sponsored by the International Monetary Fund. – Reuters

Outlook improves for Tanzania

(318)

DODOMA — Tanzania's economy is set to grow at an accelerated rate after sustaining years of bad weather that devastated agriculture, the government said yesterday.

Droughts and then floods linked to the El Niño weather phenomenon battered the important agricultural sector, while the failure of the short rains in the last quarter of 1998 caused food shortages in many parts of the country.

Nevertheless, the economy grew at a real rate of 4,0% last year, up from 3,3% in 1997, State Planning Minister Nassoro Malocho told parliament in a pre-budget presentation.

"Despite the food shortage experienced the performance of the economy in 1998 was satisfactory," Malocho said.

"The fact that the economy registered an average annual GDP growth of 3,8% over the past three years despite adverse weather conditions is an indication the economy is poised to sustain its higher GDP growth rate," he said.

He said the economy would grow by a real 4,9% this year and 6% next year.

Tanzania uses its estimate for growth in 1999 as the basis for its 1999/2000 budget, which was presented to parliament yesterday.

Malocho identified agriculture, mining, tourism and manufacturing as key areas to accelerate of growth. — Reuter.

BD 11/6/99

Tanzania appeals to World Bank for speedier debt relief

CT(BR) 22/6/99 (318)

From AFP

Dar es Salaam – Benjamin Mkapa, the president of Tanzania, had appealed to the World Bank for speedier debt relief under the bank's highly indebted poor countries (HIPC) initiative, newspapers reported at the weekend.

"Tanzania should be considered for debt relief after implementing economic reforms successfully in the past three years," Mkapa said during talks with Zhang Shengman, the visiting World Bank managing director.

"It will now be very difficult to continue tightening our belts for three more years to qualify for debt relief under the HIPC initiative," the state-owned Daily News quoted Mkapa as having told Zhang. Zhang is on a four-day tour of Tanzania to inspect projects funded by the bank.

The HIPC initiative enables poor countries with good policy records over a six-year monitoring period to escape from unsustainable debt and focus on development and reducing poverty.

Mkapa said social services such as health, education and water supply have been adversely affected by the country's debt servicing obligations.

The government spends one-third of its monthly revenue of between $77,5 million and $84,6 million on debt servicing, and about one-third on civil service salaries. The remainder is spread thinly on other operations and social services.

Zhang commended Tanzania, one of the world's poorest countries, for its solid economic performance over the past three years, with growth steadily above 3,5 percent and inflation at about 8 percent, down from 30 percent in 1995.

Tanzanian outcry over arms trade

MtG 4-10/6/99 (318)

Nicodemus Odhiambo

The Tanzanian government is pressing ahead with arms trade liberalisation against a backdrop of outrage and condemnation from civil rights groups including churches.

Catholic bishops are the latest team to join the fray with 10 human rights groups publicly condemning the government's decision.

Authorities have insisted that the arms trade programme must go on and has bolstered the decision with a firm reassurance that strict measures will be followed in licensing arms dealers.

The bishops, led by their chair, Bishop Justin Samba, say arms pose a danger to peace and have called on the government to suspend the decision immediately. "Despite the government's assurance to control the importation and sale of arms, we are worried over this exercise because of past habits by the government to fail to curb illegal importation of goods."

In a letter signed by Professor Ruth Meena of the Environmental and Human Rights Care Organisation to the minister of home affairs, all the groups, reacting to the proposed programme, say that the decision to liberalise the sale of firearms has come as a rude shock.

"Who is going to benefit from the liberalised arms sale?" they ask. "And whose interest will the liberalised arms sale serve? What is the implication of having arms in the streets in a context where three-quarters of young people are unemployed?

"What culture do we want to promote to our young generation? Kill and shoot like in the streets of Los Angeles, in the suburbs of Johannesburg or Rwanda, Burundi or the [Democratic] Republic of Congo? What is it that we Tanzanians are missing by not having this 'cardinal right' of buying and selling arms freely?"

The groups claim that developments in military technology, as well as the end of the Cold War, have dealt a big blow to the manufacturers and dealers of arms and other explosives, so much so that they are seeking new markets in the Third World.

Minister of Home Affairs Ali Ameir Mohammed told the groups that firms have to be licenced to do the business following the collapse of the Agriculture and Industrial Supplies Company (Aisco), the state-run monopoly in the weaponry and explosives business.

'What culture do we want to promote to our young generation? What is it that we Tanzanians are missing by not having this 'cardinal right' of buying and selling arms freely?'

Ameir has accused the media of instilling fear among the people that their security is at risk with the privatisation of the sale of firearms. "This fear is uncalled for and the government has all along insisted that the business will be strictly controlled. The rate of crime is not going to increase because of firearms business," Ameir pointed out.

Private entrepreneurs have been invited to apply for authorisation to import and sell firearms and explosives for civil use in Tanzania. The government has said that successful applicants will be subjected to routine and thorough inspections in order to monitor the amount and types of weapons which enter the country.

Dealers who are interested in the arms business have been directed to send their applications to the inspector general of police and the commissioner of minerals.

They are supposed to fulfil 21 regulations before being granted permission to sell guns, shotguns, rifles, bullets and explosives.

The regulations state that applicants must not have a previous criminal record and that dealerships should be impregnable and guarded by recognised security personnel. Another regulation is that their employees should have experience with weapons and know how to operate and maintain them.

Dealers and manufacturers applying to sell explosives are required to construct warehouses capable of storing more than 10 tons of explosives at one time. They are also required to state whether they will be operating for foreign companies or individually.

A former high-ranking police chief for the Mara region, Mustafa Wandwi, warned that the liberalisation of the arms trade will increase the crime rate and endanger the lives and property of Tanzania's citizens.

"When the trade comes to fruition, the ill-equipped police force will fail to contain social unrest and this may lead to sky-rocketing incidences of lawbreaking," said Wandwi.

"The government reached the decision hastily without carrying out any research. We don't need to liberalise the arms trade while we lack basic services such as food, health care and education."

In the event that the government carries on with the decision despite the public outcry, Wandwi has advised that huge taxes be pegged in a bid to scare away unscrupulous traders.

The newly launched Hunters and Gun Owners' Association of Tanzania has also rubbished the government's decision. Members have challenged the government to publicise the list of contending applicants, saying they are aware that unscrupulous traders have already applied. The group's chair, Abubakar Abubakar, said: "If the government does not make the list public soon, unscrupulous dealers are going to qualify."

Tanzanian Senior Assistant Commissioner of Police Aden Mwamunyange has dismissed the group's apprehensions saying he cannot disclose the list although the group maintains that they are aware that some dealers who have applied are engaged in shady dealings.

● In a related development, the government of Zanzibar has outlawed the entrance of arms bought under the new arrangement on to the island saying the sale of arms in the Isles was not liberal.

The Minister of State in the Chief Minister's Office, Iddi Pandu, has announced that authorities will mete out stiff penalties against anybody found sending arms on to the island.

Tanzania to sell off 35% of state-owned telecoms

CT (BE) 1/7/99 (318)

From Reuters

Dar es Salaam – Tanzania's privatisation commission invited bids yesterday for a 35 percent stake in Tanzania Telecommunications (TTCL), the state-owned telecoms operator.

The invitation, carried in a newspaper advertisement, invited bids from telecommunications operators acting alone or in a consortium with one or more financial investors. The closing date for bids was set for July 31.

TTCL officials said that after the 35 percent stake was sold to the strategic investor, another 14 percent would be sold to TTCL employees and the Tanzanian public by the end of the year.

Eventually, the government would reduce its remaining 51 percent stake to a minority holding, according to officials.

"The government aims to sell (more) shares – but after the privatisation and at a higher price," said Issa Semtawa, the TTCL public relations officer.

TTCL is the east African country's largest telephone operator.

The company was granted a licence to operate a cellular phone network yesterday. The service is expected to begin operating by the end of December.

"Today, we have received our licence for a mobile phone operator. Now we are stronger than ever before. This will add to making our total package attractive," Semtawa said.

Tanzania has one of the lowest rates of telephone exposure in the world, with an estimated seven lines per 100 000 people.

Thousands of refugees held in Tanzania crackdown

(318) ARG 7/7/99

Dar es Salaam – Thousands of refugees living in Tanzania have been rounded up and confined to camps for the past year, New York-based Human Rights Watch said today.

In a statement, the rights group said the refugees had been rounded up by troops, separated from families and stripped of their belongings as part of a government crackdown on security.

"The Tanzanian army conducted house-to-house sweeps largely in late 1997 and early 1998 on the grounds that this was necessary to protect Tanzanian citizens living near the Burundi border," it said.

"The Burundian government had alleged that Burundian refugees based in Tanzania were engaged in arms trafficking and cross-border incursions.

"The Burundian government threatened to act if the Tanzanian government did not," the statement said.

In response, the Tanzanian army went through villages close to the Burundi and Rwandan borders, seizing thousands of refugees and packing them into refugee camps, the statement said.

Human Rights Watch said it had obtained testimony from thousands of refugees, some of whom have lived in Tanzania for more than two decades on farms in government-provided settlements.

It urged the Tanzanian government to restore long-standing refugees – who have fled civil conflicts in Burundi, the Democratic Republic of the Congo and Rwanda – to their old settlements. – Reuters

Zambia, Tanzania join fight against gold sales

(318)
(360)

ZAMBIA and Tanzania have joined an SA-led delegation to Europe next week to demand a halt to central bank gold sales which threaten thousands of jobs and economies in Africa.

SA and other gold-producing nations are reeling from low bullion prices after Tuesday's UK auction of 25 tons of its reserves, the first in a programme to dispose of more than 400 tons.

A delegation of SA ministers, mine owners and union leaders was due in London today to press for an immediate end to the UK gold sales, but the mission was postponed at the weekend to give SA time to rally other African gold producers to the cause.

Minerals and Energy Minister Phumzile Mambo-Ncguka said: "Zambia and Tanzania confirmed their commitment to participate in the planned overseas mission." Zambia is chair of the mining committee of the 14-member Southern African Development Community, while Tanzania is an emerging gold producer.

Mambo-Ngcuka sent her deputy minister to Ghana and Mali, two gold producing countries in west Africa, to seek their support for the European mission.

The delegation will also seek to block the proposed sale of 10-million ounces of International Monetary Fund (IMF) gold to help finance debt relief for poorer countries. Critics say the IMF plan will further depress gold prices and negate the benefit of debt relief for Third World nations that produce gold.

Since the UK announced its gold auctions, six SA mines have set plans to fire over 11 000 mineworkers. Gauteng mine East Rand Proprietary Mines (ERPM) was placed in provisional liquidation last week, threatening to put 5 000 miners out of work at a time when SA's unemployment rate is nearly 40%.

Job losses in SA's mining industry will hit the economies of neighbouring countries like Mozambique, Lesotho and Swaziland, which contribute about 40% of the mine workforce.

Sapa reports that the Mine Workers' Union warned yesterday that apart from the economic implications of closing ERPM an ecological catastrophe was inevitable if government revoked its monthly R1,7m subsidy to the mine to purify toxic water.

Union spokesman Fred Bond said an underground dam five times the size of the Vaal Dam was poisoned with pollutant oxides from underground mining. "Should this dam overflow ... it will flow into the Blesbok River. "This will cause toxification of the drinking water of millions of people in Gauteng," Bond said.

When polluted water drained into the river in the early 1990s, pollution destroyed bird, fish and plant life.

ERPM pension chief Jan Groenewald said the workers would get their pension benefits. — Reuter.

Millennium rates arouse anger

(318) BD 14/7/99

DAR ES SALAAM — A furore has blown up in Tanzania's tourism industry at high rates imposed on tourists who plan to come in droves to see in the millennium on Mount Kilimanjaro.

As many as 7 000 tourists have booked to climb the mountain in the millennium period starting in December. Tour operators are upset with the Kilimanjaro National Park authority which manages the mountain and its environs because it has raised tariffs 100%.

"The increase could result in mass cancellation of bookings," said Zara Mohamed, owner of Zara Tours International based in Moshi town at the foot of Kilimanjaro Mountain. "Much as tourists have money to spend, they would not like to be taken for granted." She said Tanzania could not afford to lose foreign exchange because of officials bent on making quick money out of the tourists.

The park entry fee for the millennium 30-day climb has been pegged at \$50. Fees are \$80 a person a night for camping and \$100 to sleep in a hut. Tour operators say the tariff increase will disrupt tourism. They say the charges were introduced at short notice.

Not so, says warden Michael Mombo, the park gave six months' notice.

He says the influx of tourists means the park had to put in more resources and hire new staff or divert some from other parks. Mombo also says that raising tariffs was a way of controlling the tourist influx and the effects on the protected area.

Tourists usually climb Mount Kilimanjaro on trails that allow a maximum of about 100 climbers a day. However, during the millennium celebrations, the park has set a daily limit of 200 to 470 hikers ascending and descending the mountain.

The millennium mountain climbing event will be between December 15 and January 15.

Hotel owners have also posted higher accommodation rates for the event, irritating tour operators.

According to tourism minister Zakia Meghji, the country hosted 401 331 tourists last year, earning \$431m. "This is quite an achievement considering that Tanzania received only 291 312 tourists in 1995." She says her ministry is determined to make Tanzania the best tourist destination in Africa.

The African Travel Association International Congress recently ranked Tanzania fifth among the 20 top major tourism countries after SA, Morocco, Tunisia and Mauritius. Tourism earns 16,5% of Tanzania's gross domestic product and 50% of its foreign exchange. Most visitors are from the US, Japan, SA, Korea and Europe.

The sector employs 35 000 workers and it is growing at 11,4%. Revenues are rising at 23,3%.

The millenium celebrations pose a challenge to the tourism industry to improve service capacity. Officials will have to beef up the number of park rangers and rescue teams for supervision, control monitoring and improving security. They say security is a major factor in the success of the millennium celebration.

The ministry of tourism and natural resources has cracked down on bogus tour operators to protect tourists from cheats. — AIA.

Tanzanian troops round up refugees

Claire Pickard-Cambridge (318) BD 15/7/99

LONDON — Tens of thousands of refugees have been rounded up by the Tanzanian army and confined to camps for the past year amid growing regional tension, says Human Rights Watch.

The international organisation has released a report alleging the Tanzanian army separated the refugees — some had lived in Tanzania for more than two decades — from their families and stripped them of their belongings in an indiscriminate response to security risks from outside the country.

The Tanzanian army conducted sweeps over the past two years in mainly the western part of the country on grounds that this was necessary to protect Tanzanian citizens living near the country's border with Burundi. The Burundian government has alleged that Burundian rebels based in Tanzania are engaged in arms trafficking and cross-border incursions. The Burundian government threatened to act if the Tanzanian government did not.

With little or no notice the Tanzanian army swept through villages close to the Burundian and Rwandan borders apprehending thousands of refugees from their homes in the government-provided settlements and farms and sending them to large refugee camps.

Human Rights Watch's report calls on the Tanzanian government to restore the long-standing refugees to their old settlements and to seek alternative means to address valid security concerns that do not violate national and international law.

Tanzania and Zambia have historically been among the more welcoming refugee hosts worldwide and have large, long-standing refugee populations from many African neighbours.

Tanzania has provided safety to thousands of African refugees for many decades, going as far as to offer land for settlement, integration, and even citizenship at times. However the influx of refugees since 1994 — and the attendant crime and insecurity caused by militants among the refugees, economic strain and environmental degradation — have resulted in a growing hostility towards refugees in Tanzania.

"Unfortunately," says the report, "some of the policies being adopted by Tanzania are undermining refugee protection in violation of international law and reversing the long and generous asylum tradition that Tanzania has been so well-respected for."

The report suggests the Tanzanian government increase police patrols at the borders, relocate refugee camps and settlements further from the border and prosecute individuals responsible for criminal acts.

Human Rights Watch calls on the international community to provide greater financial and logistical support to the Tanzanian government to enable it to adopt alternative security measures.

Tanzania loses millions through EU fish ban

FROM AP CT (BR) 22/7/99 (318)

Arusha – Tanzania has lost $11,7 million since the European Union (EU) banned fish imports from the east African country in March because of the use of poison by fishermen.

Zakia Meghji, natural resources and tourism minister, said the fishing industry around Lake Victoria had shrunk 40 percent as a result of the ban, the state-owned Daily News reported.

The EU ban includes Uganda and Kenya, which share Lake Victoria with Tanzania. Tanzania has the largest share of the lake.

Meghji said the east African nations were intensifying patrols on Lake Victoria to ensure poison fishing did not take place, and they were also trying to get the EU to lift the ban.

It is illegal in the three countries to use certain types of nets, poison or explosives for fishing, but fishermen in search of an easy catch get away with the practices.

Absa to take up Tanzanian bank

(318) CTC(PSR) 23/7/99

JOE KHAMISI

Dar es Salaam – Absa, South Africa's largest commercial banking group, yesterday signed a memorandum of understanding with the Tanzanian government for the acquisition of a 70 percent stake in the National Bank of Commerce (NBC), Tanzania's largest bank

The memorandum was signed by Jean Brown, an Absa group executive director, and John Ruhambe, the executive chairman of Tanzania's Parastatal Sector Reform Commission (PSRC). An Absa spokesman in Johannesburg said the purchase remained subject to due diligence and regulatory approval.

Absa beat four other banks, including the local subsidiary of Standard Bank Investment Corporation, to win the bid last February. But the process of acquiring control of NBC was delayed by a court injunction by the Tanzania Union of Industrial and Commercial Workers.

The union had wanted to sign an agreement guaranteeing job security for some 1 000 bank employees. But Absa refused, saying it could not be a signatory to any agreement in which the union was also a signatory.

This led to a six-month stalemate, which angered the government and prompted Frederick Sumaye, the prime minister, to admonish the union for its delaying tactics. He said President Benjamin Mkapa was "losing patience" in the matter.

Yesterday's conclusion of the memorandum means the bank's privatisation process can continue even though bank employees were taking the matter to the Appeals Court. Sources at PSRC said Absa would take control of the bank on August 2, allowing it to completely restructure the bank and bring in fresh expertise and new technology.

Rubambe said the decision to sell majority shares in NBC showed the government's commitment to restructuring the financial sector to promote efficient mobilisation and allocation of savings. – Independent Foreign Service

Hopes are high as Tanzania frees its phone lines

(3183)

CT (MR) 29/7/99

Ludger Kasumuni

Dar es Salaam – Tanzanian customers have voiced their hopes for improved services at lower prices as a result of the government's continuing privatisation of telecommunications.

Tabu Hassan, a resident of Dar es Salaam, said privatisation would bring more dealers because phones were no longer considered a luxury.

"Let the government continue to allow more firms to enter the phone market. I believe the prices will come down in the near future," Hassan said.

He and other customers welcomed the decision to sell shares of the Tanzania Telecommunications Company Limited (TTCL), a parastatal that has had a monopoly in the telephone market for at least two decades.

The government announced recently that it had to attract more foreign and local investors to buy TTCL shares.

John Rubambe, the executive chairman of the Parastatal Sector Reform Commission (PSRC), said the government was looking for potential buyers worldwide.

"We expect considerable interest from investors," Rubambe said, adding that "there is superb potential for a private telecom company here and TTCL will become that company".

Data from TTCL show it has only 127 000 telephone lines connecting its customers, while the market potential is more than 60 times that. The existing TTCL capacity is only 2 percent of the potential market of about 6 million customers.

The Confederation of Tanzania Industries, an association of industrialists, said TTCL's high charges added to their ever-increasing operating costs.

According to TTCL price regulations, a one-minute inland telephone call costs $1,50 while a similar call to Zimbabwe is $6 and to Europe the price jumps to more than $10.

Many people believe more competition, especially from cellular phones, can easily halve these charges.

Mashaka Chimoto, a project consultant, said privatisation would also improve the notoriously poor service.

Under the privatisation programme, the PSRC said the winning bidder would get 35 percent of TTCL shares to take management control through government regulations.

The privatisation move coincides with a decision by TTCL to form a subsidiary called Celnet Mobile to run cellphone services from early next year. – Independent Foreign Service

Intention to pull out angers trade bloc officials who warn against relying heavily on SA

Tanzania's Comesa exit irks members

CT(BR) 5/8/99 (318) (279A)

From AFP

Dar es Salaam – A war of words continued to rage in east Africa over Tanzania's intention to leave the regional Common Market for Eastern and Southern Africa (Comesa), reports said yesterday.

Iddi Simba, the Tanzanian industry and commerce minister, said on Tuesday that the country would quit the 22-member Comesa because it was not ready for competition. Other members believe this view does not justify the threatened pullout.

"Tanzania has got to reconstruct its economy instead of clinging to the proliferation of regional integration, from which it imports a lot, and does not export," Simba said.

He said Tanzania would not lose much by pulling out of Comesa, because its objectives of zero tariffs, the promotion of peace and security and a single market were the same as those in the Southern African Development Community (SADC) and the East African Community (EAC), of which it would remain a member.

But an informed source at the Comesa secretariat, who requested anonymity, said: "Tanzania's contribution to the Comesa budget is $300 000 a year, but it gets tenfold in benefits. (The contribution) is peanuts and no reason for Tanzania to opt out."

The source said Tanzania had so far received $30 million from Comesa's PTA Bank and benefited from Comesa's insurance scheme and its planned guarantee facility for investments.

The Comesa market was estimated at $400 million, compared with SADC's $200 million, Comesa sources said.

They warned that although South Africa was involved in Tanzania's National Bank of Commerce and in breweries and gold mining, new investments would not be sustained because the South African economy would soon be engrossed in internal inequality issues.

The SADC's gross domestic product (GDP) stands at $150 billion, of which South Africa makes up $120 billion, whereas Comesa's is $170 billion, with no one country representing more than 20 percent.

"Isn't Tanzania jumping out of the frying pan into the fire?" one Comesa source asked.

According to International Monetary Fund (IMF) statistics, Comesa trade more than doubled from $1,6 billion in 1991 to $4,2 billion in 1998, during which Tanzania's trade with Comesa members increased by 21,8 percent yearly from $108 million in 1991 to $430 million in 1998.

Tanzania's exports to Comesa member states also grew from $45 million in 1991 to $130 million in 1998, an increase of 190 percent.

Trade figures for January to June 1998 indicated that the major export destinations for Tanzanian goods were Kenya, Zimbabwe, Uganda, Malawi, the Democratic Republic of Congo, Mauritius, Zambia, Rwanda, Ethiopia, Sudan, Djibouti, the Comoros, Mozambique, the Seychelles, Swaziland, Madagascar, Namibia and Angola.

The Comesa source warned that Tanzania was still operating under the "Ujamaa (socialism) mentality" and still resented Nairobi for the 1963 Kampala Agreement, under which Kenya would develop engineering industries, while Uganda would develop textiles and Tanzania rubber.

Shortly after the accord, Firestone, the rubber company arrived in Kenya, which had a market economy, shunning Tanzania because it considered the atmosphere in the country not conducive to its interests.

Absa team to assess Tanzanian bank

CT(BR) 5/8/99 (318)

Joe Khamisi

Dar es Salaam – Absa, which last month signed a memorandum of understanding with Tanzania to buy the National Bank of Commerce (NBC), has brought in 11 senior South African executives to conduct a critical assessment of the institution before signing a final joint venture agreement with the government.

The executives are part of a 25-strong team from Absa expected to take over the running of the bank under Gerald Jordan as the managing director.

Absa won a bid to buy 70% of shares in NBC, Tanzania's largest bank

The initial team would spend about 16 weeks assessing the bank's manpower and physical operations, assets and liabilities, according to John Rubambe, the chairman of the Presidential Parastatal Sector Reform Commission, which oversees privatisation of state corporations.

Absa won a bid to buy 70 percent of the shares in NBC, the country's largest banking institution. The remaining 30 percent of shares owned by the government will be floated through the Dar es Salaam stock exchange after the bank has demonstrated a track record of profitability.

Rubambe said this exercise was likely to take place three years after the signing of the joint venture agreement.

A circular sent by the treasury directs NBC to collect all outstanding loans and accumulated interest from borrowers as part of the handing-over exercise.

The bank has put the amount owing to borrowers at 34 billion Tanzanian shillings (about R272,4 million), while total debts were estimated at more than 150 billion Tanzanian shillings.

Local NBC workers have been asked to co-operate fully with the new management. – Independent Foreign Service

Tanzania to stop tax holiday

BD 16/9/99 (318) ~~(218)~~

James Macharia
and Claire Pickard-Cambridge

NAIROBI — Tanzania plans to abolish the tax holiday enjoyed by investors in the banking sector, a move that will affect several foreign banks.

Finance Minister Daniel Yona said recently government had already reduced tax holidays from five years to two years — an apparent response to pressure from the International Monetary Fund (IMF) and other donors.

Banks that have benefited from the tax holiday since the enactment of the Banking and Financial Institutions Act of 1991 include Stanbic Bank, Standard Chartered, Trust Bank of Kenya, Citibank, Habib African Bank, EuraAfrican Bank, Kenya Commercial Bank and the International Bank of Malaysia.

SA's Absa Group was appointed to manage the state-owned bank — the National Bank of Commerce (NBC) — from August 2 following the signing of a memorandum of understanding in July. The government is expected to sell 70% of its shares, but full privatisation has not taken place yet.

Absa corporate financial consultant Alex Schaffrath says that in terms of the memorandum of understanding, Absa intends to acquire the 70% stake in the bank, subject to certain conditions.

Schaffrath says at the time of the negotiations with NBC, Absa was aware that the tax holiday would be scrapped. Yona has said that NBC cannot benefit from the two-year holiday because it is not a new venture.

Absa has a team in place in Tanzania to manage the 34-branch commercial bank which has its headquarters in Dar es Salaam.

Schaffrath says technology in the Tanzanian banking arena is fairly backward, but and "we will ensure NBC catches up fairly quickly to bring it up to international standards". He describes Tanzania's climate as fairly open to investors who are prepared to contribute to the economy.

Earlier in the decade Tanzania found it virtually impossible to attract private investors without generous incentives.

Tanzania to buy back $623m in debt

CT(BR) 26/10/99 (318)

From Dow Jones

Paris – Tanzania launched a World Bank-backed deal yesterday to buy back a total of $623 million in commercial debt.

Under the deal, Tanzania would buy back $324,6 million in principal debt at just 12c in the dollar, wiping out a further $298,6 million in accrued interest.

Raphael Mollel, Tanzanian's permanent secretary to treasury, said he hoped the commercial debt restructuring deal would help the east African country regain some of its credit worthiness and buoy confidence among foreign investors.

Without support for the deal, he said, capital inflows would not be enough to finance investment and growth in Tanzania "despite government efforts to pursue structural reforms and maintain sound macroeconomic policies on a sustained basis."

The World Bank is happy with the pace of economic reforms in the country

World Bank officials, backing the deal, said yesterday they were happy with the progress of economic reforms in Tanzania, which they said should pave the way for further debt relief from the international community in the coming years.

Financing for the buyback deal would come from a $40,2 million grant from the World Bank. Of the total, $19,2 million was being provided by the bank directly, just over $14 million by the German government and the remaining $6,7 million by the Swiss government.

The Tanzanian government called on creditors to take part in a "debt for development" scheme, under which they would contribute the money they received from the buyback deal to development projects in the country.

The World Bank said the commercial debt represented "arrears accumulated in the 1970s and 1980s when Tanzania failed to meet some of its external payment obligations due to foreign exchange problems".

Tanzania is the eighteenth country to benefit from such an operation, as part of the World Bank's debt reduction facility designed to help out Third World countries pursuing reform programmes supported by the bank and the International Monetary Fund (IMF).

The Tanzanian government's financial advisers said they had assurances that most of the country's commercial creditors would take part in the restructuring, which was scheduled for completion in January next year.

Weighed down by total external debts of $8 billion, Tanzania is on track to qualify for further relief next year under the joint World Bank and IMF debt initiative known as heavily indebted poor countries initiative.

Mollel said negotiations with the World Bank and the IMF on a new policy framework paper mapping out structural reforms and economic benchmarks for the next three years should be completed by early next year.

Tanzania has been on track with the IMF for the past three years but still needs to push through key structural reforms.

Tanzania's inflation reaches 20-year lows

DAR ES SALAAM — Inflation in Tanzania fell to an annual 7,7% in June, its lowest in 20 years, the central bank said on Tuesday.

In its annual economic report, the Bank of Tanzania also said the Gross Domestic Product (GDP) for mainland Tanzania grew 4% last year, compared with 3,3% in 1997.

The mainland and the Indian Ocean island of Zanzibar, form the Republic of Tanzania.

In other key indicators, the mining sector grew 27,4% for the year ending in June, compared with 17,1% the year before. The industrial sector increased 8% compared with 5,1%.

Growth in agriculture, which produces the largest share of Tanzania's GDP, dipped to 1,9% from 2,4%. The report blamed poor weather conditions.

Tanzania's overall balance of payments also worsened, recording a deficit of $572,8m, from $518,9m the previous year.

The trade deficit widened to $844,9m from $644,0m.

Debt service amounted to $310,6m, a decrease of 1,7% from $315,9m paid in the preceding financial year.

At the household level, real per capita income on the mainland grew at a rate of 1,2%, compared with a rate of 0,5% in 1997. — Dow Jones.

(318) BD 4/11/99

Tanzania's trade deficit down 13,8%

(318)

From AP

Dar es Salaam - Tanzania's trade balance improved by 13,8 percent in September, to a deficit of $84.6 million from $98.1 million the previous month, a central bank official said yesterday.

A 35,9 percent increase in exports, coupled with a 2,4 percent decline in imports, fuelled the improvement, said J Munazi, the acting deputy communications director for the Bank of Tanzania.

On other key indicators, the rate of headline inflation dropped slightly to 7,3 percent in September from 7,4 percent in August.

The impact of the unprecedented government move to use more than 30 percent of its revenues to service its debt remained minimal.

The total debt committed at the end of September was $7 802,6 million, a decrease of 3,2 percent.

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IMF denies privatisation pressure

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Joe Khamisi

Dar es Salaam - The International Monetary Fund (IMF) has denied assertions that it put pressure on Tanzania to privatise the National Bank of Commerce, which has now been acquired by South Africa's Absa Group.

Jerry Johnson, the IMF's assistant director for Africa, made the denial on Tuesday night in response to a statement by Daniel Yona, the finance minister, in parliament on Monday.

"We are surprised to learn that, especially when it was the Tanzanian government itself which committed itself to the bank's restructuring and eventual privatisation," Johnson said.

On Monday Yona admitted for the first time that the action to divest the biggest bank in the country was in order to meet IMF conditions for the continued disbursement of aid under the enhanced structural adjustment facility. "In accordance with agreements with the IMF and other donors the government is obliged to privatise (the bank) before the end of December," he said.

The failure to privatise the bank would have resulted in the discontinuation of the highly indebted poor countries initiative granted to Tanzania in October, he said. Under the programme, Tanzania stands to receive up to $2,5 billion in foreign debt relief.

Johnson said, however, that the IMF was phasing out the facility and introducing another programme to be known as the poverty reduction growth facility. He did not indicate when that programme would start operating or say how much Tanzania would get under it. He lauded the country's macroeconomic reforms but said more effort was required in revenue collection.

Last September Absa acquired 70 percent of the bank and immediately posted its staff to conduct an assessment exercise to determine the assets and liabilities of the bank.

The bank has the largest network of branches in the country but has also a network loss amounting to 84,4 billion Tanzanian shillings (about R262 million).

This week thee bank's divestiture was criticised by the opposition, which described it as suicidal. One MP said the privatisation went against the wishes of the late founding father, Mwalimu Julius Nyerere.

- Independent Foreign Service

Taxing job for top dog

The South African Revenue Service has been going through changes recently, many of which can be attributed to a new man at the top, writes **Sharon Chetty**

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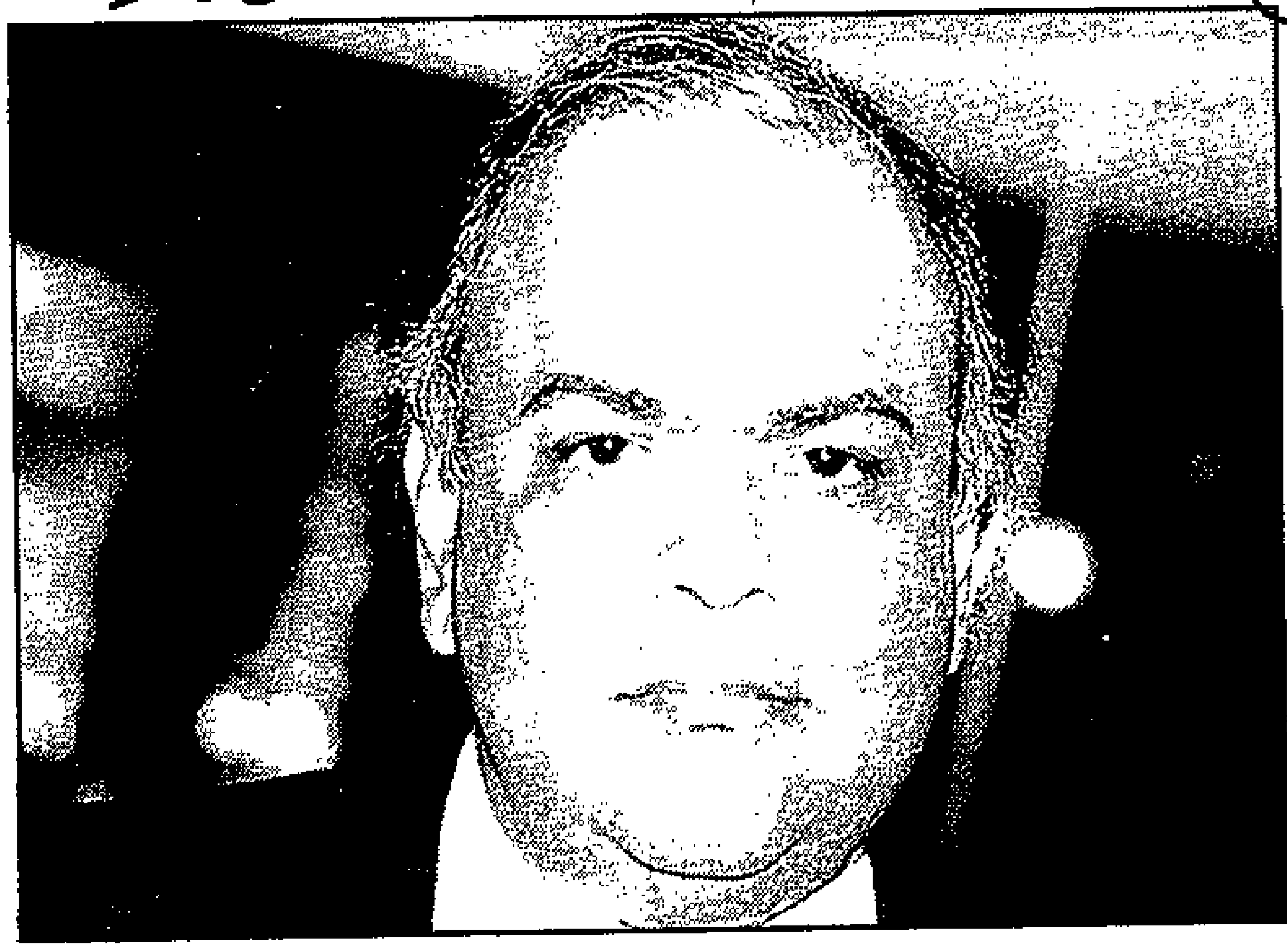

Pravin Gordhan ... working in institutions such as the South African Revenue Service is necessary to contribute to overall socio-economic development.

THE NEWLY-BUILT brick building housing the South African Revenue Service (SARS) is surrounded by gardens with flowers in bloom. It's hardly the imposing, dour premises one expects to house the senior bureaucrats running the tax service.

But then the new man at the helm hardly fits the image one has of the archetypal tax collector either.

Former African National Congress MP Pravin Gordhan was confirmed by Cabinet as Commissioner of Inland Revenue last week after serving in an acting capacity for two months while he was deputy.

Gordhan was "persuaded" to join the SARS last May, and while he says that it was not an easy decision, he now describes the job as "a constant challenge ... stimulating and diverse".

"Leaving politics after 25 years of involvement was not a simple decision. But if one is dedicated to transforming South African society, then working in such institutions is necessary for us to contribute to the overall socio-economic development," he says.

Gordhan, a trained pharmacist who was part of the ANC's negotiating team at the Convention for a Democratic South Africa before going to Parliament, sees his role at the SARS as "making a strategic input".

"It's a tough place and a tough job, there's nothing romantic about it," he says.

At first it was "like pushing a stationary vehicle," he says. Nineteen months into the SARS transformation and "we have definitely attained critical momentum", he boasts.

While he says there is now a dedicated, loyal team to work with, it was necessary to first root out corrupt elements. Staff misdemeanours ranged from "bad attitude, to fraud and rank criminality".

Several people were dismissed for corruption but Gordhan stresses that corruption in the SARS does not happen in isolation and that the private sector must take its share of responsibility in rooting out bad practice.

And as in any other public institution, getting people to be more efficient and transforming the SARS into a service-orientated entity has also been the challenge. He is convinced that "the message has got through that we will not tolerate incompetence".

At the same time, the SARS has to guard against a "brain drain" into the private sector since – like elsewhere in the world – its staff are highly prized in accounting firms.

Recently he had a breakfast meeting with senior management and says that there is renewed enthusiasm and staff "want to continue along the road we are on".

The SARS is a huge, complex organisation employing 12 000 people in offices stretching from Beit Bridge to Cape Town.

They have had the invidious task of acting as enforcers of laws against defaulters while trying to improve their services. Already there are changes and Gordhan says there is "now a new level of service – staff are courteous and there's a willingness to walk the extra mile".

"The SARS is not an automaton ... it is dynamic and susceptible to change," he says.

Gordhan says the Government's mission is to create a public administration sensitive to the development needs of the country and tax collection is a crucial part of this.

The recent action against Metro Cash and Carry showed that the SARS was "friendly yet tough" and "created new respect both for tax and the obligation to pay tax".

While the tax base is still small in terms of volumes of money, the largest numbers are still ordinary workers who contribute through SITE and PAYE.

There are now concerted efforts to broaden the tax base and through education programmes, which will include schools, the SARS hopes to convince the public of the need for taxation.

"If the democratic Government is to survive, we need to start tackling these attitudes. People realise the need for services; they have to start accepting that the money must come from somewhere."

Innovative steps have included the taxation of the earnings from the Sanlam and Old Mutual demutualisation, something which had not been done before, he says.

More efforts are also being made to clamp down on counterfeit goods – a consignment of fake designer clothes was confiscated by police recently – and to beef up customs services.

With a free trade protocol likely to come into effect early next year in the Southern African Development Community region, the SARS has been having ongoing talks with neighbouring countries on how to improve on the policing of and collection of customs.

Talks have been held with the various taxi associations to work out ways of getting those in the industry into the tax net.

Already such negotiations with a group in Johannesburg has yielded a pledge of R15 million, which, despite being a relatively small amount, is seen as progress.

Similar efforts are being made with other small businesses and their needs are being considered, like the fact that it is cumbersome to fill in 65 forms a year.

There has also been action against boxers who win handsomely but do not pay taxes and soccer players are likely to be next in line.

Gordhan says that "the aim is not to make tax into an impossible burden".

The Government is committed to reforming the tax system, as cuts made by the Finance Ministry already show, he says.

Eventually there are likely to be far-reaching changes, such as simpler tax forms – like in the United States and Britain – which individuals will be able to understand and fill in easily without expert help.

Taking fiscal policy out of politicians' greedy hands

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Central bank independence should be extended to the fiscus, analysts say

ST(的) 28/11/99

IT IS now widely accepted that monetary policy is best set by an independent central bank, insulated from political pressures. But fiscal policy still remains in the hands of politicians. Indeed, most people would regard with horror the notion that tax rates might also be set by a band of unelected officials. Yet that is exactly what some economists are now calling for.

For example, Alan Blinder, an economist at Princeton University in the US and a former vice-chairman of the US Federal Reserve, has argued that the institutional framework around monetary policy should be extended to fiscal policy. To understand why, consider the arguments in favour of central bank independence.

Monetary policy affects the economy only after a long lag, so policymakers need a long time horizon. Short-sighted politicians might try to engineer a boom before an election, hoping that inflation will not rise until after the votes have been counted. An independent central bank shielded from political pressures is more likely to give priority to price stability; as a result its policies are seen by financial markets as more credible. An independent central bank can therefore deliver lower inflation and more stable growth.

Similar arguments can be applied to fiscal policy. Tax changes also have consequences which stretch far into the future. But politicians' time horizons stretch only until the next election; all too often they are tempted to cut taxes ahead of an election, which can later cause the economy to overheat. Blinder concludes that the tax system would be simpler and more efficient if it were left to an independent agency, in the same way as monetary policy.

This idea has now been adopted by the Business Council of Australia as a way to make fiscal policy more flexible, while still maintaining discipline. At present fiscal policy is generally seen as less effective than monetary policy in steering the economy. This is partly because, in most countries, it takes ages to get parliamentary approval for changes in taxes, so tax rates cannot be altered as fast as interest rates. As a result, tax cuts in response to a slowdown have typically arrived too late, fuelling the next boom rather than cushioning the impact of a recession.

During the 1970s and 1980s, not only did fiscal fine-tuning fail, but budget deficits rose alarmingly.

In recent years most governments (with the exception of Japan) have accordingly focused on trimming or eliminating their deficits. Governments in the Euro area have, under their stability pact, set a limit on budget deficits of 3% of GDP. Some American economists favour a strict balanced-budget amendment.

But by reducing the ability of fiscal policy to respond to developments in the economy, such constraints could put an excessive burden on monetary policy to prevent economies from either overheating or diving into recession. Central banks may enjoy their new powers, yet it could be argued that monetary policy is not well suited to this role, as its effects are felt only after long and variable lags. Some studies suggest that fiscal policy is better suited to steering nominal demand, because once implemented (where the delays currently lie), it affects the economy more swiftly than changes in interest rates. Furthermore, the effects of monetary policy tend to be spread less evenly across the economy than those of fiscal policy. For example, high interest rates and hence a stronger exchange rate squeeze manufacturers more than other producers.

'Tax changes have long-term consequences, but politicians' time horizons stretch only until the next election'

Nobody is suggesting a return to 1960s-style fiscal fine-tuning. But there would be advantages if fiscal policy could be more effective. Several countries, such as Australia and New Zealand, have made fiscal policy more transparent and accountable. This helps reduce the influence of political interests. But the dilemma is how to make policy more flexible, in order to take pressure off monetary policy, while maintaining long-term discipline.

The Business Council of Australia proposes that an independent body should be given the power to make small adjustments to tax rates in response to the state of the Australian economy without the need for parliamentary approval. This would both reduce the lags in fiscal policy and insulate it from political pressure. The government would still determine the size of the welfare state and the structure of the tax system. It would also set a broad long-term goal for the budget deficit. The independent fiscal authority would then be given discretion to increase or cut income-tax rates across the board within a narrow band of, say, a percentage point either side of existing rates. If it felt the economy was overheating, it could raise taxes; if a recession loomed, it could cut them.

This would ease the burden on monetary policy. Nor need it always imply a tighter fiscal policy. Suppose, for example, that in the autumn of last year, when there were fears that global financial turmoil would drag the US economy into recession, policymakers had responded by cutting taxes rather than interest rates. The likely result is that the economic and financial imbalances would now look less serious. The cut in interest rates last year, which has only now been reversed, pushed share prices higher and encouraged households and firms to borrow more and save less. The bigger these imbalances become, the more painful it will be to unwind them. In an economy already displaying signs of financial excess, a tax cut delivered by an independent tax agency might have been safer than looser money.

The idea of an independent fiscal authority deserves serious consideration. It may seem radical and undemocratic. But that, remember, is what many governments once said of demands to make their central banks independent. —