ECONOMIC AND SOCIAL RESEARCH FOUNDATION (ESRF)

CURRENT STATUS OF INDUSTRY IN TANZANIA

by

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Current Status of Industry in Tanzania By Prof. S.M. Wangwe[1]

1.0 INTRODUCTION

During the colonial period development of industry was not high on the agenda. Therefore at the time of independence in 1961 the level of industrial development was very low with a very rudimentary structure. The country had only 220 manufacturing entities employing 10 or more employees and owning fixed assets worth 20,000 or more. The sector was employing only 20,500 people. The total contribution of the manufacturing sector to Gross Domestic Product (GDP) was only 4%. The structure of industry was simple dominated by processing of primary products and simple consumer goods. About 25 per cent of all establishments were manufacturing food products, beverages and tobacco, 30 per cent decorticating sisal and ginning cotton,16 per cent in repair of machinery and transport equipment and 15 per cent in wood and furniture working.

The post-independence period put industrialization high on the agenda. Industrial development was expected to lead the process of modernization and transformation to high productivity and high growth. All development plans since independence therefore envisaged increase of the share industry in Gross Domestic Product (GDP), import substitution being with simple manufactures and increased value added of primary products by further processing. In the early years of independence (1961-66) emphasis was placed on growth of industry with little attention on change of structure or ownership. It was envisaged that the share of manufacturing in GDP would reach 7.5% by 1969. The basic approach was that of import substitution industrialization based on private investment. In 1967 the Arusha Declaration led to change in development philosophy to that of socialism and self-reliance. The ownership of major means of production were put in public hands and thus marginalizing the role of the private sector.

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1 . I would like to thank Mr. Januarius Mrema of theMinistry of Industry and Commerce for preparing a background paper on "The Status of the Industrial Sector in Tanzania" from which a substantial part of information used in this paper was drawn. Any errors remaining are mine.

In the mid-1970s the thrust towards industrialization was enhanced placing an accent on structural change and self reliance in what came to be referred to as the basic industry strategy.

The basic industry strategy was formulated in the early 1970s and was supposed to guide the industrialization process in Tanzania for two decades (1975-95). This strategy emphasizes industrial activities which transform the economy so that domestic demand would be met primarily by domestic resources.

The basic industry strategy therefore placed emphasis on two sets of industrial activities. The first set consists of industries which meet the basic needs of the people. Important components of the selected industrial activities in this set include food processing, textiles, clothing, footwear, building materials, and materials and facilities to meet the requirements of education, health services, transportation and water supply. The second set of industries consist of activities which can use domestic resources to produce and supply intermediate inputs and capital goods to industries in the first set. In satisfying the basic needs using local resources it is possible to identify a core group of industries whose products are consumed by most other industries as suggested by Thomas (1974). This core group which constitutes the base of industrial production consists of industries like iron and steel, metalworking and engineering, industrial chemicals, paper, textiles, leather, construction materials and electricity. In this context, for instance, the metalworking and engineering industry receives considerable emphasis for its capacity to supply machinery and equipment while iron and steel is a priority industry in its capacity as a supplier of inputs into metalworking and engineering industries.

2.0 PERFORMANCE OF INDUSTRY

2.1 Fate of State Led Import Substitution

From 1967 onwards industrial development was based on state led import substitution industrialization. The pace and depth of industrialization was expected to be enhanced by the basic industry strategy (1975-95). In practice, however, the implementation of BIS was slowed down by the lack of resources following the economic crisis which set in towards the end of 1970s. Towards the end of the 1970s, with variations across sectors, these were indications that the high expectations from industrial development were under threat. The main indications of this threat were low returns, inefficiency, low capacity utilization and low labour productivity. Infant, industries were not growing up as envisaged. As it turned out industrial development in Tanzania has performed poorly in terms of output, employment, transformation and competitiveness. During the 1980s there was absolute decline of manufacturing output by about 5% per annum (1981-85) largely due to low level of capacity utilization (20-30%) primarily on account of shortage of foreign exchange. This decline in industrial development coupled with overall stagnation of economy and imbalances in major macroeconomic variables necessitated reform. Economic reforms were adopted in 1986 as one response to the deterioration of the economy and industrial development in particular.

2.2 Some Recovery from Mid-1980s

From 1986 when the government concluded an agreement with the International Monetary Fund (IMF) the inflow of foreign aid was resumed causing improved capacity utilization in several industries. A significant but temporary growth was recorded during 1985-1989 when the real GDP grew at 3.9% per annum and manufacturing grew at 2.3%. Official statistics indicate that the contribution of the industrial sector to the GDP declined from 10.2% between 1980-1984, to about 8% between 1990-1994. Since then the share of Manufacturing Value Added (MVA) in GDP as stabilized at 7-8%.

One implicit assumption of economic reforms and industrial restructuring is that enterprise level inefficiencies are a reflection of distorted or inappropriate macroeconomic policies. It is suggested that if appropriate adjustments could be put in place at macro-level, enterprises would receive the right signals through the market. In response to these signals, enterprises would restructure appropriately. According to this approach, appropriate changes in policies (e.g. on market prices, realistic exchange rate, interest rates, competition) are expected to induce restructuring by favouring the expansion of efficient enterprises and contraction of inefficient ones. This approach has been associated with the World Bank especially in its earlier publications (World Bank, 1981 and 1987). According to this approach, reform and restructuring of industry is essentially a macroeconomic issue among to restructuring the supply side by putting in place appropriate macroeconomic and sectoral policies.

2.3 Performance has been Mixed

The experience of Tanzania in the reform period has shown mixed results. On the one hand, trade liberalization has swept away a large part of some sectors (e.g. textiles, leather and paper) and on the other, the more liberal inflow of foreign exchange, capital and management have led to recovery of some manufacturing sectors (e.g. beer, cigarettes, cement). Production capacities in the textile sector increased from 90 million square metres in 1976 to 200 million square metres in 1980. By 1980 the garment industries had an installed capacity of 1.5 million garments. Tanzania was leading in the region in terms of capacities in textiles production. Performance of this sector in the 70's was fairly impressive. In 1977 volume of production of textiles had reached 78.9 million square metres raising to102.2 billion square metres in 1979. Trend of production in this sub-sector started declining the 80's. While in 1987 production was 60.84 million square metres it decreased year after year to 31.201 million square metres in 1995. At this time most of public owned textile mills reached stage of closure. The net effect has been positive though not particularly impressive. This sub sector was the first sector to be privatised. Despite the fact that it was privatised early in the 90's up todate this sector has not been revived. The new shareholders have not injected adequate levels of capital, technology and management.

Installed capacities for the production of cement were increased from 340,000 tons in 1976 to 1,100,000 tons in 1980. The performance of this sub sector in terms of production has had an increasing trend from 1987 to 1997. While 490,000 tons were produced in 1987 production increased to 804,000 tons in 1997. Production of beer increased from litres 65.177 million in 1986 to litres 148.34 million in 1997. This increase is attributed to improved production capacities at Dar es Salaam and Arusha plants after successful rehabilitation and the establishment of a new brewery at Mwanza. All these are results of the divestiture programme. Cigarette production increased from pieces 2,748 million in 1986 to pieces 4,710 million in 1997. The increase in capacity utilization was brought about by the new private foreign shareholder whose contribution in rehabilitation and management of the Tanzania Cigarette Company has substantively improved the operations of the company. The net effect has been positive though not particularly impressive. In the case of Tanzania, at the level of the manufacturing sector as a whole, the shift of resources towards capacity utilization coupled with a greater inflow of foreign resources seems to have had a positive influence on output. While growth of manufacturing value added was negative during 1979-1985, in the post-1986 period average growth of the manufacturing sector recovered to about 5% per year. This recovery has been achieved within the same industrial structure under which the decline of industry occurred in the first place. The question which has yet to be answered is whether this recovery is sustainable. It would appear that this is more of a capacity utilization boom whose sustainability will largely depend on the capacity of the economy to shift away from dependence on donor financing and generate higher levels of export earnings. Even more important, sustainability of industrial recovery will require industrial restructuring in the direction of efficiency and competitiveness.

2.4 Problems of Industry are Complex : Need to go Beyond Macro-economic Stabilization

Various industrial studies have revealed that restructuring the industrial sector entails much more than macroeconomic management. For instance, findings of various enterprise-level and sectoral studies in Tanzania in the 1980s lend support to this observation. Findings made by Tanzania Industrial Studies and Consulting Organization (TISCO) studies of the techno-economic review of 8 Tanzania Investment Bank (TIB) client companies in the mid-1980s reveal many operational problems other than those calling for mechanical rehabilitation. Specifically, the review brings out problems of the exchange rate, government priorities, project planning and programming, linkages, financing, organization and rationalization, quality of management, incentive structures, and infrastructural requirements. These broader concerns are also quite explicit in the findings of six sub-sectoral studies on the industrial sector in Tanzania. Studies of the industrial sectors in several African countries (UNIDO, 1988 and 1990) confirm that the problems of industry cover all levels (macro, sectoral and plant level) and addresses all aspects of performance including economic, financial, managerial, technical and marketing. In this context, three challenges are identified: to identify enterprises suited for rehabilitation; to combine plant rehabilitation with a restructuring programme of the industrial sector to ensure growth and dynamism (this would entail mainly new investments); and to adjust the policy and administrative framework. In his study of the performance of Tanzania textile sector, Peter de Valk has demonstrated that performance of enterprises is determined not only by macroeconomic factors but also by international factors, sectoral policies and characteristics at firm level and that all these levels interact in a rather complex way (Valk, 1992). These findings indicate that macroeconomic policy may be a necessary component of industrial restructuring but it is by no means sufficient. It would have to be complemented by actions at sectoral and enterprise level with due consideration of developments at the international sphere. Recent studies on industry in Tanzania have continued to confirm that although changes in the macroeconomic environment have introduced competitive pressures among manufacturers (e.g. injecting a sense of quality consideration), many of the earlier weakness in technological development have not been resolved. Changes in macroeconomic policy and enterprise level rehabilitation programmes alone are not sufficient for industrial restructuring to be realized. Action at the intermediate level (below macro-level and above micro-level) is still insufficient. This is a reflection of the persistence of weaknesses in the institutional mechanisms for the support of industry and in the incentive framework relating to the building of technological capabilities. The importance of action at this level is well demonstrated in the case of the textile sector (Valk, 1922). Such action needs to be generalized to the whole industrial sector in the framework of an industrial strategy.

The envisaged industrialization process has not been realized on account of policy failures, inadequate institutional capacity, poor infrastructure, little commitment to make necessary investments to cope with technological change and failure to invest in the required human resources.

2.5 The New Industrial Policy (SIDP 1996-2020)

At the end of BIS period (1975-95) Government had to prepare a new policy for the industrial sector (SIDP 1996-2020) taking cognicance of a number of broad based policy changes undertaken by the Government in reforming the economy. A fundamental change was that of Government phasing itself out of direct involvement in productive and commercial activities and thus propelling the private sector to be the principal actor in investing and managing the productive sectors. Given this change a new policy was needed to guide stakeholders on the best options of directing and managing the process of industrial development in Tanzania.

Given the new national vision of human development the Sustainable Industrial Development Policy SIDP (1996 – 2020) has a defined mission of establishing a sustainable industrial base anchored on a competitive edge. The basic objectives of the SIDP are:-

i) The manufacturing sector through maximisation of qualitative and quantitative efficiencies will promote a sustainable industrial productive base and maximize growth rate and its contribution to GDP. Emphasis has been given to the establishment of intermediate and capital goods industries.

ii) The industrial sector must increase sustainable production capacity in the economy to be able to produce enough basic need goods. In so doing the sector will improve the quality of human life thus contributing to human development and employment.

iii) There is a need to have a balanced approach between import substitution and outward looking industrial development to ensure that there is an export expansion for manufactured goods within the economy based on country's competitive advantage.

iv) To provide attractive incentive packages to investors so as to encourage them to invest in large industries , small scale industries and infrastructure so as to reduce income disparities between people, regions and rural-urban.

2.6 Implementation Snags

(a) Tax Reform

The industrial sector development has been governed by the above elaborated strategies, changing from time to time depending on the set of objectives of the time and governing overall policy framework.

Efforts to improve the performance of industry have included reform of the tax structure, reform of investment policy and the investment code, rationalization of investment procedures in the direction of facilitation and restructuring of the parastatals.

Despite the fact that these reforms were targeted on the industrial sector they had very limited impact on the sector. The tariff and sales tax structure reforms have had criticism from the local industries due to the fact that they are not giving enough protection to the local industries. While the formation of the Taxes Task Force was commended its recommendations were not incorporated in the Finance Bill.

(b) Obstacles to Investors Persist

The Government desire to make TIC One Stop Centre has not yet being realised. None of the respective ministries has todate designated officers to facilitate the making of TIC the One Stop

Centre. The incentives propounded in the TIC Act are often disputed by the Tanzania Revenue Authority on basis of differences in interpretation of the clauses of the Act. The speed at which privatization is going is very slow. This has necessitated the extension of the life span of PSRC under the World Bank funding. Moreover what is important is not the absolute number of industries which have been privatised rather the number of revived ones. This appraisal of the reform measures targeted at the industrial sector reveals the fact that some of those measures have fallen short of their expected results.

(c) Export Performance still not Impressive

An important measure of performance is the capacity to export. The share of the manufactured exports to the total exports did increase from 10.7 per cent in 1976 to 23.8 per cent in 1990. Improvement in the performance of manufactured exports during 1986-90 was facilitated by the effect of devaluation, leverage derived from availability of foreign exchange through own-funded imports, retention schemes and open general licence (1988). Because of production crisis and crisis the economy was facing it declined to 14.5 per cent in 1996. It has now started showing signs of improvement. Its share did increased to 16.7 per cent in 1997. In value terms, exports of manufactured goods picked up in the reform period and peaked at US$ 97 million in 1990, declined to a low of US$ 52 million in 1993. Thereafter manufactured exports picked up again to reach US$ 109 million in 1995 and has continued more or less at the same level up to 1997. Since 1995 manufactured export performance has tended to stagnate a development which questions the dynamism of this sector and raises concern over the need to improve this situation. The improvement in manufactured export performance has been caused by:

(i) Revival of industries which used to export in the past but stopped in the late 1980's and early 90's. These include Alaf and Friendship Textile Mills and

(ii) New shareholders efforts in the successful cases of privatised industries. Tanzania Breweries Ltd. under South African Breweries leadership has started exporting to Kenya and was marshalling resources to export to the Democratic Republic of Congo before the crisis. Tanzania Cigarette Company has also started exporting to Kenya, Mozambique and the former Russia through R. J. Reynolds inter company exports. These companies having satisfied the domestic markets are looking at the export market as extension of the domestic markets.

There is much room for developing the capacity to export by enhancing the capacity to compete and adopting export promotion policies.

3.0 SOME CHALLENGES AHEAD

The primary aim of the industrialization effort must be to foster the country's potential for dynamic industrial development and to enable Tanzania industries increase its share of the regional and international markets. This poses challenges of developing a dynamic and competitive industry, focusing on technological learning and building competitiveness, giving priority to agro-based SMEs and enhancing the role and capacity of government support.

3.1 Developing a Dynamic and Competitive Industrial Structure

There is need to put in place a dynamic industrialization programme based on technological revolution in industrial production and organization and to ensure faster growth of high technology manufacturing. Policy towards industrialization in the 21st Century will need to be made in full consideration of the emerging technological setting driven by globalization and rapid technological progress. Industrial policy will be expected to cope with the new paradigm of new technologies, new management and organizational techniques and linkages and networks. Recent development of a wide range of new products and technologies as well as changes in the organization, structure and ownership of industry are increasingly manifested by the rapid technological advances. In order to tap opportunities arising from this process it will be necessary to break the constraints relating to:

- institutional weakness
- inadequate infrastructure
- low level of human resource development

3.2 Focus on Technological Learning and Building Competitiveness

The accent will need to shift towards technological learning and building of capabilities for attaining competitiveness in the domestic market and in exports to the region and to global markets. There is need to acquire and maintain competitiveness in local resource based industries in agro-industry and servicing of agriculture (e.g. meeting its needs of inputs), mining and tourism which are capable of generating employment and incomes to broadly in the economy while developing the capability to seize existing and new opportunities in export markets. These initial comparative advantages will provide surplus and capacity to develop into activities which with dynamic comparative advantages. The strategy will promote regional industrial partnerships with a view to tapping economies scale and attaining competitiveness in regional and international markets

3.3 Priority of Agro-based SMEs

In order to develop industry beyond "enclaves" in a few urban centres the industrial strategy should focus on agro-based small and medium industries capitalizing on the dynamic synergies between industrial and agricultural development. This approach should effectively address poverty, unemployment or underemployment and food insecurity.

- Factors which have proved to explain the dynamism of SMEs in recent years need to be made the driving forces of this development. Three key factors are identified as driving forces: internal configuration of enterprises must take advantage of efficient organizational and production technology; the economic and social context in which the SMEs will function must reflect a competitive environment and broad benefits to society; and linkages to other enterprises must attract deliberate focus

- There is need for giving support for rural industry as a means of rural non-farm employment and income. The development of rural non-farm activities should be able to generate further farm income through various linkages. The potential of rural industries for employment and income generation and export growth lies in the production of labour intensive and local resource using production continuously upgrading and improvement of their organizational and production technologies.

3.4 Enhance the Role and Capacity of Government Support

The experience which Tanzania has gone through in the reform period clearly demonstrates that while opening up the economy to competition from imports may be a necessary condition for developing a dynamic and competitive industrial sector it is in itself far from sufficient. There is need to complement the pace of opening up with government intervention with supportive policies adopted to help enterprises upgrade their technologies and competitiveness guided by a clear strategy. The pace of opening up should be geared to the learning needs of different activities in the economy. The role of government will need to be enhanced to support and promote restructuring of sub-sectors and potential to grow and be competitive, support human resource development programmes and technology programmes. Government intervention will need to be directed towards promoting the building of institutional infrastructure to meet requirements for finance (especially development finance), training, development of quality standards, generation of the necessary information, promotion of investments and technology flows and development of applied research in appropriate fields for industrial development. Government intervention will be necessary in industrial development in the following areas:

- identification and facilitation of the pursuit of dynamic comparative advantages with a view to attaining an optimal industrial structure which is competitive.

- industrial policy must ensure balance of payments are sustainable.

- ensure long term growth of domestic demand. A large domestic market, assisted by some degree of protection, could facilitate generation of high profits which could provide conditions for high rates of investments, learning by doing and improving product quality.

- facilitate the acquisition of foreign technology either through facilitating FDI, licensing and other means of channelling foreign technology to promote competitiveness in economic activities in the country.

- facilitating exporting.

Support of the Government and its institutions need to be enhanced to complement enterprise level efforts.

- pursuit of general industrial support policies such as human resource development policies, fiscal and financial incentives for investment, public investment programmes, incentives for R&D.

- Indigenous technological development will need to be promoted through applied R&D in enterprises, regional and district centres and other R&D institutions. In particular there is need to institute firm-level policies such as R & D support.

- support for Small and Micro Enterprises (SMEs)

- regional policies will need to be formulated such as development of infrastructure and the establishment of industrial complexes.

- selective trade protection will be needed to promote industries which have dynamic comparative advantages.

- industrial policy must cope with the problem of change

    - understand the nature of economic change : knowledge, change and evolution.
    - promote economic change and learning:

(i) coordination of complementary investment decisions is essential for change in an interdependent world.

(ii) knowledge generation and technological learning.

(iii) increase the diversity of innovatory sources e.g. by encouraging and subsidizing R&D.

- address the government - business relationship.

- profit should be as the motive force behind technological learning.

- socialization of risk should promote changes that are additional to what the market can produce on its own.

3.5 Capacity Building

The rapid changes in market and technological conditions pose a great challenge for industrial transformation. The implementation strategy must place top priority on building the capacity for industrial competitiveness. The main components of this strategy are:

- industrial policy based on economic analyses of industrial competitiveness and identification of dynamic comparative advantages on continuous basis.

- nurturing and promoting public - private sector consultation mechanisms based on industrial sub-sector surveys and analyses as well as industrial development experiences in the country and in other countries.

- human resource development through restructural education, training and entrepreneurship for micro, small and medium sized industries.

- development of industrial institutions and services to support enterprises level efforts towards attaining competitiveness in regional and international markets.

- linking industry and agriculture to enhance productivity and competitiveness in agro-industries.

Table 1: Trends in value added in manufacturing 1961-83. (At 1966-prices)

	GDP (Shs. Million)	Value added in manufacturing (Shs. Million)	Value added in manufacturing with 10 or more mployees1	Share of manufacturing in GDP (per cent)	GDP annual growth rate (per cent)	Annual growth rate in manufacturing (per cent)
1961		283		3.6		10.8
1962		313		3.7		1.3
1963		317		3.4		24.4
1964	5 619	394		7.1	2.7	13.2
1965	5 773	446	227	7.7	12.8	17.7
1966	6 514	525	295	8.1	4.0	9.0
1967	6 777	572	307	8.4	5.2	6.8
1968	7 128	611	357	8.6	1.8	10.0
1969	7 259	672	431	9.3	5.8	6.5
1970	7 680	716	485	9.3	4.2	9.5
1971	8 001	784	532	9.8	6.7	8.4
1972	8 539	850	600	10.0	3.1	4.5
1973	8 800	888	644	10.1	2.5	1.4
1974	9 020	900	702	10.0	5.9	0.3
1975	9 553	903	667	9.5	6.4	17.7
1976	10 163	1 063	795	10.5	8.8	7.7
1977	11 053	1 152	861	10.4	5.8	24.0
1978	11 697	1 429	1 066	12.2	5.1	-11.9
1979	11 674	1 259	930	10.8	-0.2	-15.9
1980	12 035	1 059	810	8.8	3.1	-18.3
1981	11 719	865	639	7.4	-2.6	-18.3
1982	11 494	624	461	5.4	-1.9	-27.9
1983	11 671	603		5.2	1.5	-3.4

Source: Economic Surveys (various issues 1968-69 to 1983).

Table 2: Investment in industry 1961 – 81. (Constant (1966) prices)

	Industrial investmen t	Total investmen t	Annual growth in industrial investment	Annual growth in total investment	Industrial investment as a proportion of total investment (per cent)
1964		731			
1965		825		+13.0	
1966	153	982		+18.9	+15.6
1967	174	1 172	+13.7	+19.3	14.8
1968	206	1 271	+18.3	+8.4	16.2
1969	151	1 144	-26.7	-10.0	13.2
1970	281	1 656	+86.1	+44.8	17.0
1971	268	1 981	-4.6	+19.6	13.5
1972	185	1 687	-31.0	-14.8	11.0
1973	204	1 725	+10.3	+2.3	11.8
1974	277	1 779	+35.8	+3.1	15.6
1975	294	1 638	+6.1	-7.9	17.9
1976	520	1 957	+76.9	+19.5	26.6
1977	719	1 935	+38.3	-1.1	37.2
1978	779	2 122	+8.3	+9.7	36.7
1979	962	2 607	+23.5	+22.9	36.9
1980	781	2 311	-18.8	-11.4	33.8

Sources: (1) Wangwe, S.M.: Industrialization and Resource Allocation in a Developing country: The case of Recent Experiences in Tanzania. World Development Vol. 11 No. 6 June 1983.

(2) National Accounts of Tanzania 1966 – 80. Central Statistical Bureau. Ministry of Planning and Economic Affairs. Dar es Salaam. September 1981.

Table 3: Production in selected industries 1976 – 1980

	Product	Measure	Installed capacity/Year		Actual Production					Change 1979/80 %age
			1976	1980	1976	1977	1978	1979	1980	
1	Textiles	Sq.mts (mil)	90	200	75.0	78.9	72.9	102.2	93.5	-8.5
2	Cement	'000 tons	340	1,100	244.5	246.5	250.7	299.3	326.0	8.9
3	Beer	Crates (mil)	6.3	6.8	5.3	5.9	6.5	6.0	5.1	-15.0
4	Cigarette	Nos. (bil)	4.8	5.5	3.7	4.0	4.3	4.4	4.9	11.4
5	Paints	('000) lts	5035.4	5631.2	3159.0	3261.2	4173.6	2942.8	1,376	-53.3
6	Fertilizer	Tons	105,000	134,000	41,562	36,974	51,969	45,897	54,358	18.4
7.	Shoes	Pairs (mil)	6.0	14.0	4.0	7.8	7.9	6.3	5.3	-15.9
8	Tyres & Tubes (car)	Nos	438,000	538,000	375,000	399,400	444,454	351,000	432,347	23.2
9	Biscuits	Nos	-	150,000	-	-	18,500	45,358	25,328	-44.2
10	Leather	Sq.ft (Mil)	11.8	32.5	7.8	9.8	7.7	15.6	16.5	5.8
11	Hoes & Ploughs	Tons	1,200	3,000	1,687	1,110	1,068	1,400	1,940	-38.6
12	Corrugated sheets	Tons	52,000	43,000	30,036	30,997	34,231	29,011	21,332	-26.5
13	Blankets	Nos	6.0 mil	6.0 mil	861,000	910,000	1.06 mil	962,700	727,806	-24.4
14	Garments	Nos (pcs)	-	1.5 mil	-	-	613,000	400,000	288,471	-27.9
15	Dry cells	Nos (Mil)	96.0	96.0	54.8	64.7	71.2	63.2	76.7	21.4
16	Steel	Tons	30,000	30,000	12,235	10,079	16,117	18,576	18,867	1.7
17	Bags (sisal)	Nos (mil)	10.0	10.0	3.7	2.4	3.6	4.1	5.3	29.3
18	Sugar	Tons	115,000	195,000	-	97,869	93,415	122,275	119,282	-2.4
19	Containers	Nos (mil)	63.5	196.0	76.7	80.1	91.6	52.0	81.4	56.5
20	Chibuku	('000) ltrs	21,736	21,736	11,551	12,857	15,210	22,094	13,422	-39.3

Source: Ministry of Industries
Bureau of Statistics – Dar es Salaam

Table 4: Production in selected industries

Product	Measure	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	Change 1996-97
Canned Beef	000 Tons	132	171	34	26	12	-	-	-	-	-	-	-
Biscuits	Tons	1411	1206	1315	1141	739	497	378	241	246	71	111	56.3%
What flour	Tons	22382	29855	1147	12140	2940	15999	7544	11565	11612	33998	76320	124.5%
Hard drinks	Ltrs	809	1069	1164	1203	1505	1879	1882	1966	2011	1832	1849	0.9%
Beer	Ltrs	58812	52996	53729	45044	49899	49394	57061	56842	89301	125074	148340	18.6%
Chibuku	000 ltrs	12373	15246	16219	13832	15458	13258	14774	10698	11319	14031	13680	-2.5%
Cigarettes	Million	2635	2967	2846	3742	3816	3789	3892	3383	3699	3733	4710	26.2%
Textiles	000 m2	60841	64341	70897	63279	62820	73195	60316	51357	31201	33178	42679	28.6%
Sisal tires	Tons	16370	18498	18393	20208	18367	21807	24800	21306	17323	11178	4919	56.0%
Fishnets	Tons	916	156	138	152	146	96	93	123	108	125	71	43.2%
Carpet	000 m2	21	126	3	37	28	22	3	17	13	17	-	-
Timber	M2	2094	1625	1687	1525	1642	1162	673	487	284	315	71	77.5%
Pareto Dust	Tons	41	44	40	40	54	49	35	24	21	11	3	72.7%
Fertilizer	Tons	19276	5989	27030	17426	20620	-	-	-	-	-	-	-
Paints	000 ltrs	2374	1991	2037	2199	3321	2375	2129	2016	3228	5205	4947	-5.0%
Petroleum Products	000 Tons	372	438	441	337	337	357	348	340	398	336	313	-6.8%
Cement	000 Tons	496	591	95	664	1023	677	749	686	739	726	604	-16.8%
Steel	Tons	9610	10450	15327	9129	7568	6097	7104	7002	2518	7733	13715	77.4%
Corrugate Iron sheets	Tons	16561	14713	20294	21721	23398	24161	25872	22948	18142	6422	15218	137.0%
Aluminium	Tons	2659	2598	1489	2537	2568	2845	3245	2659	1158	360	117	-67.5%
Radio	000 Nos	72	102	56	71	102108	108	95	55	76	56	56	0.0%
Dry cells	000 mill	26	24	35	21	44	47	53	57	59	65	43	-34.8%

Source: Bureau of Statistics

Table 5: Selected Performance Indicators of the Manufacturing Sector in Tanzania during the Reform Period (Percent)

YEAR	SHARE IN GDP (1985 Prices)	MAN.GROWTH (1985 Prices)	SHARE IN TOT. EXPORT	SHARE IN NT EXPORTS	MANUF. EXP. GROWTH
1986	9.0	-0.2	10.7	45.5	+19.2
1987	9.6	+12.9	17.8	43.1	±16.1
1988	9.2	+1.6	18.9	48.8	+14.4
1989	9.5	+6.7	21.2	51.4	+18.9
1990	9.1	+0.9	23.8	48.9	+13.3
1991	8.6	+0.3	19.4	43.7	-27.7
1992	7.6	-8.3	16.0	38.8	-8.7
1993	7.4	+0.6	11.8	28.4	-19.0
1994	6.8	-4.9	14.8	42.2	+48.1
1995	6.5	-1.0	16.0	36.5	+41.9
1996	n.a	n.a	14.5	35.3	+1.4
Average	8.3	+0.9	16.8	42.1	+42.8

Key: n.a. data not available
NT not traditional

Sources: 1. UPT Economic Survey (1995) for column 2
2. Own computations from various official government documents for rest of percentages.

Table 6: Non-traditional Exports – January – December (Millions of US$)

Commodity	1990	1991	1992	1993	1994	1995	1996	1997
Petroleum	10.00	7.30	10.60	9.10	5.52	10.98	11.09	12.35
Minerals	22.60	41.60	40.80	69.00	30.00	44.88	50.36	92.81
Manufactured Goods	97.20	70.30	64.20	52.00	77.00	109.25	110.81	104.45
Other Exports	68.90	41.60	49.90	53.00	70.00	134.26	142.07	148.73
Sub-Total	198.70	160.80	165.50	183.10	182.52	299.37	314.33	358.34

Source: Bank of Tanzania (BOT), Economic Bulletin for the Quarter ended 31 December 1997, Vol. XXVII No. 4

Non-traditional Exports increased, except for manufactured goods which declined from US$ 100.81 million – US$ 104.45 million