



Country profile:

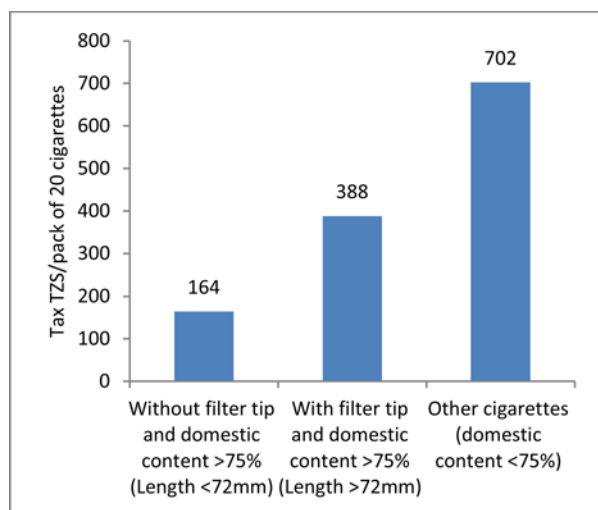
Tanzania

Socioeconomic context

Population, 2010	44.841 million
Adult population (15+ years)	24.790 million
Income group, 2011	Low income
GNI per capita, 2011	540 USD

Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2010 Revision*, <http://esa.un.org/unpd/wpp/index.htm>; World Bank 2012, <http://data.worldbank.org/indicator/>.

Tax structure and rates, 2012



Tanzania employs a three-tiered specific tax structure for cigarettes based on the content and length of cigarettes. It levies lower tax on tobacco products that contain more than 75% domestically produced tobacco to protect domestic tobacco production. For cut rag or cut filler, the tax rate is 17,736 TZS per kg. Among other tobacco taxes are 30% ad valorem on cigars, 35% duty on imports from outside the East African Community (EAC) countries, and 18% value added (VAT) tax.

Source: Tanzania Revenue Authority, Tanzania Government Budget Speech by the Minister for Finance and Economic Affairs.

Tax share & price of cigarettes, 2012

	Premium brands	Mid-price brands	Economy brands	All brands
Total tax as % of retail price	34%	30%	26%	30%
Excise tax as % of retail price	19%	15%	11%	15%
Average retail price/pack of 20 (TZS)	3500	2500	1500	2652
Average retail price/pack of 20 (USD)	2.35	1.68	1.01	1.78

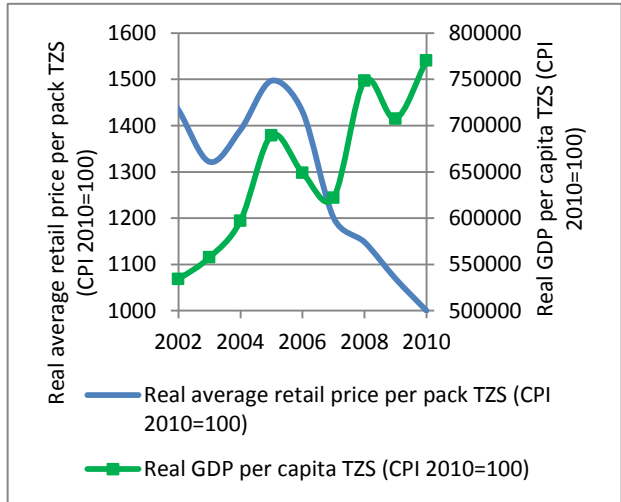
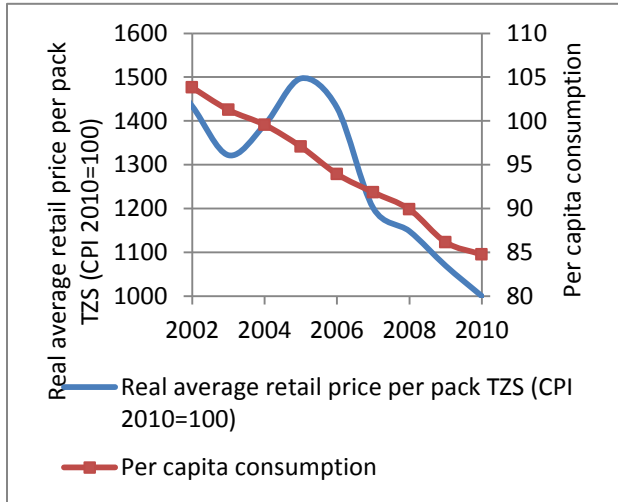
Large price differential exists between cigarette brands—1000 TZS/pack between mid-price and economy brands and 1000 TZS/pack between premium and mid-price brands.

Source: WHO calculations based on 2011 data on sales from TMA 2012 and tax rates for 2012 from the Tanzania Revenue Authority.

Tax revenues (cigarettes), 2012	Million TZS	Million USD
Total revenue	168,685.32	113.21
Excise revenue	82,553.79	55.41

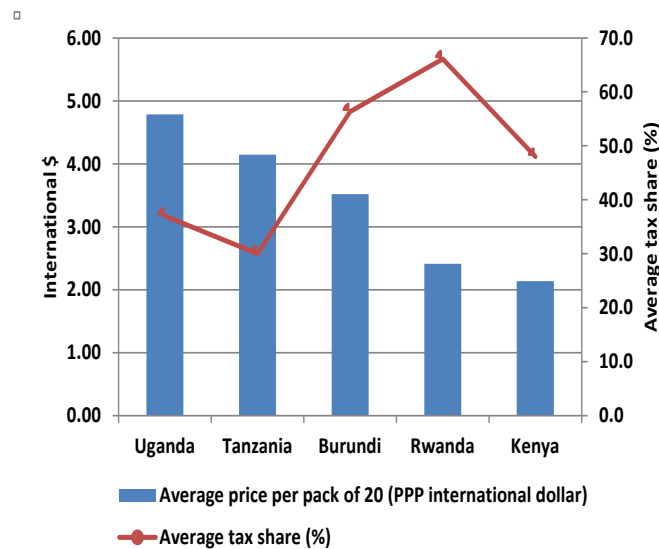
Source: WHO estimation based on 2011 data on sales from TMA 2012 and tax rates for 2012 from the Tanzania Revenue Authority.

Cigarette price and per capita retail sale Cigarettes price and GDP per capita



Source: WHO calculations based on TMA 2012 and World Bank 2012 data.

Average price per pack (PPP international dollar) and the tax share in retail price, 2011



The real average price of cigarettes has been falling and the economy is growing, resulting in greater affordability of cigarettes in Tanzania. Steady total consumption with growing population resulted in slight decrease in per capita cigarette consumption. The average price level of cigarettes is second highest; however, the tax share in the retail price is the lowest in the EAC region. With the tiered specific tax system, the industry has the incentive to underreport the value of cigarettes resulting in loss of revenue. It is recommended that a uniform specific tax along with an ad valorem tax with a specific floor is introduced.

Source: WHO Report on the Global Tobacco Epidemic, 2011; author's calculations based on data from Euromonitor International Ltd 2012, TMA 2012, and Ministry of Finance.

Note: For Burundi and Rwanda, the tax shares refer to the most sold brands. For Uganda, Tanzania and Kenya, the tax shares are averages for all brands.



Trade information

Tanzania is primarily a tobacco leaf growing and exporting country in Africa. Within the EAC region, Kenya and Uganda are major tobacco trade partners of Tanzania.

Tanzania's imports and exports, 2011

Trade flow	Commodity	Trade value (Million USD)	Net weight (Tonnes)
Export	Cigarettes	10.5	1,563
	Unmanufactured tobacco	106.6	74,021
Import	Cigarettes	1.4	148
	Unmanufactured tobacco	7.0	3,023

Tanzania's main trade partners (cigarettes), 2011

Main export partners	Share of total export volume	Main import partners	Share of total import volume
Congo, DRC	79.6%	Kenya	50.7%
Mozambique	18.2%	Portugal	17.6%
Zambia	0.7%	China	11.4%
United Kingdom	0.5%	Switzerland	10.1%
USA	0.2%	United Arab Emirates	10.0%

Tanzania's main trade partners (unmanufactured tobacco), 2011

Main export partners	Share of total export volume	Main import partners	Share of total import volume
Belgium	35.6%	Kenya	35.4%
Malawi	11.2%	Belgium	29.8%
Switzerland	10.1%	Uganda	19.5%
Germany	8.1%	Switzerland	9.6%
France	5.0%	Germany	3.0%

Source: Who calculations from UN comtrade data.

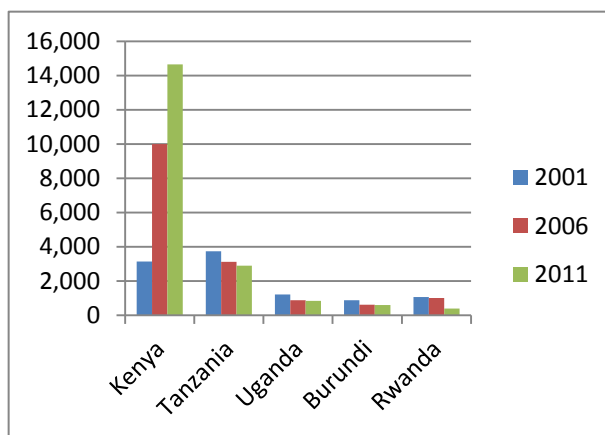


Production

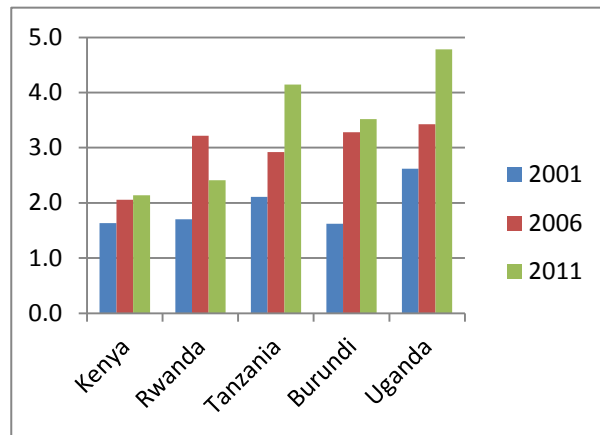
Cigarettes (Billion pieces), 2011	2.9
Unmanufactured tobacco (Tonnes), 2010	65,000

Source: Euromonitor International Ltd 2012; FAOSTAT 2012.

Cigarette production (million pieces)



Cigarette price per pack (PPP international dollar)



Source: WHO calculations based on Euromonitor International Ltd 2012 and TMA data.

In 2001, Tanzania’s cigarette production was higher than the levels in other EAC countries. By 2011, Kenya’s cigarette production went way above the gradually falling level in Tanzania. The cigarette price has remained at the average level among the EAC countries throughout this period. On the other hand, the production of unmanufactured tobacco has gone up since the 1960s, accounting for 57% of total production in the EAC region in 2010.

Major cigarette companies and market share, 2011

Company name	Market share
Tanzania Cigarette Company Limited	90%
British American Tobacco (BAT)	5%
Others	5%

Source: TMA 2012.

Smoking prevalence (%)

Adult (2009)	10.0%	Youth (Arusha, 2008)	1.7%
Male	21.4%	Male	2.2%
Female	2.9%	Female	1.1%

Source: WHO Report on the Global Tobacco Epidemic, 2011; Global Youth Tobacco Survey, Tanzania, 2008.