

Tanzania Could Boost its Economy by Reforming the Port of Dar es Salaam - World Bank

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DAR ES SALAAM, May 21, 2013 - Tanzania and its East African neighbors could boost their annual Gross Domestic Product (GDP) by up to US\$1.8 billion and US\$ 830 million respectively by taking measures to improve the efficiency of the Port of Dar es Salaam, according to the latest Tanzania Economic Update published by the World Bank.
So far, Tanzania and six neighboring countries have missed this opportunity, notes the new report titled, Opening the Gates: How the Port of Dar es Salaam Can Transform Tanzania, authored by Jacques Morisset, the Banks lead economist for Tanzania, Uganda and Burundi.
With its strategic location, the Dar es Salaam Port is the gateway for 90 percent of Tanzanias trade, clearing US\$15 billion of merchandise annually (a sum equivalent to 60 per cent of Tanzanias GDP in 2012). In addition, the port provides vital access to Tanzanias six landlocked neighbors: Malawi, Zambia, Burundi, Rwanda, Uganda, and Eastern DRC. In 2012, the total global welfare loss resulting from inefficiencies at the port was estimated to reach a value of US\$ 1.8 billion for the Tanzanian economy and US\$ 830 million for the neighboring countries. These losses were equivalent to approximately seven percent of Tanzania's annual GDP, and affected a wide range of local consumers, businesses and government agencies. According to the report, inefficiencies at the Dar es Salaam port cost Tanzanians and other East Africans dearly, as they must pay more for imported goods, including basic products such as crude oil, cement, fertilizers and medicines.
These losses are attributed to several factors, not least the long delays affecting ships that arrive in Dar es Salaam. In mid-2012, ships were waiting up to 10 days on average just to berth and an additional 10 days to be able to unload and move their merchandise. The excessive delays in anchorage alone translated into an additional cost of 22 per cent on container imports and about 5 per cent of bulk imports. The report identifies corruption as another key factor contributing to the poor performance of the port, as "both a source of inefficiency and a direct result of inefficiency."
"The Port of Dar es Salaam has enormous potential to contribute to the transformation of the country as its impact cuts across all aspects of life in Tanzania, said Philippe Dongier, the World Bank Country Director for Tanzania, Uganda and Burundi. "For example, medicines are imported through the port as well as some of the food consumed in Tanzania. This underscores why efficient operation of the port should be a concern for everybody."
The appetite for reforms of the Port of Dar es Salaam has increased in recent months as citizens and city officials have gained greater clarity about what needs to be done to improve processes and upgrade infrastructures at the port. Equally importantly, the Government has begun taking bold measures to implement reforms, including the firing of the Tanzania Port Authority Board on corruption charges in early 2013.
The Tanzania Economic Update which is published twice a year by the World Bank, provides an outlook of the local economy while highlighting a specific issue of strategic importance about which it aims to foster constructive policy debate among stakeholders and policymakers.
The latest update predicts that the Tanzanian economy will continue to grow at the remarkable growth rate of about 7 per cent per year, although it also points out that, "Prudent fiscal and debt management as well as a further opening of the country to international trade could help propel the economy on a faster and more equitable growth trajectory. The reports also note that "The boom in natural gas production may eventually result in an even higher rate of growth, but this will not occur for another 7 - 10 years."
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