

**STATEMENT BY HON. MUSTAFA HAIDI MKULO (MP), MINISTER FOR
FINANCE OF THE UNITED REPUBLIC OF TANZANIA, AT THE SIGNING OF
THREE FRAMEWORK AGREEMENTS AND EXCHANGE OF LETTERS
BETWEEN THE GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA
AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA ON 21ST
NOVEMBER 2011 AT THE HYATT REGENCY KILIMANJARO HOTEL.**

**Honourable, Jiang Yaoping, Vice Minister for Commerce of the
People's Republic of China,**

Distinguished Chinese Delegations,

Distinguished Guests from the Chinese Embassy to Tanzania,

Representatives of Government Officials,

Distinguished Guests,

Members of the Press,

Ladies and Gentlemen,

1. It is my great pleasure to welcome you, Hon. Jiang, and your delegation to Tanzania. Your visit at this material time is very important to us because it provides the opportunity for us to further strengthen our long standing cordial relationship.
2. **Hon. Jiang**, it gives me pleasure to have signed with you today three Framework Agreements and one exchange of letter under which the Government of the United Republic of Tanzania will access two grant

assistance and two concessional loans from the Government of the People's Republic of China. The special relationship we enjoy under our development and technical cooperation with the Government of the People's Republic of China is highly appreciated.

3. **Hon. Jiang**, Under the first framework agreement the Government of China will make available to the Government of Tanzania an interest free loan amounting to RMB Yuan 100 million (One Hundred Million Renminbi Yuan) approximately USD 15.7 million to finance social-economic activities that will be agreed by both sides.
4. **Hon. Jiang**, For the second framework agreement the Government of China will make available to the Government of Tanzania a grant (gratis) amounting to RMB Yuan 64 million (Sixty four million Renminbi Yuan) approximately USD 10.1 million to support projects that will be agreed by the two Governments.
5. **Hon. Jiang**, the third is the Exchange of Letters, in which the Government of the People's Republic of China will provide to the Government of the United Republic of Tanzania with the batch of vehicles worth RMB Yan 36 million (Thirty six million Renminbi Yuan) approximately USD 5.6 million. The vehicles will be used at the Julius Nyerere Conventional Centre and some to be used by the Government of Tanzania for city transport.

6. **Hon. Jiang**, the fourth is the concessional loan framework agreement that will enable the Government of the People's Republic of China through the Export Import Bank of China to make a contribution of RMB Yuan 410 million (Four hundred and ten million Renmimbi Yuan) approximately USD 64 million to support the Independent Secured Mobile Network Project under the Ministry of Defence and National Service.

7. The implementation of the Independent Secured Mobile Network Project plays an important role in the communication sector and will provide safe and reliable communications between the defence forces in Tanzania. The development of this project has the following benefits;

- Broader facilitation of Secured Mobile Network will lower communication costs within the defence forces across the country.
- The project will link all defence forces in the country with the modern and secured communication network.
- Quick access and sharing of available defence informations.

8. **Hon. Jiang**, On behalf of the Government of the United Republic of Tanzania I wish to thank you personally and through you, the Government of the People's Republic of China and the EXIM Bank for this very crucial and timely assistance. I would like to take this opportunity to reaffirm the Government's commitment towards

implementation of the Independent Secured Mobile Network Project. I want to assure you that the Government will make close monitoring to ensure the design and quality of work meets the acceptable professional standards.

9. **Hon. Jiang,** Let me also take this opportunity on behalf of the Government of the United Republic of Tanzania to thank the Government of People's Republic of China and the China EXIM Bank for their commitment and fast tracking the construction of gas processing plants and gas pipeline from Mtwara to Dar es Salaam. The benefits of implementing this project are as follows:

- Reduced cost of power generation through replacement of costly imported liquid fuel;
- Avoided cost amounting to US\$ 42 million earmarked for compression of the pipeline under the Songo Songo expansion project;
- Increased use of natural gas for domestic, industrial and transportation, resulting in reduction of deforestation arising from over dependence on firewood, charcoal and imported fuel;
- More electricity generation capacity through development of Mtwara (330MW) and Kinyerezi power plants Dar es Salaam (240 MW);
- Expanded use of natural gas as raw material for fertilizer and petrochemicals/plastics industries;

- Accelerated exploration activities in the country;

It is my understanding that the appraisal process will be completed soon and the loan agreement be negotiated and concluded to allow the implementation to start.

10. **Hon. Jiang,** I understand that the EXIM Bank needs among others the Government commitments towards the implementation of this project including; on whether the Government would be able to commit 5% of the total cost of the project as Government contribution and whether special account on escrow account will be opened specifically for repayment of the loan and interest. Let me assure you Hon. Vice Minister that the Government monthly revenue collection is approximately USD 350 million. Therefore rest assured that the Government is in position to allocate enough funds the implementation of this project and will open a special account specifically for the repayment of the loan.

11. **Hon. Jiang,** Ladies and Gentlemen, let me conclude my short statement by re-affirming my Government's Commitment to maintain and promote further, the partnership and friendly relationship which exists between Tanzania and China.

Thank you for your attention.

**Ministry of Finance,
Dar es Salaam,
November, 2011.**