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The Citizen Reporter

Dar es Salaam. The contribution of the mining sector to Tanzania's economy is set to increase tremendously in the next five years as several new major mines go into production, Tanzania Chamber of Minerals and Energy (TCME) predicts.

Currently, the sector contributes an estimated 3.5 per cent to Tanzania's gross domestic product.

Technicians work a mechanical drill at the Geita Gold Mine. Experts believe the mining sector could jumpstart economic growth. PHOTO | FILE

Statistics from the TCME report shows that between 1997 and 2011 a total of \$10.1 billion (Sh16 trillion) worth of minerals were sold by the chamber's 60 members.

The minerals include gold, diamonds, silver, copper and tanzanite. During 2011, \$178.6 million was paid as royalties and statutory taxes to the government, while in the same year, community development initiatives amounted to \$1.51 million.

Employment in the formal mines increased from 1,781 in 1997 to about 15,000 in 2011.

In 2011 TCME members spent a total of \$441.5 million on local procurement of goods and services, up from \$440.9 million in 2010, while salaries paid from mining operations to Tanzanian employees amounted to \$87.3 million compared to \$91.6 million in 2010.

However, according to a TCME report, released during the chamber's 18th annual general meeting in Dar es Salaam recently, several major mines that are set to start production during the next five years, will change the mining sector landscape in terms of the sector's contribution to Tanzania's economy.

"Depending on fiscal policies and regulatory frameworks and mineral commodity prices, it is anticipated that several new major mines will be brought into production in the next five years or so.

Once they start operating Tanzania will see a major economic transformation," the TCME chairman, Mr Joseph Kahama told journalists in Dar es Salaam recently.

He said the new mines will result into a substantial increase in the number of Tanzanians employed in the sector, in government revenues, and will see improvements in the infrastructure and social services in areas related to those mines.

Among the mines that expected to start production in the country soon include Mantra's Mkuju River Uranium project. He brushed aside fears of uranium radiation.

He said as at November 2012, there were about 434 nuclear power reactors. According to the World Nuclear Association, there will be 650 nuclear reactors operating by 2032.

It is also forecasted that yearly reactor related uranium requirements worldwide will rise to between 98,000 tonnes and 136,000 tonnes of uranium by 2035.

"This presents a great opportunity for uranium developers in the country as there will be a ready market for the concentrate (yellow cake)," said Mr Kahama.

Speaking during the recent Great Rift Valley Mining summit in the city, the Chief Executive of Tanzania Minerals Auditing Agency (TMAA), Mr Paul Masanja said that until the end of last year the contribution of mining sector to government's revenue stood at Sh12.6 trillion and its contribution to economic growth was 3.5 per cent.