

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Tanzania

Coffee Annual

2016 Coffee Report

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Report Highlights:

FAS/Dar es Salaam forecasts that Tanzania's coffee production will decrease to 1.15 million bags in the marketing year MY 2016/2017 from 1.2 million bags in MY 2015/16 is due to the biennial bearing cycle. Ending stocks are expected to decrease by 50,000 bags compared to MY 2015/16. The Government of Tanzania (GOT) continues to implement its coffee sector strategic plan with the main objective of doubling production by 2021.

Production:

Coffee accounts for about five percent of Tanzania's total exports by value and generates earnings averaging US\$100 million per year. The industry provides direct income to about 400,000 smallholders who produce 90 percent of the Tanzania's coffee. Although there is an expansion of new farms and improvement of agronomic practices, erratic weather due to climate change remains an underlying challenge to sustainable coffee production in Tanzania.

The Government of Tanzania (GOT) continues to implement its strategic plan (2011-2021) by supporting a coffee production expansion program that involves increasing yields in existing farms and facilitating the private sector to start new farms. In the MY 2016/17, FAS/ Dar es Salaam forecasts a decrease in production from 1.2 million bags in MY 2015/2016 to 1.15 million bags due to the biennial bearing cycle.

Consumption:

Most of Tanzania's coffee is exported and local consumption is estimated at seven percent of the total production. Tanzania Coffee Board (TCB) estimates that domestic coffee consumption is growing at an average of between 1.5 and 2 percent per year due to a coffee drinking culture that is gradually taking root in the urban and semi-urban areas

Stocks:

The ending stocks for the MY 2016/17 are expected to decrease by 50,000 bags compared to the MY 2015/16 due to decreased production. Coffee stocks are held by small-scale farmer's cooperatives, farmers groups, traders, exporters, and large scale coffee growers.

Policy

As part of the country's Agricultural Sector Development Strategy (ASDS), the GOT launched the Coffee Industry Development Strategy (CIDS) in 2011. The overall goal of CIDS is to improve incomes across the entire value chain by increasing coffee production and quality. GOT forecast coffee production to reach 100,000 tons by 2021. According to the Tanzania Coffee Board (TCB) the following has been achieved under the program:

a) Improvement of delivery of extension services

In an effort to improve the delivery of extension services, TCB in partnership with coffee industry stakeholders have concluded the preparation of a new coffee curriculum to be used by all institutions delivering extension services to coffee farmers. The aim of the harmonized curriculum is to ensure common standards by extension service providers.

b) Improving the business environment

In 2013 GOT revised the regulations that guide operations of the coffee industry and included new measures to remove opportunities for conflicts of interest in the industry.

c) Formation of stakeholders forums

Following the amendment of the Coffee Act in 2009, coffee industry stakeholders have formed stakeholder's forums which convene annually and deliberate issues of common interest for the benefit of the sector.

d) Access to inputs

In 2012 TCB in partnership with coffee industry stakeholders established the industry funded Coffee Development Fund (TCDF). The main objective of the fund is to facilitate the implementation of shared functions as agreed by stakeholders from time to time including access to inputs by smallholder coffee farmers.

Marketing:

About two-thirds of coffee produced in Tanzania is mild Arabica, and the rest is hard Arabica and Robusta. Coffee is grown in the northern, western and southern areas of the country and marketing is centralized via an auction in Moshi. Mild Arabica are wet processed, while Robusta are dry processed. Pre-auction coffee marketing is undertaken through three channels:

a. Farm gate market

At this level of the market, producers sell their coffee either to licensed coffee buyers, cooperatives, farmer groups or associations. Coffee which is sold in this market is in the form of wet processed parchment or dried cherry. Buyers then take the coffee for dry and Milling to produce clean coffee (green beans).

b. Coffee auction

Coffee is sold to exporters by TCB at the coffee auctions in Moshi; every Thursdays during the season (usually 9 months) where buyers buy coffee for export. Most of the prominent exporters are affiliated with the multinational companies which sell coffee to roasters in consuming countries. Prices in this market are generally set in reference to New York Futures market for Arabica coffee and London Futures market for Robusta coffee. Most of the coffee sold in this market is brought by private coffee buyers and other farmers' organizations

c. Direct export market

Producers of premium top grade coffees that are able to establish direct contact with buyers overseas are allowed to by-pass the auction and sell their coffee directly. The Tanzania Coffee Board is mandated to approve the sale contract after being satisfied that the price offered is higher compared to the coffee sold to the auctions.

Production, Supply and Distribution (PSD) table

Coffee, Green Market Begin Year Tanzania, United Republic of	2014/2015		2015/2016		2016/2017	
	Jul 2014		Jul 2015		Jul 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	212	0	213		215
Area Harvested	0	0	0	0		0
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Tree Population	0	0	0	0		0
Beginning Stocks	202	202	92	322		302
Arabica Production	450	600	500	650		550
Robusta Production	350	550	400	600		500
Other Production	0	0	0	0		0
Total Production	800	1150	900	1250		1050
Bean Imports	0	0	0	0		0
Roast & Ground Imports	0	0	0	0		0
Soluble Imports	0	0	0	0		0
Total Imports	0	0	0	0		0
Total Supply	1002	1352	992	1572		1352
Bean Exports	850	970	850	1200		1000
Rst-Grnd Exp.	0	0	0	0		0
Soluble Exports	10	10	20	20		30
Total Exports	860	980	870	1220		1030
Rst,Ground Dom. Consum	50	50	50	50		50
Soluble Dom. Cons.	0	0	0	0		0
Domestic Consumption	50	50	50	50		50
Ending Stocks	92	322	72	302		272
Total Distribution	1002	1352	992	1572		1352

(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)

Sources: TCB, Global Trade Atlas (GTA) – otherwise FAS/ Dar es Salaam estimates

Notes on PSD table:

- Area planted forecast to increase due to GOT's expansion program
- Both production and exports have been revised upwards for the MY 2015/2016
- Ending stocks to decline in MY 2016/2017 after as significant increase in 2015/2016 due to forecast decrease in production

Trade:

The main export destinations for Tanzania's coffee are Japan, Italy, United States, Germany, Belgium and Finland. Tanzania also exports soluble coffee that is manufactured at a plant in Bukoba for its neighboring countries.

Leading destinations for Tanzania's green coffee exports

Destination	2013/14		2014/15		2015/16	
	Quantity (T)	%	Quantity (T)	%	Quantity (T)	%
Japan	11,956	25	12,222	32	11,077	28
Italy	15,143	31	9,915	26	10,970	28
United States	6,231	13	4,988	13	6,005	15
Germany	8,485	17	5,243	14	5,967	15
Belgium	4,395	9	4,093	11	3,992	10
Finland	2,404	5	1,511	4	1,354	3

Source: Tanzania Coffee Board (TCB)