USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Required Report - public distribution

Date: 6/9/2017

GAIN Report Number:

Tanzania

Coffee Annual

2017 Coffee Report

Approved By:
Kevin Sage-EL

Prepared By:
Benjamin Mtaki

Report Highlights:
FAS Dar es Salaam forecasts that Tanzania's coffee production will increase to 1.15 million bags in the marketing year (MY) 2017/2018, from 1.05 million bags in MY 2016/2017, primarily due to the biennial bearing cycle. Ending stocks are expected to decrease by 32,000 bags compared to MY 2016/17. The Government of Tanzania (GOT) continues to implement its coffee sector strategic plan whose key objective is to double production by 2021.

Production

Tanzania is endowed with abundant land with appropriate altitude, temperature, rainfall and soil suitable for high quality Arabica and Robusta production. The major Arabica growing regions are Kilimanjaro/Arusha, Mbeya, and Mbinga/Ruvuma. Robusta is mainly produced in the Kagera region. Other growing regions include Tanga, Iringa, Morogoro, Kigoma, Manyara, Mwanza, Rukwa and Mara. Throughout the country coffee is produced under three main production systems:

- Pure stand / smallholder (mainly in the South)
- Intercropped Coffee Bananas / smallholder (mainly in the North and the West)
- Estate sector (less than 10% of total production).

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 2017/18, FAS/ Dar es Salaam forecasts an increase in production from 1.05 million bags in MY 2016/2017 to 1.15 million bags due to the biennial bearing cycle.

The Coffee industry in Tanzania suffers from several factors, including a lack of access to irrigation systems, a large number of older coffee trees, and highly volatile coffee prices - which causes dramatic fluctuations in production. It also suffers from poor agricultural practices adopted by many smallholder producers, limited access to credit, lack of adequate farming inputs, and low use of inputs by producers.

Consumption

According to the Tanzania Coffee Board (TCB) 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. The annual per capita coffee consumption in the country is 0.06 kg, and only 7 percent of the country’s total coffee production is consumed domestically.

Stocks

The ending stocks for the MY 2017/18 are expected to decrease by 32,000 bags compared to the MY 2016/17 due to an increase in domestic consumption and export. 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. Production targets are to increase from the current 50,000 tons to 100,000 tons by 2020. Concrete actions towards this goal include planting new coffee varieties (production of 200 million seedlings by 2020), expansion of farm land, organizational reform, increase in fertilizer usage, and control of coffee diseases and pests. Through the combination of these measures, crop yield is expected to increase from the current 250kg/ha (200g/tree) to 600kg/ha (450g/tree).

Production, Supply and Distribution (PSD) table

Coffee, Green	2015/2016	2016/2017	2017/2018

Market Begin Year	Jul 2015		Jul 2016		Jul 2017	
Tanzania, United Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Tree Population	0	0	0	0	0	0
Beginning Stocks	322	322	250	250	0	220
Arabica Production	600	600	550	550	0	600
Robusta Production	500	500	500	500	0	550
Other Production	0	0	0	0	0	0
Total Production	1100	1100	1050	1050	0	1150
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	1422	1422	1300	1300	0	1370
Bean Exports	1100	1100	1000	1000	0	1100
Rst-Grnd Exp.	0	0	0	0	0	0
Soluble Exports	20	20	30	30	0	30
Total Exports	1120	1120	1030	1030	0	1130
Rst,Ground Dom. Consum	52	52	50	50	0	52
Soluble Dom. Cons.	0	0	0	0	0	0
Domestic Consumption	52	52	50	50	0	52
Ending Stocks	250	250	220	220	0	188
Total Distribution	1422	1422	1300	1300	0	1370
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						

Source: TCB, Global Trade Atlas (GTA)-Otherwise FAS/Dar es Salaam estimates

Notes on PSD table:

- Both production and exports have been revised upwards for the MY 2017/2018
- Ending stocks to decline in MY 2017/2018 after a significant increase in 2016/2017 due to increase in domestic consumption and export

Marketing
About two-thirds of the 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 beans are wet processed, while Robusta is 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 drying and milling to produce clean coffee (green beans).

b. Coffee auction
Coffee is sold to exporters by the 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 multinational companies which sell coffee to roasters in consuming countries. Prices in this market are generally set in reference to the New York Futures market for Arabica coffee and the 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 TCB is mandated to approve the sale contract after being satisfied that the price offered is higher compared to the coffee sold to the auctions.

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 neighboring countries.

Leading destinations for Tanzania's green coffee exports

Destination	**2014/15**		**2015/16**		**2016/17**	
	Quantity (T)	**%**	**Quantity (T)**	**%**	**Quantity (T)**	**%**
Japan	12,222	32	11,077	28	5581	56
Italy	9,915	26	10,970	28	5772	58
United States	4,988	13	6,005	15	3055	31
Germany	5,243	14	5,967	15	2743	27
Belgium	4,093	11	3,992	10	2537	25

Source: Tanzania Coffee Board (TCB)