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Report Highlights:

MY 2021/22 coffee production is expected to increase by 3.7 percent to 1.4 million bags due to increased fertilizer use, improved extension services, and an anticipated high-producing period of the crop-bearing cycle. Domestic consumption is expected to remain at 50,000 bags. Meanwhile, total coffee exports are expected to increase 34 percent to 1.38 million bags due to an increase in quality and easing COVID-19 restrictions in Tanzania and neighboring countries.

Production, Supply and Distribution Table

Table 1: Production, Supply and Distribution (PSD) table

Coffee, Green Market Year Begins Tanzania, United Republic of	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	0	0	0	0	0	0
Bearing Trees (MILLION TREES)	0	0	0	0	0	0
Non-Bearing Trees (MILLION TREES)	0	0	0	0	0	0
Total Tree Population (MILLION TREES)	0	0	0	0	0	0
Beginning Stocks (1000 60 KG BAGS)	310	310	280	280	0	550
Arabica Production (1000 60 KG BAGS)	650	650	700	700	0	750
Robusta Production (1000 60 KG BAGS)	600	600	650	650	0	650
Other Production (1000 60 KG BAGS)	0	0	0	0	0	0
Total Production (1000 60 KG BAGS)	1250	1250	1350	1350	0	1400
Bean Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Roast & Ground Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Soluble Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Total Imports (1000 60 KG BAGS)	0	0	0	0	0	0
Total Supply (1000 60 KG BAGS)	1560	1560	1630	1630	0	1950
Bean Exports (1000 60 KG BAGS)	1200	1200	1000	1000	0	1350
Rst-Grnd Exp. (1000 60 KG BAGS)	0	0	0	0	0	0
Soluble Exports (1000 60 KG BAGS)	30	30	30	30	0	30
Total Exports (1000 60 KG BAGS)	1230	1230	1030	1030	0	1380
Rst,Ground Dom. Consum (1000 60 KG BAGS)	50	50	50	50	0	50
Soluble Dom. Cons. (1000 60 KG BAGS)	0	0	0	0	0	0
Domestic Consumption (1000 60 KG BAGS)	50	50	50	50	0	50
Ending Stocks (1000 60 KG BAGS)	280	280	550	550	0	520
Total Distribution (1000 60 KG BAGS)	1560	1560	1630	1630	0	1950

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

Source: Trade Data Monitor

Production

MY 2021/22 coffee production is expected to increase by 3.7 percent to 1.4 million bags due to increased fertilizer use, improved extension services, and the entry of most trees into the most productive period of their two-to-three-year yield cycle. Since 2011, Tanzania has implemented an initiative called the 2011-2021 Coffee Development Strategy (CDS) to increase coffee production among cooperatives. Part of the program provides growers with better access to fertilizer through securing loans from financial institutions. The program is now fully implemented and expected to increase coffee production in the country. Production is also expected to rise due to improved marketing systems. Coffee growers are now able to directly enter contracts with foreign buyers to eliminate middlemen, thereby increasing profitability for growers. Foreign buyers often require growers to adopt practices such as stumping, pruning, weeding, mulching, and fertilizing to help ensure quality production. As these practices proliferate in Tanzania yields will rise. Additionally, many coffee-growing regions are expected

to enter the most productive period of their crop-bearing cycle, increasing yields every two to three years. About two-thirds of Tanzania coffee is mild Arabica, followed by hard Arabica and Robusta.

Crop Area



Tanzania has abundant land in a climate zone suitable for producing both high-quality Arabica and Robusta varieties of coffee. Coffee is produced under three systems in the country. These include pure stand/smallholder (mainly in the south), intercropped and bananas/smallholder (mainly in the north and west), and estate sector (mainly in the north and south). Ninety percent of Tanzanian coffee is produced by smallholder farmers, while 10 percent is produced by estates. Smallholder farmers often lack adequate resources and depend on family labor.

Fig 1: Tanzania Coffee Growing Areas

Source: Tanzania Coffee Board

Coffee is currently Tanzania's most important cash crop. It accounts for 39 percent of land under permanent crop cultivation and is grown by more than 40 percent of farmers. Coffee is produced under a mixed cropping system in the country, and some farmers, especially those who own a lot of land, practice coffee mono-cropping. For typical farmers, land under cultivation varies between zero and 0.8 hectares, and an average of 0.63 hectares is dedicated for production. A typical grower raises between 389 and 1,962 trees which are 22 years old on average. Growing mostly occurs in the northern, western, and southern regions (see figure 1) with relatively no land or labor competition from other cash crops.

Sources note that the Tanzania Coffee Board (TCB), a government agency that regulates coffee, has not conducted an inventory of coffee farms. An inventory would establish a database of farmers and areas under production, providing more reliable data to stakeholders. According to TCB, the total area of planted coffee exceeds 265,000 hectares.

Consumption

MY2021/22 domestic consumption is expected to remain at 50,000 bags. Consumers in Tanzania prefer to drink tea rather than coffee due to tradition and the high price of coffee relative to tea in local markets. Annual per capita consumption is 0.06 kg, and TCB reports that

only 7 percent of total production is consumed domestically. TCB has started to promote local consumption as drinking coffee is a growing trend in urban and peri-urban areas.

Stocks

MY 2021/22 ending stocks are expected to decrease by 5.5 percent to 520,000 bags. Factors include increasing exports, marketing system improvements such as two new auction sites, the opening of a Tanzania Mercantile Exchange (TMX) for coffee, and a new ability for growers to directly export to foreign buyers. Tanzania opened two additional sites to auction coffee. These sites are expected to remove existing backlogs and increase sales. MY 2021/22 stocks are also expected to decline as TCB begins to use platforms of the Tanzania Mercantile Exchange for coffee auctions. When this happens, TMX is expected to organize auctions, increasing the speed and efficiency of selling coffee in the country. Tanzania also removed restrictions on directly exporting coffee to foreign buyers. In the past, buyers purchased coffee at an auction where it was hard to find high-quality beans and trace their origin. Currently, a new law allows premium producers to establish direct contacts with overseas buyers, engage with agricultural marketing and cooperative societies (AMCOS), and bypass auctions. This new system is expected to increase coffee sales and further contribute to decreasing stocks in MY 2021/22. In Tanzania coffee stocks are held by small-scale farmer's cooperatives, farmer's groups, traders, exporters, and large-scale coffee growers.

Trade

Exports

MY 2021/22 exports are expected to increase by 34 percent to 1.38 million bags. This is due to an increase in quality from improved marketing systems and relaxation of COVID-19 restrictions in Tanzania and neighboring countries. The quality of coffee in Tanzania is expected to improve in MY 2021/22 as buyers, many now working directly with growers, are expected to require higher growing standards as a condition to enter a contract. This is likely to increase international demand as coffee from Tanzania more closely aligns with consumer preferences from high-income countries which are often the biggest importers of coffee. Exports are also expected to increase as Tanzania and neighboring countries ease limits on domestic and cross-border trade put in place to control COVID-19. Tanzania and neighboring countries placed strict limits on transporting coffee from warehouses to ports, auction sites, and across borders. Those restrictions are now relaxed, allowing for the free flow of coffee.

Tanzania reports that it earned \$135.1 million in MY 2020/21 from exporting green coffee beans. During this period, a total of 23 auctions were held in key coffee zones. This includes nine in Moshi, eight in Songwe, and six in the Mbinga and Ruvuma regions. Tanzanian coffee is largely exported to Japan, the United States, the EU, Morocco, Russia, South Korea, India, Australia, and South Africa. Tanzania also exports soluble coffee which is manufactured at a plant in Bukoba (see table 3).

Table 2: Leading destinations for Tanzania’s green coffee exports

Reporter	Year Ending Series (March-February) (T)		
	March 2018 to February 2019	March 2019 to February 2020	March 2020 to February 2021
EU 27 External Trade (Brexit)	22,043	28,024	32050
Japan	16,739	16,098	11,322
United States Consumption	4,938	3,885	2,798
Morocco	2,608	2,495	2,767
Russia	1,306	1,329	1,480
India	1,493	3,016	*
South Korea	1,029	1,511	1,112
South Africa	1,257	1,252	787
Canada	2,2043	767	761
Others	1,552	2,036	2,656

Source: Trade Data Monitor

Note: India February 2021 data unavailable at time of publishing

Table 3: Leading destinations for Tanzania’s soluble coffee exports

Reporter	Calendar Year (T)		
	2018	2019	2020
Kenya	104	109	84
EU 27	111	112	71
Others	11	10	36
Total	226	231	191

Source: Trade Data Monitor

Imports

Tanzania does not import green coffee beans.

Policy

Tanzania implemented the Tanzania Coffee Industry Development Strategy (2011-2021) to address constraints facing the industry. The initiative is led by TCB and was developed in collaboration with coffee stakeholders in the country. It has four goals referred to as “thrusts” and 64 activities which include the following:

- (i) Increase coffee production and productivity (13 activities)
- (ii) Improve the efficiency of the coffee value chain (20 activities)
- (iii) Support overall coffee quality improvement (17 activities)

- (iv) Support the promotion of Tanzanian coffees abroad and explore new market opportunities including sustainable coffees (14 activities)

The following results were reported during a mid-term evaluation in 2017:

Strategic Thrust	Number of planned Activities	Fully implemented activities	Partially implemented activities	Activities not implemented at all	Fully implemented as % of total planned activities
Thrust 1	13	5	5	3	38.5
Thrust 2	18	4	4	10	22.2
Thrust 3	17	1	10	6	5.9
Thrust 4	14	4	4	6	28.6
All Thrusts	63	14	24	25	22.2

Table 4: Results of Mid-term evaluation of the 2011-2021 Coffee Development Strategy

Source: Tanzania Coffee Board

The mid-term evaluation reports that 22.2 percent of planned activities were fully implemented, 38.1 percent partially implemented, and 39.7 percent not implemented. TCB has not announced when the final evaluation will be conducted.

Attachments:

No Attachments