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Tanzania, United Republic of

Grain and Feed

Wheat Update

2002

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Report Highlights:
Domestic wheat production in Tanzania is estimated at 5 percent of total demand with the balance being met through imports (annual average of 350,000 mt). Tanzania started taking Pakistani wheat in 2002, a situation likely to continue.
Investment Opportunities exist in joint venture arrangements in production, milling and actual sales of wheat.

Includes PSD changes: No
Includes Trade Matrix: Yes
Unscheduled Report
Nairobi [KE1], TZ

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Executive Summary

Domestic wheat production in Tanzania is estimated at 5 percent of total demand with the balance being met through imports. Import figures average 350,000 mt annually and are forecast to increase as milling capacity is on the increase. In 2002 Tanzania began taking wheat from pakistan and will likely continue into 2003. As the Tanzania market becomes more comfortable with Pakistan wheat characteristics the millers are expected to continue expanding their use of wheat from this low cost source.

Opportunities exist in joint venture arrangements in production, milling and actual sales of wheat. Export firms to offer combinations of smaller cargoes to the TZ buyers. Competitive US government export credit guarantee to help counter the attractive prices and credit terms offered by other suppliers.

Production

Domestic wheat production is estimated at 20,000 mt with an average yield of about 1.5 mt per hectare. The figure is forecast to increase two fold as the largest miller Bakhressa has ventured into wheat production. Bakhressa has leased 60,000 acres (a former Canadian development project) at Arusha and have put 10,000 acres under wheat. Given the prevailing high prices and the increase in milling capacity, wheat production in Tanzania is on the increase.

Consumption

Wheat and flour consumption in Tanzania has grown in the last few years as GOT control over trade has been reduced. New mills have been built and per capita consumption, albeit slow is increasing. The majority of the milling and baking operations are located around urban areas with the bulk being in Dar Es Salaam. The wheat and related products (mainly bread) are consumed in the urban areas. Bread is still viewed as high value by most Tanzanians and its demand is moderately elastic as rice, corn based food products and other traditional starch based dishes remain main staples. The present level of consumption growth (estimated at about 5 percent in 2001) has not been significant enough to have any noticeable effect on the wider population, particularly the rural poor.

Requirements

Tanzania requires hard, high protein wheat to blend with the soft, low protein wheats grown in the country. The market demands a bright flour making it hard for the U.S. HRW to be cost effective in the country because it cannot produce a white flour at high extraction rates. Hard white wheats stand a chance of penetration. A combination of smaller cargoes and the provision of a more competitive export credit guarantee program to help counter the Australian and now Pakistani credit / price terms could provide the US market success.

Milling capacity

Over the last decade Tanzania has seen the wheat industry grow tremendously. Most of the millers are increasing installed capacity and new mills are being commissioned. Bakhressa, the largest miller, is commissioning a new mill raising installed capacity to about 1,600 mt/day making them the largest miller in East and Central Africa. A Kenyan milling company, Pembe, is preparing to open a new mill in Tanga, Tanzania. Total capacity exceeds Tanzania demand with the surplus targeted for neighboring countries (DRC, Rwanda, Burundi, Uganda, etc).

National Milling Cooperation (NMC)

The GOT has put on hold the sale of NMC (presently leased to Mohammed Enterprises). Analysts speculate that the GOT is considering retaining the mill on the basis of food security. It is possible that the GOT wants to utilize the NMC facilities for storage of strategic grain reserves (25,000 mt storage).

Trade

In 2002 Tanzania purchased from non traditional suppliers (i.e. Pakistani) as opposed to Australia where the bulk of Tanzania wheat originated in the previous years. This is in response to the supply shortage from the major suppliers (U.S., Australia, Canada, Argentina) due to adverse weather conditions recently experienced. The millers expressed satisfaction with the quality of Pakistani wheat. Pakistan is expected to expand its presence in Tanzania.

Wheat imports for MY 2001 are estimates at 376,000 mt, an increase from the previous year (280,760 mt). The year 2002 is estimated at 350,000 mt and a further 400,000 mt in 2003 when additional milling capacity will be operational.

Tanzania 2002 wheat Imports

Tanzania Wheat imports 2002					
Vessel	Arrival	Origin	Weight (mt)	Shipper	Receiver (s)
Makran	Jan	Pakistan	6,850	Concordia Agritrading Pte Ltd	Ss Bakhressa & co ltd, Dsm
Grand view	Feb	Australia	41,600	Awb Ltd, London	Ss Bakhressa & co ltd, Dsm
AN Noor	Feb	Australia	10,000	Holbud ltd, London	3,000 mt, Ami - Burundi
			3,000		3,000 mt, Premium Flour Mills,Dsm
			4,000		4,000 mt, Mikoani Traders ltd,Dsm
Yassa H. Mulla	Mar	Australia	36,000	Awb Ltd, London	Ss Bakhressa & co ltd, Dsm
AN Noor	Apr	Australia	6,000	Holbud ltd, London	Burundi/ mikoani traders
S. Pioneer	Apr	Argentina	36,000	Awb Ltd, London	Ss Bakhressa / Premium Flour mills
Tahir Kiran	May	Australia	12,000	Awb Ltd, London	Coast miller/ Mohd Enterp
Mult Purpose	May	Australia	38,000	Awb Ltd, London	Ss Bakhressa & co ltd, Dsm
Mighty	May	Australia	9,500	Holbud ltd, London	Ss Bakhressa & co ltd, Dsm
Mystras	Jun	Australia	44,000	Awb Ltd, London	Ss Bakhressa & co ltd, Dsm
Blue Wing	Aug	Canada	6,825	Canadian Wheat Board	Mohd Enterprises Ltd, Dsm
Great Success	Aug	Pakistan	22,000	Concordia Agritrading Pte Ltd	16,500mt, Ss Bakhressa - Dsm
					3,000 mt, mikoani traders
					2,200 mt, Premier - Dsm
					300 mt, Kengrow Industries ltd, Uganda.
Total			275775		