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Report Highlights:

In Marketing Year (MY) 2020/21, corn production fell due to post-harvest loss, ineffective extension services, unreliable markets, pests, and diseases. FAS/Dar es Salaam forecasts MY 2020/2021 corn harvest area down by five percent due to floods, pests, disease, and heavy rainfall. Genetically Engineered (GE) corn is in confined field trials. Increased opportunity for U.S. wheat ahead as Tanzanian wheat production drops, consumption increases, and imports top 90 percent. U.S. wheat is unavailable in Tanzania market despite imports from U.S. competitors. Post forecasts a four percent rise in wheat imports in MY 2020/2021 due to low production and increase in domestic demand. Rice imports are forecast to drop by 9 percent in MY 2020/2021 due to a Government of Tanzania (GOT) ban of rice imports and increased production.

Corn

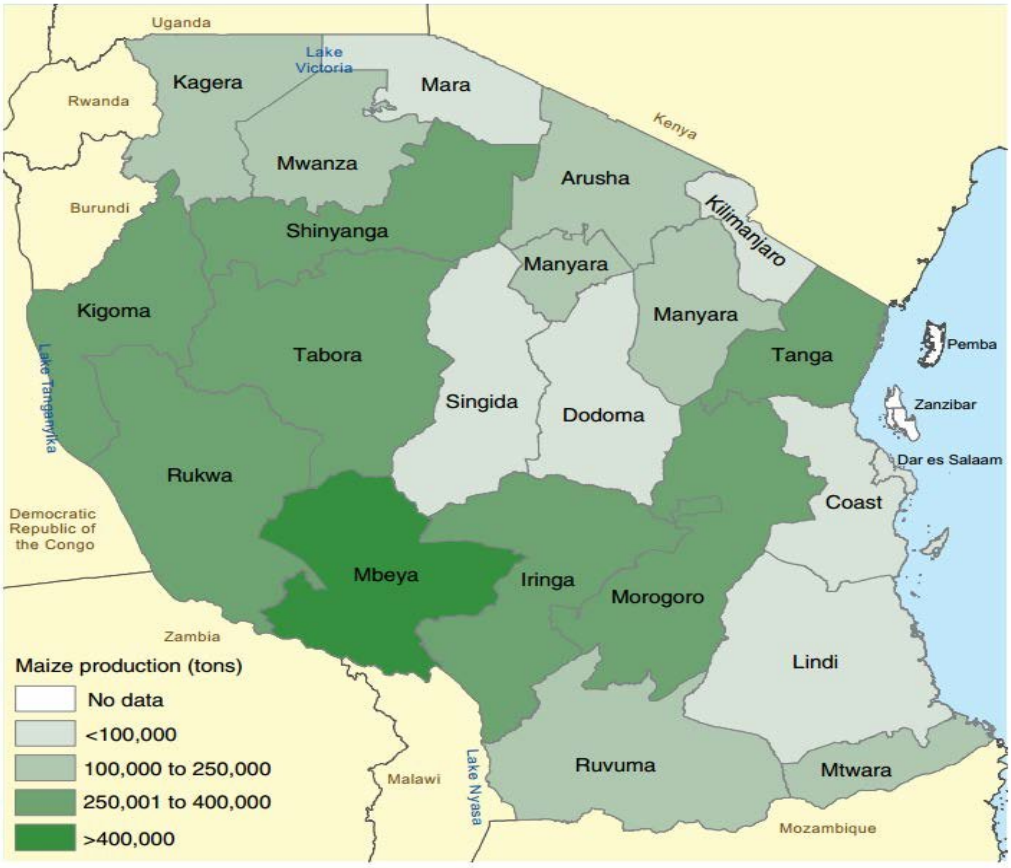
Production

Production of corn— the staple food—in Tanzania is expected to take a hit from the desert locust invasion, excessive rainfall, and high postharvest losses. Figure 1 displays Tanzania's main corn growing areas. Corn production over the past 10 years shows a significant increase, largely through expansion of harvested area rather than increased yields. GE corn remains in Confined Field Trials (CFT) managed by Tanzania Agricultural Research Institute (TARI). Corn production is widely distributed across agricultural development zones and regions, adapted to agro-ecological zones ranging from near sea level to 2,400 meters (m) above sea level, depending on the variety. The main agro-ecological zones for optimal corn growth, however, are between 500-1500 m. The Southern Highlands Zone and Lake Zone occupy approximately 26 percent and 25 percent respectively of Tanzania's corn producing area. These are followed by Eastern (13 percent), Northern (12 percent), Western (10 percent), Southern (eight percent), and Central (six percent) zones.

Post forecasts MY 2020/2021 corn production to increase by two percent from the previous year. Removal of an export ban and prospects for greater demand in neighboring countries, new farms and an efficient fertilizer delivery system led to an expansion of land under cultivation. High post-harvest loss, ineffective extension services delivery systems, unreliable markets and price fluctuation, pests, and diseases such as corn lethal necrosis (MLN) and fall army worm (FAW) limit corn production in Tanzania. Compared to previous year 2019/2020, total area used for corn harvesting is projected down by five percent due to floods, heavy offseason and above average seasonal rainfalls [see Table 3: Production, Supply, and Distribution (PS&D)]. Although growing conditions are often good for corn, the yields are low, averaging about 1.5 metric tons (MT) per hectare. Approximately half of all corn produced in Tanzania comes from the southern highlands. Small-scale farmers contribute more than 80 percent of Tanzania's total production.

Tanzania's government recently launched a 10-year National Post-Harvest Management Strategy (NPHMS) and its 10-year implementation plan (SIP) for 2019/2029. The strategy aims to: Facilitate Awareness on Post-Harvest Management to Improve Efficiency and Reduce Crop Losses along the Value Chain, Promote availability, accessibility, affordability and adoption of tested technologies and processes to reduce post-harvest losses, Facilitate agricultural marketing systems to improve market access and minimize post-harvest losses, Promote research and innovations of new and appropriate technologies and methods to reduce crop losses, Review and put in place new legislation to ensure compliance with standards and adoption of practices to minimize PHL, Strengthen institutional capacity, coordination, partnerships and stakeholders' participation of PHM actors to enhance implementation of strategic interventions, Adapt post-harvest management systems to mitigate the effects of climate change, Addressing inadequacy in PHM financing, and Develop a standard methodology for collecting data and estimating Post-Harvest Losses.

Figure 1: Corn Growing Areas in Tanzania



Consumption

White corn is the main staple grain consumed in Tanzania, providing 80 percent of dietary calories and more than 35 percent of utilizable protein to the population. It is also a major source of income for most smallholder farmers who are undernourished. Nearly three-quarters of the country's undernourished and 80 percent of its hungry are smallholder farmers. Low access to food, high nutritional needs, the agricultural productivity gap, and vulnerability to environmental shocks are the most salient problems facing Tanzania's rural population. Many rural people suffer undernourishment (39.3 percent), low average dietary energy intake (33.9 percent), and poverty (26.7 percent).

Total MY 2020/2021 corn consumption is forecast at 5.8 million metric tons (MMT), a slight decrease from the previous year due to changing in dietary preferences and food accessibility. Most people living in the urban preferred to eat processed food from wheat and rice. Post forecasts feed and residual to decrease in 2020/2021. Most smallholder farmers produce corn for family consumption and sell a portion to the market, which represents a significant source of household income. Typically, about 40 percent of corn is sold in the market, mostly locally. Annual per capita consumption is 135 kilograms per person per year. Consumers prefer white flint corn; the amount of yellow corn grown is negligible.

Trade

Corn is primarily grown for home consumption, but it is also a cash crop sold through four recognized marketing channels:

- Small-scale farmers who sell to local traders and millers mainly in the rural areas and nearby cities;
- Medium-sized grain traders and millers who serve rural and urban centers;
- A small number of well-established, large-scale millers and traders based in Dar es Salaam, operating in both national and regional markets;
- Institutional buyers including The National Food Reserve Agency (NFRA), the World Food Program (WFP), prisons, the armed forces, hospitals and schools.

The domestic market has many buyers and processors between the farm gate and the consumer. Each intermediary takes a margin, which reduces overall financial efficiency. This market structure and value chain is inefficient and limiting to producers and consumers.

Corn is a political commodity; so, trade measures are frequently put in place to ensure food security. Recently, to absorb the surplus, the GOT established the Strategic Grain Reserves (SGR) under NFRA, which buys corn from farmers at a fixed floor price above the market price. Such strategies intend to ensure markets for farmers, especially in surplus regions. Since 2015 SGR has often had insufficient funds to purchase farmers' corn, leaving farmers holding the grain, cost of transportation, and other costs.

As of the end of January 2020, only 43,597 MT of corn was in SGR warehouses, according to the Bank of Tanzania's (BOT) Monthly Economic Review. In May 2019, President Magufuli announced Tanzania will export 700,000 MT of corn to Zimbabwe and he said he hopes the sale will stimulate trade between the two nations. The president said Tanzania harvested 16 MMT of corn and consumes only 13 MMT, giving a 3 MMT surplus. The first consignment of 17,000 MT of corn from Tanzania arrived in Bulawayo, Zimbabwe in October 2019. During January 2020, NFRA sold 8,901 MT of corn to private traders, WFP, and the Prisons Department. This brought the stocks of food held by the NFRA to 43,597 MT at the end of January 2020 from 52,498 MT at the end of the preceding month [see Table 2 below].

Prices

Tanzanian corn plays an important role in east Africa's supply, contributing 27 percent of the region's average one MMT tradeable surplus. Corn trade increased during the third quarter of 2019. According to a BOT report, wholesale corn prices were up in January 2020 versus December 2019. Corn prices continued to rise due to demand from neighboring countries and domestic production shortfalls in the north and lake zones during the 2018/19 crop-season.

Tanzania's seasonal exports grew in 2019 because of regional production shortfalls due to drought, floods, pests and disease, high post-harvest loss, and damages from the April 2019 cyclone. Prices increased in Tanzania as supplies tightened amid high domestic and regional demand. Tanzania is expected to remain the main source for corn in East Africa because of availability of tradeable stocks. Post does not anticipate any export ban as the 2018/2019 export restrictions caused prices of corn to be relatively low and affected farm incomes and production, trends that GOT would like to reverse.

Post-harvest management remains a significant obstacle to farmers. In 2019, some farmers' corn tested positive for Aflatoxin, limiting market potential. The late-2019 "short rain" season came early and brought above average rainfall. Prices are expected to remain relatively higher in the first quarter of 2020 due to high domestic and regional demand. Imports from Uganda will ease demand pressure in areas where rain and floods affected short rains harvests.

Table 1: Quarterly Wholesale Prices of Corn

Quarter ending	Price in $ per 100kg
December 2018	20.30
September 2019	28.40
December 2019	38.00

Source: Ministry of Industry and Trade, Post computations

Table 2: Food Stocks Held by National Food Reserve Agency up to January 2020.

Period	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
January	459,561	125,668	86,835	91,947	93,037.2	43,596.7
February	454,592	88,414	86,444	91,313	85,524.5	41,231
March	452,054	68,727	86,443	83,650	78,336.3	
April	433,547	64,825	86,278	73,468	68,747.8	
May	406,846	63,341	74,826	68,893	68,057.7	
June	353,702	61,838	70,393	63,844	67,335.9	
July	282,401	49,632	68,697	62,288	67,410.1	
August	268,515	59,832	78,434	62,317	68,407.0	
September	265,046	86,545	85,403	78,224	61,710.8	
October	253,655	90,905	89,248	87,435	55,852.5	
November	238,134	90,900	93,353	92,402	52,726.9	
December	180,746	90,800	92,074	95,534	52,498.1	

Source: Bank of Tanzania, NFRA

Table 3: Production, Supply and Distribution (PS&D)

Corn	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jul 2018		Jul 2019		Jul 2020	
Tanzania, United Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	4200	4200	4200	4200	0	4000
Beginning Stocks	1368	1368	1376	1376	0	1116
Production	6273	6273	6200	6200	0	6300
MY Imports	35	35	40	40	0	30
TY Imports	70	70	40	40	0	30
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7676	7676	7616	7616	0	7446
MY Exports	100	100	200	200	0	300
TY Exports	100	100	200	200	0	300
Feed and Residual	900	900	900	900	0	800
FSI Consumption	5300	5300	5400	5400	0	5000
Total Consumption	6200	6200	6300	6300	0	5800
Ending Stocks	1376	1376	1116	1116	0	1346
Total Distribution	7676	7676	7616	7616	0	7446
Yield	1.4936	1.4936	1.4762	1.4762	0	1.575
(1000 HA), (1000 MT), (MT/HA)						

Sources: GOT, Trade Data Monitor LLC, otherwise Post estimates

Wheat

Production

More than 90 percent of wheat produced in Tanzania comes from either large-scale commercial farm in the northern highlands or small and medium-sized family farms in the southern highlands. Approximately 100,000 hectares (ha) are devoted to wheat production giving Tanzania a production capacity of roughly around 65,000 MT per year, but only half are in production. The total area used for wheat harvesting is expected to fall by half in MY 2020/2021 as most large-scale wheat farms are moving to corn and legumes. Due to heavy rains that affected pre- and post-farming activities, Post forecasts a thirty percent decrease in the production of wheat in MY 2020/2021. Lack of improved seeds, inefficient use of fertilizer, high post-harvest loss, pests and diseases limit wheat production in Tanzania. Moreover, wheat is proving unable to compete with more profitable crops or crops more suited to local conditions, capacities, and support systems. The wheat sector is not supported by the government to attract further investment.

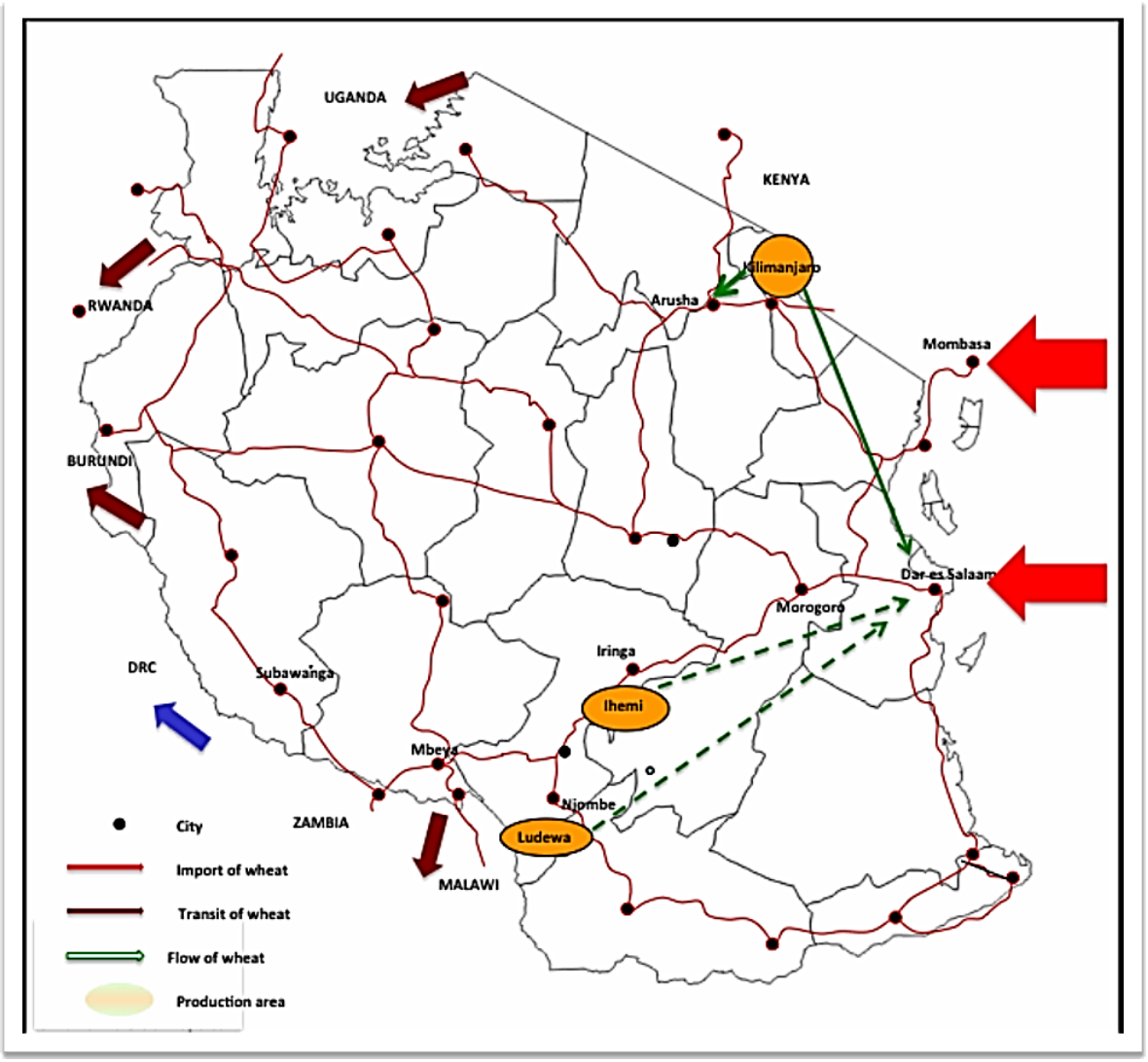
Consumption

Tanzania imports about 90 percent of its domestic consumption, which is estimated at one MMT per year. As a more expensive staple, wheat, like rice, is largely consumed by higher income, urban households. Urbanization and growth of major cities like Dar es Salaam, Mwanza and Arusha expected to increase demand for wheat products. Post forecasts two percent increase in total wheat consumption in MY 2020/2021 due to change in dietary preferences, rural-urban migration, availability and accessibility, growth of middle-class population and opening of bakery and food processing facilities around peri-urban areas. The main growth categories for the wheat industries are pasta, biscuits, and breakfast cereals. A shift towards wheat consumption has been observed in rural and peri-urban areas.

Trade:

Tanzania commercially imports wheat from Russia, Australia, Canada, Germany, and Brazil. **Wheat imports from the United States are primarily for food aid programs. Although importers do appreciate the quality of wheat from the United States, traders say distance and import cost are still bottlenecks, despite trading with Canada to the north there was no monetized wheat from U.S. in MY 2019/2020.** Post forecasts a four percent increase in wheat imports in MY 2020/2021 due to low production and increase in domestic demand. Post forecasts stagnant wheat exports from Tanzania in MY 2020/21 due to low production, unreliable demand on the export market and high domestic demand.

Figure 2: Wheat trade flows in Tanzania



Source: Southern Agricultural Growth Corridor of Tanzania

Table 4: Wheat: Production, Supply and Distribution (PS&D) Table

Wheat	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jul 2018		Jul 2019		Jul 2020	
Tanzania, United Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	100	100	100	100	0	50
Beginning Stocks	129	129	55	55	0	85
Production	100	100	100	100	0	70
MY Imports	781	781	1100	1100	0	1150
TY Imports	781	781	1100	1100	0	1150
TY Imp. from U.S.	115	115	0	0	0	0
Total Supply	1010	1010	1255	1255	0	1305
MY Exports	5	5	20	20	0	20
TY Exports	5	5	20	20	0	20
Feed and Residual	0	0	0	0	0	0
FSI Consumption	950	950	1150	1150	0	1170
Total Consumption	950	950	1150	1150	0	1170
Ending Stocks	55	55	85	85	0	115
Total Distribution	1010	1010	1255	1255	0	1305
Yield	1	1	1	1	0	1.4
(1000 HA), (1000 MT), (MT/HA)						

Source: GOT, Trade Data Monitor LLC, otherwise Post estimates

Rice

Production

An estimated 2.1 MMT of milled rice is produced annually, making Tanzania the biggest rice producer in the region. The rice sub-sector has long been identified by the GOT as a strategic priority for agricultural development due to its potential for improving food security and income for large numbers of rural households with land holding sizes ranging from 0.5 to 3 ha.

Post forecasts a four percent increase in harvested area in MY 2020/2021 due to GOT initiatives and supports to rice subsector. The GOT in collaboration with developing partners launched a 10-year National Rice Development Strategy Phase II (NRDS-II). Through NRDS-II GOT aims to double the area under rice cultivation from 1.1 million ha (2018) to 2.2 million ha by 2030, double the on-farm rice productivity from two t/ha to four t/ha by 2030, value addition and reduce the post-harvest losses from thirty percent to 10 percent by 2030, to enhance agribusiness and markets. Post forecasts rice production to increase by 1.2 percent in MY 2020/2021 from the previous year due to favorable weather conditions and an increase in area harvested.

Trade

Imports

Imports of rice are forecasted to decrease by 9 percent in MY 2020/2021 due to a GOT ban of rice imports and an increase in local production. The ban was first announced by Permanent Secretary, Ministry of Agriculture in September 2018 and announced again by Deputy Minister of Agriculture in March 2020. According to the minister, the government of united republic of Tanzania will continue to make sure that there are no imports of rice in the Tanzania mainland to protect local farmers from a competitive market suffocated by cheap imports. Tanzania primarily imports long-grain milled rice from Pakistan, though it also imports smaller quantities from Thailand and India (see Table 5 below). As an EAC member country, Tanzania applies a common external tariff of 75 percent ad valorem or $345 USD per metric ton, whichever is higher, for imports from non-EAC countries. Rice imports from the United States are primarily for food aid programs.

Table 5: Major Rice Exporters to Tanzania (1000 MT)

Reporting Country	**2018**	**2019**
Pakistan (*)	191	150
Thailand	31	15
India	9	8
United States	17	0
Other	1	3
Total	249	176

(*) Pakistan estimated based on 11 months of available data
Source: Trade Data Monitor LLC, Post estimates

Exports

The GOT expects to increase rice exports to eastern Africa by six percent in MY 2020/2021 due to increase in local production and high regional demand due to food insecurity around the region. Post expects that the increase in area harvested in MY 2020/21, high carry-over stocks to lower the price and drive exports.

Consumption

Rice is a staple food consumed in both urban and rural areas. Dar es Salaam is the principal end market and accounts for about 60 percent of national consumption. Dar es Salaam is the highest urban population and the largest total population in the country followed by Mwanza**.**

Tanzanian rice consumers are particular about grain size, color, flavor, and aroma demonstrating preference for the following characteristics: long slender, translucent, intermediate amylose content and aromatic to semi-aromatic. The two popularly preferred Tanzanian rice in domestic and regional markets are Supa and TXD 306 (SARO 5). Premium, Grade One*,* and Standard are the common rice grades available in the local markets. Premium prices are usually given to aromatic rice, such as Kyela brand and others when sold in attractive packaging. Demand for rice will likely increase due to urbanization, economic growth, changing consumption patterns, and diversified uses of rice-based products. National rice consumption is estimated at 1.8 MT annually and is projected to reach 2.6 MT by 2025 and 3.5 MT by 2030.

Post forecasts milled rice consumption to increase by 0.2 percent in MY 2020/2021 due to changes in dietary preference, affordability versus wheat, accessibility, and availability.

Prices:

Table 6: National Average Wholesale Prices of Rice in Tanzania

Year 2018	Price in $ per 100 Kg	Year 2019	Price in $per 100Kg	Year 2020	Price in $ per 100 Kg bag
Jan	83.40	Jan	69.04	Jan	82.00
Feb	80.30	Feb	72.20	Feb	82.23
March	80.00	March	73.00		
April	84.20	April	72.10		
May	74.00	May	72.11		
June	69.00	June	71.00		
July	65.50	July	77.00		
Aug	63.00	Aug	78.00		
Sept	63.00	Sept	82.00		
Oct	65.20	Oct	86.00		
Nov	66.00	Nov	86.00		
Dec	66.50	Dec	87.00		

Source: Ministry of Industry Trade, Post computations

Table 7: Rice: Production, Supply and Distribution (PS&D) Table

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Begin Year	May 2018		May 2019		May 2020	
Tanzania, United Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1200	1200	1200	1200	0	1250
Beginning Stocks	0	0	0	0	0	0
Milled Production	2046	2046	2046	2046	0	2070
Rough Production	3100	3100	3100	3100	0	3136
Milling Rate (.9999)	6600	6600	6600	6600	0	6600
MY Imports	240	240	220	220	0	200
TY Imports	200	200	230	230	0	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2286	2286	2266	2266	0	2270
MY Exports	30	30	30	30	0	40
TY Exports	30	30	30	30	0	40
Consumption and Residual	2256	2256	2236	2236	0	2240
Ending Stocks	0	0	0	0	0	0
Total Distribution	2286	2286	2266	2266	0	2270
Yield (Rough)	2.5833	2.5833	2.5833	2.5833	0	2.5088
(1000 HA), (1000 MT), (MT/HA)						

Source: GOT, Trade Data Monitor LLC, otherwise Post estimates

Attachments:

Tanzania 2020 Grain and Feed Annual Report.docx