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Tanzania - United Republic of

Grain and Feed Annual

2018 Tanzania Corn, Wheat and Rice Report

Approved By:
Shane Townsend

Prepared By:
Benjamin Mtaki

Report Highlights:
FAS/Dar es Salaam forecasts marketing year (MY) 2018/19 corn production down 2 percent from 2017/2018, due to pests and diseases such as Maize Lethal Necrosis (MLN) and Fall Army Worm (FAW). Tanzanian government expects to increase its rice exports to Eastern Africa region by one-third in Marketing Year (MY) 2018/19. A marginal increase in wheat consumption is forecast in 2017/2018. Despite growing wheat consumption and imports from Canada and others, US wheat is not in the market.

Corn

Production

In northern, northeastern and coastal bi-modal rainfall areas, harvesting of "vuli" secondary season crops, which accounts for 15 to 20 percent of Tanzania's cereal production, is currently underway. According to the Tanzania Meteorological Agency (TMA), the October-to-December "vuli" rains exceeded seasonal averages and were favorably distributed over the northern regions of Kagera, Mara, Mwanza and Shinyanga as well as the Pwani coast region. In central and southern uni-modal rainfall areas, planting of the 2018 long-rains "msimu" season crops, to be harvested in May/June 2018, were completed in December 2017. Seasonal rains had an early onset at the beginning of November over most cropping areas. A dry spell in the second dekad (10 days rainfall analysis) of November over central Singida and Dodoma regions and southern Iringa and Ruvuma regions delayed planting operations and required some replanting. Subsequently, precipitations were average in December and well above average in January over most cropping areas, with a favorable impact on crop establishment and development. The TMA has reported that "msimu" rains are likely to continue at average to above-average levels until the end of the season in May 2018, with a positive impact on crop yields.

Post forecasts marketing year (MY) 2018/19 corn production to decrease by 2 percent from the previous year 2017/2018, due to lack of improved seeds, inefficient fertilizer delivery system, post-harvest loss, pests and diseases such as Maize Lethal Necrosis (MLN) and Fall Army Worm (FAW). Compared to previous year 2017/18, total area used for corn harvesting is projected to decrease by 2.3 percent and exports to neighboring countries is also projected to decrease by 20 percent due to difficulty of getting export permit from the Government of Tanzania. Minimal reported imports are expected from neighboring countries due to informal cross-border trade. Ending stocks are expected to decrease due to lower crop productivity and increased consumption, partly caused by a rise in refugee and asylum seekers from Burundi and the Democratic Republic of the Congo.

Corn production is widely distributed across agricultural development zones and regions, adapted to agro-ecologies ranging from near sea level to 2,400 meters (m) above sea level, depending on the variety. Corn productivity in Tanzania is very low in spite of its importance to the country's food security and economic well-being. The main agro-ecologies, however, fall within 500-1500 m. The Southern Highlands Zone and Lake Zone occupy approximately 26 percent and 25 percent, respectively, of Tanzania's corn harvesting area. These are followed by Eastern (13 percent), Northern (12 percent), Western (10 percent), Southern (8 percent), and Central (6 percent) zones.

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. The majority of smallholder farmers produce corn for their personal consumption and sell a portion to the market as a significant source of income. Typically about 40 percent of corn production in Tanzania is sold in the market, mostly locally. Annual per capita consumption is 135 kg per person per year. Consumers prefer white flint corn; the amount of yellow corn grown in Tanzania is negligible. Total corn consumption forecasted for MY 2018/19 is 5.3 MMT, a slight increase over the previous year, as rapid population growth offsets declining per capita consumption. The current total population is more than 53 million people. Post forecasts feed and residual to remain flat in 2018/19 due to forecasted low production and minimal postharvest loss.

Trade

There are 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 Programme (WFP), prisons, the armed forces, hospitals and schools.

The domestic corn market usually has many intermediary buyers and processors between the farm gate and the consumer. Each intermediary takes a margin which reduces overall financial efficiency. It is clear that changes in market structure are needed if a more efficient value chain is to be developed.

Prices

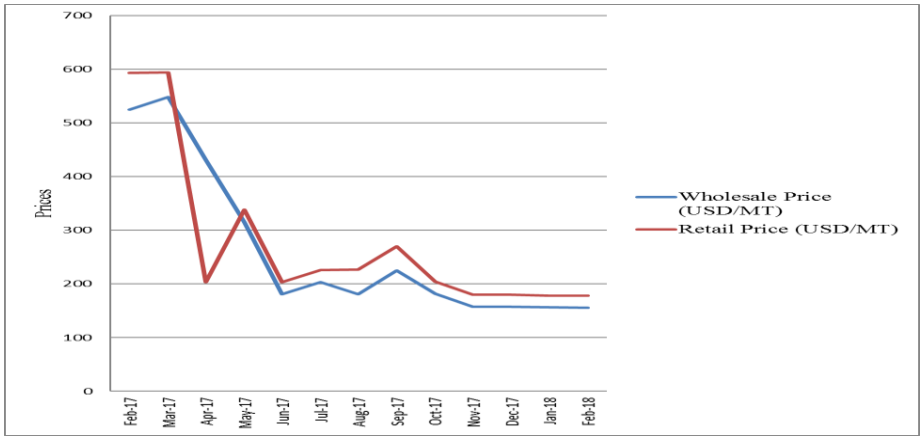
Maize prices have declined sharply over the past year in all monitored markets between April 2017 and February 2018, underpinned by tight supplies and concerns over the performance of 2017 crops, due to early season dryness. Subsequently, they declined by 50-60 percent between April and November 2017, as improved rains lifted crop prospects and, subsequently harvested "msimu" and "masika" crops increased supplies. A maize export ban introduced in June also supported price declines. Prices of maize then remained mostly stable in December 2017 and January 2018, when they were 35-70 percent below their year-earlier levels.

Table 1: National Average Wholesale and Retail Prices of Maize in Tanzania

Month-Year	Wholesale Price (USD/MT)	Retail Price (USD/MT)
Feb-17	525	593
Mar-17	548	594
Apr-17	431	203
May-17	315	338
Jun-17	181	203
Jul-17	204	226
Aug-17	181	227
Sep-17	225	270
Oct-17	181	204
Nov-17	157	180
Dec-17	157	180
Jan-18	156	179
Feb-18	156	178

Source: Ministry of Industry, Trade and Investment; Post computations

Chart 1: Wholesale and Retail Prices of Maize in Tanzania



Source: Ministry of Industry, Trade and Investment; Post computations

Tanzania's export trade is largely opportunistic, often illegal, and depends on many internal and external factors. Periodic export bans discourage traders from seeking large export contracts and encourage bribery and illegal trade at border posts or on bush 'panya' routes located along Tanzania's highly-permeable borders. The countries receiving Tanzania corn are Zambia, Malawi, Rwanda, Burundi, the Democratic Republic of Congo (DRC) and Kenya.

Table 2: Production, Supply and Distribution (PS&D)

Corn	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**Jul 2016**		**Jul 2017**		**Jul 2018**	
Tanzania, United Republic of	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	4200	4200	4200	4200	0	4100
Beginning Stocks	1330	1330	1050	1050	0	885
Production	4815	4815	5350	5350	0	5250
MY Imports	100	100	5	5	0	5
TY Imports	100	100	5	5	0	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	6245	6245	6405	6405	0	6140
MY Exports	100	100	250	250	0	200
TY Exports	50	50	250	250	0	200
Feed and Residual	725	725	870	870	0	870
FSI Consumption	4370	4370	4400	4400	0	4400
Total Consumption	5095	5095	5270	5270	0	5270
Ending Stocks	1050	1050	885	885	0	670
Total Distribution	6245	6245	6405	6405	0	6140
Yield	1.1464	1.1464	1.2738	1.2738	0	1.2805
(1000 HA) ,(1000 MT) ,(MT/HA)						

Sources: GOT, GTA, otherwise Post estimates

Table 3: Food Stocks Held by National Food Reserve Agency up to December 2017.

Tonnes					
Period	**2013**	**2014**	**2015**	**2016**	**2017**
January	72,170	235,309	459,561	125,668	86,835
February	60,739	228,014	454,592	88,414	86,444
March	46,153	214,157	452,054	68,727	86,443
April	36,982	195,246	433,547	64,825	86,278
May	26,802	195,956	406,846	63,341	74,826
June	27,494	189,494	353,702	61,838	70,393
July	71,141	182,200	282,401	49,632	68,697
August	175,609	196,854	268,515	59,832	78,434
September	224,295	299,624	265,046	86,545	85,403
October	235,817	426,999	253,655	90,905	89,248
November	234,145	460,295	238,134	90,900	93,353
December	232,963	466,583	180,746	90,800	92,074

Source: Bank of Tanzania (BOT)

Wheat

Production

Wheat is Tanzania's fourth most consumed crop after maize, cassava and rice. More than 90 percent of wheat produced in Tanzania comes from either large-scale commercial farms in the northern highlands (Arusha, Kilimanjaro, and Manyara regions) or small and medium-sized family farms in the southern highlands (Iringa, Mbeya and Rukwa regions). Approximately 100,000 hectares (ha) are currently devoted to wheat production, giving Tanzania a production capacity of roughly 100,000 MT per year. The total area used for wheat harvesting in both the northern and southern highlands is expected to remain flat in MY 2018/2019 because the sector is not supported by the government to attract further investment.

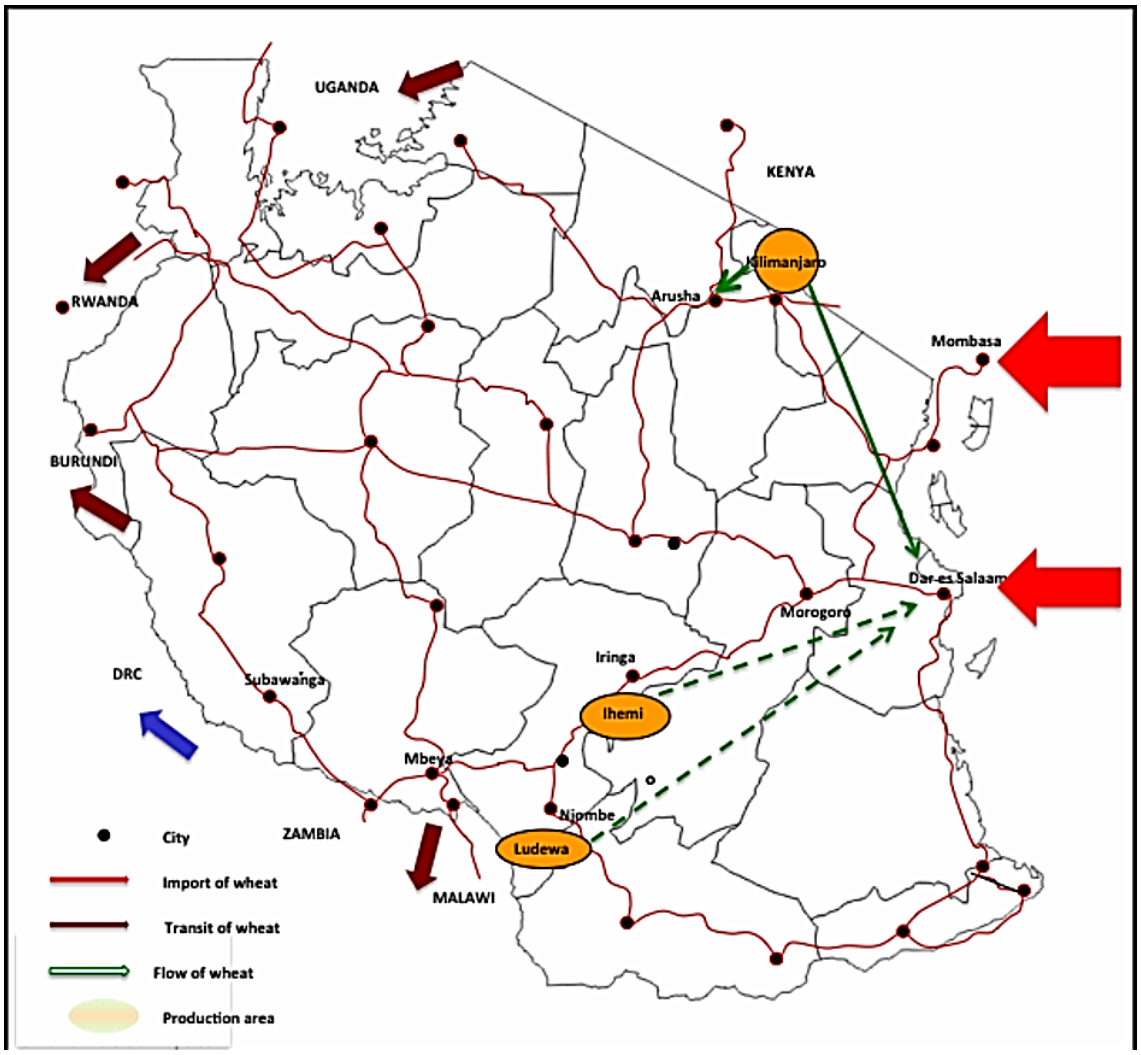
Consumption

Domestic consumption is estimated to be about 1 Million MT per year, requiring Tanzania to import about 90% of its wheat. The wheat milling industry is dominated by two companies that are based in Dar es Salaam, and supplies wheat products to consumers in all regions of Tanzania. As a more expensive staple, wheat, like rice, is disproportionately consumed by higher income, urban households. Effective wheat demand is in urban areas where population growth rates are above 5% as compared to fewer than 2% in rural areas. Growth of major cities like Dar es Salaam, Mwanza and Arusha is expected to increase demand for wheat products. Marginal increase in consumption is forecast in 2018/2019. The main growth categories for the wheat industries are pasta, biscuits, and breakfast cereals. A shift towards consumption of wheat from traditional staples such as coarse cereals and tubers has been observed in rural and peri-urban areas of the country.

Trade:

Tanzania commercially imports wheat from Russia, Australia, Canada, Germany, and Brazil. Tanzania's wheat import bill is estimated to be $225 million per year. Wheat imports from the United States are primarily for food aid programs. There was no monetized wheat from U.S in MY 2017/18. Exports due to informal cross border trade are forecast to slightly increase in 2018/19 because of high demand for wheat flour in neighboring countries.

Figure 1: Wheat trade flows in Tanzania



Source: Southern Agricultural Growth Corridor of Tanzania

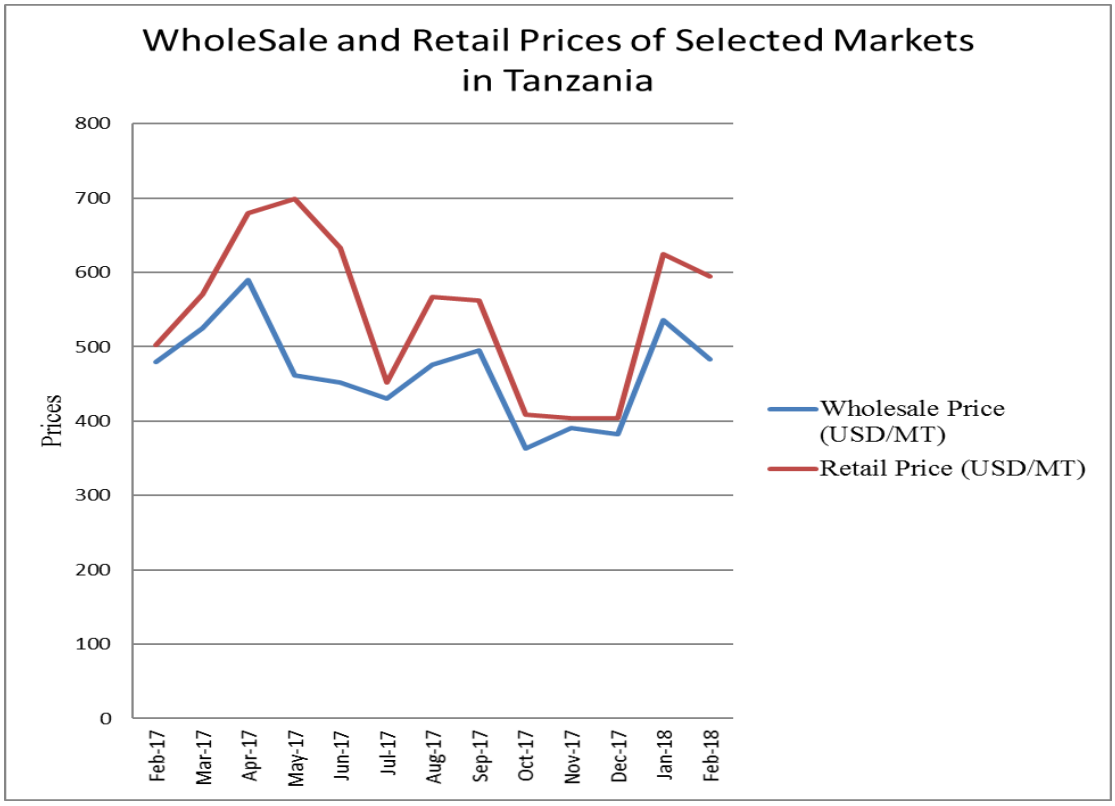
Prices

Table 4: National Average Wholesale and Retail Prices of Wheat in Tanzania

Month-Year	Wholesale Price (USD/MT)	Retail Price (USD/MT)
Feb-17	479	502
Mar-17	526	571
Apr-17	589	680
May-17	462	699
Jun-17	452	633
Jul-17	430	452
Aug-17	476	567
Sep-17	495	563
Oct-17	363	408
Nov-17	391	404
Dec-17	382	405
Jan-18	536	625
Feb-18	483	595

Source: Ministry of Industry, Trade and Investment; Post computations

Chart 2: Wholesale and Retail Prices of Wheat in Tanzania



Source: Ministry of Industry, Trade and Investment; Post computations

Table 5: Wheat: Production, Supply and Distribution (PS&D) Table

Wheat	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Tanzania, United Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	100	100	100	100	0	100
Beginning Stocks	156	156	101	101	0	126
Production	100	100	100	100	0	100
MY Imports	845	845	1000	1000	0	1000
TY Imports	845	845	1000	1000	0	1000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1101	1101	1201	1201	0	1226
MY Exports	10	10	5	5	0	10
TY Exports	10	10	5	5	0	10
Feed and Residual	0	0	0	0	0	0
FSI Consumption	990	990	1070	1070	0	1100
Total Consumption	990	990	1070	1070	0	1100
Ending Stocks	101	101	126	126	0	116
Total Distribution	1101	1101	1201	1201	0	1226
Yield	1	1	1	1	0	1
(1000 HA) ,(1000 MT) ,(MT/HA)						

Source: GOT, GTA, otherwise Post estimates

Rice

Production

Almost 20 percent of farmers are involved in rice production, mostly coming from smallholders under rain-fed conditions. Some farmers, however, grow and irrigate 2-2.5 hectares under schemes that are often initiated and controlled by the government. Average yields at small scale farms are generally low, ranging between 1.6 to 2.4 t/ha, but with irrigation, production can increase to more than 5 t/ha. Under optimum irrigated conditions, potential yields of rice range from 4 to 6 t/ha for uplands and 6 to 10 t/ha for lowlands depending on varieties of rice grown and management levels. Larger farms have larger areas under irrigated cultivation but large-scale commercial rice farming is limited to a few private firms. Post forecasts area harvested to remain flat in MY 2018/19 despite Government of Tanzania initiatives and supports to rice subsector. Post forecasts marketing year (MY) 2018/19 rice production to increase by 5 percent from the previous year 2017/2018 due to favorable weather conditions.

Trade

Imports

Tanzania imports of rice are forecast to decline slightly in 2018/19, as domestic production is expected to increase. Tanzania primarily imports long-grain milled rice from Pakistan, though it also imports smaller quantities from Thailand, Vietnam, and India (see Table 6 below). Imports in recent years have exceeded $75 million USD. As part of the EAC, 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.

Table 6: Major Rice Exporters to Tanzania

Reporting Country	2015 Quantity (1000 MT)	2016 Quantity (1000 MT)	2017 Quantity (1000 MT)
Pakistan	158	173	*100**
Thailand	16	23	51
Vietnam	14	15	14
India	9	8	8
Others	1	1	1
Total	198	220	*174**

*Pakistan data is partial, including only January – August.

Source: USDA-Office of Global Analysis

Exports

The Tanzanian government expects to increase its rice exports to the Eastern Africa region by one-third in Marketing Year (MY) 2018/19. Trade supplies are expected to rise because of the August harvest and high carry-over stocks, which are expected to lower prices. In MY 2017/18 Tanzania exported more than 5,000 tons of rice worth more than 0.7 Million USD to Kenya. Border trade also takes place to neighboring countries such as Rwanda, Burundi, Democratic Republic of Congo, and Uganda.

Consumption

Milled rice production and consumption are expected to increase in MY 2018/19, due to population growth. Rice is a staple food consumed in both urban and rural areas. The urban area of greater Dar es Salaam is the principal end market and accounts for about 60 percent of national consumption. Mbeya and Morogoro regions are the main sources of supply. Dar es Salaam is the highest urban population and the first largest total population in the country followed by Mwanza**.**

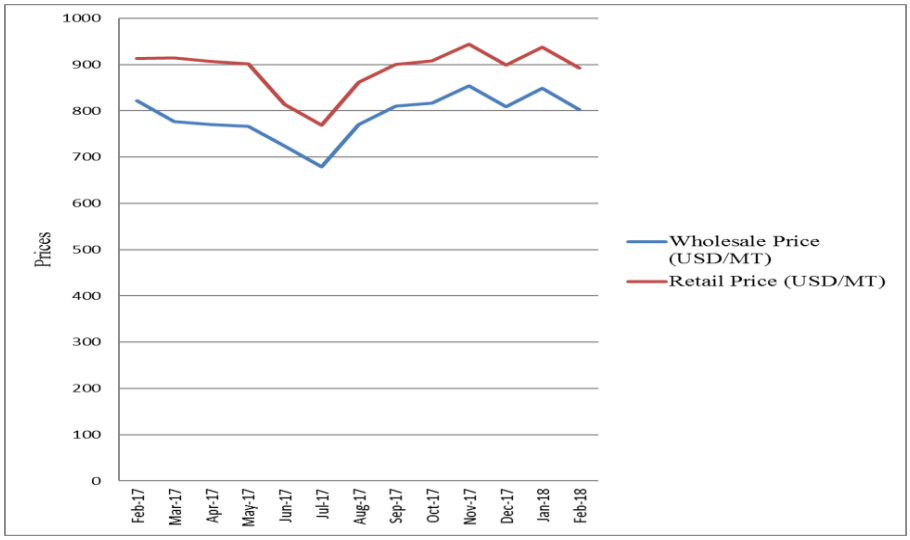
Prices:

Table 7: National Average Wholesale and Retail Prices of Rice in Tanzania

Month-Year	**Wholesale Price (USD/MT)**	**Retail Price (USD/MT)**
Feb-17	821	912
Mar-17	777	914
Apr-17	771	907
May-17	766	901
Jun-17	723	814
Jul-17	679	769
Aug-17	771	861
Sep-17	810	900
Oct-17	817	907
Nov-17	854	944
Dec-17	809	899
Jan-18	848	938
Feb-18	803	892

Source: Ministry of Industry, Trade and Investment; Post computations

Chart 3: Wholesale and Retail Prices of Rice in Tanzania



Source: Ministry of Industry, Trade and Investment; Post computations

Table 8: Rice: Production, Supply and Distribution (PS&D) Table

Rice, Milled	2016/2017		2017/2018		2018/2019	
Market Begin Year	May 2016		May 2017		May 2018	
Tanzania, United Republic of	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1100	1100	1100	1100	0	1100
Beginning Stocks	0	0	0	0	0	0
Milled Production	1848	1848	1848	1848	0	1948
Rough Production	2800	2800	2800	2800	0	2952
Milling Rate (.9999)	6600	6600	6600	6600	0	6600
MY Imports	240	240	240	240	0	230
TY Imports	240	240	240	240	0	230
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2088	2088	2088	2088	0	2178
MY Exports	40	40	30	30	0	40
TY Exports	40	40	30	30	0	40
Consumption and Residual	2048	2048	2058	2058	0	2138
Ending Stocks	0	0	0	0	0	0
Total Distribution	2088	2088	2088	2088	0	2178
Yield (Rough)	2.5455	2.5455	2.5455	2.5455	0	2.6836
(1000 HA) ,(1000 MT) ,(MT/HA)						

Source: GOT, Global Trade Atlas (GTA), otherwise Post estimates.