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Tanzania

Grain and Feed Annual

2017 Tanzania Corn, Wheat and Rice Report

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Report Highlights:

Reported by Tanzania Meteorological Agency (TMA), the delayed onset and below-average rainfall in the northern bimodal and central transition areas has resulted in significant crop loss. FAS/Dar es Salaam forecasts marketing year (MY) 2017/18 corn production to decrease by 9.1 percent from the previous year 2016/2017. A marginal increase in wheat consumption is forecast in 2017/2018 due to rapid urbanization, rising incomes, and dietary diversification where corn has previously been the predominant starchy staple.

Corn Production

Reported by Tanzania Meteorological Agency (TMA), the delayed onset and below-average rainfall in the northern bimodal and central transition areas has resulted in significant crop loss, with estimates up to more than half of the “Vuli” (short rain, minor crop) crop. Cumulative Vuli rains in northeastern Tanzania, including Arusha, Kilimanjaro, and Pwani, were only 30 to 65 percent of average through the first dekad in January. Similar poor rains in Geita, Dodoma, Kagera, Kigoma, Morogoro, Mwanza, and Shinyanga have resulted in some crop wilting at the tasseling stage. Below-average cumulative “Msimu” (long rain, major crop) rainfall is expected through April despite some enhanced rainfall in the near-term. Post forecasts marketing year (MY) 2017/18 corn production to decrease by 9.1 percent from the previous year 2016/2017, due to unfavorable weather conditions, lack of improved seeds, post-harvest loss, pests and diseases such as Maize Lethal Necrosis (MLN) and Army Worm infestation. The confined field trial for a drought-tolerant GE corn hybrid developed by the Water Efficient Maize for Africa (WEMA) project has started in Tanzania under an initiative that is building a new model for advancing agricultural innovation through public-private partnerships.

The production of corn in Tanzania is widely distributed across agricultural development zones and regions, adapted to agro-ecologies ranging from near sea level to 2400 meters (m) above sea level, depending on the variety. 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 the total corn area in the country. 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. Corn provides 60 percent of dietary calories and more than 35 percent of utilizable protein to the Tanzanian population. It is also a major source of income for the majority of smallholders. Corn is produced for both human consumption and the market (about 40 percent is sold, mostly locally). Annual per capita consumption is 73 kg per person per year. Consumers prefer white flint corn; the amount of yellow corn grown in Tanzania is therefore negligible. Corn productivity in Tanzania is very low in spite of its importance to the country’s food security and economic well-being. Total corn consumption in MY 2017/18 is forecast at 49.05 MMT, a slight decrease compared to the previous year, on forecast sufficient domestic supplies.

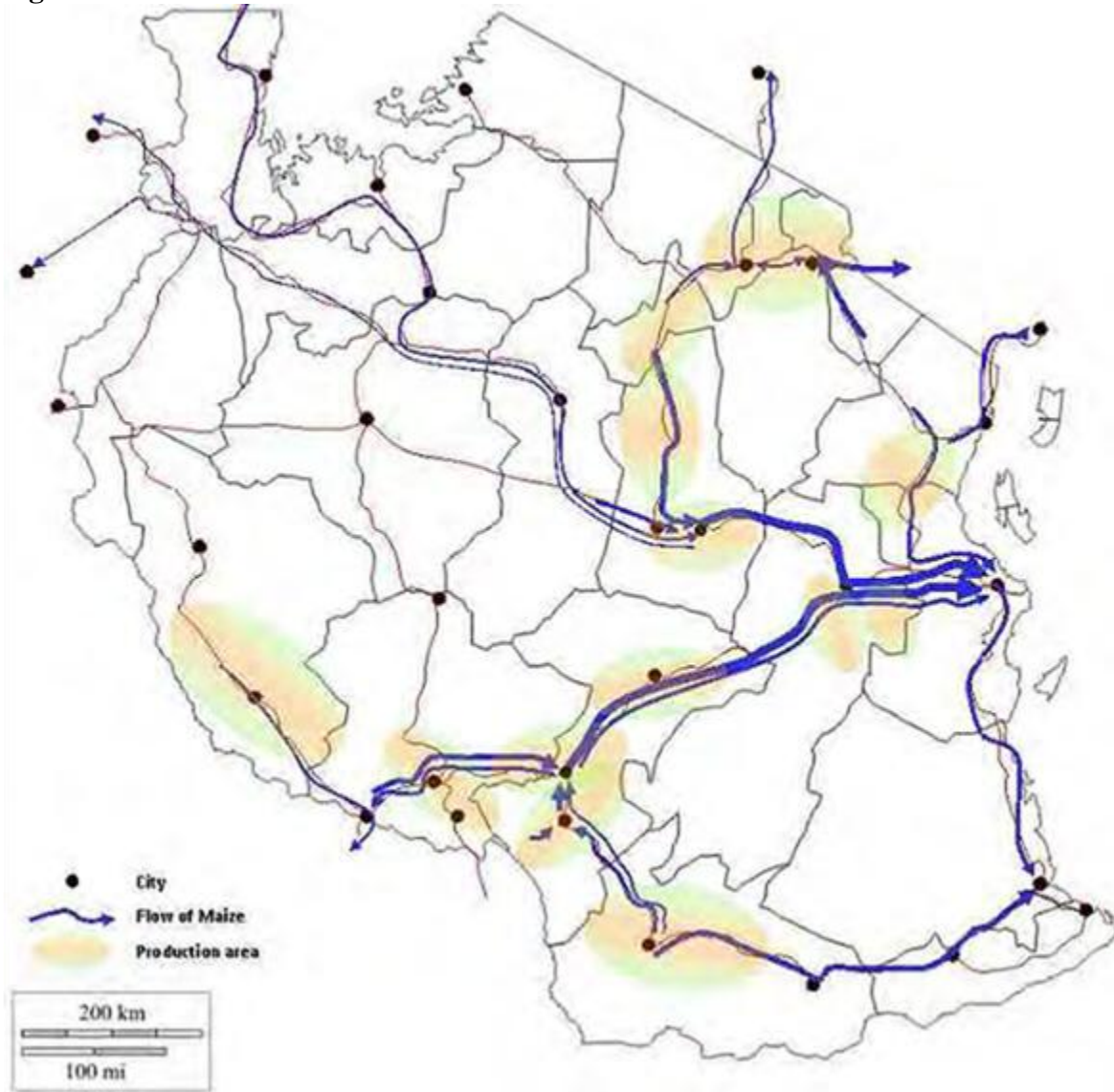
Trade

Between 85 to 90 percent of Tanzania’s population, about 50 million people, eat corn. There are four recognized market channels:

- A myriad of 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 few 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 internal corn market usually has many different transactions between the farm gate and the consumer. At each stage a margin is taken 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.

Figure 1: The market flows of corn



Source: Tanzania Agricultural Productivity (TAP)

Tanzania's export trade is largely opportunistic, often illegal and depends on many internal and external factors. Periodic export bans have discouraged traders from seeking large export contracts and encouraged illegal routes: either by bribing at customs posts or through bush 'panya' routes across Tanzania's highly-permeable borders. The countries receiving Tanzania corn are Zambia, Malawi, Rwanda, Burundi, the Democratic Republic of Congo (DRC) and Kenya.

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

| Corn Market Begin Year Tanzania, United Republic of | 2015/2016 | | 2016/2017 | | 2017/2018 | |
|--|------------------|-------------|------------------|-------------|------------------|-------------|
| | Jul 2015 | | Jul 2016 | | Jul 2017 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 4000 | 4000 | 4200 | 4200 | 0 | 4100 |
| Beginning Stocks | 1275 | 1275 | 1330 | 1330 | 0 | 1335 |
| Production | 6000 | 6000 | 5500 | 5500 | 0 | 5000 |
| MY Imports | 5 | 5 | 5 | 5 | 0 | 10 |
| TY Imports | 5 | 5 | 5 | 5 | 0 | 10 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 7280 | 7280 | 6835 | 6835 | 0 | 6345 |
| MY Exports | 400 | 400 | 400 | 400 | 0 | 200 |
| TY Exports | 400 | 400 | 400 | 400 | 0 | 200 |
| Feed and Residual | 1000 | 1000 | 800 | 800 | 0 | 500 |
| FSI Consumption | 4550 | 4550 | 4300 | 4300 | 0 | 4405 |
| Total Consumption | 5550 | 5550 | 5100 | 5100 | 0 | 4905 |
| Ending Stocks | 1330 | 1330 | 1335 | 1335 | 0 | 1240 |
| Total Distribution | 7280 | 7280 | 6835 | 6835 | 0 | 6345 |
| | | | | | | |

(1000 HA) ,(1000 MT)

Sources: GOT, GTA, otherwise Post estimates

Notes on PSD table

- Area under corn is forecast to decrease in MY 2017/2018 due to the delayed onset and below-average rainfall
- In the MY 2017/18 corn production is expected to decrease due to erratic and below average rainfall that are forecasts by the Tanzania Meteorology Agency (TMA) in key growing regions
- Minimal reported imports are expected from neighboring countries due to informal cross-border trade
- Exports to neighboring countries are expected to decrease due to expected decrease in production
- Ending stocks will decrease in 2017/2018 due to increase in need National Food Reserve Agency (NFRA) to supply food to the Disaster Relief Coordination Unit of the Prime Minister's Office

Food Stocks Held by National Food Reserve Agency

Tonnes

| Period | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------|---------|---------|---------|---------|--------|
| January | 72,170 | 235,309 | 459,561 | 125,668 | 86,834 |
| February | 60,739 | 228,014 | 454,592 | 88,414 | |
| March | 46,153 | 214,157 | 452,054 | 68,727 | |
| April | 36,982 | 195,246 | 433,547 | 64,825 | |
| May | 26,802 | 195,956 | 406,846 | 63,341 | |
| June | 27,494 | 189,494 | 353,702 | 61,838 | |
| July | 71,141 | 182,200 | 282,401 | 49,632 | |
| August | 175,609 | 196,854 | 268,515 | 59,832 | |
| September | 224,295 | 299,624 | 265,046 | 86,545 | |
| October | 235,817 | 426,999 | 253,655 | 90,905 | |
| November | 234,145 | 460,295 | 238,134 | 90,900 | |
| December | 232,963 | 466,583 | 180,746 | 90,800 | |

Source: Bank of Tanzania (BOT)

Wheat

A shift towards consumption of wheat from traditional staples such as coarse cereals and tubers has been observed in many parts of the country. Patterns of rapid growth in wheat consumption result from rapid

urbanization, rising incomes, and dietary diversification where corn has previously been the predominant starchy staple. Wheat in Tanzania is grown almost exclusively as a commercial crop, on a large-scale basis in the northern highlands and by small and medium scale farmers in the southern highlands. Although less than 1% of farmers in Tanzania grow wheat, 32% of wheat production is exported, while 91% of wheat consumed is imported. Small volumes are traded across borders to the west of the country. As a more expensive staple, wheat, like rice, is disproportionately consumed by higher income, urban households. Still, effective wheat demand is in urban areas where population growth rates are above 5% as compared to fewer than 2% in rural areas

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

| Wheat Market Begin Year | 2015/2016 | | 2016/2017 | | 2017/2018 | |
|---------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
| | Jul 2015 | | Jul 2016 | | Jul 2017 | |
| Tanzania, United Republic of | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 110 | 110 | 100 | 100 | 0 | 100 |
| Beginning Stocks | 166 | 166 | 156 | 156 | 0 | 151 |
| Production | 100 | 100 | 100 | 100 | 0 | 100 |
| MY Imports | 913 | 913 | 900 | 900 | 0 | 1000 |
| TY Imports | 913 | 913 | 900 | 900 | 0 | 1000 |
| TY Imp. from U.S. | 82 | 82 | 0 | 0 | 0 | 0 |
| Total Supply | 1179 | 1179 | 1156 | 1156 | 0 | 1251 |
| MY Exports | 33 | 33 | 5 | 5 | 0 | 5 |
| TY Exports | 33 | 33 | 5 | 5 | 0 | 5 |
| Feed and Residual | 0 | 0 | 0 | 0 | 0 | 0 |
| FSI Consumption | 990 | 990 | 1000 | 1000 | 0 | 1095 |
| Total Consumption | 990 | 990 | 1000 | 1000 | 0 | 1095 |
| Ending Stocks | 156 | 156 | 151 | 151 | 0 | 151 |
| Total Distribution | 1179 | 1179 | 1156 | 1156 | 0 | 1251 |
| | | | | | | |

(1000 HA) ,(1000 MT)

Source: GOT, GTA, otherwise Post estimates

Notes on PSD table

- Both area under wheat and production are forecast to remain flat in MY 2017/2018
- There was no monetized wheat from U.S in MY 2016/17
- Exports due to informal cross border trade is forecast to remain flat in MY 2017/2018
- Fringe increase in consumption is forecast in 2017/2018

Rice

Production

Rice is grown in most regions of the country: with the Coast, Morogoro, Tabora, Mbeya, Mwanza, Shinyanga and Arusha Regions each produce in excess of 100 000 tonnes. Almost 20 percent of farmers

are involved in rice production. Most rice is grown by smallholders under rainfed conditions but some farmers grow and irrigate 2 — 2.5 hectares under schemes that are often initiated and controlled by government. Larger farms have larger areas under irrigated cultivation but large-scale commercial rice farming is limited to a few private firms who bought their land when the large-scale National Agricultural and Food Corporation (NAFCO) schemes were privatized. In recent years the Tanzanian government, private sector and civil society have demonstrated a sustained commitment to realizing Tanzania's agricultural potential. The Agricultural Sector Development Programme (ASDP) 2006—2015 of the Government of Tanzania (GOT) is part of the broader National Strategy for Growth and Poverty Reduction (commonly known by its Kiswahili acronym 'MKUKUTA'). A private sector initiative to invigorate agriculture through the 'Kilimo Kwanza' ('Agriculture First') campaign was endorsed by the government in 2009. The Government has prioritized rice through its National Rice Development Strategy. This seeks to double rice production by 2018 in order to improve food security and provide a potential surplus for export. The strategy aims to improve seed cultivars and input supply, the availability of irrigation, marketing, Research and Development (R&D), and agricultural credit.

Trade

There are active markets for paddy and rice throughout the year. Both products store well and will keep from one year to the next and are therefore extensively traded. Rice in Tanzania is mostly sold to consumers as polished milled rice. The preferred type for consumption is aromatic long grain rice but there is also a demand for sticky white long grain rice. Very few other products are available although there are limited supplies of brown rice and rice flour. Value added products such as rice crackers appear to have no place on the Tanzanian market.

Consumption

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 third largest total population in the country. Rural consumers include smallholder rice farmers, who retain about 370 kg of their production for consumption by their own household of around five persons. Consumers usually purchase rice loose from bulk sacks either from traditional small retailers or at farmers' markets. Quality differentiation is limited mainly to the amount of broken rice present (e.g. 80 percent whole grain, 20 percent broken grain), to whether it is aromatic or non-aromatic, and to whether it is local or imported. There is no significant premium for < 5 percent broken rice as demand is largely for 20 percent broken. Processors therefore mix broken and unbroken rice to achieve 20 percent broken; they also mix non-perfumed with perfumed rice as there is little demand for the former. Tanzanian rice achieves a premium over imported rice. There are also regional ('place-of-origin' or 'geographic') preferences and rice is often labelled as being from regions that are perceived by consumers as offering special qualities:

- Rice from Kyela is considered to be the best, followed by rice from Mbeya;
- Morogoro rice is viewed as good quality, but inferior to Kyela and Mbeya;
- Shinyanga rice is viewed as low quality as it is not aromatic and historically has contained a large amount of foreign matter.

There is currently only very limited branding. Supermarkets are a recent urban arrival in Tanzania (the first one opened in 2001) and only a small part of food retailing takes place through them (perhaps only 10—15 percent in Dar es Salaam, and even less in other urban centers). The scale of operations is still small and most outlets have limited storage facilities. The food service market is an important end user

of rice and comprises several subsectors including traditional stalls and cafes selling cooked ‘street’ food, fast food outlets modelled on the American style (only in Dar es Salaam and other large cities), as well as western style restaurants, hotels and resorts. Institutional markets include the military, hospitals and educational establishments.

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

| Rice, Milled Market Begin Year Tanzania, United Republic of | 2015/2016 | | 2016/2017 | | 2017/2018 | |
|--|------------------|-------------|------------------|-------------|------------------|-------------|
| | May 2015 | | May 2016 | | May 2017 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 1000 | 1000 | 1100 | 1100 | 0 | 1100 |
| Beginning Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| Milled Production | 1750 | 1750 | 1800 | 1800 | 0 | 1700 |
| Rough Production | 2652 | 2652 | 2727 | 2727 | 0 | 2576 |
| Milling Rate (.9999) | 6600 | 6600 | 6600 | 6600 | 0 | 6600 |
| MY Imports | 220 | 220 | 200 | 200 | 0 | 200 |
| TY Imports | 200 | 200 | 200 | 200 | 0 | 200 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 1970 | 1970 | 2000 | 2000 | 0 | 1900 |
| MY Exports | 30 | 30 | 30 | 30 | 0 | 25 |
| TY Exports | 30 | 30 | 30 | 30 | 0 | 25 |
| Consumption and Residual | 1940 | 1940 | 1970 | 1970 | 0 | 1875 |
| Ending Stocks | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Distribution | 1970 | 1970 | 2000 | 2000 | 0 | 1900 |
| | | | | | | |

(1000 HA) ,(1000 MT)

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

Notes on PSD table

- Area harvested is expected to remain flat in the MY 2017/2018 despite the GOT policy to support farmers to increase land in rice, climate variability draws them backward.
- Consumption is expected to decrease due to decrease in milled production.