

Required Report: Required - Public Distribution

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Report Name: Coffee Annual

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Post: Dar Es Salaam

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Prepared By: Matthew Snyder and Kennedy Gitonga

Approved By: Ryan Scott

Report Highlights:

MY 2022/23 coffee production is expected to decrease 4 percent to 1.15 million bags due to high fertilizer prices and dry conditions at the beginning of the marketing year. Post forecasts MY 2022/23 exports will decline 4 percent to 1.05 million bags due to lower exportable supplies. Estimates for area planted and area harvested are included in this report for the first time.

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

Coffee, Green Market Year Begins Tanzania, United Republic of	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	265	0	265		265
Area Harvested (1000 HA)	0	265	0	265		265
Bearing Trees (MILLION TREES)	0	0	0	0		0
Non-Bearing Trees (MILLION TREES)	0	0	0	0		0
Total Tree Population (MILLION TREES)	0	0	0	0		0
Beginning Stocks (1000 60 KG BAGS)	280	280	550	504		480
Arabica Production (1000 60 KG BAGS)	700	700	750	650		625
Robusta Production (1000 60 KG BAGS)	650	650	650	550		525
Other Production (1000 60 KG BAGS)	0	0	0	0		0
Total Production (1000 60 KG BAGS)	1350	1350	1400	1200		1150
Bean Imports (1000 60 KG BAGS)	0	0	0	0		0
Roast & Ground Imports (1000 60 KG BAGS)	0	0	0	0		0
Soluble Imports (1000 60 KG BAGS)	0	6	0	8		8
Total Imports (1000 60 KG BAGS)	0	6	0	8		8
Total Supply (1000 60 KG BAGS)	1630	1636	1950	1712		1638
Bean Exports (1000 60 KG BAGS)	1000	1050	1600	1150		1050
Rst-Grnd Exp. (1000 60 KG BAGS)	0	0	0	0		0
Soluble Exports (1000 60 KG BAGS)	30	7	30	7		7
Total Exports (1000 60 KG BAGS)	1030	1057	1630	1157		1057
Rst,Ground Dom. Consum (1000 60 KG BAGS)	50	50	50	50		50
Soluble Dom. Cons. (1000 60 KG BAGS)	0	25	0	25		25
Domestic Consumption (1000 60 KG BAGS)	50	75	50	75		75
Ending Stocks (1000 60 KG BAGS)	550	504	270	480		506
Total Distribution (1000 60 KG BAGS)	1630	1636	1950	1712		1638

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

Production

MY 2022/23 coffee production is forecast to decrease 4 percent to 1.15 million bags due to lower yields triggered by high fertilizer prices. Farmers report that the price of fertilizer has nearly doubled compared to the same time last year. These higher prices will likely result in lower fertilizer application, decreasing yields for arabica and robusta coffee. Additionally, Tanzania's coffee growing regions received below average rain during the 2021 long-rain season (from March to May). As a result, coffee farms will start the 2022/23 growing season under dry conditions, further depressing yields.

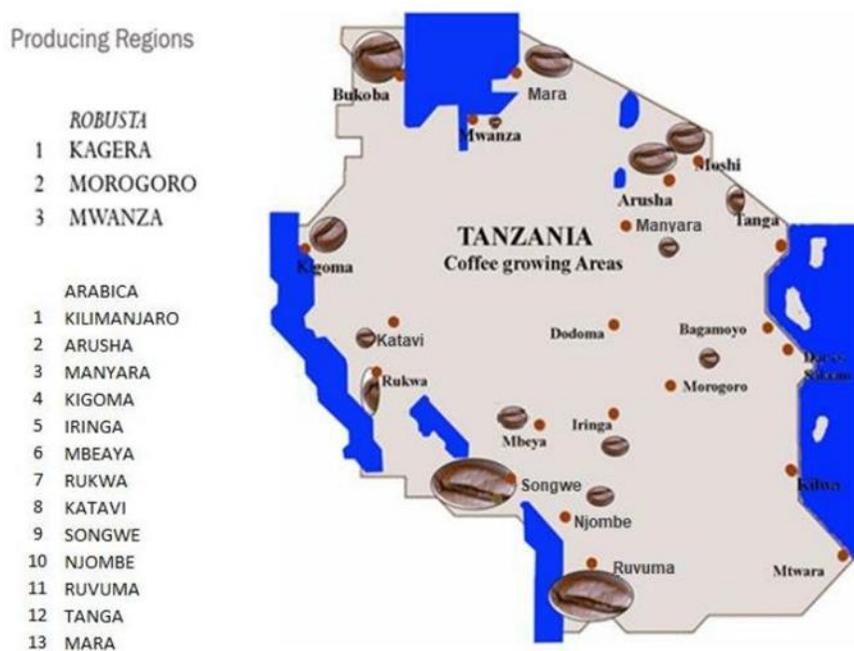
Post estimates MY 2021/22 production will fall from 1.35 to 1.2 million bags due to drought conditions. During MY 2021/22, Tanzania received little to no rain until March, disrupting cherry formation during the flowering season, and the cherry-growing phase afterwards. Tanzania receives most of its rainfall during two seasons. The short-rain season occurs in the fall and primarily affects areas in the north, west, and around Lake Victoria. The long-rain season takes place in the spring and provides rain to southern, western, and northern Tanzania.

MY 2022/23 area harvested is anticipated to remain steady at 265,000 hectares. While the Government of Tanzania (GoT) has sought to increase production, its efforts have mostly focused on replacing

existing trees to improve yields. For example, in June 2021, the GoT announced its 2021-2025 coffee development strategy. Under this policy, the GoT plans to provide farmers with 20 million new seedlings per year, with most of these seedlings distributed to existing plantations to replace aging trees. Tanzanian farmers have limited access to seedlings for new farms. Coffee seedlings are primarily supplied by the Tanzania Coffee Research Institute (TACRI) however, distribution of seedlings through the institute has historically been constrained due to lack of funding for seedling production.

Coffee is grown in northern, western, and southern Tanzania (Figure 1) and is produced under three different production regimes. These include small-scale mono-cropping in the south, small-scale intercropping with bananas in the north and west, and large-scale estate farming in the north and south. Ninety percent of Tanzanian coffee is produced by smallholder farmers, while 10 percent is produced by larger estates. Compared to larger estates, smallholder farmers often lack access to finance and depend on family labor for production.

Fig 1: Tanzania Coffee Growing Areas



Source: Tanzania Coffee Board

Coffee is Tanzania’s most important cash crop. It is grown on 39 percent of land under permanent cultivation, often intermixed with other crops, and is a source of revenue for more than 40 percent of Tanzania farmers. For most farmers, land under cultivation averages around 0.63 hectares. A typical farm maintains between 389 and 1,962 trees which are 22 years old on average.

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.

Consumption

MY 2022/23 consumption is expected to remain steady at 75,000 bags. Most consumers in Tanzania prefer tea over coffee due to consumer preferences and cultural tradition. Additionally, tea is typically less expensive than coffee, making it a more affordable choice for consumers. According to the TCB, annual per capita coffee consumption is estimated at .06 kg and only 7 percent of Tanzania's production is consumed domestically.

Trade

MY 2022/23 green bean exports are forecast to drop by 4 percent to 1.05 million bags due to lower exportable supplies as production falls. Despite a drop in MY 2021/22 production, MY 2021/22 exports are on track to increase from 1.05 million bags to 1.15 million bags. This is likely due to high international prices incentivizing sales of coffee held in stocks. Tanzanian coffee is exported to Japan, the United States, the EU, Morocco, Russia, South Korea, India, Australia, and South Africa (Table 2). Tanzania also exports soluble coffee which is manufactured at a plant in Bukoba (Table 3).

Table 2: Leading Destinations for Tanzania's Green Coffee Exports (Calendar Year, MT)

Reporter	2019	2020	2021
EU 27 External Trade (Brexit)	30,366	30,628	40,165
Japan	15,552	11,231	13,524
United States	3,168	3,220	2,487
Morocco	3,034	2,987	6,115
Russia	1,434	1,476	1,282
India	3,070	1,131	1,265
South Korea	1,467	1,097	874
South Africa	872	1,192	452
Australia	988	720	1,097
Other Countries	3,020	2,777	3,873

Source: Trade Data Monitor, LLC

Table 3: Leading Destinations for Tanzania’s Soluble Coffee Exports (Calendar Year, MT)

Reporter	2019	2020	2021
Kenya	112	71	151
EU 27	109	84	62
Other Countries	25	36	8
Total	246	191	221

Source: Trade Data Monitor, LLC

The quality of Tanzania coffee may increase over time as more international coffee distributors are contracting directly with Tanzania farmers. Under these contracts, farmers are expected to produce coffee according to buyer standards, often resulting in better production practices and higher grades of coffee. In the long run, this may make Tanzania coffee more attractive in high-income markets.

Post anticipates MY 2022/23 imports will remain flat at 8,000 bags of soluble coffee due to unchanged domestic consumption. Tanzania does not import significant amounts of green coffee beans.

Policy

The GoT has taken several steps to increase farmer profit margins. In March 2022, the GoT removed 42 out of 47 export duties, which will lower levies on coffee exports from \$.4 to \$.1 per kilogram. In 2021, the GoT removed most restrictions against farmers directly contracting with foreign buyers. Previously, buyers could only purchase coffee via auctions, which cut into farmer margins and prevented international buyers from contracting with farmers to grow coffee according to their specifications. These steps are likely to raise farmer incomes in the long run, which may help improve yields through increased investment and input use. Removing export duties may decrease government resources for coffee development, as public programs are supported by export duties and the GoT has yet to identify alternative funding sources.

Stocks

MY 2022/23 ending stocks are estimated to remain largely unchanged at 500,000 bags. In Tanzania, coffee stocks are held by small-scale farmer cooperatives, traders, exporters, and large-scale coffee growers.

Attachments:

No Attachments