

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Tanzania - United Republic of

Coffee Annual

2018 Coffee Report

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Report Highlights:

In Marketing Year (MY) 2017/18 Tanzania exported 4,864 MT of green coffee beans to the United States, worth 19.2 million USD, representing an increase of four percent from 2016/17. FAS/ Dar es Salaam forecasts an increase in production from 1.15 million bags (which weigh about 16.7 kilograms) in MY 2017/18 to 1.30 million bags in MY 2018/19 due to biennial bearing cycle and favorable weather conditions reported by Tanzania Meteorological Authority (TMA). The ending stocks for MY 2018/19 are forecast up by seven percent from MY 2017/18 due to an increase in production.

Production

FAS/ Dar es Salaam forecasts an increase in production from 1.15 million bags in MY 2017/2018 to 1.30 million bags in MY 2018/19 due to biennial bearing cycle and favorable weather conditions reported by TMA. Tanzania has abundant land with appropriate altitude, temperature, rainfall and soil suitable for high quality Arabica and Robusta production. The major Arabica growing regions are Kilimanjaro/Arusha, Mbeya, and Mbinga/Ruvuma. Robusta is mainly produced in the Kagera region. Other growing regions include Tanga, Iringa, Morogoro, Kigoma, Manyara, Mwanza, Rukwa and Mara. About two-thirds of the coffee produced in Tanzania is mild Arabica, and the rest is hard Arabica and Robusta. Approximately more than 450,000 families grow coffee. This constitutes about 90% of the total coffee producers. The remaining approximately 10% comes from the estates. Indirectly coffee make a living for about six to seven percent of the country population that is currently estimates to be 56 million.

A lack of access to irrigation systems, a large number of older coffee trees, and highly volatile coffee prices, and other factors cause dramatic fluctuations in Tanzania's coffee production. Tanzania also suffers from poor agricultural practices by many smallholder producers, limited access to credit, lack of adequate farming inputs, and low use of inputs. In response, the Tanzania Coffee Board (TCB) is implementing a government-sponsored coffee program that aims at increasing production to more than 100,000 tons by year 2021 by improving husbandry practices, planting improved varieties, and facilitating the private sector to start new farms. Through the combination of these measures, crop yield is expected to increase from the current 250kg/ha (200g/tree) to 600kg/ha (450g/tree).

Fig 1: Tanzania Coffee Growing Areas



Source: Tanzania Coffee Board

Crop Area:

According to Tanzania Coffee Board (TCB), the total combined coffee production area for Arabica and Robusta exceeds 265,000 hectares.

Consumption

At a time when coffee production in Tanzania has been growing, consumption has remained stagnant. FAS/Dar es Salaam forecasts domestic coffee consumption will remain flat for the third consecutive year in 2018/19. The annual per capita coffee consumption in the country is 0.1 kg, and only seven percent of the country's total coffee production is consumed domestically. The TCB is promoting coffee consumption in the local market. At present Tanzania exports a large share of its coffee and the TCB is looking to change this.

Stocks

The ending stocks for the MY 2018/19 expected to increase by seven percent compared to those of MY 2017/18 due to an increase in total production. Coffee stocks are held by small-scale farmer's cooperatives, farmers groups, traders, exporters, and large scale coffee growers.

Marketing

Tanzanian coffee is marketed through a centralized system via an auction in Moshi. At the auction, the TCB sells coffee every Thursday during the season (usually 9 months) where buyers buy coffee for export and processing. Most of the prominent exporters affiliates with multi-national companies that sell coffee to roasters in consuming countries. Prices in this market are generally set in reference to the New York Futures market for Arabica coffee and the London Futures market for Robusta coffee. Up to the end of 2017, producers of premium top grade coffees that were able to establish direct contacts with buyers overseas allowed to by-pass the auction and sell their coffee directly. From January 2018, the government of Tanzania banned direct export marketing of coffee. Coffee farmers should sell their coffee to cooperatives unions, farmer groups' or associations. Then buyers take the coffee for drying and milling to produce clean coffee (green beans) and sell at the auction in Moshi.

Trade

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

Coffee, Green Market Begin Year Tanzania, United Republic of	2016/2017		2017/2018		2018/2019	
	Jul 2016		Jul 2017		Jul 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Tree Population	0	0	0	0	0	0
Beginning Stocks	250	250	220	220	0	290
Arabica Production	550	550	600	600	0	700
Robusta Production	500	500	550	550	0	600
Other Production	0	0	0	0	0	0
Total Production	1050	1050	1150	1150	0	1300
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	1300	1300	1370	1370	0	1590
Bean Exports	1000	1000	1000	1000	0	1200
Rst-Grnd Exp.	0	0	0	0	0	0
Soluble Exports	30	30	30	30	0	30
Total Exports	1030	1030	1030	1030	0	1230
Rst,Ground Dom. Consum	50	50	50	50	0	50
Soluble Dom. Cons.	0	0	0	0	0	0
Domestic Consumption	50	50	50	50	0	50
Ending Stocks	220	220	290	290	0	310
Total Distribution	1300	1300	1370	1370	0	1590

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

Source: TCB, Global Trade Atlas (GTA)-Otherwise FAS/Dar es Salaam estimates

Exports

The main export destinations for Tanzania's coffee are Japan, Italy, United States, Germany, Belgium, Sweden, and Finland. Tanzania also exports soluble coffee that is manufactured at a plant in Bukoba for neighboring countries. According to TCB, coffee accounts for about five percent of Tanzania's total exports by value and generates earnings averaging US\$100 million per year. The industry provides direct income to about 400,000 smallholders who produce 90 percent of the Tanzania's coffee. Post forecasts a 16 percent increase in total exports in 2018/19 versus the previous year.

Table 2: Leading destinations for Tanzania's green coffee exports

Destination	2015/16	2016/17	2017/18
	Quantity (T)	Quantity (T)	Quantity (T)
Japan	11077.00	12436.00	8326.00
Italy	10970.00	13372.00	11139.00
United States	6024.00	4680.00	4864.00
Germany	5967.00	6293.00	3979.00
Belgium	1355.00	1091.00	1227.00
Sweden	1099.00	1527.00	1121.00

Source: TCB, Global Trade Atlas (GTA)

Imports:

Tanzania do not imports coffee green beans.