



The United Republic of Tanzania
Ministry of Agriculture
Agricultural Marketing Section

EXECUTIVE SUMMARY

Covid 19, climate change, and the Ukrainian war have all contributed to significant increases in global food, fertilizer, and energy prices. The rise in international prices has been transmitted to domestic prices for wheat, edible oil, and fertilizer. Overall, domestic food prices increased in 2022 with food inflation rates (food and non-alcoholic beverages) increasing by 10% compared to 2021 ([NBS, 2022](#)). Staple food prices rose significantly with varying degrees and remained higher than a year earlier and their five-year average. The price of major food crops increased by more than 20%. Maize had the largest price increase (74%), followed by rice (52%), beans (22%) and round potato (21%). Food prices are expected to rise marginally in 2023 than in 2022, owing to the forecasted weather and the subsidy-induced decline in fertilizer prices, but they will still be higher than their five-year averages.

MONTHLY MARKET BULLETIN

January, 2023

I. BACKGROUND

Global Commodity Prices: The world's agricultural commodity markets have been severely impacted. Climate change, Covid-19, Russia's invasion of Ukraine, and inflation have all had an impact on international commodity markets, driving up food and energy prices in the first half of 2022. The rise in interest rates caused a sharp decline in prices in the second half of the year (Figure 1). However, by the end of 2022, inflationary pressures had eased slightly due to weakening demand and improvements in the global trade supply chain. Global agricultural commodity prices have also declined, to varying degrees. Despite the recovery, global inflation is expected to remain high and above the average ([World Bank, 2023](#); [UNCTAD, 2022](#)).

Regional Perspective: Food prices in East Africa have also increased significantly over the last three years. Prices of staple food commodities rose as a result of lower-than-average harvests, higher production costs due to higher fertilizer prices, higher logistical costs due to higher fuel prices ([FAO, 2022](#); [EAGC, 2022](#)). Some countries in the region, as indicated in table 1 are likely to face food insecurity by 2023 ([FEWS NET, 2022](#); [World Bank, 2023](#)).

Figure 1: FAO Global Food Index Nov 2021-Nov 2022

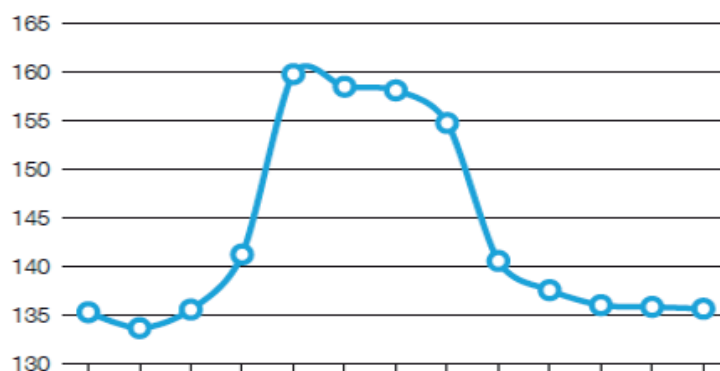


Table 1: Estimated Acutely Food Insecure Populations in 2023

Country	# in million.	% of pop.
Ethiopia	>15	20-40%
DRC	>15	20-40%
Somalia	>10	>60%
South Sudan	>10	>60%
Kenya	5-9.9	5-20%
Uganda	2.5-4.99	5-20%

Source: FEWS NET, 2022

2. CEREALS AND OTHER FOOD CROPS



Source: Google images

2022 Performance: Domestic prices rose significantly in 2022 and remained higher than a year earlier. Prices increased on a monthly basis on average, with the rate being even higher in the second half of 2022. For instance, in December 2022, the national average wholesale prices for maize, rice, and beans increased by 97%, 70%, and 59% respectively, compared to their levels in December 2021. Similarly, prices in December 2022 remained above their five-year December prices with maize, rice, and beans prices increasing by 56%, 50%, and 37% respectively. Maize prices nearly doubled (72%) from TZS 68,000 per 100 kg bag in January 2022 to around TZS 117,000 in January 2023. Rice prices increased significantly by 60% from an average of TZS 182,000/100 kg bag in January 2022 to about 292,000 in January 2023. Similarly, beans prices have risen by 62%, from TZS 185/100 kg bag in January 2022 to TZS 300,000 in January 2023. Round potato prices remained relatively stable throughout 2022, with a slight increase toward the end of the year (Figure 2).

Factors that have contributed to the increase in domestic prices include: Production decline in the past two consecutive seasons due to below average rainfall; Increase in global energy and fertilizer prices due to the Ukraine war and post Covid-19 that impacted on domestic availability of fertilizer and increased transportation costs; Increased export due to increased demand in regional markets.

2023 Outlook

- Domestic food prices are expected to ease due to expectations over improved production prospects as a result of ongoing seasonal rains and lower input costs, particularly for fertilizers.
- Although prices remain high, the rate of increase is slowing. Traders may release stocks in anticipation of better harvest due to the ongoing rain.
- Comparative lower prices of food crops in Tanzania are expected to drive more supplies to regional markets where prices are still high.

Overview of the Commodity Group: Cereal and other food crops consist of maize, rice, beans, sorghum, round potatoes, millet etc. The sector involves approximately 8.5 million households. The sector is predominantly informal with stiff competition from large number of small and medium enterprises. The sector earns at least USD 300 million per year, primarily through regional trade. The scale of commodity value addition and agro-processing varies from small to large, with increased consolidation.

Figure 2: Wholesale Prices of Food Crops Jan 2022-Jan 2023

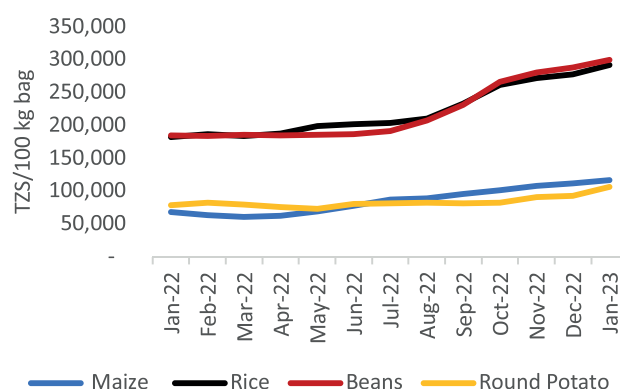
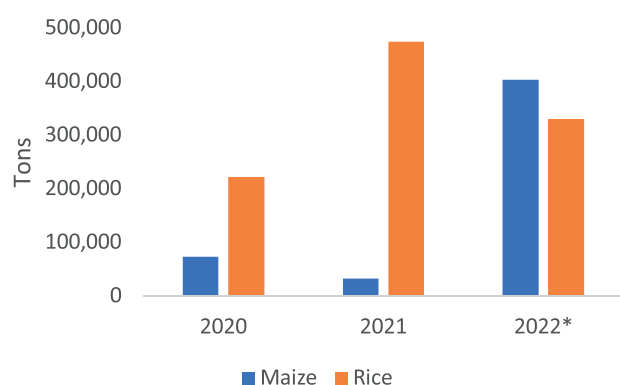


Figure 3: Tanzania Cereal Export, 2020-2022



Source: TRA, 2022. *Up to November, 2022

Tanzania Cereal Export

- ✓ In 2022: Tanzania exported about 400,000 tons of maize from about 33,000 tons in 2021 and 73,000 tons in 2020.
- ✓ Export volume for rice in 2022 was about 330,000 tons, surpassed the volume exported in 2020 but were below that of 2021 (Figure 3).

3. TRADITIONAL EXPORT CROPS



Source: MoA

2022 Performance: Overall, Cashew nut, coffee, seed cotton and sisal performed better than other crops in terms of production for 2021/22 season. While producer prices of coffee, seed cotton, green tea and tobacco increased, prices of cashew nuts and sisal slightly decreased (BoT, 2022). Tanzania's coffee exports fell in 2022/23 season, from 66,500 tons worth USD 204 million in 2021/22 to about 53,300 tons worth USD 150 million. Similarly, tea export volume declined by four percent in 2022 from 24,000 tons in 2020/21 to 23,000 tons in 2021/22.

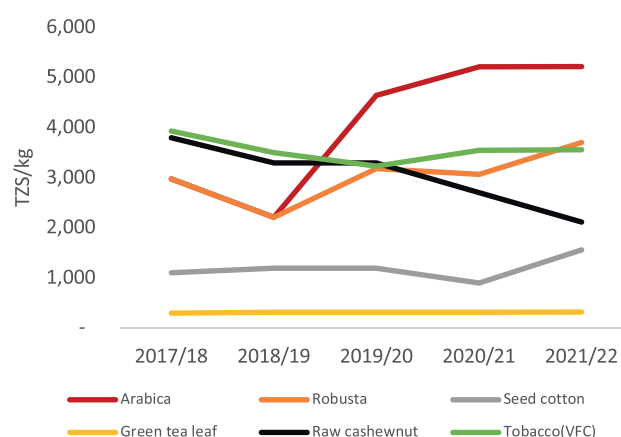
Export of other crops increased to varying degrees:

- Export of Cotton increased significantly (28%) over the last two years, from 43,000 tons in 2020/21 to 55,000 tons in 2021/22. The export earning increased by 90%, from USD 77.6 million in 2021 to USD 147 million in 2022.
- Cashew nut exports increased by 10% from 204,000 tons in 2020/21 to 225,000 tons in 2021/22 marketing season. In 2022/23 season (until January 2023), a total of 176,000 tons of raw cashewnut (RCN) have been sold, with total sales valued at TZS 326.6 billion.
- Tobacco exports increased significantly in the 2019/20 marketing season, with approximately 54,000 tons exported, valued at USD 187 million. Export declined in 2020/21, then improved in 2021/22 to 46,000 tons valued at USD 157 million.
- Likewise, pyrethrum exports increased from 43,000 tons valued at USD 77.6 million in 2020/21 to 55,600 tons valued at USD 147 million in 2021/22.

Source: Crop Boards

Overview of the Commodity Group: Traditional export crops consist of coffee, cashew nut, cotton, tobacco, tea, sisal, and pyrethrum. The sector is predominantly formal, with at least 1.5 million households involved. The sector includes large enterprises (both domestic and international corporations) with moderate competition. It primarily involves the formal export of crops, with annual foreign earnings ranging between USD 700 million and USD 1 billion. The sector primarily involves processing, with most crops exported in raw form.

Figure 4: Commodity Producer Price Trend



Tanzania Cereal Export

- ✓ Tea and coffee prices are expected to grow slowly in 2023 following a projected increase in production (World Bank, 2022). A bumper harvest for coffee is projected in Brazil (<https://capital.com/coffee-price-forecast>)
- ✓ Cotton prices are expected to decline slightly in 2023 due to weakened global demand and slowing global economic growth (World Bank, 2022).

4 . NON-TRADITIONAL EXPORT CROPS



Source: MoA

Overview of the Commodity Group: It includes horticulture and pulses. About 3.5 million households are engaged in the value chain. The sector is both formal and informal involving large and small size enterprises.

2022 Performance: Production of non-traditional export crops including horticulture and pulses is on the rise. For instance, pulses production increased from an average of 2.1 mil tons in 2022/21 to about 2.3 mil tons in 2021/22 (MoA and BoT, 2022). Similarly, export of these crops is increasing. Avocado export increased significantly from 8,500 tons in 2021 to about 19,000 tons in 2022 with export value almost tripled. Export of sesame and chick peas also improved in 2022 compared to a year earlier. On the other hand, export of pigeon peas declined (by 7%) over the past three years from 116,000 tons in 2021 to 108,222 tons in 2022 (Table 2).

Table 2: Horticulture and Pulses Export

		2020	2021	2022
Avocado	Volume (tons)	6,702	8,508	18,993
	Value (USD Mil)	6.50	7.70	21.11
Sesame (Ufuta)	Volume (tons)	114,920	110,701	120,987
	Value (USD Mil)	111.79	123.00	143.79
Pigeon pea (Mbaazi)	Volume (tons)	165,726	116,041	108,222
	Value (USD Mil)	79.24	63.96	51.73
Chick peas (Dengu)	Volume (tons)	47,827	65,050	167,547
	Value (USD Mil)	26.10	37.95	83.89

Source: TRA, 2022

2023 Outlook

- ✓ Recent statistics show an increase in the export of some non-traditional export crops.
- ✓ Furthermore, avocado, chickpeas, and sesame producer prices performed well in the 2021/22 season due to increased domestic and global demand. Production is expected to increase during the 2022/23 season.
- ✓ The market for non-traditional export crops has been primarily driven by the growing awareness of the nutritional and health benefits associated with avocado and sesame products.

5. IMPORT SUBSTITUTION COMMODITIES



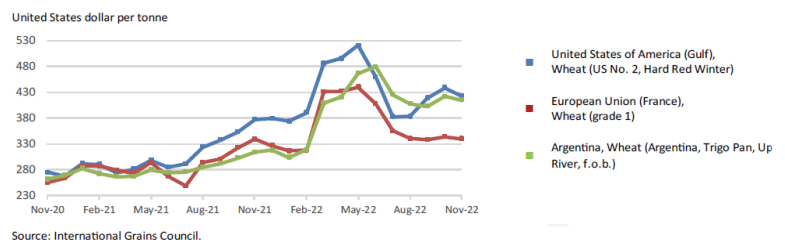
Source: Google images

Overview of the Commodity Group: Import substitutes consist of wheat, edible oil, and sugar. The value chain involves about one million people. It is predominantly a formal sector with large and few oligopolistic enterprises, and limited competition. It also involves large local and international corporations. The commodities are mainly imported in a semi-processed level for domestic value addition. The import bill ranges from USD 300 mil to USD 640 million annually

2022 Performance: The war in Ukraine has impacted the prices of import substitution commodities including wheat and edible oil. Prices of these commodities have risen substantially in 2022. Tanzania imports approximately 90% and 60% of its wheat and edible oil requirements respectively. Global market trends have impacted domestic prices of wheat and edible oil.

Wheat: International wheat prices remain high but have recently declined (Figure 5), reflecting higher than-expected crop yields in the 2021/22 season, weakened demand, as well as the resumption of some Ukrainian exports (FAO, 2022). Global production is expected to decrease in 2022/23 season as drought hit some producing countries including Argentina (USDA, 2022).

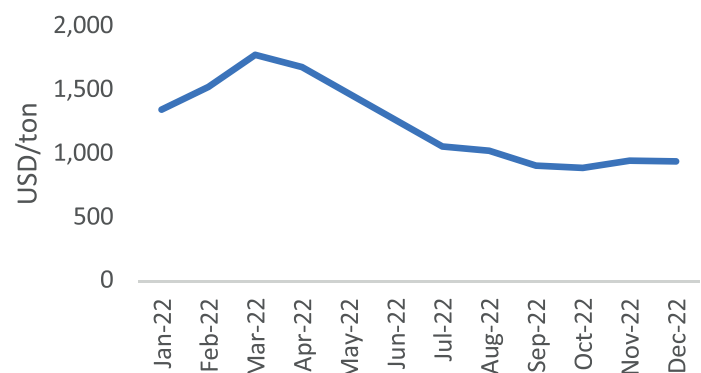
Figure 5: International Wheat Prices



Edible Oil: Global edible oil prices rose in the first three months of 2022 before falling for the rest of the year (Figure 6). Prices fell as a result of improved crop prospects in major edible oil producing countries, the lifting of Indonesia's export ban, and increased supply.

Global output is expected to rise in 2023 as a result of favorable growing conditions in East Asia (palm oil). In 2023, supply is expected to improve (World Bank, 2022).

Figure 6: Average price of Palm Oil, 2022



6. FARM INPUTS



Source: Google images

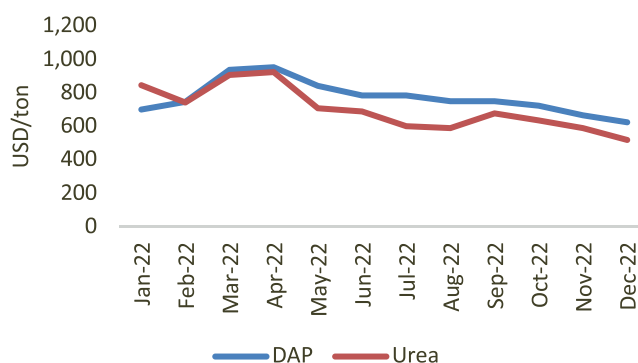
Overview of the Commodity Group: Farm inputs consist of seed, fertilizer, and pesticides. The sector is predominantly import-led and formal, with approximately large importers linked with Small and Medium Scale Enterprises (SME's).

2022 Performance: The international fertilizer prices increased significantly in 2021/22 mainly due to the war in Ukraine and the global increase in prices of natural gas and oil. The situation has affected domestic availability and affordability of fertilizer. The price of fertilizer increased by more than 100% during the 2021/22 production season, resulting in higher production costs.

International Fertilizer Prices:

International fertilizer prices continued to fall in 2022, but they remain high in comparison to historical levels (Figure 7). The recent price drop by end of 2022, reflects weak demand as farmers reduce fertilizer field applications due to affordability and availability issues ([World Bank, 2022](#), [AMIS, 2022](#)). Fertilizer prices, on the other hand, are affected by natural gas prices. Any increase in natural gas prices will have an even greater impact on global fertilizer production and exports.

Figure 7: Average price of fertilizer, 2022



2023 Outlook

- ✓ International fertilizer prices are expected to decline modestly in 2023 as supply disruptions in the global market ease.
- ✓ Recently, the Government has introduced a fertilizer subsidy programme to improve availability and affordability. With the subsidy, the average price of Urea and DAP declined from TZS 130,000/bag to TZS 70,000.
- ✓ In addition, the new fertilizer factory in Dodoma with over 600,000 tons annual capacity could further improve fertilizer availability, reduce production cost, and improve productivity.

LIST OF ABBREVIATIONS

EAGC - Eastern Africa Grain Council

FEWS NET - Famine Early Warning Systems Network

MoA - Ministry of Agriculture

BoT - Bank of Tanzania

USDA - United States Department of Agriculture

AMIS - Agricultural Market Information System

UNCTAD - United Nations Conference on Trade and Development

About the Bulletin

This bulletin provides domestic and international markets outlook for five commodity groups including **staples** (maize, rice, beans, sorghum, and round potatoes); **traditional export crops** (coffee, cotton, tea, tobacco, and cashew nut); **import substitution commodities** (edible oil, and wheat) and **farm inputs** (fertilizer and seed). The information in this bulletin serves as a reference point for key players along the respective value chain to make informed decisions.

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