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# COMMITTEE ON COMMODITY PROBLEMS

## INTERGOVERNMENTAL GROUP ON TEA

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## REPORT OF THE TEA INDUSTRY IN TANZANIA

### I. EXECUTIVE SUMMARY

The report highlights activities done by the Tea Board of Tanzania via Directorate of Promotion, Monitoring and Evaluation during the financial year 2014/2015 as compared to 2013/2014.

Made tea production during the financial year under review was 36,268,164 kg, which is high by 2,743,423 kg equivalent to 8.18% as compared to 33,524,741 kg recorded during the season in the year 2013/14. Good weather condition especially even distribution and enough rainfall in most tea growing areas was the main cause of the increase in production as tea cultivation is rain fed to large extend.

The amount of tea export during the year under review was 29,570,391 kg worth US \$ 46,177,539 high by 6,810,393 kg equivalent to 30% worth US \$ 1,561,475 equivalent to 3% compared to the previous year.

The amount of tea sold through Mombasa Auction during the year under review was 5,654 tons which decreased by 2,032 tons equivalent to 26% as compared to 7,686 tons obtained in the previous financial year. Average tea price via Mombasa Auction dropped by US cents 7 equivalent 4% from US cents 164 to US cents 157 per kg.

During the financial year under review, the amount of blended and packed tea sold in the local market was 5,521,557 kg as compared to 5,672,286 kg in the previous year, a decrease of 150,729,000 kg equivalent to 3% while earnings decreased by Tshs.1,516,120,437 equivalent to 4%.

During the period under review, the amount of tea issued freely and sold in factories was 78,249 kg compared to 43,858 kg in 2013/2014 which is an increase of 34,391 kg equivalent to 78% of the amount of tea sold and issued freely at factory during the year

#### 1.0 INTRODUCTION

This report covers main activities done by the Directorate of Promotion, Monitoring and Evaluation during the financial year 2014/2015 (July 2014 to June, 2015 vs the same period in 2013/14) according to Tea Act No. 3 of 1997 and Tea Regulations of 2010.

## 2.0 STATISTICAL REPORT

### 2.1 National Made tea production

Made tea production for the period of 2014/2015 increased by 2,743,423kg equivalent to 1.18 percent; from 33,524,741kg recorded in 2013/2014 to 36,268,164kg in 2014/2015. *Please refer appendixes 1, 2, 3, 4 and 16 for details.*

#### 2.1.1 Trend Production by Zone

Production in Northern zone was 6,117,257 kg in 2014/2015 as compared to 6,389,792 kg produced in 2013/2014 a decrease of 272,535 kg equivalent to 4.27%.

Production in Southern zone was 30,150,907kg in 2014/2015 as compared to 27,134,949 kg produced in 2013/2014 an increase of 3,015,958 kg equivalent to 11.11%.

Southern Zone contribution to the total production was 83% and 81% as compared to 17% and 19% produced in the Northern zone in 2014/2015 and 2013/2014 respectively.

#### 2.1.2 Estate Vs Smalleholder farmers Production Trend

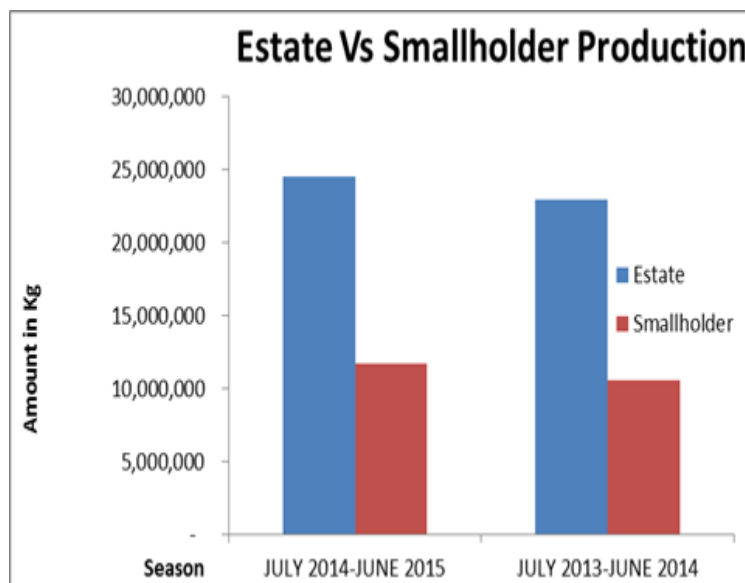
Estate farmers produced 24,533,085 kg in 2014/2015 as compared to 22,933,216 kg produced in 2013/2014 an increase of 1,599,869 kg equivalent to 6.98%.

Smallholder farmers produced 11,735,079 kg in 2014/2015 as compared to 10,591,525 kg produced in 2013/2014 an increase of 1,143,554 kg equivalent to 10.8%

Contribution of Estates to the total production was 68% and 68% as compared to 32% and 32% produced by smallholder farmers in 2014/2015 and 2013/2014 respectively.

#### Estate Vs Smalleholder Farmers Production Trend

Season	JULY 2014 – JUNE 2015	JULY 2013 – JUNE 2014
Estate	24,533,085	22,933,216
Smallholder	11,735,079	10,591,525



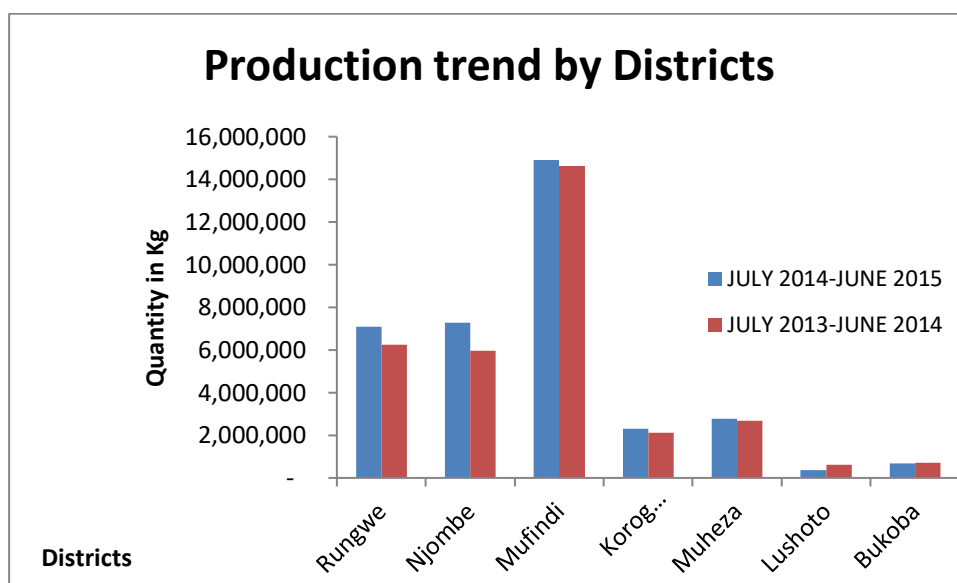
#### 2.1.3 Districts Made Tea Production

During the period under review, tea production trend shows that several tea growing Districts recorded substantial production increase during the period under review compared to the previous period in the

year 2013/14. Except for Lushoto and Bukoba which recorded production decrease by 40% and 2% respectively. Mufindi, Rungwe and Njombe Districts accounted for 80.73 % of total production whereas the rest accounted for 16.9%.

### Districts Made Tea Production

Season/District	JULY 2014-JUNE 2015	JULY 2013-JUNE 2014
Rungwe	7,083,198	6,247,125
Njombe	7,278,063	5,968,519
Mufindi	14,919,305	14,621,658
Korogwe	2,300,164	2,107,106
Muheza	2,787,176	2,671,526
Lushoto	360,887	606,004
Bukoba	679,550	696,448



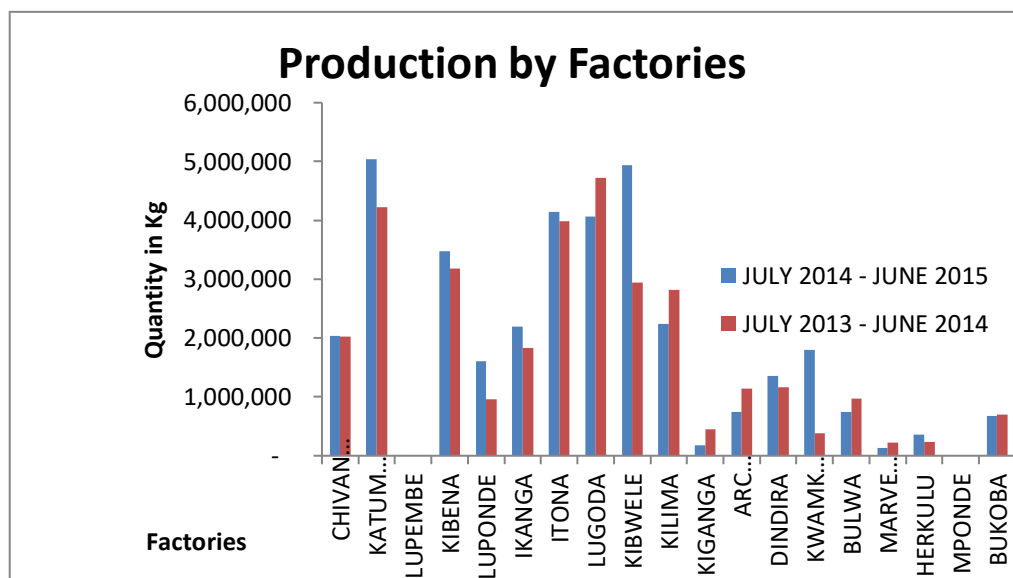
#### 2.1.4 Production by factory

Tea production trend shows that many tea processing factories recorded high production during the period under review compared to the year 2013/14, except for Kiganga, Arc Mountain, Bulwa, Marvela, Herkulu, and Bukoba which recorded production decrease. Eleven factories such as Lugoda, Kibwele, Katumba, Itona, Kilima, Kibena and others accounts for 92.15 % of total production. Refer appendix no. 1, 2, 3, 4 and 16, for details.

#### Production by factory

FACTORY	JULY 2014 - JUNE 2015	JULY 2013 - JUNE 2014
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CHIVANJEE	2,039,342	2,021,992
KATUMBA	5,043,856	4,225,133
LUPEMBE	-	-
KIBENA	3,477,650	3,176,231
LUPONDE	1,603,290	956,304
IKANGA	2,197,123	1,835,984
ITONA	4,141,010	3,981,160
LUGODA	4,064,541	4,721,000
KIBWELE	4,940,297	2,947,532
KILIMA	2,242,786	2,819,858
KIGANGA	180,805	449,755
ARC Mountain	747,215	1,138,945
DINDIRA	1,359,891	1,161,219
KWAMKORO	1,793,110	385,717
BULWA	749,998	966,778
MARVERA	128,418	227,947
HERKULU	360,887	236,668
MPONDE	-	-
BUKOBA	679,550	696,448



### **3.0 TEA MARKETING**

#### **3.1 Export Sales by Country of Destination**

Export sales for the period of 2014/2015 were 29,570,391kg which earned US \$ 46 million as compared to 22,759,998 kg which earned US \$ 44 million in 2013/2014. This shows that in 2014/2015 there was an increase in both the amount of tea exported and income earned by 30% and 3% respectively.

The average price per kilogram of exported tea decreased from US \$ 1.96 in 2013/2014 to USD 1.56 in 2014/2015. *Please refer appendixes 5, 6 and 16 for details.*

#### **3.2 Sales through Mombasa Auction**

The amount of made tea sold through Mombasa Auction in 2014/2015 was 5,654 tons as compared to 7,686 tons sold in 2013/2014 a decrease of 2,032 tons equivalent to 26%.

The average price per kilogram of sold tea at Mombasa Auction decreased from US \$ 1.64 in 2013/2014 to US \$ 1.57 in 2014/2015. Tea from Tanzania continued to fetch low average price as compared to tea from other East African countries. *Please refer appendixes 7 and 16 for details.*

#### **3.3 Blended and Packed Tea**

Blended and packed tea during the financial year 2014/2015 stood at 5.5 million kg as compared to 5.6 million kg produced in 2013/2014. This shows that there was a decrease in the amount of blended and packed tea by 150,729 kg equivalent to 3% which might have been attributed to decrease of production and number of blenders and packers in the market.

These statistics are based on information from the Blending and Packing Factories; however there is unascertained amount of tea supplied to the market through informal channels which goes unrecorded. Also Zatepa, Afri Tea and Kymbila failed to provide monthly returns especially April to June 2015.

#### **3.4 Exported Blended and Packed Tea**

In the year 2014/2015 a total of 1,097 kg of blended and packed tea was exported earning US \$ 32,290 as compared to 2,834 kg of blended and exported tea, earning US \$ 46,215 in 2013/2014, this shows that there is a decrease in export quantity by 1,737 kg equivalent to 61% and a decrease in earnings by US \$13,925 equivalent to 30% the decrease in quantity and earnings might be attributed to high demand local consumption causing low export quantity despite of having high price. *Please refer appendix 16 table 6 for details.*

#### **3.5 Door Sales and Free Issues Statistics**

The amount of tea sold by factories and free issues was 78,249 kg in 2014/2015 as compared to 43,858 kg in 2013/2014.

The amount of door sales and free issues at factories in Southern zone was 16,248 kg in 2014/2015 as compared to 40,805 kg sold in 2013/2014 there is a decrease of 24,557 kg equivalent to 60.2% while in Northern zone the amount of door sales and free issues increased by 9,739 kg equivalent to 19% from 52,262 kgs in 2013/2014 to 62,001 kg in 2014/2015

*Please refer Appendix 16 table 10 for details.*

#### **4.0 Rainfall Statistics**

The average rainfall amount of 1,672 mm was received in tea growing district in 2014/2015 as compared to 1,366 mm received in 2013/2014 which represent an increase of 306 mm equivalent to 22%.

These statistics indicates that for the year under review amount of rainfall received in most tea growing areas was significantly higher as compared to the previous year with only Njombe district observed a decrease in rainfall by 30%. *Please refer Appendix 16 table 8 for details.*

#### **5.0 Labour Force Statistics**

On average a total of 8,250 staff were employed in the tea Sub-Sector, including permanent and casual laborers in 2014/2015 while in 2013/2014 on average a total of 9,363 staffs were employed. This shows that there was a decrease of 1,112 staffs, equivalent to 12%. The Northern zone employed 3,393 staffs as compared to Southern zone which employed 4,857 staffs in 2014/2015 while in 2013/2014 Northern zone employed 5,426 and Southern zone 3,937 staffs. The data show that in Southern zone there is an increase of 920 staffs equivalent to 23.38% while in Northern zone there is a decrease of 2,033 staffs equivalent to 37%. *Please refer appendix 16 table 9 for details.*

#### **6.0 Conclusion and Recommendations**

During the period under review, made tea production for the financial year 2014/2015 increased to 36,264,164 kg. This production was significantly higher by 2,743,423 kg as compared to 33,524,741 kg recorded in the the previous year 2013/14, also there was an increase of export and earnings from 22,759,998 kg earn USD 44,616,064 in 2013/14 to 29,570,391 kg earn USD 46,177,539 in 2014/15. Despite of this positive growth in export volume and earnings, the industry experienced a decline in average price by USD 0.40 equivalent to 20% as compared to the previous year of 2013/2014.

Increased supply from key producer countries, weakening of Tanzania Shillings and threat posed by terrorist facing international communities were attributed to the decline of tea prices in the international markets. Generic tea promotion, Brand promotion by Tea Packers and more export of value added tea will improve the position of Tanzanian tea in the global market.