Experience with Tanzania’s Export Crops

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Characteristics of the Export Crop Sector
- Ag. exports account for two thirds of total merchandize exports
- Most of it is accounted by 5 crops
- Export crops are highly price elastic
- Low concentration compared to other East and West African countries
- Except tea, most is smallholder production

Sectors Studied
- Cotton
- Coffee
- Cashews
- Tea
- Tobacco

Reforms
- Started in early 1990s at macro level
- Continued at food crop level
- Started in 1993/94 at export crop level
- Reforms are still underway
- There are signs of reversals, especially in coffee and cashews

Outcome of Reforms: Cotton
- Growers receive higher share of fob
- They pay more for inputs
- Credit provision collapsed and input use declined
- Quality of cotton may have declined marginally
- Ginning Capacity Increased

Cotton Reforms (con’t)
- Marketing improved, cotton moves much quicker the marketing chain
- No supply response
- The Research Station released a new cotton variety
- The textile sector collapsed
Cotton: Constraints
- Infrastructure is inadequate
- Taxation is too complex, taxes are too high
- The Board has too many roles and too much power
- Attempts to produce organic cotton have largely failed
- Data quality is unacceptable

Outcome of Reforms: Coffee
- Growers receive higher fob share
- Limited supply response
- Credit provision collapsed, input use declined
- Quality of coffee deterioration slows
- Many coffee estates were revived
- New marketing channels developed

Coffee Reforms (con’t)
- Processing capacity increased enormously
- Research is undergoing restructuring

Coffee: Constraints
- Taxation is too complex, taxes are too high
- Licensing procedures are too intrusive
- The coffee auction monopoly is an impediment
- Statistics are poor and misleading
- Board and Ministries have too much discretionary power