

TANZANIA COTTON INDUSTRY OVERVIEW

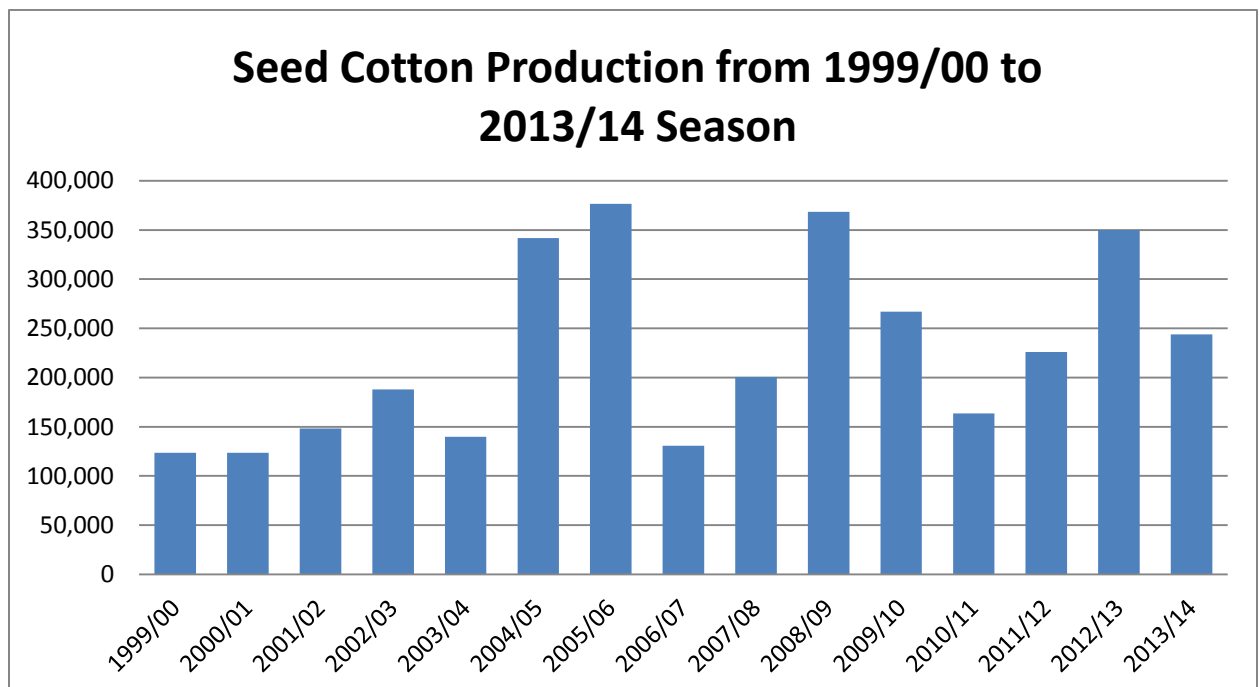
Introduction

The Cotton value chain in Tanzania is a source of livelihood of about 40 % of the population of 44 million. Cotton in Tanzania is the second largest export crop after coffee. Cotton is grown in 15 regions out of 25. On average, an area of 400,000 ha is planted to cotton by some 500,000 small holder farmers in 45 districts every year. Farm size ranges between 0.5 and 5 ha. All cotton is rain-fed and the average yield is about 260kg of lint/ha. Ensuring sustainable cotton production will offer an immense potential to contribute significantly to poverty alleviation and socio-economic development of the country. Depending on the annual crop size, 70-80% of the total cotton crop is exported, while the remaining crop is channeled to the domestic textile industry.

Cotton Production

During 2013/14 season, Tanzania produced 82,400 tons of lint, a drop of 31% when compared to production of 119,661 tons in the year 2012/13. The volume of cotton output much depends on the following factors:-

- Weather pattern;
- Producer price paid to farmers during the preceding year; and
- Supply of inputs arrangement



Source: Tanzania Cotton Board

Seed Production

The government in collaboration with the cotton industry managed to revive seed multiplication which collapsed after liberalization. A new variety UKM08 with ginning outturn of above 40% is being multiplied to replace UK 91 with 36% GOT. The private sector has also invested in seed processing where delinted seeds are now available for planting.

Marketing and Ginning

32 cotton buyers were registered to procure seed cotton during 2013/14 season. Producer price was 44 US cents per kg of seed. Cotton ginneries were licensed to operate in the season.

Cottonseed Processing

Tanzania's cotton sector produces about 100,000 tons of lint annually. It consists of 20 privately-owned cottonseed processing companies, all but one of which are attached to ginneries. (Tanzania has 73 ginneries.). Almost all the country's cotton production and all its processing facilities are located in the Mwanza region. Most of the country's cotton oil output is consumed in this region, though limited quantities go to Dar es Salaam.

Characteristics of Cottonseed Processing Industries in Tanzania

Organization of the industry	Competitive structure on seed and the products.
Ownership	All privately owned Some are independent entities while others are associated with ginneries.
Size of operations	Daily processing capacity averages 80 tons and labor force averages 100 (both permanent and temporary workers)
Input pricing	Input prices are market determined

Cotton Exports

Over 70% of cotton produced is exported as lint. During 2013/14 season, Tanzania exported 23,768 tons of lint worth US\$ 44 million compared to 57,361 tons valued at US\$ 92 million exported in 2012/13. Major markets include China, Indonesia, Thailand, Kenya, Portugal, Bangladesh, Vietnam and Pakistan.

Cotton Development Measures

At the international level, The Tanzanian Cotton Industry is being strongly supported through the EU-Africa Partnership on Cotton under the *Action Framework* of February 2010. The Action Framework defined six strategic focus areas on the basis of an analysis of problems and challenges to overcome as perceived by the stakeholders as follows:

1. Improvement of the capacities to develop, monitor, assess and update national

and regional cotton strategies

2. Improvement of the institutional environment, internal organization and efficiency of cotton value chains
3. Improvement of the competitiveness of the cotton value chains of Africa
4. Reduction in the vulnerability of cotton value chains
5. Increase in value addition generated by the cotton value chains
6. Strengthening, efficiency and effectiveness of coordination at international, regional and national levels.

These focus areas are being currently addressed by the European Union Project through the construction and rehabilitation of seed cotton warehouses and classification laboratories, provision of electrical energy to the cotton sector and human capacity building. Besides this international support, the industry in collaboration with the government is implementing a number of measures including the following to boost productivity and production:-

- Enhancing the usage of inputs through introduction of contract farming;
- Develop and transfer new cost effective production technologies through Farmer Field Schools, cinema shows and radio programs;
- Release of new seed varieties with better Ginning Out Turn (GOT) and other quality parameters;
- Undertaking campaigns to revamp productivity and re-opening of new areas for increased cotton production especially in the Eastern Cotton Growing Area; and
- Introduction of Conservation Agriculture where 3,000 rippers have been procured and distributed to best cotton growers. These will serve as demonstration plots in order to create commercial demand which will encourage agro-dealers to stock them.

2014/15 Forecast

During 2013/14 farming season a total of 460,000 ha have been planted to cotton, if weather pattern won't change, we forecast to produce 250,000 tons of seed cotton in 2014/15 season.