



Tanzania's trade in times of COVID-19

An analysis for the avocado, coffee, spices and tea sector



Co-funded by the European Union



East African Community



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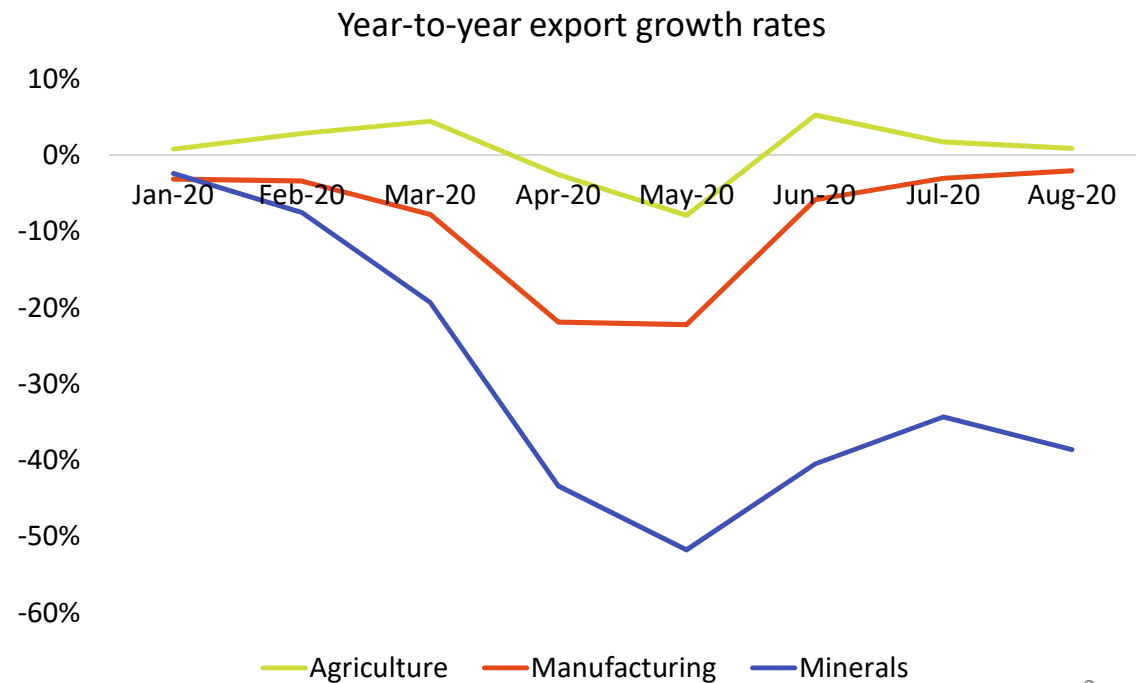
International Trade Centre

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This programme is co-funded by the European Union

Introduction

- WTO forecast: 9.2% decline in the volume of world merchandise trade for 2020, 7.2% rise in 2021
- Agricultural trade more crisis-resistant (in general and in the COVID-19 pandemic)
- Consumption patterns do not react as strongly as for manufactured items



This study

- Outlook of Tanzanian exports in this context?
- Focus on four agricultural sectors – avocado, coffee, spices and tea – that account for 5% of Tanzania's total exports
- More promising than the world trade outlook:
 1. Tanzania's economy likely to grow this year by about 2%
 2. Agricultural trade more crisis-resistant
 3. Tanzania holds important export growth potential, which can compensate the losses through COVID-19 and even increase exports



Overview

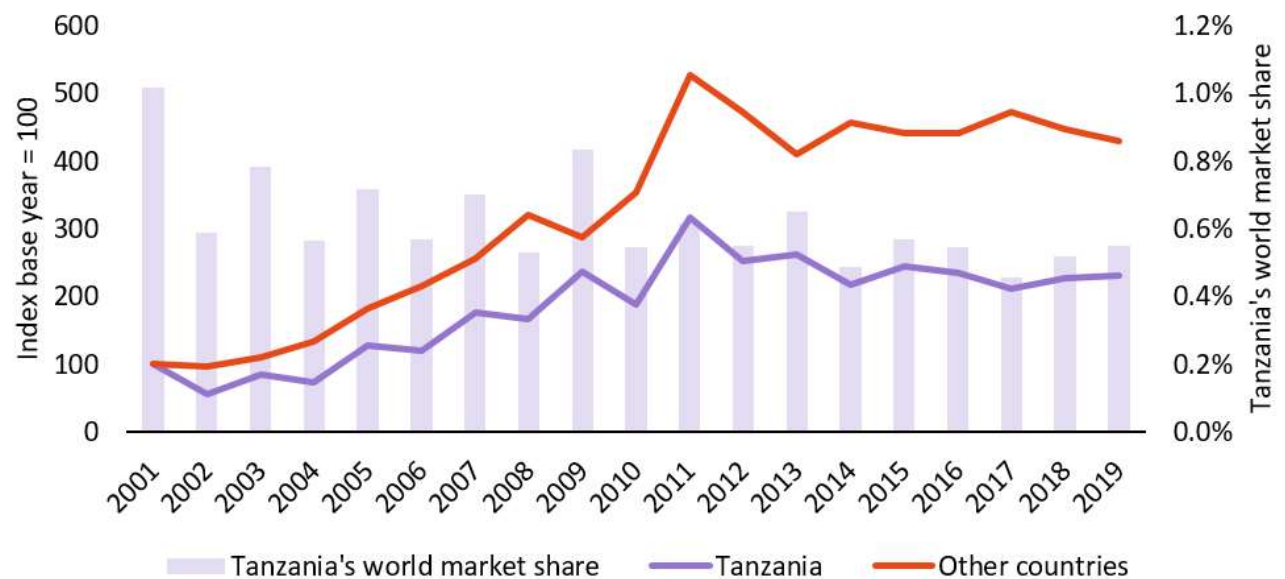
- I. Tanzania's exports before COVID-19
- II. Tanzania's exports during COVID-19
- III. Prospects for Tanzania's exports post-COVID-19



I. Tanzania's exports before COVID-19

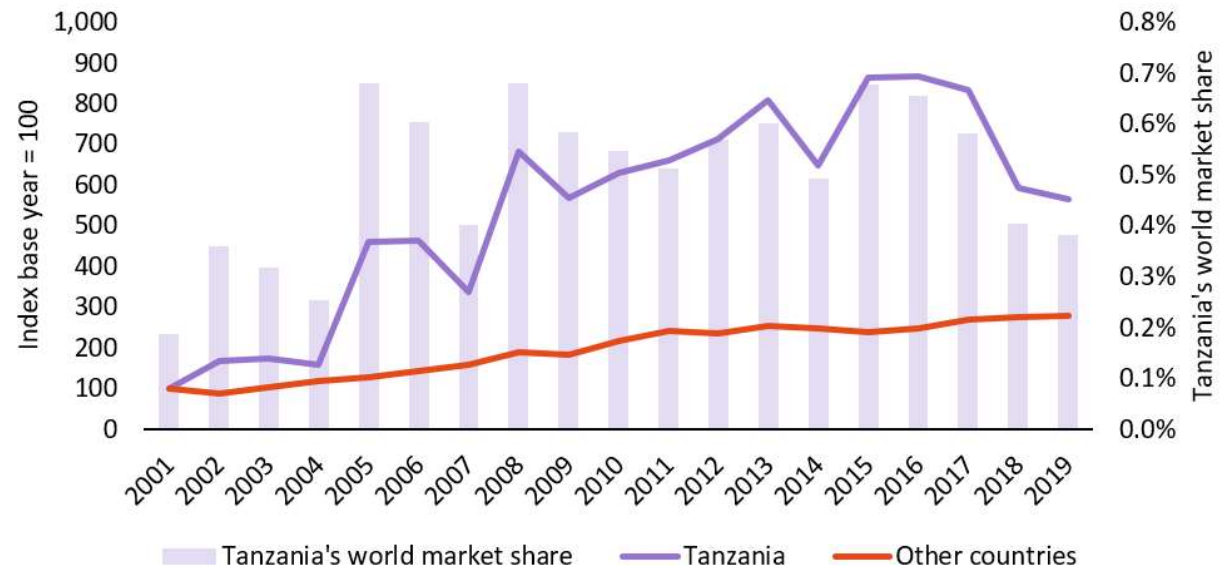
Coffee before COVID-19

- Most important among selected products: 9% of Tanzania's agricultural exports (\$157 million)
- Top markets: EU (40%), Japan (26%), USA (13%)
- Tanzanian exports followed similar growth trend as world exports:
- Peak in 2011, stabilizing afterwards
- However, growth less pronounced than for world exports
- Tanzania's share in world exports decreased from 1% to 0.5% since 2001



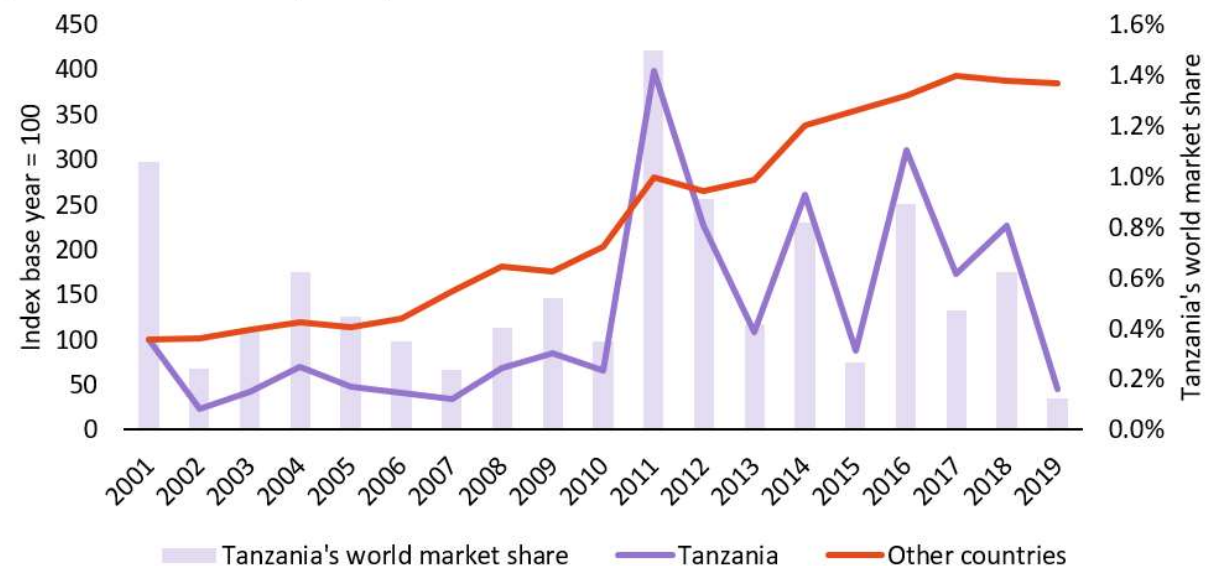
Tea before COVID-19

- 2nd among selected products: 2.8% of Tanzania's agricultural exports (\$49 million)
- Top markets: UK (20%), Pakistan (18%), Kenya (16%), Russia (12%)
- World trade increased steadily since 2001, almost tripled by 2019
- Tanzanian exports, although more volatile, grew steeper
- Tanzania's world market share reached 0.4% in 2019, twice its 2001 value



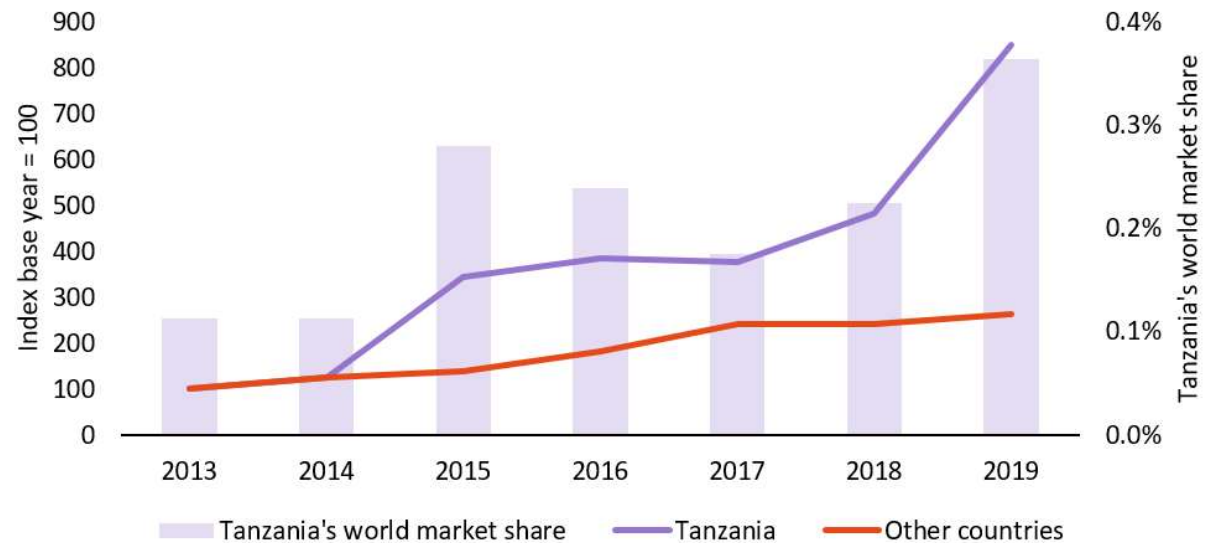
Spices before COVID-19

- 3rd among selected products: 1.7% of Tanzania's agricultural exports (\$29 million)
- Tanzanian spices exports are to a large extent composed of cloves
- Top markets: India (47%), Indonesia (24%), Singapore (15%)
- World trade grew steadily, almost quadrupled since 2001
- Tanzania's exports: stagnation during 2000s, high volatility during 2010s
- Tanzania: world market share in spices about 0.1% in 2019



Avocado before COVID-19

- Relatively new export product for Tanzania (since 2009).
- \$3 million, or 0.2% of agricultural exports between 2014-18
- Top markets: France (40%), Netherlands (37%), UK (14%)
- Tanzania's exports: impressive growth performance over the last years
- 2019 export value = more than 8.5 times the 2013 value.
- World avocado trade also increased during this period, albeit considerably slower
- Tanzania's share in world markets increased from 0.1% to 0.4%

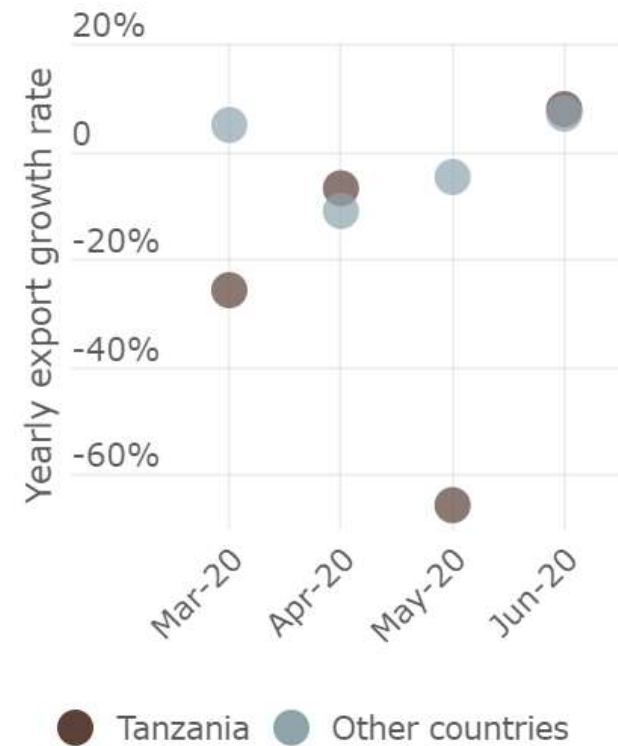




II. Tanzania's exports during COVID-19

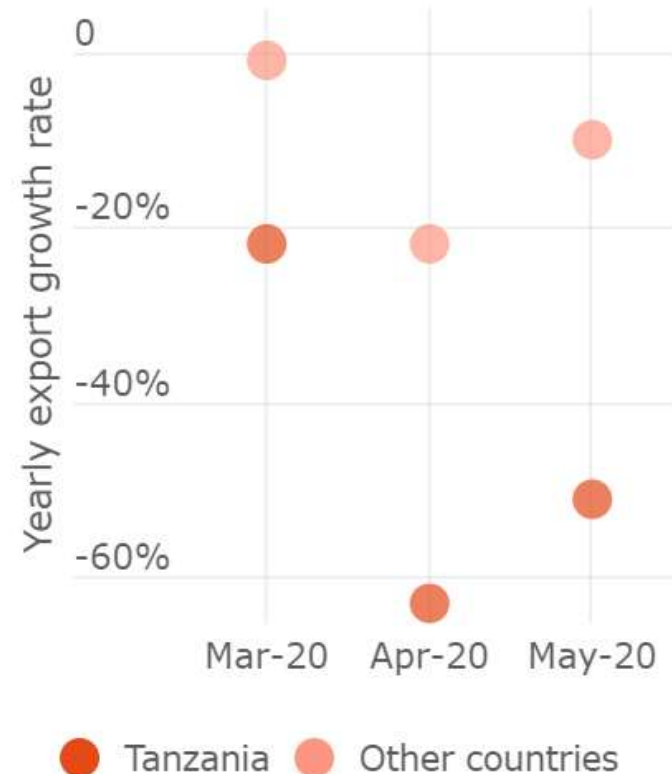
Coffee during COVID-19

- World coffee exports declined in April and May but started recovering in June
- Tanzania's exports were strongly affected in March and May



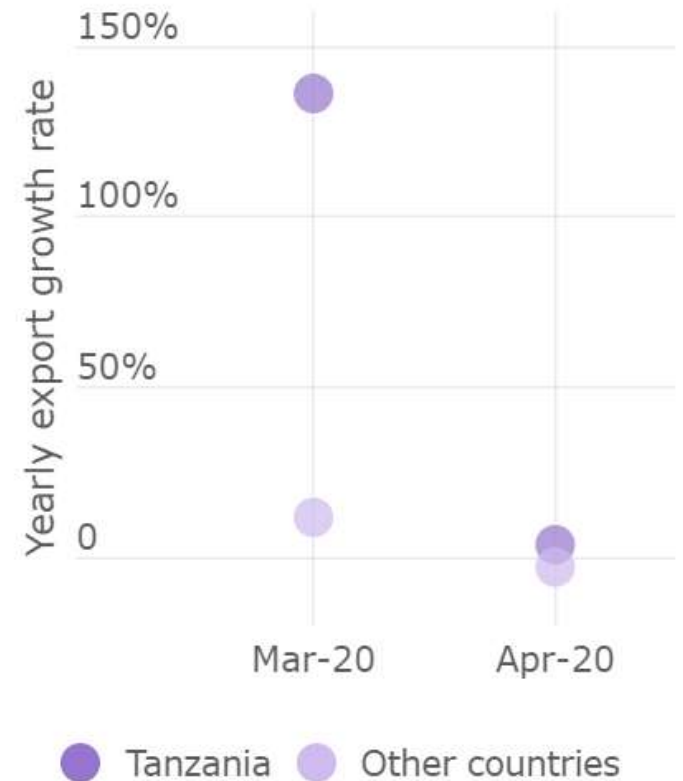
Tea during COVID-19

- World tea exports declined in April and May but were stable in March
- Tanzania's tea exports were hit hard every month from March to May



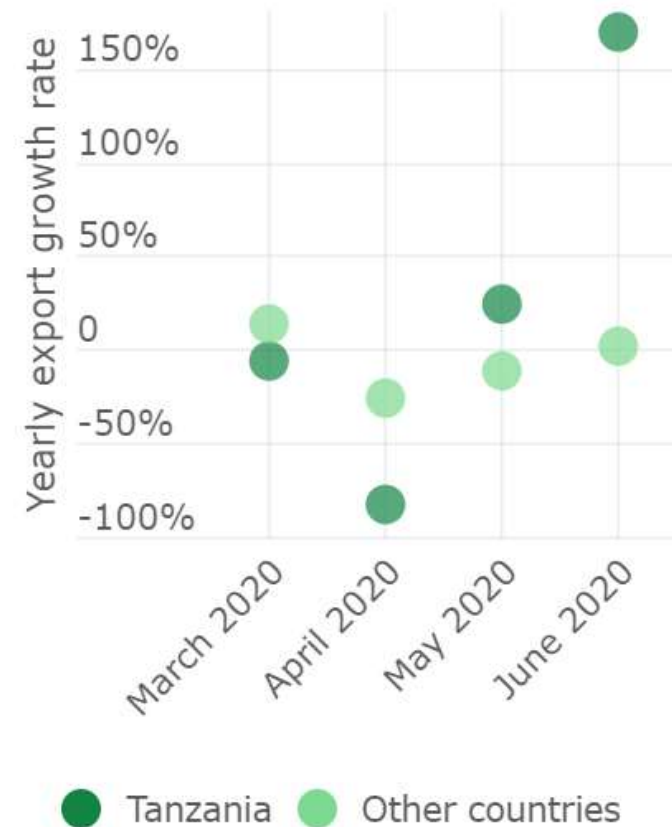
Spices during COVID-19

- World spices exports were fairly stable in March and April as compared to last year
- Tanzania's exports, on the other hand, increased strongly in March
- However, data coverage is low (around 25%)



Avocado during COVID-19

- World avocado exports declined in April and May but started recovering in June
- Tanzania was severely affected in April but Avocado exports soared in June





III. Prospects for Tanzania's exports post-COVID-19

Export Potential Indicator

Within the next five years...

How much of the product will the importing country demand?

How much of the product can the exporting country supply?

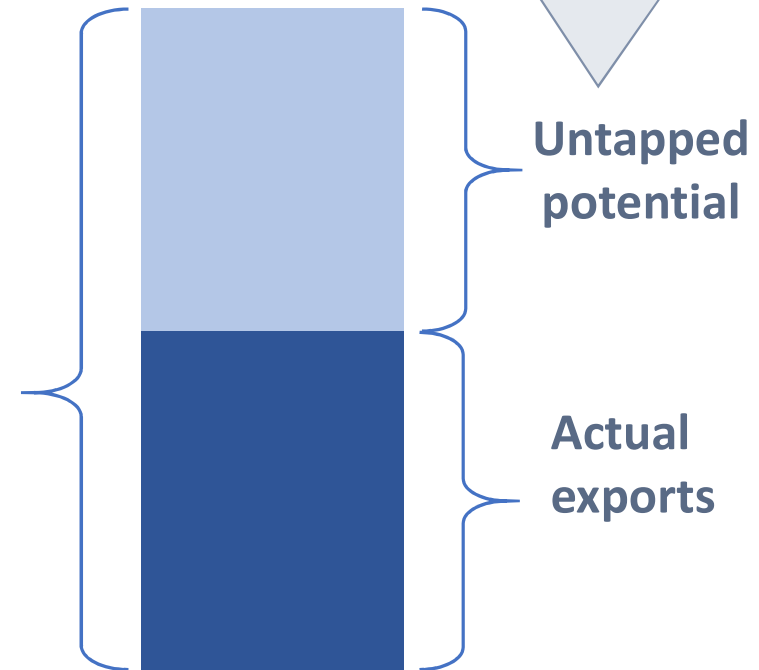
How easy is it currently for the exporting and the importing country to trade with each other?

Demand x Supply x Ease =

Export Potential Indicator (EPI)

How much of the product can the exporting country export to the importing country?

How much can exports of the product grow from the exporting country to the importing country?



A stylized, light brown graphic of a coffee plant with several leaves and a central stem, positioned on the left side of the slide.

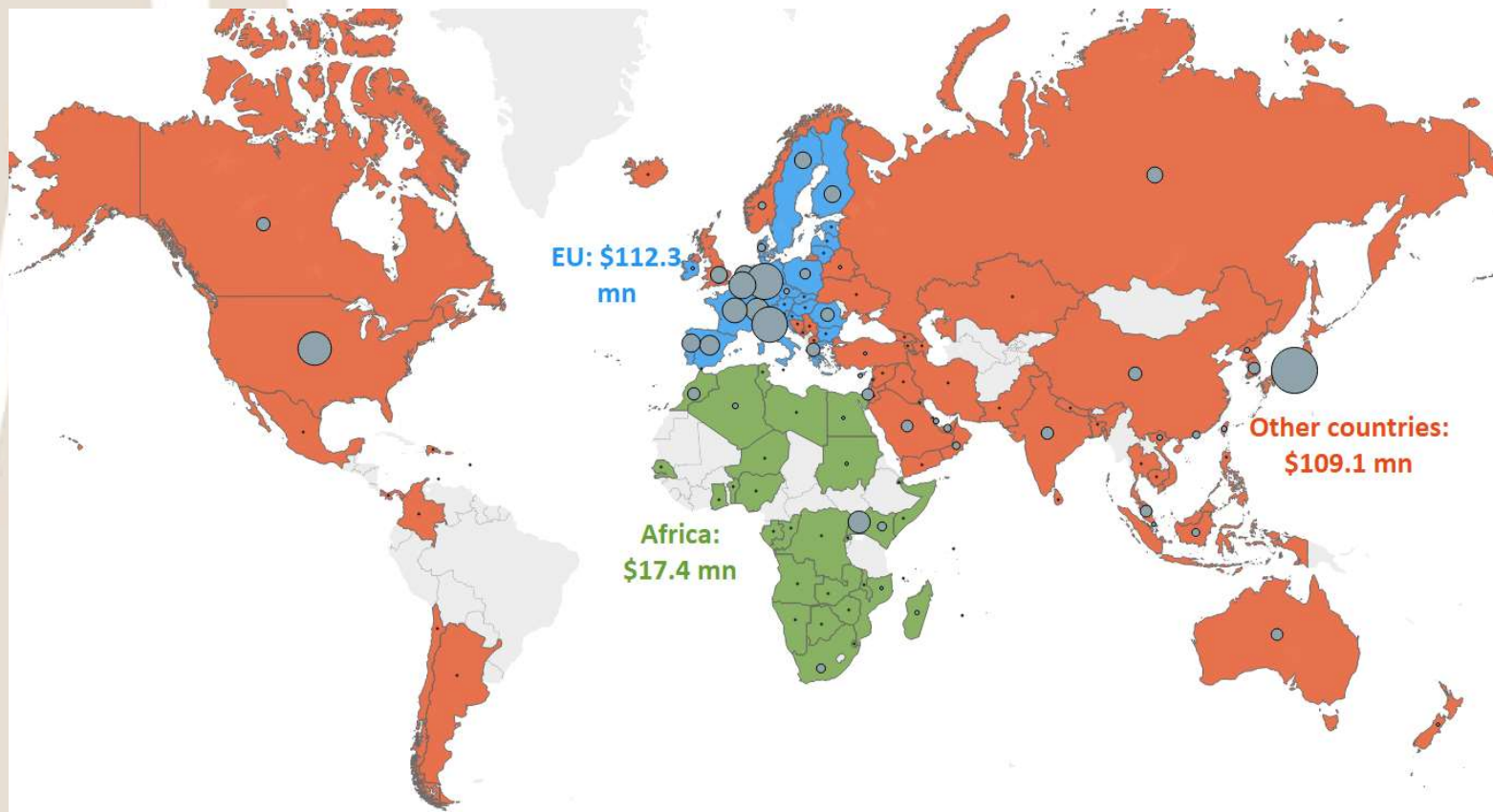
Prospects for coffee exports post COVID-19

Tanzanian coffee exports are projected to be **0.3%** (or \$841,000) lower by 2024 than in a situation without COVID-19 *if no action is taken*

However, there is an export growth potential of **\$91 mn** that Tanzanian coffee exporters can tap into

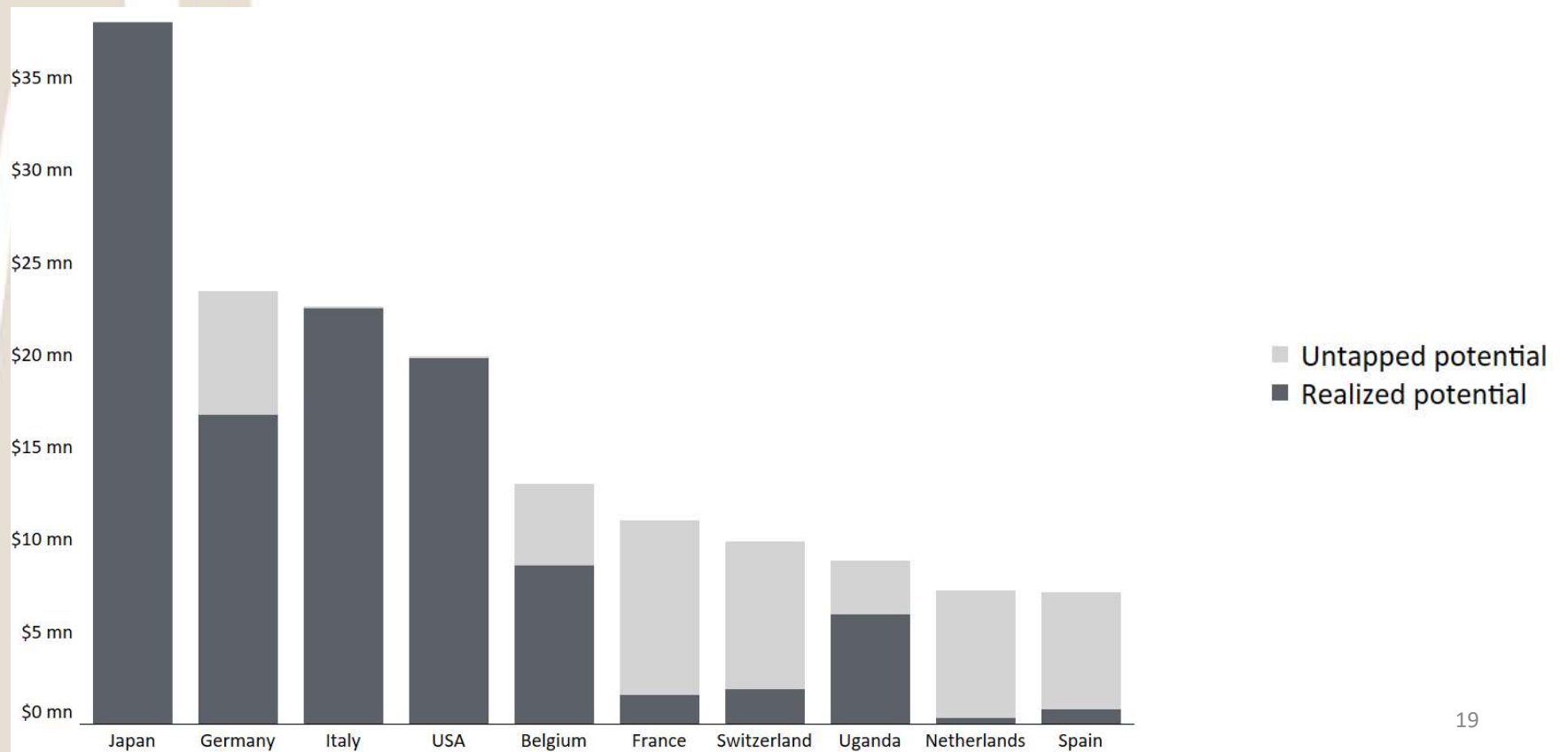
Prospects for coffee exports post COVID-19

Tanzania holds a total export potential of \$239 mn in coffee



Prospects for coffee exports post COVID-19

Part of this potential remains untapped (\$91 mn), mainly in the EU and in Uganda



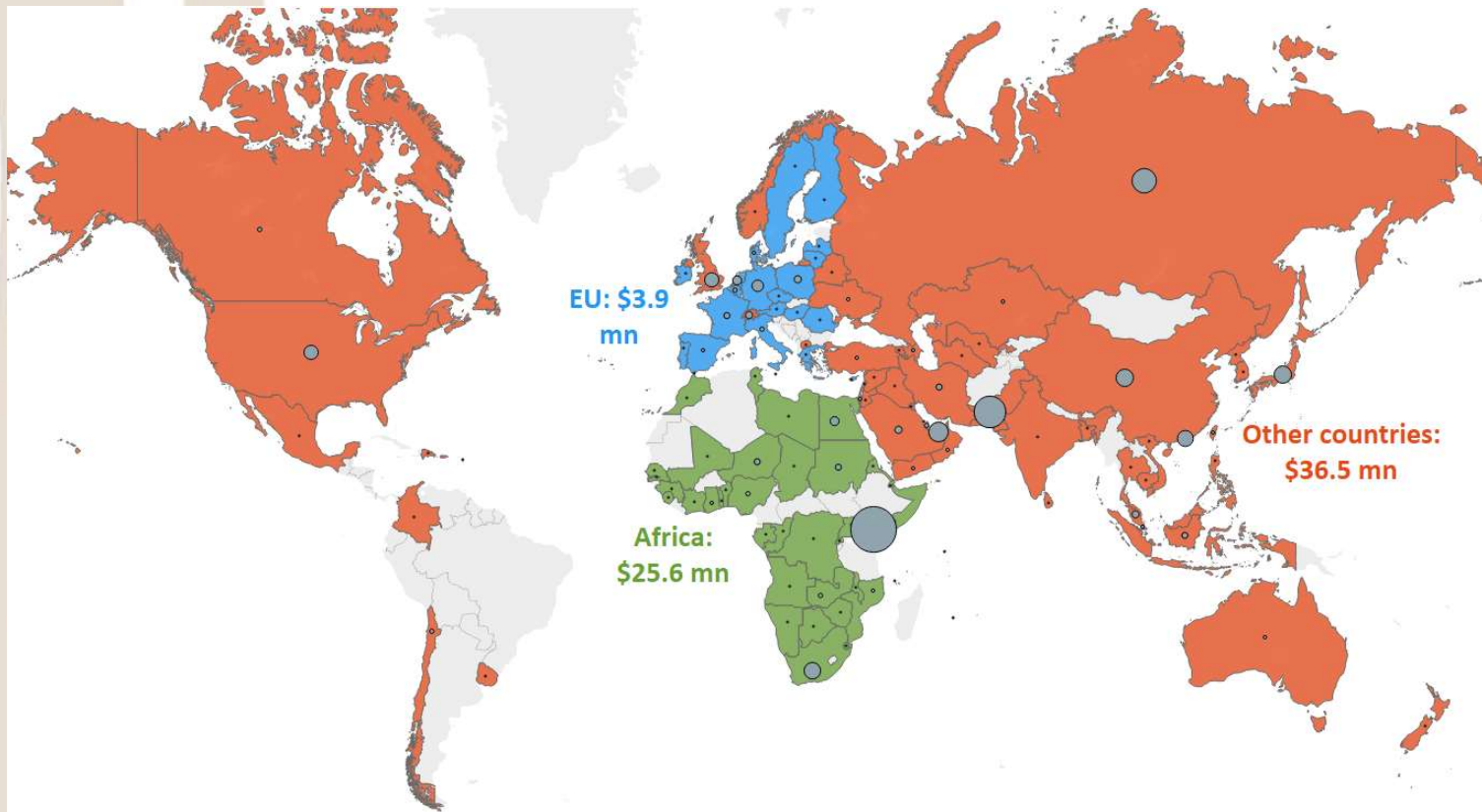
Prospects for tea exports post COVID-19

Tanzanian tea exports are projected to be **2%** (or \$808,000) lower by 2024 than in a situation without COVID-19

However, there is an export growth potential of **\$37 mn** that Tanzanian tea exporters can tap into

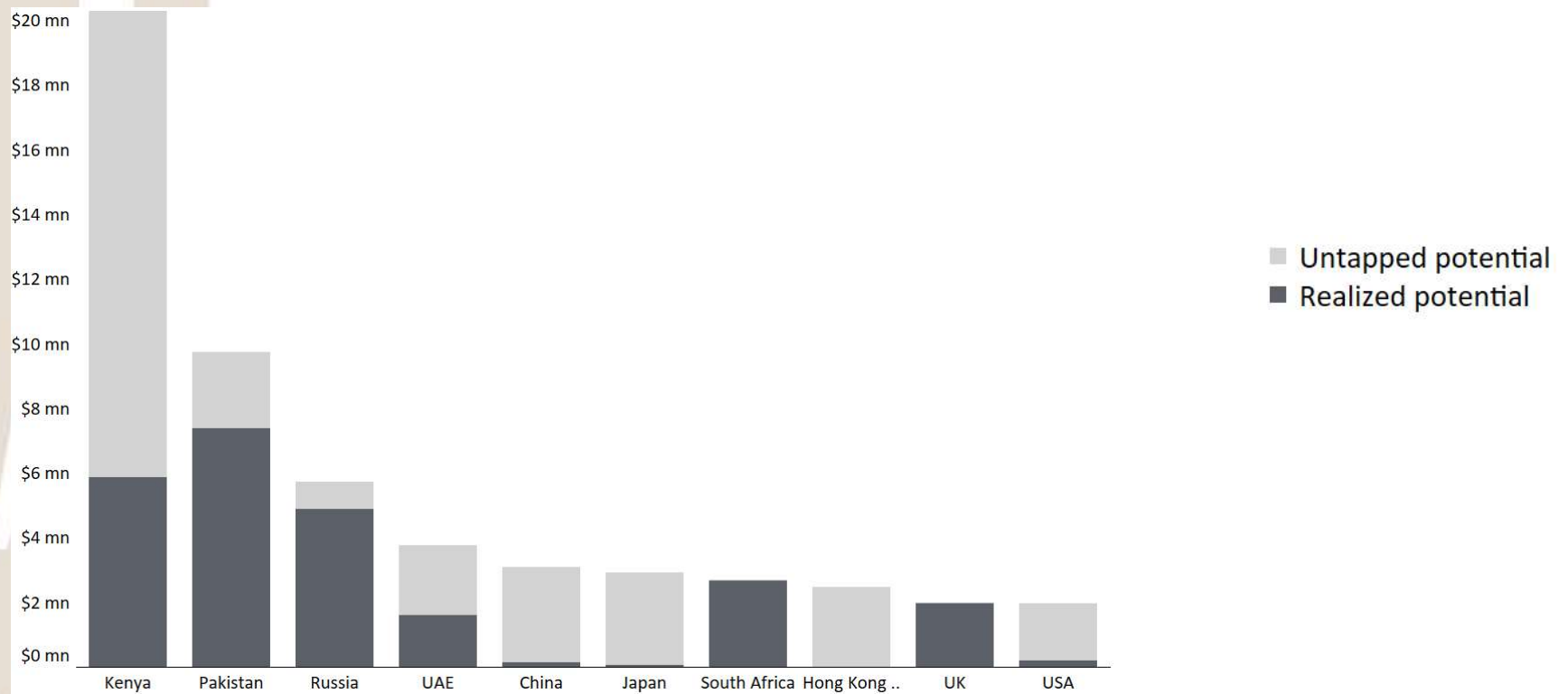
Prospects for tea exports post COVID-19

Tanzania holds a total export potential of \$66 mn in tea



Prospects for tea exports post COVID-19

Part of this potential remains untapped (\$37 mn), mainly in Kenya and Asia





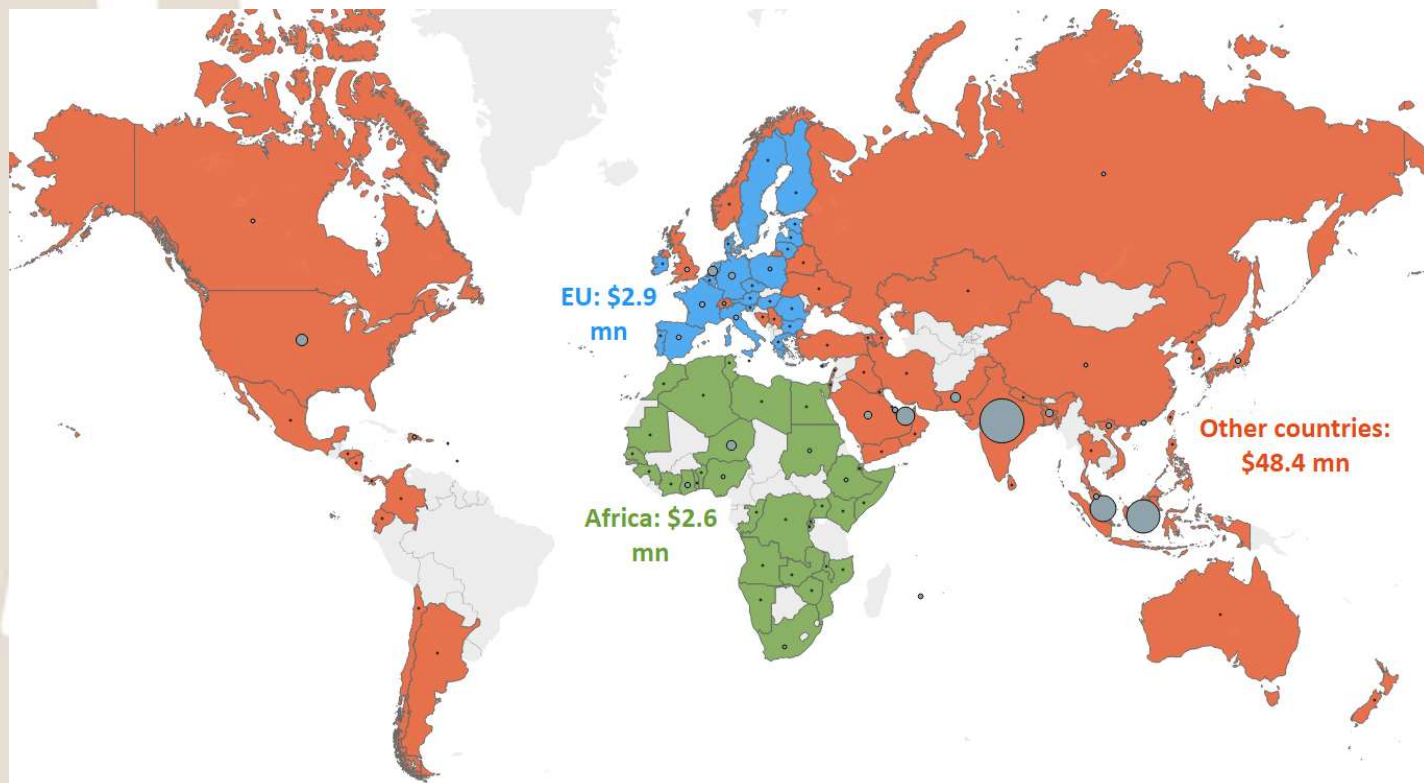
Prospects for spices exports post COVID-19

Tanzanian spices exports are projected to be **2.6%** (or \$1.9 million) lower by 2024 than in a situation without COVID-19

However, there is an export growth potential of **\$23 mn** that Tanzanian spices exporters can tap into

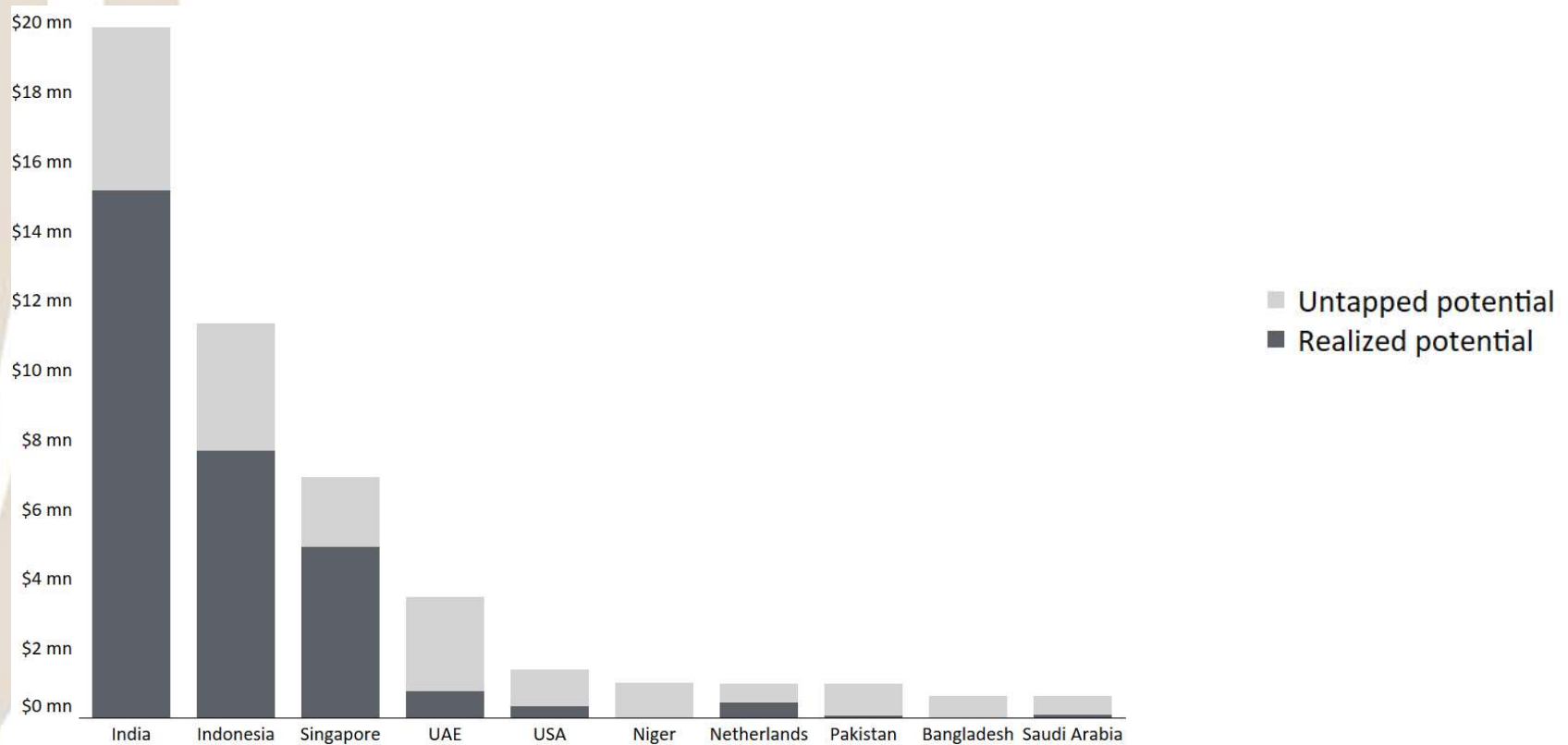
Prospects for spices exports post COVID-19

Tanzania holds a total export potential of \$54 mn in spices



Prospects for spices exports post COVID-19

Part of this potential remains untapped (\$23 mn), mainly in India, Indonesia, Singapore and the UAE



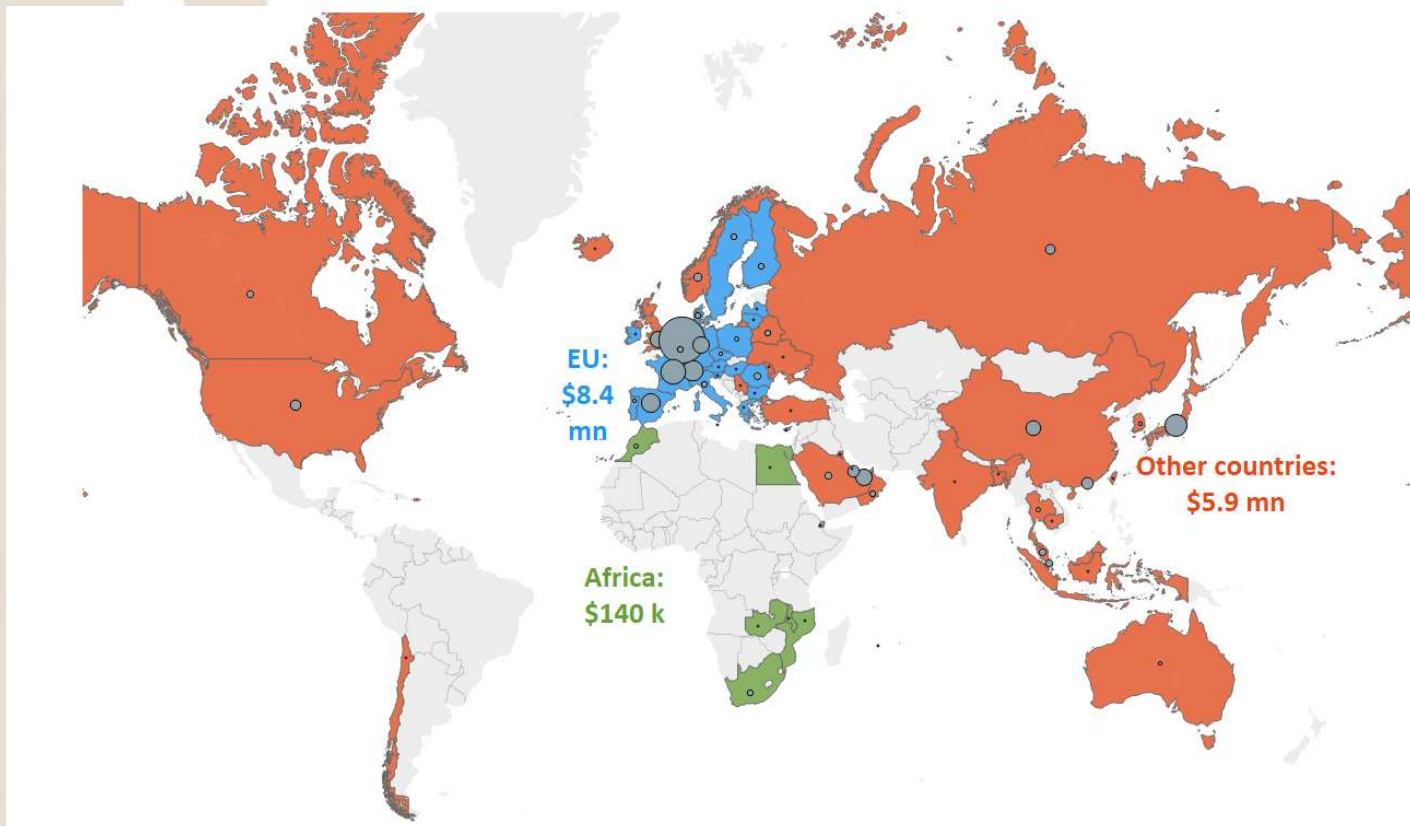
Prospects for avocado exports post COVID-19

Tanzanian avocado exports are projected to be **1.1%** (or \$174,000) lower by 2024 than in a situation without COVID-19

However, there is an export growth potential of **\$9 mn** that Tanzanian avocado exporters can tap into

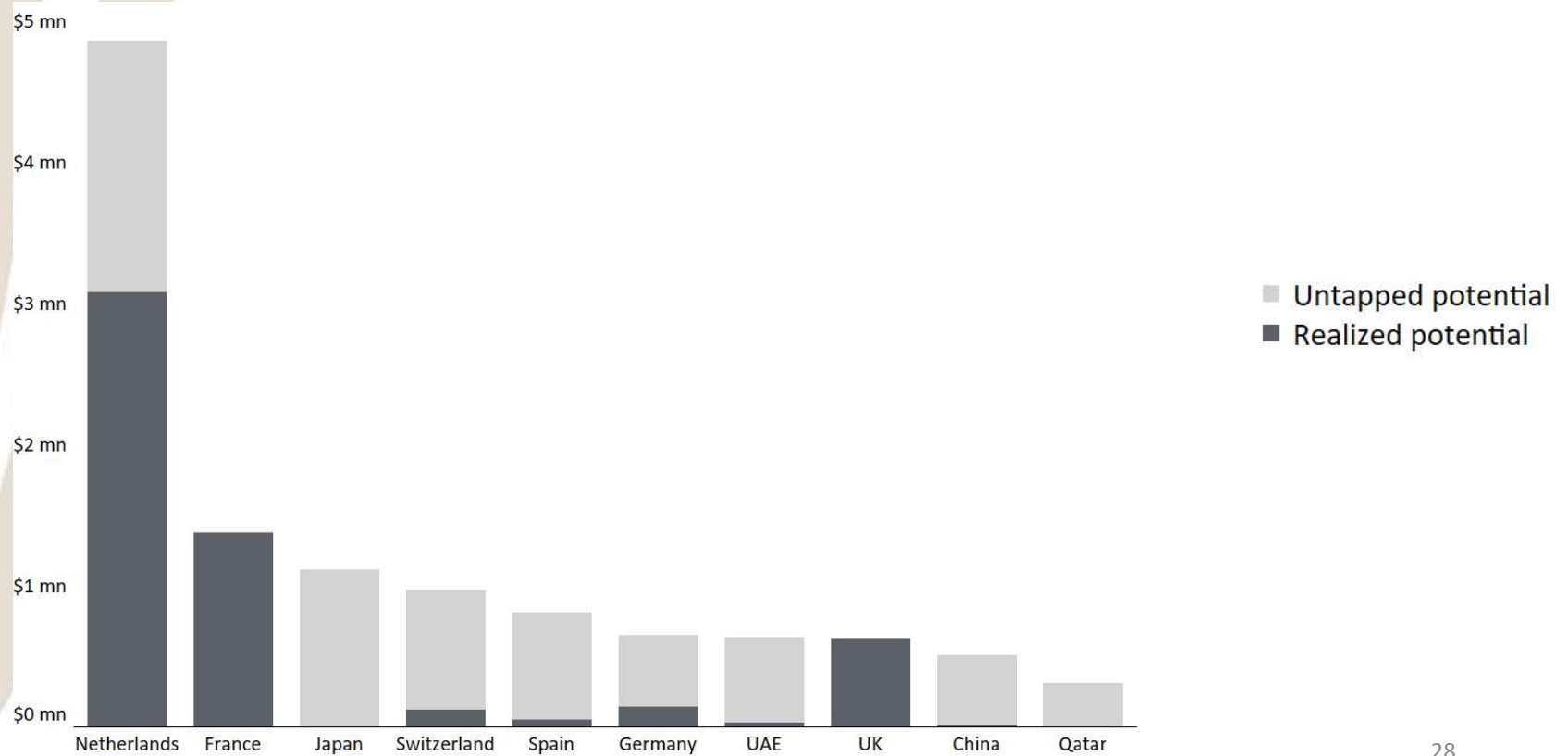
Prospects for avocado exports post COVID-19

Tanzania holds a total export potential of \$14 mn in avocado



Prospects for avocado exports post COVID-19

Part of this potential remains untapped (\$9 mn), mainly in the Netherlands, Japan, and Switzerland



Conclusion

- Tanzania's exports in avocado, coffee, tea and spices can grow despite COVID-19
 - Positive GDP growth in Tanzania: production can increase
 - Agricultural trade more crisis-resistant
 - Large export growth potential to offset the \$3.8 million COVID-19-related losses
- To exploit export growth potential: invest & address frictions
- Export diversification would increase resilience to future economic shocks (in general and within these sectors)

Thank you!



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