

## 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