

# THE FRUITS AND VEGETABLES INDUSTRY SERIES

29 October 2024

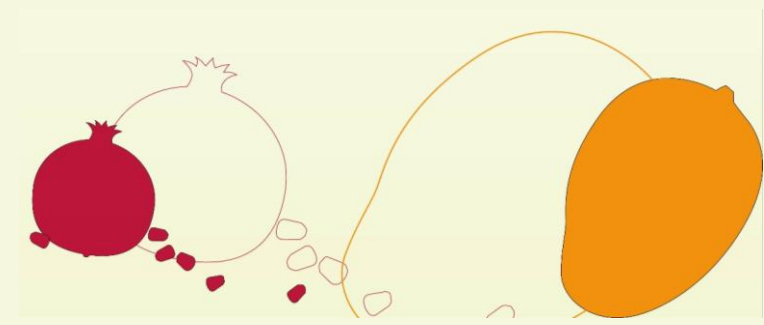


## Session n°8

### Market challenges and geopolitical issues affecting trade flows in Fruits and Vegetables (F&V)



FRUIT AND VEGETABLES SCHEME





# **MARKET CHALLENGES AND GEOPOLITICAL ISSUES AFFECTING TRADE FLOWS IN FRUITS AND VEGETABLES**

Presented by:

Simon R. Mlay – Chief Programs Manager

29<sup>th</sup> October 2024

- 1) About TAHA
- 2) Export outlook for Tanzania
- 3) Investment Opportunities in Tanzania
- 4) Key Challenges

06

**Cocoa**



01

**Spices and Herbs**



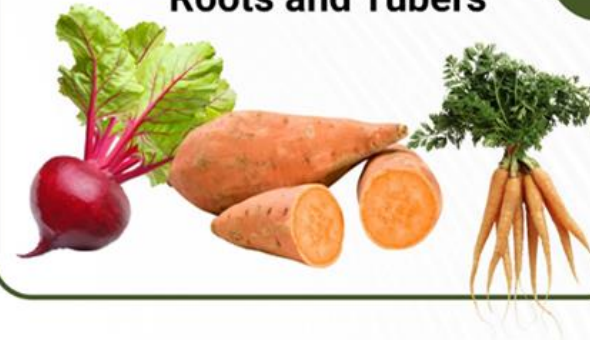
05

**Flowers**



02

**Roots and Tubers**



04

**Fruits**



03

**Vegetables**







# About TAHA & COMPANIES



- Productivity

- Business Enabling Environment

- Market Access



- Air Freight Services



- Sea Freight Services



- Trucking Services



- Clearing and Forwarding Services



- Insurance Services



IATA, FIATA, WCA



- Certification

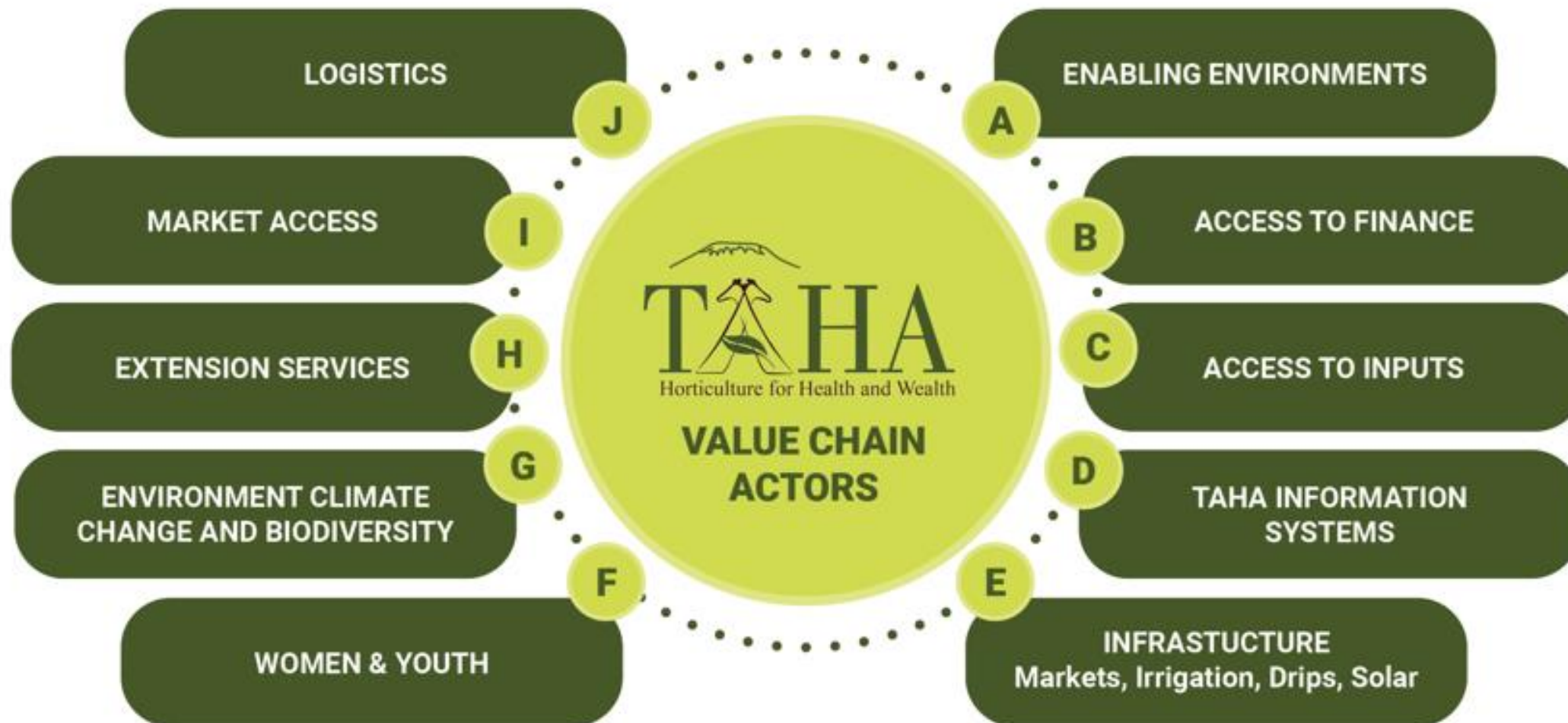


- Inspection



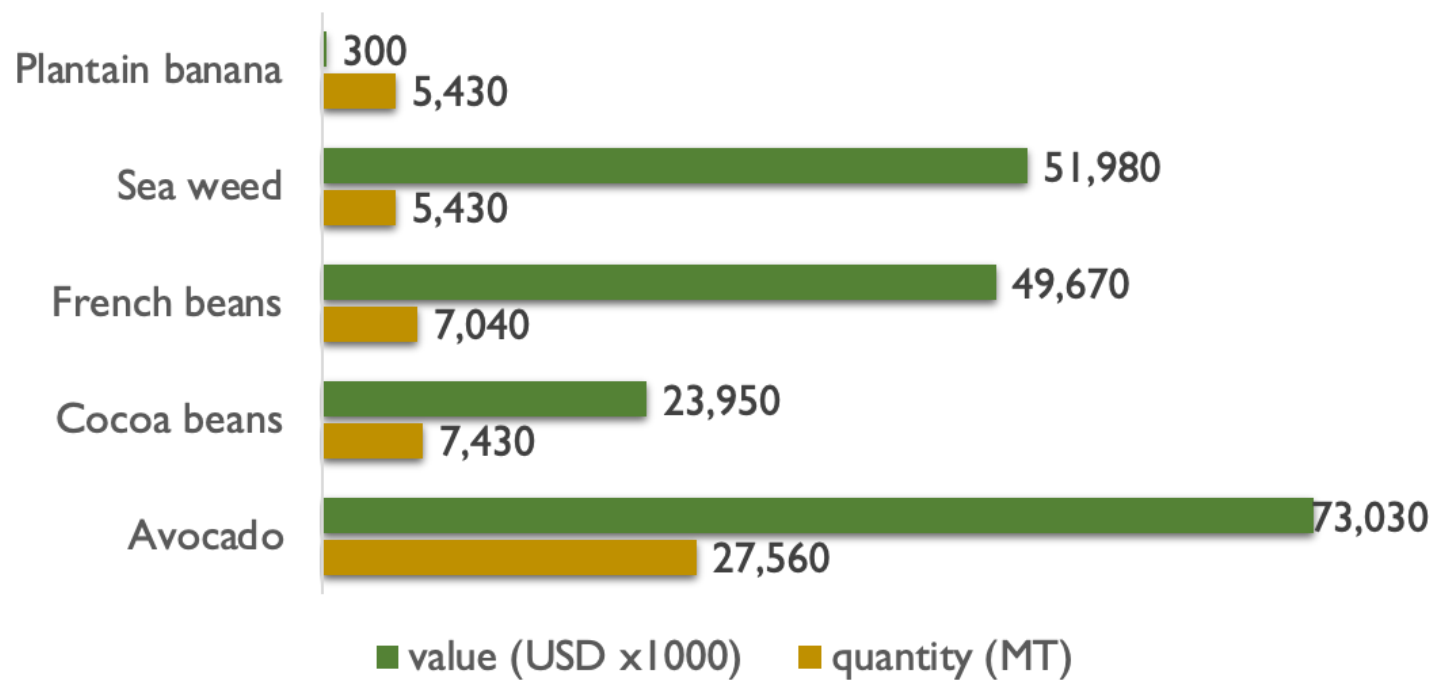
- Training



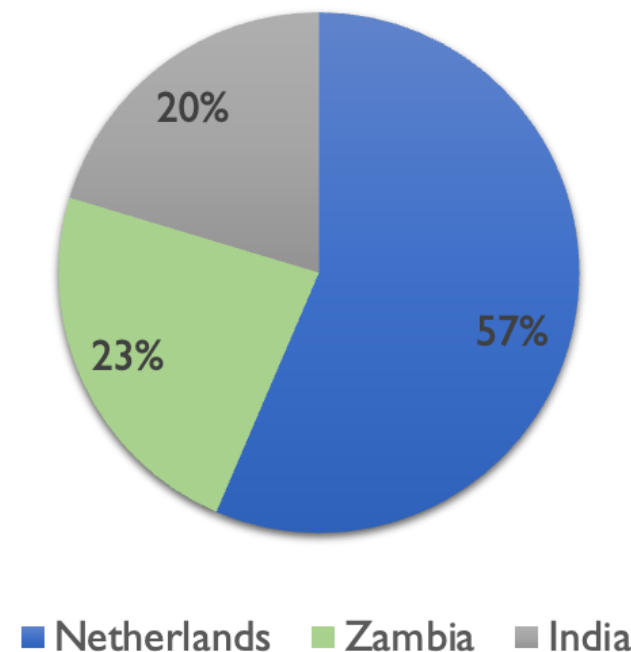


In 2023 Tanzania exported 63.85 million kilograms (**about 64,000 tons**), worth **USD 410 millions** of horticultural commodities to three major markets of the Netherlands, India and Zambia.

Top five exported crops



Top three destinations by quantity (MT)



# **INVESTMENT OPPORTUNITIES IN HORTICULTURE IN TANZANIA**



- **Investment in Production of horticultural Crops:** Avocados (Production is **40,000 MT p.a**, annual growth 20%), Mangoes (Production is **450,000 MT p.a**, annual growth is 2%), Pineapples (Production is **454,008 MT p.a**, annual growth 4%), Spices and Herbs (Production is **31,242 MT p.a**, annual growth 3%)

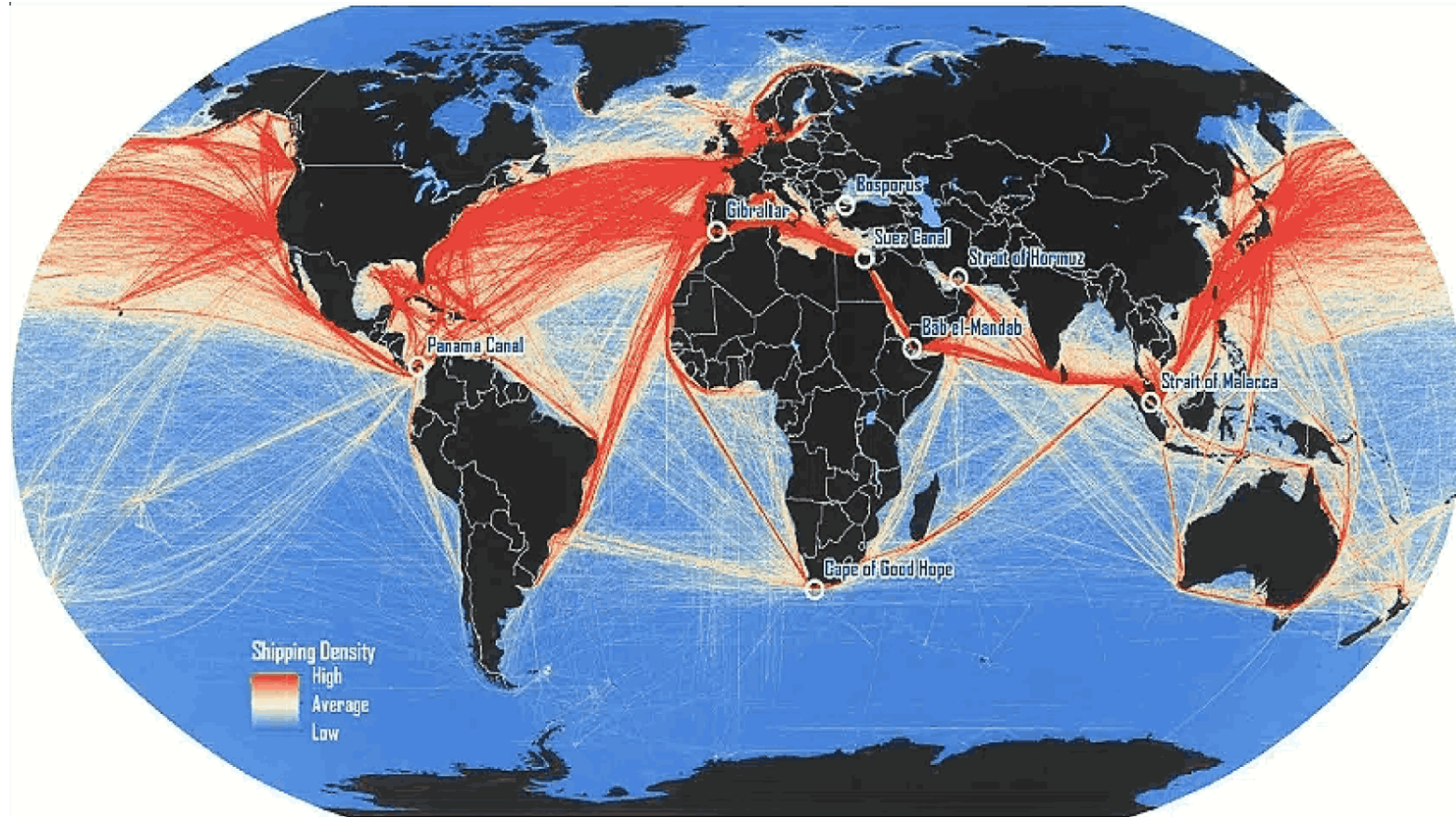
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- **Investment in Packing materials – especially biodegradables:** As of August 2024, exports for HC were 454 Million USD, yet over 60% of packaging materials for these crops were imported. The domestic market for horticulture commodities is worth USD 3.8 billion, yet still proper packaging is a challenge

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- **Investment in Infrastructure Financial services** Financial loan packages for horticultural farm equipment (tractors, irrigation systems and planting materials) and **Smart farming equipment and services** Shared digital farm resources via digital booking systems, IoT agricultural equipment (auto spraying, water management, disease management, crop yield analysis e.t.c.), Market intelligence databases

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- **Investment in Inputs:** Greenhouses, seeds, BCAs, etc

## 1. Cost of logistics: extremely high.

- *Some potential competitors have a comparative advantage due to being in close proximity to the lucrative markets and have more efficient systems. Shipping time increased from 25 – 30 days to more than 45 days around SA.*
- *Cross border requirements (SPS related) and differences in legislations (even within trading blocks)*
- *Insufficient produce handling facilities in-country (cold chain systems, collection centers, pack houses).*
- *Inefficient ports in the country, forcing exporters to use neighbouring ports in Kenya*
- *Ongoing wars in the Middle East has elongated the trade route, making logistical costs more expensive, and losses in product quality due to longer transit.*



1. **Long process in opening new markets:** *phyto-sanitary protocols may have been signed, but is followed by lengthy requirements to access a particular market takes so long, up to 3 years at times*
2. **Market access:**
  - *Few off-takers, and unfair engagements between local Offtakers and international importers: Now Tanzania has agreements with China and India*
  - *Compliance issues (certifications, in-country requirements –Company registration and other operational permits; inspection by TPHA for the phyto-sanitary certificate, packing list for approval by the Revenue Authority; and sometimes get a radiation certificate*
3. **Access to finance by off takers:** *especially since most sales contracts require some lead time after delivery.*
4. **Business Environment:** *Unpredictable policies and tax systems in the country*
5. **High Production costs:** *Affecting production and productivity hard to attain*



## **INVESTMENT: Promotion and attraction**

- Especially in avocado processing, infrastructure, vegetables, grapes production and processing
- Attending international trade fairs with government representatives to promote trust
- Joint development of loan products with financial institutions that suit the horticulture industry



## **CAPACITY BUILDING: To MSMEs**

- On production and value addition, especially targeting women and youth.
- Sector improvement: right seedling varieties, technologies, good agricultural practices, technical capacity to build a pool of local experts, etc



## **INCUBATION PROGRAMS**

- TAHA is leading the implementation of the Horticulture Export Accelerator Program (HEAP) in collaboration with the Tanzanian Embassy in the UK
- Establishing and management commercial Practical Training Centers to expose farmers on commercial farming practices and management
- Housing the Tanzanian chapter of the COMESA EAC Horticulture Accelerator (CEHA)





**THANK YOU!**



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## THE FRUITS AND VEGETABLES INDUSTRY SERIES

# Thank you



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*The OECD-COLEAD Fruits and Vegetables Industry Series focuses on market access conditions and opportunities for the fruit and vegetable sector, especially for fruit and vegetables producers and exporters from ACP-countries. This activity is supported by the Fit For Market Plus programme, implemented by COLEAD within the Framework of Development Cooperation between the Organisation of African, Caribbean and Pacific States (OACPS) and the European Union.*