agbiz
agricultural business chamber
the way to prosperity

PO Box 76297, Lynnwood Ridge, South Africa, 0040

Grain Building, 1st Floor, 477 Witherite Road
The Willows, Pretoria, South Africa, 0184

Tel. +27 12 807 6686, Fax. +27 12 807 5600
admin@agbiz.co.za, www.agbiz.co.za

Vat nr. 4920204684

20 February 2014

Feedback on the proceedings of the East Africa Agribusiness Congress

Agbiz attended the Agribusiness East Africa Conference that was held on the 28th and 29th January 2014 in Tanzania. Organised by SP Intelligent, the event offered key insights into agricultural investment opportunities in Tanzania and the Eastern African region. With the presence of senior representatives and high profile speakers from across the African continent, the event was addressed by His Excellency President of the United Republic of Tanzania Jakaya Kikwete, validating the conference as a premier agribusiness event. A total of over 450 delegates and 26 exhibitors attended the congress, giving the event a high level of participation which presented unparalleled networking opportunities and potential for collaboration.

By way of background, East Africa comprises five countries in the African Great Lakes region namely Burundi, Kenya, Rwanda, Tanzania and Uganda – covering an area of 1 820 664 km^2, with a combined population of about 149 959 317 people. These five states are part of the East African Community (EAC)[1], an intergovernmental organisation currently in negotiations with the Southern Africa Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) towards the establishment of an expanded free trade area – the Tri-partite Free Trade Area (TFTA). Given that the advanced TFTA negotiations, the prospect of greater trade and investment potential in the future is enormous. It is therefore important to gain an understanding of East Africa and its market particularly with regards to the prevailing opportunities in the region.

Between 2008 and 2012, the South African Customs Union (SACU) has exported an estimated US$1.1billion worth of exports into the EAC, underlining the significance of that region to SACU agricultural exports and overall economy (see Table 3). Agricultural exports have averaged 13% of total overall exports into East Africa. However, SACU agricultural exports to the EAC have been declining since 2010 – from US$200million that year to US$127million in 2012, representing a 40% decline in agri-exports. The decline in agri-exports can be explained by the fall in SACU's key exports to that region which include sugar, vegetables, fruits and cereals.

With the focus of the East Africa agribusiness congress keenly focused on Tanzania, an introspection of South Africa's agri-export trade with Tanzania is would be of critical

[1] The East African Community is a potential precursor to the establishment of the East African Federation, a proposed federation of its five members into a single state. In 2010, the EAC launched its own common market for goods, labour and capital within the region, with the goal of creating a common currency and eventually a full political federation. In 2013 a protocol was signed outlining their plans for launching a monetary union within 10 years.

importance as well. Between 2008 and 2012, South Africa has exported US$230million worth of agricultural commodities to Tanzania – which constitutes 20% of South Africa's overall agricultural exports to the EAC over the same period (see Table 2). In 2013, South Africa's agricultural exports to Tanzania increased to US$50million from US$43million in 2012, a 17% increase in exports. Like the rest of the EAC region, the key commodities driving the agricultural exports into Tanzania are wines, sugar, vegetable and fruit preparations, dairy products, fruits (particularly apples and pears), and cereals.

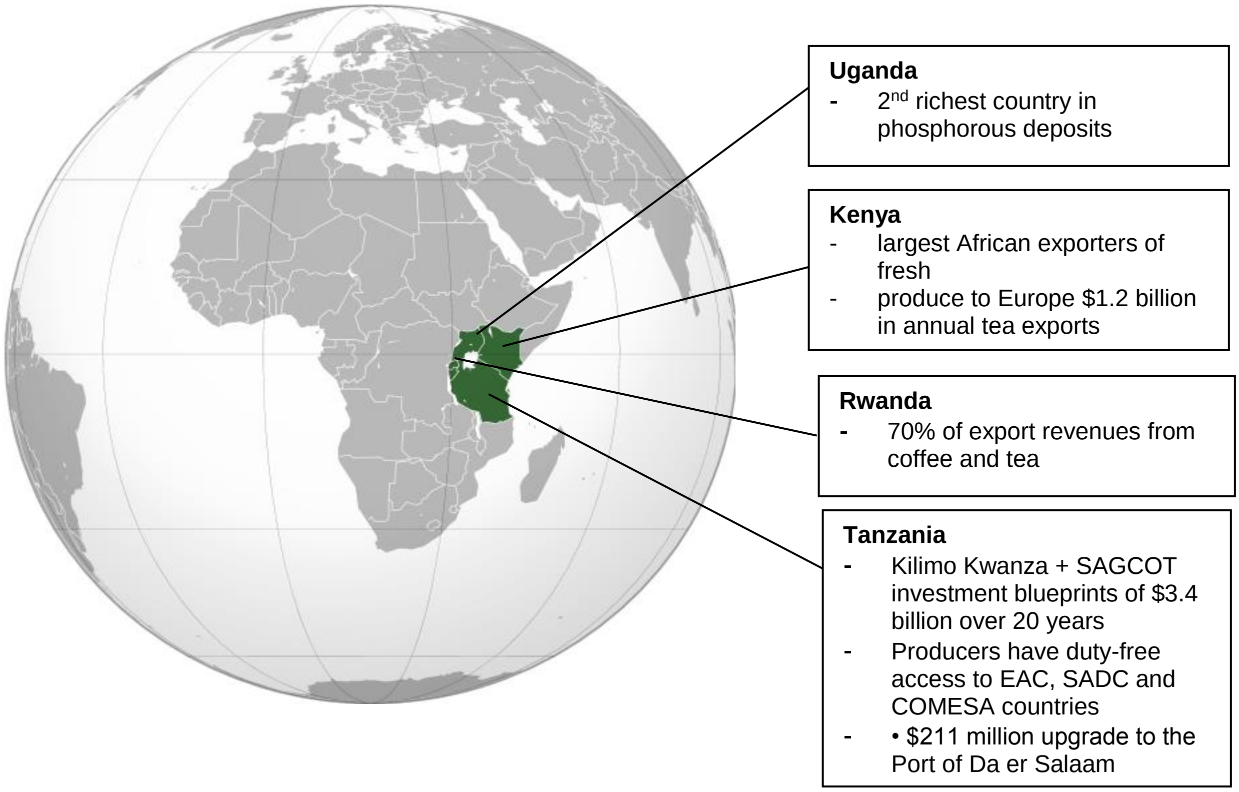
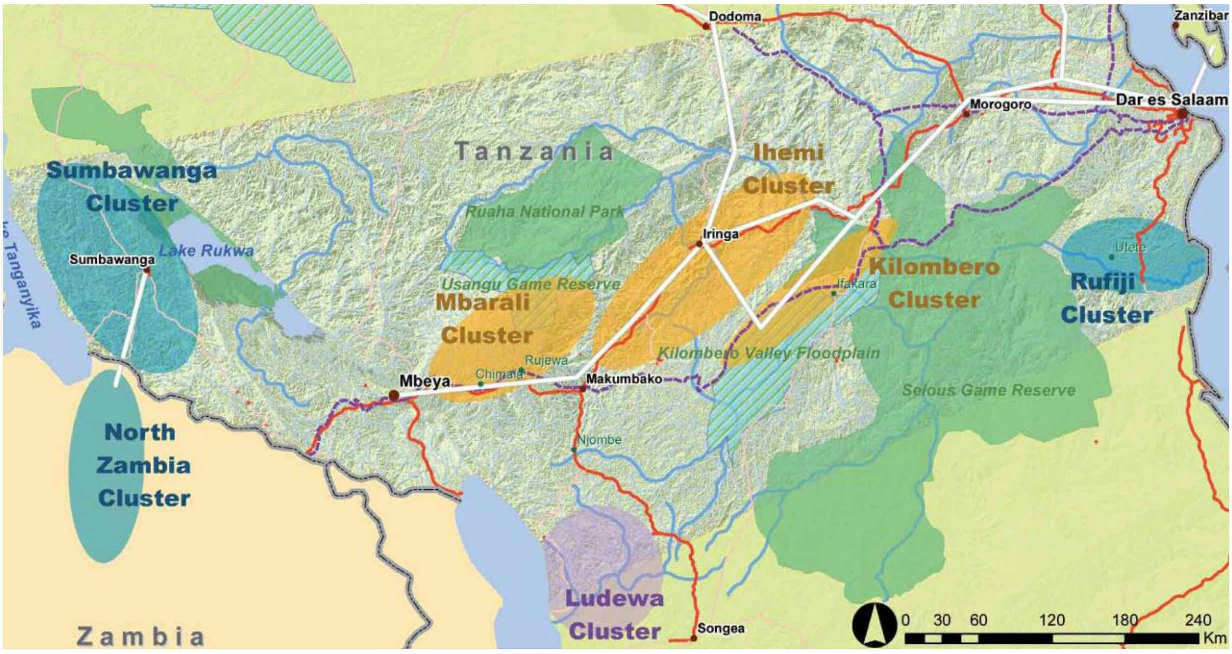


Figure 1: The East African market

Beyond agricultural trade, Tanzania's agricultural sector has several investment opportunities that are of significance. The main opportunity lies within the country's southern agricultural growth corridor – which is its main investment attraction. In order to harness the opportunities in this investment belt, President Jakaya Kikwete launched an agricultural investment blue print called the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) in Davos, in 2010. In concept and practice, SAGCOT is a multi-stakeholder private-public partnership that seeks to transform Tanzania's agricultural sector through an inclusive agribusiness model in the Southern region of the country's high potential agricultural region. Among the partners involved are food companies, processors, service providers and farmers associations – who are seeking to develop viable agricultural value chains through commercially oriented agriculture in the country's predominantly smallholder sector. The SAGCOT targets aim at bringing 350,000ha into production, involving 10,000 smallholder farmers, with a vision of creating 420,000 new job opportunities while generating US$1.2 billion in annual revenue by 2030.

The Southern Agricultural Growth Corridor covers approximately one-third of mainland Tanzania. It extends north and south of the central rail, road and power 'backbone' that runs from Dar es Salaam to the northern areas of Zambia and Malawi. Figure 2 shows the map of the growth corridor:



Source: SAGCOT Investment Blueprint

Key:

roads
railway
Power lines

Phasing for Development
Stage One
Stage Two
Stage Three
Agricultural Corridor

Green growth for SAGCOT will involve coordinated public and private investments in farming systems, infrastructure, and value chains in seven agricultural development clusters namely Kilombero, Rufiji, Ihemi, Mbarali, Sumbawanga, Ludewa and the North Zambia clusters. The plan has been to develop these clusters in phases – where under phase (1) Mbarali and Ihemi phase (2) Ludewa and phase (3) Rufiji, Sumbawanga and North Zambia. Table 1 outlines some agricultural investment projects in these clusters between 2008 and 2012. The Kilombero cluster has already undergone substantial development with the Kilombero Plantantion Limited (KPL) already developing 5 000ha of the 10 000 ha given to them under rice investment projects. Attached to these projects is the “green growth” concept that aligns these investments in ecosystem management to ensure that the corridor’s diverse ecological assets are conserved and maintained to support productive agriculture, water supplies, and human wellbeing.

MR TINASHE KAPUYA
MANAGER: INTERNATIONAL TRADE AND INVESTMENT INTELLIGENCE, AGBIZ
tinashe@agbiz.co.za

Table 1: List of agricultural investment projects which involve land acquisitions in Tanzania

Location	Investor name	Investor country	Commodities	Year Agreement was Signed	Status	Contract Size (Area in Ha)
Tanzania	Chongqing Seed Corp	China	Pulses, Oil Seeds, Grains			300
Kilimanjaro Tanzania	DWS GALOF	Germany	-		In operation (production)	5000
Mngeta Kilombero Valley	Agrica, Rufiji Basin Development Authority (RUBADA)	UK and Tanzania	Herbs (no specification)	2008	[2010] In operation (production)	5818
Pwani	Lion's Head	UK	Oil Seeds	2009	Project abandoned	8211
Rufiji River	Egyptian African Company (EAC)	Egypt	Alfalfa	2011	Project not started	6895
Lewiti Mavuji Migeregere Nainokwe	Bioshape Holding	Netherlands	-	2005	[2010] Project abandoned	34000
Kigoma	FELISA	Belgium and Tanzania	Cereals (no specification), Oleagionous plant	2008	[2012] Project not started, [2008] Start-up phase (no production)	4258
Rufiji River	African Green Oils		-	2008	[2011] Project abandoned	860
Kihesa Kilolo Bwawani Iringa	New Forests Company Holdings	UK	Sesame	-	[2009] Start-up phase (no production)	5975
Bagamoyo	CMC Agriculture Bio-energy Tanzania		Cotton, Soya Beans	-		25000
Moshi	Kilimanjaro aloe vera plantation Ltd (British)	UK	Corn (Maize), Sesame	-	[2008] Start-up phase (no production)	400
Bagamoyo	EcoDevelopment in Europe AB, Government	Sweden & Tanzania	-	2009	[2012] In operation (production)	22500
Mtanga	Tony Elumelu Foundation (TEF), Heirs Holdings, Lion's Head	Nigeria & Tanzania	Soya Beans	2008	In operation (production)	2200
Rufiji River	Safe Production Ltd	Turkey	-	2000	[2007] Project abandoned	5000

Rufiji River	Oxman Tanzania Ltd		Alfalfa	-	Project not started	914
Morogoro Kilombero Ulanga	Global Environment Fund, Finnish Fund for Development Cooperation (Finnfund)	USA & Finland	Barley, Corn (Maize), Cotton, Fodder Plants, Sesame, Wheat	2011	[2011] In operation (production)	28132
Makere	TM Global Holdings	USA	Corn (Maize), Soya Beans	2005		50000
Tanga Tansania	Boleyn International	China	Sugar Cane	2007	[2011] Start-up phase (no production)	81
Mkinga	Arkadia Ltd	Italy	Eucalyptus, Tea	-	Project not started	500
Bagamoyo	Unnamed investor	Canada and Tanzania	Corn (Maize), Soya Beans, Wheat	-	[2012] Project not started	4500
Rufiji River	Eurovistaa Trading Co. Ltd		Barley, Corn (Maize), Soya Beans, Wheat	-	[2006] In operation (production)	6000
Kilombero	Verein HST	Switzerland	Trees	2008 *	[2004] In operation (production)	263
Rufiji River	Lukulilo Farm Holdings	UK	Tea, Flowers, Banana, Fruit, Vegetables	2012 *	Project not started	5000
Kilombero	Mufindi Paper Mills	India	Trees	-	[2012] Project not started	10000
Rufiji River	Mahakaushal Sugar and Power Industries Ltd	India	Grapes	2012	Project not started	12132
Bagamoyo	Shanta Estates Ltd	Kenya	Cotton	- *		14500
Moshi	Alteo Ltd	Mauritius	Cotton	2000	In operation (production)	15800

Source: The Land Matrix (2014)

Note: * Deal Concluded (Oral Agreement); - No data

Table 2: South Africa's agricultural exports to Tanzania (2001-2013)

HS Code	Product Description	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
'22	Beverages, spirits and vinegar	3 555	2 583	2 774	5 051	6 155	6 490	9 599	9 997	10 500	14 682	16 803	21 383	22 101
'17	Sugars and sugar confectionery	5 752	4 072	3 143	8 616	8 455	3 250	2 764	3 463	4 479	14 822	5 401	222	7 364
'21	Miscellaneous edible preparations	1 058	1 001	1 084	1 411	2 517	3 493	2 683	2 628	4 000	8 344	9 608	8 305	5 895
'20	Vegetable, fruit, nut, etc food preparations	519	707	808	731	957	2 073	4 124	7 329	8 428	5 339	3 033	3 035	3 479
'04	Dairy products, eggs, honey, edible animal product nes	896	1 640	1 128	778	756	908	1 451	1 624	1 932	2 612	2 624	2 627	3 007
'08	Edible fruit, nuts, peel of citrus fruit, melons	195	367	476	564	478	585	654	472	748	924	1 764	1 941	2 905
'19	Cereal, flour, starch, milk preparations and products	275	262	558	624	418	711	2 039	2 127	1 970	1 910	2 049	2 005	1 925
'10	Cereals	79	19	4 450	4 196	120	2 452	233	12 720	5 898	1 405	740	17	856
'18	Cocoa and cocoa preparations	73	153	160	143	82	221	189	200	317	255	740	312	505
'15	Animal,vegetable fats and oils, cleavage products, etc	158	88	206	128	52	281	51	135	120	153	1 199	275	500
'23	Residues, wastes of food industry, animal fodder	27	68	102	88	112	192	121	304	243	452	1 273	390	455
'12	Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	1 011	57	921	632	1 289	1 192	137	508	1 073	2 956	1 112	158	407
'11	Milling products, malt, starches, inulin, wheat gluten	38	88	53	64	17	78	467	42	53	1 379	179	1 717	208
'01	Live animals	92	74	91	45	30	58	7	2	109	86	120	4	131
'03	Fish, crustaceans, molluscs, aquatic invertebrates nes	5	15	19	4	31	19	42	3	3	21	11	7	92
'02	Meat and edible meat offal	156	246	322	97	102	32	23	16	17	93	64	234	74
'16	Meat, fish and seafood food preparations nes	62	81	240	140	63	136	119	206	428	501	607	25	61
'09	Coffee, tea, mate and spices	53	48	83	58	38	57	41	96	35	43	70	34	59
'07	Edible vegetables and certain roots and tubers	34	60	70	57	26	54	40	105	469	42	31	46	49
'05	Products of animal origin, nes	14	10	1	11	25	9	42	13	16	14	30	10	17
'06	Live trees, plants, bulbs, roots, cut flowers etc	3	2	-	5	4	5	2	260	30	60	24	39	7
'13	Lac, gums, resins, vegetable saps and extracts nes	5	15	135	8	26	128	42	11	103	7	21	11	4
'24	Tobacco and manufactured tobacco substitutes	1	43	191	-	2 057	1 150	1 423	-	2	11	-	-	2
'14	Vegetable plaiting materials, vegetable products nes	-	-	-	-	-	1	-	-	-	-	-	-	1
	Total Agricultural Exports	**14 061**	**11 699**	**17 015**	**23 451**	**23 810**	**23 575**	**26 293**	**42 261**	**40 973**	**56 111**	**47 503**	**42 797**	**50 104**
	Total Agricultural Exports as % of Total exports	**8%**	**6%**	**7%**	**7%**	**6%**	**6%**	**7%**	**8%**	**9%**	**10%**	**8%**	**6%**	**10%**
	Year-on-Year growth		-17%	45%	38%	2%	-1%	12%	61%	-3%	37%	-15%	-10%	17%

Source: ITC (2014)

Table 3: SACU agricultural exports to the EAC (2003-2012)

HS Code	Product Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
'22	Beverages, spirits and vinegar	8 994	10 377	13 977	16 253	24 111	26 366	25 432	40 697	41 776	45 141
'21	Miscellaneous edible preparations	6 043	5 907	6 210	8 673	9 201	10 360	12 370	17 129	21 971	19 312
'08	Edible fruit, nuts, peel of citrus fruit, melons	2 366	3 162	3 735	4 083	5 224	6 497	8 092	10 230	12 639	14 756
'17	Sugars and sugar confectionery	14 124	26 753	29 037	270 341	34 572	68 670	53 198	50 646	28 809	12 348
'20	Vegetable, fruit, nut, etc food preparations	1 742	1 740	2 313	3 119	5 658	10 345	10 969	8 446	4 998	6 066
'24	Tobacco and manufactured tobacco substitutes	193	37	2 063	1 175	1 976	261	392	800	12 823	5 946
'19	Cereal, flour, starch, milk preparations and products	1 807	1 443	1 183	1 549	4 317	5 363	3 323	4 865	3 682	3 746
'12	Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	1 441	1 148	2 431	3 457	2 087	6 409	10 114	10 386	13 484	3 480
'04	Dairy products, eggs, honey, edible animal product nes	1 960	1 170	1 153	1 370	1 810	2 369	2 459	3 779	3 133	3 051
'23	Residues, wastes of food industry, animal fodder	439	569	524	883	847	1 268	1 498	2 432	3 323	2 705
'11	Milling products, malt, starches, inulin, wheat gluten	170	249	230	315	594	7 471	1 344	4 748	2 915	2 657
'18	Cocoa and cocoa preparations	5 108	350	186	356	287	393	1 247	2 118	2 381	1 702
'10	Cereals	12 552	37 370	11 262	7 353	1 394	76 796	289 075	50 783	2 742	1 460
'01	Live animals	1 376	470	594	576	917	337	571	614	827	950
'07	Edible vegetables and certain roots and tubers	392	175	124	169	169	246	599	177	400	932
'15	Animal,vegetable fats and oils, cleavage products, etc	537	370	907	582	244	2 206	512	556	1 871	832
'09	Coffee, tea, mate and spices	276	405	336	502	225	479	556	517	419	488
'02	Meat and edible meat offal	629	271	138	53	63	88	81	151	173	454
'16	Meat, fish and seafood food preparations nes	669	1 357	681	261	710	450	521	575	682	226
'03	Fish, crustaceans, molluscs, aquatic invertebrates nes	109	114	107	151	256	105	58	100	75	152
'06	Live trees, plants, bulbs, roots, cut flowers etc	70	131	630	1 147	242	486	188	134	271	137
'05	Products of animal origin, nes	73	105	97	52	57	32	33	42	95	37
'13	Lac, gums, resins, vegetable saps and extracts nes	219	25	161	199	49	16	225	76	54	34
'14	Vegetable plaiting materials, vegetable products nes	-	1	-	2	-	-	-	-	-	-
	Total Agricultural Exports	**61 289**	**93 699**	**78 079**	**322 621**	**95 010**	**227 013**	**422 857**	**210 001**	**159 543**	**126 612**
	Total Agricultural Exports as % of Total exports	**10%**	**10%**	**8%**	**26%**	**8%**	**14%**	**24%**	**12%**	**9%**	**7%**
	Year-on-Year growth		**53%**	**-17%**	**313%**	**-71%**	**139%**	**86%**	**-50%**	**-24%**	**-21%**

Source: ITC (2014)