4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Integrating Food and Nutrition Security into Economic Transformation and Industrialization Agenda:
How can agriculture be the driver rather than follower of economic transformation in Tanzania?

New Dodoma Hotel, Dodoma

14th - 16th February, 2018
Policy options to improve market access for Tanzanian pigeon peas

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Outline of the Presentation

1. About EAGC
2. An overview of pigeon peas
3. The pigeon peas import ban by India
4. The rapid assessment of pigeon pea market in Tanzania
5. Recommendations
1. About EAGC

- Regional, non-profit, membership based organization for the Grain value chain in the Eastern and Southern Africa

- Established in 2006

- **Objective**: To facilitate efficient, structured and **profitable** grain trade in the Eastern Africa region for optimum stakeholder benefits
EAGC Service Pillars

G-Soko
Grain Trading System
A service of EAGC
EASTERN AFRICA GRAIN COUNCIL

RATIN
Regional Agricultural Trade Intelligence Network
A service of EAGC
EASTERN AFRICA GRAIN COUNCIL

Eastern Africa Grain Institute
A specialized Training and Capacity Building Division of EAGC
EASTERN AFRICA GRAIN COUNCIL

ATPAFESA
Agricultural Trade Policy Advisory Forum for Eastern & Southern Africa
A Service of EAGC
EASTERN AFRICA GRAIN COUNCIL
EAGC Partners
EAGC IN TANZANIA

- 71 member organisations
- 15+ local Partner organisations

EAGC work in the pulses sector
- Implementing partner in the pulses sector for the UN-ITC SITA project
- Development of Pulses Value Chain Roadmaps 2016-2020
- Hosts the Tanzania Pulses Network
- Market linkage activities – pulses trade linkages worth **USD 12.4 million (TZS 27.7 billion in 2017)**
- Policy advocacy – use of methyl bromide for export consignments; pigeon peas market access
- Market information through EAGC RATIN
2. An overview of pigeon peas

**Global snapshot**
- Approx. 4.5 million MT produced (2016)
- Major producers: India, Myanmar, Malawi, Tanzania, Kenya and Haiti

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**2016 production**

- India: 64%
- Myanmar: 14%
- Malawi: 8%
- Tanzania: 4%
- Kenya: 3%
- Haiti: 1%
- Others: 6%
Pigeon peas production in TZ, 2012-2017

Source: MoA/FAOSTAT and derived estimates
3. The pigeon peas import ban by India

**Timeline**

- **July 2016:**
  - India Prime Minister visits Tanzania
  - Encourages production of pulses for export to India
- **August 5, 2017**
  - India restricts Pigeon peas imports (import quota of 200,000 MT)
- **August 11, 2017**
  - India’s bans pigeon pea imports
  - Countries with MoU/Bilateral agreement exempted from ban
- **August 28-29 2017**
  - Bilateral trade meeting between India and Tanzania in New Delhi

**India’s justification for Import Ban**

PP import ban introduced as a protectionist measure:

- Significant production increase in 2016/17 compared to previous seasons
  - Follows govt policies to boost production
  - 62% increase between 2015/16 and 2016/17
- Significant price decline in the local market
  - Almost 50% year-on-year decline
Pigeon peas production trends in India

production (million MT)

3.02 3.17 2.81 2.60 4.29

Source: Agriwatch India
# Price movements for major pulses in India

<table>
<thead>
<tr>
<th>Major Pulses</th>
<th>Mandies</th>
<th>Feb-17</th>
<th>Jan-17</th>
<th>Feb-16</th>
<th>% Change (over previous month)</th>
<th>% Change (over previous year)</th>
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<tr>
<td>Chickpeas</td>
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Source: Agriwatch India
4. The rapid assessment of pigeon pea market in Tanzania

**Objectives:**
- To assess the pigeon pea market situation in Tanzania
- Provide basis for informing potential remedial measures

**Methodology:**
- Field visits to:
  - Morogoro (Kilosa and Mvomero districts)
  - Dodoma (Kondoa and Chemba districts)
  - Manyara (Babati and Kiteto districts)
  - Mtwara (Masasi and Newala districts)
- Key informer interviews:
- Conducted during December 2017 and January 2018
Key findings

Production:
• Slight increase in production in 2017 vs 2016
  – 2016 production = 292,000MT est.
  – The increase despite delayed rains
• Approx. 25% of crop left unharvested (73,000MT est.)
  – Due to collapsed price following India import ban
• Harvested crop in relatively good condition
  – Exception being at retail level
• Approx. 163,000MT of harvested production still requires a market
Unharvested pigeon peas in Masasi District, Mtwara
Prices in Tanzania have collapsed following India import ban…

Source: field survey
Trade performance has declined significantly:

- Significant decline in exports
- 51,000MT exported in 2017
  - 65% decline compared to 2016
  - Most exports are typically in Q3 and Q4 of calendar year (the period after the ban)
### Impact of ban on pigeon peas value chain

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<th>Value chain segment</th>
<th>Percent</th>
<th>Loss (TZS Million)</th>
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<tr>
<td></td>
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<td>From un-harvested PP</td>
<td>Harvested but not sold PP</td>
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<tr>
<td>Farmers</td>
<td>51%</td>
<td>51,864</td>
<td>71,036</td>
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<tr>
<td>Middlemen</td>
<td>6%</td>
<td>6,049</td>
<td>8,285</td>
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<td>Logistics services</td>
<td>19%</td>
<td>19,251</td>
<td>26,367</td>
</tr>
<tr>
<td>Labour (casual)</td>
<td>7%</td>
<td>6,693</td>
<td>9,167</td>
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<tr>
<td>Banks interest</td>
<td>6%</td>
<td>6,480</td>
<td>8,875</td>
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<tr>
<td>Exporter overheads and other costs</td>
<td>11%</td>
<td>11,718</td>
<td>16,049</td>
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<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>102,054</td>
<td>139,779</td>
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</tbody>
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**Study computations**

Grand total loss = approx. TZS 241.8 billion (approx. US$ 109 million)
Case study

The Case of a Trader in Kondoa district, Dodoma

- Took a loan of Tshs 100 million to buy 800 bags of pigeon peas (approx. Tshs 1,040-1,250/kg)
- Had drawn down Tshs 20 million at the time of the ban
- Currently remains with 800 bags of pigeon peas and the loan
- Negotiating with the bank to restructure the loan
- Currently repaying the loan from other income sources

A pigeon peas trader with plenty of unsold stock
5. Policy Recommendations

**Short/Immediate term**

i. **Promote local consumption to provide a local market for pigeon peas**
   - Purchases through CPB and/or NFRA to provide a market for farmers and traders
   - Consumption by public institutions (e.g. Govt schools, prisons service, police, military barracks)

**Illustration**

Assuming one average secondary school consumes 3MT of beans per month.
- 100 schools = 3,000MT per month
- 200 schools = 6,000MT per month

For 6 months,
- 100 schools = 18,000MT
- 200 schools = 36,000MT

Replacing beans with pigeon peas can save schools 40% in food costs at prevailing prices, other factors remaining constant.
ii. Negotiations with India
   – Conclude the bilateral MoU for pulses trade

iii. Diversification of export markets

Medium/long term

i. Promoting domestic consumption of pigeon peas

ii. Promote pigeon pea usage in animal feed