

KAHAWA TIMES

KARIBU!!!

To the first edition of the Tanzanian Coffee Association Newsletter. We want to keep in touch with our members and help our members keep in touch with developments in the coffee sector. We would like to hear from you as to what content you are interested in having and we hope to have interesting topics to share on a quarterly basis



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What is TCA?

Tanzania Coffee Association (TCA) brings together all players along the coffee value chain. The Association was formed and registered in 1997 being a successor to the Tanzania Coffee Traders Association which was mainly a coffee exporters body established in 1991. It was in 1997, that the TCA with coffee exporters, broaden their membership to include key players such as coffee growers, parchment/cherry buyers, coffee millers, warehousemen, coffee roasters, not forgetting input suppliers, liquorers, etc. The Association's membership today stands at 49. Concerted

efforts are ongoing to reach as many coffee stakeholders as possible in all the coffee growing regions with plans to open chapter offices in production zones.

Objective:

The objective of TCA is to promote, protect and, further the interests of coffee stakeholders along the coffee value chain: cultivation, parchment and cherry buying, milling roasting and exporting.

Vision:

A Coffee Association that

unites all players in the industry that strive for a better livelihood.

Mission:

The Association's Mission is to apply the highest standard of excellence to: farming, research, primary processing, purchasing, milling, roasting, warehousing and marketing; and at the same time to contribute positively to the community and the environment.

Facts about Coffee in Tanzania

- Production is averaging 50,000 Mt. the highest ever reached was 71,200 Mt in 2012/13.
- 90% of coffee comes from smallholders. The remaining from Estates
- 55-60% Arabica and 30-35% Robusta

Functions of TCA

- Increased Coffee Production and productivity.
- Promotion of coffee value addition through processing.
- Encouraging marketing in the conventional and specialty markets.
- Promotion of domestic coffee consumption
- On-going advocacy activities.



Achievements and on going activities



Arabica coffee bagged in sisal

The TCA raised the issue of the substandard coffee export bag at the 4th National Conference; the stakeholders joined hands with the TCA and passed a resolution calling for Tanzania Packages Manufacturers (1998) Ltd to manufacture bags according to the stipulated quality standard. Observing that the TPM (1998) Ltd had made no improvement, the 5th NCC resolved that stakeholders should identify an alternative source of supply immediately from the season 2014/2015.

Following this resolution, members are welcome to bring forward proposals on possible alternative source of supply.

The Association advocated for and succeeded to get removal of export duty on coffee.

Succeeded to get the local government levy reduced

from 5% to 3% of the farm gate price in the season 2009/2010 although it has again been raised to 5%!

Has managed to get the Tanzania Ports Authority (TPA) to keep their tariffs down at competitive rates. In addition, fruitful consultations have been held to combat port congestion in order to speed up shipping.

TCA succeeded to put in place a proper system of marking coffee bulks and lots in coffee warehouses in Kagera Region. This was possible through full co-operation of coffee millers.

Has actively participated in the preparation of Coffee Industry Regulations; with the latest one being the Coffee Industry Regulations 2013.

Fully participated in the preparation of the Tanzania Coffee Industry Development Strategy 2011- 2021.

The Association, as an advocacy group, has petitioned to the Ministry of Agriculture and Cooperatives together with the Ministry of Finance and the Task Force on Tax Reform requesting them to review the amended Fertilizer Act 2009 and the Value Added Tax Act of 2013. Both Acts are bent on adversely affecting coffee production and agriculture in general. The TCA is following up closely because if the two Acts are left untouched, their effects will be devastating.

TCA, in collaboration with the Tanzania Coffee Board, promoted Tanzania coffee in the Japanese market.

TCA has played a role in the improvement of coffee quality through annual coffee quality competitions.



Sisal Bags from Tanzania are re-known for their well aeration and hydrocarbon free as they are processed from vegetable oils.

The Fifth National Coffee Conference



The 5th National Coffee Conference conducted on May 2014

The Association did as it has done in the past, play an active role in the preparation of the National Coffee Conference held May 29 - 30, 2014 at Nashera Hotel, Morogoro.

The 5th NCC adopted the following resolutions, among others;

- A)TCB should improve on the administration of farmer groups selling coffee through the auction.
- B)It was resolved that coffee week be beginning of October 1, 2014 as a strategy for boosting domes-

tic coffee consumption.

C)Sisal bags manufactured by Tanzania Packages Manufacturers (1998) Ltd do not conform to the stipulated quality standard. Stakeholders resolved to identify an alternative source of supply immediately from this season.

In collaboration with the Tanzania Coffee Board promoted Tanzania coffee in the Japanese market.

Improvement of coffee quality though annual coffee quality competitions.



Coffee Defies Gravity, Surges to 26-Month High on Brazil

NYC Futures jumped IN February to the highest in more than two years, after drought damage in Brazil prompted Volcafe Ltd. to cut its outlook for the crop in the South American country, the world's top grower and exporter.

Prices have surged 95 percent this year after the Brazilian drought. Now, excess rain threatens to slow the nation's harvest and reduce crop quality, Sao Paulo-based Somar Meteorologia said yesterday.

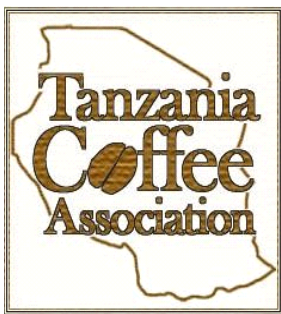
The global harvest, which includes the robusta variety, will fall short of demand by 11 million bags, Winterthur, Switzerland-based Volcafe estimates. That would mean a world deficit about the size of production in Colombia, the second-largest supplier of the premium arabica beans, which are favored by Starbucks Corp. A bag weighs 60 kilograms, or 132 pounds.

In terms of fundamentals, world coffee consumption has continued to increase, with total demand in calendar year 2013 provisionally estimated at

around 145.8 million bags. With total production in crop year 2013/14 estimated at 145.7 million bags, it seems likely that the market is heading towards a supply deficit. The most important variable at the moment is the size of the 2014/15 Brazilian crop, which is starting in April 2014; however, the damage resulting from the recent drought has yet to be officially quantified, ICO noted in its March report.

Sources: Volcafe Ltd; Somar Meteorologia; and ICO London.





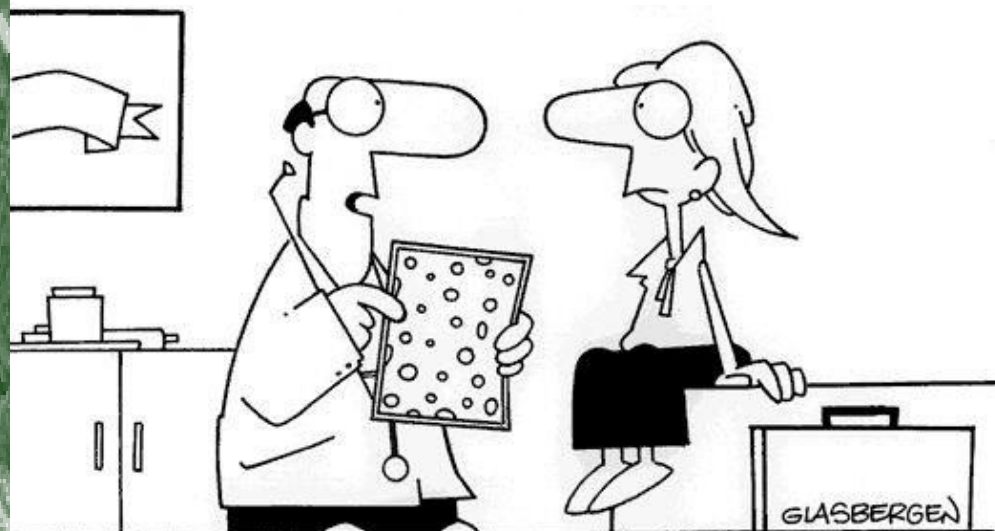
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**Advocating members
to success.**

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Coffee Jokes



**“The red blobs are your red blood cells.
The white blobs are your white blood cells.
The brown blobs are coffee. We need to talk.”**

How will the global price surge play out in Tanzania?

TCB has announced that Tanzania expects to harvest and market around 61,000 metric tons season 14/15 (compared to 48,750 last season) whose harvest commences this May. We will not see the green stuff in auction until around July/August. That is a long way to wait and nobody knows where NYC and LIFFE futures will be by then.

One thing is certain: Tanzania coffee prices for 14/15 will be higher than those prevailing in the last season. Higher by how much is

difficult to say. Some traders are predicting auction prices for AB/FAQ to average between \$150 and 200 per 50 kgs. The more optimistic ones put the average at between \$ 180 and 240. It remains to be seen.

We expect industry players in Tanzania to appreciate that what is good for auctions and free trade is good for coffee farmers as well. It goes without saying that since the price surge in February, some of our traders out

there took and continue to take market positions by selling forward in the hope that they will cover at lower levels! What does that mean? In the unlikely event that futures prices collapse to pre-February levels, Tanzanian coffee farmers will still be paid better prices because these brave traders must compete to fulfil their orders.

By: Editorial Board