



The United Republic of Tanzania
Agriculture Sector Lead Ministries

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





The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Competition in Agricultural Markets in Tanzania: Application of Structure, Conduct, and Performance Model

Anasia Maleko, Independent Consultant

Co-authors: David Nyange, Isaac Minde, Emmanuel Domonko



Context and Objectives

Context

- The growing concerns over agricultural commodity and food market competition
- The dichotomy nature of market structure that contain few large scale and with small scale companies missing the medium scale companies
- Commodities value chain with participants suspected to have inappropriate conduct in the market such as price fixing or collusion

Objectives

- To analyze the context, the structure and functioning of the agricultural sector in terms of competition at various stages of the commodity value chain.

Model and Data

Model

The Structure –Conduct –Performance (SCP) framework

Data

- Literature, policy reports and commodity value chain briefs
- Wholesale prices and production data from ASLM, NBS, Crop Boards, FAO, WB, Agencies, NGOs and Associations.

Limitation

- Access to information (timely, unreliable, missing data)
- Commodities with no data documentation and recent studies



Indicators

STRUCTURE	CONDUCT	PERFORMANCE
<ul style="list-style-type: none">• Total number of farmers• Barrier to entry• Number of processing firms	<ul style="list-style-type: none">• Barriers to trade entry and exit• Potential collusion• Price setting	<ul style="list-style-type: none">• Sector growth trends• Price variability• Degrees of market integration
<ul style="list-style-type: none">• Number of traders and exporters	<ul style="list-style-type: none">• Buying and Selling practices	<ul style="list-style-type: none">• Level of value addition• Market share
<ul style="list-style-type: none">• Vertical and Horizontal integration	<ul style="list-style-type: none">• Tariff rates• Degree of regulation	<ul style="list-style-type: none">• Access to market information
<ul style="list-style-type: none">• Jobs created in post-harvest operations		

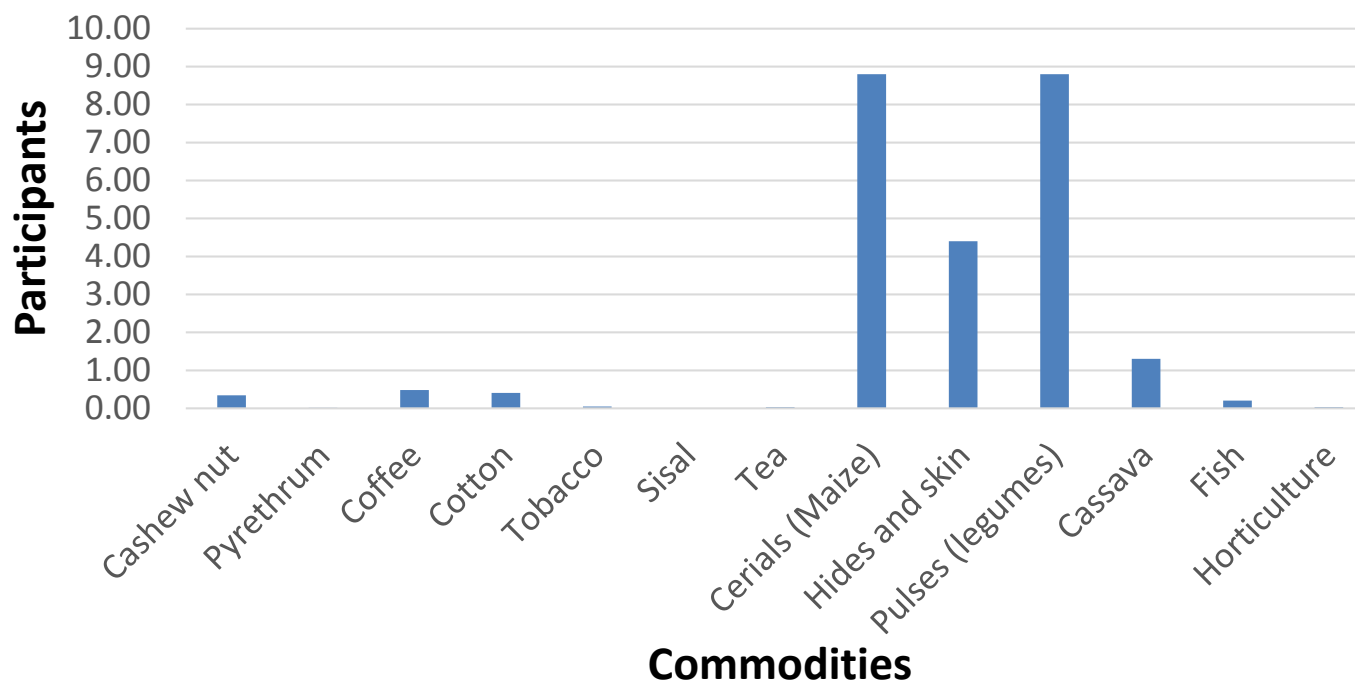


Preliminary Findings

- Food commodities more competitive than other traditional commodities (MAFC, 2016; NBS, 2016)

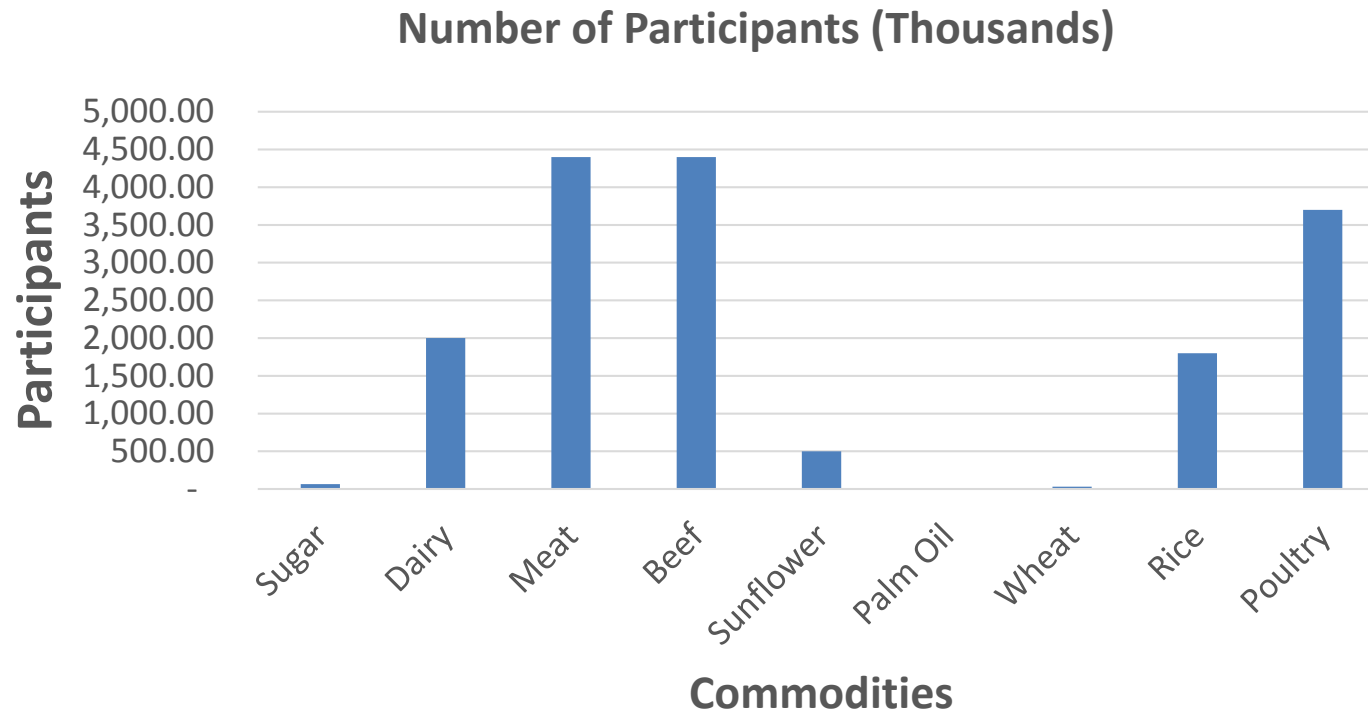
Exports commodities

Number of participants (Millions)



Preliminary Findings

Import (MAFC, 2016, NBS,2016)





The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Preliminary Findings

- Barriers to entry (capital, licenses, permits and taxes)
- Very few participants and jobs created in post harvest handling activities
- Market inequalities
- Vertical integration between traders and exporters



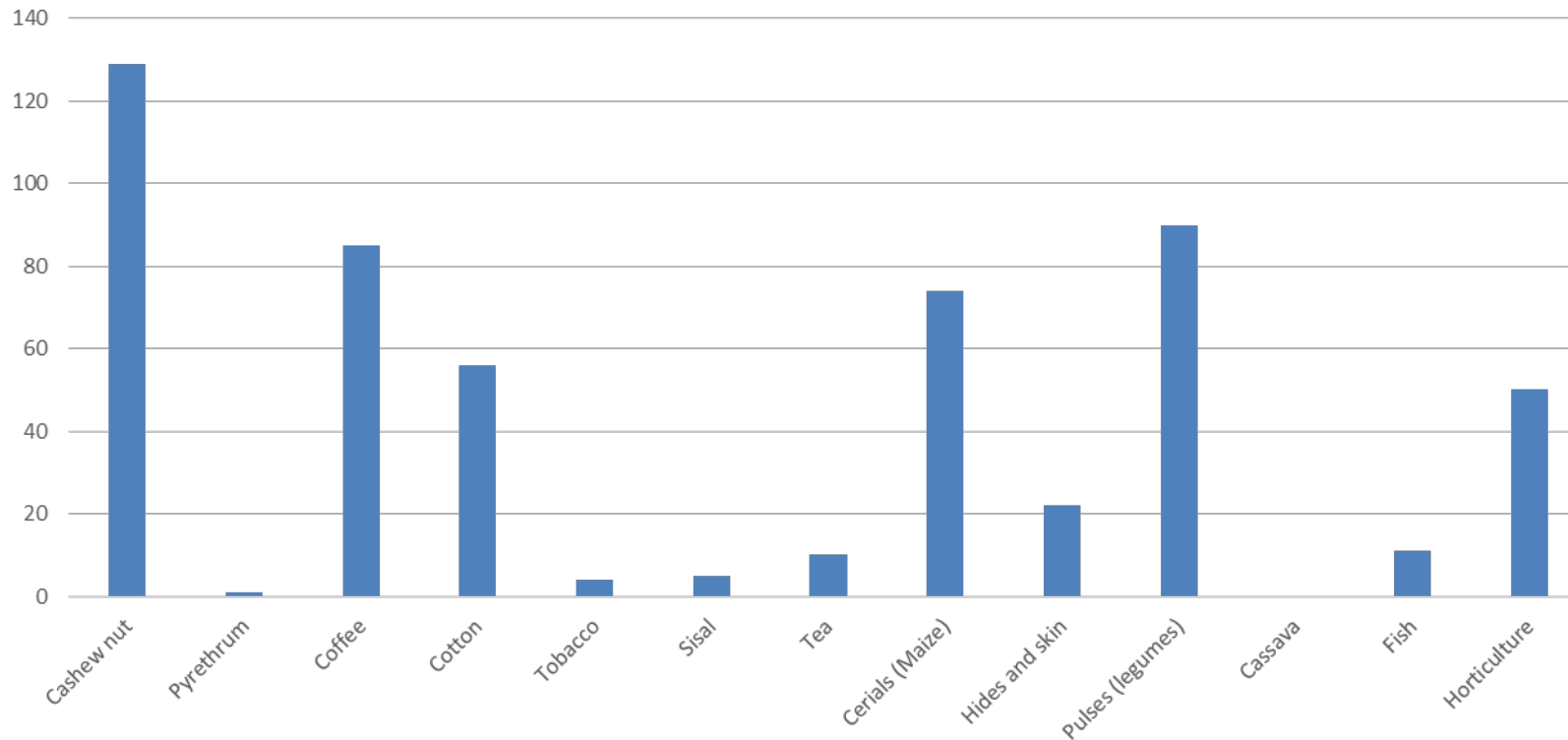
The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Preliminary Findings

(MAFC, 2016, NBS, 2016)

Number of Traders and Exporters





The United Republic of Tanzania
Agriculture Sector Lead Ministries

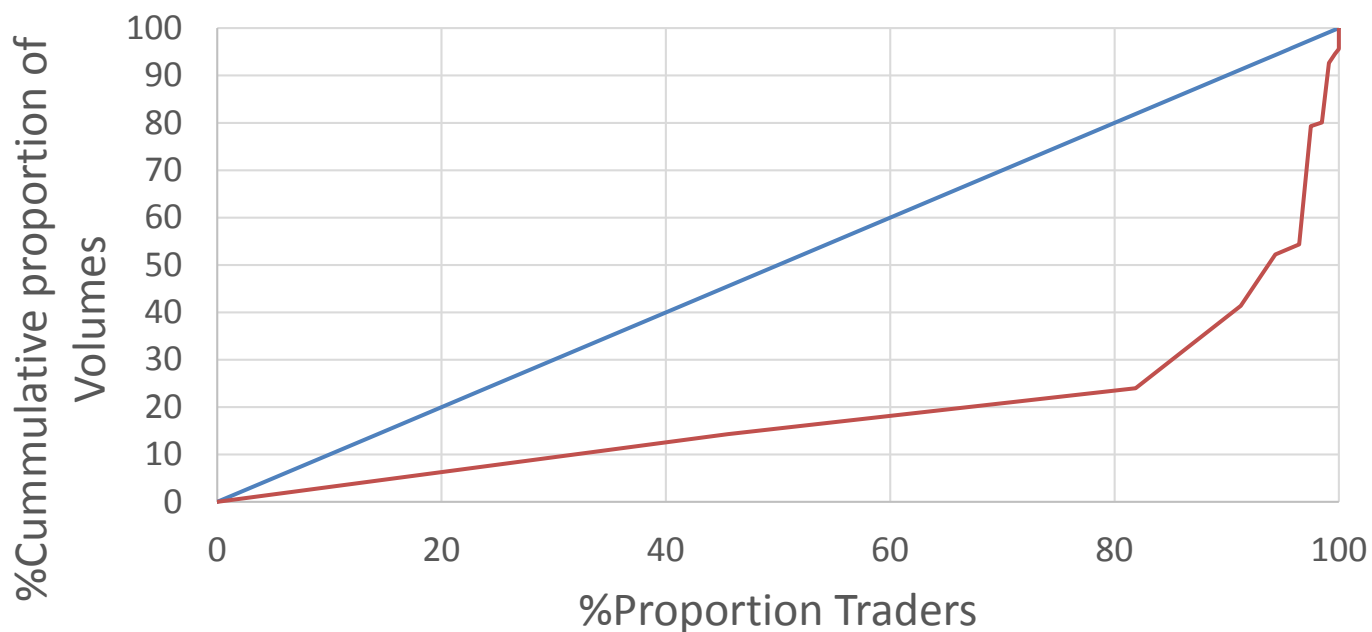
4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Preliminary Findings

Export market concentration ratio (52.2%)

Gini coefficient 0.7250 (MAFC, 2016, NBS, 2016)

Lorenz curve for Export





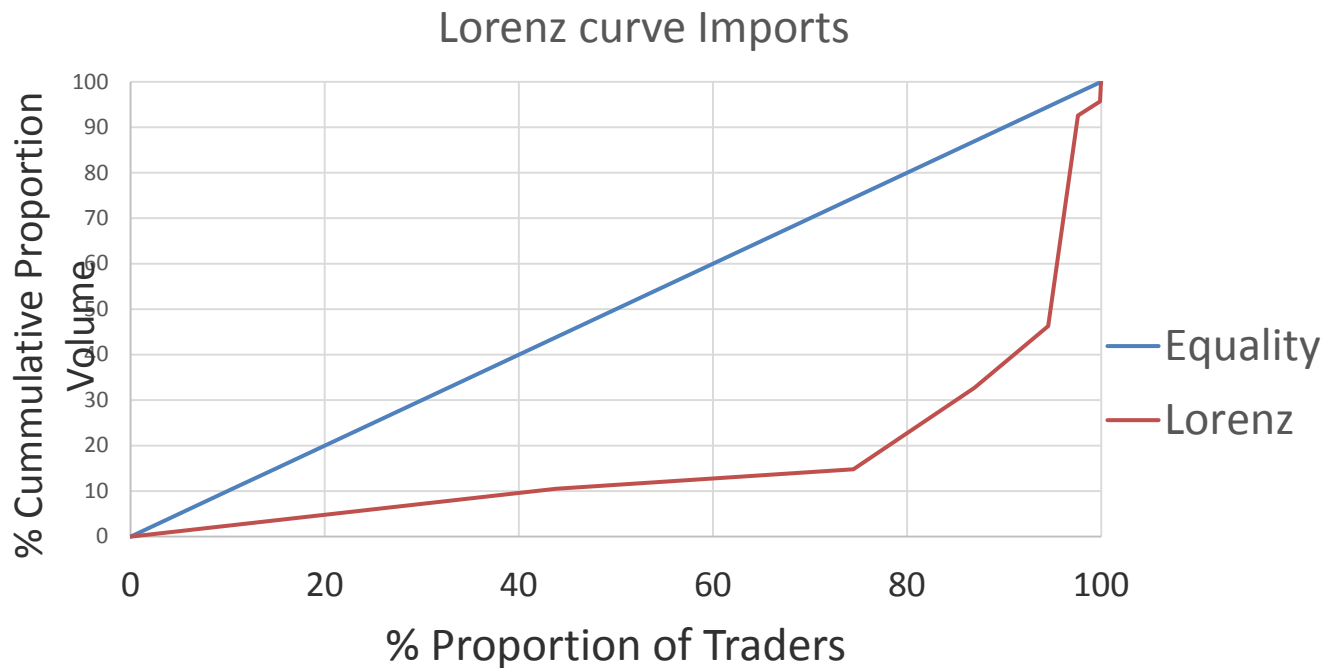
The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Preliminary Findings

Import substitution market concentration ratio(46.3%)

Gini coefficient 0.7500 (MAFC, 2016, NBS,2016)





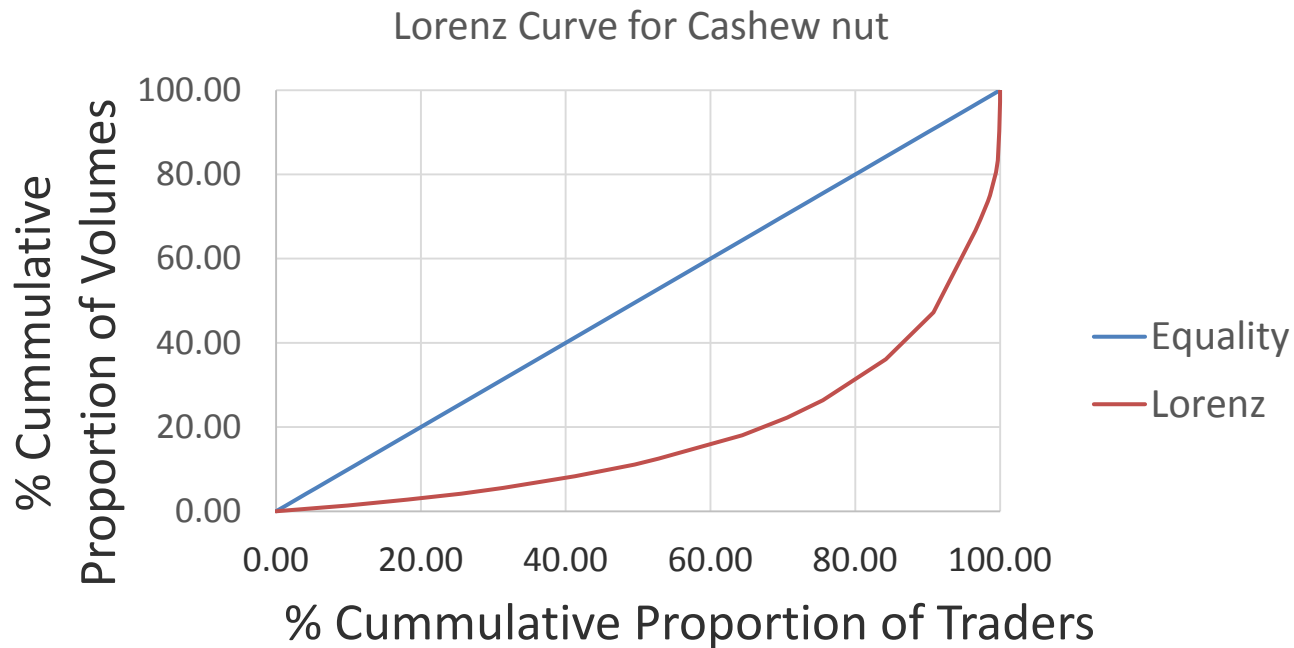
The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Preliminary Findings

Cashew nut market concentration ratio (31.37% , 64.39%)

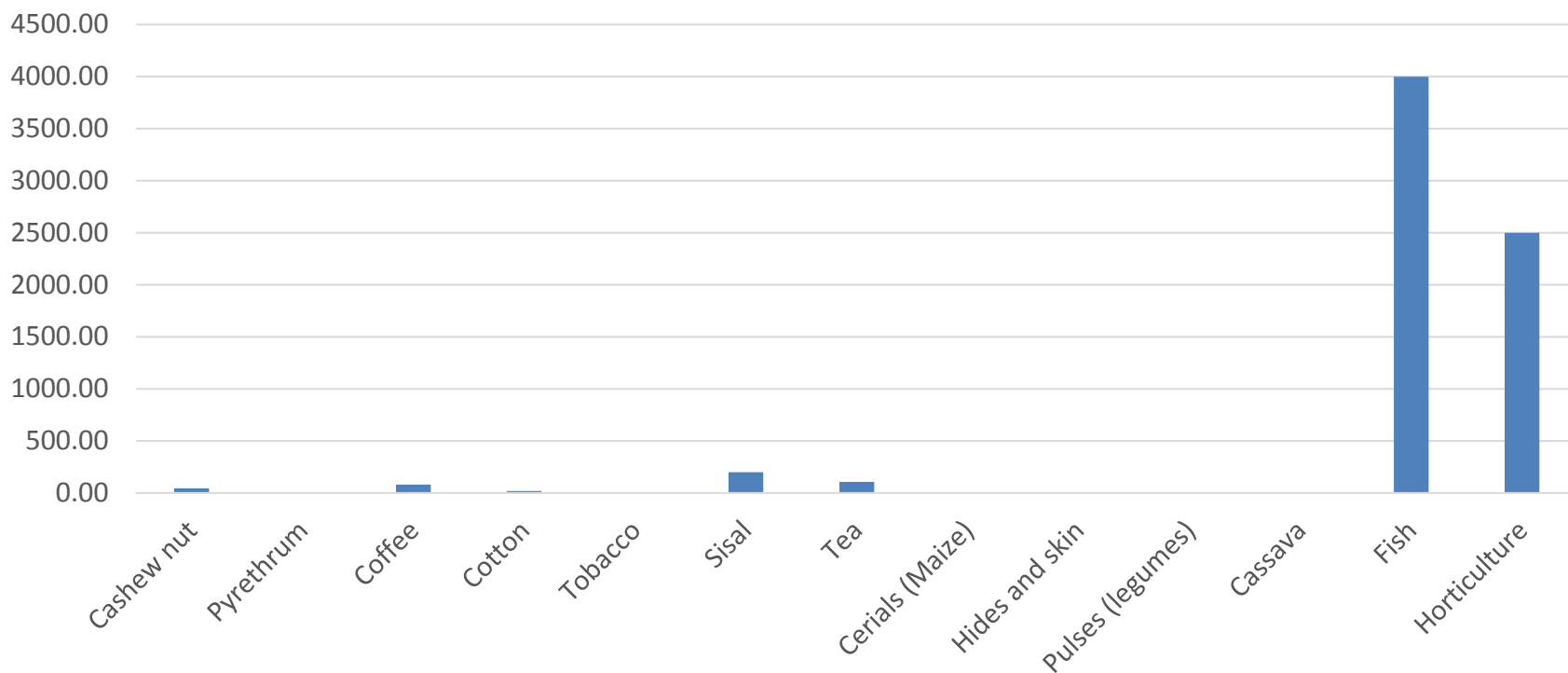
Gini Coefficient 0.663 (CBT, 2016)





Preliminary Findings

Jobs Created by Sector





The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Preliminary Findings

Market Conduct

Barrier to trade

- Permits, Licences, Taxes, Initial capital
- Poor quality of products

Misconduct practices

- Collusion
- Price fixing

Price settings

Buying and selling practices (contract farming, out growers scheme and collection points)



The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Preliminary Findings

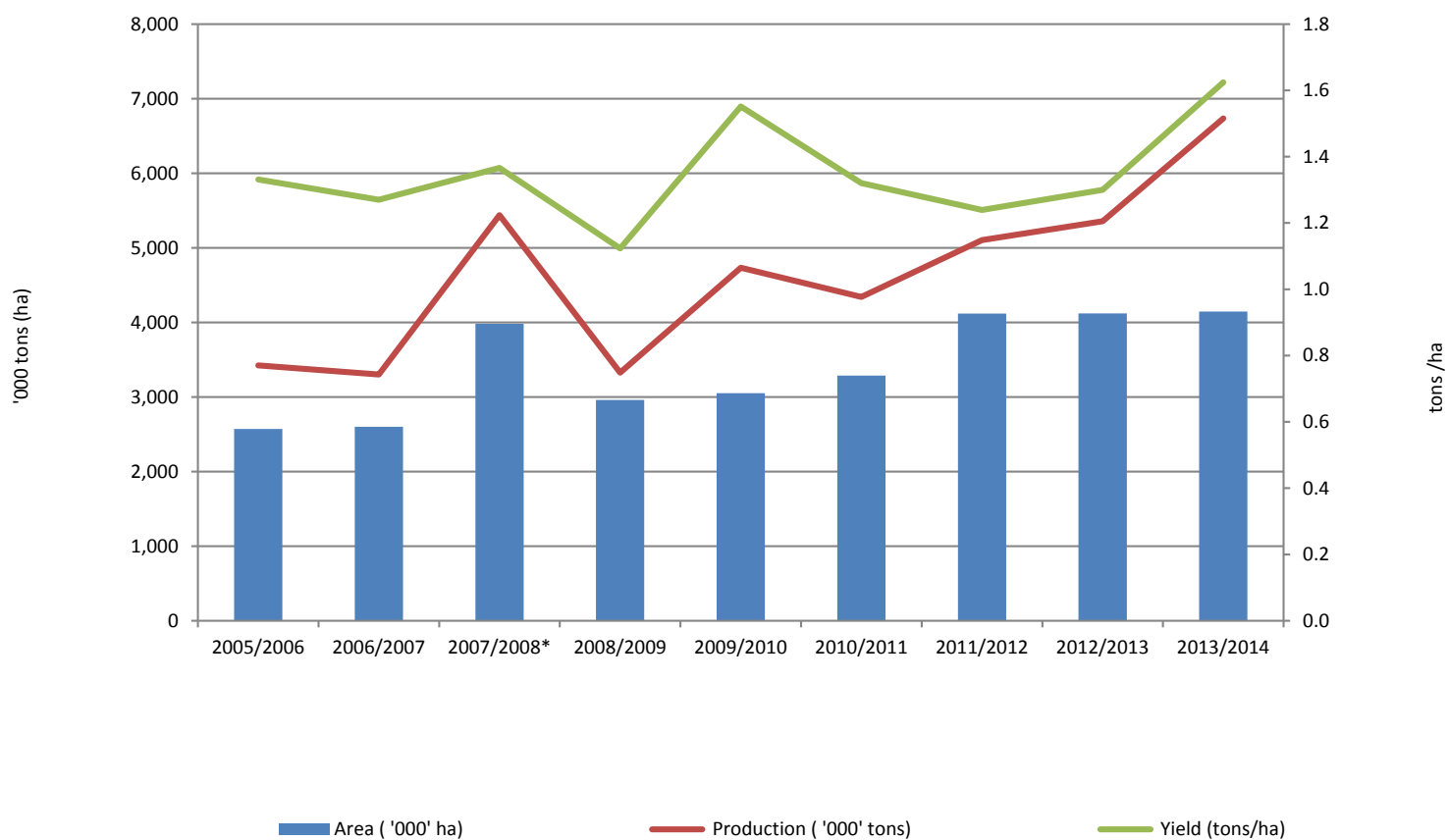
Market performance

Differences in commodities state of growth (decreasing, steady/stagnant and fast).



Preliminary Findings

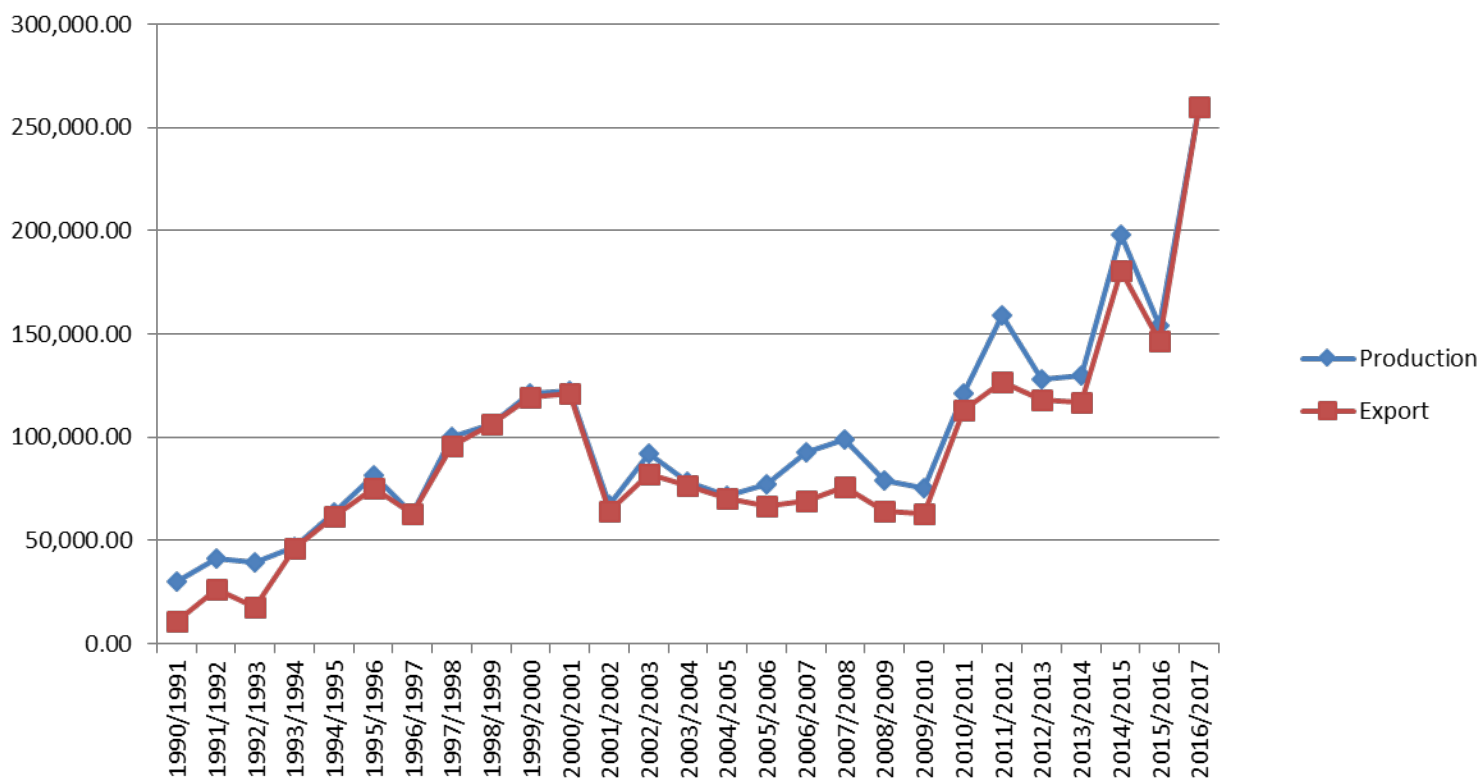
Maize (source MAFC policy brief 2016)





Preliminary Findings

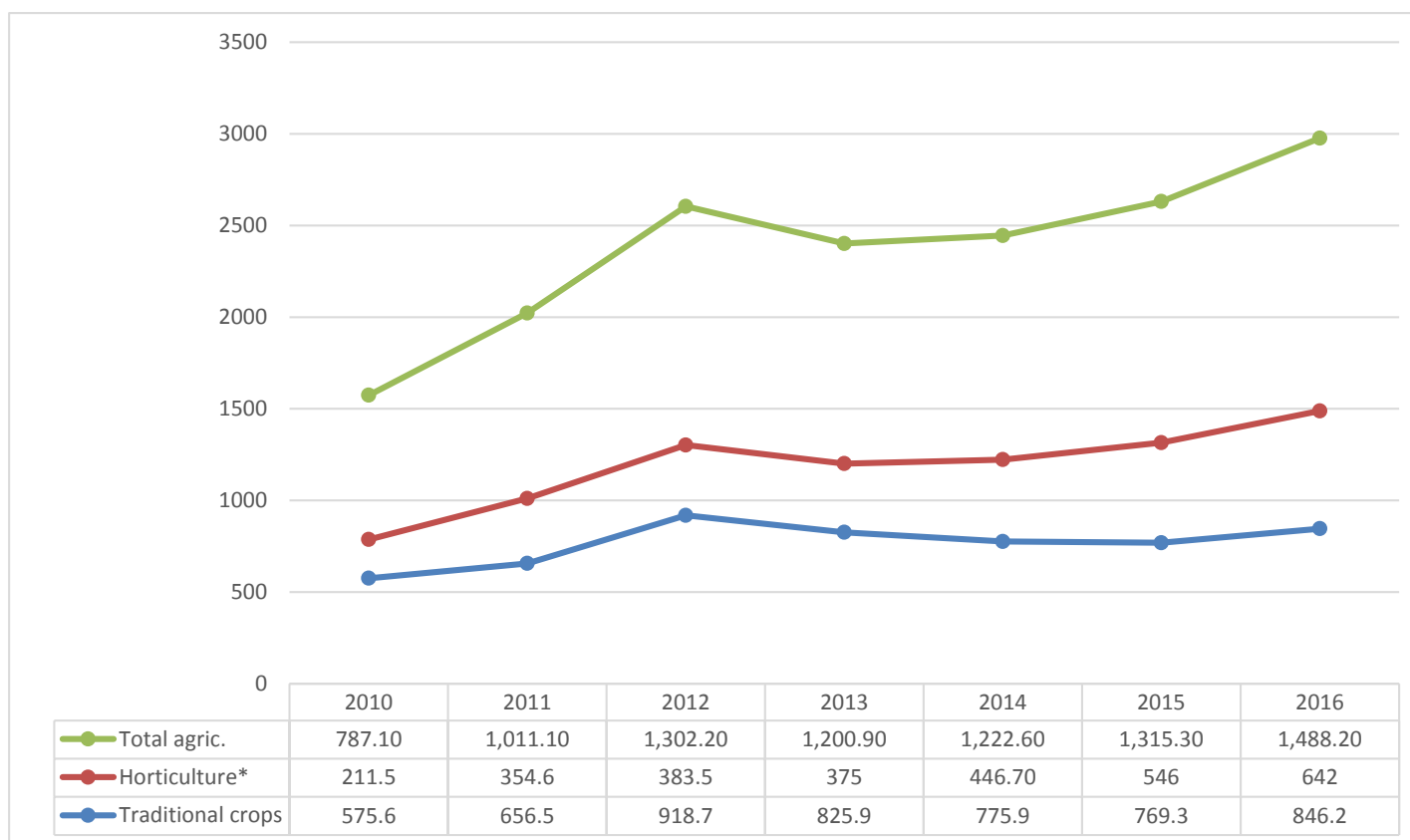
Cashew (Source CBT report 2017)





Preliminary Findings

Horticulture (flowers and vegetables) –(TAHA report 2017)





The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Preliminary Findings

Levels value addition

- Low level of value addition
- Quality issues

Very Volatile prices

- Traditional crops vs Food crops

Market share

- Negligible / Not at all



The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Preliminary Findings

Degrees of market integration

- Domestic food markets are fairly integrated
- Exported exhibit imperfect price transmission(Kilima, 2016)



Preliminary Policy Recommendation

- Government to reinforce regulations for markets competitive
take action on miss conduct behaviours
take measures on contracts that exploitative
Strengthen regulatory bodies
- Promote processing with financial facilities
- Provision of incentives and conducive environment to private sector investments



The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Next phases

Field work

Analysis of the political economy

Analysis of commodity fair competitions

Discussion of the study policy implication and recommendations

THANK YOU



MICHIGAN STATE UNIVERSITY



Dalberg

