

Tanzania faces sugar crisis as imports flood market



Tanzania needs to invest in local sugar industries to increase their capacity so that they can meet local demand. Photo/FILE

By RAY NALUYAGA The East African

Posted Saturday, April 12 2014 at 16:58

In Summary

- Last month, the four sugar producing factories in the country had at least 62,800 tonnes of sugar, which they could not sell because the market is saturated with illegal imports while their distributors had another 11,000 tonnes.
- Approximately 100,000 tonnes of sugar have entered the market despite the country banning shipping of the commodity from January.

Tanzania's sugar industry is in a crisis over the continued supply of cheap and illegal sugar imports that have left millers holding tonnes of stock.

Last month, the four sugar producing factories in the country had at least 62,800 tonnes of sugar, which they could not sell because the market is saturated with illegal imports while their distributors had another 11,000 tonnes.

A source at the Tanzania Sugar Board (TSB) said approximately 100,000 tonnes of sugar have entered the market despite the country banning shipping of the commodity from January.

Despite the massive sugar imports the price of sugar has remained relatively high selling at between Tsh2,000 (\$1.2) and Tsh2,500 (\$1.6) per kilo as opposed to the government's hopes of lowering the prices to between Tsh1,600 (\$.98) and Tsh1,700 (\$1.02) by allowing sugar imports.

Early this month, Tanzania Revenue Authority seized 15 tonnes of contraband sugar from Brazil that were illegally imported into the country through Bagamoyo.

According to TRA customs and excise deputy commissioner Patrick Kisaka the sugar enters the country through Bagamoyo and Dar es Salaam's coastal areas of Mbwani, Kunduchi, Kigamboni and Mlingotini and the government is working hard to arrest the culprits.

Per Carstedt the chairman of AgroEco Energy, a greenfield sugar project, said it is a paradox that local sugar factories have the capacity to supply only 50 per cent of the demand yet they are not able to sell what they produce.

Consumption

According to TSB, the country currently consumes 590,000 tonnes of sugar annually, while the four local sugar industries Tanganyika Plantation Company (TPC), Kagera, Kilombero and Mtibwa are capable of supplying 291,000 tonnes for the same period leaving a huge gap that is filled by illegal or cheap imports that cripple stock flow for the factories.

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The Permanent Secretary in the Ministry of Agriculture, Food Security and Co-operatives Sophia Kaduma said the country imported more sugar than it needed last year owing to the stockpiling of the product hence the ban on importation early this year.

However, the Minister for Agriculture Christopher Chiza said the ban on importation of sugar will not be permanent because local factories cannot satisfy current demand.

Mr Carstedt said to continue relying on imports instead of taking deliberate measures to promote green field investments means killing local sugar industries in the long-run because they have costs to meet yet they cannot sell what they produce.

Mary Nagu Minister of State in the Prime Minister's Office for Investment and Empowerment called on major sugar importers to invest more in production to save local industries, which are being hurt by the imports because they are cheaper than what is locally produced.

President Jakaya Kikwete recently said that Tanzania should have 10 new sugar factories by 2030. Dr Nagu pointed out that direct investment targeting sugar cane estates to get raw

materials for sugar processing in local industries could see an end to the current scarcity and the move will promote the growth of local industries.