



United Republic of Tanzania



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# Policy Brief

No. 9, 2025

## Developing Efficient and Profitable Food, Agriculture, and Livestock Products' Markets

### Key Message

Tanzania's food, agriculture, and livestock markets are expanding rapidly in response to rising domestic demand, regional trade opportunities, and global market growth, yet inefficiencies in infrastructure, value addition, financing, and market coordination continue to limit competitiveness. Despite strong export performance in crops like avocado and growing meat and leather exports, more than 90% of agricultural exports remain raw commodities, and high post-harvest losses, limited processing capacity, and heavy reliance on imports for key staples constrain the sector's potential. Government policies, including tax reliefs, protective tariffs, and the establishment of TISEZA, provide a solid foundation; however, to unlock Tanzania's full agribusiness potential, targeted fiscal incentives, stronger trade facilitation, strategic engagement with large trading houses, expanded value-addition investments, and accelerated digital market systems are essential. These actions will reduce inefficiencies, boost competitiveness, expand exports, support import substitution, create jobs, and position Tanzania as a leading regional agribusiness hub.

## Situation Analysis

Tanzania is experiencing a rapidly growing food market, driven by rising demand at domestic, regional, and international levels. Yet markets remain inefficient due to weak infrastructure, fragmented value chains, limited access to finance, inadequate market information, and policies instability. With a population exceeding 60 million and growing rapidly, the rising urbanization, expanding middle class, and rising incomes have increased demand for diversified, processed, and convenient food products, shifting consumption toward higher-value foods such as meat, dairy, fruits and vegetables, and processed products, significantly transforming market behaviors.

The value of export crops almost tripled from USD 1.2 billion in 2019/20 to USD 3.54 billion in 2023/24 (MoA, 2025), with food crops, horticulture, and traditional export crops contributing the largest share of export earnings. Specifically, avocado exports increased sharply from 17,000 tons (TZS 17.5 billion) in 2021/22 to 35,000 tons (TZS 252 billion) in 2023/24, while maize exports declined from 540,000 tons (TZS 435 billion) to 322,000 tons (TZS 348.93 billion), and rice exports declined slightly in volume but increased in value from 172,000 tons (TZS 352.32 billion) to 158,000 tons worth TZS 450.53 billion (MoA, 2025).

Currently, over 90 percent of agricultural exports are in raw forms (e.g., cashew nuts, cotton, tobacco), limiting opportunities for value addition and job creation. High post-harvest losses (above 40% for some perishables) also remain a major constraint. Most smallholder farmers cultivate less than two hectares, rely on traditional inputs, and are not well integrated into formal markets (NBS, 2024). Tanzania aims to further increase crop export earnings to USD 5 billion by 2030, leveraging its competitive advantage (under the AfCFTA) in cereals, pulses, and oilseeds. Tanzania continues to import significant volumes of food to meet domestic demand, particularly sugar, wheat, and edible oil. Annual edible oil imports stand at about 350,000 tons, with an import bill exceeding USD 170 million, while wheat imports are approximately 900,000 tons, valued at around USD 220 million (MoA, 2023).

The livestock subsector is also experiencing significant growth. Annual meat exports have reached 9,800 tons, generating USD 44 million (MLF, 2025), while raw leather exports increased to 1.7 million pieces in 2024/25, valued at USD 3.3 million. Despite this progress, Tanzania continues to face strong competition from imported livestock products, including milk, meat and leather products. Limited private-sector investment in agro-processing and limitations on value addition further constrain the sector's performance. On the other hand, poultry emerges as a high-potential subsector, offering significant opportunities to improve nutrition, create jobs, and encourage participation by youth and women.

Unlocking the full potential of both crops and livestock, therefore, requires stronger value chains, expanded agro-processing capacity, and deeper private sector engagement to position Tanzania as a competitive agribusiness hub in Africa.

## Government Interventions

- Introduction of export levies on key commodities such as raw cashew nuts, hides, and skins to promote domestic value addition.
- Provision of tax relief on packaging materials, cold chain facilities, and related technologies to lower costs and promote investment in agro-processing and storage.
- Increased import duties on processed products such as edible oil and milk to protect local industries and stimulate domestic production.

- Establishment of Tanzania Investment and Special Economic Zones Authority (TISEZA) to attract investment, promote agro-processing, and improve value-added exports.
- DiRA 2050: Prioritizing logistics, market infrastructure, and digitalization in agriculture to drive national economic transformation.

## Best Practices

- **The Special Agro-Industrial Processing Zones (SAPZ) program in Nigeria:** Explicitly designed to bring processing facilities (both crops and livestock) closer to farmers, reduce post-harvest losses, produce for export market, create more jobs and strengthen value chains. This signifies the need to move beyond just production to promote processing, packaging, branding, and product diversification so producers capture more value rather than just selling raw commodity. Also the need to focus on quality and standards including grading, packaging, and certification to align with international market standards.
- **Capitalize Local Hubs:** Kibaigwa Grain Market in Dodoma, often referred to as the “Grain Hub of East Africa,” plays a critical role in Tanzania’s food system by aggregating and trading large volumes of grains. However, most grain is currently sold raw, leaving significant room for value addition. Establishing milling, packaging, and processing facilities at or near the market would enhance efficiency, create jobs, and increase earnings. Strengthening linkages with microfinance institutions, input suppliers, and extension services would further boost farmer productivity and ensure a consistent supply, positioning Kibaigwa market as a model for modern, competitive grain trade in the region.
- **Crop and Livestock and Products Traceability:** Overtime, countries like Uruguay have been implementing a nationwide cattle tagging/traceability system and integrated it with sanitary and export certification. Systematic approach to market positioning and differentiation through quality certification and environmental initiatives, revealed how the strategy has strengthened its competitive advantage in global markets. The practice has made the country to benefit from premium international markets and gain consumer confidence. Investing in traceability in both crops and livestock products can unlock Tanzania’s higher-value export markets.

## Policy Recommendations

- Identify and propose preferential fiscal policies and tax incentives, such as reduced corporate tax rates. These measures would attract agribusiness investors, boost competitiveness, and stimulate private-sector participation, ensuring long-term investment in both crop and livestock sectors.
- Strengthen crop and livestock policies to adapt to changing market dynamics by promoting production of import substitution commodities like wheat, sugar, and edible oil, while expanding opportunities in domestic and regional markets. Leveraging the AfCFTA and strictly enforcing existing bilateral and multilateral agreements to widen market access, stabilize trade flows, and boost competitiveness.
- TANTRADE should raise awareness on emerging market opportunities from regional and international agreements, while TISEZA and financial institutions facilitate local investors to capitalize on these opportunities through investment support, advisory services, and financing linkages.
- Leverage the strength of major regional trading houses with established supply chains by offering targeted incentives for them to invest in domestic production and processing.

This approach would reduce dependency on imports and build local production capacity, following successful models such as Nigeria’s Dangote Group, which transitioned from importer to exporter and regional investor. Attracting trading houses into key sectors like sugar, edible oil, wheat, and dairy would stimulate industrial growth.

- Promote and support value addition investments close to production areas, increase the value, meet market demand, enhance the shelf life, reduce post-harvest losses, lower transport costs, and ensure timely market access.
- Scale-up and promote digital crop and livestock commodity marketing systems, such as the Tanzania Mercantile Exchange (TMX), Warehouse Receipt Systems, and mobile platforms to enhance transparency in price discovery and stability.

## Policy Implications

- By implementing fiscal incentives, promoting digital marketing platforms, and promoting investment from trading houses, Tanzania can improve efficiency in agricultural trade.
- Incentivizing domestic production and strengthening agribusiness investment in value addition especially in processing and packaging and reduce reliance on exporting raw agricultural products, while creating jobs, increasing revenue to smallholder farmers, and boosting competitiveness in regional and global markets.

## Bibliography

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