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**East Africa**

**EAC Countries In New Effort To Add Value To Agricultural Products**

Rwanda, Uganda and Kenya are set to add value to their agricultural produce as well as reduce losses on perishable commodities following a US$2 billion investment in cold storage facilities. The investment by UPL Limited, an Indian based firm, in partnership with Alliance for a Green Revolution in Africa (AGRA), aims at creating innovative supply chains and energy efficient cold storage systems. The move will reduce post-harvest losses which are estimated at more than 40% of potatoes, fruits, vegetables. The investment is also expected to reduce imports of processed agricultural products which has contributed to the region’s high import bill.

*New Times 13/06/15*

**Nigeria**

**Nigeria To Stop Importation of 6-Commodities By 2018**

The Minister of State for Trade and Industry has disclosed that the Federal Government would stop the importation rice, wheat, sugar, cotton, tomato paste and processed meat by 2018. Nigeria is also aiming to stop the importation of cotton and other commodities to ensure self-sufficiency for textiles and garment manufacturers in the country.

*Daly Trust 11/05/16*

**Rwanda**

**Made-In-Rwanda Campaign To Go Online Targets New Markets**

An initiative that will enable small-and-medium enterprises [SMEs] to market and sell their products online will be unveiled soon as part of Made-in-Rwanda campaign aimed at penetrating new global markets. The project that will initially help local producers in agro-processing, horticulture and manufacturing, deepen market reach will be facilitated by International Trade Centre [ITC] and the Ministry of Trade and Industry. ITC is already supporting similar projects in Senegal and Morocco.

*New Times 20/05/16*
Tanzania

Commodities Exchange Rollout In July

Tanzania Mercantile Exchange (TCX) is set to start operations in July after tackling some issues related to warehouse receipt. TCX is expected to start with cashew nut whose marketing season is between September and January. The cash crop was chosen, thanks to its warehouse receipt system already in place. At present experts are undertaking a gap analysis study to ascertain the challenges that affected the warehouse systems prior to a sensitisation campaign for the launch of exchange. Already the Capital Markets and Securities Authority (CMSA) has trained and licensed some 60 commodity dealers.

Crop Boards Given Last Chance

The Tanzanian government contemplates slicing down a number of crop boards to two; one that will oversee cash crops and the other for all other harvests. In the same vein, levies and nuisance taxes currently being imposed on farm produces will be reduced. The Minister for Agriculture, Livestock and Fisheries, Mr Mwigulu Nchemba, gave all the boards a last chance to justify their presence including the Tanzania Cotton Board, Tea Board of Tanzania, Tanzania Tobacco Board, Tanzania Coffee Board and Sugar Board of Tanzania. Once the decision is reached, cotton, coffee, cashewnuts, tea, tobacco and all other cash crops will fall under one entity.

Tanzania To Build US$3 Billion Fertiliser Plant This Year

Tanzania plans to start work this year on a US$3 billion fertiliser plant, Africa’s largest, as part of an effort to increase its agricultural production. The factory, which Tanzania is building along with a consortium from Germany, Denmark and Pakistan, will have a capacity of producing 3,800 T/dy. Tanzania currently imports most of its fertiliser for crops including coffee, sugar and maize. State-run Tanzania Petroleum Development Corporation (TPDC) has signed a joint venture [JV] agreement with German firm Ferrostaal Industrial Projects, Danish industrial catalysts producer Haldor Topsøe and Pakistan’s Fauji Fertilizer Company to develop the plant. The plant will be operational in 2021. Fertiliser will be used to boost agriculture output, while surplus capacity will be exported to foreign markets.
COMMODITY NEWS
CASHEW, GROUNDNUT & SHEA

Regional
3rd African Cashew Initiative

The 3rd African Cashew Initiative, branded the Competitive Cashew Initiative [ComCashew] Master Training Programme was held in Ho, Ghana. The programme, with assistance from the German Government, FairMatch Support and other agencies, attracted participants from 12 African countries. It was aimed at promoting cashew-value-chain in Africa and themed, “Cashew Value Chain Concept; the dynamics of the cashew market and the development of training materials.” The 1-week training includes field visits and practical sessions.

[Ghanaweb 11/05/16]
Cote d’Ivoire

Cote d’Ivoire Becomes World’s Largest Exporter Of Cashew

Cote d’Ivoire have overtaken India to become the lead exporter in the cashew nut industry. Meanwhile President Ouattara is aiming even higher by announcing the nation is working towards having 100% of nuts processed inside the country by 2020. [BBC 22/05/16]

Ghana

Ministry Pushes For ECOWAS Cashew Market

The Ghanaian Ministry of Trade and Industry has called for the establishment of an Economic Community for West African State [ECOWAS] Cashew Market to make the crop competitive in the sub-region. The move would promote collaboration through intra-continental trade to make use of the excess cashew produced.

The continuous closure of borders to sister nations was contrary to the motives of AU and challenged players in the sector to think about cashew in the “regional dimension”. The Ministry noted the AU was working on a Continental Free Trade Area [CFTA] and urged cashew stakeholders to take advantage of initiative to create a central market for the crop.

Dr. Obafemi Oyewole, the Managing Director of the African Cashew Alliance [ACA], noted a regional market would enhance intra-regional trade and pledged the readiness of the Alliance to support and explore opportunities for the establishment of the market. [Ghanaweb 11/05/16]

Ministry Of Trade Moves To Boost Production

The Ministry of Trade and Industry is putting in place an inventory system for cashew processors and will collaborate with the private sector to roll out a programme to boost cashew production.

The move is part of government’s initiatives to make the industry viable and is engaging with stakeholders and the cashew farmers association. The Government is setting up a board to regulate pricing and even drafting a cashew policy for the industry to enhance productivity. [Ghanaweb 21/05/16]

Nigeria

Farmers Should Capitalize On Cashew

The National Cashew Association of Nigeria [NCAN] has said that the huge global demand for cashew nuts could make millionaires of Nigerian farmers who export the crop. Cashew, which is an important industrial and export crop in Nigeria, provides livelihoods for over 300,000 families generated US$253 million in 2015.

In Nigeria, cashew grows successfully in virtually all agro-ecological zones, including the semi-arid areas, but with high concentration in the middle belt areas in smallholder farms and plantations. Global demand, estimated at about 3 million MT p.a., is outstripped by a total global supply of only about 2 million MT, which means there is ample room for new players in cashew nut exportation. Countries with a high demand for cashew nuts include the USA, India, China, Vietnam, Brazil and several European countries. NCAN has said that Nigeria needs to grow about 53 million new cashew trees to capitalise on the cashew shortfall. [Fresh Plaza 10/05/16]
Nigeria

N85 Million Cassava Processing Plant Launched

A cassava processing plant has been inaugurated in Igbotako in Okitipupa, Ondo State. The plant has the capacity to produce 1.2-T of high quality garri, 1-T of odourless fufu, 0.75-T of composite flour for the bakery industry and 0.5-T of high cassava starch per day.

[Daily Trust 23/05/16]

US$1 Million Grant To Enhance Production

The Rockefeller Foundation, Dalberg and the International Institute of Tropical Agriculture (IITA) have launched an Innovation Challenge to uncover innovative solutions to increase cassava shelf life in Nigeria. The Challenge was announced at the just concluded World Economic Forum - Africa annual meetings in Kigali, Rwanda, and will provide up to US$1 million in funding, as well as technical assistance to implement business model development and product design. Nigeria is the world’s largest cassava producer, accounting for more than 20% of global production - more than 50 million tons annually, grown by nearly 30 million smallholder farmers.

[This Day 16/05/16]

Nigeria Building A Cassava Seed Value Chain

A 4-year project to develop a commercially sustainable cassava seed value chain in Nigeria, has been launched. Titled: ‘Building a Sustainable, Integrated Seed System for Cassava in Nigeria’ (BASICS), the US$11.6 million project is funded by the Bill & Melinda Gates Foundation and led by the CGIAR Research Program on Roots, Tubers and Bananas (RTB). Currently Nigeria’s average yields of 14 T/ha are less than half of what may be realistically attainable.

[This Day 11/05/16]
Regional

Cargill Projects Global Cocoa Deficit For 2015-16, Surplus In 2016-17

Cargill is forecasting a global cocoa deficit of 160,000 MT for the 2015/16 season after smaller-than-expected mid-crops from dominant West African producers Cote d’Ivoire and Ghana. Overall cocoa supplies, however, remain good - boosted by a global surplus of 170,000 MT in 2014/15 [October/September], with potential for a substantial surplus in 2016/17. A period of 6-weeks in January and February saw little rain which impacted the mid-crop in Cote d’Ivoire and also in Ghana. The drought also reduced bean size, making them harder to process and reducing their fat content. The Ivorian Coffee and Cocoa Council [CCC] also bans exports of small beans.

Cargill’s forecast 2015/16 deficit is smaller than some other market participants as it expected the global grind to fall by between 0.5-1%. Others are expecting the grind to rise. Cargill is expecting production to rebound in 2016/17 with a substantial global surplus anticipated based on good pod-set and assuming normal weather.

Meanwhile cocoa supplies are good following the surplus in 2014/15, with overall combined certified stocks for London and New York futures around a five-year high. However, London cocoa futures are trading at inverses with nearby prices at the premium to forward months. Inverses are a reflection of the fear factor of a sizeable deficit and forward selling by Cote d’Ivoire and Ghana which creates more selling pressure on the back end.

[Reuters 22/05/16]

Poelma To Lead Cargill’s Cocoa Unit

Minneapolis-based Cargill Inc., one of the world’s largest food traders, has appointed Harold Poelma to lead its global cocoa and chocolate business. Poelma, who joined the company in 1987, replaces Jos de Loor who will leave the company after 29 years. Poelma, who was most recently managing director for Cargill’s refined-oils business in Europe, is no stranger to the cocoa market. He joined the trader’s cocoa and chocolate unit in the Netherlands in 2001 before moving elsewhere within the company in 2012.

[Cargill 18/05/16]
Cameroon

Prices Rise In May After Months Of Stagnation

Cameroon cocoa prices rose across all regions in May, ending months of price stagnation as increased investment began to pay off. Prices ranged from 1300 CFA francs [US$2.22] in the eastern region to 1650 CFA francs in the center of the country, a slight increase on April. Prices have remained largely stagnant since the beginning of the year, but an investment of 40 million CFA francs since January from the Interprofessional Cocoa and Coffee Council [ICCC] has helped boost crop quality.

[Business Recorder 23/05/16]

Atlantic Cocoa Plantations To Launch Agro-Industrial Project

Atlantic Cocoa Plantations SA established by Ivorian businessman Kone Dossongui will embark on the production and processing of cocoa in Cameroon. With a starting capital of 10 million CFA francs, the Yaounde based company, will establish, develop and operate agricultural plantations for small and medium sized farms and aims to construct a bean processing plant.

The Cameroon Government wants to revive the cocoa-coffee sector and has implemented a plan since 2015 to achieve national cocoa production of 600,000 MT by 2020 against an annual average of 200,000 MT at present.

[Investir Au Cameroon 24/05/16]

Cote d’Ivoire

Forward Sales Of 1-Million Tonnes

The Ivorian Coffee and Cocoa Council [CCC] has made forward sales totalling 1-million tonnes from the 2016/2017 cocoa crop, achieving its targets earlier than planned, the finance ministry and cocoa council regulator sources said. The nation brought in a record harvest of around 1.8 million tonnes in 2014/15 but dry weather this season has led to a disappointing forecast of 1.6 million tonnes.

[Informa 29/04/16]

Mid-Crop Hurt By Hot Weather

Hot and dry weather in most of Cote d’Ivoire’s main cocoa regions has damaged trees needed to ensure abundant beans of good quality during the last stage of the mid-crop. This has led exporters to lower production forecasts for the March-to-April mid-crop harvest.

The government is forecasting a crop of 1.6 million MT for the season. Port arrivals reached 1,216,751 MT at the end of the main crop, according to data from the Coffee and Cocoa Council [CCC]. There had been general consensus at the start of the year among exporters that mid-crop production would reach about 500,000 MT. However, five sector players, including exporters and pod counters, told Reuters they were lowering their forecast to between 330,000-360,000 MT. Singapore-based Olam International pegged the Ivorian mid-crop at 450,000 MT in late February.

Some exporters are worried that the current unfavourable growing conditions could continue into June or even have a negative impact on the development of the 2016/17 main crop. The mid-crop runs from April to September and farmers said they need abundant rain until June to improve bean size and quality from July to September.

[Reuters 09/05/16 & 15/05/16]
Cote d’Ivoire

Sector Reserve Fund Up 58% June 2015 - January 2016

Cote d’Ivoire’s cocoa sector reserve fund rose 58% to 120 billion CFA francs [US$206.47 million] between June 2015 and January 2016, according to the Coffee and Cocoa Council [CCC]. The figure represents the highest level since the fund was established in 2012 to protect against a drop in the global cocoa price or in the event that a cocoa operator goes out of business.

Ivorian cocoa beans and products were down 2% at the end of the main crop season compared with the same period last season. The sale of export contracts for the 2016/17 season also dropped from 10,000 T/dy to 600 T/dy between the end of April and now. This is a sign that almost all the 1 million tonnes forecast for next season’s production, which starts in October, have been sold. The CCC puts export contracts for the coming season up for sale every day in two sessions. At the end of April, CCC reached 1 million tonnes of export sales contracts for next season.

[Reuters 18/05/16]

First Chocolate Factory

Cote d’Ivoire, the world’s biggest exporter of cocoa beans, has for a long time reaped little profit from the staple food. Now, in a new effort to help gain more benefit from cocoa production, the government has built the country’s first chocolate factory. It is the first step towards becoming the world’s leading grinder of cocoa. Meanwhile the government is trying to attract foreign investment in the country’s cocoa sector.

[Aljazeera 19/05/16]
Ghana

COCOBOD To Raise US$2 Billion For Purchases

The Ghana Cocoa Board (COCOBOD) is to raise US$2 billion from a consortium of international banks to finance the purchase of cocoa beans in the 2016/17 crop season. The Ministry of Finance has presented a paper to Parliament seeking approval for the receivables-backed trade finance facility in which the Government would serve as guarantor. The facility enables COCOBOD to raise adequate funds to purchase cocoa beans from farmers through licensed buying companies [LBCs].

The US$2 billion is higher than the $1.8 billion which was approved and raised by the COCOBOD in the 2015/16 season for the purchase 850,000 MT. This year, the board is hoping the country will produce 900,000 MT.

In February 2016 COCOBOD made the first repayment of US$285 on last season’s loan which attracted 1.19% interest. The rest is to be repaid in 7-instalments over a 7-month period. Indications are that the board would finish the repayment by August this year.

[Ghanaweb 19/05/16]

Dry Weather Worries Farmers Ahead Of Light Crop

Ghana’s upcoming light cocoa crop will do little to help the country reach a government target of 850,000 MT due to insufficient rain. Ghana’s 2014/15 output came in at 730,000 MT - well below an initial forecast of more than 1 million MT - due to poor weather and what farmers said were inadequate supplies of fertilisers and pesticides.

Industry regulator Cocobod’s 2015/16 production target, set at the start of the season in October, is in line with Ghana’s average annual output of 850,000 MT, the bulk of which is harvested during the main crop that runs from October to May. The light crop, also called the mid-crop, is expected to open next month, though its start date can vary, and officials were confident Ghana was still on track to hit its target. But while weather conditions have improved compared with last year, farmers said rains, which started in March and are vital to the development of the light crop, have been insufficient and patchy.

A broader concern could see production “topped out”, given the advanced age of many trees and an ageing cocoa workforce, meaning that output may not increase much over the next 5-years.

[Reuters 12/05/16]
Cocobod Confident Of Achieving 850,000m/T Target

Ghana Cocoa Board [Cocobod] is confident that it will achieve its targeted output for 2015-2016 crop-year harvest target of 850,000 MT, though the Harmattan at the beginning of this year impacted negatively on the farming activities. The Board set a target of 850,000 MT for the 2015/2016 up from the 800,000 MT from the previous crop season. This year, the Board is hoping the country will produce 900,000 MT of the crop.

[Ghanaweb 21/05/16]

Agroecom To Pay Premium To Cocoa Farmers

Agroecom Ghana Ltd, a leading cocoa purchasing company, has announced the payment of US$5 million as premium to farmers for the 2015/2016 season. More than 100,000 cocoa farmers will benefit from the package to sell 40,920 tonnes of certified cocoa to the company from some of its project development areas.

[Ghanaweb 12/05/16]

Daily Spot Price [ICCO]

These are the average of the quotations of the nearest three active futures trading months on NYSE Liffe Futures and Options and ICE Futures US at the time of London close.

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Kenya

Bill Drafted To Cushion Coffee, Tea Farmers From Price Drops

The Kenyan government may be compelled to cushion coffee and tea farmers from poor prices by guaranteeing them a minimum payment for produce sold in export market. A Bill by Kiharu MP Irungu Kang`ata is meant to ensure farmers do not suffer adverse effects of fluctuating global prices once the produce is auctioned. The Bill proposes to double the allocation to the Commodities Fund from which more than a million small-scale farmers would be paid a base amount to be determined by the authority as well as extend loans for buying inputs. The proposed law is likely to be well-received by farmers, who are usually unable to determine what income they get. The Bill confers the mandate of determining the minimum amount to be earned by farmers to the authority, as well as determining revenue-sharing formula between the producers and marketers.

[Daily Nation 19/05/16]

Uganda

Coffee Farmers Want Credit Fund

Coffee farmers have asked the Government for a national coffee fund through which they can access affordable long-term loans to increase production and grow the subsector. The National Union of Coffee Agribusiness [NUCAFE] notes lack of access to affordable credit and little research have constrained coffee production and productivity, stagnating it at an average 3.3 million bags for the past 20 years, with the highest recorded being 4.2 million of 60kg bags in 1996/1997. In 2014, Uganda exported only 3.44 million bags of coffee at US$409 million. This was down from the 3.67 million bags exported in 2013 worth US$424 million.

Commercial bank interest rates currently average 25%, which is too expensive for farmers and ordinary borrowers. It is estimated that there are about 500,000 smallholder coffee farms in Uganda, each covering less than 2.4 acres of land. Production stagnation is also hinged on poor agricultural practices, poor post-harvest handling methods, pests and diseases and counterfeit inputs. Others are nurturing aging coffee trees, poor marketing and low value addition.

Stakeholders also called for the enactment of a coffee law to guide production and ensure high quality standards in planting, harvesting, drying and processing. The Government plans to set up a Coffee Regulatory Authority to monitor, guide and enforce standards and practices across the value chain to improve the competitiveness of Uganda’s coffee on the international market.

[New Vision 16/05/16]
Regional

Global Cotton Stocks Down First Time Since 2010-11

USDA’s Economic Research Service [ERS] is forecasting a decline in global ending stocks of cotton in 2015/16 – a 9% slip from last year’s record that nearly topped 112 million bales. The marketing year runs August to July. Cotton prices have been rising steadily since the 2010/11 marketing year as relatively high prices encouraged production and discouraged consumption. ERS attributes this recent build-up of global stocks to Chinese policies that protected its growers from declining world prices. But recent policy shifts there intend to reduce government-held stocks China’s share of global stocks is more than 60%.

Benin

Output Dropped By 33% During 2015-2016 Season

Cotton production in Benin plunged by more than a third during the most recent season according to President Patrice Talon. Output by Africa’s third-largest cotton producer was 260,000 MT during the 2015-2016 season down from 394,000 MT in the previous season due to a lack of pesticides and fertilizers. Last month Talon ceded control of the sector to the professional cotton association after his predecessor seized it in 2012. The presidency said investors had been scared away by the state-run system.

Burkina Faso

700,000 Tons Of Seed For 2016-2017

Cotton production expected for the 2016/2017 season has been estimated at 700,000T up from the 581,000T in the previous season. To boost the sector, the government has kept the price of inputs at CFAF15,000 a bag and increased the price of cotton seed from CFAF200 to CFAF235/kg. This increase will cost the State around CFAF 31.5 billion for a used area of 800,000 ha. For the 2016-2017 season, the reduction of transgenic cotton will be around 70% while for the 2017-2018 period, production will be 100% made up of conventional cotton.
Cameroon

Sodecoton Aims To Produce 267,000 Tons In 2016

The company responsible for cotton development, La Société de développement du coton [Sodecoton], aims at producing 267,000T in 2016. Although there has been a severe drought this year especially in the northern part of the country, good irrigation techniques should not affect production. In February, to finance its 2016 campaign, Sodecoton raised FCFA35 billion [extendable to FCfa40 billion if required] through a consortium of 5-local banks. Funds will be used to purchase cotton from 250,000 Northern based producers.

Sodecoton Paid FCFA78 Billion For 2015-2016 Season

La Société de développement du coton [Sodecoton] bought slightly over FCfa 78 billion worth of cotton from producers during the 2015-2016 season. The 250,000 producers that the company manages with the support of the National Confederation of Cotton Producers of Cameroon [CNPCC] received loans worth approximately FCfa 38 billion for the purchase of inputs each year.

Cote d’Ivoire

Farmers Wary Ahead Of 2016-17 Season

Farmers in Cote d’Ivoire are reluctant to plant for the 2016/17 cotton season after last year’s poor crop saddled them with debts, potentially endangering an expected rebound in production. Cote d’Ivoire is one of Africa’s major cotton exporters, producing around 400,000 MT p.a., before a 2002-2003 civil war split the country and halved production. Output has steadily increased since a decade of political turmoil ended in 2011, reaching roughly 450,000 MT of unginned cotton in the 2014/15 season.

The government is targeting production of 600,000 MT by 2020. But output fell by more than 30% last season to around 310,000 MT, a drop ginners blamed on heavy rains. With the arrival of the first rains earlier this month, farmers are now beginning to plant this season’s crop, and Intercoton, Cote d’Ivoire’s association of cotton ginners and farmers, expects output will gradually rise. However, many farmers said that the cotton they harvested last season did not even cover what they owed ginners for seeds, fertiliser and pesticides. With other options available, including northern Cote d’Ivoire’s new cash crop, cashews, some farmers are planning to reduce their dependence on cotton.
Mali

Forecast For 2016-17 Cotton Harvest Reduced

Mali has cut its cotton production forecast for the 2016/17 season to 650,000T from a previous estimate of 750,000 to 800,000T according to the Malian Company for the Development of Textiles. No reason was given for the reduction. The cotton season opened last month.

Last season’s crop of 513,553T was far less than a 650,000T target because of late rain damage, highlighting the difficulty of meeting harvest goals. The late rains drenched crops and disrupted ginning in most regions in January and hit output. The cotton harvest in Mali runs from April to April. Production begins in May-June and ends in September-October. Commercialisation starts in October-November and ends at the end of March with cotton to trade at 250 CFA francs per kilogram for the 2016/2017 season up 13 CFA francs on the previous season.

[Reuters 03/05/16]

Senegal

Sodefitex Plants 30,000 Hectares

The Senegalese Textile Fibers Development Corporation (Sodefitex) wants to sow 30,000-ha in the 2016/2017 campaign. The last campaign ended with a harvest of 20,285T of white gold down on the previous year despite an increase in the area planted. Yields averaged at 664 kg/ha peaking at 1,151 kg/ha in the Kedougou region.

[Ecofin 23/05/16]

South Africa

2015-16 Harvest Declines Almost 50%

South Africa will produce almost 50% less cotton this year than in the previous season after farmers switched to more profitable crops. Last year saw the lowest rainfall since records started in 1904, raising corn prices and prompting farmers to switch to more profitable crops. According to Cotton South Africa, the nation will produce 48,200 bales of cotton in the 2015-16 season, including an estimated 600 bales from Swaziland.

[Bloomberg 05/05/16]
Regional

Illegal Fishing Accord To Enter Into Force

Illegal, unregulated and unreported [IUU] fishing is to become more difficult from 5th June 2016 thanks to the imminent entry into legal force of the Port State Measures Agreement [PSMA]. The ground-breaking international accord championed by the Food and Agriculture Organization [FAO] and endorsed by 30 countries targets will oversee more than 62% of worldwide fish imports and 49% of exports, which were US$133 billion and US$139 billion respectively, in 2013. Each year, IUU fishing is responsible for annual catches of up to 26 million tonnes, with a value of up to US$23 billion. It also undermines efforts to ensure sustainable fisheries and responsible fish stock management around the world.

The new treaty requires that parties designate specific ports for use by foreign vessels, making control easier. Those ships must request permission to enter ports ahead of time, and provide local authorities with information, including on the fish they have on board, and allowing inspection of their log book, licences, fishing gear and actual cargo, among other things. Importantly, the Agreement calls on countries to deny entry or inspect vessels that have been involved in IUU fishing, and to take necessary action. To support this, the Agreement also includes the obligation for parties to share information regionally and globally, regarding any vessels discovered to be involved in IUU fishing.

FISH-I Africa

This concept isn’t new; it already has practitioners on the ground - and they’re proving it can work. In the waters of southeast Africa, countries have joined forces to create FISH-I Africa, a group of 8-coastal nations that track suspicious vessels and exchange information about their activities in real-time, motivated by the astonishing fact that one in four fish caught in African waters is pilfered by pirate fishers. Since it was formed in 2012, the network has stopped a number of illegal multinational vessels from docking in African ports. In just the first 2-years of its existence, FISH-I Africa got illegal vessels to pay almost US$3 million in fines for their infringements.
Mauritania
EU Reaches 4-Year Fishing Rights Deal
EU officials have reached a 4-year fishing rights deal with Mauritania that allows access to catch shrimp, demersal and small pelagics in exchange for annual payments. The EU will pay Mauritania €59.125 million in compensation for the fishing rights in its exclusive economic zone, €55 million for the total allowable catches and €4.125 million in aid to support Mauritania’s fishing sector policies. The parties have had similar agreements in place since 1989 but the last one expired at the end of 2014. According to the EU vessels fishing in Mauritanian waters are Spanish, Italian, Portuguese, French, German, Latvian, Lithuanian, Dutch, Polish, British or Irish.

Mozambique
Tuna Fleet Sits Idle
The 24 fishing vessels sitting in Maputo harbour were meant to be a modern tuna fleet that would spur development in the country, but instead are sitting idle. The boats were paid for out of an US$850 million loan arranged in 2013 by Credit Suisse and Russia’s VTB to finance fishing infrastructure, but the project has proven unsuccessful. Ematum’s results published last year pointed to the fleet catching just US$450,000 of tuna a year, compared with sales of US$18 million forecast in 2013.

Senegal
2015 Sees Fishing As Main Export Item
In 2015 Senegal’s primary export was fishing raking in 194.6 billion CFA francs or 20.8% of national export earnings. In a move to strengthen these achievements, the Minister of Fisheries announced that it would concentrate on furthering its intervention policy and regulatory framework to promote the industry.
Regional

Coca-Cola HBC Would Consider Expanding In Africa

Coca-Cola HBC, a bottler of Coca-Cola drinks, is open to further acquisitions in Africa if the right opportunity became available. Coca-Cola and brewer SABMiller are combining their African soft drink bottling operations, but the future ownership could change, since SABMiller is in the process of being bought by Anheuser-Busch InBev.

[Reuters 13/05/16]

South Africa

Record Macadamia Nut Prices Forecast For 2016 Season

Hit by tumultuous market conditions in 2015, macadamia nut farmers are expected to see record prices for the 2016 season, owing to a combination of the drought in South Africa and Malawi, consistent production levels elsewhere in the world, increased demand from the US and China, and the weak Rand. The drought will reduce the crop by 10% on last year and 20% lower than the 2016 industry forecast. Usually the industry sees a 12-15% increase in volume each year, owing to new trees coming into production but the drought will mostly eliminate any increase. However reduced volumes could mean better prices.

Meanwhile demand from China has increased significantly over the past few years along with strong demand from the US could result which should increase the dollar price paid for macadamias. Coupled with the weakening Rand and a smaller supply to the market owing to the drought, the market is set to hold with minimal disruptions this year. China is also insisting on higher quality than before and are looking for larger in-shell with low levels of unsound kernel. In many cases, the drought would cause the kernels to be smaller than that wanted by China.

New regulations are also coming into effect this year that will severely impact on the type of nuts that are exported. This means farmers will need to be more thorough during their on-farm grading process so that they don’t get penalised at the factory. Irrespective of the drought, the ongoing planting of macadamia trees would see a doubling of South Africa’s production by 2020. The South African Macadamia Growers Association is about to launch a promotion campaign to promote South Africa’s macadamias both locally and internationally.

[Engineering News 12/05/16]
Uganda

NAADS, WFP To Build Grain Stores

The National Agricultural Advisory Services [NAADS] and United Nations World Food Programme [WFP] have signed a MoU to construct community grain stores in 10 districts of Uganda. The initiative is an effort to address challenges in grain storage in the country and also enhance the access of small-scale farmers to quality produce markets. Under the agreement, NAADS will provide US$1 million to WFP for the construction and equipment of the warehouses. The stores will be set up in the districts of Adjumani, Hoima, Kibaale, Kiboga, Kiryandongo, Kyenjojo, Masindi, Mubende, Nakaseke and Napak. Each unit will have a storage capacity of between 200-300 MT.

[Zambia]

Zambia

Zambia Delays Maize Exports Until September

Zambia will not export maize from its current harvest until the end of September to ensure that it has enough stocks for local consumption. Zambia has said its maize production will rise to 2.87 million tonnes in the current 2015/2016 crop season from 2.60 million tonnes the previous season. The planting season in the southern African nation runs from November to December and the harvesting takes place in April and May. Maize meal prices in Zambia have been on the rise, which authorities have blamed on smuggling to neighbouring countries.
East Africa

Arusha Hosts Meeting On Banana Production

Global researchers met in Arusha to implement a 5-year project on improving banana production and productivity in Tanzania and Uganda. The 4-day meeting involved Australian, Brazilian, Indian, Malaysian, Tanzanian, Ugandan, Swedish, Belgian, South African and US experts. The International Institute of Tropical Agriculture (IITA) noted the project aimed at strengthening banana breeding programmes to upscale and speed up efforts of developing new high-yielding and disease-resistant hybrid varieties.

[Citizen 04/05/16]

Ghana

Vegetable Ban On Ghana Export To EU To End December

The Minister of Food and Agriculture (MoFA) noted the ban on Ghanaian vegetables to Europe would end by December 2016, adding that drastic measures were being put in place to secure Ghanaian vegetables a place in the European Union (EU) market. A refurbished inspection facility is one of the numerous steps being implemented to allow more testing to be done. Additional measures include the development and implementation of a standard operating procedure for effective monitoring of the supply chain. Others include strict regulations controlling exporters from sourcing produce from registered farmers only, rigorous inspection of produce, with increased sampling size and a ban on exporters who flout guidelines. MoFA has also reviewed its plant and quarantine manual and pest list to meet the EU standard.

MoFA had placed a temporary export ban on some vegetables to the EU in September, 2015. The ban was to remain in place until all issues by the Food and Vegetable Office (PVO) of the European Commission (EC) were addressed. The affected vegetables include capsicum, solanum species-aubergines, momordica, luffa and lagenaria (gourd family) which did not meet the standards of the EU market due to rotting. MoFA also banned exporters of fresh vegetables not belonging to registered associations or recognised by the directorate and those sourcing from unregistered farms.

[Ghana Web 28/04/16]
Kenya

Kenya Sets Sights On EU Market for Its Mangoes

Kenya is eyeing the lucrative European Union (EU) market for its mangoes as efforts to improve quality of the produce begin bearing fruits. Kenya Plant Inspectorate Health Service (Kephis) introduced self-regulatory measures in August 2014 to ensure production of quality mangoes in a bid to access the export market. A 3-year program dubbed Standards and Market Access Program (SMAP) was implemented by the United Nations Industrial Development Program (UNIDO) with partners Kephis, Kenya Bureau of Standards and Kenya Directorate of Veterinary Services (KDVS). Results on improved standards have already been seen. Horticulture produce which includes fruits, vegetables and rose flowers, earns an estimated Sh100 billion annually in the EU market, and this is expected to rise with the addition of mangoes into the export basket. Kenya has distributed more than 15,000 improved varieties of mango seedlings to farmers to boost production.
South Africa

EU Eases Black-Spot Rules On Citrus For Juicing

The European Union (EU) has announced plans to partially relax Citrus Black Spot (CBS) regulations on fruit exported from South Africa from June 1. The European Commission decided earlier this month that South African citrus exports destined exclusively for industrial processing into juice would not be subject to full phytosanitary control regulations put in place to combat CBS in Europe.

Citrus fruit destined for juicing must still come from CBS-treated areas, but will only be subjected to a visual inspection. In addition, if CBS is detected, only that batch will be refused and the originating packing centre in South Africa will not be affected. The relaxation follows a European Food Safety Authority risk assessment, which determined a low risk of CBS transfer from citrus destined for processing into juice. Around 10% of South African citrus exports are destined for juice production.

Meanwhile once the Southern African Development Community Economic Partnership Agreement (SADC-EPA) comes into force, exports to the EU of sweet oranges will gradually be allowed to enter duty free for an extra 6-weeks [October 16 to November 30] during the season. South Africa is the source of around 60% of EU citrus imports during the European summer, when there is no EU production.

[Cremer 19/05/16]

Zambia

US$3 Million Processing Plant Set Up

Fallsway Timber has set up a processing plant in Livingstone at a cost of US$3 million. The project will involve processing about 40 products among other fruits, vegetables and mineral water. A pilot project is underway which is expected to go into full production in June this year, after the Zambia Bureau of Standards approval.

[Daily Mail 04/05/16]
West Africa

Tomco Energy Assessing Palm Oil Venture

Tomco Energy is currently carrying out preliminary due diligence on a new opportunity – a palm oil milling project in West Africa. The opportunity offers low capex costs and potential for cash flows starting in mid-2017.

[GNA 01/05/16]

Ghana

Benso Oil Palm Plantation Makes GH¢8.16 Million Profit

The Benso Oil Palm Plantation [BOPP] made a profit after tax of GH¢8.16 million in 2015 and has proposed a total dividend of GH¢1.63 million. The Company’s production and revenue for 2015 grew by 17% and 11%, respectively, compared to the previous year’s, while the profit on the contrary decreased by 34% due to the difficult macroeconomic environment.

[Proactive Investors 19/05/16]

FDA To Certify Palm Oil Dealers In Volta Region

The Food and Drugs Authority [FDA] is working towards certifying traders in palm oil in the Volta Region. The initiative followed a post market survey, which indicated that some traders were adulterating palm oil with the “Sudan iv dye”, a chemical described as “genotoxic” and carcinogenic”.

[GNA 19/05/16]
Regional

Sugar Industry Headed For A Shake-Up

Many sugar producers protect their domestic industries through some combination of guaranteed payments to farmers, production restrictions or import limits. But the industry is gradually liberalizing in a series of moves that could push the price of sugar lower. That has refiners and exporters scrambling to work out what newly opened markets will mean for them. The coming changes add uncertainty at a volatile time for the sugar market. Sugar consumption is set to exceed supply in 2016 after 5-years of surpluses and stagnant prices, and the market has gained in recent months after droughts hit harvests in many parts of the world. Yet analysts think prices could be pressured in the longer term by extra production.

Europe will shift to more liberal markets in October 2017, when production quotas and minimum payments will be removed in the EU. The move is the culmination of a process that already has seen the EU cut its sugar subsidies following a 2005 WTO ruling that the EU was dumping sugar on world markets in a case brought by Brazil, Thailand and Australia. Producers in Europe’s industry, currently the world’s third largest, say they plan to produce and export more sugar as a result. The EU is certain to become a net exporter which could reach around 3-million tons a year. Meanwhile, restrictions on cane-sugar imports into the EU will remain.

African producers are likely to suffer as their traditional European markets become more self-sufficient. South Africa-based Illovo, that continent’s largest sugar company, is gearing up to sell more of its sugar into Africa, where trade barriers also are tottering. Bilateral trade agreements between some African countries and pressure from regional trade bloc Comesa to reduce restrictions make the market look more attractive.

[Reuters 11/05/16]

ICE To Launch Containerized White Sugar Contract On June 20

ICE Futures Europe plans to launch a containerized white sugar futures contract on June 20 with the first listed contract to be October 2016. The contract, which could eventually supplant the existing global benchmark reflects the growing dominance of containerized trade. Traders estimate about 75% of the global physical white sugar trade is carried in ship containers, a share which is likely to increase. The contract would be for physical settlement with a contract size of 50 tonnes. Delivery months will be March, May, August, October and December.

ICE also operates the current benchmark white sugar futures contract which is based on the traditional method of transporting sugar in large volumes on vessels known as bulkers or cargo ships.

[Reuters 11/05/16]
Mauritius

Omnicanse Says 2016 Q1 Pre-Tax Loss Surges 66%

Leading Mauritian sugar producer Omnicane expects a better crop this year, helped by better weather after reporting a wider Q1 pre-tax loss than a year earlier. The firm, which produces refined sugar, said its pre-tax loss rose to 71.88 million rupees [US$2.05 million] from 43.20 million. Omnicane, which has sugar processing plants in both Mauritius and Kenya, said the increased loss in Q1 was mainly due to a delayed harvest.

[Reuters 16/05/16]

2016 Sugar Output Seen Up 9% On Better Weather

Mauritius sugar production is expected to rise 9% to 400,000T this year, helped by better weather conditions, the island’s Chamber of Agriculture said. Sugar output was 366,070T in 2015. Sugar accounts for 1.2% of Mauritius’ US$10 billion Gross Domestic Product [GDP]. The 2016 harvest season will start on May 23 and run until end of December.

[Reuters 18/05/16]

South Africa

Tongaat Hulett Output Hit By Drought

South African sugar producer Tongaat Hulett flagged an 18% drop in full-year profit due to drought, which hit its main sugar growing regions. Headline earnings per share [EPS] for the year ended March are expected to have fallen 17.9% to 678 cents. An El Nino-induced drought in southern Africa has crippled production of maize, sugar and other agricultural products. Tongaat Hulett said its total annual sugar production was expected to have fallen 291,000 tonnes to 1,023 million as the drought scorched sugar cane fields, with the biggest drop coming from South Africa which saw a 40% drop in output.

[Reuters 20/05/16]

Swaziland

Government Negotiates For Sugar Tariff Exemption

The Swaziland government is negotiating for flexible agreements in Africa and abroad that will exempt the country’s sugar from tariffs and other taxes. The move is prompted by the threats faced by the industry in the European markets where all countries will be free to sell the product to the European Union [EU] market by September 2017. The Swaziland Sugar Association [SSA], the 4th largest sugar producer in Africa, sells 50% of its production to the EU, after South Africa, Egypt and Sudan. SSA is also looking for alternative markets for Swazi sugar in the Tripartite Free Trade Area involving the 3-regional economic communities, Southern African Development Community [SADC], Common Market for Eastern and Southern Africa [COMESA] and East African Community [EAC].

[APA 16/05/16]
Sugar Imported To Curb Shortage

Tanzanian Prime Minister Kassim Majaliwa noted the country has imported 100,000T of sugar to curb the ongoing shortage of the commodity. National demand for sugar is 420,000T p.a., while local sugar factories only produce 320,000T. The country has a current stock of 37,000T. Meanwhile the government banned the importation of sugar early this year, stressing that the importation of the commodity was harmful to the existence of local industries producing the commodity.

More Land To Boost Sugar Output

The Tanzanian government has earmarked 294,000-ha for sugarcane plantations to boost production and meet growing demand. Under the ‘Big Result Now initiative’, the land is to be allocated to investors through tendering arrangement under the Tanzania Investment Centre [TIC] in Kagera, Kigoma, Morogoro, Mara, Mtwara, Coast and Tanga regions. To curb dumping of industrial sugar in the market for domestic use, the government has introduced a refundable 15% duty to sugar importers.

Meanwhile the government has formed a task force under the coordination of the Tanzanian Revenue Authority [TRA] to manage control of transit sugar - from when it enters customs bonded warehouse until it crosses the border. The TRA has established a cargo tracking electronic system to track such consignments.

More Plants Needed To Meet Demand

The Government has held talks with sugar manufacturers in Tanzania, who have promised to expand their investments within the next four years in anticipation of an upsurge in demand. Some of the strategic areas that have been identified for cane farming expansion include Rufiji Valley, Kigoma, Klosa, Ngerengere and Bagamoyo.

The government will continue with efforts to attract more investors, both local and foreign, to establish sugar factories in the country. The country consumes 420,000 MT of raw sugar a year with a rising forecast expected to double by 2030.

TCCIA Calls For Fair Competition

As the sugar scarcity takes its toll on consumers, the Tanzania Chambers of Commerce, Industry and Agriculture [TCCIA] in Kilimanjaro Region has called for fair competition in the sector. TCCIA noted that a system that could monitor the situation all the year round should be put in place, to establish how much sugar is needed, how much is produced and that the distribution system be traceable and transparent. Kilimanjaro area is experiencing scarcity with the price up from around 1,800/- to 3,000/- per kg.
Zambia

Sugar Giant Projects Slump In Sugarcane Production

Zambia’s largest sugar producer, Zambia Sugar Plc, has announced a projected slump in its sugarcane production this year from its planned 3.5 million tons to 3.0 million tons. The slump is attributed to a drought and a power deficit, which resulted in increased power rationing which affected irrigation. Situated in southern Mazabuka district, the company’s major shareholder is South Africa’s Illovo Sugar with 82% of its shares. In 2013/2014, the company produced nearly 400,000T of refined sugar.
Ethiopia

Tea Authority To Commence Operation

The Ethiopian Coffee and Tea Development and Marketing Authority has been re-established with a view to boosting the county’s benefit from the sector. Previously the sector was accountable to 3-ministerial offices. The newly established authority is accountable solely to the Ministry of Farming and Natural Resources Development. The move enables the sector to be more productive and accessible for investors.

Kenya

Kenya To Reduce Tax On Tea Producers

Kenya is considering removing some levies charged on its tea producers and traders to make the industry more competitive. Kenya charges more than 35 taxes and duties at different stages of production and marketing including a 16% value-added tax and a 1% tariff, whose proceeds are used to fund the industry regulator. Kenya produced 399.2-million kg of tea last year and earned 125.2-billion Kenyan shillings from exports to destinations such as Pakistan, Egypt and the UK. According to the Kenya Tea Growers Association large-scale producers were finding it more difficult to remain competitive because of expensive electricity and multiple taxation.

Scientists To Fast-Track Introduction Of High Yielding Teas

Kenya will fast-track the development of new high yielding tea varieties in order to boost sectoral incomes. The Tea Research Institute noted the new varieties have the potential to more than double production per hectare producing 3.5 kg of leaves per bush per year up from the current 1.5 kgs. The new varieties will enable Kenya to expand tea production without increasing the area under cultivation. Kenya produced 400 million kgs of tea in 2015, out of which 95% was exported.
Kenya/Sudan

Kenya And Sudan Agree To Suspend Rules On Tea

Sudan has suspended regulations it imposed on Kenyan tea last year, reducing Kenya’s tea shelf life from 3-yrs to 1.5-yrs. This follows 2-weeks of meetings and trips to tea farms in Kericho by a delegation from the Sudan Standards and Metrology Organisation. The group also visited tea factories as well as the Mombasa Tea Auction. Sudan had ordered a reduced shelf-life of tea, directing that it be sold within 1.5 years of getting into its market, arguing this would help the country adhere to restrict health standards.

All Kenya tea being exported to Sudan will also be accompanied by a Certificate of Conformity from the Kenya Bureau of Standards. Sudan had imposed the regulations citing use of pesticides and GMO seeds, a claim Kenya has refuted. They also agreed on a joint study on the shelf life of Kenyan tea to run from June 2016 to December 2020. And agreed on a mitigation plan during the period, when the suspension of the regulation is in place, where the stay on the suspension will be renewed after 6-months for 1-year, based on the results of the study. In 2015 Sudan ranked as 7th importer of Kenyan tea after Pakistan, Egypt, UK, Afghanistan, UAE and Russia, importing 19 million kg of tea.

[Rwanda]

Tea Export Earnings Double

According to a report by the National Agriculture Export Board [NAEB], Rwanda exported 6,811,095 million kg of tea during Q1 2016, fetching US$18.8 million. The increase in export is attributed to the establishment of Muganza Kivu tea factory in Nyaruguru district and 3-other processing plants in Karongi, Mushubi, and Rutsiro. Another reason for the improved performance is efforts by the agro-exports body and stakeholders, particularly in terms of investments in farm input distribution and value addition.

NAEB projects production to increase to 3,000 tonnes of dry tea per annum on average. The board aims to raise tea export earnings to US$94.9 million by 2018. To this end, the board has drafted a new tea leaf handling model to boost quality along the value chain and strengthen the sector’s competitiveness. The UK is a major buyer of Rwanda’s tea, accounting 21.46% of total tea exports, while 21.16% goes to Pakistan, 16% to Egypt, 15.6% to Yemen and 10.6% to Somalia, among other destinations.
UN Agricultural Agency & European Union Step Up Efforts To Combat Illegal Timber Trade

The United Nations Food and Agriculture [FAO] and the European Union [EU] will step up joint efforts to support tropical timber-producing countries in curbing illegal logging, improving forest governance and promoting the trade of legally sourced timber, under a US$30 million funding agreement announced on 13th May. [Include US$18 million from the EU, US$7.25 million from the United Kingdom and US$5.3 million from the Swedish Government.]

The agreement, which was formalized by the two organizations in Rome, is expected to not only reduce the environmental impacts of illegal logging and mitigate climate change, but also boost the incomes and food security of forest communities by improving access to domestic and international wood markets. Participating were Veronique Lorenzo of the European Commission Directorate-General for International Cooperation and Development, and René Castro Salazar, FAO Assistant Director-General for Forestry, who highlighted that the efforts will support the next phase of FAO’s Forest Law Enforcement, Governance and Trade [FLEGT] programme, set to run through 2020. Illegal logging and associated trade costs governments an estimated US$10-15 billion per year in lost tax revenues.

Thanks to global initiatives like FLEGT, illegal timber production has declined by an estimated 22% since 2002. The new FLEGT phase offers an important opportunity for lesson sharing across sectors, as it has become increasingly clear that broad partnerships are and will be needed to achieve the global impact that is necessary to reduce forest loss, food vulnerability and mitigate climate change.

René Castro Salazar

A key part of the new phase involves greater collaboration with both big and small private-sector entities, in both producer and consumer countries, to address some of the bottlenecks to producing legal timber. This will involve looking specifically at empowering small and medium forest enterprises in Africa, Latin America, the Caribbean and Asia. The idea is to help them to “go legal,” gain access to green markets and become active participants in the sustainable management of forest resources.

FACTBOX

FLEGT PROGRAMME
- FAO FLEGT programme has supported more than 200 projects
- Covering 40 tropical timber producing countries throughout Africa, Latin America, the Caribbean and Asia
- Advocates use of new technologies to efficiently track the origin of wood
- Which verifies compliance with legality standards
- And gains access to markets
- Website: http://www.euflegt.efi.int/home/

TECHNOLOGY TRIALS
- Digital android applications piloted to strengthen tracking and control mechanisms by environmental authorities and guide consumers in purchasing legal and sustainable timber.
- Logging vehicle tracking system piloted by a partner non-governmental organization in the Congo Basin countries – including Cameroon, Côte d’Ivoire, DRC and Congo – to intercept illegal timber at different stages in the forest supply chain, facilitating monitoring efforts by forestry authorities and improving accountability and traceability.

[UN 13/05/16]
Central/West Africa

Steady Demand But Caution When It Comes To Raising Capacity

There were no price movements for either logs or sawnwood over the past 2-weeks as international demand remains steady with no moves by either buyers or exporters to disrupt this long period of stability. Since growth in demand remains moderate producers say they are not experiencing supply side problems. In these calm trading conditions, which followed on from the sudden fall in business through H1 2015, businesses are marking time to see which way demand will go before contemplating major new developments or investment to raise production capacity.

Producers Content With Demand From China

Trade with buyers for the Chinese markets is said to be ‘ticking along steadily’ but the volumes traded, mainly logs, are well below levels seen 12 months ago. A substantial recovery in the volume of sales appears a long way off. Nevertheless, traders are becoming a little more optimistic as the year progresses. Sawnwood sales continue to be supported by demand in Europe and prices are firm but unchanged from last month.

Strategy To Balance Output Is Paying Off

During the trade slowdown last year many large companies cut back production to sit-out the slump in demand and safeguard their existing investments. Some smaller producers and traders simply ceased business. Those mills that cut back on production are now seeing this was a successful strategy for themselves but also for importers who had built up stocks too high. A reduced production from African producers helped importers clear stocks without incurring losses as prices were kept steady. This unprecedented cooperation on the part of producers and importers stemmed from improved transparency in the trade and has seen the sector has been able to stimulate the beginnings of a recovery in volume sales while maintaining stable prices.

Market prospects into Q3 are difficult to forecast but the consensus amongst producers appears to be one of confidence that markets are unlikely weaken and that, in the medium term, a slow but steady recovery in trading volumes will be seen.

Demand Appears To Be Firming

Producers have reported a few upward movements in FOB prices which is put down mainly to the increased activity in the EU construction sector. European building and construction industry reports suggest that business conditions are improving and most EU member states expect firmer demand for housing this year. Overall, the level of trade is satisfactory and the modest upward trend in prices for some main export species signals generally stable market conditions reinforcing the view that market demand for tropical timber became firmer during the first months of the year.

Preferences For Higher Quality Plywood

Export prices for West and Central African plywood are also showing signs of firming as European buyers especially are showing a preference for higher quality panels. Plywood production for export in the region is modest and the price increases are demand driven as importers need to ensure compliance with the EUTR for face and back veneers and also for core veneers.

China is proving to be a steady buyer with the volumes of contracts trending higher and prices firming. Demand in Middle East markets is stable and contract volumes have settled back into the normal pattern prior to the bout of severe competition between African and SE Asian suppliers. The volumes being demanded are satisfactory say producers and, as always, pricing has to be very competitive for this market. Producer countries are experiencing a modest increase in demand and there are no reports of log supply issues.
Angola

Swiss Company Invests In Angolan Forestry

Swiss Investment Company Quantum Global Group plans to invest US$50 million over the next 5-years in the timber industry in the central highlands of Angola. Quantum has been granted a 60-year concession on an 80,000-ha plot of land for forestry. Global Quantum, will work in conjunction with sovereign wealth funds and state agencies to set up partnerships in Huambo region.

[Macauhub/AO 04/05/16]

Gabon

Container Scanning Charges

Reports from Gabon are of government proposals for very high Customs charges for scanner inspection of export containers, almost €150 for a 20ft container and around €300 for 40ft containers. Exporters in Gabon are complaining that charges at this level undermine their competitiveness with other countries that have low or no charges for scanning inspections. It is expected that timber exporters in Gabon will discuss this proposal with the government authorities.

[ITTO 16-30/04/16]

Kiln Dying Possible For Exports

It has come to the notice of millers in Gabon that a decision may be made requiring all sawnwood for export to be kiln dried but no official announcement has yet been made.

[ITTO 16-30/04/16]
Ghana

Most Overland Exports Are Plywood

According to statistics from the Timber Industry Development Division [TIDD] of the Forestry Commission for the first 10 months of 2015, a total of 43,830 cu.m of wood products was exported from Ghana by road [overland export] to ECOWAS neighbouring countries.

Plywood accounted for 42,450 cu.m or 97% of total overland exports. Other wood products exported included sawnwood and sliced veneer. Ghana earned €15.58 million from overland plywood exports during the 10 month period in 2015. The main destinations for Ghana’s overland plywood exports were Nigeria, Burkina Faso, Togo, Benin, Mali and Niger. Nigeria has been the leading importing of Ghana’s plywood accounting for around 90% each month. The overland market for sawnwood was mainly in Niger, Togo and Senegal with Niger absorbing 57% of total first 10 month exports.

Togo and Cote d’Ivoire have been the main market for sliced veneer overland exports. Popular species in regional markets are Celiba, Dahoma, Ofram, Mahogany, Bombax, Makore, Akasa, Esia, Chenchen and Koto.

Ghana’s overland exports to her neighbours and ECOWAS countries started as far back as the 1980’s. The market share of exports from Ghana to ECOWAS countries is round 14% whereas to Africa as a whole it is around 20%. Overland exports were initially to Burkina Faso and Togo but as the regional integration grew markets expanded. The trading currency for the regional marketing of Ghana’s overland wood product exports are priced either in CFA or US dollars.

[ITTO 16-30/04/16]

ECOWAS The Main Markets For Ghana’s Wood Products

Ghana’s exports of wood products for the 11-month period between January and November 2015, as reported by the Timber Industry Development Division [TIDD] of the Forestry Commission, increased year on year by almost 4.5% to 327,279cu.m. Wood product export earnings jumped to €166.85 million, an increase of 36% compared to that for the same period in 2014. The positive export performance was the result of increased sales of air-dried sawnwood [20%], rotary veneer [21%] and kiln dried lumber [3%]. However, exports of some products fell including exports of plywood to non-regional markets [-78%], sawnwood to regional markets [-5%], sliced veneer to regional markets [-30%] and plywood to regional markets [-16%].

For the 11 month period reported air-dried sawnwood, rotary veneer and kiln-dried sawnwood accounted for 60% of the total volume of exports with some fourteen other wood products making up the balance. The three and only leading exporters of plywood for the period reviewed were Samartex Timber and Plywood Company Ltd, Naja David Veneer and Plywood and Bibiani Logging and Lumber Company Ltd. The main species utilised celiba, black ofram and walnut. Regional markets accounted for a major share of exports and included Nigeria, Burkina Faso, Niger and Togo.

The overall market shares for the 11 month period in 2015 were Asia [58%], Africa [19%], Europe [14%], America [5%], Middle East [3%] with small volumes to Oceania. Within the ECOWAS regional block Nigeria [39%], Burkina Faso [24%], Niger [20%] and Senegal [7%] were the 4-leading importers of Ghana’s wood products in the period reviewed and accounted for 89% or 51,486 cu.m.

[ITTO 01-15/05/16]
Ethiopia

Japanese Want Slice Of Tobacco Monopoly

Japan Tobacco International, a public company, has offered a little over half a billion dollars to acquire 40% of Ethiopia’s tobacco monopoly. This offer is not only the highest ever made for any Ethiopian state-owned enterprise, but also doubled the offers of its rival companies, after the bid was opened on May 19th 2016. American British Tobacco [Rothmans and Dunhill]; Phillip Morris International [Marlboro] and China Logistics Company Ltd made offers of under a quarter of a billion dollars. They were among the 5-bidders participating including an individual from Niger.

The National Tobacco Enterprise of Ethiopia was established in 1942 as the Imperial Ethiopian Tobacco Monopoly, and has undergone a couple of restructures since then. Though it has never lost its monopoly status, the company was first privatised when 22% of its shares were sold in 2008 to a Yemeni company, Sheba Ethiopia Investment Plc, for US$35 million. Sheba’s bid to beef up its share by 20% was cut short, as it was disqualified after its representatives arrived late for the bid opening.
Malawi

Earns US$27 Million In On-Going Tobacco Season

Malawi has realised over US$27 million from tobacco, 5-weeks into the selling season. According to a weekly report by Auction Holdings Limited [AHL], the amount is accumulative from 21.4 million kg that has been sold during this period. Average prices being offered at the market, however, are still lower than what was being offered last year. In 2015, week-5 of sales averaged US$1.56/kg, while this year it has dropped to a US$0.27/kg. Meanwhile, tobacco market managers are still expressing hope that the prices would pick up as the selling season progresses.

[Capital FM 19/05/16]

Uganda

British American Tobacco Pay Dividends

Shareholders of British American Tobacco Uganda [BAT Uganda] are set to earn a total of Ushs 20.3 billion as dividends for the year ended 31st December 2015. Following another solid performance by the company, the Board of Directors recommended a final dividend of Ushs 413 per share for the just concluded year.

[Business Week 16/05/16]

Zambia

TBZ To Buy Less Tobacco This Year

The Tobacco of Zambia Board [TBZ] has projected that there will be 1,000 MT reduction of tobacco to be bought from the farmers during the 2016 tobacco floors in Eastern Province. Merchants are expected to buy 6,000 MT compared to 7,000 MT last season. The drop is due to a dry spell as well as the pulling out from the markets by 2-merchants, Alliance One International and Zambia Leaf, in the 2015 season. Current buyers include Tombwe Processing Plant Limited, Japan Tobacco International [JTI], Hillside, Sun Bridge, Ross Tobacco Investments and Pemba Leaf.

[Luasaka Times 14/05/16]

Companies Could Loose License For Late Payment

The Tobacco of Zambia Board [TBZ] has warned that tobacco companies could risk losing their licences if they fail to pay on time. Government announced that it would not take kindly to a repeat of the poor tobacco marketing arrangements that took place last year. TBZ recently held a stakeholders’ meeting where it was agreed that all farmers who will supply tobacco to merchants will be paid within 3-10 days after delivery.

[Luasaka Times 14/05/16]
Zimbabwe

Tobacco Price Firms

Tobacco prices have shown signs of buoyancy during the first 30 days of marketing, with an average daily price of US$2.82/kg. The highest price was US$6.25/kg raising prospects of good earnings from the golden leaf. Statistics from the Tobacco Industry and Marketing Board [TIMB] show that the average daily price had increased by 2.2% from US$2.76/kg during the same period last year.

A 46% change was recorded in terms of the seasonal value of the tobacco sold in the 30 days since the opening of the auction floors. From the 61.2 million kg sold, the farmers earned US$172.4 million, up from US$118 million sold during the first 30 days of sales last season. The 43% change in total mass sold, according to TIMB, indicates that the contract system had sold 48.8 million kg at an average price US$2.91/kg, while auction sales were at 12.4 million kg at a daily average price of US$2.44/kg. Despite the increase in sales and a marketing season with better prices compared to the low prices that prevailed last year, some farmers were failing to access the US$10,000 cash from their respective banks; the central bank raised the daily withdrawal limit for tobacco farmers from US$1,000 to US$10,000.

All proceeds from the sale of tobacco will be paid through bank accounts. In this regard farmers are required to open accounts with banks of their choice to facilitate the payments. Banks have been engaged and are going to offer bank accounts to tobacco growers at favourable conditions which include waiving of charges for maintaining bank accounts.

From the 2016 seasonal export sales, Zimbabwe has earned US$244 million from 41.7 million kg of tobacco exported since the beginning of the year, at an average price of US$5.84/kg. China, Indonesia, South Africa, Belgium and Russia are the leading importers of Zimbabwe’s tobacco.

[Financial Gazette 19/05/16]
Zimbabwe

US$164 Million Tobacco Exported To China

Zimbabwe has so far exported flue-cured tobacco worth US$164 million to China, a development that is expected to ease liquidity challenges in the country. According to Tobacco Industry Marketing Board [TIMB] China purchased 20.2 million kg and also tops in terms of the country that has been offering the highest price at US$8.11/kg.

[Daily News 17/06/15]

Bank In US$2 Million Irrigation Deal

Agribank will support farmers through a partnership with the Tobacco Industry and Marketing Board [TIMB], which identifies farmers on behalf of the bank. US $1 million has been provided for irrigation and US$650,000 for working capital for the 2015/16 farming season.

[News Day 11/05/16]