

# Reforms needed to make the edible oil sector competitive



## Situational analysis

- Oil seed business is not included in most policy documents for food security or exports, thus attracts little government support. The local industry also suffers from unfair competition from cheap subsidized imports that are not charged excise duty.
- Rampant use of non-standard measurements and packaging (edible oil seeds trade is not well structured).
- Very low yields despite mostly favourable weather conditions, due to lack of oil refining and pressing technology; lack of extension services and expertise in plant health management.
- Lack of appropriate warehousing facilities forcing farmers to sell cheaply at harvesting seasons.
- Oil expellers in the domestic market are mostly poor quality (wastages and poor quality oil) due to lack of oil refining technology and pressing technology, standards and enforcement mechanisms.
- Very limited availability of financial services for farmers and business people involved in oil seeds business.



Sunflower cultivation is getting increasing popular in many parts of Tanzania and a valuable cash crop to many small and large farmers.

## Recommendations

- Use of public-private partnership framework (PPP) to resolve recurrent problem in the sector;
- Put in place enabling business environment to make the industry competitive ie. re-impose of 10% excise duty on imports;
- Streamline the role of edible oilseeds in the Integrated Industry Development Strategy 2025 as an important element of agro processing industry;
- National recognition of the sub-sector as potential key driver for poverty alleviation;
- Positioning of Tanzania edible oil sub-sector as export commodity to feed EAC and SADC;
- Standardization of oil seeds refining technology;
- Introduction of appropriate measurement and packaging materials. At the moment there are no established minimum standards for packaging and labelling for the sub-sector;
- Establishment of a unit at Ministry of Agriculture, Food Securities and Cooperatives /Ministry of Industries and Trade under public private partnership framework to coordinate facilitation of oil seeds business.

## Edible oil facts - Tanzania

- Over 4 million small holder farmers in Tanzania are involved in edible oil seeds farming as their main source of livelihood;
- In 2012 half of edible oils supplies were imported at cost of USD 230 million (TZS 360 billion);
- In 2012 edible oil supplies produced locally (sunflower, sesame, palm and cotton oil - 271,000 metric ton) was worth TZS 400 billion at wholesale price;
- If competitiveness of domestic sources of edible oils is assured, the sector can meet and exceed demand;
- Average household uses about TZS 100 daily for purchasing edible oil. Global demand expected to remain growing at 5 percent;
- No harmonized regulatory framework for edible oil seeds trade despite its huge potential for poverty alleviation. Doubling production would remove the need for importation of the commodity.

## Policy actions needed

- Formulation and implementation of a national strategy for edible oils business;
- Establishment of a harmonized edible oil seeds sector regulatory framework;
- Establishment of Tanzania Edible Oil Development Board under a PPP framework.

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