

Magic bullet for the ailing economy

East African Time / Friday, January 06, 2006

By Tini Sam in Tanga

TANZANIA has the potential to create 500,000 jobs – and produce one million tonnes of sisal a year that would earn the country at least US\$500 million a year, beginning in 2015. But this can only happen if the right initiatives are taken. According to the managing director of Katani Limited, Salum Shamte, Tanzania has both comparative and competitive advantages which, made full use of, could make sisal the kingpin of the economy as it was four decades ago. Katani Limited is a leading Tanga-based sisal company.

Research and development conducted in sisal producing countries has widened the market base for sisal. Today, more goods can be produced from sisal, and this should increase the effective potential of the sisal market worldwide to over 20 million tonnes by the year 2015.

After ten years of research, we are confident that sisal is now on the fast track towards world prominence once again, Shamte revealed. Originally working through the defunct Tanzania Sisal Authority (TSA), and now through Katani Limited, Tanzania has been at the forefront of Product and Market Research and Development of sisal, thereby effectively becoming the custodian of international efforts and the relative results.

About US\$9 million has been spent on research and development efforts in Tanzania alone in the last ten years. In that regard, the world is beginning to witness the results which are in the process of being commercialized. Items that can now be gainfully produced from sisal – and which, therefore, make the crop the economic choice of the future – include pulp and paper for specialty uses and reinforcement.

Others are composites for construction, furniture and automobile parts geo-textiles. As a matter of fact, these are already in use in South Africa and Brazil. Hitherto, 98% of the sisal plant was waste. Renamed residue today, the material can be used in producing energy (bio-gas and electricity), organic fertilizer, animal feeds, industrial alcohol, pharmaceuticals and chemicals.

This is considered a crucial development in the utilization of the plant whose usefulness in the past was limited to the production of cordage (yarns, twine and ropes), woven products (carpets, buffing cloth and bags) and fiber. Elaborating upon Tanzania's comparative and competitive advantages in sisal production, Shamte said the major advantage lies first in its rich history and experience of 100 years of commercial production. Another advantage is availability of land that is suitable for sisal production.

The crop can be grown almost throughout the country. But, only 600,000 hectares are needed for the targets outlined herein above to be met. Dry areas could effectively be put to use and in areas where there is no suitable commercial crop, sisal would come in useful, he said.

Other advantages are that the crop is drought resistant, does not require the use of fertilizers, herbicides or insecticides, can be inter-cropped and inter-grazed – and needs simple technology which could easily be adapted. Shamte noted that several measures were already being taken to revive sisal production in the country.

Katani Limited has taken steps to introduce small-holder out-grower sisal farming which I consider vital for the revival efforts. You only need to encourage 150,000 families to take up small-holder farming at six hectares per family to produce over one million tones of fiber, he explained.

One million tones of sisal would produce a lot of fiber-based products in the forms of cordage and bag factories, pulp and paper mills, woven products factories, building industries, geo-textiles, furniture industry and handicrafts. Not only that. The residue from that amount could be used to produce 600 Megawatts of renewable energy, and over ten million tones of organic fertilizer, per annum.

Shamte emphasized that small-holder farming or contract farming is the way of the future – and the only viable way of involving the average Tanzanian in the industry. It is not a new phenomenon. The worlds largest producers, Brazil, Mexico and China, have taken this path very effectively, he noted. Small-holder farmers in the Katani Limited estates are the largest planters of new sisal countrywide. They have so far planted about 5,670 acres of sisal, investing more than Tsh1.1 billion of their own money. If they could get ready credit facilities, Shamte said, that acreage could be tripled in three years.

He also spoke of the benefits that would accrue from sisal production. Apart from foreign exchange and employment, there also are social and economic benefits that are associated with increased sisal production. Industrialization of sisal, as well as the creation of commercial farmers and rural entrepreneurs would have a strong impact in the areas of sustainable wealth creation, poverty reduction and increased government revenues.

Tanzania was a leading producer of sisal up to the 1960s, producing 230,000 tonnes per annum. Sisal was the most important export commodity then, contributing up to 30% of the countrys export earnings, and was the largest formal employer after the Government – until it lost out to heavily subsidized synthetics.