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Rutsiro tea factory privatisation will boost competitiveness-govt

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The move by government to privatise Rutsiro tea factory will boost production and competitiveness. J. Mbanda

The move by government to privatise Rutsiro tea factory will boost production and competitiveness in the tea sector, government has said.

The factory was recently privatised to Rwanda Mountain Ltd.

The deal is also an opportunity for the private sector to take the lead in tea production allowing government to concentrate on other sectors of the economy, Naphtal Kazoora, Head of Assets and Business Management at Rwanda Development Board (RDB), told *The New Times*.

“Privatisation is a national programme geared towards ensuring a private sector driven economy. The deal implies that there will be more efficiency and effectiveness in government resource allocation as the resources which have been allocated to Rutsiro tea plantation maintenance shall be channeled to other pressing sectors where the private sector can’t get involved like providing health, education and infrastructure,” Kazoora said.

Jean Damascene Gasarabwe, the Head of tea division at the National Agriculture Export Board (NAEB), said the deal will boost the country’s tea exports and earn the country more foreign exchange.

“It was only the tea section that was privatised and not the entire tea plantation. However, we are very optimistic about this initiative as it will not only boost competition but also tea exports,” Gasarabwe said.

In August 2006, the government under its privatisation policy sold 90% of its shares in Nyabihu and Rubaya tea estates in the north and western provinces to Rwanda Mountain Tea Ltd.

In 2009, the company also acquired 60% shares in Kitabi tea estate located in the Southern region.

Rwanda's Mountain Tea Ltd managing director, Jotham Majyalibu, recently told The New Times that tea production had increased three fold and the quality had also significantly improved.

"Our target is to maintain quality, boost production and household incomes. We have committed to work with other institutions to boost productivity per hectare and the land on which tea is cultivated," he said.

Figures from the National Agricultural Export Board (NAEB) indicate that Rwanda exported 1,772 tons of tea in February, but earned \$4.39million, a 1.4 percent decline from \$4.45million from 1,597 tons in January.

Jean Damascene Gasarabwe, the head of tea division at NAEB, said that the decline was caused by a fall in prices due to low demand on the international market.

Rwanda's tea sector consists of 11 factories and six tea projects with an average annual production of 23,000 metric tones of dry tea.

The plan is to increase the number to 16 operational tea factories while improving on the old factories.

NAEB plans to distribute over 43 million seedlings of tea by the end of 2017.

The initiative could see the country's annual tea export earnings double from about \$65million to more \$147million by 2017.

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