

“Mapato zaidi kupitia kilimo bora”

Horticulture Market News – December 2009

Overall, the Kenya horticulture industry suffered but responded well to the global recession in 2009. The increase in local market prices and reduction in exports reported in this issue are as much a result of drought, possibly caused by long-term climate change, than lack of demand for products. Some product categories, particularly fresh fruits, have shown considerable growth in 2009 and offer new opportunities for the future. Nevertheless, 2010 will be another challenging year for growers, processors and traders. Steve New, KHDP Director

International Prices

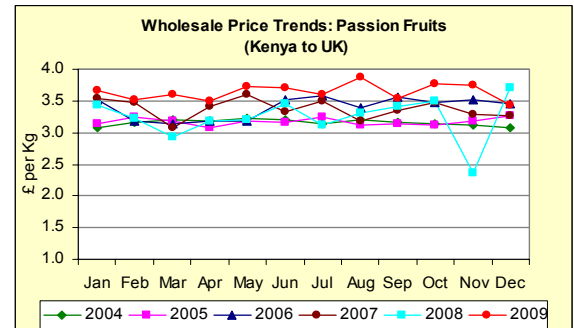
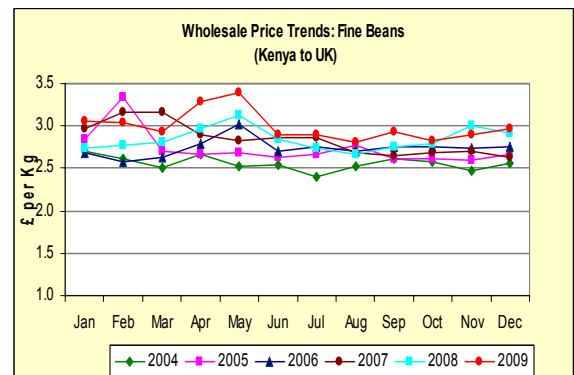
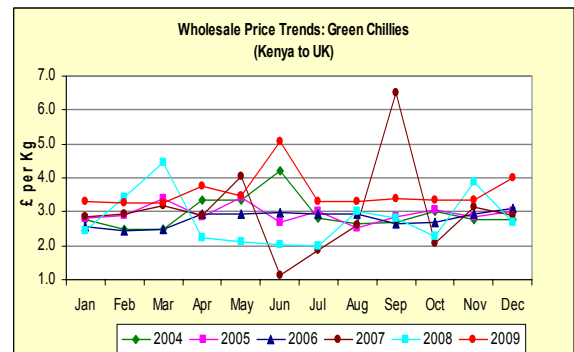
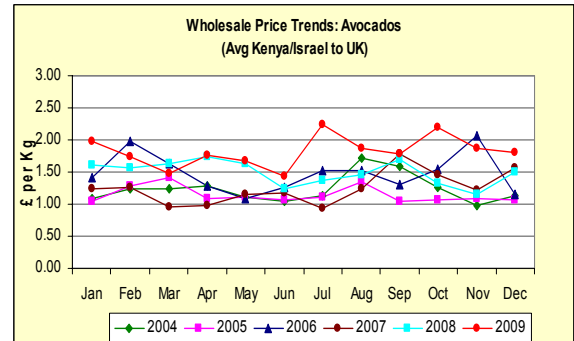
The average wholesale prices achieved by Kenyan products on the UK market in 2009 were higher than for any of the previous four years. This trend was maintained in the last quarter of 2009 despite poor weather which slowed sales. Avocado prices from all sources were 22% up on 2008 to an average of 1.82 £/kg but Kenyan fruit hardly reached the UK wholesale markets. Kenyan exporters favored the French and other EU buyers. Green chilli prices increased 28% over 2008, averaging £3.56/kg. Chilli and hot pepper of all types were generally in short supply.

Though month-on-month fine beans prices were haphazard, a 5% increase was noted in 2009. Supplies and quality of Kenyan fine beans were good and traders highlighted no negative issues. Mangetout and sugar snap prices were fairly stable at £2.8-4.5/kg. Kenyan Asian vegetables were scarce throughout the year with very little produce reaching UK wholesale markets during the last three months. Passion fruit prices were 12% up during the year to an average of £3.64/kg although it was well supplied during the last quarter with the December prices going down 8% to £3.44/kg.

Fresh Fruit & Vegetables – Average Wholesale Prices by supplier (UK£/Kg)

	Sep'09	Oct'09	Nov'09	Dec'09	% Change
Avocado					
Kenya	2.17	2.05	2.13		
Israel	1.41	2.33	1.58	1.44	-8.9%
Peru	1.45	1.87			
SA	1.96	2.37	1.50		
Green Chillies					
Kenya	3.38	3.33		4.00	
Ghana	3.63	1.92	1.60	1.92	20.0%
Gambia	3.33	3.00	3.50		
Holland	2.80	3.17	3.18	1.83	-42.5%
Fine Beans					
Kenya	2.94	2.82	2.89	2.96	2.4%
Zimbabwe	2.75				
Mangetout					
Kenya	3.06	3.07	3.22	4.55	41.3%
Guatemala	3.02	3.03	3.23	3.38	4.6%
Zimbabwe	3.00	2.40			
Sugar Snap Peas					
Kenya	3.27	3.13	3.27	3.82	16.8%
Guatemala	2.49	2.44	2.76	2.35	-14.9%
Zimbabwe		2.33			
Okra					
Kenya					
India	1.70	1.65	1.93	4.25	0.0%
Thai	4.25	4.25	4.25	1.60	-17.1%
Passion Fruit					
Kenya	3.53	3.76	3.74	3.44	-8.0%
Colombia	2.71	3.80	1.98	2.42	22.2%
Zimbabwe	3.38	3.50	3.38	3.50	3.6%
Karella					
Kenya	1.92				
Dominican Republic	1.71	1.81	2.08	1.81	-13.0%
India	1.60	1.73	1.63		

Source: Food Surveys & Fresh Produce Journal, UK



Domestic Prices – Fruit

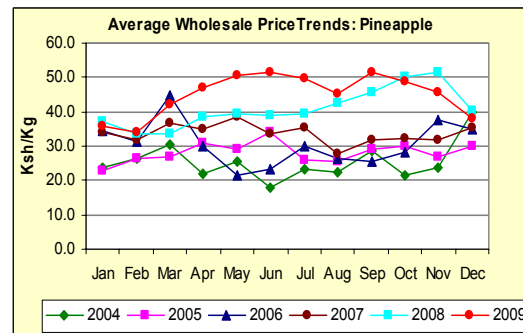
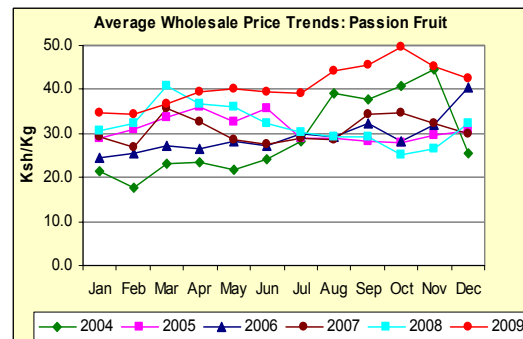
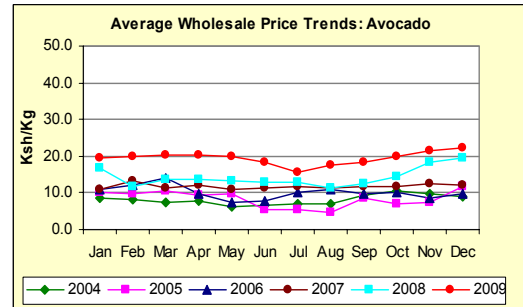
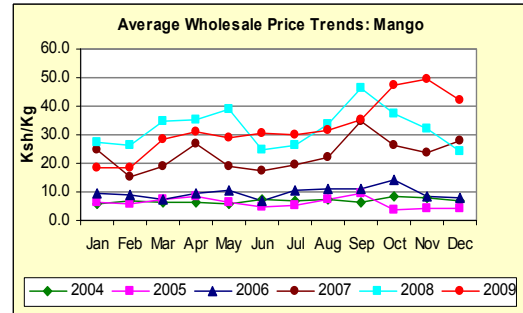
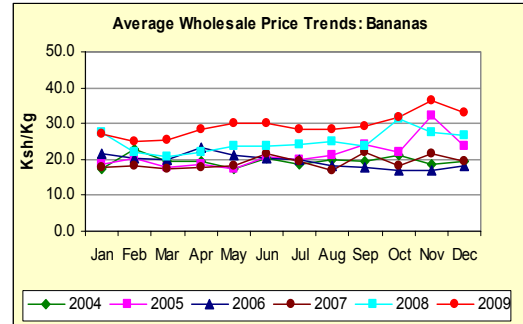
The average fruit prices for 2009 were 20-40% above the previous four-year average and 18% over 2008 prices. Banana prices were 18% higher than those of 2008. Month-on-month average prices were on an upward trend since September but dropped by 9% in December. Mombasa and Eldoret prices' dropped by 26 and 15% respectively in the month. Average mango prices in 2009 were similar to 2008 but with some seasonal differences. July to November prices were on an upward trend but dropped overall by 15% in December to Ksh42/kg even though Mombasa and Eldoret recorded higher prices in the month.

Average avocado prices for 2009 were 36% higher than those of 2008 reflecting a higher export demand. The prices have been on an upward trend since July, going up by 4% in December to Ksh22/kg. In Nairobi and Mombasa prices were lower in December. Passion fruit prices were 29% higher in 2009 compared to 2008 and reached a peak of Ksh50/kg in October. It was plentiful in Eldoret recording a 29% drop in price in December. Pineapple prices were up by 10% in 2009 compared to 2008 although month-on-month prices declined from October, reaching Ksh38/kg in December.

Fresh Fruit – Average Wholesale Prices by market, KSh per kg

	Sep'09	Oct' 09	Nov' 09	Dec'09	Average
Bananas					
Nairobi	36.8	41.4	54.5	53.8	46.6
Mombasa	31.2	35.4	40.6	30.1	34.3
Nakuru	22.1	21.4	20.1	20.0	20.9
Kisumu	26.7	25.7	24.1	25.2	25.4
Eldoret	28.6	34.3	42.9	36.3	35.5
Av. W/S P	29.1	31.6	36.4	33.1	32.6
Mango					
Nairobi	33.8	34.8	88.6	75.4	58.1
Mombasa	46.7	80.0	22.9	29.2	44.7
Nakuru	22.1	22.1	22.5	20.0	21.7
Kisumu	52.0	80.0	89.8	53.9	68.9
Eldoret	21.0	21.0	24.4	32.8	24.8
Av. W/S P	35.1	47.6	49.6	42.3	43.6
Avocado					
Nairobi	25.1	26.6	24.2	22.9	24.7
Mombasa	21.4	27.2	28.8	28.3	26.4
Nakuru	18.5	18.6	20.8	24.4	20.6
Kisumu	7.0	9.7	12.6	15.4	11.2
Eldoret	20.0	18.6	20.0	20.0	19.7
Av. W/S P	18.4	20.1	21.3	22.2	20.5
Passion Fruit					
Nairobi	44.6	50.6	37.2	44.6	44.3
Mombasa	56.8	66.9	58.4	50.7	58.2
Nakuru	45.9	49.1	43.0	45.3	45.8
Kisumu	37.4	32.1	38.3	37.0	36.2
Eldoret	43.9	49.1	49.1	35.1	44.3
Av. W/S P	45.7	49.6	45.2	42.5	45.8
Pineapple					
Nairobi	47.7	56.0	47.3	48.0	49.7
Mombasa	44.5	50.7	52.6	48.6	49.1
Nakuru	32.9	34.5	41.9	31.7	35.2
Kisumu	102.6	73.2	41.8	29.7	61.8
Eldoret	30.6	30.3	44.1	32.5	34.4
Av. W/S P	51.6	48.9	45.5	38.1	46.0

Source: Ministry of Agriculture, Market Information Office & HDP



Domestic Prices – Vegetables

Vegetable prices hit the consumers' pockets in 2009, increasing by between 11 and 56% compared to 2008.

Potato prices averaged at Kshs23/kg in 2009, a 12% increase compared to 2008. Prices maintained an upward trend since July 2009 but dropped by 13% in December to Ksh23/kg. Mombasa consumers experienced the highest price drop of Kshs8/kg. Tomato prices were 15% higher in 2009 compared to 2008. Since September, prices have been going down month-by-month closing the year at Ksh27/kg. Kisumu consumers experienced a 'sigh of relief' after tomatoes dropped from 42Ksh/kg to Ksh29 in December.

The 2009 average annual price for cabbages was 23% higher than that of 2008. Prices were steady at 14-16 Ksh/kg between September and December. The annual average price for onions went up by 11% in 2009. There was a 12% drop in December prices (Kshs.44/kg) compared to November. Nairobi consumers paid the most for onions at Kshs.72/kg, a 3% increase compared to November, while it was cheapest in Eldoret at Ksh29/kg, a 20% drop compared to November.

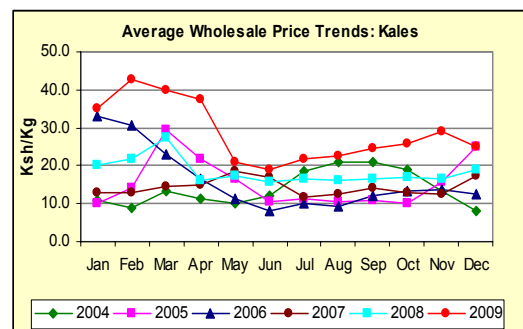
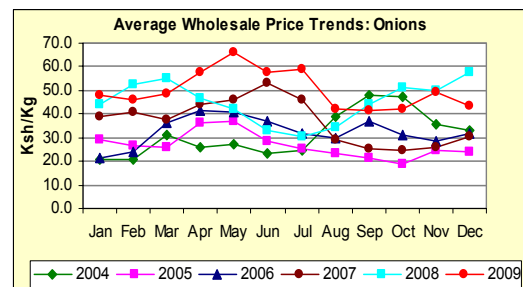
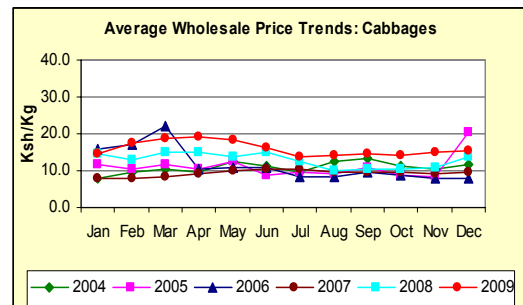
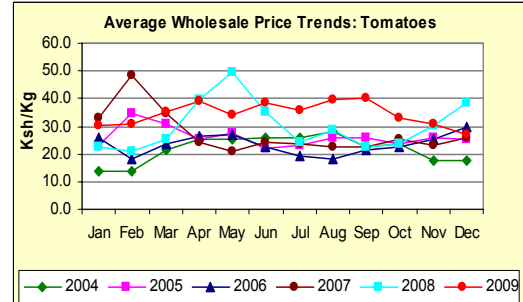
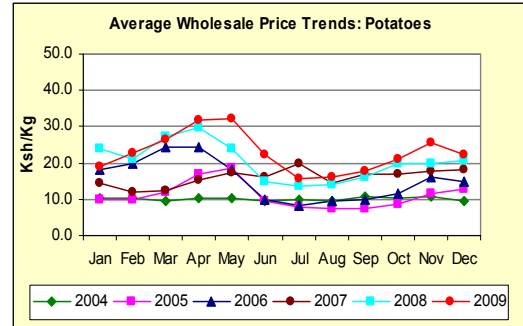
The last half of 2009 saw kale prices going up continuously by 1-3 Ksh/kg/month. The trend reversed in December when a 14% decrease was recorded in "sukumu wiki" prices. It was only in Eldoret that the commodity returned higher prices in December compared to November. The annual average for 2009 was 56% above that of 2008.

Overall it was a good year in terms of price for growers with irrigation or for those in areas receiving good rainfall. However, many saw their incomes drop as rains failed and high prices reduced demand from low income urban consumers.

Fresh Vegetables – Average Wholesale Prices, KSh per kg

	Sep'09	Oct' 09	Nov'09	Dec'09	Average
Potatoes					
Nairobi	20.1	24.0	27.5	24.4	24.0
Mombasa	22.9	26.0	31.8	23.8	26.1
Nakuru	16.4	21.0	24.0	20.3	20.4
Kisumu	15.0	16.8	24.5	22.6	19.7
Eldoret	15.2	18.3	21.1	21.2	19.0
Av. W/ SP	17.9	21.2	25.8	22.5	21.8
Tomatoes					
Nairobi	46.4	35.0	37.4	29.3	37.0
Mombasa	19.9	17.3	18.3	19.2	18.7
Nakuru	35.8	26.3	24.3	25.1	27.9
Kisumu	40.1	43.4	41.1	29.2	38.4
Eldoret	58.6	43.8	33.9	31.2	41.9
Av. W/ SP	40.2	33.1	31.0	26.8	32.8
Cabbage					
Nairobi	18.5	19.0	26.8	23.5	22.0
Mombasa	26.0	25.0	22.6	25.9	24.9
Nakuru	10.3	10.1	10.0	9.5	10.0
Kisumu	11.1	9.9	10.5	13.3	11.2
Eldoret	6.0	6.6	5.3	5.5	5.9
Av W/ SP	14.4	14.1	15.1	15.5	14.8
Onion					
Nairobi	55.6	56.3	69.8	71.9	63.4
Mombasa	32.4	30.4	36.6	42.1	35.4
Nakuru	38.6	32.8	31.0	30.8	33.3
Kisumu	52.4	51.7	73.7	44.0	55.5
Eldoret	26.9	38.2	36.5	29.2	32.7
Av. W/ SP	41.2	41.9	49.5	43.6	44.0
Kale					
Nairobi	18.1	25.4	46.1	35.0	31.1
Mombasa	29.8	34.7	28.3	18.0	27.7
Nakuru	18.8	19.4	14.4	9.0	15.4
Kisumu	31.5	29.6	29.0	22.4	28.1
Eldoret	25.5	19.8	26.8	40.4	28.1
Av. W/SP	24.7	25.7	28.9	25.0	26.1

Source: Ministry of Agriculture, Market Information Office & HDP



Horticultural Exports, Oct-Sept 2005-2009

Production in 2009 was characterized by drought which covered the entire country, impacting on national production. Both domestic and export markets were affected although greenhouse flower production and a good performance by tree crops kept overall export quantities at a reasonable level relative to the previous three-year average. The year's horticultural exports recorded a 12 and 17% decreases in volume and value respectively compared to 2008 (Table 1-2, Figure 1). Devaluation of the Kenya shilling was a key factor influencing the overall economics of export sales, falling 17% on average against the dollar in 2008 and another 1% in 2009. Fresh vegetable exporters suffered most from the change in rainfall patterns and scarcity of water since smallholder producers supply the bulk of their produce (Table 2).

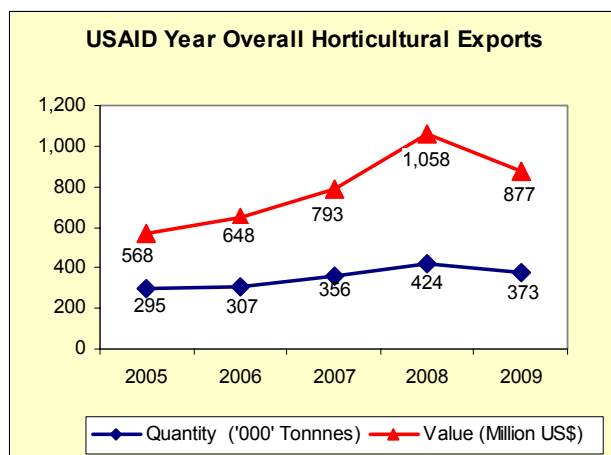
Table 1: Overall Exports, Oct 2005 – Sept 2009

Quantity in '000' Tonnes and Value in US\$ Millions

Month	Quantity	Value
2005	295	568
2006	307	648
2007	356	793
2008	424	1,058
2009	373	877

Source: KRA Customs

Figure 1: Overall Horticulture Exports 2005-2009



Horticultural Exports 2009

Overall horticultural exports were 12% down in quantity and 17% on value in 2009 relative to 2008 (table 2).

Table 2: October-September Horticultural Exports, 2008-2009 Quantities in '000' tonnes; value in US\$ million

Product	2008		2009		% Δ	
	Qty	Value	Qty	Value	Qty	Value
Flowers	122	579	118	441	-3	-24
Fresh Veg.	108	279	78	216	-27	-23
Nuts	23	17	30	15	29	-16
Fresh Fruits	24	26	31	28	32	6
Proc. Veg.	31	64	26	101	-17	58*
Proc. Fruits	115	92	89	76	-23	-17
Total	424	1,058	373	877	-12	-17

*Increase in value due to re-classification of "miraa" by KRA

Flowers

Cut flowers, fresh foliage and plant cuttings were the three major types of floriculture products exported. Small amounts bulbs and tubers were also produced but accounted for less than one per cent of exports. The main market destinations were the Netherlands and UK. The total quantity and value of products exported in 2009 decreased by 3% and 24% respectively in comparison to 2008 levels. About 80% of the decrease in value in 2009 was attributable to a shift in classification of 'Miraa' by the KRA from cut foliage to processed vegetables. When this is taken into account, genuine flower export values fell by only 7%. Cut flowers (roses, carnations, lilies and others) accounted for 88% of exports in 2009. They recorded a 4% increase in quantity and 7% decrease in value compared to 2008. Cuttings recorded a 12% and 3% increase in quantity and value respectively compared to 2008.

Table 3: Floriculture Exports, Oct-Sept 2007-2009

Product	2007-08		2008-09		% Δ	
	Qty	Value	Qty	Value	Qty	Value
Cut Flowers	109.0	420.6	113.5	389.5	4	-7
Cuttings	4.2	49.1	4.7	50.4	12	3
Fresh Foliage	8.8	109.1	0.1	1.3	-99*	-99
Total	122.0	578.8	118.3	441.3	-3	-24

*Change due to re-classification of "miraa" – see text.

Fresh Vegetables

This category includes dried vegetables which were 23% and 8% of the total vegetable exports in 2008 and 2009 respectively. In 2009, dried vegetable exports dropped by 75% from 25,000 tonnes in 2008 to 6,000. Bulk (over 50%) of the fresh vegetable exports was Asian vegetables with the main destination being UK. These dropped by 13 and 6% respectively in quantity and value. Leguminous vegetables, mainly peas and beans, had their quantities exported dropped by 17% in quantity and by less than 1% in value.

Nuts

Exports of macadamia and cashew combined went up by 29% in quantity in 2009 with both showing a significant improvement. The dollar value dropped by 16% due to a combination of exchange rate and market factors. Higher exports of raw cashew also affected the net value. Traders reported that increased demand from local and regional markets which give higher margins also reduced exports.

Fresh Fruits

It was a good year for fruits which were less affected by climate change and actually benefited through reduced levels of anthracnose in some areas normally prone to heavy rains.

Table 3: Top three fresh fruit exports quantity ('000' tonnes) and value (million US\$.)

Product	2008		2009		% Δ	
	Qty	Value	Qty	Value	Qty	Value
Avocadoes	15.4	17.8	19.2	19.7	24.9	10.5
Mangoes	5.9	5.8	7.8	6.4	31.7	10.2
Passion	1.3	1.6	2.8	1.1	120.7	-32.5
Others	1.2	1.2	1.5	0.9	24.9	-21.4
Total	23.8	26.4	31.3	28.1	31.7	6.5

The overall quantity and value of exports went up by 32% and 6% respectively (table 2). This was attributable mainly to a good performance by avocado and mango producers. The expansion of large-scale commercial avocado production by Kakuzi was a significant factor but smallholders also produced more. Avocado accounted for 62% of fresh fruit exports in 2009, up by 25% and 11% in quantity and value respectively as compared to the same period in 2008 (table 3). About 85% of the Kenyan avocado exports are marketed in Europe with 51% being sold in France where buyers accept the Fuerte variety more readily (table 4).

Table 4: Avocado Exports by destination (quantity ('000' tonnes) and value (million US\$)).

Destination	Quantity	Value
France	8.2	8.9
Netherlands	3.8	3.2
United Arab Emirates	2.5	2.0
Spain	2.4	2.6
United kingdom	1.6	2.0
Others	0.8	1.1
Total	19.2	19.7

Mango accounted for 25% of total fruit exports with most of the fruit going to Gulf markets although exports to Tanzania for processing also appeared in the statistics for the first time. Most of the mango crop exported was produced by relatively small-scale growers with less than 100 trees.

Processed Vegetables

The quantity of processed vegetables exported dropped by about 17% in quantity in 2009 compared to the same period in 2008 (table 2). Value apparently increased by 58% but this was due to a re-classification of "miraa" by the KRA (see above) which accounted for the sudden appearance of some very high value exports to Somalia, Netherlands and UK.

The genuine decrease in processed vegetable exports was attributable to a 45% decrease in the quantity of canned products exported. Canned products accounted for 52% of the total and 87% of these are fine and extra-fine beans (table 4). The 52% drop in canned bean exports was due to drought which reduced smallholder production and increased competition for scarce product between fresh and processed bean buyers.

Table 4: Exports of canned products by Quantity in Tonnes

Product	2007-08	2008-09
Beans	24,051	11,604
Mixed Veges	156	1,580
Homogenised veges	3	134
Potatoes	17	61
Peas and others	49	19
Total	24,277	13,397

Spices (cloves, ginger, turmeric bay leaves, and curry) made up 10% of all processed vegetables exported of which over 60% went to Uganda.

Cloves exports were mainly to India, UAE, Pakistan and Ethiopia. Apart from chilli powder, most of the spice products were presumably re-exports of products grown in Tanzania, Uganda and Asia.

Processed fruits

Quantity and value of processed fruit exports dropped by 23 and 17% respectively over the same period in 2008 (table 2). This was mainly attributable to a drop in quantity and value of fruit parts/ slices exported in 2009 by 32 and 28% respectively.

Table 5: Processed Fruit Exports, Sept-Oct 2007-09

Quantity in '000' tonnes, value in US\$ millions

Product	2008		2009		% Δ	
	Qty	Value	Qty	Value	Qty	Value
Fruit parts/slices	90	70	62	50	-32	-28
Fruit Juices	24	21	27	25	10	20
Jams and fruit jellies	1	1	1	1	-29	-35
Total	115	92	89	76	-23	-17

The fruit products comprise of three broad categories

- Fruit slices comprised 70% of exports and 99% of the slices were canned pineapple from Del Monte's Thika farm and factory. The major market destinations were Germany, Netherlands and Spain.
- Juices were 30% of exports with a proportion of the finished product and raw material presumably being re-exports. However, processors are increasingly sourcing passion and mango juice locally.
- Fruit jams accounted for less than 1% of the total but are reported to have great potential for growth.

Table 6: Exports of Pineapple Slices by Destination

Quantity in '000' tonnes, value in million US\$

Destination	Quantity	Value
Germany	17.0	13.0
Netherlands	11.6	9.6
Spain	8.7	7.1
France	5.6	4.7
Italy	3.9	3.1
Belgium	3.3	2.5
United kingdom	3.2	2.8
Sweden	2.2	1.9
Portugal	1.4	1.0
Finland	1.2	1.2
Others	2.8	2.2
Total	60.9	49.1

Processors suggest that regional exports are actually greater than reported since most of their sales to neighboring countries are to traders who buy small amounts of many products in Kenya, not all of which are reported individually. Overall regional demand for processed fruit products is growing and this category offers a major opportunity for smallholder producers and processors.

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