fintrac HDC horticulture development centre

Horticulture Marketing News

July 2004 ***"Keeping Small Holders in Business"***

The global fresh produce market is more competitive every year. Although Kenya is currently a major supplier of fine beans, runner beans, mangetout (snowpea) and avocado to Europe, there is no guarantee that we can maintain market share for these products in future. In July the HDC carried out a brief survey of the UK market to see how Kenya was represented in the wholesale markets and top five supermarkets. The data and comments from importers suggest that freight costs and competition from West Africa are issues which need to be monitored carefully by Kenyan exporters, and that we may need to respond quicker to new market opportunities. This issue also includes a market profile for mango pulp. Marketing has been a major problem for mango growers in recent years and it may be that the local, regional and international markets for processed mango have more long-term potential than the fresh fruit market.

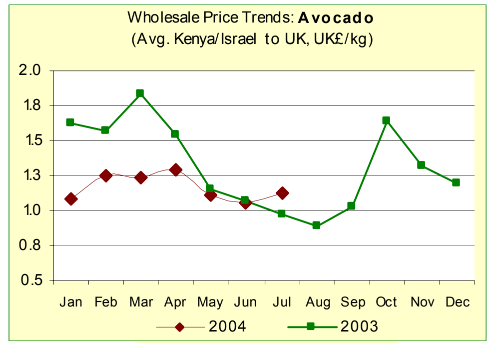
International Prices

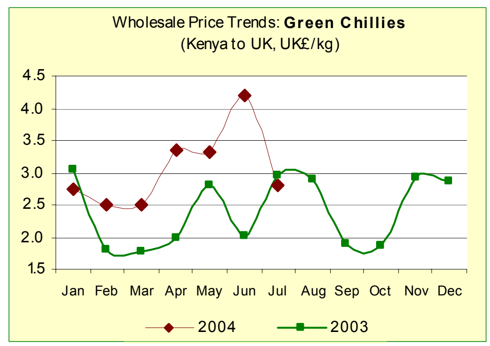
Fresh Fruits and Vegetables

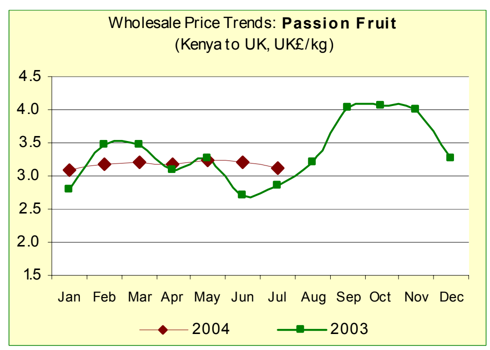
Food Surveys UK & Fresh Produce Journal UK					
Market	**Supplier**	**Variety**	**June**	**July**	**% Change**
Average Wholesale Prices UK£/Kg					
Avocado					
UK	**Kenya**	Fuerte	1.01	1.13	12%
	South Africa	Fuerte	1.09	1.11	2%
Green Chillies					
UK	**Kenya**	green	4.20	2.79	-34%
	Holland	green		2.52	
	Gambia	green	2.00	2.00	0%
Fine Beans					
UK	**Kenya**		2.54	2.40	-6%
	UK	*Bobi*	1.00		
	Egypt	*Bobi*			
Mangetout					
UK	**Kenya**		3.00	2.48	-17%
	Guatemala		3.00	2.48	-17%
Sugarsnap Peas					
UK	**Kenya**		3.20	2.92	-9%
	Guatemala		3.10	2.75	-11%
Okra					
UK	**Kenya**		2.88		
	India		3.00	2.88	-4%
	Gambia		2.75	2.75	0%
	Brazil		3.63		
	Thai		3.25	3.75	15%
Passion Fruit					
UK	**Kenya**		3.20	3.13	-2%
	Colombia		3.23	3.10	-4%
	Zimbabwe		3.00	3.00	0%
Karella					
UK	**Kenya**		2.75	2.88	5%

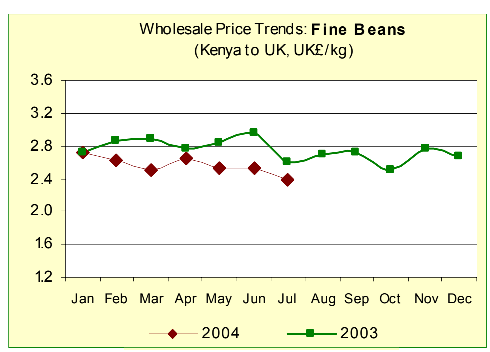
July is traditionally a quiet time for imported produce in UK since the market is full of locally grown fruits and vegetables. Consequently, wholesale prices for most products fell compared to June. However, Kenyan produce was generally of good quality, obtaining prices as good as, or slightly higher than the competition. The exception was okra where the quality of Thai packaging and presentation was exceptional. Avocado and passion fruit prices were slightly higher than in July 2003, reflecting lower availability. It seems that some exporters stopped sending *Fuerte* avocado due to the very low prices and losses incurred in previous months. Kenyan produce was well represented in the top five UK supermarkets although the range of products was limited (see overleaf).

As always, on the local market (overleaf) there were wide variations in price between major urban centres. Yearly average prices for banana range from 10/- per kilo in Kisumu to 25/- in Nairobi. Tomato prices range from 17/- in Eldoret to 28/- in Nairobi; cabbage from 4/- in Eldoret to 20/- in Mombasa; onions from 20/- in Nairobi to 28/- in Kisumu; and kales from 9/- in Nakuru to 14/- in Mombasa. This illustrates the major benefits which enterprising growers can obtain if they invest in new varieties, or irrigation, to produce vegetables which are not readily available in their area at certain times of the year.









Domestic Prices

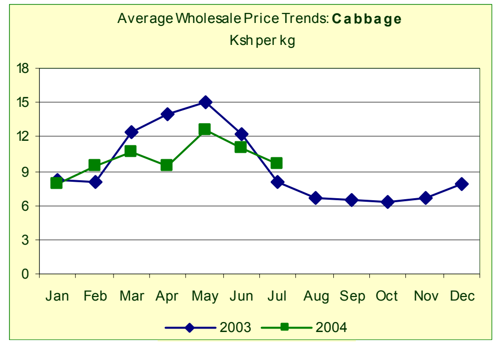
Fresh Fruits and Vegetables

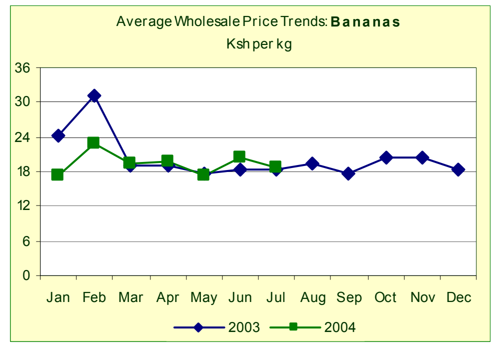
Ministry of Agriculture, Market Information Office & HDC

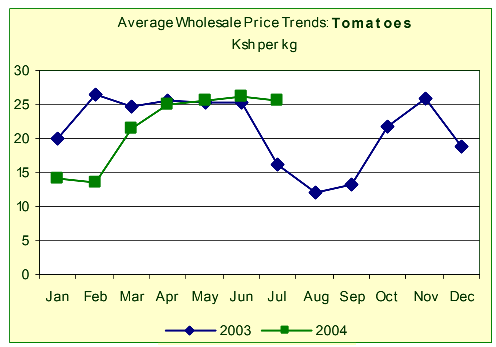
Market	April	May	Jun	Jul	Yearly Average
Average Wholesale Prices, Ksh per kg					
Bananas					
Nairobi	25.3	21.4	23.4	25.1	24.71
Mombasa	20.1	21.4	19.6	21.7	20.05
Nakuru	26.4	26.4	25.9	17.4	24.72
Kisumu	6.9	7.1	13.4	10.0	10.28
Eldoret	19.3	10.0	19.6	19.8	17.07
Tomatoes					
Nairobi	33.0	31.3	32.2	25.9	28.07
Mombasa	23.8	14.8	27.6	27.0	20.60
Nakuru	24.5	28.1	26.6	22.4	20.49
Kisumu	25.6	28.1	23.5	28.7	22.03
Eldoret	18.8	25.0	20.8	24.3	16.98
Cabbage					
Nairobi	11.2	11.1	12.4	13.3	11.12
Mombasa	21.2	26.2	21.0	19.8	20.72
Nakuru	6.4	7.9	8.1	7.2	6.81
Kisumu	4.6	4.8	9.8	3.8	6.47
Eldoret	3.6	-	4.1	3.9	4.00
Onions					
Nairobi	20.8	21.5	21.2	20.8	26.05
Mombasa	28.5	30.8	24.5	22.9	23.73
Nakuru	22.9	28.8	29.8	25.7	23.92
Kisumu	32.5	32.3	19.0	32.9	28.49
Eldoret	25.8	20.9	23.5	22.3	22.60
Kales					
Nairobi	12.2	12.0	12.7	20.0	13.40
Mombasa	10.1	10.0	11.9	24.0	13.92
Nakuru	10.2	8.0	12.4	12.0	9.41
Kisumu	11.3	10.0	12.4	20.0	12.64
Eldoret	12.0	10.0	10.5	16.0	10.98

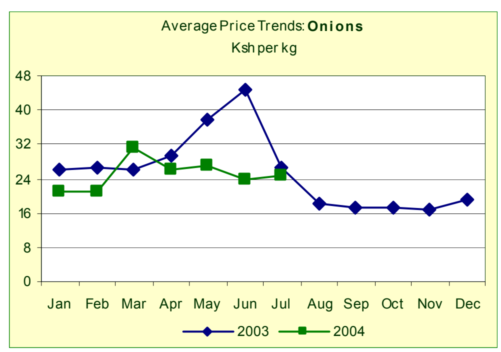
Kenyan Fresh Produce on the UK Market

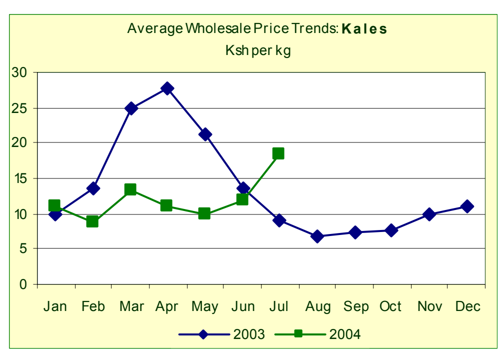
In recent years Kenya has lost UK market share in French beans to North African suppliers, and avocado to South Africa and other countries. Although gains have been made in prepared vegetables and some "ethnic" and specialty products, there is uncertainty about Kenya's long-term competitiveness and market presence. To start gathering more information on this subject, HDC requested Food Surveys of the UK to visit the main wholesale markets and the top five supermarkets during July and prepare a brief report on the availability and quality of Kenyan produce. They found that Kenyan produce was available from 27% of traders in Birmingham Market, 28% in Western International, 28% in Covent Garden and 32% in Spitalfields. No significant complaints were made by traders about the quality of Kenyan products and Kenya was generally thought of as a "well established exporter of good quality fresh produce". However, many traders commented that the cost of freight and overall price of Kenyan produce was increasing relative to other suppliers such as Gambia and Ghana. They thought that "buyer loyalty to Kenya might not hold if other developing countries continue to improve their quality and consistency". The "big 5" supermarkets were also surveyed during the third week of July. Waitrose and Safeway had the most Kenyan produce, followed by Tesco and ASDA, with Sainsbury carrying the least during the week of the survey. The quality of Kenyan produce was "certainly high, with good colour, texture and fresh appearance". However, the main products represented were the traditional lines of fine and runner beans, mangetout and sugar snap. Some of the fast growing new lines such as chilli and passion fruit, which might have been expected from Kenya, were being supplied by Jordan, India, the Caribbean (chilli) and South Africa (passion fruit). It was also evident that none of the regular tropical and "exotic" lines being featured, such as sweet potato, ginger and papaya, are being grown in Kenya, largely because we are totally focused on air freight. Although the data was limited, this does suggest that we could be in danger of losing out on new market opportunities. More details are available from the HDC.











HDC Product Profile:
Mango Puree (pulp)

Introduction

In the US and Europe, demand for mango puree (pulp) has increased in recent years. Growth is expected to increase as mangoes gain in popularity among mainstream consumers. It is already being used in smoothies and blended shakes which are fast-growing "healthy eating" products. Additionally, it is used as a component in pie and cake filling, alcoholic beverages and as an ingredient or topping for ice-cream, mousses, and other desserts.

Puree can be made from most varieties of mango. Popular varieties include Totapuri and Alphonso from India, and Tommy Atkins, Magdalena, and others from Latin America. Although some buyers express a preference for certain varieties of puree, others are less discerning and more price-conscious.

Imports

US imports of aseptic mango puree have increased by 79 percent by volume over the last five years, from 4,586 MTs valued at $5.8 million in 1999, to 8,231 MTs valued at $8.3 million in 2003. EU customs statistics do not separate mango from other fruit pulps so quantities are difficult to estimate accurately. However, traders believe that demand is increasing and that the total European demand is similar to the US.

Suppliers

India is traditionally the biggest global producer of fresh and processed mango products, supplying an estimated 60 percent of all products purchased worldwide. However, a combination of bad weather and old trees caused Indian production to decrease by up to 30% in 2003, and this situation may continue for several years. Other countries are increasing production to fill this gap. Latin American nations, particularly Mexico and Colombia, are the primary suppliers of mango puree to the United States.

Mexico is the biggest supplier, with 31 percent of the US market. Mexico's exports to the US have increased 217 percent by volume since 1999, from 818 MTs valued at $705,000 that year to 2,601 MTs worth $2.5 million in 2003. Mexico has gained market share as a result of competitively priced and easily sourced product.

Colombia exported 2,345 MTs of mango puree to the US in 2003, an increase of 227 percent by volume over 1999. The value of Colombian mango puree exports to the US was $2.0 million in 2003. Colombia has been able to gain market share in the US by providing high quality puree, particularly its Magdalena variety.

India's exports of mango puree to the US accounted for 16 percent of imports in 2003, with shipments of 1,348 MTs valued at $1.4 million. Indian export volumes have not increased significantly since 1999. Other suppliers of mango puree to the US include **the Philippines** and the **Dominican Republic.**

India is by far the biggest supplier of mango products to Europe and the Gulf States.

Prices

Prices for mango puree are dependent on variety and age. Typically, the more fresh the puree, the higher its price. Due to its geographic proximity, Mexico is able to supply the US with relatively cheap product (see table).

In 2003, drought and disease caused India to run out of stores of mango puree just two months after the mango harvest ended. World prices subsequently increased, particularly for *Alphonso* and *Totapuri* varieties. In June 2004, prices for Indian *Alphonso* pulp (170^{o} brix) reached $1,650/mt and *Totapuri* $850/mt (14^{o} brix).

Trends

Global consumption of mango pulp seems likely to increase. Also, since India, will remain short of product for several years, prices and opportunities for other suppliers should remain strong for the foreseeable future. Some importers with specific requirements for *Alphonso* and *Totapuri* must continue to source product from India, since it is the only major source of these varieties. However, in addition to insecure supply, the quality of Indian product can also be inconsistent. This creates long-term opportunities for other countries such as Kenya to gain a foothold as niche suppliers if they can gain a reputation for good quality and consistency.

Table 3: US Mango Puree Prices

Source:	**Peru**	**Mexico**	**Ecuador**	**India**	
Variety:	Chato	Atkins/Kent	Atkins/Kent/Haden	Alphorns	Totapuri
Brix:	16-17	14-16	14-16	16-18	14
Mar-02	$925	$675			
Jul-02	$950	$775	$950	$1,425	$825
Mar-03	$850	$700	$800		
Jul-03	$850	$700	$800	$1,650	$850

Source: ITC/MNS