

Welcome to the April 2004 issue of *Horticulture Marketing News*, produced by the HDC in cooperation with our partners in Kenya and in overseas markets. This issue features our continued monitoring of the performance of key Kenyan crops in both domestic and international markets. In addition, this month's product profile is African birds eye Chilli, a product with strong production potential in Kenya. This chilli enjoys international demand as an ingredient for a number of food and pharmaceutical applications, including personal defence "pepper spray." It has also been found to be an effective deterrant against unwelcome elephant intrusions! As always, we welcome your comments and feedback.

-- Steve New, Director, HDC

International Prices

Fresh Fruits and Vegetables

Food Surveys UK & Fresh Produce Journal UK

Market	Supplier	Variety	Mar	Apr	% Change
Average Wholesale Prices, UK£/kg					
Avocados					
UK	Kenya	Fuerte	1.13	1.22	8%
	Israel	Fuerte	1.34	1.36	1%
Green Chillies					
UK	Kenya	green	2.69	3.34	24%
	Egypt	green	2.92	2.75	-6%
	Ghana	green		3.00	
Fine Beans					
UK	Kenya		2.50	2.66	6%
	Morocco				
	Egypt	Bobo	2.13	1.98	-7%
Mangetout					
UK	Kenya		3.00	2.80	-7%
	Guatemala		2.81	2.94	5%
Sugarsnap Peas					
UK	Kenya		3.25	3.06	-6%
	Guatemala		3.16	3.13	-1%
Okra					
UK	Kenya		2.93	3.75	28%
	Zimbabwe				
	Uganda				
	Brazil		3.56	3.44	-3%
	Thai		3.25	3.20	-2%
Passion Fruit					
UK	Kenya		3.21	3.19	-1%
	Israel		3.54	3.84	8%
	Zimbabwe		3.00	3.06	2%
Karella					
UK	Kenya		2.88	2.88	0%

XR: US\$1.00=	Mar	Apr
UK Sterling	0.543	0.553
Euro	0.816	0.832

Source: <http://www.x-rates.com>

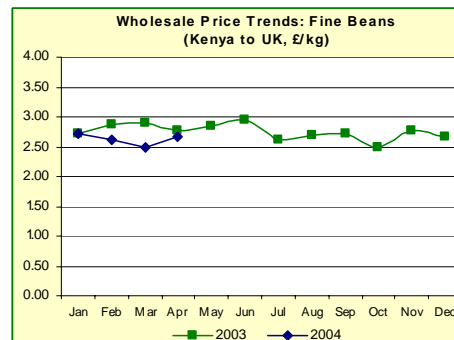
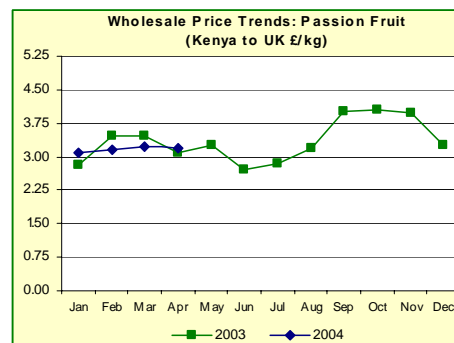
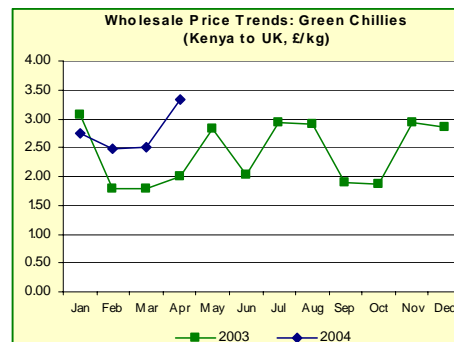
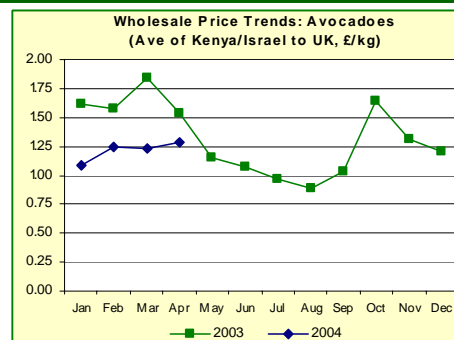
Comments:

Fresh Produce Journal reports that recent cold weather in the UK has reduced demand for salad ingredients during this period. Demand for African- origin mangetout was reported strong.

Notes:

Prices in red: These are obtained from the Fresh Produce Journal and are usually higher than wholesale prices reported from Birmingham and Spitalfield wholesale markets.

Approximate Calculation of fob Value in Kenya: Subtract the importer's commission and other costs (estimated at 20%) from the selling price. Then subtract an average cost of \$1.45/Kg for air freight and \$0.50/Kg for sea freight to derive an fob value.



Domestic Prices

Fresh Fruits and Vegetables

Ministry of Agriculture, Market Information Office & HDC

Market	Jan	Feb	Mar	Apr	Yearly Average
Average Wholesale Prices, Ksh per kg					
Bananas					
Nairobi	28.4	28.1	21.3	25.3	25.77
Mombasa	10.8	22.6	24.1	20.1	19.39
Nakuru	25.8	24.9	26.2	26.4	25.84
Kisumu	6.9	20.3	7.3	6.9	10.36
Eldoret	14.4	17.9	18.6	19.3	17.52
Tomatoes					
Nairobi	23.4	20.5	30.2	33.0	26.80
Mombasa	3.9	16.4	30.6	23.8	18.69
Nakuru	13.5	11.9	16.4	24.5	16.58
Kisumu	17.5	12.8	18.0	25.6	18.45
Eldoret	11.6	6.3	12.2	18.8	12.19
Cabbage					
Nairobi	7.7	7.9	14.3	11.2	10.26
Mombasa	12.5	22.8	21.6	21.2	19.50
Nakuru	6.1	6.1	5.8	6.4	6.11
Kisumu	8.2	7.0	7.1	4.6	6.73
Eldoret	5.0	3.2	4.3	3.6	4.00
Onions					
Nairobi	19.5	21.2	57.5	20.8	29.73
Mombasa	19.5	21.1	18.9	28.5	21.98
Nakuru	21.2	19.2	19.8	22.9	20.79
Kisumu	24.2	21.8	36.7	32.5	28.81
Eldoret	20.3	21.7	23.7	25.8	22.87
Kales					
Nairobi	10.8	9.8	16.4	12.2	12.28
Mombasa	13.8	13.9	13.8	10.1	12.89
Nakuru	6.1	5.3	11.9	10.2	8.37
Kisumu	10.0	8.5	16.3	11.3	11.53
Eldoret	13.9	6.4	8.0	12.0	10.09

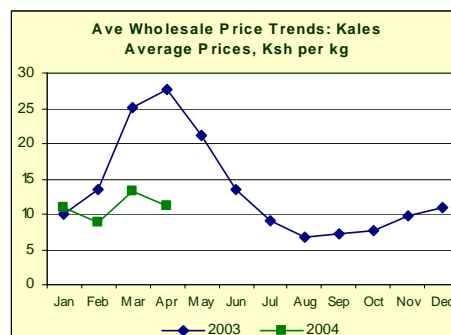
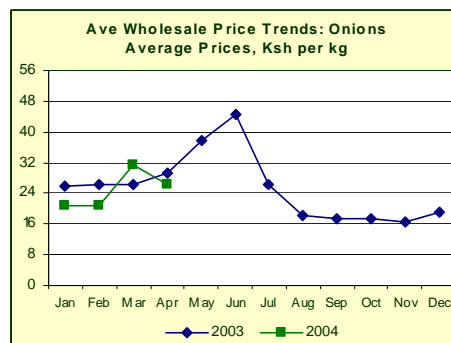
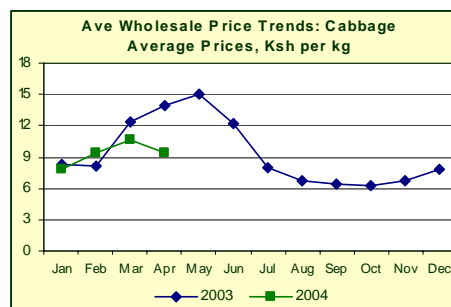
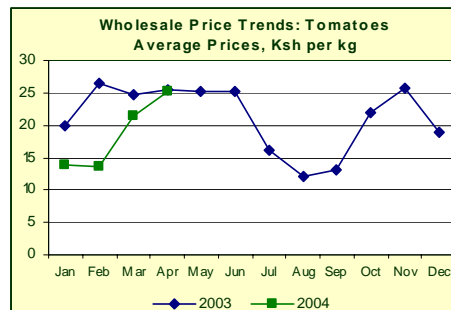
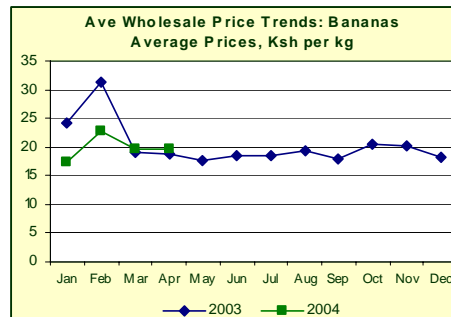
Kenya's Processed Fruits and Veg Exports

Recent export figures show that Kenyan processed fruit and vegetable exports totaled Ksh 6.5 billion in 2003, split between fruits and nuts (Ksh 4.5 billion) and vegetables (Ksh 2.1 billion). Not surprisingly, the UK and Europe were the main destinations.

Major categories include canned pineapples, pineapple juice, and dried or preserved beans and peas. Overall, processed exports constitute a small percentage of Kenya's total horticultural exports, which valued Ksh 36.9 billion in 2003, led by floriculture.

The potential to increase Kenya's processed exports of juices, purees, canned products, dried fruit and flowers, powdered chilli, and other high potential spices such as vanilla, is strong.

HDC will be working on the development of some of these value-added categories over the next couple of years with our industry partners and smallholder clients.



HDC Product Profile:

African Birds Eye Chilli

Description

The African birds eye chilli, a relative of the tabasco pepper, is among the hottest varieties of pepper in the world. This chilli, *Capsicum frutescens*, is produced largely in Malawi, as well as Zimbabwe, South Africa, Ghana and Uganda. Whole dried peppers are marketed to brokers and processors who use them whole as a condiment, or grind them into powder to be used as a food or pharmaceutical ingredient. The “capsaicin” oil or oleoresins responsible for pungency can also be extracted and used in the same way. A small proportion is sold into the fresh market.



There are many varieties of chilli that are called birds eye, and it should be noted that the African variety differs from the longer Thai and Indian varieties. The plant can grow from one-and-a-half to four feet in height, with peppers up to 2 cm in length that mature from green to deep red. Other colours are not acceptable to the market.

Markets

The EU is the largest market for African birds eye Chillies, followed by the US and Japan. India and other Asian countries also have large internal markets for pepper varieties similar to African birds eye that are supplied by domestic producers.

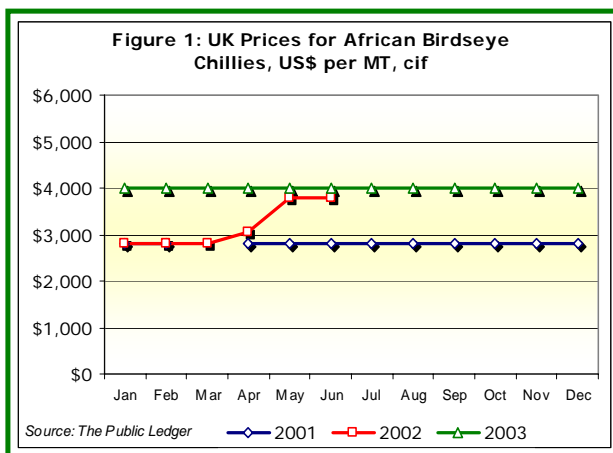
Official statistics do not separate African birds eye from the general “chillies” category. According to *The Public Ledger*, the EU imports around 350 MTs annually of Malawi birds eye chilli. In addition, the US and Japan each bring in around 50 to 100 MTs annually. The relatively smaller volumes produced by Zimbabwe, Uganda and South Africa are generally shipped to traders in Europe, while non-exported product is typically sold to local manufacturers of chilli sauce.

Suppliers

Malawi is the leading world supplier of African birds eye chillies, normally shipping around 400-500 MTs of peppers to Western Europe and other markets. Because other suppliers such as Zimbabwe, South Africa, Nigeria and Uganda provide only small volumes (typically on a more speculative basis) trade in African birds eye chillies is estimated at around 500 MTs annually. Shipments usually begin in December with Nigeria, followed by Zimbabwe in March. Malawi’s birds eye chillies begin in April-May, with shipments through the summer and often into December.

Weather and other domestic problems in recent years have called into question the ability of Malawian suppliers to provide product on a regular basis. Sources report that a combination of flooding followed by drought has limited output in the main production areas, while hunger and political problems continue to plague the country. Nevertheless, volumes offered in 2003 were larger than expected, and sources expect Malawi to retain its dominant (80 to 90 percent) share of the world market barring any further difficulties.

Market prices for African birds eye chillies ranged \$2,000–\$4,000 per MT over the last three years, with prices increasing towards the end of the period. The crop is given to speculation and consequent price fluctuations. While 2001 was a relative stable period for Malawian prices, limited product availability from Malawi in 2002 due to drought and flooding led to higher than normal prices of \$3,500 to \$3,800 per MT at the end of the year. For most of 2003 through April 2004, traders were quoting prices of over \$4,000 per MT due to scarcity.



The supply of Zimbabwean birds eye chillies was also limited in late 2001 and 2002, due to the political crisis in that has reduced agricultural output in general.

MACE, a company based in Eldoret, with partners in Europe, is currently recruiting contract growers for African birds eye in western Kenya and the Rift Valley areas. Uganda also has well-established exporters who are keen to buy in Kenya to reduce their transportation costs. HDC is currently carrying out trials with growers in Coast Province where climatic conditions are good for hot chilli production, and transport costs to Mombasa port are lowest.