

This month we are reporting on Kenya's 2004 exports of fresh produce. Despite EUREPGAP, EU food laws, high freight rates and strong competition, it is a tribute to everyone in the industry that exports continue to grow. Horticulture, tea and tourism remain Kenya's major forex earners. The current focus on food safety and traceability was highlighted in February when Food Standards Agency inspectors found traces of a toxic dye (Sudan-1) in prepared foods being sold in UK supermarkets. The dye had been used illegally by Indian exporters to give their chilli powder a beautiful red colour! To date more than 400 products have been withdrawn, resulting in financial ruin for some companies in the long food chains needed for production of ready-to-cook meals. According to FOODNEWS - "The financial implications are horrendous.....it could run to hundreds of millions of pounds". *Steve New, Director HDC*

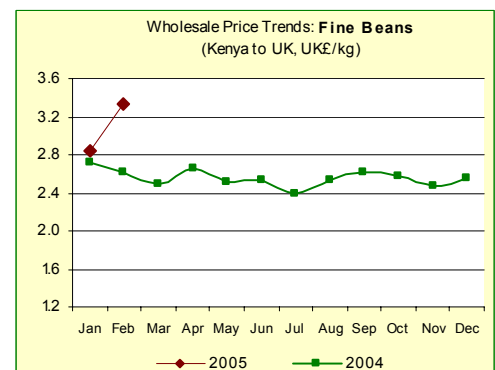
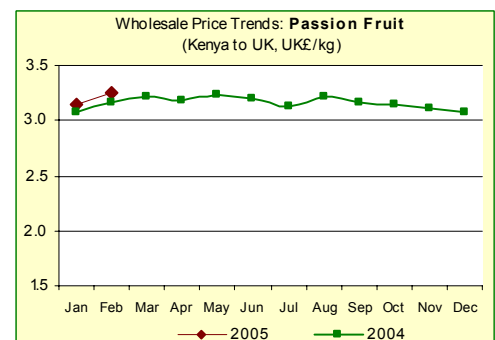
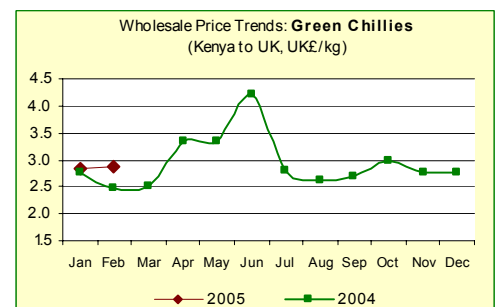
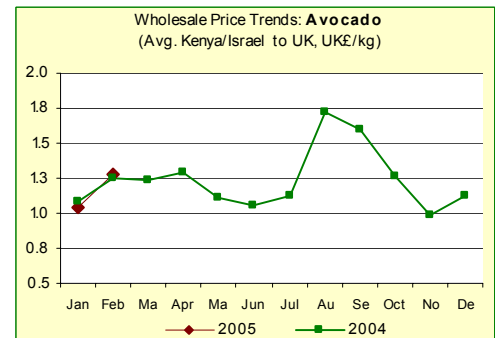
International Prices

Fresh Fruits and Vegetables – UK Market

Food Surveys UK & Fresh Produce Journal UK

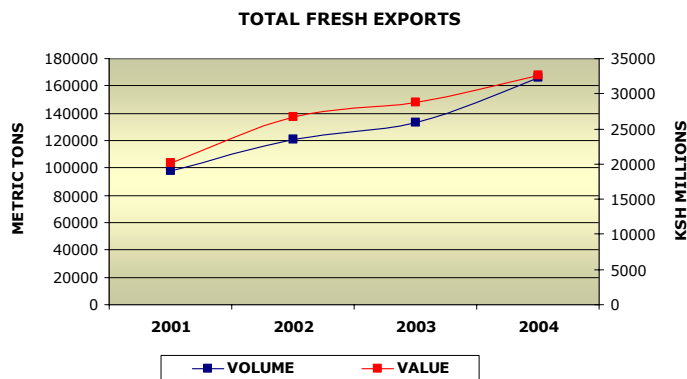
Market	Supplier	Variety	Jan	Feb	% Change
Average Wholesale Prices UK£/Kg					
Avocado					
UK	Kenya	Fuerte		1.31	
	<i>Israel</i>	Fuerte	1.04	1.24	19%
	<i>Spain</i>	Fuerte	1.06	1.33	25%
Green Chillies					
UK	Kenya	green	2.82	2.88	2%
	<i>Holland</i>	green	3.50	2.94	-16%
	<i>Gambia</i>	green	2.00	2.00	0%
Fine Beans					
UK	Kenya		2.84	3.34	18%
	Zimbabwe		2.70		
Mangetout					
UK	Kenya		2.77	2.77	0%
	Guatemala		2.74	2.96	8%
Sugarsnap Peas					
UK	Kenya		2.89	3.08	7%
	Guatemala		3.19	3.19	0%
Okra					
UK	Kenya		3.00	3.75	25%
	India		2.75		
	Brazil		3.54	3.63	3%
	Thai		3.16	3.40	8%
Passion Fruit					
UK	Kenya		3.15	3.25	3%
	Colombia			3.13	
	<i>Israel</i>		3.54	3.07	-13%
	Zimbabwe		3.00	3.00	0%
Karella					
UK	Kenya		2.90	3.00	3%

Although HDC does not have quantitative data we seem to be observing the redistribution of different Kenyan products between supermarkets and wholesale outlets occurring at an increasing rate. In supermarkets the most obvious Kenyan products on display are prepared vegetables, usually in mixed packs; pre-packed fine beans; and runner beans. In the wholesale markets there is a mix of fine beans, avocado, passion fruit, chilli, okra, karella and other Asian vegetables - mostly loose-packed. We are also seeing products from more countries than ever before. For example in the first two months of this year, Kenyan fruit and vegetable exporters were in direct competition with produce from more than 10 different countries for the top 8 wholesale products (above). In supermarkets the competition is even greater. Overall, prices for the first two months of the year have been good, with a shortage of fine beans and okra pushing up prices by 18% and 25% in February to the highest levels for more than a year. A shortage of *Hass* avocado allowed Kenyan *fuerte* to obtain reasonable prices. The quality of Kenyan produce was reported as good.

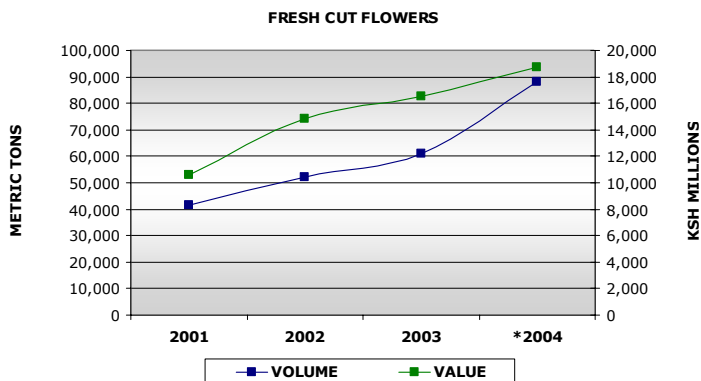


EXPORTS OF FRESH FRUITS, VEGETABLES AND FLOWERS IN 2004

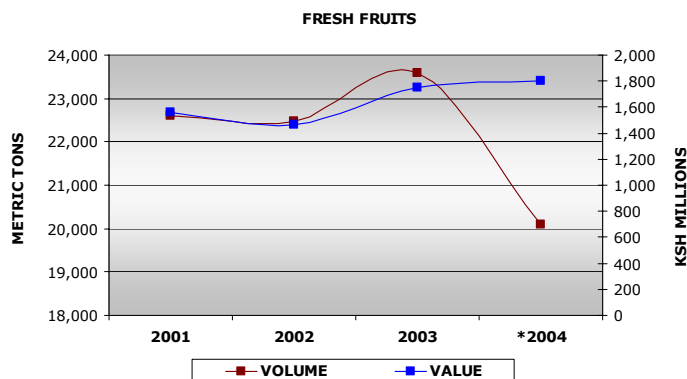
According to figures provided by HCDA and the Central Bureau of Statistics, exports of fresh horticultural produce grew by 24% by volume and 13% by value in 2004 (below).



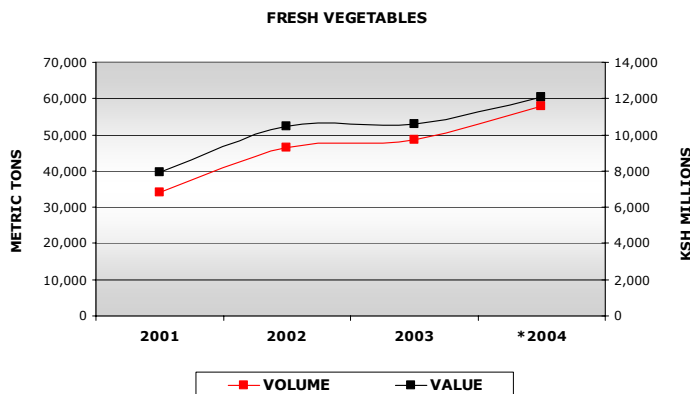
Exports of cut flowers (below) increased the most with a reported 45% growth in volume and 14% in value. The volume figure may be subject to some revision downwards.



Although fresh fruit volumes dropped in 2004, due mainly to less mangoes being shipped than in previous years, overall value increased by 2.9% (below).



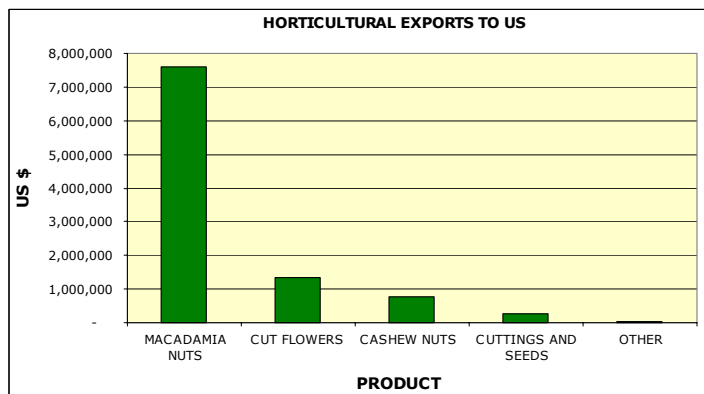
Fresh vegetable exports increased by 19% in volume and 14% by value respectively. Fine beans in various forms accounted for 56% of the volume shipped. Big increases were recorded for pre-packed mixed vegetables (31% by volume), sugar snaps (50%) and broccoli (42%)



Next month we will report in more detail on trends within these major product categories

Kenya-US Trade in Horticultural Crops and Products

As a USAID-funded program, HDC is particularly interested in Kenya-US trade. Customs data for 2004 show that trade with the US is small but significant (below), accounting for less than 2% by value of all horticultural exports. There is obviously room for a lot of growth!



Macadamia is by far the biggest export product, followed by flowers, cashew and planting materials (seeds, bulbs and cuttings). Over the next two years, HDC will be working closely with the firms involved in this trade. For the immediate future, fresh fruits and vegetables have less potential. Only onion and pineapple have approval for entry in to the US and Kenya has no obvious comparative advantage for these two products on the US market. All other fresh fruits and vegetables require pest risk assessments (PRAs) to be carried out and then approved by USDA. KEPHIS is working on this, with USAID support, but the process could take up to two years.