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# KENYA Horticultural Development Program

## Marketing News – January/February 2007

The market reports and trade statistics given below show that, when all horticultural crops and products are included, Kenya is still performing well on export markets and achieved a relatively healthy 10% growth in 2006. However, the rate of growth is slowing and companies are looking for new opportunities. Fresh and processed products which can be sea-freighted offer big potential for exporters, since they can use existing infrastructure and marketing skills to enter new product sectors. The USA is a massive and underexploited market, particularly for Kenyan flowers and nuts. The domestic and regional markets are also growing fast in size and in consumer tastes. The horticulture industry must look to these new products and markets in order to maintain its high growth rate into the future. *Steve New, KHDP Director*

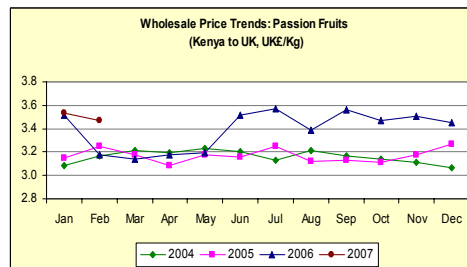
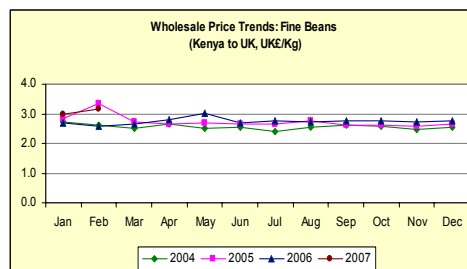
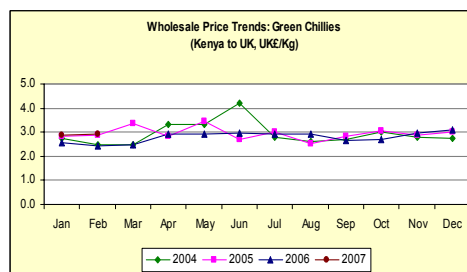
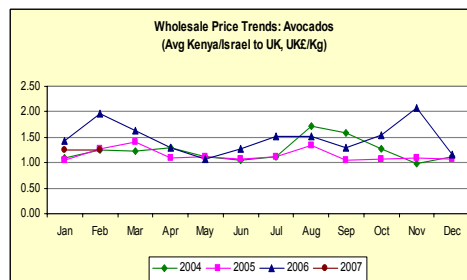
### International Prices

#### Fresh Fruits and Vegetables-UK Market

*Food Surveys & Fresh Produce Journal, UK*

Market	Supplier	Variety	Jan 07	Feb 07	% Change
<b>Average Wholesale Prices UK£/Kg</b>					
<b>Avocado</b>					
UK	<b>Kenya</b>	Fuerte		1.38	
	Israel	Fuerte	1.24	1.14	-8%
	SA	Fuerte		0.84	
<b>Green Chillies</b>					
UK	<b>Kenya</b>	green	2.86	2.93	2%
	Gambia	green	2.00	2.14	7%
	Holland	green	3.09	4.75	54%
<b>Fine Beans</b>					
UK	<b>Kenya</b>		2.97	3.16	6.4%
	Egypt		3.00	2.81	-6%
<b>Mangetout</b>					
UK	<b>Kenya</b>		3.18	3.41	7%
	Guatemala		3.36	3.25	-3%
<b>Sugarsnap Peas</b>					
UK	<b>Kenya</b>		3.50	3.51	0.3%
	Guatemala		3.46	2.28	-34%
<b>Okra</b>					
UK	<b>Kenya</b>		2.00	2.35	18%
	Thai		3.80	3.50	-8%
	India		1.52	1.74	14%
<b>Passion Fruit</b>					
UK	<b>Kenya</b>		3.53	3.47	-1.7%
	Colombia		3.88	3.05	-21%
	Brazil		1.54	1.62	5%
	Zimbabwe		3.30	3.25	-2%
<b>Karella</b>					
UK	<b>Kenya</b>		1.96	2.35	20%
	Dominican Republic		2.25	2.17	-4%

Market traders reported steady/good levels of trade in February compared to the post-Christmas and January periods. The general quality of Kenyan produce was good but fine beans were in short supply because of variable weather in most production areas. Avocado price has stabilized around £1.30 since December 2006 after a drop of more than 50% from a high of £2.00/kg in November. Chilli prices have remained fairly strong and stable (at around £3.00) since October 2006 as supplies from sources in West Africa and the Middle East lacked continuity. The price of fine beans has increased steadily since the beginning of the year, because of short supplies, reaching £3.20/kg at the end of February. Prices for January-February 2006 and 2007 were more than 20% higher than during the same period in 2004 and 2005. Passion fruit remains one of the highest priced Kenyan products sold in the UK, selling consistently at around £3.50/kg since July 2006. Kenya is one of the few suppliers and market demand is generally higher than supply. Prices for sugar snap peas have also been good, ranging from £3.40 and £3.70 during the past four months, due to market shortages and good quality produce from Kenya.



## Domestic Prices - Fruits

### Fresh Fruits

*Ministry of Agriculture, Market Information Office & HDP*

Market	Nov 06	Dec 06	Jan 07	Feb 07	Average
<b>Average Wholesale Prices, KSh per kg</b>					
<b>Bananas</b>					
Nairobi	25.8	28.6	28.6	30.7	<b>27.8</b>
Mombasa	18.7	19.3	16.8	16.8	<b>18.8</b>
Nakuru	10.7	12.6	12.9	11.1	<b>11.6</b>
Kisumu	10.7	12.5	13.6	13.6	<b>12.0</b>
Eldoret	18.3	17.9	17.9	18.9	<b>17.8</b>
<b>Mango</b>					
Nairobi	48.0*	11.9	9.5	8.7	<b>19.5</b>
Mombasa	5.1	4.0	4.8	4.8	<b>4.7</b>
Nakuru	12.4	11.9	10.7	10.7	<b>11.4</b>
Kisumu	8.4	4.0	5.4	13.9	<b>7.9</b>
Eldoret	7.9	7.9	8.8	7.5	<b>8.0</b>
<b>Avocado</b>					
Nairobi	10.6	12.2	10.9	12.2	<b>11.5</b>
Mombasa	11.1		22.2	26.7	<b>20.0</b>
Nakuru		13.3	7.8	12.2	<b>11.1</b>
Kisumu	3.2	3.8	6.4	9.4	<b>5.7</b>
Eldoret	8.7	8.9	7.3	5.4	<b>7.6</b>
<b>Passion Fruit</b>					
Nairobi	23.0	23.8	27.2	23.7	<b>24.4</b>
Mombasa	26.3	47.1	32.9	30.7	<b>34.3</b>
Nakuru	35.1	39.5	36.9	35.1	<b>36.6</b>
Kisumu	20.9	32.5	23.7	20.2	<b>24.3</b>
Eldoret	55.0	60.0	10.5	25.0	<b>37.6</b>
<b>Pineapple</b>					
Nairobi	46.1	39.6	43.5	32.8	<b>40.5</b>
Mombasa	44.1	52.3	55.4	56.3	<b>52.0</b>
Nakuru	29.5	21.7	17.7	14.1	<b>20.7</b>
Kisumu	12.7	37.5	29.3	36.3	<b>29.0</b>
Eldoret	54.6	23.4	23.9	19.5	<b>30.4</b>

\* No common mango available – price is for named varieties such as Ngowe

Fruit prices have been fairly stable over the last four months with the exception of passion fruits, which dropped from KSh 40 per kilogram to KSh 30 per kilogram. Banana prices have been the most stable during the last three years, with the exception of November 2005 when prices shot up by more than 50% (from a yearly average of about KSh 20 per kilogram to KSh 30 per kilogram).

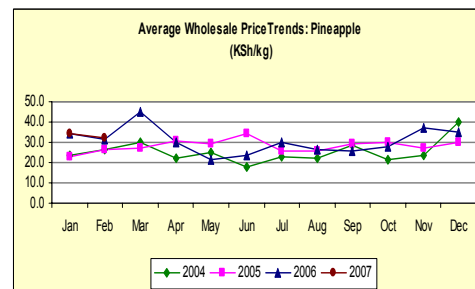
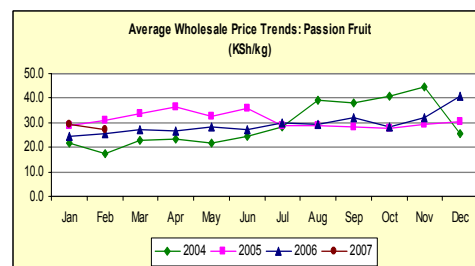
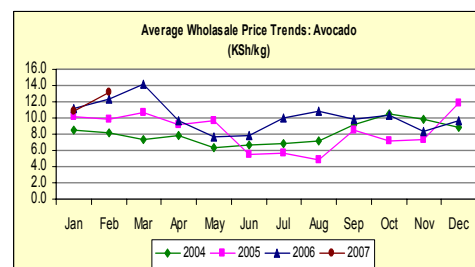
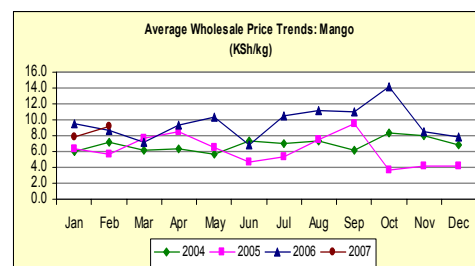
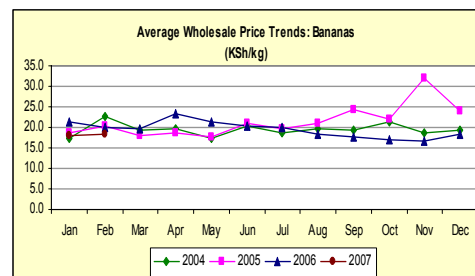
Mango prices remained relatively high in 2006, compared to the previous two years with the highest price ever recorded (KSh 12/kg) being in November 2006, when supplies dropped following continuous heavy rainfall.

Avocado prices increased sharply from KSh 8/kg in November 2006 to KSh 13/kg in February 2007, with supplies limited because of heavy rains in some areas.

Passion fruit prices increased continuously from January 2006 to peak at KSh 40 in November and have since dropped back to about KSh 30/kg.

Pineapple prices in March 2006, were the highest in the last three years (KSh 45/kg) and have remained strong ever since at KSh 30/kg to KSh 35/kg.

Overall, the weather has reduced fruit tree yields during the past 12 months and given a price bonus to those growers and brokers lucky or skilful enough to have fruit available.



## Domestic Prices - Vegetables

### Fresh Vegetables

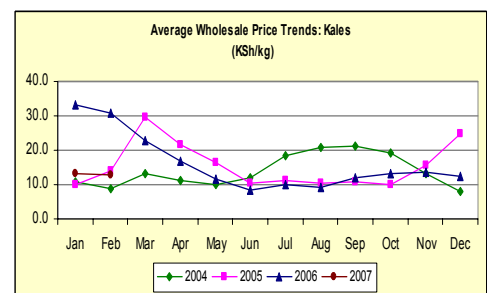
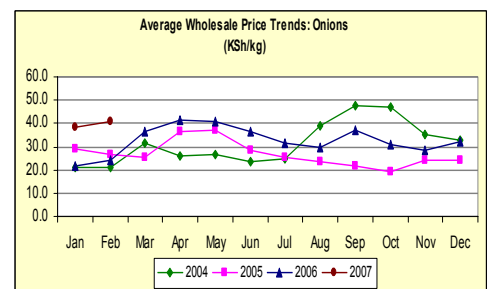
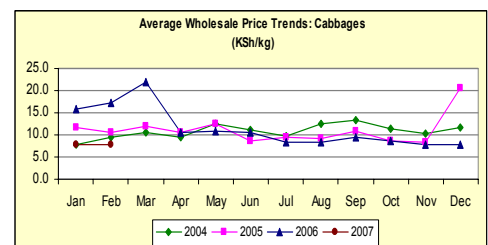
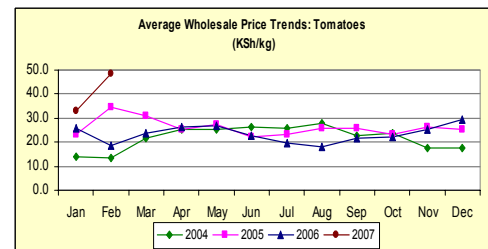
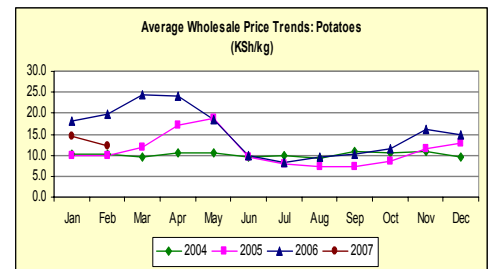
*Ministry of Agriculture, Market Information Office & HDP*

Market	Nov 06	Dec 06	Jan 07	Feb 07	Average
<b>Average Wholesale Prices, KSh per kg</b>					
<b>Potatoes</b>					
Nairobi	21.4	12.7	13.7	11.8	14.9
Mombasa	22.3	24.3	22.8	19.8	22.3
Nakuru	15.2	14.2	12.3	9.1	12.7
Kisumu	10.5	13.6	12.7	12.7	12.4
Eldoret	12.1	9.1	10.5	7.3	9.7
<b>Tomatoes</b>					
Nairobi	27.6	31.4	35.2	68.0	40.5
Mombasa	35.3	43.0	34.4	41.4	38.5
Nakuru	22.6	27.9	33.6	49.2	33.3
Kisumu	19.5	29.7	39.9	54.7	35.9
Eldoret	20.7	15.6	21.1	28.1	21.4
<b>Cabbage</b>					
Nairobi	8.7	9.5	9.5	8.3	9.0
Mombasa	14.4	13.5	13.2	13.9	13.7
Nakuru	8.6	8.5	8.7	8.7	8.6
Kisumu	4.4	3.8	3.4	4.8	4.1
Eldoret	3.5	3.6	4.4	3.8	3.8
<b>Onion</b>					
Nairobi	26.3	27.1	35.8	31.9	30.3
Mombasa	24.5	41.8	50.8	50.0	41.8
Nakuru	26.9	31.8	36.2	36.2	32.8
Kisumu	32.3	26.9	32.7	53.8	36.4
Eldoret	32.5	32.3	37.7	32.3	33.7
<b>Kales</b>					
Nairobi	16.8	11.4	14.0	14.0	14.1
Mombasa	15.2	20.5	21.0	18.5	18.8
Nakuru	11.9	6.4	6.0	6.0	7.6
Kisumu	13.0	16.0	17.5	14.5	15.3
Eldoret	12.2	8.0	7.0	11.0	9.6

In general, most vegetable prices remained stable during January and February 2007 with the exception of tomatoes which increased by over 40% (from KSh30 to KSh50/kg). Prices in Mombasa were generally high followed by prices in Nairobi, due to transport costs and high effective demand, respectively. Potato price have continued to decrease from KSh15/kg in November 2006 to KSh 10/kg in February 2007 following good rains during the growth period followed by dry weather for harvesting. Prices were highest in Mombasa (KSh22/kg) and lowest in Eldoret (KSh10/kg).

Tomato production was depressed following wet and cold weather conditions in November and continuing through the Christmas period, which affected the tomato supply and price more than other crops. Prices went as high as KSh60/kg in Nairobi during February. Cabbage prices remained low (around KSh10/kg) since April 2006 and dropped even further to around KSh7/kg in January and February 2007 because of over supply. Larger scale production, use of hybrid seed, and good weather for brassicas, has increased yields and total production.

Kale yields are more difficult to improve and prices, currently at KSh13/kg, have been stable (above KSh10/kg) since May 2006. Onion prices on the other hand have continued to increase from KSh30/kg in November 2006 to KSh40/kg in February 2007. Prices went as high as KSh50/kg in Mombasa.



## Horticultural Exports (2001-2006)

Export of horticultural crops and products is one of Kenya's top three industries in terms of foreign exchange earnings (tea and tourism are the other two). The value of the industry has been increasing continuously since 2001 and reached a record KSh 49 billion (\$700 million) in 2006 (Table 1), when all products are included.

**Table 1: FOB Value of Exports (KSh billions)**

	2001	2002	2003	2004	2005	2006
Flowers	9.57	11.35	15.95	21.34	21.43	24.82
Fresh Veg.	3.22	8.78	10.73	13.27	14.33	15.52
Fresh Fruit	1.03	0.93	2.04	1.32	1.31	1.54
Nuts	0.96	0.91	0.64	2.03	0.84	0.75
Proc. Veg.	0.97	1.23	2.08	2.12	2.39	1.76
Proc. Fruit	3.60	4.25	4.47	4.90	4.59	5.00
<b>Total</b>	<b>19.35</b>	<b>27.44</b>	<b>35.92</b>	<b>44.98</b>	<b>44.89</b>	<b>49.38</b>

Source: KRA-customs

### 1. Flowers

Floriculture was the highest performer again in 2006 (Figure 1) with roses accounting for 65% of the total by value and 73% by quantity. Cuttings were 11% of the value, mixed flowers and bouquets 7%, carnations 5%, lilies 3% and hypericum 3%. The quantity and value of mixed bouquets looks set to increase following new investments in packing facilities to meet a projected increase in market demand.

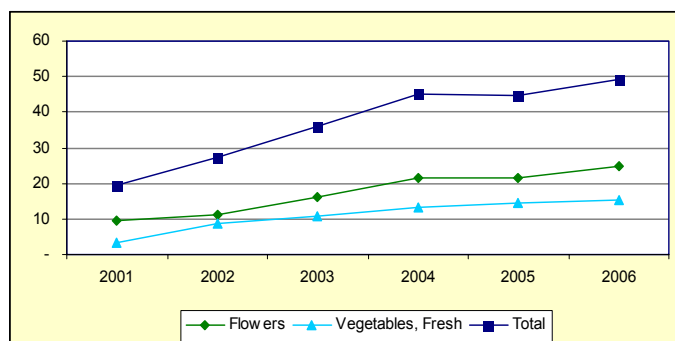
### 2. Fresh Vegetables

Despite adverse weather conditions which reduced the quantity and quality of peas and beans, the overall value of vegetable exports increased slightly in 2006. This was due to a 5-10% increase in unit value of fine beans and garden peas, and a strong demand for mixed baby vegetables and fresh cut vegetable packs

### 3. Fresh Fruits

Fresh fruit exports showed some recovery in 2006 because of increases in passion fruit and mango shipments to regional and Gulf markets respectively (Figure 2). Avocado sales declined.

**Figure 1: FOB Value (KSh Billions) of Major Products**

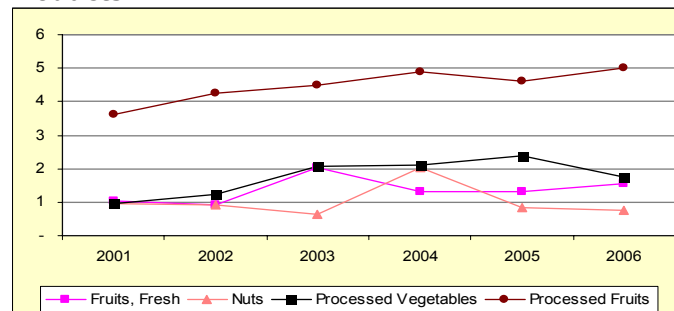


Source: KRA-customs

### 4. Processed Fruits

Processed fruit exports made a significant recovery in 2006 with total value increasing from KSh4.6 to 5.0 billion (Figure 2). More than 95% of this was canned pineapple products (juice and slices) produced by Del Monte for the EU market.

**Figure 2: FOB Value (KSh Billions) of Minor Products**



Source: KRA-customs

### 5. Processed Vegetables

Exports of processed vegetables, mainly fine beans in cans and jars, declined 12% in 2006 from over KSh 2 billion in the three previous years to a value of 1.76 billion (Figure 2). This was partly because of poor weather but also caused by diversion of fine beans from processing to fresh markets.

### 6. Nuts

Exports of macadamia and cashew nut dropped slightly to KSh0.75 billion, due to production and quality problems, even though market demand was generally strong. Both have potential to do much better than this relatively low contribution to exports.

### Prospects for 2007 and onwards

These figures show that growth of the sub-sector was 10% in 2006 when all fresh and processed flowers, vegetables, fruit and nuts are taken into account, whereas the average annual growth since 2001 has been more than 20%. Furthermore, most growth was in air-freighted flower and fresh vegetable products, and exporters are well aware of the difficulty of maintaining growth in sales of major products like roses and fine beans when Kenya already dominates its main markets. Some immediate growth potential still exists for high value, "fresh cut" and baby vegetable packs, and for mixed flower bouquets. However, the potential for future growth lies in new crops and products that can be shipped by sea in large quantities. The "minor" product categories shown in Figure 2 have huge potential for growth that has largely been ignored in the rush to cash in on flowers and fresh produce. This is changing. From 2007 onwards we are likely to see more growth of products such as fresh and processed sweet potatoes and butternut squash; mango and passion fruit concentrate; nuts and spices.

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