

In February we reported on the overall value of Kenya's horticultural exports in 2004, noting that the value of fresh fruits, vegetables and flowers increased by 14% compared with 2003. This month we give more details on the performance of the main fruits and vegetables, which in general are doing very well. We are also starting a regular monthly analysis of cashew nut prices. This reflects HDC's particular interest in cashew as a "future crop" for Kenya. There are a few important reasons for this – a growing global market; increasing costs in Asia which make African cashew more competitive; potential AGOA-related benefits; good income potential for smallholders; environmentally-friendly - and they also taste very good! *Steve New, Director, HDC*

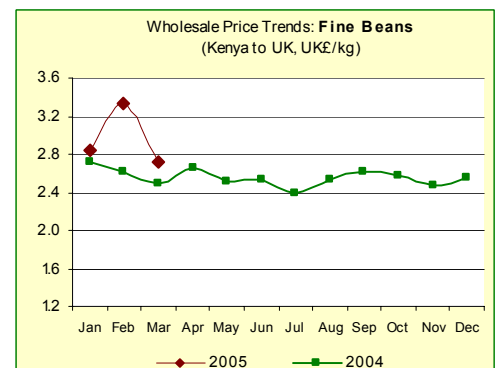
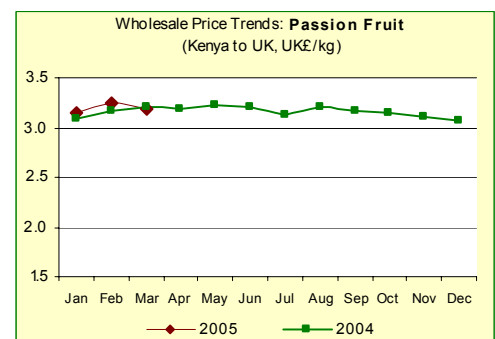
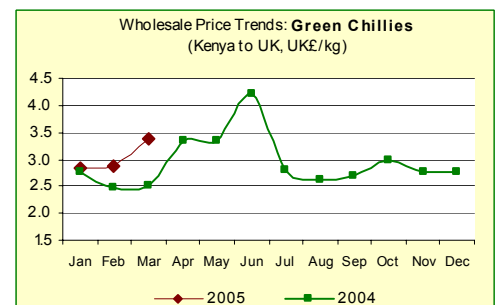
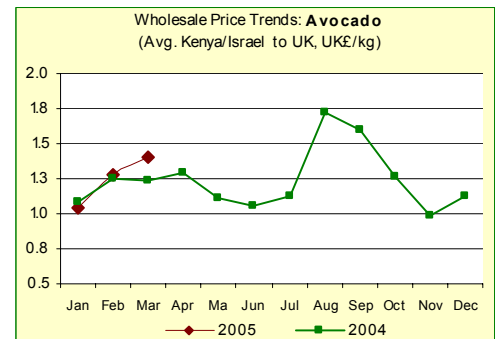
International Prices

Fresh Fruits and Vegetables – UK Market

Food Surveys UK & Fresh Produce Journal UK

Market	Supplier	Variety	Feb	Mar	% Change
Average Wholesale Prices UK£/Kg					
Avocado					
UK	Kenya	Fuerte	1.31	1.46	11%
	Israel	Fuerte	1.24	1.35	9%
	Spain	Fuerte	1.33	1.35	2%
Green Chillies					
UK	Kenya	green	2.88	3.38	17%
	Egypt	green		2.72	
	Gambia	green	2.00	2.00	0%
Fine Beans					
UK	Kenya		3.34	2.71	-19%
	Zimbabwe		2.70		
Mangetout					
UK	Kenya		2.77	2.71	-2%
	Guatemala		2.96	2.84	-4%
Sugarsnap Peas					
UK	Kenya		3.08	2.90	-6%
	Guatemala		3.19	2.70	-15%
Okra					
UK	Kenya		3.75	3.50	-7%
	India		2.75	2.85	4%
	Brazil		3.63	3.63	0%
	Thai		3.40	3.40	0%
Passion Fruit					
UK	Kenya		3.25	3.18	-2%
	Colombia		3.13	3.00	-4%
	Brazil			1.48	
	Zimbabwe		3.00	3.00	0%
Karella					
UK	Kenya		2.90	2.90	0%

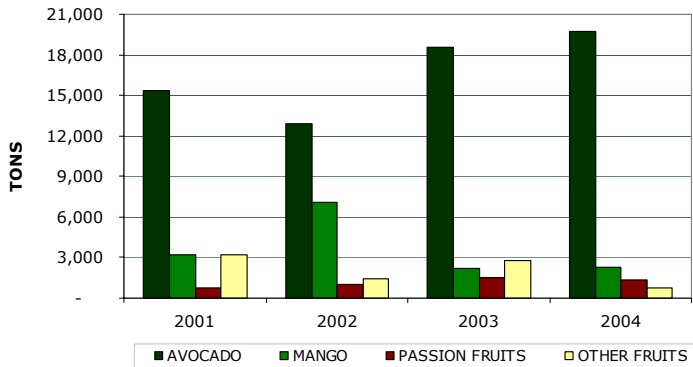
With the exception of mangetout and sugar snap peas, prices remained good in March and generally slightly higher than in 2003. Pea prices were affected by heavy arrivals from Guatemala and some quality issues with Kenyan packs. Fine bean prices fell to more normal levels following high prices caused by a shortage of Kenyan supplies in February. This was reportedly due to some small-scale growers not planting beans because of misleading press stories giving a EurepGap deadline for January 1st. This has now been resolved and various initiatives are in place to move the majority of growers towards eventual certification. Chilli and passion fruit prices remained strong and more than a pound sterling per kilo higher than beans and other high volume items. Although they are niche items, there would clearly be some benefit to Kenya, one of the market leaders for chilli and passion, to carry out more market research on these products. Avocado prices held firm despite worries that green varieties of avocado such as Kenyan *Fuerte* are not popular with the multiples. An article in the Fresh Produce Journal in March stressed that *Fuerte* is still the most popular variety in UK as a whole although *Hass* has a better flavour to most people, and does not bruise as easily. The advantage of *Fuerte* is that it is medium to large in size and ripens easily, which makes it popular with regular consumers. If there were a national strategy for Kenyan avocados it should probably involve planting a range of varieties, not just replacing *Fuerte* with *Hass*, which is the current trend.



EXPORTS OF FRUITS AND VEGETABLES IN 2004

Avocado to Europe continued to dominate fruit exports with almost everything being shipped by sea. Mango exports remained low and mainly to Gulf countries. Passion fruit exports through JKIA dropped slightly, mainly due to increased demand from local and regional buyers which could not fully be supplied by new production.

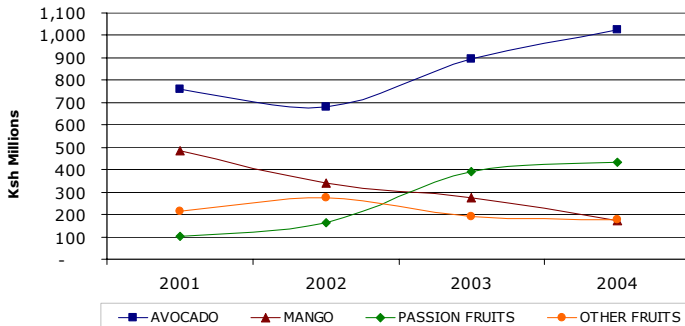
FRUIT EXPORTS - QUANTITY



Source: HCDA, CUSTOMS

Although passion fruit quantities were relatively low at 1334 tonnes, exports grew in *fob* value terms to more than 30% of avocado value. All other fruits declined.

FRUIT EXPORTS - VALUE

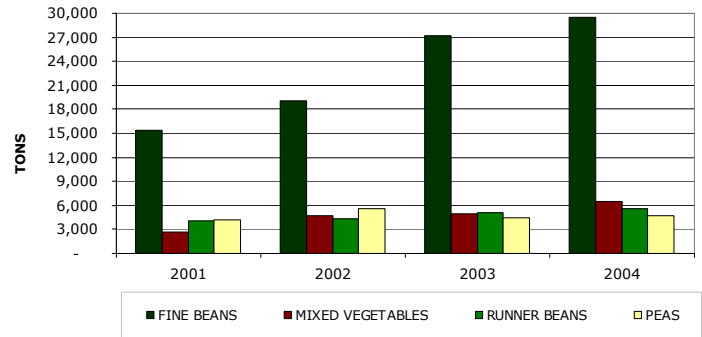


Source HCDA, CUSTOMS

A wide range of fresh and mixed vegetables were shipped, with UK and France remaining the most important market destinations. Fine beans were by far the leading product in terms of quantity and value, followed by mixed vegetable packs (beans, runners, peas, babycorn, carrots), runner beans and peas. Shelled peas in particular showed good growth.

Asian vegetables as a category were comparable in quantity and value to runner beans and peas, with chilli showing some growth. Kenya was the market leader in fine beans and Asian vegetables imported into Europe in 2004. The market for bobbi beans has been taken up by Egypt and other North African countries. They have been less successful in fine beans, although this may change in future.

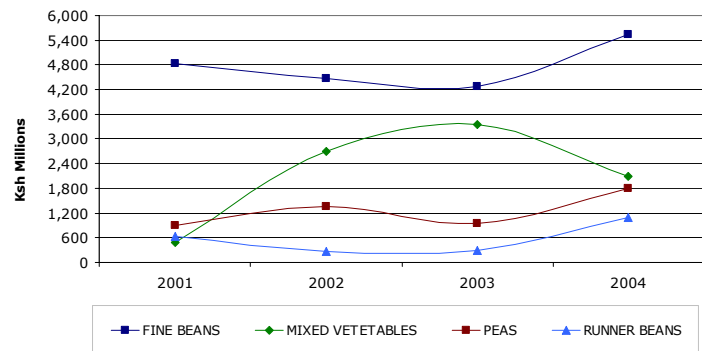
VEGETABLE EXPORTS - QUANTITY



Source: HCDA, CUSTOMS

In value terms, peas and runner beans showed good growth, but mixed vegetables experienced a significant decline as more exporters entered the market for pre-packs and depressed prices.

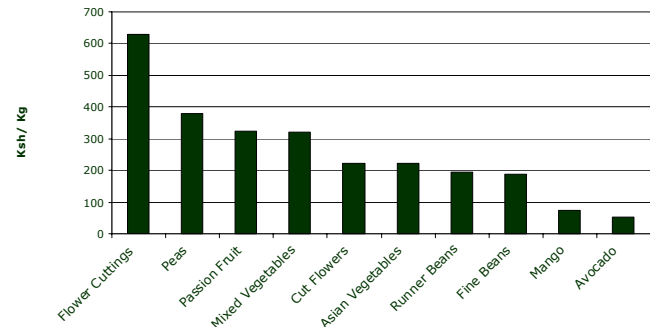
VEGETABLE EXPORTS - VALUE



Source: HCDA, CUSTOMS

As air freight becomes a limiting factor, it seems likely that exports of higher value products will grow at the expense of those with lower unit value. Based on unit *fob* value calculations for 2004, this is already happening to some extent (see below). The highest value products – flower cuttings, shelled peas, passion fruit and mixed vegetables – exhibited the highest overall rates of volume growth in 2003 and 2004. The logical extension of this over the long term is that companies will move into very high value products by air and re-focus on products such as melon and sweet potato which could be sea-freighted.

UNIT VALUE PER PRODUCT



Source: HCDA, Customs