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KENYA EXPORT DEVELOPMENT SUPPORT

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OVERVIEW REPORT
FOR
THE KENYAN HORTICULTURAL
MARKET SURVEY SERIES

Development Alternatives, Inc.
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Overview Report
for
the Kenyan Horticultural Market Survey Series

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This report is a summary of key findings from a series of market surveys undertaken by the USAID-funded "Kenya Export Development Support (KEDS)" Project.

The market surveys cover eleven countries (U.K., Netherlands, Germany, France, Dubai, Bahrain, Saudi Arabia, the U.S., Japan, Hong Kong and Singapore) in eight separate reports and examine a range of fresh and processed products (green beans, avocados, mangoes, passionfruit, strawberries, chilies, okra, asparagus, cherry tomatoes, mangetout, roses, carnations and statice). Each survey contains all available desktop information on import statistics, market share, consumer preferences, seasonal patterns of demand, prices, market distribution networks, grades and standards, import duties and regulations. Country-specific contact information for selected importers is also included in appendices.

This "Overview Report" provides a statistical chart which reflects import volume, value and percentage growth for all products studied (see pages 10 and 11); a ranking of the 12 targeted markets from "high to low priority"; and a brief narrative highlighting only those products with strong market entry or expansion opportunities. We have also included recommendations for action by Kenyan exporters and the KEDS advisory team.

A. Export Market Profile

As a preamble, it is advisable to return to the Kenya Horticultural Subsector Survey produced for the KEDS project in September 1992, which noted Kenyan overdependence on four product categories into four countries. That report mentioned that as of 1991, canned pineapples accounted for 61% of all horticultural exports, with cut flowers, fine beans, and Asian vegetables following with a 32% share. Export destinations for fresh products by size were the U.K. (33.9%); the Netherlands (21.8%); France (19.8%) and Germany (12.9%). The U.K. received a mixed range of fresh produce, the Netherlands and Germany mainly cut flowers, and France fine beans and avocados. The report also noted that at one point, the Middle East accounted for 6% of the Kenyan export market, but this had dropped in half by 1991.

The Subsector Survey went on to underscore the importance of diversifying into higher value-added products, and mentioned efforts on the part of larger Kenyan exporters into mangetout and pre-packed cherry tomatoes. Processing was also highlighted as an area of new, or revitalized, opportunity. The Njoro canning facility, and Frig-O-Ken freezing operation were apparently already exporting (though other than canned pineapple, only negligible amounts of Kenyan processed product are recorded in any export or import statistics).

The Market Survey Series picks up where the Horticultural Survey left off. This "Overview Report" is a summary of its key findings (though we highly recommend referring to the actual surveys for more detailed information).

While the Subsector Report noted an overdependence on four markets and four product categories, the Market Survey Series does not recommend disassociation from these markets or products (specifically cut flowers, fine beans and Asian vegetables; canned pineapple was not surveyed). As noted in Section II.C.1, Europe is becomingly increasingly competitive and new suppliers are finding it difficult to enter the marketplace. Kenya has a distinct advantage over other distant suppliers precisely because it has an established reputation in four key markets and three major product categories, and this foundation should be carefully nurtured and built upon - not abandoned.

1. European Markets for Fresh Produce

Current markets for fine bean exports could be expanded into the Netherlands and Germany; and the U.K. is likely to remain an important destination for Asian vegetables (i.e. chilies and okra). The decision at this point in time is whether the returns on these products justify consolidating existing market share, and it is one which must be made by the Kenyan exporters themselves. British importers monitoring the Asian vegetable trade perceive a Kenyan trend towards higher-value products such as cut flowers, and diversification away from okra and chilies. But the majority of small and medium-sized Kenyan exporters are still very much involved with the production and trade of Asian vegetables -- if this segment of the export community intends to continue supply, it is essential that Kenya's reputation for quality product be maintained, and that market share is consolidated through informational campaigns aimed at importers. Otherwise, other suppliers will fill the gap.

2. European Markets for Higher-Value Products

The Netherlands and Germany currently import cut flowers from Kenya. However, there are still opportunities for expanded market share. Increased competition and quality clearly underscore the need for Kenyan companies to concentrate on maintaining their reputation, and in some cases improving their grading and packing standards.

New export potential into the EC centers around an ability to cost-effectively produce juice concentrates adhering to strict quality standards, and to a lesser extent, on the individually quick frozen (IQF) vegetable market. The latter is already supplied within the European community and through low-cost producers in Asia, making market entry by Kenya difficult though not impossible (particularly for fine green beans). In all cases of processed fruits and vegetables, it is recommended that a range of items be produced.

3. New Markets

One of the purposes of the KEDS project is to assist Kenyan exporters to diversify from an overdependence on Europe. And while the market surveys have indicated ways in which Kenya can diversify within Europe, other markets were also examined. The U.S. and Asia are markets

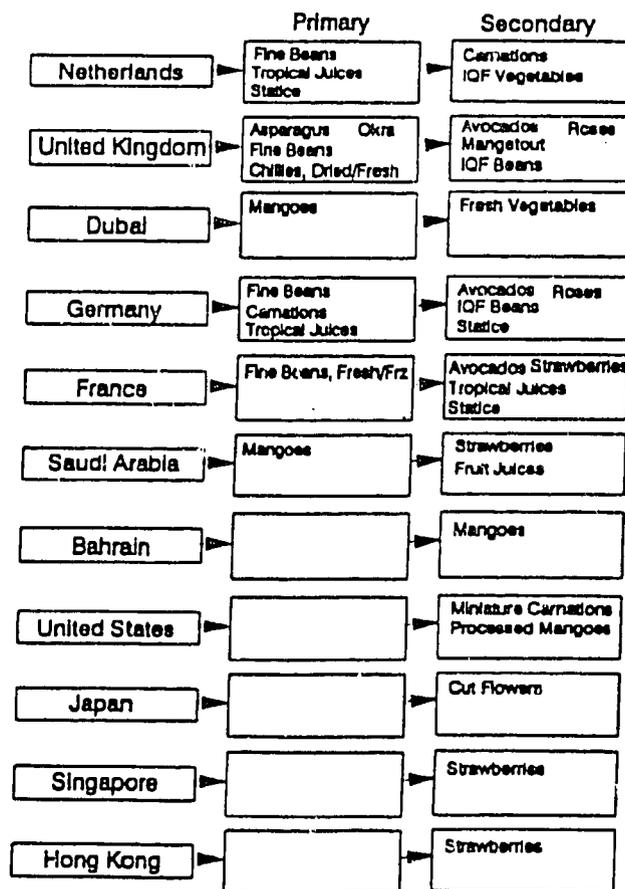
which are highly touted as growth areas, and were duly studied. These do not present highly realistic alternatives however because of the strength of low-cost, nearby producers -- though certain potential product exceptions are highlighted in this report (flowers, select processed products).

The Middle East on the other hand does present possibilities for Kenyan exporters, though fragmented data makes it necessary to undertake field research. Dubai, as a trading hub for many of the Gulf countries, is a particularly interesting market, specifically for mangoes and fresh vegetables, though on-site market research could conceivably also yield opportunities for cut flowers and processed products.

C. Targeting Product Opportunities

Notwithstanding any "next steps" in the KEDS-assisted market development process for the horticultural and floricultural industries in Kenya, this survey series had an immediate mandate to provide exporters with recommended priorities in terms of markets and products. This has been accomplished (see Chart 1 directly below), and while nothing can be concluded with absolute certainty given the changing nature of produce markets, the range of criteria used to make "priority" decisions ensures a strong foundation.

Chart 1: Key Product Opportunities Ranked by Country



1. Rating/Ranking Methodology

The priority products and markets shown in Chart 1 are the end results of a qualitative analytical process which took place during the market survey series. Statistical data was combined with information on market distribution networks, grades and standards, consumer preferences, major competitors and regulatory policies, and the results categorized in a numerical rating scale as follows:

5	Excellent/good market prospect, high volume potential
4	Excellent/good market prospect, low volume potential
3	Fair market prospect, high volume potential
2	Fair market prospect, low volume potential
1	Poor market prospect
0	No market prospects exist

For the purposes of this "Overview Report" the rating system was simplified to "primary and secondary opportunity" rankings (mainly because only key products are highlighted in this report). The main difference between primary and secondary is that opportunities in the former are considered "excellent or good" market prospects, while secondary opportunities are only considered "fair" ones (usually due to other suppliers with major market shares and reputations, the adherence to very strict quality standards in products or markets relatively unfamiliar to Kenyan exporters, and/or markets nearing saturation levels). It is also important to note that the rating/ranking system is intended as a guideline for exporters, not a bible. The amount of variables considered in the process were numerous, and none are static.

In order to illustrate more clearly the process used to make "priority ranking" determinations, please see the two page table following this Executive Summary which assigns import volume, and value and percentage growth per product, per country. This information was an important component of the rating/ranking systems, but without being reviewed in conjunction with other factors could have been misleading. The following points trace the most salient features of the table (in order) but also provide other details key to making final determinations:

- **Fresh mangoes.** The United States not only has by far the largest volume of imports, but also the highest growth rates for volume and value. However, Kenyan mangoes are not allowed into the U.S. because of phytosanitary concerns – and, even if they were, it is very likely that there is little or no demand for the Ngowe or apple mangoes. Furthermore, all mangoes are currently being supplied by low cost, nearby producers (mainly Mexico and Haiti).

Similar geographic constraints can be used against prioritizing Japan, Hong Kong, and to a lesser extent, Singapore. In addition, Japan has very strict phytosanitary regulations – and the time and cost to meet them would be substantial.

On the other hand, while fluctuations are evident in the import trends of Saudi

20,000 metric tons per year. Together, this makes them the second largest market studied -- and indications are that there is a niche for Ngowe and apple mangoes. Furthermore, the closer proximity of Kenya to the Middle East should minimize quality problems which Kenya has experienced with sea transportation. (Sea transport of large volume and high tonnage products such as mangoes is increasingly required to compete.) **Ranking: Primary Opportunity for Kenyan exporters into the Middle East.**

- **Avocados.** France is by far the largest importer in the world with over 88,125 metric tons of imports per year. The United States is the second largest importer, but by comparison is a distant second with 17,050 metric tons imported per year. (It does have the highest growth rates, however similar to mangoes, Kenyan avocados are banned entry into the U.S. -- and competition from nearby suppliers would make it next to impossible regardless.) Kenya's largest export market is France, and while there is intense competition from Israel and South Africa, it still deserves to be targeted because of the size of French market share. Furthermore, it can be safely assumed that a large quantity of French imports find their way to other European countries.

The reasons that the U.K. and Germany are targeted for avocado exports in this report are because of the market sizes and relative growth rates. The Netherlands on the other hand has not been targeted because, despite growth in imports, the trade believes that current levels are nearing saturation. **Ranking: Secondary Opportunities in U.K., Germany, and France.**

- **Strawberries.** The largest market is by far Germany, which accounted for almost 50% of all imports of the 12 countries surveyed. However, the only significant window of opportunity is between November and mid-February, during which time Israel is beginning to airfreight in full consignments at subsidized freight rates. The second largest market is France on the other hand, and a window does exist from the middle of February up until the end of March there. European preferences are for the Senga Sengana variety grown in Northern Europe, but the Chandler and others are acceptable in winter seasons. Saudi Arabia on the other hand is a very small market by comparison, but premium prices can be attained during the winter months, making it an attractive and potentially lucrative trade particularly given its proximity. **Ranking: Secondary Opportunities in France and Saudi Arabia.**
- **Asparagus.** Japan, with its strict phytosanitary regulations on imported fresh produce, is prohibitive. The largest market is Germany, but white asparagus is much preferred over green (ditto France and the Netherlands). The U.K., while the second smallest market examined, nonetheless has a preference for green asparagus, and the British supermarkets have it pegged as a "product of the

asparagus market will grow fairly rapidly. **Ranking: Primary Opportunity in U.K.**

- **Beans.** This is a case of less than adequate statistical breakdown; the "bean" category for all reporting countries covers a range of varieties including broad, runner and fine. Fine green beans are nonetheless tapped as primary opportunities in the Netherlands, the U.K., Germany and France for several reasons. One main one is that Kenya has an established reputation and distribution network in Europe, another is that fine beans are a high-value, airfreighted product in fairly consistent demand. Again, overall market size can be misleading; Germany imported 15,386 metric tons of beans in 1991, and the U.K. only 8,424 -- but industry sources indicate that actual consumption of fine beans is more widespread in the U.K. (unlike in Germany, fine beans have moved beyond the original gourmet outlets and onto the regular supermarket shelves.) Complaints about declining quality are beginning to surface however, particularly in the French market, which given its size need to be seriously considered. **Ranking: Primary Opportunity in the Netherlands, U.K., Germany, France.**
- **Peas.** Again, a misleading statistical breakdown. It is not possible from these volume and value figures to determine the percentage shares of mangetout (snowpeas) for any of the markets examined -- though sources of supply suggest that the U.K. is the major Eurocean market for mangetout, followed at a significantly lower level by the Netherlands -- despite overall pea figures to the contrary. Guatemala and Zimbabwe are the U.K.'s main distant suppliers. **Ranking: Secondary Opportunity in U.K.**
- **Chilies.** Actually included in the "fresh or chilled fruits of genus capsicum or pimenta" category in Europe and Japan, the chili volume and value tables show the United States as the largest importer by over 30 million tons. Yet the U.S. market is totally dominated by Mexican producers (99%). Germany shows up as the largest European importer, but in actuality these are for chilies of a specific type grown in Turkey, and consumed by a large Turkish population in Germany. Again, for the types of chili peppers exported by Kenya, it is the U.K. which is the most ideal destination (due to large African and Asian communities, restaurants). Also, there is an increasing "cross-over" trade noted in the U.K. for chilies and other ethnic produce ("cross-over" refers to products traditionally considered "ethnic" which are now finding more mass appeal, i.e. jalapeno peppers and hot sauces in the States). **Ranking: Primary Opportunity in U.K.**
- **Tomatoes.** "Cherry" tomatoes are not broken out in any statistical databases, but as with snowpeas, an examination of suppliers and allocated tonnage provides an estimated picture. Cherry tomatoes did not make a priority product list for any market however, mainly because of intense competition, and the need for more

key target markets. Refer to individual reports for more information. **Ranking: None in "Priority Opportunities."**

- **Okra.** Very few countries, as borne out by the attached tables, report "okra" in a separate category, which could lead to miscalculations. The U.S., which reports imports of 13,042 metric tons in 1991 at a value of US\$ 5 million, imports 99.65 percent of its okra from Mexico. The U.K. on the other hand, which doesn't even appear on the chart, is estimated to import 2,500 tons per year, 75% of it from Kenya. **Ranking: Primary Opportunity in U.K.**
- **Frozen Beans.** Japan is the largest importer of countries examined and reporting, but with competition from nearby, low-cost producers such as Taiwan, Thailand and China, Kenya has no chance of entry. Furthermore, while several European countries may well have niches, it is difficult to estimate potential volumes and value without primary research since the statistical reporting for frozen beans is all-inclusive with no breakdowns for fine green beans provided. It is known that France exports frozen fine green beans however, and assumed that some of this product has been sourced fresh from Kenya. **Ranking: Primary Opportunity in France, Secondary Opportunities in Netherlands, U.K., Germany.**
- **Frozen Peas.** Again, Japan is the largest importer, but competition from nearby, low-cost producers makes entry virtually impossible. And again, it's also difficult to estimate potential volumes and values in Europe for mangetout without field research since it's lumped into a category with all other peas. The emergence of China as a distant (frozen snowpea) supplier along with EC producers makes this a questionable opportunity however, though small niches might exist if this product were part of a larger line. The Netherlands is highlighted as a potential target market for further study over others because of its reputation in re-export throughout Europe. **Ranking: Secondary Opportunity in the Netherlands.**
- **Roses.** The U.S. might appear at first glance to be the largest importer of roses, but they report per stem rather than by metric ton. By far the largest importer of the countries examined is Germany, and it is recommended that Kenya target roses as a secondary opportunity there due to the fact that they already export roses into the country (but the Netherlands is by far the largest supplier). The U.K., once again one of the smaller importers reflected on the statistical charts, is reckoned to be a market not anywhere near its saturation point yet, and one which the Dutch have targeted to have excellent growth potential. There is existing competition however, and the reputation of "African" supplies is not good. **Ranking: Secondary Opportunities in the U.K. and Germany.**
- **Carnations.** With the exception of France, the volume and value growth rates of carnations within Europe is steady. Germany is the largest market, and one

already established in both countries). The U.K. however, while the second largest market in Europe, is already well-supplied by Colombia and the Netherlands and has sizable (if declining) domestic production. The U.S. market for miniature carnations in the meantime is growing rapidly enough to justify further attention, particularly since Kenya has exported spray carnations there in some quantity in the past. Competition from Latin American suppliers is fierce however. **Ranking: Primary Opportunity in Germany, Secondary Opportunity in Netherlands and U.S.**

- **Total Cut Flowers.** Countries reporting in this category did not break down by variety, but were included so that it could be noted neither Saudi Arabian or Bahrain offer potential, but Japan is showing a phenomenal growth rate. Kenya actually shipped \$300,000 worth of cut flowers to Japan in 1991, though information regarding volumes or varieties is difficult to obtain. The floricultural market entry requirements in Japan are not as strict as the horticultural ones, but competition is intense, and the demand for quality unyielding. The possibility of a fragmented air route from Kenya to Japan adds more obstacles. A final determination of Japanese entry potential might well be made through obtaining in-depth feedback from current Kenyan exporters (i.e. do their shipments undergo rigorous entry inspections? Have they been able to obtain increased orders?) **Ranking: Secondary Opportunity in Japan.**

Alternatively, Dubai, which does not even report on cut flowers, might be worth looking into. As the main trading hub for the Gulf States, it is not a domestic producer (unlike Saudi Arabia, for which domestic production is the main reason for declining imports).

It is important to note that not all of the products, or processed forms of products, examined in the market survey series appear in the statistical chart. This is due to incomplete, unavailable, or uncomparable data. Of these, the following made priority rank anyway:

- **Tropical Fruit Juices.** Consumption of "exotic blends" is on the increase in almost all of the countries examined, but again the availability of low cost, nearby producers makes the U.S. and Asia ill-advisable entry points. The Netherlands and Germany are key European locations for multi-national "blending houses" however; while in the Middle East, Saudi Arabian imports of powders and concentrates is on the rise from distant suppliers. French consumption of tropical fruit juices is also increasing. **Ranking: Primary Opportunities in the Netherlands and Germany, Secondary Opportunities in Saudi Arabia and France.**
- **Statice.** Statice is considered a "summer flower" and statistically grouped in an

enormous growth rates in "other flowers" but its impossible to determine the percentage share of static. Indicators are that Kenya produces more static than any other summer flower however, and statistics show that it exports more "other" flowers to the Netherlands than any other exporting country (including Israel), so its likely that static is a summer flower with growth potential. This type of a ranking decision would need to be confirmed by field research however. **Ranking: Primary Opportunity in the Netherlands Secondary in Germany and France.**

- **Pickled Mango.** Mangoes other than fresh and concentrate are reported in all different forms by the countries examined (i.e. canned, paste/purees, dried, pickled), but market share for the most part is either minuscule or supplied by low-cost, nearby producers. One possible exception is the U.S. with pickled mangoes, which are sold on the ethnic market and mainly supplied by India. Another, more distant possibility, which did not make the priority list, is dried mangoes into the U.K. Kenya tried a natural sun-dried product once, which never took off; but considering the health conscious public it might be worth some more research and development. **Ranking: Secondary Opportunity in the U.S.**

2. Next Steps

The purpose of the KEDS market survey series and this accompanying "Overview Report" is to provide a foundation for exporters making strategic decisions by charting trends within the horticultural and floricultural trades in four regions (Europe, U.S., Middle East and Asia) for a range of products. Since this analysis was primarily accomplished through desktop research, more in-depth field research is required for some select priority markets and products for which little data exists (i.e. the Middle East, summer flowers, juice concentrates, IQF vegetables).

For the other new or expanded priority markets and products, it is recommended that if an initial exporter assessment indicates that attainable prices would allow profit, then direct contact should be established with the importers identified in the individual country reports to assess potential volumes and contractual possibilities.

On a more general scale, promotions in the form of participation at important trade shows associated with the food and flower industries are recommended, with preparation of suitable literature. Buyer missions to Kenya should be encouraged.

And, finally, in the case of on-going suppliers alerted to potential problems through these market surveys, it is advisable that small promotional campaigns (including price promotions) be considered to consolidate market share in the face of increasing competition.

A detailed set of recommendations for new and existing KEDS' activities is provided in Section IV of this report.

	Volume (MTs)				Value (US\$ Thousands)				Unit Value - US\$/MT				1988-1991 Growth Rate			Notes
	1988	1989	1990	1991	1988	1989	1990	1991	1988	1989	1990	1991	Volume	Value	Unit Value	
k	6,061	7,466	9,323	9,920	11,230	11,299	18,432	18,038	1,853	1,513	1,763	1,818	64%	61%	-2%	
	10,141	10,929	10,440	13,761	18,167	17,317	19,353	24,067	1,791	1,584	1,854	1,749	36%	32%	-2%	
	12,037	17,030	13,778	n/a	9,665	11,012	9,433	n/a	803	647	685		14%	-2%	-15%	
	4,834	5,507	6,358	8,448	9,915	9,811	12,459	16,876	2,051	1,782	1,900	1,998	75%	70%	-3%	
	7,171	8,889	8,252	10,004	15,084	15,593	17,081	22,077	2,103	1,754	2,070	2,207	40%	46%	5%	
	7,865	3,800	5,557	n/a	5,762	2,792	5,450	n/a	733	735	981		-29%	-5%	34%	
	34,718	52,273	59,007	92,122	28,877	42,219	58,158	83,835	632	306	986	693	185%	121%	-17%	
	8,872	11,047	7,302	8,605	4,736	5,283	5,135	6,602	534	478	703	767	-3%	39%	44%	
5,291	5,966	5,510	6,885	16,418	16,936	16,016	19,056	3,103	2,839	2,907	2,768	30%	16%	-11%		
6,472	6,629	6,291	14,706	5,571	8,141	5,661	12,327	860	926	935	838	127%	121%	-3%		
m	3,864	4,912	6,148	6,754	6,637	7,170	10,283	10,532	1,718	1,460	1,673	1,559	75%	59%	-6%	
	13,010	14,400	14,225	15,657	24,054	22,774	25,361	25,714	1,849	1,582	1,783	1,642	20%	7%	-11%	
	6,956	6,704	8,435	9,403	10,527	11,229	14,685	14,850	1,767	1,675	1,741	1,576	58%	41%	-11%	
	51,561	62,678	77,667	88,525	92,312	103,868	136,252	141,165	1,790	1,657	1,750	1,595	72%	53%	-11%	
	200	0	0	0	156	0	0	0	795				-100%	-100%	-100%	
	6,654	4,693	13,377	17,050	4,758	4,389	18,878	17,705	842	935	1,411	1,038	202%	272%	23%	
	3,370	2,694	2,163	2,665	8,486	8,480	6,080	6,536	2,518	2,405	2,611	2,453	-21%	-23%	-3%	
	1,073	1,135	1,976	2,053	1,271	1,564	2,776	2,894	1,185	1,378	1,405	1,408	92%	128%	10%	
n	n/a	21,943	15,161	21,816	n/a	26,332	23,528	33,213		1,200	1,552	1,522	-1%	26%	27%	
	n/a	19,666	19,084	19,636	n/a	44,538	53,636	61,969		2,262	2,915	3,124	1%	30%	38%	
	n/a	152	152	n/a	n/a	610	651	n/a		4,013	4,283		0%	7%	7%	
	n/a	96,721	94,229	111,217	n/a	207,432	230,141	276,845		2,145	2,442	2,518	15%	35%	17%	
	n/a	62,103	48,665	52,585	n/a	107,042	123,020	152,588		2,054	2,518	2,902	1%	43%	41%	
	875	1,227	1,039	n/a	1,173	1,545	1,299	n/a	1,341	1,259	1,247		19%	10%	-7%	
	17,891	19,348	14,596	14,206	18,363	17,887	16,851	18,452	1,026	1,094	1,154	1,293	-20%	0%	26%	
	413	313	1,183	564	1,371	1,436	2,132	2,085	3,320	4,588	1,802	4,761	27%	96%	43%	
2,631	2,987	3,244	3,639	19,514	21,690	22,612	26,223	6,893	7,261	6,970	7,208	29%	34%	5%		
896	1,121	1,394	1,829	3,704	5,025	6,226	7,948	4,134	4,481	4,466	4,346	104%	115%	8%		
o	430	488	700	1,084	1,578	1,579	2,699	4,064	3,670	3,236	3,855	3,749	152%	158%	2%	
	1,829	1,858	2,045	2,206	6,723	6,979	8,002	8,013	3,676	3,756	3,913	3,632	21%	19%	-1%	
	26,328	30,122	29,565	33,823	106,790	114,372	128,564	140,812	4,056	3,767	4,349	4,163	28%	32%	3%	
	1,033	1,610	2,298	4,672	3,779	5,230	8,232	16,170	3,658	3,249	3,582	3,461	352%	328%	-6%	
	14,690	18,642	19,858	23,785	19,001	19,125	27,726	32,043	1,293	1,223	1,396	1,347	62%	69%	4%	
	11,926	10,736	11,607	12,482	56,067	62,098	69,445	81,483	4,703	4,853	4,863	4,928	8%	10%	8%	
	29,760	24,518	27,412	28,817	22,762	20,707	29,366	28,134	765	845	962	963	-4%	24%	28%	
	8,779	8,932	8,302	8,424	10,432	11,870	17,916	22,266	1,805	1,712	2,158	2,846	46%	114%	47%	
14,842	18,068	18,068	18,366	18,124	19,692	23,438	25,442	1,221	1,301	1,658	1,654	4%	40%	35%		
31,368	34,653	32,165	27,607	60,235	48,805	60,364	69,338	1,601	1,351	1,677	2,149	-12%	18%	34%		
4,754	4,502	3,252	n/a	1,515	1,203	1,068	n/a	325	297	328		-32%	-31%	1%		
358	358	347	n/a	174	115	164	n/a	456	317	300		53%	-6%	-39%		
n/a	13,977	13,826	11,291	n/a	13,654	16,620	10,293		977	1,220	912		-19%	-25%	-7%	
68	191	433	206	309	775	1,507	1,005		4,544	4,058	3,120	4,678	203%	225%	7%	
p	3,809	6,848	7,154	7,665	2,645	3,240	4,795	6,480	694	554	670	713	102%	107%	3%	
	2,914	4,101	4,295	6,887	6,305	7,732	9,922	13,340	2,184	1,885	2,310	2,266	102%	112%	5%	
	2,031	1,219	1,587	1,866	2,151	1,078	2,294	2,857	1,059	1,375	1,445	1,531	-6%	33%	45%	
	5,834	5,522	4,170	7,049	8,274	3,657	6,110	15,981	1,418	1,749	1,947	2,267	21%	93%	60%	
	n/a	13,729	14,419	14,723	n/a	15,124	23,383	17,840		1,102	1,622	1,212		7%	18%	10%
	5,707	4,682	4,165	8,067	14,560	9,638	9,268	19,129	2,551	2,059	2,225	2,371	41%	31%	-7%	
	21,064	n/a	n/a	17,057	4,412	n/a	n/a	4,422	209			250		-19%	0%	24%
																Includes all Lentils

	Volume (MTs)				Value (US\$ Thousands)				Unit Value - US\$/MT				1988-1991 Growth Rate			Notes
	1988	1989	1990	1991	1988	1989	1990	1991	1988	1989	1990	1991	Volume	Value	Unit Value	
CHILIES																
Netherlands	883	884	842	1,928												
United Kingdom	1,387	1,390	1,348	1,910	767	979	1,265	2,439	889	1,107	1,503	1,265				
Germany	5,071	4,024	4,295	4,098	2,119	2,386	3,086	4,979	1,528	1,716	2,289	2,607	123%	218%	42%	Includes all Fresh Capsicum/Pimenta
France	1,314	1,151	1,158	1,894	5,502	5,056	6,234	6,992	1,085	1,256	1,451	1,700	38%	135%	71%	Includes all Fresh Capsicum/Pimenta
United States	34,496	29,674	36,085	36,329	1,891	1,817	2,177	3,833	1,439	1,405	1,880	2,024	-19%	27%	57%	Includes all Fresh Capsicum/Pimenta
Singapore	n/a	n/a	6,645	5,241	21,999	25,679	32,229	41,767	638	865	893	1,150	44%	103%	41%	Includes all Fresh Capsicum/Pimenta
Japan	0	0	2	8	n/a	n/a	3,480	3,758			524	602	5%	90%	80%	
					0	2	10	51			5,000	6,375	-6%	8%	15%	
TOMATOES																
Netherlands	82,486	87,601	84,957	118,941	89,746	50,925	95,580	141,059								
United Kingdom	266,113	272,578	253,156	251,154	279,145	253,058	307,549	321,210	848	753	1,125	1,186				
Dubai	2,176	1,365	3,141		868	597	880		1,049	928	1,215	1,279	44%	102%	40%	Includes all Fresh Capsicum/Pimenta
Germany	410,443	418,119	457,842	530,048	441,392	401,618	514,065	679,450	306	7	280		-6%	15%	22%	
France	298,449	329,056	299,710	298,732	268,794	281,436	329,848	357,364	1,075	961	1,123	1,282	44%	32%	-8%	
Saudi Arabia	122,726	143,093	156,185		21,266	23,572	28,899		967	855	1,101	1,198	29%	54%	19%	
Bahrain	5,461	5,554	8,106		1,440	1,356	1,870		173	165	185		0%	24%	24%	
Singapore	7,972	6,316	5,079	6,041	2,843	2,018	1,850	2,896	264	244	231		27%	36%	7%	
Japan	3	0	0	11	6	0	0	27	357	320	334	479	48%	30%	-13%	
Hong Kong	11,460	9,503	11,487	10,390	6,390	5,600	5,637	5,613	2,667	558	491	540	-24%	2%	34%	
											2,455	2,455	267%	238%	-8%	
OKRA																
Saudi Arabia	2,233	1,091	906	n/a	1,234	318	359	n/a	553	291	396		-10%	-12%	-3%	
United States	20,052	23,313	13,655	13,042	3,872	6,810	4,604	4,979	343	284	337	382	-59%	-71%	-28%	
Japan	803	1,421	1,938	n/a	n/a	n/a	n/a	n/a					-35%	-26%	11%	
FROZEN BEANS																
Netherlands	6,051	4,293	8,117	11,735	4,781	2,801	6,839	10,172					141%	n/a	n/a	
United Kingdom	17,276	10,934	10,675	16,438	14,111	8,791	10,707	17,028	790	653	842	867	94%	113%	11	
Germany	16,989	16,464	19,108	22,372	13,924	12,416	17,119	22,382	817	804	1,003	1,036	-5%	21%	27%	
France	13,528	15,609	19,533	17,418	16,632	18,715	26,125	27,508	320	754	896	1,000	32%	81%	22%	
United States	11,630	2,901	1,361		8,941	3,537	1,581		1,229	1,071	1,337	1,579	29%	65%	28%	
Japan	21,444	20,214	20,394	29,875	24,102	25,542	26,851	39,399	1,124	1,264	1,317	1,321	-88%	-82%	51%	
FROZEN PEAS																
Netherlands	7,103	4,994	4,273	7,953	4,449	3,276	3,440	4,809								
United Kingdom	2,914	4,101	4,295	5,867	6,305	7,732	9,922	13,340	626	656	805	605	12%	8%	-3%	
Germany	24,106	21,188	22,779	21,777	19,674	16,571	21,669	22,222	2,184	1,885	2,310	2,288	102%	112%	5%	
France	4,489	4,140	3,216	3,156	3,596	2,910	2,669	2,767	824	782	951	1,020	-10%	12%	24%	
Japan	23,235	22,809	21,503	23,883	24,856	30,153	29,239	29,950	801	703	830	877	-30%	-23%	9%	
									1,061	1,322	1,360	1,255	3%	21%	18%	
ROSES																
Netherlands	1,843	2,365	3,315	4,669	11,195	11,168	18,246	25,247								
United Kingdom	2,200	2,291	2,339	2,341	22,061	21,220	24,825	25,432	6,064	4,722	5,343	5,185	164%	126%	-14%	
Germany	53,221	35,293	40,049	45,071	175,495	172,525	221,553	278,523	10,028	9,262	10,813	11,291	6%	20%	13%	
France	3,355	3,256	2,770	2,320	19,852	17,887	18,744	15,904	5,283	4,858	5,532	6,180	36%	59%	17%	
United States	313,896	361,713	417,808	457,581	62,756	75,312	86,038	91,694	5,858	5,493	6,767	6,681	-31%	-19%	17%	
									200	208	206	200	46%	46%	0%	1,000 Stems
CARNATIONS																
Netherlands	16,208	18,142	16,647	18,266	49,817	47,608	55,970	71,356								
United Kingdom	18,604	22,402	20,154	20,265	89,799	96,821	104,927	117,323	3,074	2,635	3,362	3,906	13%	43%	27%	
Germany	29,213	28,206	27,916	32,644	141,755	123,483	139,269	159,639	4,827	4,322	5,206	5,789	9%	31%	20%	
France	2,353	2,399	2,508	2,036	9,913	8,867	7,063	6,938	4,652	4,377	5,043	5,810	12%	34%	20%	
United States	648,770	913,032	815,115	760,549	64,948	72,904	88,931	71,847	4,213	3,696	2,816	3,407	-13%	-30%	-19%	
									77	80	82	94	-10%	11%	23%	1,000 Stems
TOTAL CUT FLOWERS																
Saudi Arabia	1,824	1,073	788		4,463	3,504	2,812									
Bahrain	79	81	67		916	967	889		2,748	3,266	3,569		-51%	-37%	30%	
Singapore									11,595	11,938	13,269		-15%	-3%	14%	
Japan	10,956	13,369	12,412	15,627	102,175	110,461	114,937	142,871	9,326	8,262	9,260	9,143	n/a	23%	n/a	
Hong Kong					12,543	14,714	17,763	18,732					43%	40%	-2%	
													n/a	49%	n/a	

Note: Growth rates are for the period 1988-1991 unless 1988 and/or 1991 data is not available, in which case growth rates are for the years available
Sources: Official Trade Statistics of the European Community (EUROSTAT), Dubai, Bahrain, Saudi Arabia, the United States, Hong Kong, Singapore, and Japan

SECTION II: MARKET OPPORTUNITIES

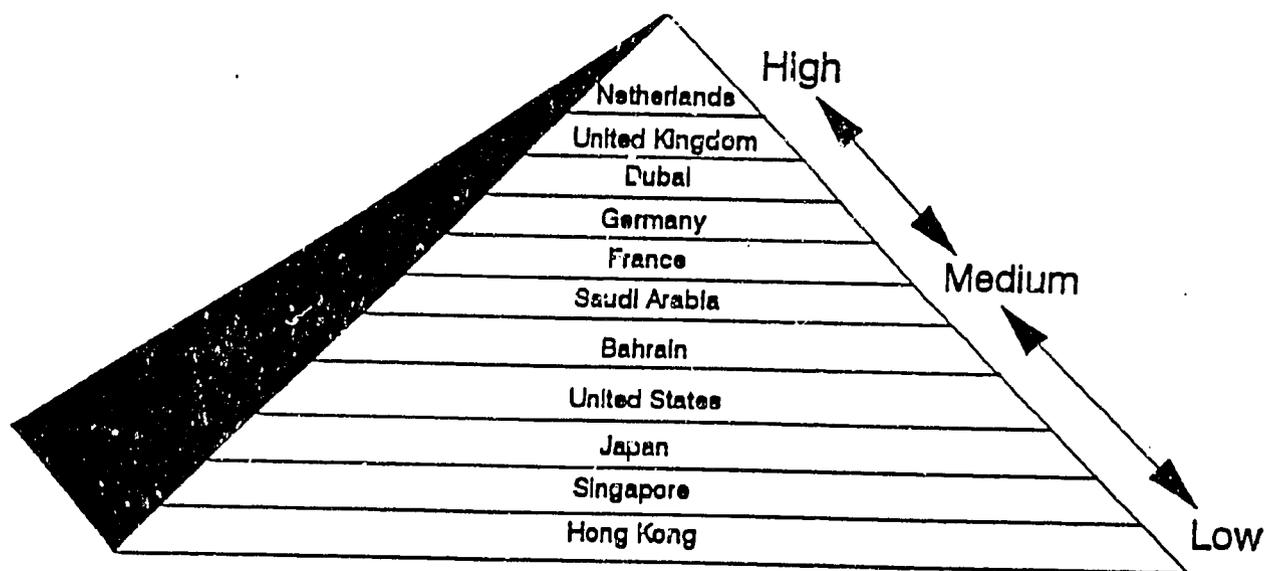
Successful marketing of flowers, fruit and vegetables, whether fresh or processed depends on a number of factors. Appropriate quality and competitive prices must be supplemented by speed of delivery, continuity of supply and efficiency of export servicing. The activities of competitors and the timing of product onto the market is also crucial.

The ideal export market is one which is not too far away geographically, has good transport links, domestic production which has a different season and/or is insufficient to meet local demand, some form of traditional links with the supplying country in terms of trade and politics, a burgeoning demand and a market not yet exploited by other suppliers.

For Kenya, as indeed for most other countries, a market with all these characteristics does not exist. All markets have some features which are conducive to export development but all also have features which create competitive disadvantage. Furthermore of course, all markets are in a constant state of flux. Finding the market opportunity is one thing, keeping it is another.

Below is a pyramid chart in which the eleven countries examined in the KEDS survey series are listed in descending order of priority importance to Kenyan exporters.

Chart 2: Market Opportunity Ranking by Country



B. Key Regional Markets

The market characteristics of each individual country are briefly described along with specific product opportunities in Section III, but as evidenced from Chart 2, Europe and the Middle East are the two overall regions which present the best opportunities, and as such deserve special attention:

1. Europe

The Western European market for fresh and processed fruits and vegetables, and cut flowers, has a certain amount of common features in spite of being made up of twelve EC member countries and a number of other independent nations.

Increasing uniformity in trading practices and intense transnational competition is the norm. In essence, Western Europe is becoming one major market regularly supplied all year round with produce and cut flowers from all over the world.

That is not to say that there are no national peculiarities to markets. They do still exist, but are becoming increasingly marginal in importance as goods travel between nations with total ease and importers organize their operations on a trans-European basis. Targeting a major importer in the Netherlands or Belgium now gives the exporter Euro-wide coverage because the importer will direct that product to the market in which prices are most favorable. They are constantly monitoring market prices and are aware of price movements throughout the EC. Indeed they are also in touch with markets in the rest of the world and often engage in re-export to distant countries. For example, the Dutch organize mixed containers of produce based on specifications of Middle Eastern supermarkets.

Europe is very competitive however and becoming increasingly so. The Iberian expansion combined with duty free Associate status for a number of Mediterranean countries has meant increasing availability of a diverse range of products from neighboring countries at low delivered prices. Furthermore, market windows are ever decreasing in length and profitability as technology allows countries to increase the lengths of their seasons. To quote many traders, "Europe is not hungry."

To date the emergence of an independent Eastern Europe and the Commonwealth Independent States (C.I.S.) has created more demand than supply, but it is only a matter of time before their increasing integration into Europe and improvements in the efficiency and quality of their food production has a supply effect.

The important lesson to learn is that it is no longer enough to happen to produce product in the off-season. That product must be of a very high standard, properly packed and appropriately priced. If it is not it will either be unsalable or be severely downgraded and attain loss-level prices. Most products now have Euro standards and a system of "Total Quality Management

This latter point is particularly relevant given the changes in the structure of the food industry in Europe over the last few years. The supermarket chains have become increasingly dominant in the retail market with on average some 4 to 7 companies controlling between 40 - 70% of all retail trade in the different countries. This has in turn permeated down and affected wholesale and import activity.

The old wholesale systems still exist and are stronger in some countries than others but are increasingly becoming conduits for secondary produce. Equally there is growing concentration in the food processing industry with mergers and takeovers often transcending national European boundaries.

The basic features of the changes in the distribution systems for both processed and fresh fruit, vegetables and flowers in Europe are: increasing purchasing power in a few hands; increasing stringency regarding standards and quality control; growth in competition and decreasing market windows; higher costs of entry because of price sensitivity and the power of product promotion and finally; a seeming market saturation level regarding demand for tropical and other exotic products. And, whereas quality and associated costs are going up, actual prices are stationary or falling.

The bottom line however is that there are still prospects for either creating new export lines or for expanding existing market share, as evidenced by regular supplies of products from South and Central America and the Far East (notably China and Thailand). South Africa is also poised to make significant inroads into the market, and Israel remains a highly efficient competitive source of fresh and processed fruits and vegetables, and cut flowers.

2. The Middle East

Saudi Arabia, the United Arab Emirates and some other Gulf countries (serviceable through Dubai) are noteworthy. Their main advantage is proximity, especially given the increasing

¹ TQM is a system initially developed as a Japanese management tool but now widely used in business systems. In terms of food it relates to the retailer and his specialist supplier managing the entire food chain starting with the supplier of raw product. Partly this has been a response to stricter food laws in Europe where the retailer or manufacturer has to show "due diligence" in ensuring that the product adheres to agreed standards. For supermarkets this can mean instructions to farmers as to what to plant, when to plant it, what fertilizers to use, what pesticides, how to pack it, when and where to send it etc. Computer planting programs are sent to chosen suppliers and "just in time delivery" is organized. For processed goods the system is similar with importers and manufacturers in the markets "controlling" production at source, including the farming, postharvest control, factory production and so on. Quality control inspectors regularly visit farms and factories based in supplying countries. Sometimes but not often there is equity participation but normally it is some form of semi-exclusive marketing arrangement. This system is probably known to the larger Kenyan exporters, and can only be assessed if adequate resources are available. It can be very rewarding but is also extremely rigorous and unforgiving. Most African suppliers prefer to deal with the less efficient but easier wholesale market system.

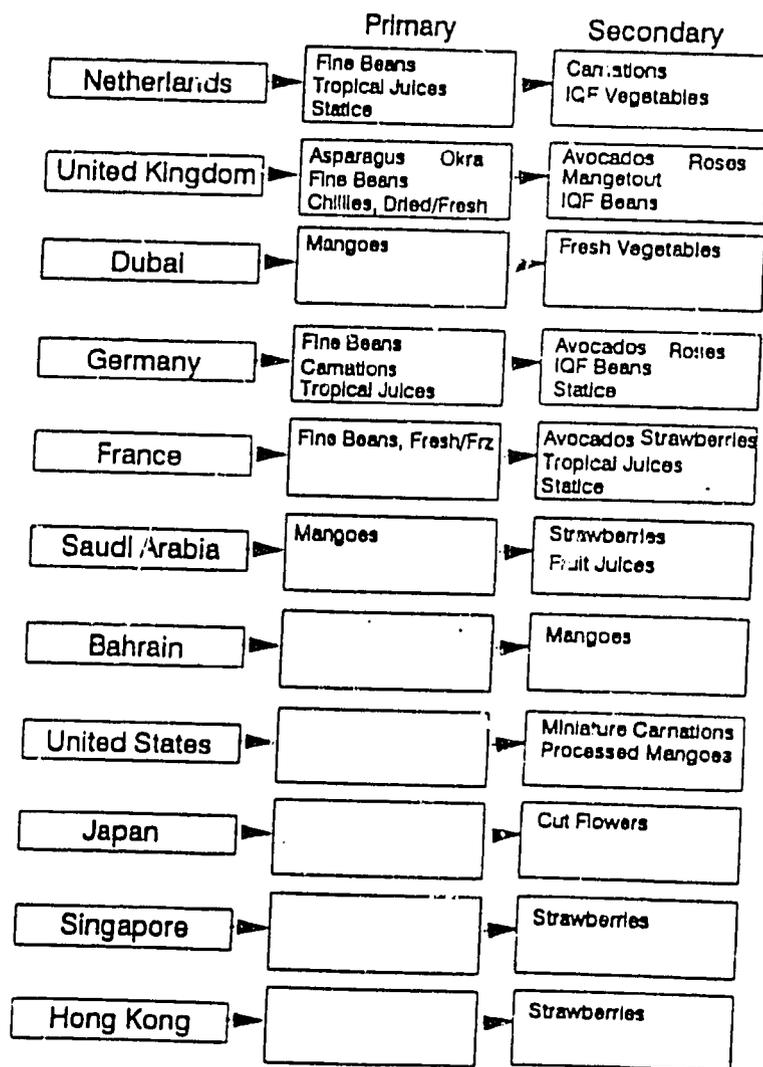
a booming mixed race society, and some traditional trading links with East Africa. Disadvantages include fierce competition from other Middle East countries and the nations of the sub-continent which can deliver very low-priced product overland or by small ship. Domestic production in Saudi Arabia is also increasing fairly rapidly. The markets are becoming more price sensitive and trading practices leave a lot to be desired.

There are periods of the year however when importers in the Gulf bring in fresh produce from as far as California, Australia and New Zealand. Premium prices are paid for premium produce and market segments exist which are actively seeking such produce. It is not an easy market, but it is deserving of careful attention and targeting.

SECTION III: PRODUCT OPPORTUNITIES

As previously noted, the Market Survey series examined 13 products -- green beans, avocados, mangoes, passionfruit, strawberries, chilies, okra, asparagus, cherry tomatoes, mangetout, roses, carnations and static (in eleven different markets). Both fresh and processed fruits and vegetables were included. Again, this "Overview Report" highlights only the key findings of the survey series. Following are charts and descriptions of only those products with the greatest potential on a country-by-country basis. It should be noted that for the purposes of a comprehensive summary, we have included "key" products in very low-ranked markets (i.e. U.S., Japan) which do not deserve the same priority as key products in high opportunity markets (the Netherlands, Dubai, other Middle East and Europe).

Chart 3: Key Product Opportunities Ranked by Country



A. Key Product Profiles

The following is excerpted from individual product chapters in country-specific market surveys. More detailed information with regards to market distribution, consumer preferences, grades and standards, import duties and regulations, etc. can be referenced through the surveys themselves. Full importer contact information is provided in survey appendices.

1. The Netherlands

The Netherlands is basically Kenya's second largest export market (next to the U.K.) because of flowers – but it is also the re-export capitol of Europe for fresh produce, and a main blending company location for juices. A good importer in the Netherlands guarantees that an exporter covers the rest of the EC member countries and Scandinavia.

a. Fine Beans/Primary Opportunity

Kenya has established itself as a supplier of fine and very fine beans to the Netherlands, and should consolidate this position. Consumption within the Netherlands itself is still relatively small, but the increasing efficiency of re-export by the Dutch provides good access to other markets.

Official European statistics do not distinguish the different varieties of beans, so import and market share figures are for all fresh/chilled beans, which cover the gamut from fine and bobby beans to flat beans and runner beans. Supply sources can provide clues as to varieties – Egypt for example produces fine and bobby beans for export.

The Netherlands is an important producer of beans and a major supplier to other European markets during the summer months, but during the rest of the year is a net importer.

Kenya has been steadily increasing its position in the market, supplying a total of 741 tons in 1991 compared to 400 tons in 1987. Other African suppliers of significance in 1991 were Senegal (575 tons), Ethiopia (521 tons), and Niger (170 tons.)

FRESH BEANS PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs				
			Egypt	8,972	France	1,399
1990	27,515	20.7 million	Germany	7,932	Belgium/Lux	1,213
1991	28,617	20.9 million	Spain	3,978	Kenya	741
			Italy	1,760		

Source: Eurostat

b. Tropical Fruit Juices/Primary Opportunity

Although the Netherlands' domestic market is one of the smallest in Europe for fruit juices, it is the re-export trade that makes the country such a large importer. Sometimes the juices are re-exported without further processing, but in most cases, juices from different fruit varieties are mixed at blending companies. Mango and passionfruit puree and concentrate are in fairly constant demand. The major tastes in multi-fruit blends are pineapple, passionfruit, mango, kiwi, guava, papaya and banana. All major blenders stress the increased stringency concerning quality however, and are somewhat reluctant to take on new suppliers since they are increasingly being held responsible for meeting the quality control requirements imposed by the EC.

The major suppliers of mango puree to the Netherlands are South America and India. India supplies the Alfonso and Totapuri varieties, South American countries supply the Haden, Irving, Tommy Atkins, Chatto de Ica, Criolo and Kent varieties.

Yellow passionfruit is most in demand, though purple passionfruit is also acceptable, especially where the product is mixed in with other juices. Any company producing a new product should attempt to produce concentrates, as these have the widest acceptability.

On-site field research needs to be undertaken to ascertain precise demand, prices and opportunities for Kenyan manufacturers, since the statistics available through desktop research are fairly sketchy, but following is a product profile for juice mixtures (excluding citrus and pineapple).

JUICE MIXTURES PROFILE						
Overall Quantity and Value			Major exporters (1990, MTs)			
Year	MTs	ECUs	Germany	2,509	Israel	286
1989	2,587	2.5 million	Belgium/Lux	773	Brazil	94
1990	4,129	4.1 million	Italy	437		

Source: ITC Fruit Juices Report, 1991.

c. Statice/Primary Opportunity

In 1991, the Netherlands was the fifth largest importer of cut flowers in the world, and the largest exporter. (64% of total world trade in cut flowers in fact). Almost all Netherlands cut flower production and imports are sold through auctions.

Statice is considered a "summer flower" and not distinguished separately in import statistics, but rather included in the "other flowers" category including Gypsophila, Aster, Delphinium, Trachelium, Liatris, Solidaster, Ammi Majus, Phlox Peniculata, Astilbe, Achillea, Solidago, Eryngium and Molucella.

Although imports occur during the entire year, ninety percent enter the Netherlands during the period 1 November to 31 May. Kenya overtook Israel as the largest supplier of "other flowers" in 1991.

The Netherlands is the most important and easily accessible market for exporters of summer flowers. Quality is of critical importance however, and for many species there has been a pattern of high prices, followed by increased volumes, over-supply and the inevitable decline in prices.

"OTHER" FLOWERS PROFILE					
Overall Quantity and Value			Major exporters (1991, MTs)		
Year	MTs	ECUs			
1990	19,966	62.6 million	Kenya	10,564	U.K. 1,043
1991	25,230	68.4 million	Israel	7,688	South Africa 533
			Zimbabwe	1,955	

Source: Eurostat

d. Carnations/Secondary Opportunity

Kenya has an existing market share for carnations, though the 1980's saw increasing periods of over-supply, with the consequent slump in prices. Imported carnations are in the most demand during the winter months, since the Netherlands is a major producer in the summer. There is increasing competition from Spain and Israel during the winter months, and it is likely that ever smaller windows of opportunity will be available. On the other hand, Kenya had an 9% share of the import market in 1991 which considering that carnations continue to be the most major imported flower in the Netherlands translates into the importance of maintaining that share.

CARNATIONS PROFILE					
Overall Quantity and Value			Major exporters (1991, MTs)		
Year	MTs	ECUs			
1990	16,647	44.0 million	Spain	7,141	Germany 1,473
1991	18,266	53.0 million	Israel	4,693	Colombia 1,518
			Kenya	2,025	Turkey 329

Source: Eurostat

e. IQF Vegetables/Secondary Opportunity

The Netherlands is an active and growing market for frozen vegetables, although the volume trade is mainly supplied from domestic production or from neighboring European countries. The volume trade is in products such as carrots, potatoes, cauliflower, peas and beans, though there

is some potential for top quality frozen green beans, mangetout and asparagus.

Kenya is already partially supplying the green bean market, either directly or indirectly, by having its fresh produce frozen within Europe. There is thus the distinct possibility that it could expand its frozen exports of 63 tons in 1991, but the market is not large enough to justify extensive investment for a sole product (estimates are that a niche of 400 tons exists for the entire EC).

With regards to mangetout, there might also be a niche market of a few hundred tons of particularly high quality snowpeas adhering to strict specifications, but it is unlikely that the demand would be enough to fill container-loads coming from Mombasa.

Demand for frozen green asparagus does exist, and Kenya would have some advantage over distant suppliers who have to carry an import duty of 18% into EC countries -- though Spain and Portugal will soon have their duties reduced to zero and are steadily increasing their production of fresh and frozen asparagus.

Depending on Kenyan capacity and interest, further research into a frozen vegetable product line for the Netherlands might be in order. In terms of statistics, none are available for frozen asparagus, and for both green beans and snowpeas there is no categorical breakdown (rather they are part of the larger frozen bean and pea profiles). Kenya exported 40 tons of frozen beans, presumably fine green, to the Netherlands in 1991 (none in any previous years).

FROZEN BEANS PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs	Poland	3,643	Hungary	676
1990	8,117	45.4 million	Belgium/Lux	3,591	Italy	474
1991	11,735	47.6 million	Germany	1,821	Canada	347

Source: Eurostat

FROZEN PEAS PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs	Belgium/Lux	2,859	Germany	878
1990	4,273	2.7 million	Poland	2,310	China	173
1991	7,593	3.6 million	Hungary	1,036	France	129

Source: Eurostat

2. United Kingdom

The U.K. is already Kenya's largest export market, and still represents strong opportunity in terms of consolidating and expanding existing market share, as well as select options for diversification. In terms of the size of the domestic market, the United Kingdom ranks close behind France and Germany as one of the largest in Europe (the Netherlands is a major importer, but mainly for re-export, as its domestic market by comparison is small).

a. Asparagus/Primary Opportunity

In 1991, of the total 2,026 tons of asparagus imported by the U.K., Kenya supplied one ton. And yet it is believed that the market for fresh green asparagus will grow at a steady pace during the next decade, having been identified by supermarkets as a "product of the nineties". Although the majority of asparagus is still distributed via the wholesale market (trade sources suggest 80% of the total), the long-term future for specialty vegetables including asparagus, is seen to be within the retail grocery sector, as they have the ability to soften the image of such products from the "luxury only" category.

Opportunities exist on the market, except for March through June, when competition is intense, notably from Spain and domestic suppliers.

FRESH ASPARAGUS PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs	U.S.		Chile	
1990	2,045	6.3 million	Spain	783	209	
1991	2,206	6.0 million		650	Mexico	141

Source: Eurostat

b. Fine Beans/Primary Opportunity

Kenya has established itself as the major supplier of fine and extra fine beans to the U.K., and is the country associated with the product. Increased competition is now coming on from other suppliers however, particularly Spain, so a small promotional program to establish Kenya's position as a benchmark supplier is probably in order. The overall market shows relative stability and slow growth, though demand amongst the average British consumer will always be limited by the relatively high price, and a traditional preference combined with low price for the domestic runner and broad beans. (Note that statistical data does not break down types of beans but includes them all in one category...fine and extra fine bean supply is basically determined through knowledge of supplying countries' varieties; also, there are no statistics available on bulk versus pre-packed but the trend in British multiples (supermarket chains) is increasingly towards pre-packed for higher-value items such as fine beans.)

FRESH BEANS PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs	Kenya	4,652	Netherlands	713
1990	8,302	14.0 million	Spain	1,219	Zimbabwe	534
1991	8,424	16.6 million				

Source: Eurostat

c. Chilies, Fresh and Dried/Primary Opportunities

There will always be a steady demand for fresh chilies given the preponderance of African and Asian consumers in the U.K., and the widespread incidence of ethnic restaurants (notably Asian). Kenya is believed to account for some 50% of the trade (despite statistics) though importers believe that a diversification to higher value crops such as flowers is going to mean a reduction in Kenyan supplies. If this is not the case, a small information campaign might be justified to inform importers otherwise. There might also be a case for Kenyan exporters to re-direct their activities more towards specialized re-packers and distributors who supply the major multiple chains.

Reporting for "fresh/chilled capsicum or pimenta" is considered inaccurate by many importers, with industry estimates in the order of 3,000 tons per annum (versus the reported 1991 total of 1,910). This would bring Kenya in over a thousand tons instead of the reported 327. It is agreed that the market is highly volatile in terms of price sensitivity to variable supplies however.

The Netherlands and Israel are starting to include chilies in their promotional campaigns in the U.K., and are subsequently expected to gain market share.

With regards to "dried chilies" there is no statistical information, but we included it as an opportunity because several importers and distributors have indicated that the Birds' Eye variety is in demand; on-site research would be required prior to any decisions being taken however.

FRESH CAPSICUM AND PIMENTA PEPPER PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs	Gambia	465	Netherlands	250
1990	1,348	2.5 million	Kenya	327	Uganda	132
1991	1,910	3.7 million	Zambia	281	Jordan	111

Source: Eurostat

d. Okra/Primary Opportunity

Although no separate statistics exist for okra, trade sources reveal that the U.K. market has shown slow but steady growth during the latter half of the 1980's, and that this trend is expected to continue. Mainly consumed by large Caribbean, Asian, and Mediterranean sections of the population, okra in recent years has begun to "cross-over" to a wider UK market in the role of an "up-market" vegetable used in both salads and dishes such as curry, stew, and spicy soup. At present, industry estimates of the overall size of the market are in the region of 2,500 tons, which gives some indication of the relative importance of the UK market compared with, for example, the Netherlands, with its imports of 216 tons in 1991.

Kenya is the major supplier, with an estimated market share of 75%. Other suppliers are Mexico, Trinidad, Barbados, Cyprus, Greece, Zimbabwe and Zambia.

Industry sources report that Kenya may be deliberately reducing its presence in the market because of diversion to higher value crops, which may be justified by higher revenue per unit. The okra market is one in which Kenya is the leading supplier and has an established reputation however, so decisions regarding continuing supply should be made carefully (and quickly). The major threat to Kenya's position is the start-up of regular airfreight connections between Cyprus/Greece and the U.K., which means that these Mediterranean countries will soon be able to supply the market with fresh okra daily. (Because of its short shelf-life, this is a crucial factor in developing the market.)

e. Avocados/Secondary Opportunity

The U.K. market for avocados is worth around 30 million pounds per annum. Sales are dominated by Israeli and South African produce, both marketed under brand names ("Carmel" and "Outspan" respectively). These are top quality products, well-packaged and well-advertised, and given the relatively small segment of the market accruing to other distant suppliers, it seems difficult to justify any serious expenditure on promotion.

On the other hand, the events of 1990 when Israeli products practically disappeared from the market (because of climatic difficulties) has left major importers seeking alternative sources of supply, and this has expanded opportunities available to new exporters.

Kenyan avocados have an additional advantage in that they are well-known in the U.K. market, although it is again felt in the trade that supplies are drying up as Kenyans diversify into other high value crops. It may actually be advisable that this trend continue, and that exporters concentrate on sending their avocados to locations where the highest prices are prevailing, something along the lines of the system used by the Israeli produce board (Agrexco), which sends its avocados by ship to a main European port (usually Marseilles) and re-directs from there according to price differentials. This does however, require a reasonable amount of organization and efficient communications, so another option is to further explore the possibility of setting up contracts with specialized U.K. packers/importers.

A most important factor to keep in mind is that it is very difficult to attain a profitable price when avocados are air-freighted. Sea handling is possible because up to 14 days transport time is considered satisfactory, and if avocados are unripe and held at a temperature between 5.5 C and 8 C, they can be held up to 4 weeks.

AVOCADO PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs				
1990	14,225	20.0 million	South Africa	5,958	Israel	2,047
1991	15,657	19.0 million	Spain	2,283	Canary Is.	801
			France	2,113	Kenya	685

Source: Eurostat

f. Mangetout/Secondary Opportunity

Statistics provided are for all types of peas, with no categorical breakdown for snowpeas (mangetout).

We know from our interpretation of the data (based in large part on knowledge of supplying countries' varieties combined with industry discussions) that competition in this growing and high-value market is extremely intense, notably from Zimbabwe, Zambia and Guatemala. They are able to supply during market windows and have well-established positions. Supplies from European, Mediterranean, North and West African countries are also increasing, and it is likely that with low transport costs and transit times, they will make it very difficult for new suppliers.

On the other hand, it is a growing market, and the multiple retail outlets are established buyers. So, while the data indicates that Kenya does not presently have a position in the market at a total export level for 1991 of 11 tons (which, as is always the case with data, could be the result of inaccurate reporting), it would be worthwhile to consider if CIF UK prices could be competitive.

FRESH PEAS PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs				
1990	4,295	7.8 million	Guatemala	1,251	Italy	726
1991	5,887	10.0 million	Zimbabwe	1,200	U.S.	575
			France	746	Zambia	515

Source: Eurostat

g. **Roses/Secondary Opportunity**

The U.K. is a higher value market than the Netherlands for roses and is rated by the Dutch exporters as a market with considerable potential for expansion.

African roses do not have an excellent reputation in the U.K. however, since they are regarded as generally looking unattractive, with uncompetitive packaging and presentation. Traders argue that there are usually a few partially opened and bruised flowers.

Improved production standards and grading can overcome these disadvantages however, and of course several Kenyan exporters already have good reputations elsewhere in the trade. Accessing the expanding bunch/bouquet trade in the U.K. will require making contact either with a specialist supplier or supermarket retailers who can organize re-packing within the U.K., or improving the packaging presentation and condition of the roses before leaving for the market. In 1991, Kenya exported only 25 tons of roses to the U.K., down from only 40 tons in 1990.

ROSE PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs	Netherlands	1,611	Venezuela	131
1990	2,339	19.5 million	Israel	362		
1991	2,341	19.6 million				

Source: Eurostat

h. **IQF Fine Green Beans/Secondary Opportunity**

There is some potential in European markets for top quality green frozen beans. The U.K. is the third largest overall frozen bean importer (after Germany and France) in Europe, with increasing unit value, though 70% of its imports are from other EC countries. Distant suppliers include New Zealand, Australia, Canada and South Africa.

FROZEN BEAN PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs	Belgium/Lux	5,420	Australia	1,122
1990	10,675	8.4 million	France	4,342		
1991	16,438	12.6 million	New Zealand	1,302		

Source: Eurostat

3. Dubai

Dubai is rated as a number one priority market (along with the Netherlands and the U.K.) for Kenyan exporters due to its flourishing re-export trade throughout the Gulf (particularly Oman, the eastern areas of Saudi Arabia, Bahrain, and Kuwait) and its position as the main trade center for the United Arab Emirates (it accounts for over 60% of UAE's imports). The thriving wholesale market receives supplies from all over the world, the bulk by refrigerated truck from Turkey, Greece, Syria, Lebanon and Jordan, and by small ships from Iran and the sub-continent.

a. Mango/Primary Opportunity

The major variety of mango available in the Dubai market is the small sweet Alphonso variety from India. There are also very small specialized markets for Kent, Haden and Sensation mangoes, and a medium-sized market for the Ngowe flat yellow mango.

From March through August, very cheap and reasonable quality mangoes coming from India and Pakistan dominate the market. However a niche exists for Kenyan airfreighted mangoes in the "off-season" from September/October through to February.

Statistics show that Kenyan market share in mangoes is falling throughout the Middle East however, which necessitates discussion with exporters as to reasons -- particularly since the import market for mangoes in Dubai is growing.

MANGO PROFILE					
Overall Quantity and Value			Major exporters (1991, MTs)		
Year	MTs	US\$			
1990	13,766	9.4 million	Pakistan	10,339	Egypt 255
1991	18,638	10.9 million	India	7,177	Sri Lanka 191
			Kenya	290	Sudan 48

Source: Department of External Trade Statistics, Dubai

b. Fresh Vegetables/Secondary Opportunity

Statistical analysis is difficult to undertake for most other products with any accuracy because of data gaps and insufficient category breakdowns. With the exception of mangoes, only an overall product profile on fresh fruits and vegetables is included therefore to indicate general market size. It is recommended that field research be conducted particularly in the fresh vegetable category however, as fine beans and avocados in particular could prove specialized markets worth pursuing for Kenyan exporters. (The priority ranking of the Dubai market based on its re-export role may also make it worthwhile to look at the frozen foods and fruit juice markets, though preliminary statistics show declining imports.)

It is impossible based on the fragmented data available to determine the major exporters in fresh vegetables at the current time, but it would appear that the largest are likely Iran, India, the U.S. and Pakistan. For "other fresh fruits" excluding mangos and strawberries, it would appear that Iran, Pakistan, and India are leaders.

FRESH FRUIT AND VEGETABLES PROFILE					
Overall Quantity and Value - Fruits			Overall Quantity and Value - Vegetables		
Year	MTs	US\$	Year	MTs	US\$
1989	250,270	71.3 million	1989	146,304	41.6 million
1990	254,054	67.6 million	1990	163,132	50.9 million

Source: Department of External Trade Statistics, Dubai

4. Germany

Germany is the largest EC market for fresh produce; the largest EC importer/consumer of cut flowers (vs. the Netherlands with import/re-export); and one of the leading European consumers of processed foods.

a. Fine Beans/Primary Opportunity

The market for fresh Fine beans is a developed one, restricted mainly to the gourmet outlets. It is an established market for Kenyan exporters, who are regarded as benchmark suppliers, which is fortunate since there will always be a threat to this niche from other distant suppliers, and perhaps increasingly from those nearer Germany (e.g. Turkey). All efforts should be made to promote and consolidate consumer loyalty to the Kenyan product. (As noted above, the EC figures for beans is a general one which includes all types and varieties, not just fine and extra fine, so note this when looking at quantity and value figures below – it is assumed that Kenya's 450 tons in 1991 were of fine beans, ditto Turkey with 372, Egypt with 367 and Ethiopia with 364.)

FRESH BEANS PROFILE					
Overall Quantity and Value			Major exporters (1991, MTs)		
Year	MTs	ECUs	Netherlands	5,054	Belgium/Lux 515
1990	15,068	18.4 million	Spain	3,706	Kenya 459
1991	15,386	18.9 million	Italy	3,596	Turkey 372

Source: Eurostat

b. Carnations/Primary Opportunity

Kenya is the second largest supplier of carnations to the German market and all efforts should be made to continue this situation (i.e. maintenance or increase of quality, packaging and delivery standards) because intense competition makes this an extremely difficult market to enter. Main distant competitors are Colombia and Israel, but the Dominican Republic also had a respectable showing on the 1991 market with 1,162 tons.

CARNATION PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs	Netherlands	18,156	Italy	3,000
1990	27,616	109.4 million	Kenya	3,654	Spain	1,522
1991	32,644	140.9 million	Colombia	3,558	Israel	1,466

Source: Eurostat

c. Tropical Fruit Juices/Primary Opportunities

If Kenya can regularly produce comparable quality mango puree to that currently supplied from South America and India (either frozen in 200 litre drums or as an aseptic product) then a steady demand is anticipated.

Sales of passionfruit concentrate (between 30-50° brix) could probably be in the order of one to two containers per month, depending on price.

Juice exporters should target established traders not only in Germany, but also in the Netherlands and Switzerland.

ITC estimates that perhaps 2,000 tons of mango juice is imported into Germany on a yearly basis, but actual figures may be considerably higher since data won't pick up significant quantities coming in as "ready blends." Mango prices vary around US\$1,300 per ton CIF for concentrate, US\$650-680 CIF per ton for single strength.

The ITC similarly estimated that about 8,300 tons of passionfruit juice was imported into the entire EC last year, with major exporters Columbia, Ecuador, Brazil and Peru. An average price level is between US\$3,000-4,000 per ton CIF main European port.

TROPICAL FRUIT JUICE PROFILE				
Overall Quantity and Value			Major exporters (1990)	
1990	MTs	US\$		
Mango Concentrate ¹	2,000	22.6 million	India, South America	
Passionfruit Juice ²	8,300	24.9 million	Colombia, Ecuador, Brazil, Peru	

¹ Figures for Germany only; ² Figures for total EC imports

Source: International Trade Centre, "The Fruit Juices Report," 1991.

d. Avocados/Secondary Opportunity

Limited technology and sea transport service limit Kenya in export of this product, particularly in the face of Israeli and South African competition. In 1991 however Kenya did supply more tonnage than South Africa and both supplied far more than Israel, making this a trade worthwhile pursuing (and monitoring, since the Israeli and South African supplies fluctuate both ways).

AVOCADO PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs	France	5,318	South Africa	587
1990	8,435	11.5 million	Netherlands	2,359	Spain	577
1991	9,403	11.0 million	Kenya	699		

Source: Eurostat

e. Roses/Secondary Opportunity

The fact that Kenya already exports roses to Germany signals that with increased quality, a larger market share might exist. None of the African supplies, in the view of German importers, compare favorably with product from the Netherlands, Israel, or the Canary Islands (though Kenya and Zimbabwe are preferred over other African suppliers) mainly because of the high incidences of re-packing and re-grading necessary.

ROSE PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs	Holland	44,861	Kenya	566
1990	40,049	174.0 million	Israel	964		
1991	45,071	207.0 million	Italy	635		

Source: Eurostat

f. **Stative/Secondary Opportunity**

Stative is not distinguished separately in statistics, but rather included in the "other flowers" category, which makes it impossible to get significant details on a flower by flower basis without doing field research. The Netherlands is the main supplier by far of "other flowers" into Germany, though as the largest European import market it is still worthwhile considering.

"OTHER FLOWERS" PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs	Netherlands	107,228	Kenya	728
1990	102,702	411.0 million	Italy	3,651	S.A.	682
1991	116,675	508.0 million	Israel	1,731		

Source: Eurostat

g. **IQF Fine Green Beans/Secondary Opportunity**

There is a market in Germany for individually quick frozen beans, although competition from Poland, albeit for different types of beans than Extra Fine, is intense. Quantities from distant sources are more likely to be used by manufacturers to fill short-term gaps in supply schedules - and it is also likely that supplies coming on from China will be very cheap making competition extremely difficult. (China only supplied 236 tons in 1991 however -- and nothing in the preceding years.) If Kenya could produce 5mm diameter IQF Fine Beans, there is a potential market.

FROZEN BEANS PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs				
1990	19,108	13.4 million	Poland	8,710	Belgium/Lux	2,193
1991	22,372	16.7 million	Netherlands	4,374	Italy	1,065
			France	3,744		

Source: Eurostat

5. France

The French market is a large and diverse one, with a number of trading centers distributed in different cities throughout the country, and increasing purchasing power in the hands of supermarkets (as elsewhere in Europe). It is sometimes rumored that France prefers to deal with francophone suppliers, but statistics, while reflecting substantial trade with Morocco, Senegal, Burkina Faso and the Ivory Coast, show equally strong trading relationships with other African countries, Asia and Latin America – and, as with all other European countries, strong intra-EC trade.

a. Fresh and Frozen Fine Beans/Primary Opportunity

Despite the considerable demand for off-season fresh green beans, this product remains a luxury item, and should consist exclusively of fine and extra-fine beans. Consumers are prepared to pay high prices for excellent quality, and Kenya is in a good position with an established market and reputation. As with all EC "bean" statistics, there is no separate category for fine beans, but we are able to surmise from production knowledge that Spain as the main bean exporter supplies flat beans, round beans, fine beans and bobby beans, while Kenya is the leader in fine bean exports. Burkina Faso, Morocco and Senegal are also supplying fine beans.

FRESH BEANS PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	ECUs				
1990	32,165	47.4 million	Spain	8,597	Italy	2,605
1991	27,607	44.0 million	Kenya	6,190	Morocco	2,531
			Burkina Faso	3,347	Belgium/Lux	1,205

Source: Eurostat

In the processed category, France is the second largest European importer of frozen beans (next to Germany), accounting for 18% of the total imported by the EC in 1991. Morocco and Belgium/Luxembourg supplied 85% of France's imports for that year, but it is probably a market worth further research and development by Kenyan exporters, particularly since France

is now supplying large quantities of frozen beans to other European countries (including frozen Kenyan fine beans).

FROZEN BEANS PROFILE					
Overall Quantity and Value			Major exporters (1991, MTs)		
Year	MTs	ECUs			
1990	19,533	20.5 million	Morocco	8,195	Cameroon 569
1991	17,416	20.4 million	Belgium/Lux	6,606	
			Netherlands	646	

Source: Eurostat

b. Avocados/Secondary Opportunity

The French avocado market is the largest in the world, and steadily increasing; it is also Kenya's primary export market for avocados. On the other hand, Kenya has only a 2% share of the import market, with Israel by far the largest supplier followed by South Africa, Spain and Mexico.

AVOCADO PROFILE					
Overall Quantity and Value			Major exporters (1991, MTs)		
Year	MTs	ECUs			
1990	77,867	107.0 million	Israel	39,028	Mexico 8,110
1991	88,525	105.0 million	South Africa	18,508	Kenya 2,155
			Spain	17,307	Canary Is. 1,188

Source: Eurostat

c. Strawberries/Secondary Opportunity

France is a major market for strawberries, second only to Germany, and while the market is not expected to grow in the foreseeable future, there are windows, particularly from the middle of February up until the end of March when Spain starts supplying. Acceptable varieties during the off-season months include Chandler Pajaro and Selva. Kenya only supplied 6 tons in 1991.

FRESH STRAWBERRY PROFILE					
Overall Quantity and Value			Major exporters (1991, MTs)		
Year	MTs	ECUs			
1990	48,865	96.6 million	Spain	44,499	
1991	52,585	113.4 million	Belgium/Lux	2,379	
			Poland	1,592	

Source: Eurostat

d. Tropical Juices/Secondary Opportunity

There is a steady market for exotic juices, e.g. passionfruit, pineapple and mango concentrates/purees. More research is needed however to determine exact volumes, prices, and preferences. Mango pulp is exported either hot-packed or frozen, and is also traded in concentrated form (25-30 brix). Aseptic packaging is becoming more frequent.

As consumption of fruit juices increases yearly in France, and consumers demand a wider variety of fruit flavors, the prospects for new suppliers to enter this market are reasonably good, though in the case of passionfruit, the French normally obtain supplies from blenders within Europe. Passionfruit is either purchased as a single strength product or a 30 - 50 brix concentrate.

e. Stative/Secondary Opportunity

There are no individual import statistics for stative, but as with the rest of Europe, "summer flowers" are in great demand. The French import market for "other flowers" in fact is currently greater than for roses and carnations combined. There is a large domestic capacity, and the Netherlands is a huge supplier, but there is a potential of niche windows during the winter months. The problem comes in assuming that stative is making up a large percentage of the "other flowers" category -- dialogue with Kenyan flower exporters might provide a clearer indication of trends in this area. Kenya only exported 19 tons of "other flowers" to France in 1991 (this category excludes roses, carnations, orchids, gladioli and chrysanthemums).

ALL "OTHER FLOWERS" PROFILE					
Overall Quantity and Value			Major exporters (1991, MTs)		
Year	MTs	ECUs			
1990	40,160	207.0 million	Netherlands	45,688	
1991	48,031	237.0 million	Italy	589	
			Bel/Lux	578	

Source: Eurostat

6. Saudi Arabia

Despite developments in domestic production, Saudi Arabia still imports large quantities of fresh produce, though the availability of good quality and low cost supplies from nearby countries have caused some of the large companies to cease imports from distant suppliers. There are still niches for low volumes of airfreighted produce through the supermarkets and specialist importers however. This report highlights mangoes, strawberries and fruit juices as potential Kenyan export items, but as is the case with Dubai, on-site research would need to be undertaken in order to confirm possibilities.

a. Mangoes/Primary Opportunity

The major variety of mango available in the markets is the small sweet Alphonso variety which comes from India. There are also very small specialized markets for Kent, Haden and Sensation mangoes and a medium-size market for the Ngowe flat yellow mango from Kenya. As is the case with Dubai, the Kenyan mango export situation to the Middle East needs to be carefully checked with key exporters, because according to HCDA statistics for 1991, this trade has fallen off. The Ngowe was popular because of its flavor and relatively low price. A niche exists in September/October through February.

MANGO PROFILE					
Overall Quantity and Value			Major exporters (1990, MTs)		
Year	MTs	US\$			
1989	3,800	2.8 million	Pakistan	1,949	Kenya 385
1990	5,557	5.5 million	Sudan	1,329	Somalia 352
			India	1,219	

Source: Central Department of Statistics, Government of the Kingdom of Saudi Arabia

b. Strawberries/Secondary Opportunity

The major variety in the market is the Chandler variety, coming from California and Florida, though it appears that purchases are also made of Tioga, Selva, and the Senga Sengana varieties. The volume of strawberries imported by Saudi Arabia increased 19% between 1988 and 1990, with a value increase of 10%. There is a steady specialized demand for the product by supermarkets, hotels, restaurants, the catering trade and airlines. It is a small market, but premium prices can be attained particularly during the winter months, making it an attractive and lucrative trade. The U.S. style of packaging is preferred over the European, because strawberries are sold loose in the supermarkets. Kenya entered the market briefly in 1989 with 35 tons.

FRESH STRAWBERRY PROFILE						
Overall Quantity and Value			Major exporters (1990, MTs)			
Year	MTs	US\$	Spain	370	Turkey	98
1989	1,227	1.5 million	Egypt	172		
1990	1,039	1.3 million	USA	123		

Source: Central Dept. of Statistics, Gov't. of the Kingdom of Saudi Arabia

c. Fruit Juices/Secondary Opportunity

Mango and guava juice are combined in statistical categories, and while volume and value has decreased since 1988, it still presents a sizable market. There is also a large market for concentrated or powdered fruit and vegetable juices, with a total of 20,315 tons imported in 1990 at a value of US\$33 million. The main suppliers of concentrated or powdered juices were the U.S., Denmark and Holland. It is impossible to differentiate the types of juice represented in this category without field research however.

MANGO AND GUAVA JUICE PROFILE						
Overall Quantity and Value			Major exporters (1990, MTs)			
Year	MTs	US\$	India	4,131	Holland	380
1989	12,356	10.2 million	Egypt	3,445		
1990	10,549	8.5 million	Cuba	1,388		

Source: Central Dept. of Statistics, Gov't. of the Kingdom of Saudi Arabia

7. Bahrain

The Bahrain market is characterized by a small, upscale market for expensive imported goods for the hotel/restaurant trade and the wealthy Arab expatriate community, and a larger volume market for the remaining population.

a. Mangoes and other Fresh Fruit/Secondary Opportunities

There are no separate statistics for mangoes (they're included in the category "Other Fresh Fruit"), but a major importer (Mr. Ebrahim Alameer of Nader & Ebrahim S/O Hassan Co.) expressed interest in receiving quotations for Kenyan mangoes. The current average wholesale price for a 6kg box of imported mangoes is US\$8-8.50. In the years 1988 through 1990, Kenya exported a negligible tonnage to Bahrain, presumably of mangoes (range of 1 - 12 tons).

FRESH FRUIT PROFILE (excluding berries)				
Overall Quantity and Value			Major exporters (1990, MTs)	
Year	MTs	US\$		
1989	2,377	2.1 million	Pakistan	1,318
1990	3,130	2.6 million	India	424
			Iran	401
			Lebanon	321

Source: State of Bahrain Central Statistics Organization, Directorate of Statistics

8. United States

Entry into the U.S. market is ill-advised because of the multitude of large, low-cost producers with much greater geographical proximity (Mexico and other Latin American countries). Possible exceptions for the products examined in this report include miniature carnations and processed mangoes, though in comparison to opportunities in the targeted markets of Europe and the Middle East, even these niches rank low on the priority scale. There are several other products not included in this market survey series which might also have potential, including exotic flowers, and dried fruits and nuts – but again, it is questionable whether analysis of these niches should take precedence over similar market research in Europe and the Middle East.

a. Miniature Carnations/Secondary Opportunity

In 1985, the U.S. imported \$168 thousand (3.2 million stems) of miniature (spray) carnations from Kenya; this increased to \$190 thousand (1.4 million stems) in 1988, before a steady annual decline to \$38,000 (225 thousand stems) in 1991. In total value terms however, the miniature carnation market in the U.S. reached an all-time high in 1991, over 3 times the 1981 levels. It is recommended therefore that discussions be held with Kenyan exporters to determine the reason for their declining performance in the U.S. market, and based on the results, make a realistic opportunity assessment for future exports.

MINIATURE CARNATIONS PROFILE				
Overall Quantity and Value			Major exporters (1991, 1,000 Stems)	
Year	1,000 Stems	US\$		
1990	97,917	16.1 million	Colombia	86,620
1991	108,278	23.1 million	Ecuador	9,972
			Peru	9,422
			Israel	1,121

Source: U.S. Bureau of Census

b. Processed Mangoes/Secondary Opportunity

The market for processed mango has greatly expanded over the past several years specifically for paste/puree. Supplies of dried products are normally sold in bulk to health food stores or producers of muesli, while pickled mangos are chiefly for the ethnic specialty market.

DRIED MANGO, GUAVA, AND MANGOSTEEN PROFILE					
Overall Quantity and Value			Major exporters (1991, MTs)		
Year	MTs	US\$			
1990	169	0.7 million	Thailand	126,210	China 6,854
1991	225	0.8 million	Philippines	71,100	
			India	9,178	

Source: U.S. Bureau of Census

MANGOES PREPARED OR PRESERVED BY VINEGAR/ACETIC ACID PROFILE					
Overall Quantity and Value			Major exporters (1991, MTs)		
Year	MTs	US\$			
1990	475	0.7 million	India	167	Guatemala 24
1991	349	0.6 million	U.K.	67	Trinidad 15
			Spain	57	

Source: U.S. Bureau of Census

MANGO AND GUAVA PASTES AND PUREES PROFILE					
Overall Quantity and Value			Major exporters (1991, MTs)		
Year	MTs	US\$			
1990	6,958	5.7 million	Brazil	3,103	Peru 873
1991	10,608	9.1 million	Philippines	2,946	
			Guatemala	1,411	

Source: U.S. Bureau of Census

9. Japan

The Japanese market does not present enough horticultural market opportunities to warrant prioritization by Kenyan exporters or the KEDS team because Japan bans the import of a number of fresh fruits and vegetables, and has stringent quality standards for processed product. It is a market which requires penetration over the long-term, and one also chiefly supplied by low-cost, nearby Asian suppliers.

But in terms of other agricultural and floricultural products however, Kenya has a US\$ 17.2 million export trade to Japan -- 23% in fish, 18% in coffee, 17% in nuts, and 2% in cut flowers (US\$390,000).

a. **Cut Flowers/Secondary Opportunity**

The Japanese market is probably the most dynamic international market for cut flowers at this point in time. Overall imports of cut flowers in 1991 represented a 25.9% increase in volume, and a 15.5% increase in value over 1989. The main reason for this growth is a more liberal import policy after years of protectionism. Also, marketing methods employed by Dutch exporters have broadened the market, which in conjunction with the strengthening of the Yen, have been effective in increasing the value of the trade.

Strict phytosanitary regulations, congested points of entry, and very high quality requirements on the other hand combine to make this a difficult and competitive market. The problems associated with a fragmented air freight route from Kenya and the possible need for transshipment also greatly increase the risk of Japanese trade, particularly when local suppliers have an excellent production and distribution network, and importers are leaning more in the direction of sea freight to cut costs. The fact that Kenya exported US\$390,000 worth of cut flowers to Japan in 1991 is noteworthy however, and deserves further investigation, since fragmented data makes it difficult otherwise to confirm volumes or varieties.

Flower varieties in order of popularity are the chrysanthemum (large local and smaller Taiwanese suppliers), the carnation (large local and smaller Dutch/U.S. suppliers), and the rose (large local, smaller Dutch suppliers).

Statistics for the Japanese import trade are very fragmented, but below is a volume breakdown by product through 1990. At consumer price level, the Japanese market was worth around US\$6 billion in 1990 -- but to give an idea of how much is locally produced, the total import value of cut flowers in 1991 was US\$143.79 million. It is recommended that field research be undertaken if Kenyan exporters deem the market worthwhile.

CARNATION AND ROSE PROFILE			
1990 Carnation Imports (Stems)		1990 Rose Imports (Stems)	
Total	12.9 million	Total	11.0 million
Netherlands	2.2 million	Netherlands	7.2 million
U.S.	2.0 million	New Zealand	0.3 million
Australia	0.7 million	U.S.	0.1 million
New Zealand	0.3 million		

Source: Japanese Ministry of Agriculture

10. Singapore

Singapore is a very small market in comparison to most of the other markets studied (population 2 million), but premium prices are paid for top quality fresh fruits and vegetables. Singapore is also a duty-free port, with limited non-tariff barriers, and the distance from Kenya is only slightly more than from Kenya to the U.K. (7,451 kms). It's possible, given other distant suppliers, that Kenyan exporters could supply strawberries, avocados and mangetout to Singapore, but field research would need to be undertaken to confirm if prices are high enough to offset relatively low supply needs – and to confirm that market windows actually exist in the face of current competition. Processed products and cut flowers are not likely opportunities for Kenyan exporters because of bordering, low-cost producing countries (i.e. Malaysia, Indonesia), with the possible exception of fruit juices.

In 1991, Kenya did export US\$5.0 million of goods to Singapore, but not of fruits, vegetables or cut flowers (rather fish, coffee, tea and spices).

Since both data availability and market size are limited, only strawberries are actually highlighted in this report as a potential product opportunity, for specific comparison purposes to Hong Kong, and more generally to other markets examined in the survey series.

It can be assumed that strawberries make up the vast majority of imported berries.

FRESH BERRIES PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	US\$	U.S.		Australia	
1990	1,183	3.8 million	New Zealand	343	64	13
1991	564	4.6 million		131		

Source: Government of Singapore

11. Hong Kong

Hong Kong shares key characteristics with Singapore, in that it is a small market (population 6 million); a duty-free port with relatively low non-tariff barriers and a relatively high (and increasing) per capita income. And processed products present no opportunities for Kenyan exporters due to nearby, low-cost Asian producers. Entry into the Hong Kong market for fresh horticultural products is more limited than Singapore, however, because of its geographical and political ties to China, and because it is a further distance from Kenya than Singapore. Three products which still might present an opportunity because of the presence of other distant suppliers, are strawberries, cherry tomatoes and cut flowers. We have not provided product profiles on all three however, due to fragmented data, and the fact that field research would have to be carried out in order to confirm any potential. Strawberries only are highlighted in this

report, and that mainly for comparative purposes.

Kenya does export fish, textiles, crude animal and vegetable matter, leather products, coffee and tea to Hong Kong -- but no fresh or processed fruits and vegetables. Kenya exports to Hong Kong in 1991 were US\$4.4 million.

Hong Kong trade statistics, like Singapore's, combine all berries in one category.

FRESH BERRIES PROFILE						
Overall Quantity and Value			Major exporters (1991, MTs)			
Year	MTs	US\$	U.S.		China	
1990	1,394	6.2 million	New Zealand	289		
1991	1,829	8.0 million	Australia	162	44	

Source: Government of Hong Kong

It is the intent of this "Overview Report" to submit recommendations for KEDS project activities based on the aforementioned priority markets and products. It bears repeating that the eight self-contained market surveys produced prior to this summary report include much more detailed information on all markets and all products examined, and that other, less immediate recommendations are contained within those texts. Similarly, there are "action" recommendations made in this report which given the ranking of the specific market or product probably do not deserve priority attention. We have attempted to number recommendations in "relative" order, final decisions pending KEDS team discussions with Kenyan exporters. It is further advisable that some consideration be given to the size of the targeted exporters - the majority of cut flower exporters for example are large enough that corporate resources could probably be utilized to commission further market research or promotional campaigns, while the smaller fresh produce exporters are much more likely to be reliant on KEDS' assistance for market development.

A. New Keds Activities

1. Assist with the preparation of fresh produce promotions.

Utilize baseline survey results to target exporters already in existing markets for which survey recommendations have been made. Under the auspices of HCDA and FPEAK, organize a series of meetings with affected exporters to determine if consolidation of market share in fine beans, okra and chilies, and asparagus is wanted. If quality, quantity and cost assessments point to sufficient revenues, then TA could be arranged through KEDS to assist with the preparation of promotional campaigns aimed at specialty importers and multiples. Issues are fine beans into the Netherlands, U.K., Germany and France; okra and chilies into U.K.; and asparagus into the U.K. (One month ST LOE for preparation of a promotional campaign)

2. Examine potential of branded approach with avocados.

Undertake a cost-benefit analysis of a branded approach into France, the U.K. and Germany for avocados based on the Israeli and South African models, and factoring in Kenyan capacities and projections.

3. Strategize on field research and promotional programs with cut flower exporters.

Utilize baseline survey results to target exporters in existing markets for which survey recommendations have been made. Under the auspices of HCDA and FPEAK, organize a series of meetings with affected exporters to determine if collective informational or cost promotions for carnations into Germany are worthwhile, and secondarily for roses into the U.K. and

Netherlands, Germany and France, or if the combination of export and import information now compiled is enough for decision-making processes. If exporters request assistance from KEDS for either promotion or field research, discussion should center around shared costs.

4. Conduct an in-depth analysis of Kenyan processing plant capacity.

A "shortlist" of companies large enough to consider exporting or expanding exports should be provided through the "Baseline Survey" results or alternatively, HDCA and FPEAK. (Njoro and Frig-O-Ken should automatically be included as a result of the KEDS Horticultural Subsector Study.) An on-site, plant specific analysis of these canning, freezing, and juicing facilities should then be undertaken, with technical and cost advice on equipment, quality control measures, and packaging improvements provided in a final report. Recommendations for product lines should also be included. (Four to six weeks ST LOE)

5. Complete in-depth field assessments for select priority markets and products for which little data exists.

These would include (in order of priority): "The Middle Eastern Mango Market" (with secondary attention paid to other recommended products, i.e. fresh vegetables in Dubai, exotic fruits in Bahrain, strawberries and fruit juices in Saudi Arabia); "The European Blending Houses" (primary concentration on the Netherlands, secondarily on Germany -- but only after the results of the plant capacity study are completed); and "IQF Vegetables in Europe" (again, primary consideration on the Netherlands, augmented with fine green bean market analyses in France, Germany and the U.K.). (Three to four weeks ST LOE per assessment.)

6. Assist exporters with direct importer contact and follow-up.

It is neither cost nor time-efficient to conduct extensive field research into all of the "secondary opportunities." The market surveys identified specialist importers for each country examined, and these should be contacted with questions regarding attainable prices and potential volumes for avocados into France, the U.K. and Germany; for mangetout into the U.K.; strawberries into France; dried chilies into the U.K.; processed mangos or spray carnations into the U.S.; cut flowers into Japan; exotic fruits into Singapore. Interested exporters should be encouraged to participate in relevant overseas trade shows additionally, and KEDS should provide encouragement and assistance with any follow-up buyer "missions" or visits to Kenya. (Home and field offices can be utilized for this type of support).

7. Provide postharvest, trial shipment, and port inspection services as necessary.

Once decisions have been taken with regards to consolidating market shares, targeting new products and markets, or initiating importer contact -- KEDS should be prepared to assist exporters focusing in on "priority products and markets" with short-term technical interventions on request. It is known that inferior seed varieties are leading to lower quality green beans for

less than exemplary in most cases -- KEDS could provide a postharvest technologist in these types of situations for direct farm/firm level assistance. Similarly, when exporters are moving into new products, trial shipments are recommended prior to commercial transactions to work through potential glitches -- and if KEDS could provide postharvest technologists or plant inspectors at these points, the project would go a long way towards ensuring commercial sustainability. Finally, KEDS should consider providing port inspectors for exporters experimenting with new markets or products to report back on product arrival conditions, further ensuring fair and professional trading procedures. (Week long ST LOE interventions for first two; half day ST LOE for inspections)

B. Impact for On-Going Keds Activities

With regards to on-going or already anticipated project activities, nothing will really change based on the market survey results, except that more specificity can now be added.

1. Trade show participation will be decided based on "priority" survey rankings.

Trade show walk-throughs or exhibits should ideally reflect target markets and products; i.e. good choices would include "Aruga" in Germany, "Gulf Food" in Dubai, European food and beverage shows, and ethnic produce events in the U.K.

2. Market survey information will be tailored for association seminars, member newsletters, and the HCDA crop manual.

Material from the market surveys will be extrapolated to tailor product-specific reports for individual seminar participants -- for example, if an HCDA seminar were to be undertaken on sea transport for mangos or avocados, mini profiles can easily be provided. "Mangoes to the Middle East" or "Avocados to France, Germany and the U.K." would highlight not only competitors' use of maritime technology, but their marketing strategies (i.e. branded approach), consumer preferences within the market, grades and standards requirements, market windows, etc. Five page reports on each product can be distributed with overhead transparencies.

The first batch of association newsletters produced under MkIS tutelage will make use of select products and market distribution networks examined in the market survey series. Association staff should be encouraged to continue the adaptation of text in subsequent newsletter issues.

The "Crop Manual" recommended for 1993 publication and distribution in an earlier KEDS' report (Institutional Needs Assessment) will draw upon the survey series for market-specific grading and packing specifications, which when added to field work already undertaken by the FAO, should translate into a useful but not overly lengthy exercise.

The eight reports produced in this series provide a solid foundation of market information which can be manipulated for various uses (see IV.B.2, directly above), but it is essential that the Kenyan exporter associations targeted for KEDS assistance (HCDA, FPEAK, and KAM) develop the in-house skills to undertake this type of market research because its importance as a tool in competitive, strategic development cannot be overemphasized. The KEDS' Institutional Needs Assessment completed in 1992 recognized the importance of market information, and recommended technical subscriptions and MkIS training. We now further recommend that the MkIS trainer familiarize association staff with the data services, and analytical procedures, used in the market series research. (Currently under contractor consideration for another project is a monthly comparative price service for targeted products in the U.K., France, Germany, Spain, the U.S., and Japan, which if established, could be adapted to the needs of HCDA and FPEAK.)