

Kenya's Intra Africa Horticulture Trade



Photo by Fintrac Inc.

Workers at Sunripe Ltd, a leading grower, processor and exporter of packing vegetables, at the company's packhouse in Jomo Kenyatta International Airport (JKIA), Nairobi.

"In Kenya...we support a horticulture program focused on highly nutritious crops that women commonly produce in market, like sweet potatoes and butternut squash. Research obviously shows that income in the hands of women translates into better nutrition and health for their children. When we invest in women producers, we get a double benefit--now and in the next generation."

—U.S. Secretary of State Hillary Rodham Clinton highlighting the work of KHCP as she addressed the Food and Agriculture Organization in Rome May 6, 2011

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Briefing Note

This study analyzes the horticultural trade between Kenya and other African countries including Uganda, Tanzania, Sudan, Ethiopia, Somalia South Africa and Egypt. It consolidates and analyzes data published by the KRA Customs Service for the period 2006-2010 to quantify and identify trends in trade of fresh and processed horticultural products. The data analysis is complemented by qualitative information gathered from border stations, field visits and inputs from horticulture industry players from both private and public sectors. The horticultural products were classified for comparative analysis into six categories: processed fruit, fresh fruit, processed vegetables (including spices), fresh vegetables, flowers and miraa (*khat*), which is captured for the first time as an important horticultural crop grown by smallholders.

Over the five-year period of the study, Kenya exported horticultural products valued at Ksh31 billion (\$428 million) six times the value of imports (Ksh4.8 billion). Exports increased at an annual rate of 14.3 percent from Ksh 3.9 billion (\$50 million) in 2006 to Ksh 6.8 billion (\$87.1million) in 2010 while imports increased at a rate of 26.2 percent from Ksh 0.6 billion (\$7.7 million) in 2006 to Ksh1.4 billion (\$18 million) in 2010. The average value of annual exports over the past three years was Ksh 6.98 billion (\$94 million).

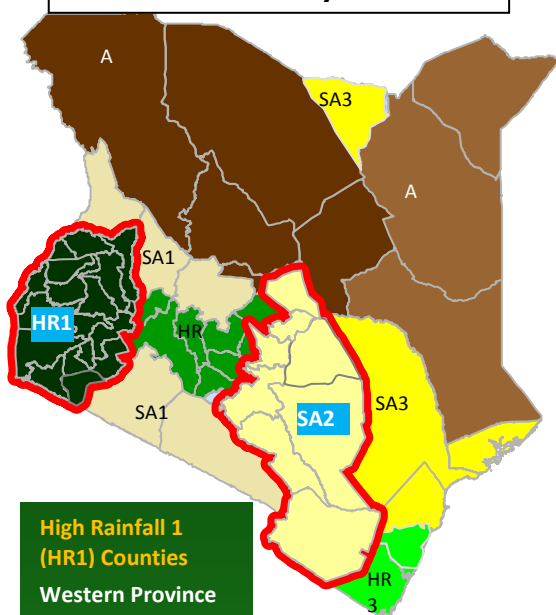
- In terms of income generation for Kenyan smallholders, the products with greatest opportunities for growth in African markets are mango, passion fruit, potato and high value vegetables. These crops are of strategic importance since, as well as providing cash income, they also contribute significantly to the nutrition and household food budgets of producers. Production constraints exist for each of the crops which need to be addressed for Kenya to continue its impressive record of export growth to regional markets.
- Kenya's exports of fruit juice are strong and growing. It is the market leader in East Africa and could become dominant in other Africa markets. Exports of fresh passion fruit to Uganda and fresh mango to Tanzania have also increased significantly over the past three years due to favourable climatic conditions and suitable varieties. Kenya is well positioned to expand production of the three main tropical fruits – mango, pineapple and passion fruit. A competitiveness study of the African market for Kenyan processed fruit products is recommended.
- Exports of specific fresh vegetable products (e.g. carrots to Uganda, Asian vegetables to South Africa and possibly recent sales of high value vegetables) have gradually increased since 2006. Kenya may be able to transfer its strong skills in global exports of high quality fresh produce to increasingly affluent African markets. A market demand and competitiveness study is recommended to understand factors behind the increased exports with a view to facilitating enhanced investments and expansion in a sustainable manner.
- Processed vegetable products were the highest value export category in 2010 but with the lowest growth rate over the five years. Further analysis of the contributing factors and investment particularly focusing on increasing the proportion of Kenyan-grown ingredients is required in this diverse of range vegetables to reverse the trend.



Photo by Fintrac Inc.

Anjeline Akello Ouma, a member of Arena Chili Farmers Group in Homa Bay County, monitors the solar-drying process of African Birds' Eye Chili to supply Mace Foods Ltd in Eldoret.

KHCP Priority Areas



High Rainfall 1 (HR1) Counties

Western Province

1. Bungoma
2. Busia
3. Kakamega
4. Vihiga

Nyanza Province

1. Homa Bay
2. Kisii
3. Kisumu
4. Migori
5. Nyamira
6. Siaya

Rift Valley Province

1. Bomet
2. Kericho
3. Elgeyo/Marakwet
4. Nandi
5. Trans Nzoia

Semi-Arid 2 (SA2)

Eastern Province

1. Kitui
2. Machakos
3. Makueni
4. Meru
5. Tharaka-Nithi

Coast Province

1. Taita/Taveta

- Potato imports from Tanzania appear to be increasing while potato production in Kenya has declined. Since Irish potato is the second most important food crop after maize in Kenya, an analysis of the potato value chain is needed to identify production factors such as bacterial wilt, which are reducing yields and lowering Kenya's competitive position as a regional supplier.

The main market destinations for Kenyan exports by value were Somalia (63 percent), Uganda (10 percent), Tanzania (8 percent) and South Africa (5 percent). Miraa (*Khat*) accounted for more than 90 percent of exports to Somalia. Overall, miraa is Kenya's biggest export product in terms of value at 54 percent of total export value, followed by processed vegetables (15.5 percent) and processed fruits (12.4 percent). In volume terms, processed fruits are the leading export product category at 37.5 percent of total exports, followed by fresh vegetables (17.9 percent) and fresh fruit (16.5 percent).

- **Processed fruits** contributed 37.5 percent and 12.4 percent of the volume and value respectively of exports during the five-year period. Kenya exported processed fruits worth Ksh 3.8 billion (\$48.7 million), more than four times the value of imports (Ksh 0.8 billion). Exports of processed fruit increased at a growth rate of 33 percent from Ksh 0.4 billion (\$5.1 million) in 2006 to Ksh 1.2 Billion (\$15.3 million) in 2010.

- **Fresh vegetables** contributed 18 percent and 8.3 percent of the volume and value of exports respectively with a growth of more than 52 percent in value. During the period Kenya imported fresh vegetables worth Ksh 1.1 billion (\$14.1 million) compared to exports worth Ksh 2.5 billion (\$32 million). Kenya is a net exporter of carrots, Asian vegetables and high value fresh vegetables but a net importer of potato and onion.

- **Fresh fruits** contributed 16.5 percent and 1.2 percent of the volume and value of exports respectively, with a growth rate of 22.5 percent in value. Passion fruits comprised 44 percent of the fresh fruits of which 67.4 percent were exported to Uganda. Mangoes comprised 32.4 percent of fresh fruits exports of which 97.8 percent was exported to Tanzania. Between 2006 and 2010 Kenya imported fresh fruits valued at Ksh 2.1 billion (\$27 million) and exported fruits valued at Ksh 0.4 billion (\$5.1 million).

- **Processed vegetables** accounted for 13 percent and 15.5 percent of the volume and value of exports respectively, with a growth rate of 7.7 percent in value. During the review period, Kenya imported products worth Ksh 0.5 billion and exported products worth Ksh 4.7 billion.

- **Flowers** contributed 3.8 percent and 8.3 percent of the volume and value of exports respectively, with cut flowers comprised the main export product accounting for 60.2 percent of which 58.3 percent of the volume was exported to South Africa. Kenya is a net exporter of flowers to the region in both value and volume.

- **Miraa (*Khat*)** contributed 13.7 and 54 percent of the volume and value of exports respectively with a growth rate of 9.7 percent in value. Somalia was the main export destination with new market opportunities in Mozambique among others. Total export value was Ksh 16.5 billion (\$211.5 million).

This study has shown that collection and analysis of market data can identify new opportunities for increasing Kenya's exports of horticultural products. Improvements have been made to the national market information systems in recent years but more work is needed. Improved data collection/management and market analysis will identify new opportunities that can contribute to the development of a coherent strategy for growth of the industry. This may include determination of the cost of production for various horticultural products.