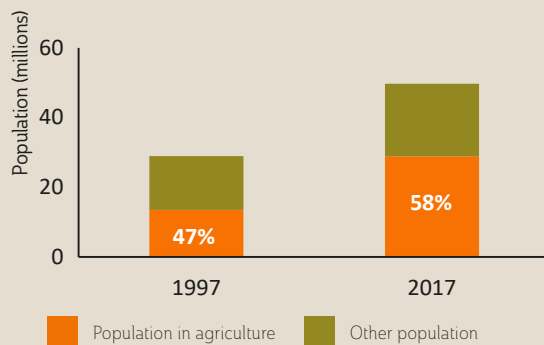
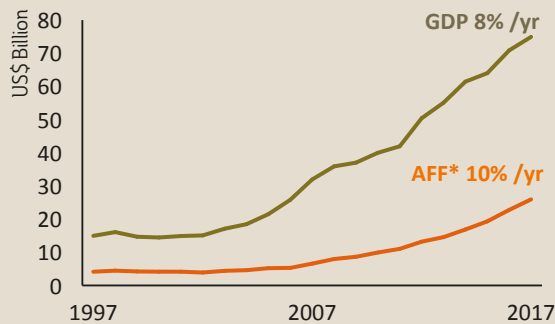




MACROECONOMIC CONTEXT

Following the 2008 global economic recession, growth over the past five years (5.7% in 2018) makes Kenya one of the fastest-growing economies in SSA. Gross GDP growth is expected to rise to 5.8% in 2019, underpinned by recovery in agriculture among other factors.¹

Kenya is classed by the World Bank as a lower-middle-income country and has a medium Human Development Index (ranked 142 of 189 countries).



* AFF: Gross Output Agriculture, Forestry and Fishing

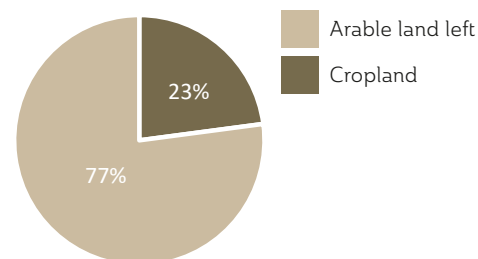
FOOD PRODUCTION

Top 10 horticultural crops (000 tons, 2017)

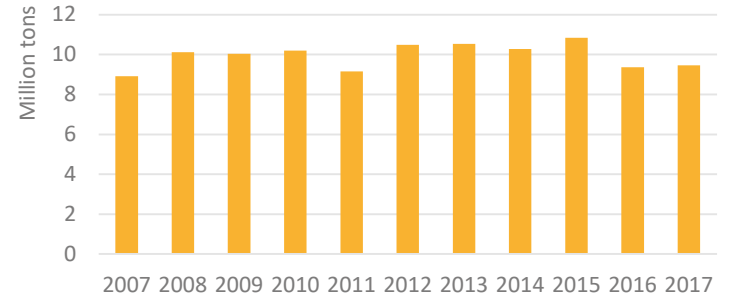
1	Potatoes	1,520	6	Brassicas	691
2	Cassava	1,112	7	Sweet potatoes	667
3	Beans	885	8	Other veg.	607
4	Mangoes	773	9	Peas	425
5	Bananas	742	10	Tomatoes	283

Kenya's comparative advantages

- Rainfall pattern reduces seasonality; range of altitudes allows production of both tropical fruits and temperate vegetables.
- Kenya is a major gateway to East Africa, Mombasa Port being a critical node for trade. Much of Kenya's export vegetable production is within 250 km of the airport.
- Stable policies, good investment climate, links with European markets.
- Educated workforce, excellent infrastructure, availability of farm inputs, availability of packaging materials.
- Smallholder participation encouraged by extension, investment in small-scale irrigation.²
- Devolved county government (since 2010 constitution) promotes grassroots investment and strengthens local accountability and public service delivery.¹



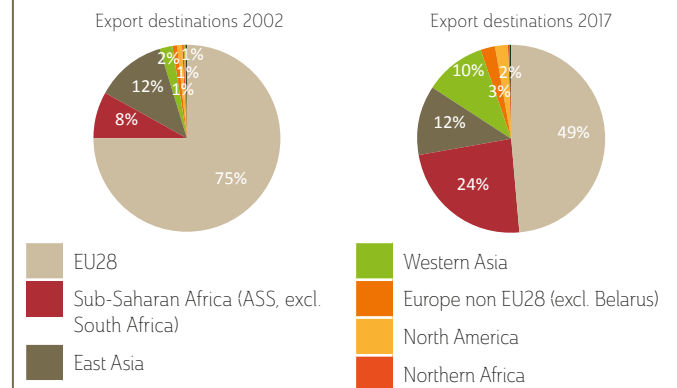
Trends in fruit and vegetable production



TRADE

Kenya currently has a negative physical trade balance for fruit and vegetables – in 2017 it imported 207,059 tons more than it exported.

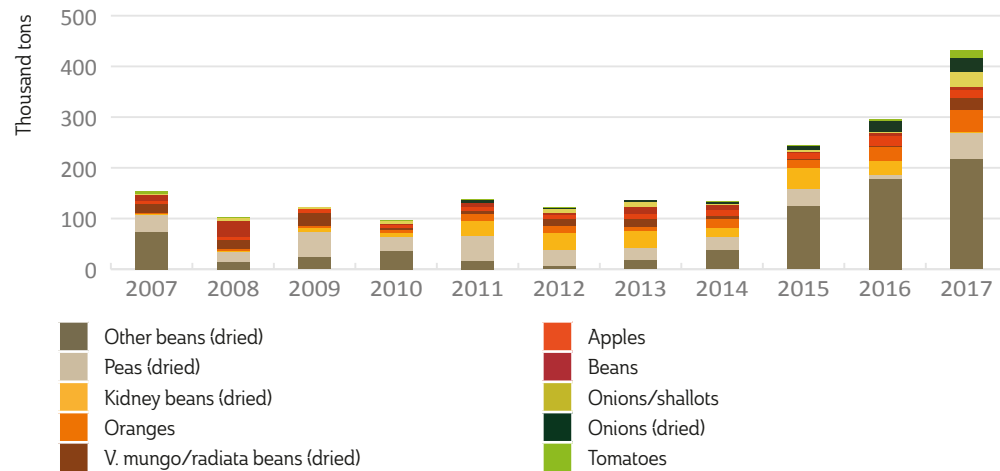
Exports to the EU represent 49% of the quantity and 62% of the value of all exports in 2017; exports to SSA (excl. South Africa) represent 24%. The bulk of global exports are beans, followed by avocado and mangoes.



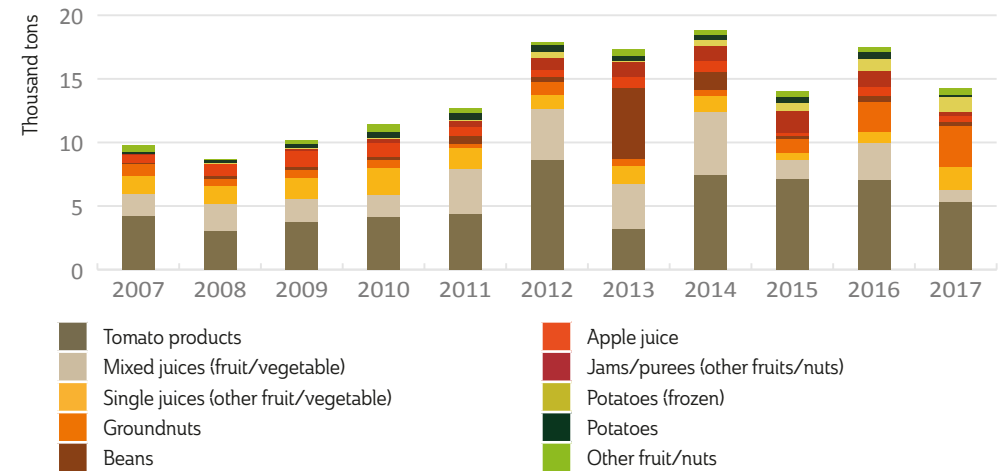


GLOBAL TRADE IN FRUITS, NUTS AND VEGETABLES (BY VOLUME)

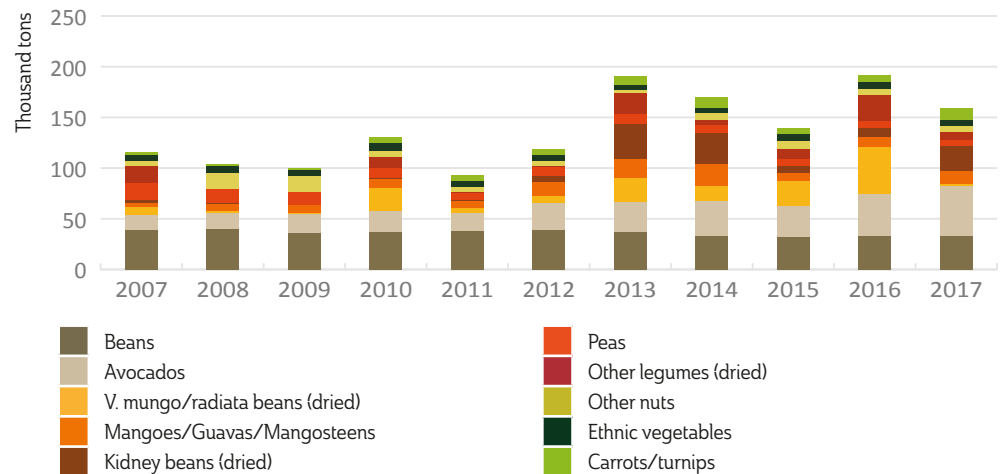
IMPORTS of top 10 FRESH fruits, nuts and vegetables



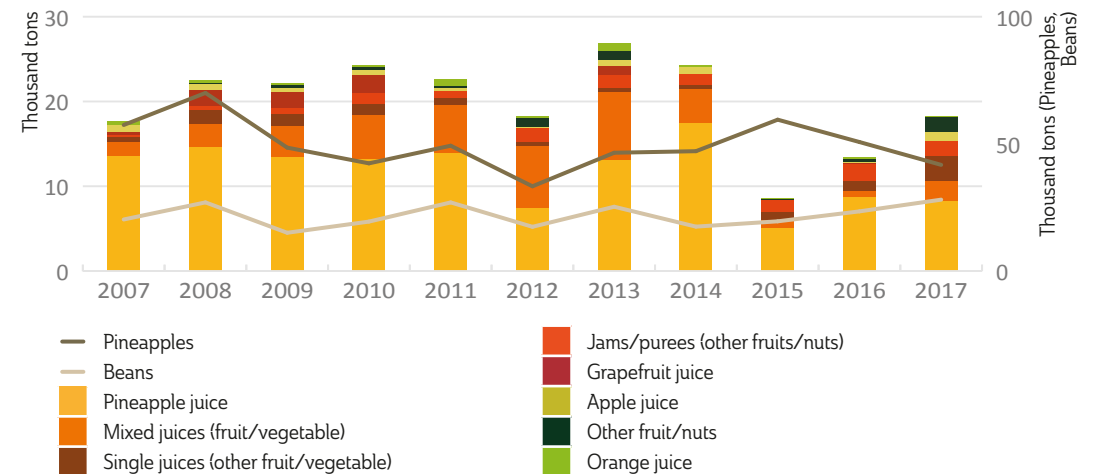
IMPORTS of top 10 PROCESSED fruits, nuts and vegetables



EXPORTS of top 10 FRESH fruits, nuts and vegetables



EXPORTS of top 10 PROCESSED fruits, nuts and vegetables

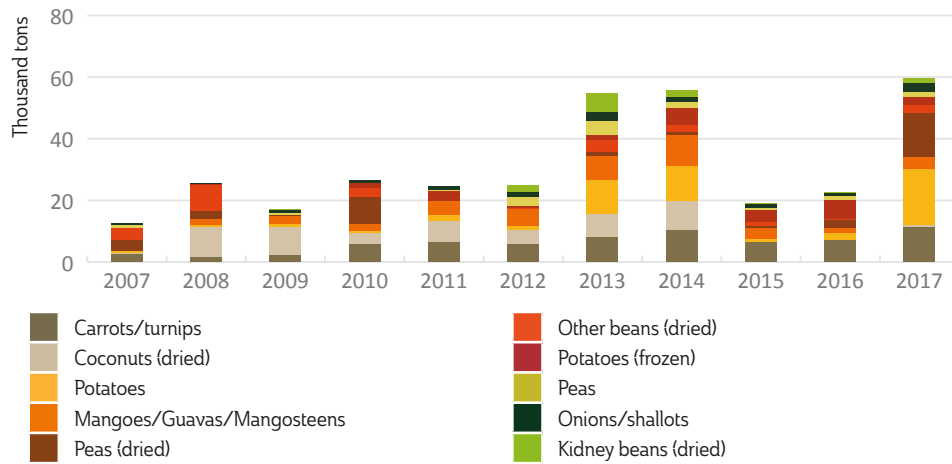




EXPORTS OF FRUITS, NUTS AND VEGETABLES: REGIONAL AND EUROPEAN MARKETS (BY VOLUME)

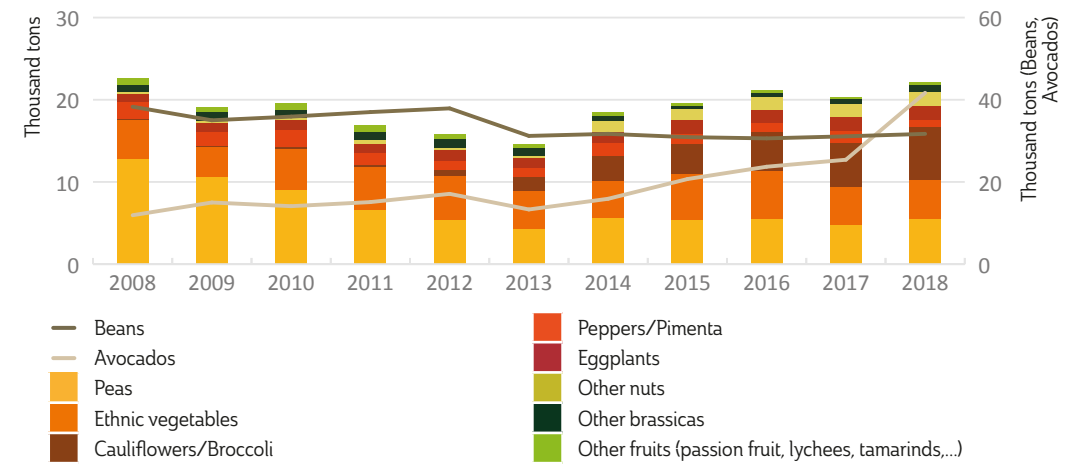
EXPORTS TO SSA

FRESH fruits, nuts and vegetables

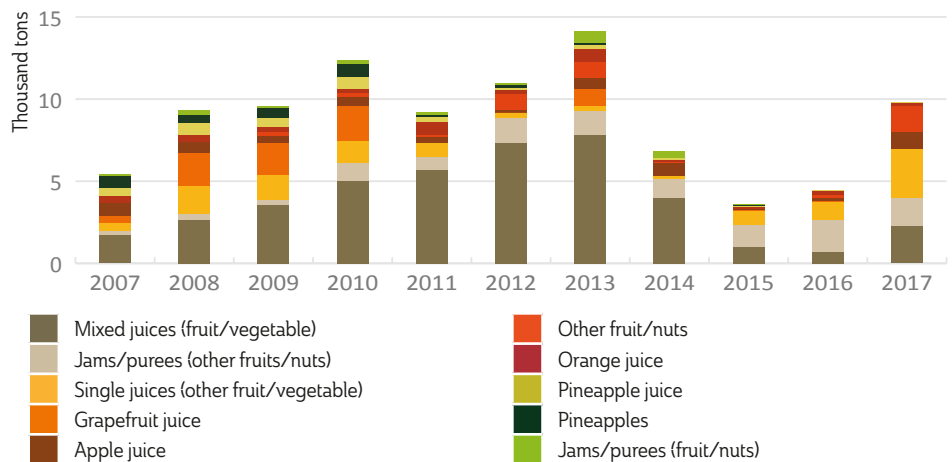


EXPORTS TO EU28

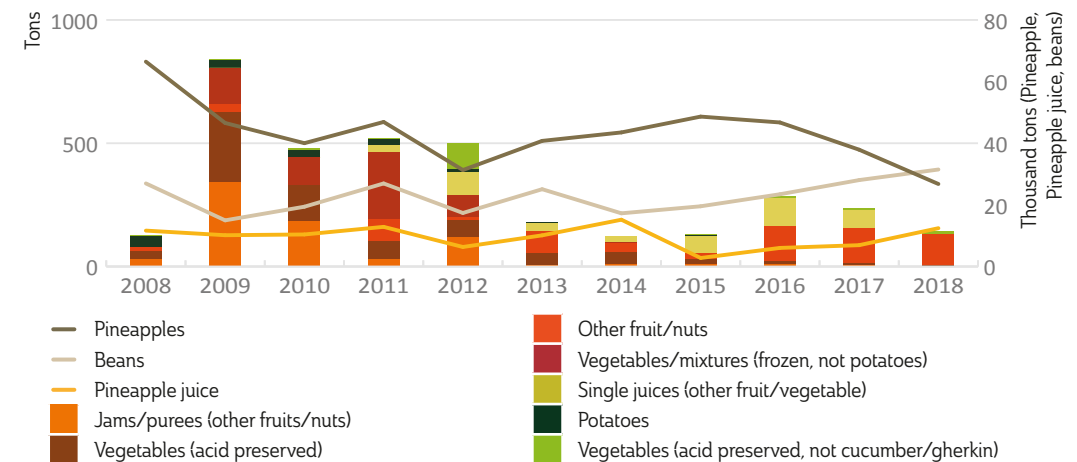
FRESH fruits, nuts and vegetables



PROCESSED fruits, nuts and vegetables



PROCESSED fruits, nuts and vegetables





FOCUS ON THE MARKET

Local supply

Locally, the main vegetable production is of Irish potatoes, pulses and brassicas, also sweet potatoes, cassava, tomatoes and leafy vegetables.

Local demand

A 2005 survey found that 89% of households regularly consumed vegetables but fewer than half (46%) consumed fruit.³ However, consumption of bananas and tomatoes is on the rise.⁴

Imports of fresh fruit and vegetables have been increasing as demand grows in cities and retail becomes more formalised;⁵ but over 85% of domestic fruit and vegetables are still bought on 'wet markets'.

Key facts

Whereas export horticulture is valued at \$300 million annually, the domestic market is close to \$5 billion (almost 17 times larger).

The leading Kenyan vegetable exports are French beans, mixed vegetables, runner beans, okra, snow peas and Asian vegetables. The main fresh fruit exports are avocados, mangoes, passion fruit and pineapples. Kenya also exports cashew and macadamia nuts.

Kenya is the second largest supplier of vegetables from SSA to the EU (after South Africa).

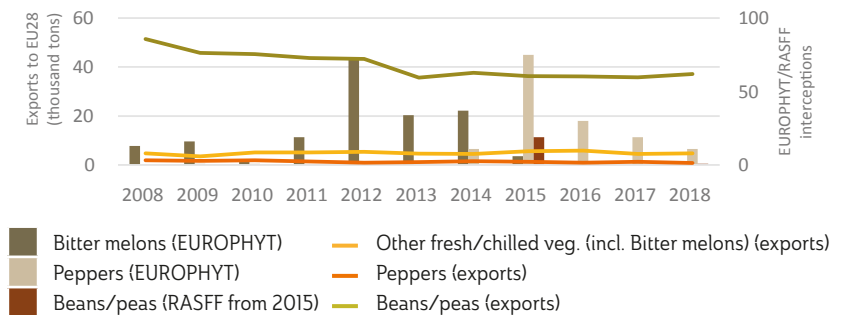
The Middle East is a very important market for fruits such as avocados (25,000 tons/year) and mangoes, and the Far East is growing in importance. China is a promising emerging market for horticultural produce from Kenya, including frozen avocado and nuts.⁶

Emerging niche products include fresh herbs, especially chives, basil coriander, thyme and rosemary destined for EU markets. Tenderstem broccoli is also gaining popularity, especially in the UK market.⁷

Much pineapple production is exported, mostly to Europe, as processed fruit concentrate or canned products. The export market is dominated by a few large players, with recent investments in processing.⁸ There is growing potential for fresh fruits for local markets.

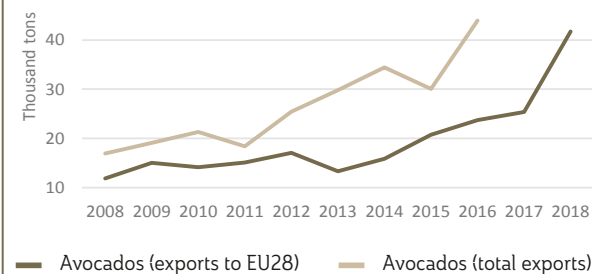
EU MARKET AND SPS ISSUES

The main problems with harmful organisms have been on peppers in 2015 with false codling moth (*Thaumatotibia leucotreta*); and on bitter melons in 2012 with Tephritidae, lesser pumpkin fly (*Dacus ciliatus*) and Diptera.



Following ongoing problems with interceptions of dimethoate on beans and peas,⁹ RASFF data available from 2015 show that Kenya had 17 notifications in 2015, mainly on beans and peas (due to a variety of PPPs), then two in 2016, two in 2018 and so far one in 2019. A plant health audit took place in Kenya in November 2017.

One to watch: avocado



Impressive annual growth in volume and access to new markets helped Kenya to overtake South Africa in 2017 as the number one exporter of avocados from Africa, exporting a record volume of 51,507 tons. While the United Arab Emirates is the top importer, the second (the Netherlands), third (France) and sixth (UK) are all in Europe.¹⁰

	National	Regional	EU	World
Potential	Dried onions and beans (Investment need to process)	Mangoes	Peanuts; Fresh pineapples; Berries	Peanuts; Cashews; Frozen avocados; Stevia
Developing	Bananas; Tomatoes; Sweet potatoes; Irish potatoes	Jams/purees; Passion fruits	Fresh herbs; Macadamias; Tenderstem broccoli; Avocados	Fresh herbs; Macadamias; Tenderstem broccoli; Avocados
Mature		Carrots/turnips; Coconuts (dried)	Beans; Peas; Pineapples	Beans; Peas; Pineapples



Notes

- ¹ World Bank (2019) *The World Bank in Kenya: Overview*. <https://www.worldbank.org/en/country/kenya/overview>
- ² World Bank (2004) *Exporting Out of Africa—Kenya's Horticulture Success Story*. Washington, DC: World Bank. <https://www.yumpu.com/en/document/read/2269322/exporting-out-of-africa-kenyas-horticulture-success-world-bank>
- ³ Ruel, M.T., Minot, N. and Smith, L. (eds) (2005) *Patterns and Determinants of Fruit and Vegetable Demand in Developing Countries: A Multi-Country Comparison*. Background paper for the Joint FAO/WHO Workshop on Fruit and Vegetables for Health, 1–3 September 2004, Kobe, Japan. Geneva: World Health Organization. https://www.who.int/dietphysicalactivity/publications/f%26v_africa_economics.pdf
- ⁴ Match Maker Associates (2017) *Horticulture Study: Synthesis of Phase One of the Study on the Sourcing of Fruits and Vegetables from Tanzania and Kenya*. Study Commissioned by the Embassy of the Kingdom of the Netherlands. https://www.rvo.nl/sites/default/files/2017/05/Tuinbouwrapport_tanzania_kenia_2017.pdf
- ⁵ Fresh Plaza (2016) Kenyan fresh fruit importers enjoying high demand. *Fresh Plaza*, 30 June. <https://www.freshplaza.com/article/2160040/kenyan-fresh-fruit-importers-enjoying-high-demand/>
- ⁶ Shi Yinglun (2018) Kenya horticulture export earnings swell. *Xinhua*, 13 November. http://www.xinhuanet.com/english/2018-11/13/c_137603899.htm
- ⁷ Business Daily (2019) Foods that Kenyans eat the most. *Business Daily Data Hub*, 9 May.
- ⁸ Fresh Plaza (2019) Del Monte Kenya invests Sh580m in new fresh fruit packing facility. *Fresh Plaza*, 9 July. <https://www.freshplaza.com/article/9124647/del-monte-kenya-invests-sh580m-in-new-fresh-fruit-packing-facility/>
- ⁹ Otieno, J. (2015) Kenya at risk of losing EU market for peas, beans due to falling standards. *The EastAfrican*, 25 April. <https://www.theeastafrican.co.ke/news/ea/Kenya-at-risk-of-losing-EU-market-for-peas--beans-standards/4552908-2697230-2gkrm/index.html>
- ¹⁰ Wahome, T. (2018) Kenya overtakes South Africa to become Africa's biggest exporter of avocados. *Fresh Plaza*, 14 August. <https://www.freshplaza.com/article/2199319/kenya-overtakes-south-africa-to-become-africa-s-biggest-exporter-of-avocados/>

Local research: Sunripe Ltd



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GDP (gross domestic product): <https://data.worldbank.org/country/>

BBC News – Country Profiles: <https://www.bbc.co.uk/news/world-africa-16833769>

World Bank Country Overviews: www.worldbank.org/en/where-we-work

CIA World Factbook: <https://www.cia.gov/the-world-factbook/>

Human Development Index 2018 – a composite index of life expectancy, education and per capita income indicators: http://hdr.undp.org/sites/default/files/2018_human_development_statistical_update.pdf

AFF as percentage of GDP (AFF = Gross Output Agriculture, Forestry and Fishing): <https://data.worldbank.org/indicator/nv.agr.totl.zs>

Population: <https://data.worldbank.org/country/>

Population employed in agriculture: <https://data.worldbank.org/indicator/sp.rur.totl.zs>

Food production: <http://www.fao.org/faostat/en/>

Trends in fruit and vegetable production: <http://www.fao.org/faostat/en/>

Cropland and arable land left: World Bank

Total exports (quantity and value): IFPRI

Global imports and exports, top 10 fresh fruit and vegetables, and top 10 processed fruit and vegetables: IFPRI

Regional imports and exports, top 10 fresh fruit and vegetables, and top 10 processed fruit and vegetables: IFPRI

Exports to EU28, top 10 fresh fruit and vegetables, and top 10 processed fruit and vegetables: <https://ec.europa.eu/eurostat>

Focus on the EU market: https://ec.europa.eu/food/plant/plant_health_biosecurity/europhyt_en