



www.hcda.or.ke

# Horticultural Crops Development Authority

Serving the Horticulture Industry

## Content

Counter-Season Avocado In 2011 Exemplary Growth .....	pg 1
South African production deficit .....	pg 2
Quantity increasing and better quality in Kenya.....	pg3
The Netherlands	
Flower Auctions'Notes.....	pg 4
IFTF EXPO is Ready for International HortiWeek.....	pg 4
For Kenyan Export Papers - Just Log In .....	pg 5
MOTHERS DAY SALES Notes .....	pg5
Market trends (European Markets April 2011).....	pg 7
Analysis April 2011.....	pg 8



**Counter-season avocado in 2011**  
Exemplary growth

### VISION:

A globally competitive horticulture sector in Kenya.

### MISSION:

To develop, promote, facilitate and co-ordinate growth of a commercially oriented horticulture industry through appropriate policies and technologies to enhance and sustain socio-economic development.

### CHIEF EDITOR:

EDWARD MAINA

### EDITORS:

ANNE GIKONYO  
AGNES WAINAINA

Design/layout & Print:  
Diverse Links Enterprises  
diverslinks@gmail.com

A model of development; this best describes the exemplary dynamics of the counter season Avocado market. European imports have doubled in just ten years from a modest 50 000 t to nearly 120000 t in 2010. The volumes of avocado sold in Europe in the summer even exceeded winter sales in 2007-08 and 2008-09, whereas they formed only about a third of supply at the beginning of the 2000s. This growth resulted above all from the explosive increase in supply from Peru, a new supplier country that at the beginning of the 2000s joined the very small circle of countries exporting counter-season avocado, previously consisting only of South Africa and Kenya, with Australia and Argentina involved for the shipment of small volumes. As the US market was closed at the time, shipments from Peru naturally increased supply to the EU, the only sizeable alternative in world trade centered (85% on these two destinations).

The European Union is still practically the sole importer of southern hemisphere avocado. North America and Japan consume northern hemisphere fruits (from Caledonia or Mexico) in spring and summer, and the Eastern European markets are still young, with some 2 000t imported in 2009 in Russia, the largest consumer in the zone.

## No impact on import prices

It is important to underline that this spectacular increase in volumes was achieved without harming import value, as can be seen in the movement of the price of South African 'Hass' in the last decade.

Even if production costs have increased, as for all crops, the performance is a fine one when compared with those of other fruits such as mango and pineapple for which the increase in volumes has been accompanied by a strong decrease in prices. This success is explained by two main factors. First, the variety available; 'Hass' is appreciated by supermarkets for its robustness and by consumers because the degree of ripeness is easy to judge by the colour of the fruit.

Furthermore, the South African professionals of the SAAGA (South African Avocado Growers' Association), followed since 2010 by their Peruvian counterparts at PRO-HASS (the Peruvian Avocado Growers' Association), have worked on stimulating demand by organizing avocado promotion campaigns. And this has yielded positive results. On the British market, which has received particularly close attention, summer consumption exceeds that of the winter period.

These initiatives are also taking root on the continent. PRO-HASS is running another promotion campaign in France in 2011 and will at-

tack the German market, while SAAGA will be running promotion operations in Sweden.

## A very open market for summer sources in 2011

The market seems very open for southern hemisphere supply sources in 2011. It is true that Spain seems to have larger end-of-season volumes than in 2010. However, the volumes available in Israel at the beginning of March were slightly smaller than they were last year. Furthermore, Chile, which had shipped avocado until the end of March 2010, finished the season in February this year because a serious production shortage limited exports to some 85 000 t in comparison with 200 000 t in 2009-10.

Finally, Mexico may well be absent from the EU market in the spring as it was at the beginning of the year, in spite of the size of the production area. Production from the second flowering supplying the end of the season is very short and the prices in the neighboring US should reach very attractive levels. California, which shipped nearly 60% of supply from the beginning of April to the end of September 2010, has an estimated deficit of 50% in comparison with last season (the first forecast of the California Avocado Commission is 125 000 t in comparison with 242 000 t in 2009-10).

## South African production deficit

However, in spite of these favorable conditions, the growth dynamics of the summer European avocado market should be put on hold in 2011 for lack of produce. The first crop forecast data indicate a significant shortfall in South Africa, one of the main source countries. Exports oscillate between 8 million boxes and the substantial 12.5 million boxes in 2010 but the 2011 figure should be right at the bottom of this range. Weather conditions have been particularly difficult in the north eastern part of the country where most avocados are grown, with rain causing floods and above all heavy showers of hail.

Limpopo province, accounting for more than 50% of the area under avocado around Tzaneen and Levubu, seems to have been particularly seriously affected. This decrease, which will not prevent South Africa from playing a major role in market supply in 2011, does not reflect the situation regarding production area, which in recent years has increased by some 200 to 250 ha annually.

The total area thus increased from about 12 000 ha in the mid-2000s to 13 200 ha in 2010. The increase in orchard area is particularly distinct in temperate zones that can profit from the generally buoyant end-of-season market (Kwazulu Natal, Limpopo and Mpumalanga highland zones).

The structure of the orchards has also changed. The share of Hass has increased; this accounted for less than 45% of exports at the beginning of the 2000s but more than 55% in 2010. However, green varieties have scored as well as Hass in nursery seedling sales in recent seasons, seeming to show that the conversion trend has reached its limit. In this context of increased supply volume and an increasingly competitive European market, the sector is working on opening up new markets such as the United States with which substantial trade in oranges has already been set up.

## Mediocre harvest in Peru and perhaps an alternative market?

Peru, the leading supplier of the European community market since 2009, does not seem to be in a position to make up for the South African deficit. However, the area under Hass is

growing strongly; the latest figures available indicate a total of 8 500 hectares in 2010, which should probably allow the doubling of export potential to about 100 000 tones by the end of the decade. But 2011 promises to be a negative alternate bearing year.

Fruitlet drop has also been very marked, especially in the orchards south of Lima. Exporters thus estimate that the volumes available for the international market should be similar to those of 2010 at best, even though new orchards have come into production. But does this mean that the volumes shipped to the EU will be identical to last year's? The opening of the United States market in 2010 has been more or less virtual so far, given the secondary destructive effects of the disinsectisation procedures required by the United States sanitary authorities (cold treatment or methyl bromide).

To address this problem, Peruvian professionals (PROHASS, SENASA) conducted a study in 2009 that showed that locally



grown Hass avocado is not a fruit fly host. The conclusions were submitted to APHIS in December, but will they be recognized as valid this season? The Peruvian minister of agriculture believes that they will and even mentioned May or June in an interview reported by the and in a news agency. If this were to be the case, there would no longer be a technical barrier to the massive entry of Peruvian Hass avocados to the United States. This would considerably reduce shipments to Europe this Season.

## Quantity increasing and better quality in Kenya

In contrast with the situation in the two leading export sources, the harvest should be good in Kenya, the third largest supplier of the EU during summer. However, the country's export potential oscillates between 3 and 4 million boxes per year (including some 2 million boxes of 'Hass') and this is a much more modest figure than those of the two export leaders. The 2011 harvest should be in the upper part of the bracket.

Rainfall has been good on the plateau in the south-west quarter of the country where avocado is grown. Additionally, the tendency of the areas under 'Hass' to increase are beginning to be felt.

According to professional sources, Hass' is being planted at the rate of some 500 hectares per year, especially as are placement for coffee. Stress has also been laid on the improvement in quality in recent seasons. Kenya has succeeded in restoring its reputation, thanks to increased supply by medium to large plantations and better technical supervision of very small growers who, even though they have just a few trees, count for a significant proportion of exports. Groups of 20 to 50 growers have been formed and benefit from agricultural and post harvest monitoring. In addition, packing stations have set up-close to orchards to avoid damage to fruits caused during bulk transport to Nairobi. The logistics involved in transport remains difficult point. Because there is at least one trans-shipment, transport times are long foremost of the lines putting in at the port of Mombasa (about three weeks to a month).

One line sails directly, announcing a voyage lasting two weeks but with only two links per month. Costs are high in all cases, especially because of the high insurance premiums covering acts of piracy in the Gulf of Aden.

## The return of Argentina in 2011, but with moderate volumes

The other exporting countries in the southern Hemisphere can be counted on fingers of one hand and can only ship limited complementary volumes. Argentina should return to the EU market in 2011, after an absence resulting from very bad weather conditions. However, production in the Tucuman regions only 10000 to 12000 tones and sold mainly on the domestic market. Development of avocado growing is limited, as the soil and climate conditions make the crop difficult to manage. Only the two main operations with commercial plantations are active in exports. The volumes shipped to the EU have never exceeded half a million boxes and they will probably not reach this figure in 2011, as the fruits are tending to ripen late because of fairly heavy rainfall.

## Australia

There remains Australia, where avocado is encounter-season crop in the main production zone (southern Queensland and northern New South Wales). This source has exported practically nothing but clearly shows its ambitions. Production has increased considerably since the mid 2000s, growing from 30 000 t to nearly 50000 t in recent years. In addition, plantations

are recent as a third of the 5 500 ha had been planted for less than six years in 2009. This is obviously a sign that the increase will continue. In spite of the growing domestic market, exporters hope to achieve an export potential of some 20 000 t by the middle of this decade. Six companies representing more than half of Australia's production potential have grouped as the Avocado Export Company (Auspak brand) to attack the international market. But for reasons of logistics, the priority targets are the Asian markets (Singapore, Hong Kong, etc.) and the Gulf States rather than the EU. In addition, the particularly difficult weather conditions (hurricane, flooding) in the northern part of the country would seem to indicate that exports will be very limited this season.

## An extremely conjectural deficit that should not be over estimated!

In spite of a deficit in South Africa that is difficult to compensate by fruits from other sources, the volumes expected on the EU market in the coming counter season will be far from small. They should approach 2009 levels, that is to say about 15% less than in 2010 unless Peruvian exporters are able to ship fruits to the USA without having to apply a disinsectisation process. This situation, and good management of volumes by the two leading suppliers, should avoid over supply in June, a critical moment when production peaks in both sources. In addition, the deficit should in no case make supplier countries weaken their promotion efforts.

The evolution of planted areas in the southern hemisphere producer countries shows that this light season will be followed by others with larger volumes, starting probably in 2012 as a result of positive alternate bearing. It is to be kept in mind that the planted area is increasing by an average of 1 000 ha in Peru and 200 to 250 ha in South Africa, without counting growing outsider sources such as Kenya and, further from the EU market, Australia. In addition, professionals should remember that the winter season will become longer in the years to come.

Planted areas are increasing significantly in Chile, Israel and Morocco while Colombia has announced its ambitions. Finally, although the opening of the US market is of capital importance for the Peruvian avocado sector, it should not mean withdrawal from the EU market in the medium term, given the rate of increase of production. In this context, easing off the promotion of avocado this season would be a mistake, in spite of the moderate supply potential.

Source: Fruitrop



## The Netherlands Flower Auctions'Notes

The April auction figures are published by the auctions as follows. The April 2011 turnover has decreased by 5% when compared to the same month of last year (the ash cloud's week of April 2010), realized with a 8.5% increase of the total supply, resulting in a total average price for all flowers together of 16.5 Euro cents per stem (last year 18.5 cents). Per product, quite some differences could be noticed: higher prices for chrysanthemums, both for the single headed ones and for the sprays, but also for lilies. Much lower prices for: roses, tulips, gerberas, freesias, peonies and eustoma.

The productions of tulips and peonies (end of the season 2011) came into flowering much faster than normally, caused by the extremely nice, sunny and warm weather during all of April and the first two weeks of May. Prices of these two products suffered most of all. Therefore, supplied quantities during all of April were exceeding, by far, the demand during the same

month. However, during Eastern the market was rather good and positive. With the lower prices it was very easy to make some profits for traders and florists. During the same month the whole garden & bedding plants production came into flowering, and demand and sales of these products were excellent.

Just before Mother's Day the weather temporarily changed for the good (less warm and sunny for some days), which had a very positive effect on the whole market and on the prices of most of the products. For some products, however, prices remained disappointing and too low, especially for: tulips, peonies, hypericum, solidago, limonium, asters and some others. Rose prices remained rather good and positive, both for the domestically produced ones as for the imported ones. Also during the last week of the month - the French, Polish, and Swedish Mother's Day week - prices and results turned out to be satisfactory as well. Only during the very last days of the month the market gradually, slightly diminished, which could be called normal given the period of the year.

## IFTF EXPO is Ready for International HortiWeek

Exactly six months before the opening of the second edition of the International Floriculture Trade Exhibition (IFTF), which will be held in Expo Haarlemmermeer, the 3 current available halls are fully booked. Not counting the 7 small stands still being available, the organizers are ready to expand. With this Full House, the expectations of the organizers have come true to a full extent, who predicted last year November that by the end of April of this year a fourth hall (Phase 2) would be necessary to accommodate the increased demand for space. Last week the final ok was given for an extension of a so-called temporarily hard wall climate controlled temporarily tent (Hall D), through a license issued by the local authorities.

IFTF Expo, which is together with Flora Holland & Horti Fair founding member of the International HortiWeek, hopes to start as soon as possible with the execution of the plans. The real starting date will however depend on the moment that sufficient extra exhibition space will actually be needed. In any case, with the latest developments the current dimensions of the Expo Hall are not an issue anymore and IFTF can grow with almost no limitation. Until this moment the current number of available exhibition meters added up to a total of 16.000 m<sup>2</sup>, but with the increased available space it can now grow with 9.000 m<sup>2</sup>, to a total of 25.000 m<sup>2</sup>.

Source: FlowerWeb 12/05/2011



## US Quality Checks Lock Out Kenya Flowers

Flowers, vegetables, and fruits are allowed duty-free access to the US market under the African Growth and Opportunity Act (Agoa), but market players said high cost of getting their goods to the market has confined them to Europe.

Kenyan exporters said the US was a volumes (mass) market whose buyers place orders in several tones but for a long time, major airlines charged higher freight rates of Sh320 (\$4) per Kg. The hope for a direct air link with US floundered in 2009 when Delta Airlines suspended its much-publicised launch of a direct flight.

We have the capacity to dominate US market but most local farms still prefer Europe because the high cost of freight to US leaves them with overpriced produce that can hardly compete against those from southern America, said Mr Ruli Tsakiris,



administration director at the Oserian Development Company. Statistics prepared by Horticultural Crops Development Authority indicates that Europe still accounts for 80 per cent of Kenya's fresh produce market compared to about five per cent that end up in US.

The 37 Agoa-eligible countries are set to meet next month in Lusaka, Zambia for the Agoa Forum 2011 to review the progress of the free trade instrument in fostering economic growth in Africa. The Forum is held annually and hosted on rotation basis between US and the eligible African countries.

Local fresh produce exporters said non-tariff measures erected by American agencies have also prevented them from dominating the vast US market the same way they control Europe. In the last 10 years, no single fruit has been cleared to sell in America. They have only managed to clear three kinds of vegetables, while all others are still locked out by phyto-sanitary controls, said Dr Stephen Mbithi, Chief Executive of the Fresh Produce Export Association of Kenya. According to US's official website on Agoa, Kenya has used the export window to emerge as one of the world's top exporters of cut flowers to the United States.

Source: Business Daily 10/05/2011

## For Kenyan Export Papers - Just Log In

Kenya has launched an online certification system to reduce the time it takes to approve horticultural exports. The move makes Kenya the first country in the world to automate the clearance process.

The Kenya Plant Health Inspectorate Service (KEPHIS), players in the horticulture industry, and the Netherlands back the \$775,000 worth project. The new system will cut the certification-waiting period that currently stretches to hours. Farmers will no longer have to go to the inspection offices in Nairobi for certification, as the process will be done electronically.

Farmers have long complained of delays, wrong data entry and

corruption in the clearance system.

Romano Kiome, Kenya's Agriculture Permanent Secretary, said the system will reduce the chances of revenue loss through fraud as all clients' data will be saved in a system accessible only to KEPHIS, the country's certificate issuer. It reKiome. The



certificate includes the name of the importer or importing company, reducing the chances of tax evasion.

Although the new system applies only to flower exports to one country (Netherlands), officials said it would be introduced to all other horticultural products and importers. The government said it was negotiating with existing importers for acceptance of electronic certification, adding that it was eyeing new markets, including Latin America, Brazil, Argentina, China and Japan. Farmers who bear the heaviest burden when certification is delayed, resulting in withered crops and missed flights welcomed the electronic system. Juliana Rono, exports manager at Karen Roses, one of the firms testing the viability of electronic certification since February, said it would save time and resources used in physical certification. KEPHIS issues 146,000 paper certificates a year to The Netherlands alone for rose flowers. The new certification will mean less cost on printing and time spent on manual work. The process is also anticipated to reduce on the 72 hours flowers take between being plucked in Kenyan fields to reaching European shops.

Source: The East African 25/04/2011

## MOTHERS DAY SALES Notes

All cut flowers (originated from all countries including the local supply) After the huge production and supply of flowers during the month of April, due to the extremely nice sunny and warm weather, supplied quantities during the pre- and actual Mother Day's weeks were relatively smaller. Prices were lower than last year during the same weeks; but compared to most of the other previous years the situation was more or less normal. Per product quite some differences could be noticed. Higher prices this year for: all roses and spray chrysanthemums, but much lower prices for: tulips, gerberas, peonies, eustoma, lilies, hydrangea cut flowers, cymbidium orchids, alstroemeria, and gypsophila.

### Big roses

Rose quantities were equally big when compared to last year, but they have been bigger when compared to all previous years. Many overseas production countries have increased their production acreage during the past years, in the disadvantage of the medium/small roses. Prices during the actual Mother Day's week were slightly higher than last year, but they have decreased when compared to many years before. The major pos-



sible reason could be the bigger share of import roses, which are always fetching relatively lower prices.

## Small/Medium roses

The share of small & medium roses has decreased along the past ten years; all in favour of the big roses. On the other hand the share of import roses has increased to some 98% of the total supply. This has had a negative effect on the prices as a whole. Import medium roses have become a mass product, with relatively less variation in sizes and varieties (too much of the same).

## Market Trends

### European Markets April 2011(Week 17)

The month has been characterized by good weather and marks the beginning of the marketing season for local vegetables and seasonal fruits. Sales during the Easter period have been just regular, with good demand for asparagus, grapes and apples, but scarce receptivity for exotics.

**Asparagus:** local products are available and have been very much requested; low prices for overseas products.



**Avocado:** the market for hass variety is undersupplied because of the end of the Israeli season and volumes from Peru which are moderate for now. In the green segment, the supply is increasing and volumes of small sizes are consistent: prices are under pressure and expected to decrease further. There are logistic problems for the supply from Kenya, along with quality problems for some brands. The South African fruits are sold mostly in Northern Europe.

**Grapes:** good demand in correspondence with the festivities and large price range. The South African season has almost ended, while the volumes from Chile are still consistent; prices are expected to decrease, also because of quality problems.

**Kaki:** beginning of season for sharon fruits from South Africa.



**Kiwi:** the first kiwis from Chile are in the market; the first volumes from New Zealand are expected to be in Europe by the end of week 18.

**Mango:** volumes in the market are very small, product is scarce and prices tended to be very high at the beginning of week 18. In particular, the supply from Peru diminished and prices for kent variety strengthened also because of diffused quality problems. Large range of air freighted varieties from West Africa; the sea freighted fruits from these origins will be in the market in the coming weeks, with volumes from Ivory Coast forecasted to be smaller than usual due to the political unrest that is affecting the country.

**Limes:** prices are on average or below average for the Brazilian fruits; the price range is diminishing but remains larger than usual. Good prices for Mexican fruits.





**Melons:** large range of varieties from different origins and near end of the marketing season for overseas products. The first melons from Spain and Egypt are in the market. Small volumes and high prices for honeydew yellowmelons.

**Coconuts:** small volumes because of the constraints in Ivory Coast and the ban on exports in Sri Lanka. Prices are expected to increase further as demand starts improving with the good season.

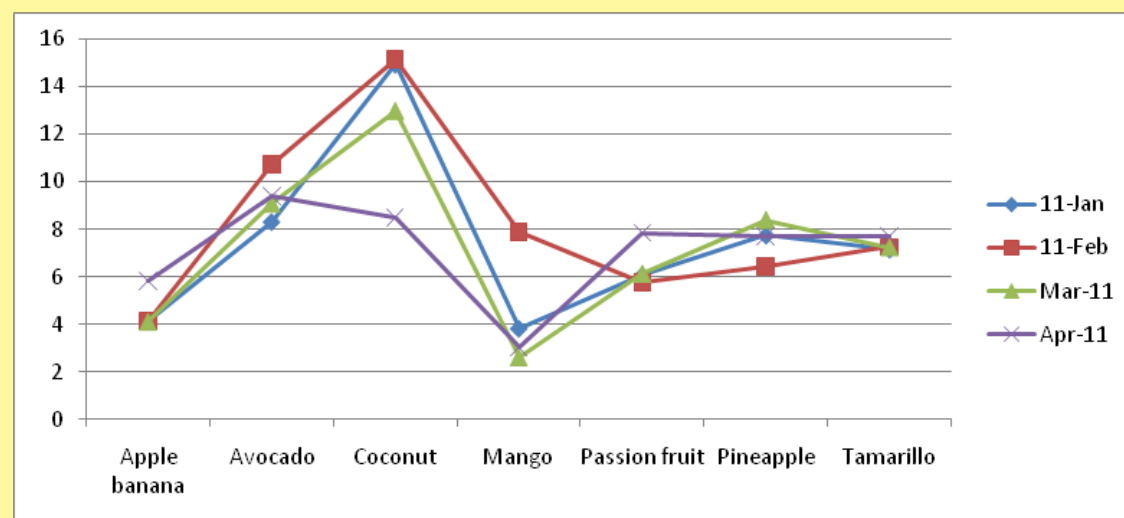
**Pineapples:** volumes in the market are low but prices just average. Quotations for top brands are well above the price for standard brands. Quality problems and low prices for baby pineapples. The first peaches and nectarines from Spain, Morocco and Egypt are in the market.

## Analysis April 2011

### Fruits

	11-Jan	11-Feb	Mar-11	Apr-11
Apple banana	4.142	4.125	4.125	5.835
Avocado	8.32	10.725	9.1	9.4
Coconut	14.947	15.15	13	8.48
Mango	3.83	7.875	2.625	3.04
Passion fruit	6.07	5.75	6.15	7.845
Pineapple	7.75	6.45	8.41	7.7
Tamarillo	7.16	7.25	7.26	7.705

The weight of export of product is packaging of 9\*330 for apple banana, 4kg ctn by sea for avocado, 4kg ctn by sea for mango, 2kg ctn passion fruit, 2, 5 kg ctn. Avocado prices went up by 2.405 Euro i.e. 28.906%, mango prices also saw a high increase by 4.045 Euro i.e. 105.025%.

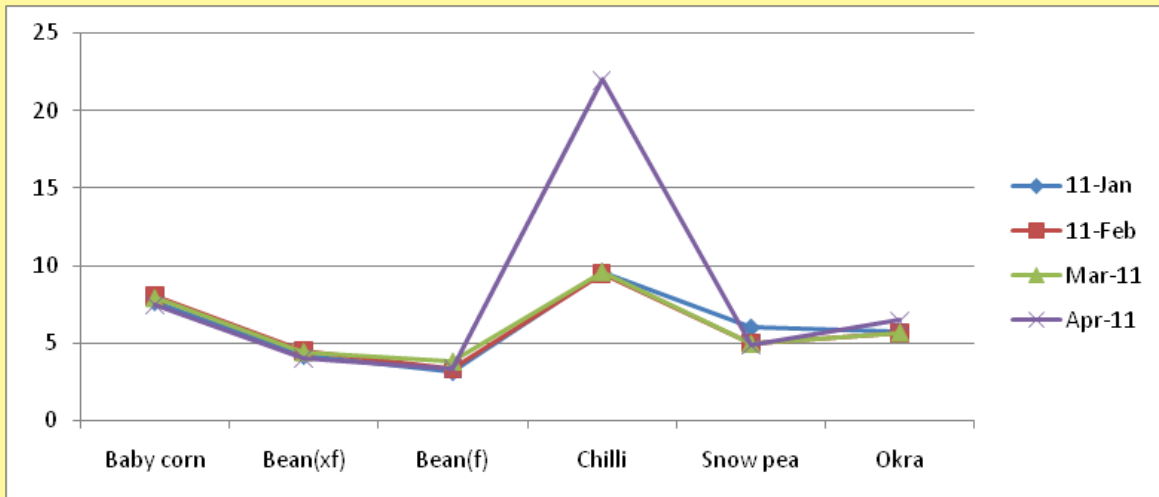


The prices of fruits remained relatively stable through the month of January to April 2011. Mango saw an increase of 0.415 Euro i.e. 15.8095% while pineapples decreased by -0.71 i.e. 8.44%.

### Vegetables

	11-Jan	11-Feb	Mar-11	Apr-11
Baby corn	7.62	8.04	7.89	7.425
Bean(xf)	4.17	4.52	4.38	4
Bean(f)	3.13	3.3285	3.76	3.3
Chilli	9.535	9.495	9.585	21.995
Snow pea	5.965	5.01	4.93	4.815
Okra	5.67	5.65	5.65	6.425

The weight for export are packaging of 12\*125 for baby corn, 2.0-2.5kg ctn with prepacks of 12\* 250 for beans(xf) and beans(f), for chili packaging is 12\*100, snow pea 2kg ctn and okra is 1.8-2kg ctn. Baby corn saw an increase of prices by 0.42Euro i.e. 5.51186% while chillies saw a decrease by 0.04Euro i.e. -0.41%.

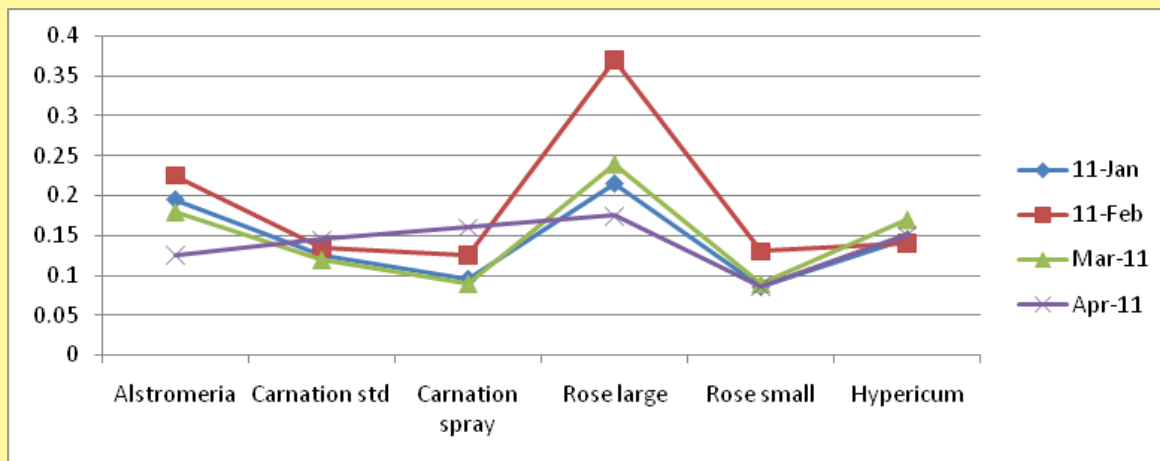


The prices of vegetables remained relatively stable with chilli prices showing a sharp increase in prices in the period of April 2011 with an increase of 12.41 Euro i.e. 129.473% increase. Okra also saw an increase of 0.775 Euro i.e. 13.7168%.

## Flowers

	11-Jan	11-Feb	Mar-11	Apr-11
Alstromeria	0.195	0.225	0.18	0.125
Carnation std	0.125	0.135	0.12	0.145
Carnation spray	0.095	0.125	0.09	0.16
Rose large	0.215	0.37	0.24	0.175
Rose small	0.085	0.13	0.09	0.085
Hypericum	0.145	0.14	0.17	0.15

The price of flowers is in stems.



Prices of flowers had slight decrease and increases in prices. Alstromeria decreased by 0.055 Euro i.e. -30.355% and alstromeria decreased by -0.065% i.e. -27.0833%.



**HORTICULTURAL CROPS DEVELOPMENT AUTHORITY**

P.O. Box 42601-00100, Nairobi, Kenya

Tel: +254 (20) 2088469, 2131560. Fax: +254 (20) 3532898.

Email: md@hcda.or.ke Website: www.hcda.or.ke