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# Horticultural Crops Development Authority

Marketing NEWSLETTER

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Serving the Horticulture Industry

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## VISION & MISSION

A globally competitive horticulture sector in Kenya.

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.

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## Emirates unveils flight to cash in on flower export



Emirates has introduced a new flight on the Nairobi Amsterdam route as it seeks a larger share of the flower export business and passengers. Already, the route is served by British Airways, Virgin Atlantic and Qatar through their various hubs, as well as directly by national carrier Kenya Airways, and KLM.

The airline announced that it would launch the passenger and cargo flight on May 1. Emirates flights from Nairobi to Amsterdam have specifically ferried cargo. "We anticipate a high level of competition as this is a crucial route," said Essa Ahmad, Emirates regional manager for East Africa, adding that the increased capacity would help boost cut flower exports to Amsterdam.

Kenya is a major exporter of flowers to Europe, exporting over 35 per cent of all flower sales in the region. The Netherlands accounted for 66 per cent of flowers destined for the European Union last year, according to the Kenya Flower Council.

The UK is the second largest market, accounting for 17 per cent. The airline already operates two freighters between Kenya and Amsterdam, one flying through Eldoret. Emirates moves at least 1,000 tones of flowers every month

from Kenya, with the increased cargo capacity of 400 tones on the new flight expected to increase its business.

Freight forwarders, as opposed to walk-in clients, drive most of the airline's business in the country. It is expected to grow both components with the extra capacity, said Mr Ahmad. Following the slump in the travel market last year, the airline reduced its operations on the Nairobi-Dubai route to at least 10 flights a week. This has increased to the current 14 weekly flights. The sector is slowly turning around with strong demand recorded in both the passenger and cargo business.

International Air Transport Association (IATA) in its recent report shows that cargo demand grew by 26.5 per cent while passengers grew by 9.5 per cent in February. However, this growth has largely been driven by business inventory with the growth expected to wear out in the second half of the year when inventories reach normal levels.

Despite the slump in the air travel market, Emirates continued to expand its network and is looking at introducing flights to Tokyo, Prague and Madrid later this year.

Source: [businessdailyafrica.com](http://businessdailyafrica.com) 14/04/10



# Icelandic ash costs kenyan farmers millions a day

**T**he impact of the Icelandic Volcano stretches much further than Europe. Africa is suffering too, in particular its farmers. Due to the flight ban they are unable to ship their produce to Europe, and as a result they are losing millions of dollars a day.

Over the past four days, Kenyan farmers have lost 4 million dollars a day in lost shipments and about 5,000 people have been laid off so far. The ash clouds caused by the erupting volcano under Iceland's Eyjafjallajokull glacier are to blame for the farmers' problems. Not only are they disrupting flights from Europe to other parts of the world - they are also preventing air travel to this part of the world. This includes African cargo shipments.

Kenya's flower council says the country is hemorrhaging \$1.3m a day in lost shipments to Europe. Kenya normally exports up to 500 tonnes of flowers daily - 97% of which is delivered to Europe. Horticulture earned Kenya 71 billion shillings (£594m) in 2009 and is the country's

top foreign exchange earner. Cold stores at Jomo Kenyatta airport were full and officials told growers to load rotting product on trucks and dump it back at their farms. Some farms were throwing cut flowers straight from the field on to compost heaps.

Growers have warned that thousands more workers could be told to stay

at home if flights did not resume by Tuesday, which would deal a serious blow to the country's economy. "By Tuesday we're going to have to make tough decisions. We can't keep having people come to work and not have any work to do," he said.

*Sources: Guardian & Bloomberg  
19/04/10*



## Kenya Flower Growers Ask For Stimulus Package



**K**enya's flower industry said on Friday it wants a stimulus package to be included in the government's 2010/2011 budget, to help it recover from last year's losses and regain a growth momentum.

Exports of horticultural products are the biggest foreign exchange earner for east Africa's largest economy with 71.6 billion shillings (US\$ 918 mill.) worth of flower, fruit and vegetable exports last year, down from 73.7 billion (US\$ 945 mill.) previously. "We're realistic, we know we can't get a direct cash infusion but we're looking at all available and possible forms of a stimulus package that we can suggest to the government to help this industry," said Jane Ngige, chief executive of the Kenya Flower Council (KFC).

The sector, a major employer, produced up to 90,000 tones of flowers in 2009, a decline from 100,000 tones in the previous year. Export earnings in 2009 came in at 36 billion shillings (US\$ 460 mill.), she said. Ngige tied the drop to a severe winter and snow in much of Europe, the principal market for the country's flowers. KFC said the industry is aiming at maintaining 2009's output in 2010. "We're going to discuss with the government to see how we can ease the pain of this industry. It employs tens of thousands of people and I am sure the government would want these people to keep their jobs," she said.

"Kenyan government could also help the industry by putting in place a faster tax refund system". The industry was also mulling putting in place a disaster fund that could help provide a cushion in time of crisis, she said.

Producers were still angling for additional markets -- both geographical and products -- to shield the sector from fluctuations in the main markets of Netherlands and Britain. "There is a push for more direct sales and the

growers are really going for that," Ngige said.

Britain absorbs 23 percent of Kenyan flowers while Netherlands buys 63 percent. The chief executive said the percentage of flowers exported to Japan and Germany had increased in recent years.

Still reeling from the losses of 2009, the industry suffered a blow from the weeklong disruption to flights from Iceland's volcanic ash cloud. The Fresh Producers Exporters Association of Kenya, an umbrella body for growers of flowers, vegetables and fruits, said early this week growers were losing \$3 million in wasted produce that was not shipped because of the closure of Europe's airspace.

Ngige said they expected flower exports to have fully normalised by Wednesday next week. "We haven't fully quantified the losses because that process needs a lot of time to get information from all the players in the industry," she said.

*Source: Reuters 14+23/04/10*

## Kenya: Union Issues Strike Notice

**T**he union representing workers in the flower sector has issued a strike notice that could further hurt the local horticulture sector that has been facing a host of foreign difficulties.

The Kenya Plantation and Agricultural Workers Union (KPAWU) on Monday 26/04 issued a 21-day notice of its intention to go on strike on May 18. This comes as the sector plots to navigate through losses that were caused by recent closure of Europe's airspace that resulted in tones of perishable produce not shipped to key markets.

"We have decided to issue more than the stipulated days notice in the act for the purpose of allowing both parties to prepare adequately," reads the notice sent to the labor ministry and signed by Francis Atwoli, the secretary general of Central Organization for Trade Unions (Cotu). He added that the strike notice has been prompted by the flower firms'

reluctance to implement a collective bargaining agreement that expired in July 31, 2009.

The union is demanding a 50 per cent pay increment while the flower firm owners argue that the demand is excessive and that it will push the flower firms into losses. The dispute will affect operations in at least 30 premier flower firms. Executives reckon that the strike is set to derail the sector from its target of maintaining 2009's output this year.

The KPAWU says all other channels of dialogue have been exhausted hence the current move. "These people have been making a lot of money at the expense of workers," said Mr Henry Omusire, the Assistant General Secretary of the Kenya Plantation and Agricultural Workers Union. Mr Omusire says the organization has mobilized its members to be part of the strike and has set up measures to

ensure that those who do not support the strike do not work. Members of the aviation workers union have also been asked not to package flowers from the Kenyan flower firms for export.

Flower firm owners -- through their lobby Agricultural Employers Association (AEA) -- termed the strike notice illegal since the matters under contention are in court. KPAWU is the largest affiliate union of the workers umbrella body under COTU with a total membership of 300,000 workers. This is not the first strike called by the union. KPAWU's last strike lasted for five days from September 8, 2007 to September 14, 2007. About 10,000 KPAWU members went on strike and brought operations in 18 farms to a halt. The district labour officer declared the action illegal but it continued until an eight per cent wage increase was affected.

*Source: Business Daily 27/04/10*

# Kenya Flower's Code of Practice Should Become Compulsory

Ms. Jane Ngige posted this article in the Daily Nation newspaper on February 25, after the media blamed flower farms for the death of fish in Lake Naivasha: Flower growers under the Kenya Flower Council and the Lake Naivasha Growers Group wish to express their shock and would urge the government to establish the cause of this occurrence. Both organizations have, for slightly over a decade, championed responsible farm practices through a voluntary code of practice that guides growers on the social and environmental implications of their industry. Only growers strictly adhering to the code of practice that is revised regularly and is now in its seventh edition, are allowed to brand the KFC logo on their produce, farms, trucks and stationery. Errant members are promptly suspended until they put their practice on track. To date, five growers remain suspended and two have been expelled.

The code of practice is a basic demand in certain high-end overseas markets that has seen a number of growers

invest millions in corporate social responsibility programs. Farms that are supplying international markets are strictly audited by third party organizations and KFC to ensure the handling and use of pesticides and chemicals are strictly controlled, thereby protecting the employees, communities as well as the environment. Those farms accredited to Kenya Flower Council standards are required to have wetlands in place to ensure that any water returning to the lake is clean. The council will not hesitate to kick out any of its members found to have contributed to the death of fish.

At the same time, the council would like to petition the government to make it mandatory for all growers to join an association that requires them to adhere to a code of practice, failure to which licenses should be withdrawn. While we strongly recommend that the industry should continue selfregulating, it is becoming increasingly difficult to rein in errant growers, some of who are growing flowers on riparian land around the

lake. They are the same ones who could be discharging dangerous chemicals into the lake. Overseas buyers are sensitive to environmental degradation, and can boycott our produce because a few growers are irresponsible.

We would urge the media to avoid depicting the entire industry as irresponsible because it hurts those who have gone out of their way to build reputable businesses, and there are many examples that the media can visit to verify. The lake is under stress due to the failure of the rains since the end of 2008, despite some respite in December and over the last few days. Throughout this very dry period, the growers have cut back water use, in some instances postponing replanting until conditions become more favorable. Others have invested in rain water harvesting, hydroponics growing and also reverse osmosis plants to utilize ground water that, unlike the lake water, is high in dissolved salts and needs to be treated before it can be used for irrigation.

*Source: Daily Nation 25/02/10*

## Using Waste Water to Grow Rose Flowers



A new technology of growing flowers could be the solution to pollution that is threatening to wipe out Lake Naivasha. Rogue flower farms, an alarming rate of encroachment into the lake's riparian land as well as a lack of an environmental plan of action could be responsible for the increasing threats to the lake. But hydroponics, a pioneer system that enables the grower

to tap all waste water and channel it to a treatment system for re-use, ensures that flower farms do not go back to the lake for more water or channel their waste into the lake.

Adopted by Homegrown flower farms, the technology is the only one of its kind in the country and illustrates how investment in waste management by flower growers could contribute to environmental conservation. "This system eliminates the need to spray the whole greenhouse. Instead, we isolate the affected areas," explained Richard Fox, the sustainability director for Africa at Homegrown.

Mr Fox says that even though the system is quite expensive, the environmental benefits are immense. "We don't release any waste outside our farm. We channel it into a treatment system and re-use it later," he said during a

visit to the firm's Hamerkop Farm in Naivasha. This call follows a public outcry over the pollution of the fresh water lake, leading to death of fish and a resultant fishing ban. Fingers have been pointed at the flower industry for discharging toxic chemicals into the lake. It also coincides with a proposal by the Kenya Flower Council (KFC) that all flower farms in Naivasha change their waste management systems to prevent future incidents of pollution.

The council wants its members to have a wetland for treating waste for re-use, Ms. Jane Ngige, the council's chief executive officer, said. With the wetland system, waste is treated naturally by passing it through various pools that facilitate sedimentation, filtration and aeration.

*Source: The Nation 04/03/10*

# Market Trends European Markets – March



**Grapes:** with the near end of season for thompson from Chile, the shortage of product and strong demand in other markets, prices are above average and price range is big; beginning of season for India.



**Mango:** prices are quite high due to the end of season for Peru (still on the market with some volumes) and because of the supply gap which characterize the traditional switch of origins of this period and will stretch until the arrival of sea freighted fruits from West Africa. First arrivals of air

freighted amelie from Mali, Ivory Coast and Burkina Faso.



(season coming to an end with quality problems); availabilities from Egypt are very small and supply from Morocco is also small because of quality problems. Prices are above average. Mange tout peas are scarce and product quotation, when product can be found, rocketed.



**Pineapples:** in a context of small supply prices increased and are now quite high and will certainly be stable until after Easter.

**Beans:** very small volumes from Kenya (due to rainfalls) and from Senegal and Burkina Faso



**Avocado:** the market strengthened with the end of season for Chilean hass and Israeli fuerte (only ovoid shaped varieties available from this origin). Volumes are moderate and prices firm in both the hass and green segments. The market is expecting a supply peak from Kenya and the very first arrivals from South Africa in week 13-14.



**Melons:** supply of charantais melon is increasing as product is now coming from multiple origins; prices tend to be lower than in the last registered occurrences. Beginning of season for Israel.

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## Flower Auctions Notes

The February 2010 cut-flowers auctions results have been published as follows. The auction turnover of February 2010 has increased by 0.8% when compared to the same month of 2009, realised by a supply decrease of 0.5%, resulting in a total average price for all flowers of 22.4 cents per stem, while last year it was 22.2. Per product higher prices were obtained for: tulips, chrysanthemum - both for the single headed as for the spray types, lilies, gerberas, cymbidium orchids, freesia and hyacinths; lower prices for roses and anthurium.

Finally, after two difficult months of January and February, the cut-flowers market really improved considerably, as of the last week of February - the week of the International Woman's Day on the 8th of March. Demand strongly increased just at the right moment. On the other hand, though,

it was noticed that supplied quantities were not particularly big this year, which - luckily - helped improve the prices to a satisfactory level. During the first week of the month the market and the prices further improved, as a result of very good demand and sales for Woman's Day. So far, these two mentioned weeks were the best weeks of the year.

Prices went up also just because total supplied quantities were lower, both of domestic products as of imports. Products which benefited mostly of best prices were: red coloured roses, hypericum, lilies, leucadendron, ornithogalum, protea, solidago and veronica. Prices for products such as single-headed carnations, carthamus and the tea roses grand prix and passion (even though they are red coloured, but are old fashioned varieties), stayed behind when compared to the same week of last year. Throughout the

second week of the month (the English Mother's Day week) the market and the prices continued to be steady and positive as well. Supplied quantities were still moderate, mostly of narcissus, spray carnations, solidago and roses. Even throughout the second half of the month the market and prices of most products remained reasonably good and satisfactory.

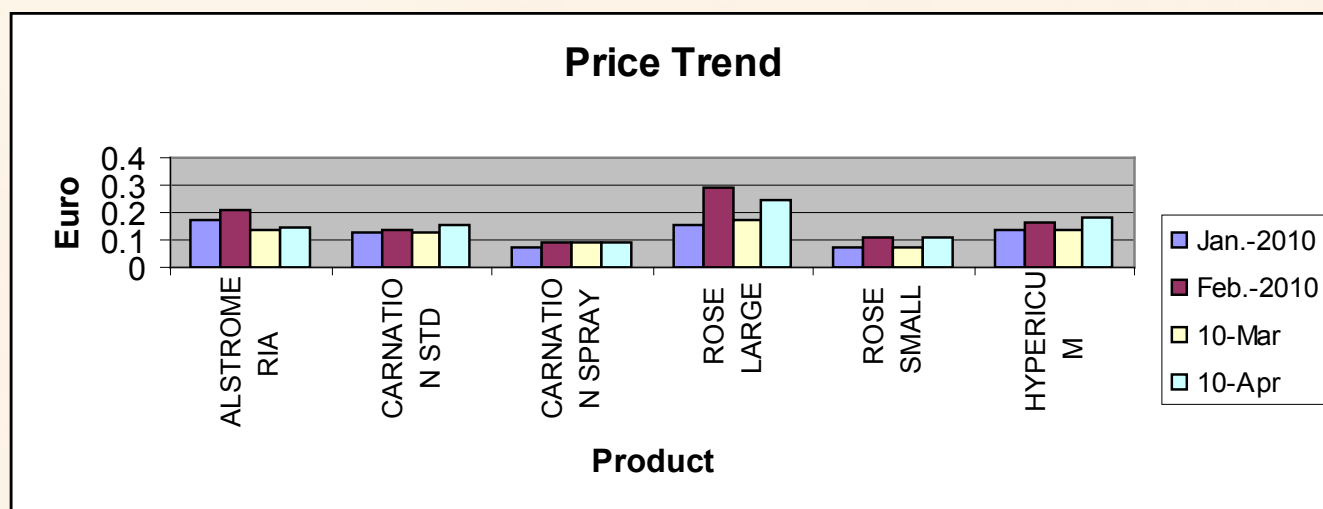
However, certain products became much cheaper, such as gerberas and small and sweetheart roses. While red coloured varieties were most expensive until two weeks ago, at the end of the month nobody wanted red coloured roses anymore. Instead, everybody was looking for the well-known spring coloured types and varieties, such as: yellow, white, orange and other pastel colours. The narcissus was relatively more expensive, mainly due to late production and scarcity this year, all due to the long cold winter.

# Analysis April 2010

## AVERAGE PRICES FOR THE EUROPEAN EXPORT MARKET

### Flowers

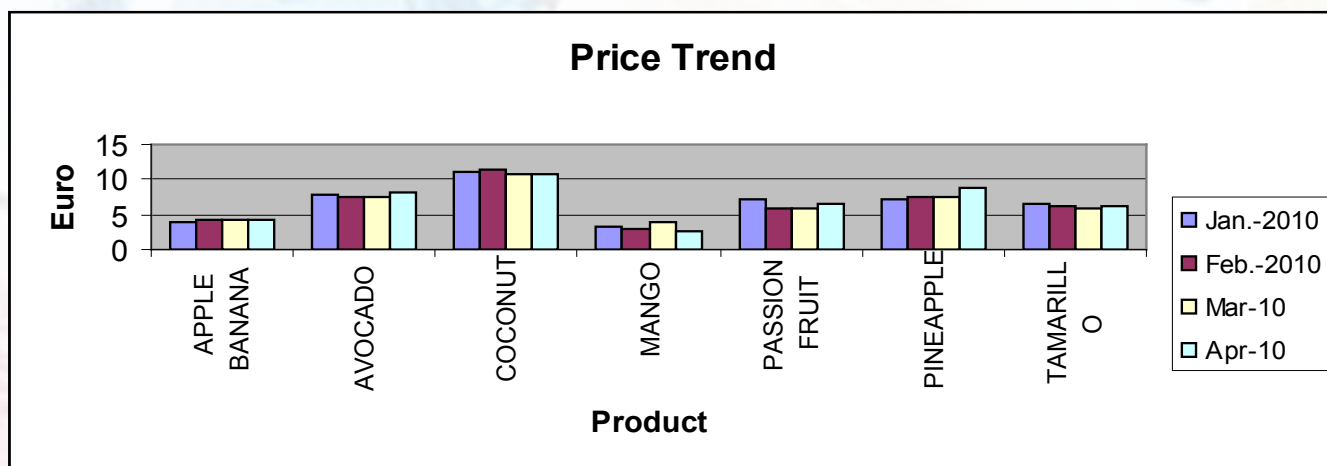
	Jan.-2010	Feb.-2010	Mar-10	Apr-10
ALSTROMERIA	0.175	0.205	0.135	0.1425
CARNATION STD	0.125	0.1375	0.125	0.1575
CARNATION SPRAY	0.075	0.095	0.095	0.095
ROSE LARGE	0.155	0.295	0.17	0.25
ROSE SMALL	0.075	0.105	0.075	0.105
HYPERICUM	0.135	0.1625	0.14	0.18



Hypericum, carnation std prices remained stable over the four months period. Rose large and alstromeria had slight increase in price of 0.08 Euro i.e.47.0588% and 0.0075 Euro i.e.5.56% respectively in April 2010 from March 2010.

### Fruits

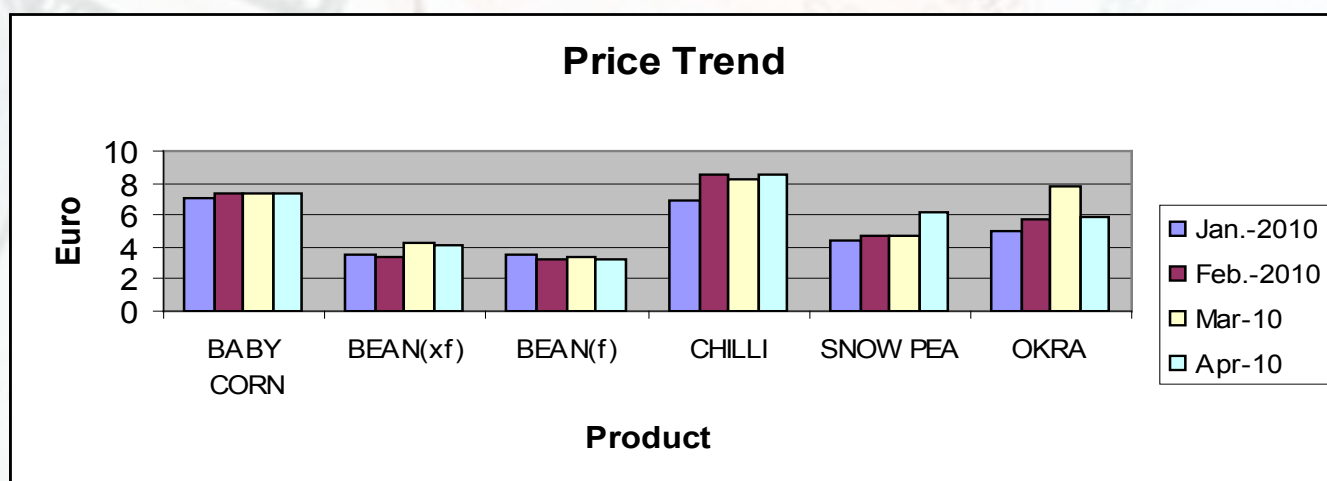
	Jan.-2010	Feb.-2010	Mar-10	Apr-10
APPLE BANANA	3.9	4.24	4.2575	4.275
AVOCADO	7.95	7.6	7.525	8
COCONUT	11.0525	11.5	10.625	10.625
MANGO	3.15	2.79	3.8425	2.745
PASSION FRUIT	7.045	6	5.9825	6.375
PINEAPPLE	7.11	7.34	7.41	8.75
TAMARILLO	6.41	6.2	6.0325	6.16



The prices of fruits remained stable over the four months period with passion fruit increasing by 10.2147% i.e. 0.3925Euro in April 2010 from March 2010 prices. Mango prices decreased by 28.56% i.e. 1.0975Euro in April 2010 from March 2010.

### Vegetables

	Jan.-2010	Feb.-2010	Mar-10	Apr-10
BABY CORN	7.025	7.335	7.2925	7.32
BEAN(xf)	3.4825	3.445	4.24	4.15
BEAN(f)	3.47	3.26	3.3825	3.215
CHILLI	6.9325	8.5	8.2675	8.5
SNOW PEA	4.4825	4.725	4.64	6.235
OKRA	4.9675	5.7	7.8575	5.85



The prices of vegetables was stable through the four months period with snow peas prices increasing by 34.375% i.e. 1.595Euro in April 2010 from March 2010.

# Selected Horticulture Info March 2010



**I**nformation on European market in regard to products and markets, market trends, market requirements, industry and technology news, statistics, rules and regulations, sector events.

The European mango market, a poor season

The main concern of operators at the

beginning of the 2010 mango trading season is to forget 2009, a nasty year, as quickly as possible. Indeed, it was more difficult than others for most of the production sources supplying the European market. The international economic crisis of the last quarter of 2008 and its influence on the markets dotted 2009. In fact, precise quantitative data are lacking to back up the reasoning. However, the variations and the frequent low prices in 2009 are difficult to explain by causes concerning mangoes alone, such as irregular supply and quality defects. The successive waves of over and under-supply throughout the year were aggravated by the context. The traditional annual pattern was therefore upset, revealing numerous paradoxical phases. Far from being reserved for mangoes, the trend was

seen with the same seriousness in other tropical and subtropical fruits (pineapple, litchi, avocado, etc.).

Supplies of mangoes to the European market in 2009 were not adjusted to allow for the international economic context. As usual, meteorological and logistic factors generally affected supply, beyond the control of planned strategies. As a result, there were waves of

large or small supply according to source and time of year, with phases of over or undersupply governing price variations. The massive quantities of Brazilian mangoes that arrived at the end of the year were part of this regularly observed trend. In contrast, a few fits and starts in supply seem to have had more serious effects on the European market.

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