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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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REPORT ON FRUIT LOGISTICA IN BERLIN 2010 (3RD TO 5TH February)



Kenya delegation at Fruit Logistica 2010

Fruit Logistica is an annual event that takes place in Berlin Germany in the month of February every year and its main target products are fruits and vegetables. HCDA has been spearheading the participation of the fair in terms of organizing, coordinating and sponsoring the payment of the stand structure and associated equipments for the last four years.

FRUIT LOGISTICA is the leading international meeting place of the fresh produce trade and draws the presence of international exhibitors and buyers from across the globe. The fruit logistica 2010 attracted 120 countries and more than 2,000 companies who represent the entire Fresh Produce value chain.

There is no better or more cost effective opportunity to keep up to date with all the latest developments on the market, meet the top decision makers in the international fresh produce business and develop and grow your business

effectively.

At Fruit Logistica you meet the decision makers from over 120 different countries in one place, make literally hundreds of new contacts, see what is happening in the world of fresh produce, and be back in your office within just a few days.

Objectives of exhibiting at the Fruit Logistica 2010:

- To offer an ideal opportunity for Kenyan exporter/growers to present their products across the entire globe and initiate and make business deals with buyers from the European market and other participating countries.
- Promotional platform to solidify and increase Kenyan market share in the European and other markets.
- Market the country and its horticultural products
- Facilitate exporters meet their current and potential importers/buyers

- To get feedback from the market on the Kenyan products/trade from the importing countries



Edward Maina, HCDA Ag. Chief Marketing Officer in a discussion with importers/buyers

Why fruit logistica

Fruits logistica is the perfect opportunity to:-

- ✓ Meet hundreds of new suppliers and customers in just three days
- ✓ Get new ideas and inspiration for your business
- ✓ Talk to your existing international business partners
- ✓ See what's new on the market and what your competition is doing.
- ✓ Find out about the latest trends and developments at seminars, workshops and industry meetings.
- ✓ Main meeting point to discuss issues affecting the trade industry in terms of marketing.

The participants of fruit logistica 2010 include HCDA, FPEAK, and exporters/growers of fruits and vegetables targeting to meet current and potential buyers/importers from Europe, Asia, United States of America and other markets. The authority in collaboration with other stakeholders held a series of preparatory meetings with the participating exporters to discuss and agree on the planning and arrangement of the show in terms of the stand structure, layout, design and general decoration of the stand. Other issues discussed included display products, promotional materials, travel and visa arrangement and accommodation issues among others.

The fruit Logistica 2010 attracted 15 Kenyan export companies represented by 30 exporters who exhibited under the Kenyan stand. These companies included

- ✓ East African Growers
- ✓ Everest
- ✓ Sunripe
- ✓ Vert Fresh

- ✓ Home Fresh
- ✓ Kandia
- ✓ Keitt
- ✓ Wamu
- ✓ Woni
- ✓ Dominion
- ✓ Nicolla
- ✓ Rap Vegpro
- ✓ Ideal Exporters
- ✓ Triple A
- ✓ Charly Kosh Exports

The delegation from HCDA included the Managing Director, Edward Maina (Ag. Chief Marketing officer), James Kamau (Marketing Officer) and Dr. Mbithi (CEO - FPEAK)

The Kenyan Embassy in Berlin, Germany worked very closely with us and gave us support as far as the arrangements, organization and the participation of the exhibition was concerned.

Seminars and conferences in the Fruit Logistica 2010

Topics

- "Top image but low returns. Does fresh produce need a re-launch?" How can we improve the image of healthy eating in general of fresh produce in particular? How can the demands of modern consumers for safe, sustainable and "fair" food be profitably fulfilled?
- The retail trade in Europe - making the most of the crisis
- Mexico - a partner with great potential
- Agribusiness - partnership in the produce food chain
- New marketing norms in Europe - How is the trade coping?
- Improving sourcing through product coding and standardization
- Innovation in the fresh product business - new trends in packaging

Findings

- Exporters were able to find out about new products and services
- Exporters were able to prepare and conclude business deals
- The Kenyan exporters were able to make new contacts with suppliers/buyers
- The participating exhibitors gained a good overview of the market and the competition
- The exporters obtained good information on specialized

products/services

- The exporters were able to meet top buyers and retailers from all over the world in addition to meeting the key decision makers in the horticulture industry.
- Most of the exhibitors were positively impressed by the exhibition and obtained positive commercial result
- The stand was in a strategic position and the Kenyan products were appealing and of good quality and this resulted in huge turn up of buyers/importers in the stand.
- More exporters including big Kenyan exporters have found interest in the fair unlike the years before hence the participating exporters increased from 5 last year (2009) to 15 this year (2010).
- The Fruit Logistica 2010 had trade forums on topical issues relating to fruit and vegetable marketing that provided an ideal platform for catching up with the latest market trends and development in addition to exchanging ideas.
- Over 50,000 top international decision-makers from 120 different countries came to Fruit Logistica 2009 in Berlin.
- Most of the exhibiting exporters commended HCDA for a well organized fair in terms of preparation and coordination.
- Most of the participating exhibitors intend to return again in the Fruit Logistica 2011 and would recommend others to participate.



Kenya Stand

Issues raised

- Why Kenyan horticulture industry has not put up carbon miles campaign in French market like the U.K market and yet its an important market.
- Issues of immature fruits especially Avocado being sold in the market yet packages is hand-written and a case in point was Avocado in German Supermarket and this raises the issues of whether some



Dr. Alfred Serem at the Kenya Stand

Kenya Flower Exports Fell 6.5% in 2009



- people are using Kenyan name to sell products from their countries and destroy the name of Kenyan Avocados.
- Coleacop are interested in having second phase of PIP training leading to global certification – this means encouraging medium/small exporters to register.
 - There was also the issue of registering with CBI in terms of capacity building of small and medium exporters.

Challenges

- a) The stand was small in comparison to the number of participating exporters.
- b) Inadequate promotional materials due to financial constraints

Recommendations

- Preparatory meetings for the Fruit Logistica 2011 should start as early as June 2010 for effective participation and inputs of the participating exporters and other interested stakeholders.
- The process of exhibition stand identification, location, decorations, promotional materials and other preparations should actively involve all interested participating exporters and other stakeholders for ownership purpose.
- There is need to increase the stand space to accommodate more participating exporters and have enough meeting rooms for exporters and buyers.
- The stand should be partitioned for private negotiations/meeting of individual export companies and buyers
- All exhibiting companies should pay catalogue charges of 90 Euros to appear in the official Fruit Logistica 2011 catalogues for promotion and commitment of participation purposes.

- There is need to have a documentary of Kenyan horticulture industry to showcase the potential and the development of the horticulture industry in the country.
- Exporters should contribute financially to support the exhibition especially in the partitioning of individual company stand costs. This will help the authority to have enough funds to cater for more exhibition space.
- There is need for a HCDA officer to go to the show in advance and coordinate with the Kenyan embassy staff in Berlin, the show organizers and the stand contractors to help prepare a decent stand and the exhibition in general in order to have the expected outcome.

Conclusion

The Fruit Logistica exhibition has over the years become an important meeting forum for Kenyan exporters as it attracts huge number of buyers/importers of fruits and vegetables from all over the world. This is an exhibition where participating exporters are able to meet and make positive commercial results.

The forum has also brought together all the participating Kenyan exporters into one country stand, thus promoting both the Kenyan horticultural products and the country in general.

It is also important to note that by sponsoring, organizing and coordinating Fruit Logistica and other international shows HCDA has proved to be an important and key player in the horticulture industry as it offers a promotional platform for the industry.

Therefore HCDA should continue to sponsor, organize and coordinate the various important international shows including Fruit Logistica.

Kenyan flower exports fell 6.5 percent last year as farmers curbed output amid weaker demand and lower prices, according to the Kenya Flower Council. Shipments declined to 87,000 metric tons, from 93,000 a year earlier, Jane Ngige, the council's chief executive officer, said.

Export earnings fell to 32 billion shillings (\$415 million) from 40 billion shillings, she said. "We had a difficult year due to the financial crisis and climate change ... we cut production because of limited water available, but also in the market place when the winters are too cold consumers don't go shopping so there was less demand.

Exports to Europe, which gets about 30 percent of its flowers from Kenya, declined as consumers cut spending on luxury goods amid the global financial crisis", she said. "This year we are hoping to do better than 2009. We would like to beat the target set in 2008 of 93,000 tones." However, flower production area in this East African nation may be unchanged in 2010 as producers keep expansion plans on hold, waiting for demand to pick up, Ngige said. "The market is very erratic. Farmers are holding on to see where the industry is going," she said.

Ngige said the industry was seeking new markets in Europe, Japan and the United States, although the distance to North America presented a challenge. "The biggest challenge is the distance and the fact that we don't have any direct flights into the U.S." she said.

Sources: Bloomberg 08/02/10 + Reuters 15/02/10

FairTrade Benefits Kenyan Workers



Cut Flower Farm

High on a hill above the twinkling waters of Kenya's Rift Valley, two dozen children sat before a bank of computers gleefully mocking one of their friends as he struggled with the mouse.

This is likely to be the first time most of these pupils have ever used a computer. "Children today are very much deprived if they are sent out into the world illiterate of the Internet and computers," said Jackson Ole Kamaamia, deputy principal of Oserian Hilltop Primary School a beneficiary of the Fairtrade. "Now we are able to ensure that our graduates will have every skill they need to succeed." Mr Ole Kamaamia's school stands on one of Kenya's largest Commercial flower farms, where a majority of the up to half a million roses picked each day end up in British supermarkets and florists.

All of those flowers are certified Fairtrade. The new school computer lab, paid for by the scheme, is one of the many benefits cascading down to the poorest in Kenya from the boom in ethical buying in the West. This farm, Oserian, is one of half-a-dozen

Fairtrade producers in Kenya, having been awarded certification in 2005. One of its largest customers is Sainsbury's retail chain of UK, all of whose flowers are Fairtrade. The scheme is simple – it demands adherence to a strict set of standards on labor contracts, working conditions, pay and benefits, in return for a "fair price" for the product.

There is also an extra premium paid, which sustains those standards and is used to invest in projects to improve the working and living conditions of some of the world's poorest and previously most exploited laborers. One of the factors that won the Oserian farm its Fairtrade certification was that it provides housing for more than 70 per cent of its 4,800 workers. There is also an onsite medical centre, a day care center with 67 cots, and three schools.

A good number of children in this place are receiving the kind of education their parents would have struggled to pay for without the bursaries provided by Fairtrade and Oserian. "Some of them have already graduated from high school and are expected to go to university." For Stanley Sigei, a 40-year-old laboratory

assistant at the Oserian pharmacy, the benefits of the Fairtrade certification have been clear.

"They act as a middleman to strike a deal between the workers here and the customers far away in the West," he said. "Yes, this means our children go to school. But it means I can go to school too – recently I have been learning how to use the computer and check important things on the internet. This is something I never imagined I would know." Jane Ngige, chief executive of the Kenya Flower Council, said her organization was working to extend the principles of the Fairtrade scheme to all of its 61 flower growing and exporting members.

"The impact goes beyond the immediately identified needs, and also builds capacity for workers involved in decision making and consequent project implementation," she said. "It also goes further to create ownership in the business somewhat, as the workers see proportional benefits to company performance. It's a win-win."

Source: Telegraph.co.uk 19/02/10

Markets have been extremely calm in January, with big volumes available and very low demand. Prices decreased after the beginning of the year and sales have been dull particularly in the last two weeks. The cold wave that affects Central and Eastern Europe increased the difficulties of distribution and diminished the purchasing opportunities.

Correspondents indicate that such low level of sales have not been recorded since a long time. Prices are low for all products.



Avocado - Market has been under pressure with decreasing prices in the hass segment, due to oversupply. The situation begun to become lighter at the end of January; prices firmed with more moderate imports volumes and reduced stocks. Volumes in the green segment are balanced and prices also firmed. Demand is, nevertheless, low.



Mango - Big offer from Peru with large percentage of small sizes. Prices bottomed 2 Euro/ctn. According to APEM, (Asociacion Peruana de Exportadores de Mango) Peruvian exports have doubled this season but prices have fallen by 25 per cent. Prices are low for all sea-freighted varieties.

Papaya - Big volumes of sea freighted fruits and light prices; big volumes of Formosa on the market. The market operators are now concentrated in the preparations for the Fruit Logistica Fair which will be held in Berlin in week 5 (3rd to 6th February 2010). mns@intracen.org



The Netherlands

The December 2009 auction figures were published as follows. The cut-flowers turnover of December 2009 has decreased by 8.0% when compared to the same month of the previous year, realised by a 1.9% decrease of supplied quantities, resulting in a lower price of 24 eurocents per stem, while it was nearly 26 cents last year. Most decreased prices were for the products: roses, tulips, amaryllis, single headed chrysanthemum, ilex and anthurium.

Prices were the same as last year for spray chrysanthemums and gerberas, and higher in 2009 for lilies and cymbidium orchids. From weather point of view the year 2010 started with similarly severe winter conditions as during the same weeks of last year. The very serious winter started already a week before Christmas, but all got

Flower Auctions' Notes

more severe throughout the first two weeks of the new year.

The biggest problems for the export of cut flowers and plants were the cold and the snowfall, which took place during many days and not only in the Netherlands. All over Europe the problems occurred, even in the southern countries, like Spain and Italy. All those problems and lower demand resulted in lower prices for nearly all products, but mostly for the two major products - roses and tulips (50% of all supply).

The total average price of the whole group of small and medium sized roses was only 8 cents per stem, and for tulips the price was 12 cents (normally 16-18 cents). Compared to last year during the same weeks, when prices

were also low, for tulips they were still some 30% lower this year.

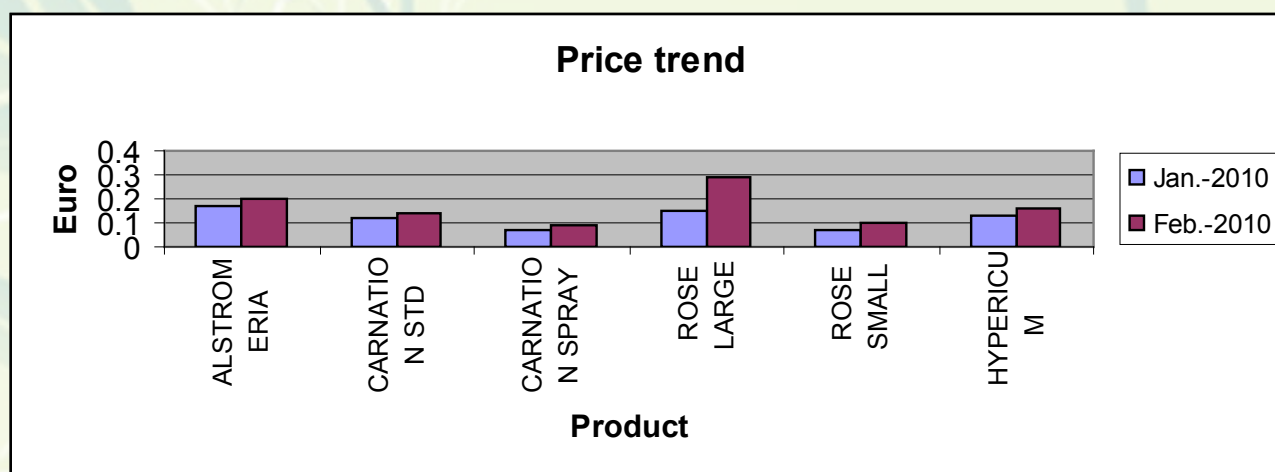
On the other hand there were, of course, also products, which were slightly more expensive, such as: anthurium, gysophila, leucadendron, lilies, solidago and trachelium. During week number three the cut flowers market just slightly and gradually improved, while all slowed down again throughout the fourth week of the month. Prices went down again for the forementioned products, and during that week also for chrysanthemums and spray carnations. All in all, January is most probably going to be as poor a month as the past year, maybe even worse. A bad start for the new year, for sure. January and Valentine's Day's final results will be published in the February report.

Analysis February 2010

AVERAGE PRICES FOR THE EUROPEAN EXPORT MARKET

Flowers

	Jan.-2010	Feb.-2010
ALSTROMERIA	0.175	0.205
CARNATION STD	0.125	0.1375
CARNATION SPRAY	0.075	0.095
ROSE LARGE	0.155	0.295
ROSE SMALL	0.075	0.105
HYPERICUM	0.135	0.1625

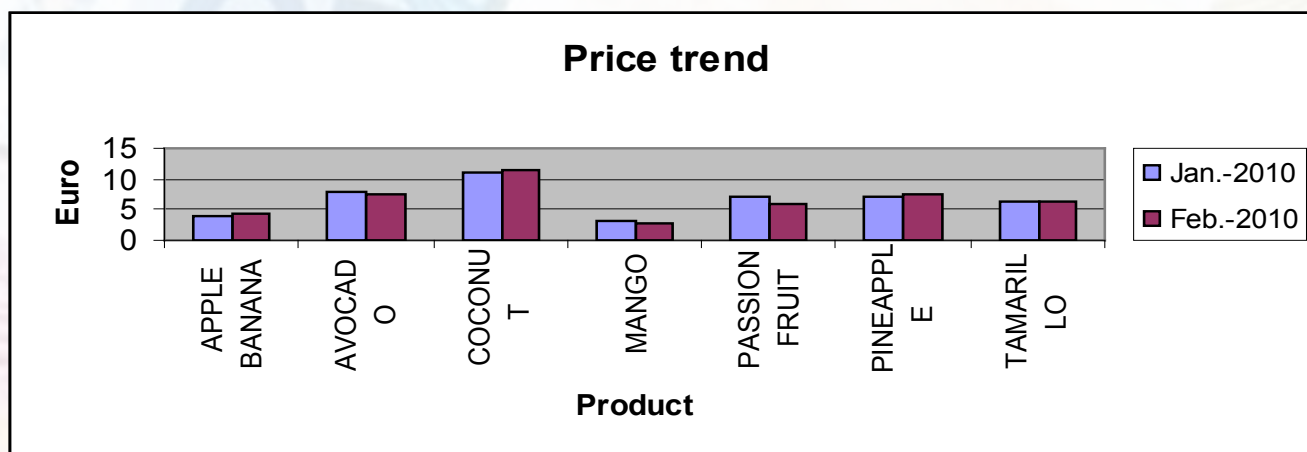


The price of flowers alstromeria in February 2010 went up by 0.03 Euro i.e. 17.1428% while rose large 0.14 Euro i.e. 90.322% from January 2010 prices. The rest of the prices were stable.

Fruits

	Jan.-2010	Feb.-2010
APPLE BANANA	3.9	4.24
AVOCADO	7.95	7.6
COCONUT	11.0525	11.5
MANGO	3.15	2.79
PASSION FRUIT	7.045	6
PINEAPPLE	7.11	7.34
TAMARILLO	6.41	6.2

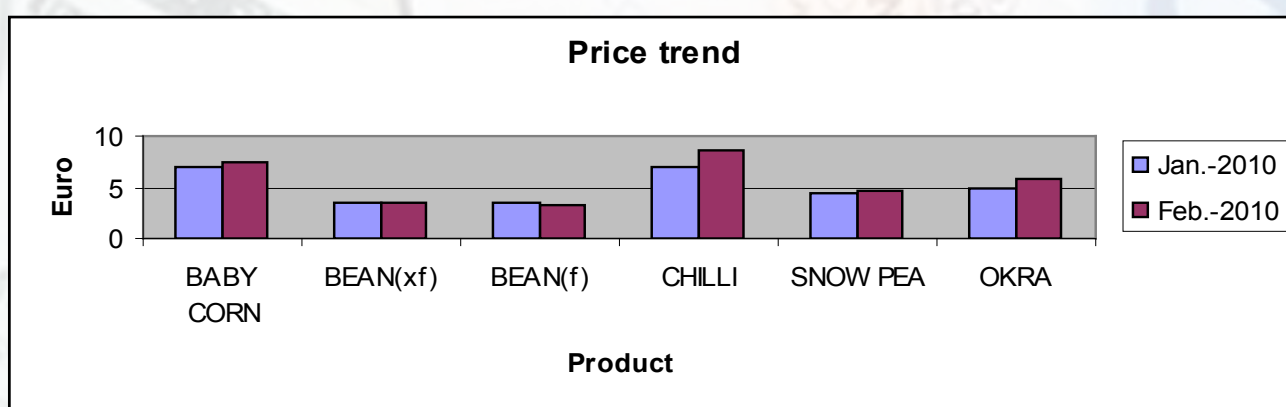
Source: mms-market news services



The prices for fruits were stable in February 2010 from January 2010 prices. Passion fruit prices went up by 1.045Euro i.e. 14.833% while the mango prices went down by 0.36Euro i.e. 11.428% from January 2010.

Vegetables

	Jan.-2010	Feb.-2010
BABY CORN	7.025	7.335
BEAN(xf)	3.4825	3.445
BEAN(f)	3.47	3.26
CHILLI	6.9325	8.5
SNOW PEA	4.4825	4.725
OKRA	4.9675	5.7



Chilli prices went up by 1.5627 Euro i.e. 22.6%. There was a reduction of okra prices by 0.7325Euro i.e. -14.745% from January 2010.

Source: mms-market news services



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