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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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## STRATEGIC PLANNING AND ISO 9001:2008



The organization reviewed its strategic plan with the expiry of the old strategic plan which was running from 2005-2009. The new strategic plan is to run from 2009-2013.

The strategic plan was officially launched on 7th September 2009 at HCDA Headquarters (Nairobi) by the Minister for Agriculture Hon. Mr. William Ruto.

The key issues to note in the new strategic plan are the organization change of its vision and mission and strategic plan which will steer the horticultural industry to greater heights.

The new strategic objectives are:-

### STRATEGIC OBJECTIVES OF HCDA

In line with the strategic plan the Authority's objectives are:-

- (i) To facilitate the development and review of the policy, legal and institutional framework to facilitate continued growth, development and sustainability of the horticultural industry
- (ii) To facilitate and coordinate the implementation of comprehensive development and marketing strategies for the horticultural industry;
- (iii) To enhance the level of research and development in the horticultural industry.
- (iv) To build adequate capacity to provide quality, efficient and effective services to the sub-sector
- (v) To mobilize resources and develop mechanisms for efficient and effective utilization of resources; and
- (vi) To strengthen customer service delivery mechanisms and enhance the corporate image of the Authority.

With the launch of the new strategic plan the organization also received the ISO 9001:2008 certification. This accreditation affirms the organization use of ISO certified standards in fulfilling its mandates in the three departments marketing, technical and advisory services and finance, human resource department.

The launch of the new strategic plan and handing over of the ISO 9001:2008 certificate by the Bureau veritas to the Managing Director Dr. Alfred Serem was on 7th September 2009, the guest of honour was Minister of Agriculture Hon. William Ruto, EGH, MP.

## Kenya May Opt For Sea to Access US Horticulture Market

The government has said it will pursue other ways of taking Kenya's vegetables, fruits and flowers to the US even though there are no direct flights. Hopes of direct flights between Nairobi and Atlanta, US were shattered in June when Delta Airlines pulled out at the 11th hour. Kenya exporters had expected to benefit by selling horticultural products to the US, which had earlier been hindered by the lack of direct flights but that did not come to pass.

Ministry of Agriculture permanent secretary Romano Kiome said that the government had decided to use sea transport to get Kenya's horticultural produce to the US. This could start as early as early 2010, he said. —There is new technology we intend to

use which can preserve and keep horticultural produce fresh for two months, the PS said on Friday. —This technology will enable us access the enormous and rich American market by ship.

Mr Kiome said that the government was looking for ways of diversifying horticultural export market by entering the US, Japan and China. Currently, the European Union makes for about 70 per cent of Kenya's exports. Entering these regions will require Kenya's fruits, vegetables and flowers to maintain high quality standards, the PS said.

Consumers are getting more and more concerned about quality of what they eat making it fundamental to ensure



quality and more importantly safety, he said during a seminar on capacity building for effective phytosanitary checks in Nairobi.

Kenya Plant Health Inspectorate Service (Kephis) managing director Chagama Kidera said that awareness created by the inspectorate among farmers and traders has reduced incidences of pests in produce for exports. —Through our early warning system we are training farmers and traders on how to use modern equipment to identify insects, Mr Kidera said. —As a result, while export volumes are going up, cases of pests found in consignments have gone down to 45 from 280 in the last one year.

Source: *Daily Nation* 21/11/09

## European Cancels Plan to Censor Kenyan Produce

A campaign that has been urging European consumers to shun Kenyan fruits, vegetables and flowers, because of the carbon footprint caused by air freighting, has been suspended.

The Soil Association (SA) — the accreditation body in the United Kingdom that is the widely recognized quality mark on sought-after organic produce — has suspended earlier intentions to single out air freighted Kenyan organic produce as bad for the environment. The food miles campaign has been encouraging consumers to buy goods that have traveled the shortest distance from farms to tables, and to discriminate against long-haul transportation, especially air freighted goods.

Fronted by human rights and environmental lobbyists, the European food miles campaign claimed that buying locally produced vegetables, fruits and flowers is

better for the environment because it reduces carbon emissions associated with transporting the goods.

Proponents of this trade concept argued that to discourage threats of environmental degradation, all produce brought in through long haulage should be accorded cautionary labels such that buyers skipped them' for locally produced ones.

Ken Hayes, and SA official, said the UK department will not withdraw its organic certificates from air-freighted organically grown produce that would effectively deny vital markets to products from Africa. —Following a lengthy consultation on air freighted organic goods, SA has decided to monitor the amount of air freighted organic goods and work with partners in East Africa to promote the positive contribution organic farming makes to food security and people's livelihoods, he said in the report.

Following the verdict, the Kenyan High Commission in London said it will prevail on leading supermarkets bearing the aeroplane stickers on the country's fresh produce to remove them. The SA has ruled that they

will not consider airfreight to certify organic produce. The issue of CO2 emissions will be separated from organic production.

Kenya Flower Council — the industry body for the country's biggest producers welcomed the milestone achievement. —We can now be considered at par with our European farming community. We hope to maintain and grow our market share. We look up to a very successful 2009, said Jane Ngige, the KFC chief executive.

The SA verdict means that when addressing airfreight, organic agriculture's potential to alleviate poverty and enhance the local environment in developing countries will be a key consideration. It argues that air freight makes it possible for producers in developing countries to sell high value goods in the UK, bringing them social and economic gains. It notes that growing organic food in developing countries significantly improves the livelihoods of farmers and rural communities.

Source: *FloraCulture International* 16/12/09



## Kenyan Exporters Set Their Sights on Japanese Market

**K**enyan flower exporters are battling to shake off the European stranglehold as they renew their campaign for a bigger share of the Japanese market.

European middlemen, mainly from the Netherlands, have traditionally branded and marketed Kenyan fresh produce in the international markets in their own names. But as the global financial crisis weakens flower demand in Europe, industry players are rooting for direct sales to customers overseas to capture new markets and widen their global footprint. Those backing direct sales say that accessing the market through auctions is time-consuming as flowers usually have to undergo value addition instead of being released to the market in fresh form.

In their own calculations, local exporters say sidestepping the buffer erected by these middlemen will allow them to handle their market directly, gaining deeper insight into its unique characteristics. "The Japanese market has been a great challenge to growers around the world because of its specific likes and dislikes and I believe direct communication with the market is essential to ensure an efficient system of feedback," Mr Ahmed Nzibo, a director of the Thika-based Zena Roses, said in a press release issued after the 6th International Flower Expo held in Tokyo last month.

Besides Zena, five other Kenyan companies Suera Flowers Ltd, Primarosa, Mosi Branan Flowers,

Red Lands Roses and Vermont took part in the Expo. According to Kenya Flower Council (KFC) chief executive Jane Ngige, most overseas retail outlets prefer placing their supply orders with auctioneers because of the larger volumes involved and the wider variety available. "There is a growing trend where flower farms are now linking directly with markets overseas but sustaining large volumes orders is a major challenge for individual farms compared to auctions which normally get their deliveries from all over the world," said Mrs Ngige.

The Japanese market started consuming imported flowers about 15 years ago with most of the produce coming from the Netherlands auction which buys from Kenya for resale after value addition. Figures obtained from Kenya's Embassy in Tokyo indicates that the main cut flower imported to Japan from Kenya are roses, which still account for a moderate six per cent of the country's overall produce. Exports of roses to Japan increased by more than 200 per cent between October 2005 and October 2006. "This rapid increase is attributed to the superior quality of the Kenyan roses as compared to those originating from elsewhere and the current rise in direct trade as opposed to the earlier process of going through European auctions," say Kenyan officials in Japan.

Embassy officers say the quest for direct exports to Japan has intensified among Kenyan flower companies

following the launch of two direct flights from Nairobi a few years ago, making it possible to deliver flowers directly.

The quest for direct sale to flower markets is however not unique to Japan. Government data shows that direct flower exports to the UK now account for a quarter of Kenya's sales to the EU. Generally, data from the KFC indicates that in spite of the ongoing global recession, Kenya is still the largest supplier of flowers to the EU market, representing 31 per cent of their imports and 25 per cent of the European market share. Flower imports from Kenya have since overtaken Colombia and Israel as market leader, having beaten the two nations, which control about 16 per cent of the European market share. Holland takes 69 per cent of all the Kenyan flower exports through the Dutch auctions. Two thirds of these go into the Netherlands, which dominates the trade in cut flowers worldwide through its auction halls where Dutch wholesalers buy flowers for re-export to markets as far away as the US.

Industry players are optimistic that they can use an overseas development instrument launched by the Japanese government in 2006 to reach out to potential customers in the Asian nation, in a similar way to the EU's Overseas Development Assistance, which enabled penetration of the EU market.

*Source: AllAfrica.com /Business Daily 16/12/09*

## GlobalGAP approves new regulations

**I**nternational certification standards group, GlobalGAP, has announced the adoption of an updated version of its general regulations as well as the implementation of the new version for all areas of its Integrated Farm Assurance standard – effective 20 November.

The GlobalGAP board's approval

of version 3.1 follows a 10-month review process including two public consultations and it will now be introduced through a three-month transition period lasting until 28 February 2010.

During this period either versions 3.0 or 3.1 may be used. From March 2010 the latter version will be obligatory.

The changes in the document are mainly results from the continuous improvement programme for the certification process, and only a few affect producers directly. These include the rules for the initial inspection of products as well as the inspection of produce handling facilities.

*Source: www.fruitnet.com*



# Kenya Exports to EU Might Face Taxes

of Kenya chief executive Stephen Mbithi said the association had seen willingness by EAC governments to sign the agreement. —But we wish that they move fast so that we can move forward, he told. The EU has been negotiating an Economic Partnership Agreement with African, Caribbean and Pacific countries since September 2002 with the aim of replacing non-reciprocal trade preferences granted under the Cotonou Agreement. The East African Community is negotiating as a single entity. Economic Partnership Agreement (EPA) is structured to introduce reciprocity to trade arrangements between the EU and developing nations to meet World Trade Organization requirements. While current EAC-EPA negotiations were supposed to be concluded by July 31, 2009 - but missed the deadline due to lack of consensus on rules of origin - most favored a clause on agriculture, trade in services and sustainable

development. However, the EAC and European Commission signed an Interim Framework on Economic Partnership Agreement in November 2007. Two years on after the EU and EAC initialed the framework, it is yet to be signed. In the meantime, the two blocs are negotiating a broader agreement dealing with issues such as services, investment and intellectual property rights. A statement released by the EU Delegation in Nairobi on December 3 said that failure to finalise the EPA process could lead to putting non-Least Developed Countries such as Kenya on the Generalized System of Preferences list. —This would de facto mean re-introduction or increase in tariffs on a number of some of key Kenya’s export products, the statement said. The head of the union’s delegation to Nairobi Eric van der Linden said that EU-EAC trade and development relations need stability.

The future of Kenya’s exports to the European Union such as flowers may not be rosy unless the East African Community signs a new trade agreement. The European Union has for the first time indicated that the failure by the East African Community to sign a new trade agreement will lead to introduction of taxes on Kenyan exports to Europe.

Fresh Produce Exporters Association

Source: nation.co.ke 07/12/09

## Market Trends

A large offer and a moderate demand also characterized the markets in December. Beside the traditional Christmas rush the market activity has been complicated by snow and frosts which paralyzed Europe in week 52 and generated huge delays in deliveries; the situation went back to normal in a couple of days. The whole month has been particularly quiet if considering that it is the peak period for sales for exotics.



**Beans:** higher prices for *haricot verts* in view of the Christmas and prices back to average for snow peas; products from West Africa are on the market.



**Melons:** prices decreased since the beginning of the month; demand has been extremely low in week 52 with products sold at any price in order to avoid losses.



**Avocado:** prices of green avocado strengthened because of low supply (ettinger below average). The hass market benefited of this and prices recovered despite the big volumes (Chile - and Spain - over average) and promotions. Supply should decrease at the beginning of January.



**Mango:** big volumes of green coloured fruits from Brazil and Peruvian products preferred along the last two weeks of the month. Prices are over last year average with quotations for atkins and kent practically equal.



**Pineapples:** fruits prices increased in comparison to last month and approached the Christmas period on average (8,00-9,00 Euro/ctn) obtaining more than 10 Euro/ctn during the two-days block because of delays in deliveries and consequent lower availabilities.

Source: mns@intracen.org

# The Netherlands: Flower Auctions' Notes

The November 2009 auction results have been published as follows. The November cut-flowers turnover has increased, for the first time this year, by 4.6% when compared to the same month of last year, realised with a supply increase of 8.3%, resulting in a slightly lower total average price of 23 Eurocents (last year 23.8 cents) per stem. Higher prices were quoted for products like: lilies, gerbera, single-headed chrysanthemum and alstroemeria, while prices were lower for roses, spray chrysanthemum, hippeastrum (amaryllis), tulips, cymbidium orchids and anthurium.

After the moderate sales, prices and results during the second half of November, it was expected and hoped that December would become a better month. Throughout the first two weeks of the month, however,

that has not materialised. On the contrary, prices were much lower and so were results. Remarkable was that especially the two biggest product-groups were facing lower prices, namely the roses and the tulips, while at the same time some products were more expensive, such as: alstroemeria, anemones, eustoma, gerberas, gypsophila, hypericum, liatris, lilies, ranunculus, solidago, trachelium and wax flowers. Also remarkable was that, for the first time this year, gerbera prices were higher when compared to previous years, while they were cheaper nearly all through the year. On the 10th of December the board of directors and the members of the auction had its semi-annual general assembly. The final conclusions for the total year's results could not yet be given; however, it was clear that the final turnover result would end

up at around minus 5%. In May it was still feared that the final result would end up at minus 10%. The conclusion can be drawn that the second half of the year was relatively better (or better said - not worse) than the first half of the year. The final results can be given at the end of the year. Also during the actual Christmas week, the cut-flowers market did not really improve. In fact, prices remained much lower than normally, especially for roses (tea roses -15%), small and sweetheart roses (-30%), single headed chrysanthemums (-23%) and tulips (-30%); lower prices also for amaryllis and poinsettias. Slightly positive prices were quoted for lilies, gerberas and spray chrysanthemums. Throughout the last week of the month, the week between Christmas and New Year - the market was still called rather moderate.

## Market News Service

Cut Flowers and Ornamental Plants 17 all produce brought in through long haulage should be accorded cautionary labels such that buyers skipped them' for locally produced ones. Ken Hayes, and SA official, said the UK department will not withdraw its organic certificates from air-freighted organically grown produce that would effectively deny vital markets to products from Africa. —Following a lengthy consultation on air freighted organic goods, SA has decided to monitor the amount of air freighted organic goods and work with partners in East Africa to

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Source: *FloraCulture International* 16/12/09

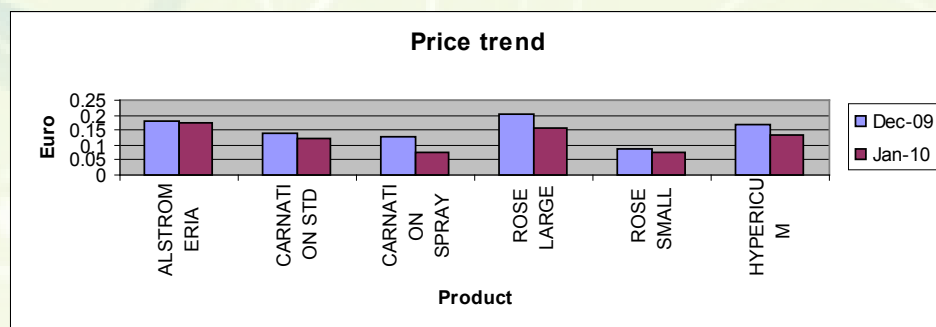


# Analysis January 2010

## Average Export Prices for Horticultural Products in the European Market-January 2010.

### Flowers

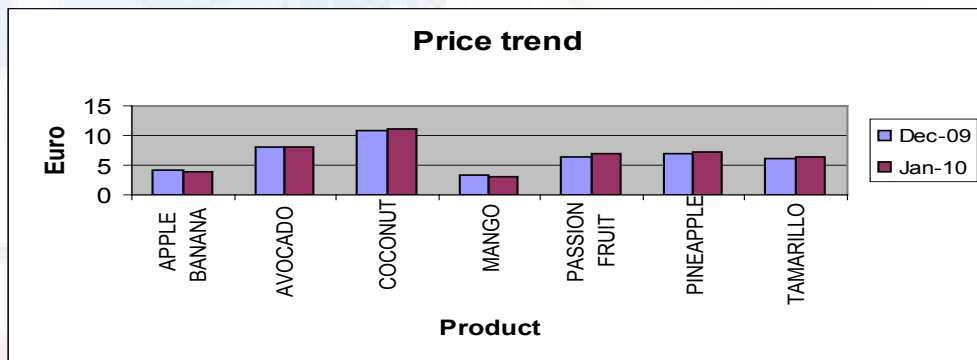
	Dec-09	Jan-10
ALSTROMERIA	0.18	0.175
CARNATION STD	0.137	0.125
CARNATION SPRAY	0.127	0.075
ROSE LARGE	0.203	0.155
ROSE SMALL	0.09	0.075
HYPERICUM	0.167	0.135



The European prices for flowers remained stable with slight changes in carnation spray and rose large reducing at -40.94% i.e. 0.052 Euro and -23.645% i.e. 0.048 Euro respectively.

### Fruits

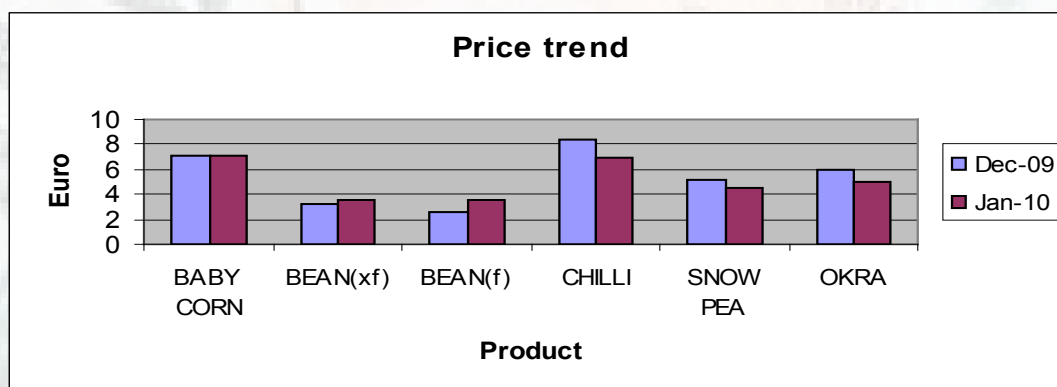
	Dec-09	Jan-10
APPLE BANANA	4.23	3.9
AVOCADO	7.97	7.95
COCONUT	10.92	11.0525
MANGO	3.35	3.15
PASSION FRUIT	6.395	7.045
PINEAPPLE	6.88	7.11
TAMARILLO	6.098	6.41



Prices of fruits in the month of January 2010 remained stable.

## Vegetables

	Dec-09	Jan-10
BABY CORN	7.098	7.025
BEAN(xf)	3.183	3.4825
BEAN(f)	2.6	3.47
CHILLI	8.428	6.9325
SNOW PEA	5.217	4.4825
OKRA	6	4.9675



Slight changes in vegetable prices in January 2010. There were drops in Okra prices of -17.208% i.e. 1.0325 Euro while snow peas dropped by -14.0789% i.e. 0.7345 Euro.



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