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Exporter Guide

2010

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Report Highlights:
Of the 39 million Kenyan consumers, only an estimated 2-4 million can afford to buy consumer-ready foods. FAS/Nairobi forecasts Kenyan imports of consumer-ready foods at $121 million during calendar year 2010, with the United States supplying ten percent of the total, mostly through consolidators.

Post:
Nairobi

Executive Summary:

SECTION I. MARKET OVERVIEW

				Estimate[4]	Forecast[4]
Economic Trends	**2006**	**2007**	**2008**	**2009**	**2010**
Population (Millions)[1]	36	37	38	39	40
Population Growth Rate (%)[1]	2.9	2.9	2.6	2.7	2.7
Formal Sector employment (1,000)[1]	1,858	1,910	1,944	1,800	1,900
Informal Sector Employment (1,000)[1]	7,069	7,502	7,935	8,000	8,100
Public Sector Employment (1,000)[1]	650	628	638	580	560
Unemployment rate (%)[1]	35	40	40	42	43
Total GDP ($ Billion)[1]	22	27	31	27	28
GDP per capita ($)[2]	637	780	711	692	700
GDP growth rate (%)[1]	6.3	7.1	1.7	2.5	3.5
Inflation (%)[1]	14.5	9.8	26.2	20.0	17.0
Exchange Rate (Kshs/US$)[1]	72.10	67.32	69.18	75.50	75.00
Agricultural Products Imports					
Total Imports of Agricultural Products from the World ($ million)[3]	734	1,059	1,394	1,350	1,320
Total Imports of Agricultural Products from the United States ($ million)[3]	46.7	84.8	76.6	130.0	115.0
Total Imports of Agricultural, Fish and Forestry from the United States ($ million)[3]	46.7	84.8	76.6	130.1	115.1
Total Imports of Consumer-oriented foods and Edible Fishery products from the United States ($ million)[3]	5.89	13.58	17.89	13.16	11.88

Sources: [1]Kenya National Bureau of Statistics (Economic Survey 2009), [2]Euromonitor International, [3]Global Trade Atlas (GTA) and [4]FAS/Nairobi Estimates.

Economic Situation

The World Bank projects Kenya's economy to grow by 3.5 percent in calendar year 2010 after registering 2.5 percent growth in 2009 and 1.7 percent in 2008. Slow growth in the services and construction sectors, and continued decline in the agricultural sector will likely mean continued slow growth when compared to other countries in the region. All sectors experience high costs due to poor infrastructure, insufficient electricity and fuel, water shortages and political uncertainty.

Despite the expected economic growth, poverty remains due to persistent drought, effects of 2008 post-election violence, high unemployment level, falling export earnings and global financial crisis. In addition, the Kenyan shilling (Ksh) will likely remain weak during the year, exchanging at between Ksh 78 and Ksh 85 against the U.S. Dollar.

Consumer-Oriented Foods and Edible Fishery Products

Kenyan imports of consumer-oriented foods including fishery products reached a record $164 million in 2008. However, imports contracted in 2009 and we are estimating a further decline in 2010. Europe, South Africa, the United States, Tanzania and Egypt remain the major suppliers to Kenya.

Key Demographics

According to Euromonitor International, an estimated 1.5 million consumers between 40-44 years of age had the highest incomes in 2007, with 34 percent earning $1,500-$7,500, and 3.4 percent making more than $10,000. Most of these consumers live in the major urban centers of Nairobi, Mombasa, and Kisumu, and make-up the core purchasers of consumer-ready products.

Advantages and challenges facing U.S. food products in Kenya

Advantages	Challenges
Kenya's geographical location, industrial development and membership in regional trading blocs (the East African Community and the Common Market for Eastern and Southern Africa) make it a major gateway for trade in the east and central African regions.	Stiff competition from the Europe and South Africa, and lower tariff rates for regional trade-bloc member countries such as Egypt and Tanzania.
Kenya has an expanding food retail sector (supermarkets and hypermarkets) due to a growing urban middle class population and exposure to western lifestyles.	Small market for consumer-oriented products – so small that U.S. products will be purchased only by consolidators who have developed market links in Kenya.
A growing middle class and expatriate community in Kenya provide a niche market for U.S. food products.	Food ingredients such as soy protein isolates compete with low price Chinese products.
Imports enter the Kenyan market with a minimum of complication once they are accompanied by a Certificate of Conformity (CoC) issued by either the Société Générale de Surveillance (SGS) or Intertek International Ltd.	

SECTION II. EXPORTER BUSINESS TIPS

Kenya's consumer-ready products market is a "consolidators" market. Kenyan wholesalers and retailers source their imported food products from consolidators sourcing in the United States, the Middle East, Europe and South Africa. U.S. food production and distribution companies do not have a direct presence in Kenya. Kenyan importers prefer direct contact (for example, establishing contacts at the annual Gulf Food Show in Dubai, email, fax and phone) with consolidators. Consolidators must send samples and product catalogues with prices to importers. Kenyan importers expect to be able to negotiate prices with the consolidators before placing orders for products.

Kenyan importers/processors collaborate with U.S. trade associations (American Soybean Association/World Initiative for Soy in Human Health (WISHH), U.S. Dry Bean Council, USA Dry Pea and Lentil Council, American Peanut Council, U.S. Wheat Associates and U.S. Grains Council) to develop the market for U.S. food ingredients. Market development activities include in-country technical seminars, trade servicing visits and short-term specialized training in the United States.

General Consumer Tastes and Preferences

Kenyan food retailers stock a wide range of products to meet diverse consumer tastes and preferences. Availability of products within the supermarkets and the desire for convenience remain the major factors that determine purchasing decisions. Kraft Foods, Heinz, Post and Betty Crocker are some of the U.S. brands imported into the Kenyan market by consolidators.

Food Standards and Regulations

Please refer to FAS/Nairobi's report: Food and Agricultural Import Regulations and Standards

General Import and Inspection Procedures

The Government of Kenya facilitates the importation of consumer-oriented products through the Certificate of Conformity (CoC). To obtain a CoC, the consolidator must satisfy the Kenyan import requirements as administered by the Société Générale of Surveillance (SGS) or Intertek International Ltd. companies. Once the consolidator receives a CoC, the importer must present the CoC to the Kenya Bureau of Standards (KEBS) with a request that KEBS provide the Import Standardization Mark stick-on labels for each product.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Food Retail Sector

Kenya's supermarket sector offers the best distribution channel for imported consumer-oriented products. Supermarket chains, Nakumatt, Tuskys, Uchumi and Chandarana dominate the retail food market, with sales estimated by FAS/Nairobi (2008 Retail Food Sector Report) at $1.8 billion annually. Kenya's key food retailers identify the following market segments as the most important:

- Hypermarket chains with 50,000+ square feet of shelf space to stock a wide range of products;
- Supermarket chains with 15,000–50,000 square feet of shelf space to stock 70 percent of products found in the hypermarkets; and,

- Convenience Stores with less than 15,000 square feet of shelf space with only essential products.

Retailers entice customers through a variety of product promotions and convenience services. They use 24-hour operations, customer loyalty shopping cards, and special offers. Local producers and importers of consumer-oriented products occasionally do in-store promotions, billboards, brochures and/or flyers to advertise products.

For more information, please refer to the Retail Food Sector Report

Food Processing Sector

U.S. suppliers of food ingredients may find opportunities in Kenya's food processing sector. Local production does not meet the processing industry's demand in many of the food ingredients, including soy, corn, wheat and rice and their milled products. U.S. cooperators link Kenyan food processors with their members to supply the food ingredients. The market development activities by U.S. cooperators in Kenya and the east African region have increased the level of knowledge of U.S. food ingredients.

Hotels, Restaurants and Institutions

Kenya's food service sector sources their products from consolidators/importers and local grocery outlets.

SECTION IV. BEST CONSUMER-ORIENTED PRODUCT PROSPECTS

Kenyan importers buy mixed-containers of products listed here below.

Consumer-Oriented Products Market

Product Category	Market Size (Volume) Metric Tons	Imports (2009)	5-Yr Annual Import Growth (2005-2009) %	Import Tariff Rate (2010) %	Key Constraints Over Market Development	Market Attractiveness for USA
Snack Foods*	1,123.4	$3,111,126	9.06	25	High landed costs	Good growth potential
Breakfast Cereals	326.4	$2,127,152	8.4	25	High landed cost	Good growth potential
Mustard	28.3	$131,523	Data not available	25	High landed costs	Strong growth potential
Mayonnaise	393.0	$2,342,384	25.16	25	High landed costs	Strong growth potential
Tomato Ketchup	109.5	$161,192	17.76	25	No tariff preferences	Strong growth potential
Peanut Butter (Nut-based spreads)	124.5	$597,351	3.42	25	High landed costs	Potential use in quick recovery foods

* Sweet and savory snacks (fruit snacks, chips/crisps, tortilla/corn, popcorn, pretzels, nuts, etc.)

Source: Euromonitor International – Report on Packaged Foods in Kenya

Food Ingredients Market

Product Category	Market Size - 2009 (Volume) Metric Tons	Imports (2009)	5-Yr Annual Import Growth %	Import Tariff Rate (2009) %	Key Constraints Over Market Development	Market Attractiveness for USA
Protein Concentrates and Textured Protein Substances*	216[1]	$598,787[2]	4	10	Competition from low cost suppliers such as China and South Africa	U.S. ingredients are considered high quality
Wheat	825,000[2]	$144,000,000[2]	-13	25	Competition from low cost suppliers of hard wheat	U.S. hard red winter wheat considered high quality and used for blending with cheaper wheat

*No data available prior to 2006; only 4-Year Annual Import Growth

Sources: [1]GTA and [2]FAS/Nairobi Estimates

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Office of Agricultural Affairs
Embassy of the United States of America
United Nations Avenue, Gigiri
P.O. Box 606 Village Market 00621 Nairobi, Kenya
Tel: 254-20-3636340
Fax: 254-20-3636349
Email: Agnairobi@usda.gov
Website: www.fas.usda.gov/itp/Kenya/Nairobi.asp

Foreign Commercial Service
Embassy of the United States of America
United Nations Avenue, Gigiri
P.O. Box 606 Village Market 00621 Nairobi, Kenya
Tel: 254-20-3636424
Fax: 254-20-3636065
Email: nairobi.office.box@mail.doc.gov
Website: www.buyusa.gov/kenya

Kenya Bureau of Standards (KEBS)
P.O. Box 54974 Nairobi, Kenya
Tel: 254-20-600034/66 or 69028201/401/410

Fax: 254-20-609660/503293
Email: info@kebs.org
Website: www.kebs.org and www.kenyapvoc.com

Customs and Excise Department
Ministry of Finance
P.O.Box 30007 Nairobi, Kenya
Tel: 254-20-715540
Fax: 254-20-718417
Website: www.revenue.go.ke and www.kra.go.ke

Kenya Plant Health Inspectorate Service (KEPHIS)
P.O. Box 49592 Nairobi, Kenya
Tel: 254-20-884545, 882933, 882387, 020-3536171/2
Mobile: 254-722516221, 254-733874274
Fax: 254-20-882265
Email: director@kephis.org
Website: www.kephis.org

Department of Veterinary Services (DVS)
P.O. Private Bag 00625 Kabete, Kenya
Tel: 254-20-631383/2231/1287
Fax: 254-20-631273
Cell: 254-733783746
Email: dvskabete@dvs.go.ke

Ministry of Health
Public Health Department
P.O. Box 30016-00100 Nairobi, Kenya
Tel: 254-20-2717077
Fax: 254-20-2710055
Website: www.publichealth.go.ke

SGS North America Inc.
236 32nd Avenue
Brookings, SD 57006 USA
Tel: 605-692-7611
Fax: 605-692 -7617
Website: www.us.sgs.com/

Intertek International Ltd.

Tel: 305-513-3000

www.intertek-gs.com/contactintertek/namerica/

Kenya's Key Trade and Demographic Information

Agricultural Imports From All Countries ($ Mil)/U.S. Market Share (%) – 2010[1] Agricultural Imports From All Countries ($ Mil)/U.S. Market Share (%) – 2008[2]	$1,320/10% $1,394/5.5%
Consumer Food Imports From All Countries($ Mil)/U.S. Market Share (%) – 2010[1] Consumer Food Imports From All Countries($ Mil)/U.S. Market Share (%)-2008[2]	$116/10.2% $158/11.3%
Edible Fishery Imports From All Countries($Mil)/ U.S. Market Share (%) -2010[1] Edible Fishery Imports From All Countries($Mil)/ U.S. Market Share (%) – 2008[2]	$5/0.10% $6/0.14%
Total Population (Millions)/Annual Growth Rate (%)-2010[1] Total Population (Millions)/Annual Growth Rate (%)-2008[3]	40/2.56% 39/2.63%
Urban Population (Millions)/Annual Growth Rate (%) – 2010[1] Urban Population (Millions)/Annual Growth Rate (%) – 2008[3]	9.2/4.00% 8.8/5.92%
Number of Major Metropolitan Areas[4]	3
Size of Middle Class (Millions)/Growth Rate (%)[5]	3/5.00%
Per Capita Gross Domestic Product($Mil) – 2010[3] Per Capita Gross Domestic Product($Mil) – 2008[3]	$700 $711
Unemployment Rate 2010 (%)[1] Unemployment Rate 2008 (%)[4]	43 40
Food Expenditure (expressed as a percentage of total consumer income)[3]	40% - 50%
Percent of Female Population Employed[4]	30%
Exchange Rate (Kshs/US $) – 2010[1] Exchange Rate (Kshs/US $) – 2008[4]	75.00/1 69.18/1

Sources/Notes

[1]FAS Estimates

[2]GTA data

[3]Euromonitor International

[4]Kenya National Bureau of Statistics

[5]Industry Estimates

Metropolitan area = Population in excess of 1,000,000

Kenya's Imports of Consumer-Oriented Products, and Edible Fish and Seafood

Kenya Imports	**Imports from the World ($1,000)**				**Imports from the U.S. ($1,000)**				**U.S. Market Share (%)**			
	2007	**2008**	**2009(E)**	**2010(E)**	**2007**	**2008**	**2009(E)**	**2010(E)**	**2007**	**2008**	**2009 (E)**	**2010 (E)**
Snack Foods (Excl.Nuts)	10,345	12,866	10,000	9,500	80	15	50	40	0.8	0.1	0.5	0.4
Breakfast Cereals	10,733	3,484	2,365	1,119	8,157	995	230	110	76.0	28.6	9.7	9.8
Red Meats, Fresh/Chilled/ Frozen	1,661	1,416	1,000	1,000	0	0	0	0	0.0	0.0	0.0	0.0
Red Meats, Prepared/Preserved	216	155	160	200	0	0	0	0	0.0	0.0	0.0	0.0
Poultry Meat	0	1	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dairy Products	5,107	7,194	6,000	7,000	225	526	150	100	4.4	7.3	2.5	1.4
Eggs & Products	706	268	150	200	0	0	20	20	0.0	0.0	13.3	10.0
Fresh Fruit	5,392	7,229	5,000	4,000	0	0	0	0	0.0	0.0	0.0	0.0
Fresh Vegetables	4,875	8,575	3,500	3,000	371	1,413	20	20	7.6	16.5	0.6	0.7
Processed Fruit & Vegetables	5,031	5,188	4,500	4,000	455	582	300	250	9.0	11.2	6.7	6.3
Fruit & Vegetable Juices	3,905	3,473	2,400	2,000	34	2	0	0	0.9	0.1	0.0	0.0
Tree Nuts	3,209	1,502	1,100	1,000	187	175	200	150	5.8	11.7	18.2	15.0
Wine & Beer	9,236	11,524	7,500	7,000	0	0	150	130	0.0	0.0	2.0	1.9
Nursery Products & Cut Flowers	15,323	15,801	9,058	7,129	16	20	145	120	0.1	1.6	1.7	1.3
Pet Foods (Dog & Cat Food)	626	1,130	800	1,000	0	0	30	30	0.0	0.0	3.8	3.0
Other Consumer-oriented Products	46,252	77,662	70,000	65,000	3,932	13,972	12,000	11,000	8.5	18.0	17.1	16.9
Total Consumer-oriented Foo	**122,976**	**157,847**	**123,110**	**120,000**	**13,566**	**17,883**	**13,150**	**11,870**	**11.0**	**11.3**	**10.7**	**10.2**

ds												
Total Fish and Seafood Products	**8,245**	**6,354**	**5,500**	**5,000**	**9**	**9**	**6**	**5**	**0.1 1**	**0.1 4**	**0.1 1**	**0.1 0**
Total	**131,2 21**	**164,2 01**	**128,6 10**	**120,9 00**	**13,5 75**	**17,8 92**	**13,1 56**	**11,8 75**	**10. 3**	**10. 9**	**10. 2**	**9.8 2**

Source: GTA

Kenya's Top 15 Suppliers of Consumer-Oriented Products (US$)

Partner Country				
	2007	**2008**	**2009 (Estimate)**	**2010 (Estimate)**
United States	13,565,800	17,882,725	13,150,000	11,870,000
South Africa	13,617,720	17,014,925	19,000,000	17,000,000
Netherlands	11,844,829	13,600,693	10,000,000	9,000,000
Ireland	8,156,849	12,988,230	10,000,000	7,000,000
Tanzania	10,168,510	10,914,431	7,000,000	9,000,000
Egypt	5,241,133	7,613,345	6,000,000	8,500,000
Italy	5,392,924	7,369,907	7,000,000	5,000,000
United Kingdom	7,160,978	6,708,124	4,000,000	3,500,000
Uganda	2,412,437	5,742,702	4,000,000	5,000,000
France	3,975,497	5,639,516	5,000,000	4,000,000
India	4,819,024	4,781,310	4,500,000	4,300,000
Germany	2,162,686	4,643,466	3,000,000	2,500,000
China	2,991,229	4,428,604	5,000,000	6,000,000
New Zealand	2,918,718	3,831,303	3,000,000	2,500,000
United Arab Emirates	4,377,192	3,545,613	4,000,000	4,500,000
Others	24,170,959	31,142,011	18,460,000	20,230,000
World	**122,976,485**	**157,846,905**	**123,110,000**	**120,000,000**

Source: GTA

Kenya's Top 15 Suppliers of Edible Fish and Seafood (US$)

Partner Country				
	2007	**2008**	**2009 (Estimate)**	**2010 (Estimate)**
Seychelles	3,123,005	2,754,891	3,500,000	3,200,000
Singapore	466,897	1,325,687	1,500	1,000
Tanzania	491,519	439,999	350,000	300,000
Japan	638,765	314,921	70,000	60,000
Spain	0	242,787	80,000	60,000
Netherlands	93,596	228,669	90,000	60,000
India	157,497	212,959	200,000	150,000
Norway	229,191	168,032	130,000	120,000
Oman	221,508	167,416	130,000	130,000
Yemen	22,348	99,659	35,000	30,000
Thailand	2,043,663	96,004	200,000	190,000
China	23,690	53,894	25,000	20,000
Morocco	0	47,766	0	10,000

Uganda	143,948	46,522	10,000	8,000
United Kingdom	86,932	38,552	80,000	64,000
Others	502,857	116,704	598,500	597,000
World	**8,245,416**	**6,354,462**	**5,500,000**	**5,000,000**

Source: GTA