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Grain and Feed Annual

2013 Kenya Corn, Wheat, and Rice Report

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Report Highlights:
Kenya will continue to import wheat, corn, and rice in marketing year (MY) 2013/2014 due to increased demand that continues to exceed domestic production. Consumption patterns of corn, wheat and rice are expected to increase because of population growth, increased urbanization, and growth in the food service sector.

Corn:
FAS/Nairobi estimates Kenya's corn production to decrease in 2013/2014 marketing year (MY) compared to MY 2012/2013 as per year-over-year Post data. The decrease is anticipated because of:

- an overall decrease in area cultivated;
- delayed and inadequate supply of government subsidized fertilizer at planting;
- an increase price of corn seed by 20 percent over the previous year;
- spiking diesel prices, 4 percent increase in March alone, the start of the planting season;
- political uncertainty as elections fell during planting season; and
- potential for Maize Lethal Necrotic Virus outbreak to affect the corn crop.

The high cost of farm inputs will likely reduce acreage under the crop as well as result in lower than optimal use of the inputs. Inadequate use of fertilizer at planting ultimately reduces the crop yields. In addition, some farmers others adopted a "wait-and see" attitude during the election cycle because of previous disruptions and violence from the 2007 election which delayed land preparation and planting.

In addition, the outbreak of the Maize Lethal Necrotic Disease (MLN) and its devastating effects in the South Rift region and isolated parts of the North Rift in the last season remains a threat in the coming season. Reportedly, the disease outbreak has discouraged some farmers from planting corn in the upcoming season. The Government of Kenya (GOK) has distributed sorghum, finger millet, cassava, and sweet potatoes seeds to farmers from areas previously affected with MLN to grow as alternatives to corn. (Note on region: MLN has spread to Tanzania, and was officially recognized by the government there as a concern for production as well.)

Post revised MY 2012/2013 corn production up 600,000 metric tons. Kenya's Ministry of Agriculture reported a bumper corn harvest of 3.6 million metric tons (40 million 90kg bags), attributed to favorable weather conditions in most of the main corn growing regions, and government subsidy programs aimed at ensuring food security. However, Post reduced production to 3.2 million metric ton to take into account post harvest losses due to heavy rains at harvest and effects of MLN disease.

Corn imports will likely increase in MY 2013/2014 due to the anticipated decrease in local production and continued increase in both consumer and industrial demand. Food, Seed, and Industrial (non-feed) use are growing slowly overall but per capita consumption is declining. Given that the current import ban on genetically modified (GM) products and the 50 percent ad valorem tariff on corn from outside the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA) countries, the regional market will likely supply most of the imported corn.

Corn Production, Supply and Distribution (PSD) Table

Corn	2011/2012	2012/2013	2013/2014

Kenya(Thousand Metric Tons)						
	Market Year Begin: Jul 2011		**Market Year Begin: Jul 2012**		**Market Year Begin: Jul 2013**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	1,950	2,131	1,975	2,266		2,000
Beginning Stocks	377	377	363	324		294
Production	3,100	3,100	2,600	3,200		2,890
MY Imports	400	411	500	380		650
TY Imports	400	365	500	350		650
TY Imp. from U.S.	0	0	0	0		0
Total Supply	3,877	3,888	3,463	3,904		3,834
MY Exports	14	14	10	10		5
TY Exports	10	12	10	10		5
Feed and Residual	200	350	100	350		320
FSI Consumption	3,300	3,200	3,100	3,250		3,280
Total Consumption	3,500	3,550	3,200	3,600		3,600
Ending Stocks	363	324	253	294		229
Total Distribution	3,877	3,888	3,463	3,904		3,834

Data Source: 2011/2012 Government area harvested data; 2011/2012 Global Trade Atlas (GTA) trade data; Otherwise, FAS/Nairobi estimates and forecasts.

Wheat:

FAS/Nairobi forecasts wheat production to increase in MY 2013/2014 due to increased acreage and anticipated favorable weather conditions in the main wheat growing regions. In MY 2012/2013, wheat production expanded to new land, a trend likely to continue in MY 2013/2014 resulting in increased wheat production. However, wheat stem rust (Ug99), low yields due to farmers' use of recycling/saved seeds, and high cost of farm inputs continue to limit wheat production.

Demand for wheat and wheat-based products cannot be met by domestic production. Domestic production only meets a third of its national wheat requirements with imports filling two-thirds. Population growth, increased urbanization, growth in the food service sector, and growing preference of wheat products as a convenient food, largely accounts for the increase in wheat demand. Kenya's wheat imports grew at an annual average rate of nine percent between 2006 and 2011 calendar years. Consequently, Post forecasts wheat imports to continue growing, exceeding one million metric tons annually. The Black Sea region (Russia, Ukraine and Kazakhstan), Pakistan, Brazil, and Argentina remain the largest suppliers to the Kenyan wheat market. Competitive pricing and shorter distance relative to other sources such as the United States favors these suppliers.

The Kenyan government has maintained a 10 percent ad valorem tariff on wheat applicable to registered millers only. Otherwise, traders pay 35 percent.

Wheat PSD Table

Wheat Kenya	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	120	132	110	149		160
Beginning Stocks	253	221	418	498		393
Production	250	268	250	300		320
MY Imports	1,480	1,562	1,200	1,200		1,250
TY Imports	1,480	1,562	1,200	1,200		1,250
TY Imp. from U.S.	65	65	0	0		80
Total Supply	1,983	2,051	1,868	1,998		1,963
MY Exports	15	3	10	5		10
TY Exports	15	3	10	5		10
Feed and Residual	100	100	50	100		100
FSI Consumption	1,450	1,450	1,500	1,500		1,520
Total Consumption	1,550	1,550	1,550	1,600		1,620
Ending Stocks	418	498	308	393		333
Total Distribution	1,983	2,051	1,868	1,998		1,963
1000 HA, 1000 MT, MT/HA						

Data Source: 2011/2012 Government area harvested data; 2011/2012 Global Trade Atlas (GTA) trade data; Otherwise, FAS/Nairobi estimates and forecasts.

Rice:

FAS/Nairobi forecasts area cultivated and rice production to increase in My 2013/2014 due to Kenyan government efforts to rehabilitate and expand national irrigation schemes. Rain-fed rice production possibly will increase owing to use of New Rice for Africa (NERICA), a relatively new rice seed variety and increased acreage. However, due to production inefficiencies, Kenya will still rely on imports to fill in the production shortfall.

Rice is the third most important cereal food crop after maize and wheat. Irrigation schemes grow about 95 percent of all rice produced in Kenya while the rest grow under rain-fed conditions, according to the National Irrigation Board (NIB). Kenya is only able to meet 20 percent of its rice consumption needs due to production inefficiencies and increased demand. NIB estimates per capita rice consumption at seven kilograms (kg) but is projected to rise to 11 kg by 2015. Kenya’s Ministry of Agriculture estimates annual consumption to increase at a rate of 12 percent compared to 4 percent for wheat and 1 percent for maize, attributed to progressive change in eating habits particularly for urban consumers.

Pakistan, Vietnam, Thailand, and India supply Kenya with most of the rice imports. Tanzania also supplies a substantial amount through unrecorded cross border trade. Ad valorem tariff stands at 35 percent for now, but can be as high as 75 percent. 75 percent ad valorem tariff is the common external tariff rate agreed by East African Community (EAC) member countries for imported rice outside EAC. However, due to limited local and regional production capacities, the EAC secretariat allowed Kenya to reduce the tariff rate to 35 percent for one year, which is renewable.

Rice PSD Table

Rice, Milled Kenya	**2011/2012**		**2012/2013**		**2013/2014**	
	Market Year Begin: Oct 2011		**Market Year Begin: Oct 2012**		**Market Year Begin: Oct 2013**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	24	27	30	30		32
Beginning Stocks	101	101	127	121		65
Milled Production	46	46	59	55		60
Rough Production	70	70	89	83		91
Milling Rate (.9999)	6,600	6,600	6,600	6,600		6,600
MY Imports	430	424	360	350		400
TY Imports	390	368	360	350		400
TY Imp. from U.S.	0	0	0	0		0
Total Supply	577	571	546	526		525
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Consumption and Residual	450	450	460	460		480
Ending Stocks	127	121	86	65		45
Total Distribution	577	571	546	525		525
1000 HA, 1000 MT, MT/HA						

Data Source: 2011/2012 Government area harvested data; 2011/2012 Global Trade Atlas (GTA) trade data; Otherwise, FAS/Nairobi estimates and forecasts.