USDA Foreign Agricultural Service
GAIN Report
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Required Report - public distribution

Date: 3/15/2016
GAIN Report Number:

Kenya

Grain and Feed Annual

2016 Kenya Corn, Wheat and Rice Report

Approved By:
Kate Snipes

Prepared By:
Kennedy Gitonga

Report Highlights:
FAS/Nairobi forecasts a marginal increase in corn production in Kenya in the Marketing Year (MY) 2016/2017 because of Government of Kenya (GOK) and county governments' support to farmers. Wheat production will remain flat as farmers respond to lower prices. The continued subdivision of large wheat farm makes wheat farming increasingly unviable. Rice production is forecast to record a modest increase. Consumption of the commodities will continue to outstrip production, leading to imports.

Corn

Kenya's corn production remains constrained by underlying factors such as soil acidification due continuous multi-year use of Diamonium Phosphate (DAP) fertilizer, lack of access to improved seeds, and the impact of maize lethal necrosis (MLN). The Government of Kenya (GOK) and the county governments in the corn growing areas have initiated measures to increase yields including distribution of certified seeds and alternative fertilizers to farmers. GOK is also implementing the second pilot phase of the Galana/Kulalu irrigation project in the North Coast region, and production on a further five hundred thousand hectares is expected in the MY 2016/2017. In addition, GOK has put up drying and storage facilities in the corn growing areas to reduce postharvest losses and limit aflatoxin contamination. United States Department of Agriculture (USDA) is supporting capacity building in post-harvest, aflatoxin, and MLN management under the Cochran and Borlaug Fellowship programs.

Corn: Production, Supply, and Distribution (PSD) Table

Corn	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Jul 2014**		**Jul 2015**		**Jul 2016**	
Kenya	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	1650	1650	1700	1700		1700
Beginning Stocks	415	415	210	215		260
Production	2650	2650	2800	2800		2850
MY Imports	900	900	1000	1000		1000
TY Imports	900	900	1000	1000		1000
TY Imp. from U.S.	0	0	0	0		0
Total Supply	3965	3965	4010	4015		4110
MY Exports	5	0	5	5		0
TY Exports	5	0	5	5		0
Feed and Residual	350	350	350	350		360
FSI Consumption	3400	3400	3400	3400		3450
Total Consumption	3750	3750	3750	3750		3810
Ending Stocks	210	215	255	260		300
Total Distribution	3965	3965	4010	4015		4110
(1000 HA) ,(1000 MT)						

Source of data: GOK, Global Trade Atlas (GTA) - otherwise FAS/Nairobi Estimates

Notes on PSD Table

- In MY 2015/2016, Kenya's corn production increased due to effects of higher rainfall in the marginal corn growing areas attributed to the El Nino weather phenomenon

- Area harvested in 2016/2017 is forecast to remain as in the previous year; newly opened- up land in the Galana/Kulalu project area will be offset by loss of land to other crops in the North Rift Valley region
- Modest production increase in 2016/2017 is forecast due to impact of alternative fertilizers and first time harvests at Galana/Kulalu project
- A modest growth in consumption is expected due to increased use of corn in animal feeds
- Corn imports are forecast to remain flat

Corn remains the staple food crop in Kenya and consumption is expected to continue increasing despite the diversification of Kenyan diets. The livestock sector is also growing, and demand for corn in the manufacture of animal feeds is also expected to increase. FAS/Nairobi forecasts that imports will remain steady in MY 2016/2017 to offset the supply deficit. The imports will most likely be from the East African Community (EAC) countries due to the steep EAC common external tariff currently set at 50% ad-varolem. In addition, the import ban on genetically modified (GM) products that is still in place locks out imports from countries that produce GM corn.

Retail prices for corn and corn products have decreased after Kenya's National Cereals and Produce Board (NCPB), a GOK agency, lowered the purchase price for the strategic reserves in 2015 from Ksh 3,000 ($30 USD) per 90 kg bag to Ksh 2,300 ($23 USD). Some of the farmers in key corn growing areas reacted to the price changes by diversifying to other crops. NCPB's corn purchase price is still far higher than the prices offered to farmers in the neighboring EAC countries, creating an incentive for imports from these countries.

Wheat

FAS/Nairobi forecasts both area under wheat and production in Kenya to remain flat in 2016/2017. In the MY 2015/2016 a modest expansion in area, coupled by favorable weather conditions increased wheat production to 450,000 tons. Further increases in production are hindered by the widespread recycling of seed by farmers contributing to prevalence of the wheat stem rust (Ug99) disease. In addition, subdivision of family-owned farms into smaller units for inheritance purposes continues to hinder efficient wheat farming in Kenya.

Wheat consumption in Kenya is expected to continue increasing due to changing dietary patterns and a robust food service sector. A growing preference for wheat products is evident across the income groups in both rural and urban areas, with both commercial and home-baking becoming common. Demand for wheat products is also evident in the growth of pasta, confectionery and breakfast cereals sectors, while a limited amount of wheat is also used in the manufacture of animal feeds.

Kenya's wheat production is less than one quarter of its annual demand, and the deficit is offset by imports. The bulk of the wheat imports are from Russia, Ukraine, Lithuania, Estonia, Germany, Poland, and Australia. Wheat imports from the U.S. are primarily for Food Aid programs. Imports into Kenya by registered regional millers are assessed a 10 percent ad-valorem tariff; otherwise the EAC external tariff of 35 percent applies. FAS/Nairobi forecasts a modest increase in wheat imports in the MY 2016/2017. Wheat exports from Kenya are minimal, and attributable to limited cross-border trade with the neighboring countries.

Wheat: Production, Supply and Distribution (PSD) Table

Wheat	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Kenya	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	170	170	175	175		175
Beginning Stocks	274	274	362	289		329
Production	450	420	420	450		450
MY Imports	1523	1455	1600	1500		1550
TY Imports	1523	1455	1600	1500		1550
TY Imp. from U.S.	48	38	0	0		0
Total Supply	2247	2149	2382	2239		2329
MY Exports	10	10	10	10		10
TY Exports	10	10	10	10		10
Feed and Residual	150	150	150	150		150
FSI Consumption	1725	1700	1800	1750		1800
Total Consumption	1875	1850	1950	1900		1950
Ending Stocks	362	289	422	329		369
Total Distribution	2247	2149	2382	2239		2329
(1000 HA) ,(1000 MT)						

Source of data: GOK, GTA – otherwise FAS/Nairobi Estimates

Rice

Rice in Kenya is mainly grown in irrigation schemes that are managed by the state-owned National Irrigation Board (NIB). In addition to the irrigated Basmati rice, the GOK and county governments are promoting production New Rice for Africa (NERICA), an improved, rain-fed, upland rice variety. The NIB has also been rehabilitating and expanding the existing irrigation schemes, and the area under rice has increased gradually.

Rice consumption in Kenya continues to increase rapidly due population growth, changing dietary preferences, higher incomes and urbanization. Consumption growth is estimated at 11 percent per year and the supply deficit is met by imports from Pakistan, Vietnam, Thailand, and India. There are also minimal imports from neighboring EAC countries. Effective July 1, 2015, EAC common external tariff of 75 percent ad valorem or $345 USD per ton (whichever is higher), is applicable to rice imports from non-EAC countries. Kenya was however granted a one year extension of “the stay of application”, based on limited local production, and therefore continues to apply the 35 percent ad-valorem or $200 USD per ton (whichever is higher), tariff structure. This waiver is reviewed every year by the EAC secretariat.

Rice: Production, Supply and Distribution (PSD) Table

Rice, Milled	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Kenya	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	35	35	35	35		40
Beginning Stocks	144	144	101	124		104
Milled Production	102	70	99	90		100
Rough Production	155	106	150	136		152
Milling Rate (.9999)	6600	6600	6600	6600		6600
MY Imports	420	420	460	450		460
TY Imports	450	450	460	460		470
TY Imp. from U.S.	0	0	0	0		0
Total Supply	666	634	660	664		664
MY Exports	10	10	5	10		10
TY Exports	10	10	5	10		10
Consumption and Residual	555	500	555	550		560
Ending Stocks	101	124	100	104		94
Total Distribution	666	634	660	664		664
(1000 HA) ,(1000 MT)						

Source of data: GOK, GTA – otherwise FAS/Nairobi Estimates