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Voluntary - Public

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Kenya

Post: Nairobi

Kenya Corn Update Report

Report Categories:

Grain and Feed

Approved By:
Stephen Hammond
Prepared By:
Mary Onsongo

Report Highlights:
Kenyan traders have not imported white corn since the beginning of the second quarter of calendar year 2010 and will not likely import any significant corn quantities through marketing year 2011. Domestic white corn prices received by local farmers have plummeted to less than half last year's average price and corn flour prices in local grocery stores have dropped from drought-affected highs, even while stabilizing at higher-than pre-drought prices. The Government of Kenya (GOK) reviewed and denied a petition from corn millers in early March to abate the 50 percent ad-valorem tariff for an additional year, so the combination of relatively low domestic prices and the re-imposition of the 50 percent ad-valorem tariff have spelt an end to corn imports.

Executive Summary:

Reportedly, the Kenyan countryside remains awash with white corn for human consumption, even well after the short-rains harvest during the first quarter of this calendar year. It appears that the combination of GOK-provided free planting seeds and fertilizer, and well-timed rains during the "short-rains" growing season, have eliminated the "need" for corn imports. As evidence, farmers who received about 2,500 Kenya Shillings (Ksh) per 90 kilogram bag of corn during much of the early part of marketing year (MY) 2010, are reportedly now being offered from 1,000-to-1,500 Ksh per bag by the Ministry of Agriculture's National Cereals and Produce Board (NCPB).

Aflatoxin has been a prominent and disconcerting feature of the short-rains bumper white corn harvests in Eastern and Coastal Provinces. Farmers in these normally dry regions don't have mechanical drying (corn is normally sun dried) or storage capacity, so when they harvested in wet conditions, the ever-present aflatoxin flourished and, as result of the poor handling, drying and storage techniques, spread throughout the just-harvested corn. The GOK recognized the problem early and warned growers, handlers and consumers in the affected areas, which may have prevented the high death rate experienced during previous toxin outbreaks. The U.S. Embassy issued a Warden's Message, warning everyone working for the U.S. Government of the dangers of ingesting aflatoxin-tainted corn products.

In the aflatoxin-prone regions, the NCPB has been offering 1,000 Ksh/bag for corn testing high in aflatoxin and 1,500 Ksh/bag for corn testing within the ten parts per billion limit set by the GOK as the maximum allowable limit for human consumption. The GOK has not provided definitive results from the aflatoxin testing and buying scheme, but the "noise" in the national press surrounding the reported high aflatoxin levels has diminished to almost complete silence.

In the supply and demand table presented in this update, FAS/Nairobi has eliminated all but small quantities of cross-border MY 2011 corn imports. In addition to the relatively high yielding short-rains corn crop, the abundant rains have meant an increase in the availability of most domestically-produced commodities, and hence, a wider selection of lower-priced foods for consumers. As an example, milk, a Kenyan favorite along with corn-based Ugali, was on sale in grocery stores two-for-one and even given free of charge to local schools for a period after the rains increased the quantity and quality of fodder and milk production skyrocketed. The dairy-products market overhang continues today.

Meteorologists have reported the beginning of a La Niña, which, depending on its intensity and duration, may lead us to reintroduce MY 2011 imports in coming reports. However, the long-rains portion of the MY 2011 corn crop, which will be harvested in the next few months, appears to be progressing very well, maybe even good enough to compensate for any La Niña related yield reduction in the MY 2011 forecast.

Production

Kenya PSD

Kenya Corn in TMT	2009	2010	2011

	2008/2009			2009/2010			2010/2011		
	Market Year Begins: Jul 2008			Market Year Begins: Jul 2009			Market Year Begins: Jul 2010		
	Post Old		New Post	Post Old		New Post	Post Old		New Post
			Data			Data			Data
Area Harvested		1,645	1,645		1,750	1,750		1,800	1,800
Beginning Stocks		299	299		243	260		83	79
Production		2,000	2,000		1,900	2,200		3,200	3,200
MY Imports (Jul/Jun)		1014	1014		1000	670		300	10
TY Imports		1306	1306		1400	365		50	10
TY Imp. from U.S.		220	220		0	0		0	0
Total Supply		3,313	3,313		3,143	3,130		3,583	3,289
MY Exports (Jul/Jun}		20	3		10	1		10	5
TY Exports		20	2		10	1		10	5
Feed Consumption		100	100		100	100		100	100
FSI Consumption		2,950	2,950		2,950	2,950		3,150	3,050
Total Consumption		3,050	3,050		3,050	3,050		3,250	3,150
Ending Stocks		243	260		83	79		323	134
Total Distribution		3,313	3,313		3,143	3,130		3,583	3,289
Yield	NA	1.22	1.22	NA	1.09	1.26	NA	1.78	1.78