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Report Highlights:

FAS Nairobi forecasts a recovery in Kenya's sugar production for marketing year (MY) 2026/27, with harvested area projected at 193,000 hectares (ha) and output increasing to 850,000 metric tons (MT) following a relaxing of government controls. Government-owned players in the industry are transitioning to private operational leases under the Sugar Act 2024 to enhance processing efficiency. National consumption is anticipated to grow 2.2 percent to 1.175 million MT, while reliance on imports is expected to decrease to 370,000 metric tons.

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Production

Table 1: Cane Production, Supply and Distribution (PSD)

Sugar Cane for Centrifugal	2024/2025		2025/2026		2026/2027	
Market Year Begins	May 2024		May 2025		May 2026	
Kenya	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	252	252		252		255
Area Harvested (1000 HA)	190	190		150		193
Production (1000 MT)	10400	9700		8100		10600
Total Supply (1000 MT)	10400	9700		8100		10600
Utilization for Sugar (1000 MT)	10400	9700		8100		10600
Utilizatn for Alcohol (1000 MT)	0	0		0		0
Total Utilization (1000 MT)	10400	9700		8100		10600
(1000 HA) ,(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Source: Post Estimates

Table 2: Sugar Production, Supply, and Distribution (PSD)

Sugar, Centrifugal	2024/2025		2025/2026		2026/2027	
Market Year Begins	May 2024		May 2025		May 2026	
Kenya	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	201	201	215	215		180
Beet Sugar Production (1000 MT)	0	0	0	0		0
Cane Sugar Production (1000 MT)	810	810	650	605		850
Total Sugar Production (1000 MT)	810	810	650	605		850
Raw Imports (1000 MT)	13	13	50	90		50
Refined Imp.(Raw Val) (1000 MT)	302	302	550	420		320
Total Imports (1000 MT)	315	315	600	510		370
Total Supply (1000 MT)	1326	1326	1465	1330		1400
Raw Exports (1000 MT)	0	0	0	0		0
Refined Exp.(Raw Val) (1000 MT)	0	0	1	0		0
Total Exports (1000 MT)	0	0	1	0		0
Human Dom. Consumption (1000 MT)	1111	1111	1250	1150		1175
Other Disappearance (1000 MT)	0	0	0	0		0
Total Use (1000 MT)	1111	1111	1250	1150		1175
Ending Stocks (1000 MT)	215	215	214	180		225
Total Distribution (1000 MT)	1326	1326	1465	1330		1400
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Source: Post estimates

FAS Nairobi predicts a 40.5 percent surge in Kenya's sugar production in marketing year 2026/27, to 850,000 metric tons. This expansion marks a substantial rebound from 605,000 MT in MY 2025/26 and is mostly due to an increase in harvested area, associated with a relaxation on government restrictions in place the prior year. Notably, regulators restricted harvest the prior year to encourage farmers to allow plants to mature fully to increase milling ratios. As a result, sugar recovery and milling ratios are anticipated to improve due to a more organized, regulated harvesting schedule, which ensures only mature cane is harvested and delivered to mills for processing.

The estimated area harvested in MY 2026/27 is expected to increase to 193,000 hectares, up from 150,000 ha the prior year. This rebound is due to a larger share of sugar estates attaining full growth. The restored Kenya Sugar Board boosted the enforcement of local crop calendars, to stop the early harvesting of cane, a habit that formerly lowered yields. About 3,000 ha will be in newly opened cultivation areas.

Kenya's sugarcane industry is centered in the Western and Lake Victoria basins, with a production base of roughly 320,000 small-scale growers. These farmers, typically managing plots smaller than one hectare, produce about 93 percent of the total cane, leaving just seven percent to large miller-owned estates. The Kenya Sugar Board identified parts of Narok and Trans-Nzoia counties for new sugar plantations, in addition to ambitious private sector-led large-scale projects in the Tana river basin. Four new sugar mills are expected to be operation by early 2027.

Figure 1: Small Scale Sugar Plantations in Transmara Region

Source: FAS Nairobi

Kenya is undergoing a major overhaul of its sugar sector, anchored by the Sugar Act 2024 signed by President Ruto in November 2024. A centerpiece of these reforms is the re-establishment of the Kenya Sugar Board (KSB), which took back regulatory authority from the Agriculture and Food Authority to manage industry standards and farmer interests. To mitigate persistent operational inefficiencies, the government of Kenya is moving from state management of sugar mills to a leasing framework. This new model grants private sector firms 30-year operational agreements for four government-owned mills: Nzoia, Chemelil, Sony, and Muhoroni. To support infrastructure development in the sugar sector, a four percent levy will be charged on both local and imported sugar starting July 2025.

Unlike previous attempts at full privatization, the leases allow the government to retain land ownership while transferring operational control to private investors. The conditions of these leases are stringent; investors are mandated to inject immediate capital for factory modernization, implement automated weighing systems to ensure transparency for farmers, and diversify operations into co-generation of electricity and ethanol production. Millers are also expected to shift to quality-based cane payment system, that focuses on sucrose content.

Changes in MY 2035/26
Post has revised Kenya's estimated sugar production for MY 2025/26 downward to reflect recent industry updates. Post is scaling back initial estimates of 650,000 MT to 605,000 MT, representing a 6.9 percent decrease. A significant cause of this downturn was a reduction in sugarcane deliveries to factories, which dropped by approximately 16.5 percent to 8.1 million MT, down from 9.7 million MT in the previous marketing year. Industry sources attribute this production slump to limited cane availability and disruptions in harvesting and milling operations following the transition to private management of four state-owned sugar factories. Premature harvesting and drought conditions negatively affected some of the cane cultivation zones.

Marketing
Kenya's sugar market is entering a transitional phase as it moves toward the opening of MY 2026/27. Retail prices are projected to decrease during the initial months of the cycle, driven primarily by a rebound in domestic production and improved cane availability. This downward trend is expected to level off as duty-free imports from the Common Market for Eastern and Southern Africa (COMESA) bridge any remaining supply gap.

Table 3: Kenya Sugar Market Statistics (March 2026)

Category	Kenyan Shillings (Ksh)	US Dollars (USD)	Unit
Sugar Retail Price	166,560	~$1,280	per MT
Cane Purchase Price	5,500	~$42.30	per MT
Sugar Wholesale Price (Avg)	156,000	~$1,200	per MT
Import Duty (COMESA)	0%	0%	Ad Valorem

Note: *Currency conversions are based on an exchange rate of approximately 1 USD = 130 Ksh*
Source: FAS Nairobi

As of March 2026, consumers were paying approximately Ksh 166.56 ($1.28) per kilogram of table sugar, down from Ksh 185.20 ($1.42) in September 2025, a decline facilitated by the removal of long-standing import safeguards. These retail prices are also heavily influenced by the raw material costs set by the Cane Pricing Committee, a regulatory body composed of government officials, millers, and growers. This committee has maintained the cane purchase price at Ksh 5,500 ($42.30) per MT since May 2025, providing a predictable cost base for the industry.

Consumption

Post anticipates Kenya's sugar consumption to climb to 1.175 million MT in the 2026/27 marketing year, a 2.2 percent increase from the previous year's 1.150 million metric tons. The upward trend is driven by several converging factors across the Kenyan economy. At the household level, rising disposable incomes are expected to bolster domestic demand. Simultaneously, the industrial sector use is poised for growth, with increased sugar utilization in the beverage, baked products, and confectioneries sectors. In addition, a revitalized hospitality industry, driven by expansion in the restaurant and hotel sectors, will play a critical role in pushing up national sugar consumption.

Changes to 2025/26

Post revised Kenya's MY 2025/26 sugar consumption downwards to 1.15 million MT, a decrease from the previous estimate of 1.25 million MT, as an increase in retail prices dampened consumer demand. This inflation in price was largely driven by the tightening of supplies due to a significant drop in domestic production.

Imports

Post anticipates a significant shift in sugar markets for the MY 2026/27 season, with imports expected to drop to 370,000 MT from the 510,000 MT forecast for MY 2025/26. This decline is primarily driven by the recovery in local production as sector reforms and improved milling capacities take effect.

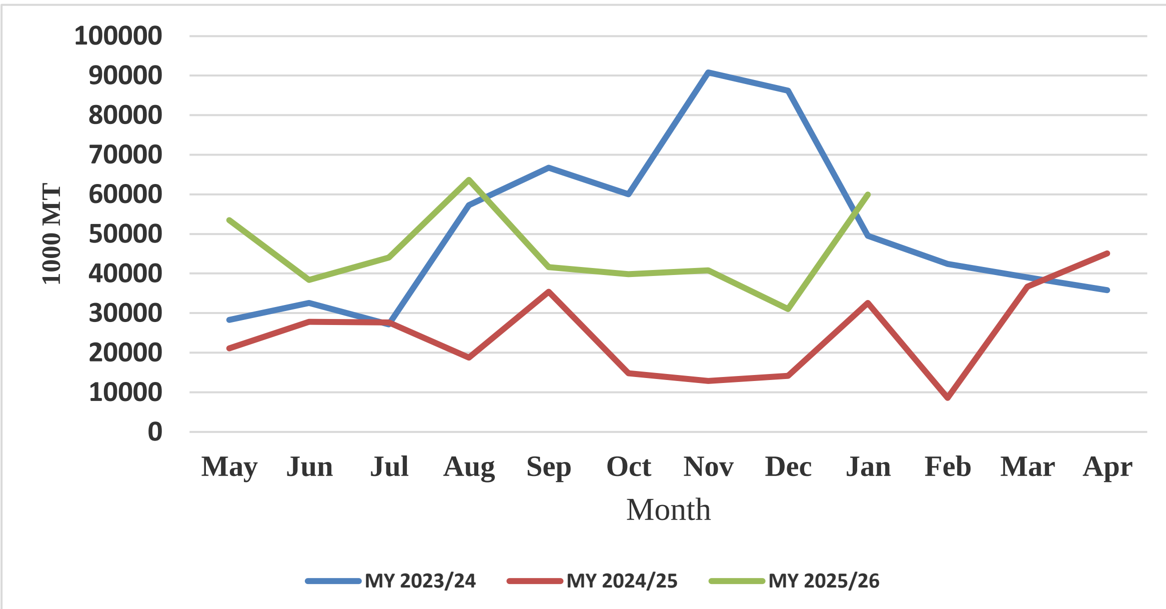
Table 4: Kenya Sugar Trade & Production Outlook

Category	MY 2025/26 (Estimate)	MY 2026/27 (Forecast)	Key Drivers
Local Production	~605,000 MT	~850,000 MT	Increased cultivated area, enforcement of harvesting calendar, and new cane varieties
Total Imports	510,000 MT	370,000 MT	Rising domestic supply
COMESA Status	Safeguard Expired (Nov 30)	Unlimited, duty-free regime	Transition to regional free trade
Non-Regional Tariff	100%	100%	EAC Common External Tariff
Primary Sources	COMESA / EAC	COMESA / EAC	Preferential regional access

In November 2025, Kenya ended its long-standing COMESA sugar import safeguards, moving to a duty-free system for COMESA and EAC members. The government of Kenya however retains control of import volumes through issuance of import licenses. Sugar from other non-COMESA countries still face a 100 percent tariff unless the government requests for waiver under EAC's customs protocol, on account of local shortages.

Through June 30, 2026, Kenya is operating an EAC-approved duty waiver window for industrial sugar. Under this program, ten beverage and confectionery firms have been cleared to import a total of 208,600 MT at a reduced duty of 10 percent. The approved companies must be registered with the Kenya Sugar Board and must maintain a customs bond ensuring the sugar is used strictly for manufacturing.

Figure 2: Monthly Sugar Imports



Source: Trade Data Monitor

Table 5: Key Sources of Kenya's Sugar Imports in MT (MY2022/23 – MY 2024/25)

Source Country	MY 2022/23	MY 2023/24	MY 2024/25	MY 2022/23	MY 2023/24	MY 2024/25
Mauritius	48,950	46,531	74,763	13.08%	7.56%	25.31%
Uganda	35,626	44,649	62,760	9.52%	7.25%	21.25%
Saudi Arabia	22,630	43,317	38,061	6.05%	7.04%	12.89%
United Arab Emirates	5,390	8,751	24,865	1.44%	1.42%	8.42%
Egypt	42,981	51,199	24,832	11.49%	8.32%	8.41%
India	61,956	60,068	20,770	16.56%	9.76%	7.03%
Brazil	38,008	301,538	12,859	10.16%	48.98%	4.35%
Thailand	78,619	8,488	10,053	21.01%	1.38%	3.40%
Eswatini	20,511	8,137	8,507	5.48%	1.32%	2.88%

Source: Trade Data Monitor

Changes to MY 2025/26

Post revised its sugar import forecast for Kenya’s 2025/26 marketing year, lowering the expected volume from 600,000 to 510,000 metric tons. This adjustment is based on an analysis of monthly trade trends. While imports remain consistently higher than the previous year, a defining shift in the market occurred after December 2025, after Kenya exited the long-standing COMESA sugar safeguards on November 30, allowing for less restrictive regional trade.

Stocks

Post projects that Kenya’s year-on-year ending sugar stocks will increase by 25 percent to 225,000 MT from 180,000 MT in MY 2026/27, largely due to a boost in domestic production. These stocks will be held by both millers and retail outlets.

Attachments:

No Attachments