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Kenya

Exporter Guide

2011 Exporter Guide

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Report Highlights:
Kenya's imports for consumer-ready food products have grown on average 19 percent per year from calendar years 2006 through 2010, a trend likely to continue in the next few years as more Kenyans attain "middle class" status. FAS/Nairobi projects Kenya's consumer-ready food imports to reach a record high of $240 million in calendar year 2012. The best prospects for consolidators or U.S. product include snack foods, processed fruits and vegetables, and sauces, mixed condiments, and seasonings.

Post:
Nairobi

Executive Summary:

SECTION I. MARKET OVERVIEW

Economic Trends	2008	2009	2010	2011[E]	2012[F]	2013[F]
Population (millions)[1]	37.95	38.6	39.6	40.5	41.5	42.6
Population Growth Rate (%)[1]	2.76	2.46	2.46	2.46	2.46	2.46
Formal Sector Employment ('000s)[2]	1,944	2,000	2,060	2,000	2,020	2,050
Informal Sector Employment ('000s)[2]	7,942	8,339	8,830	9,000	10,000	10,250
Public Sector Employment ('000s)[2]	638	654	663	650	655	660
Total Gross Domestic Product (GDP) (US $ Billions)[3]	30.5	30.6	32.2	36.2	40.8	45.6
GDP per capita (US$)[3]	797	793	809	840	870	880
GDP growth rate (%)[3]	1.5	2.6	5.6	4.3	5.0	5.5
Inflation (%)[4]	16.2	10.5	4.1	19	5	6
Exchange Rate (Kshs/US$)[4]	69.18	77.3	79.2	89.22	94.54	99.00
Agricultural Products Imports						
Total Agricultural Products Imports from the World ($ millions)[5]	1,395	1,585	1,478	1,855	1,860	1,900
Total Agricultural Products Imports from the United States ($ millions)[5]	76.6	193.3	97.6	162.9	165	170
Total Agricultural, Fish Forestry Imports from the United States ($ millions)[5]	77.3	193.5	98.7	94	138	149
Total Import of Consumer-oriented foods and Edible Fishery Products from the World ($Millions)[5]	163.3	157.1	193.3	226	247	267.1
Total Imports of Consumer-oriented foods and Edible Fishery Products from the United States($millions)[5]	17.89	16.26	29.32	8.94	21	30

Data Sources: [1]CIA World FactBook, [2]Kenya National Bureau of Statistics (Economic Survey, 2011) [3]Euromonitor International , [4]Central Bank of Kenya, [5]Global Trade Atlas, [E, F] FAS/Nairobi Estimates and Forecasts

Economic Situation

The World Bank projects that Kenya's economy will grow by five percent in calendar year (CY) 2012 and follow on through 2020 at about the same annual rate of increase. This growth forecast may be historically low but reflects stability and progress. The Economist Intelligence Unit forecasts an average annual growth rate of 5.6 percent 2011-to-2020 and 6.7 percent forecast during 2021-to-2030. In spite of the expected economic growth, albeit historically weak, it won't be sufficient to decrease the high unemployment and poverty rates in Kenya.

Relatively high inflation and a weakening Kenyan Shilling (Ksh) will contribute to the relatively slow growth during CY 2012, according to the latest World Bank report on Kenya. The Kenyan Shilling may continue under pressure during the period, adding to the inflation woes of the poor and middle class, even while benefiting Kenyan processors and exporters.

Consumer-Oriented Foods and Edible Fishery Products

Kenyan purchases of consumer-oriented foods will likely continue to expand at least at the rate of per capita GDP growth over the next five years. Euromonitor International (March 2011) confirms the prospects for stable growth and even forecasts a higher rate of increase in consumer spending when evaluated for comparable forecast periods.

Kenyan importers will likely continue increasing imports to meet increasing consumer demand, however, Kenyan local production of consumer-ready products will also likely increase. Kenyan importers currently source about 60 percent of consumer-oriented food products from the United States, South Africa and Europe. While we expect that the sources of imports will remain the same during the mid-term, Kenya's new labeling requirements may/may have a negative impact on consumer-ready imports from countries where products containing genetically modified organisms are not currently labeled.

Key Demographics

Characteristics of Kenya labor force (aged 15-64+), by income groups, 2007-2013

	2007	2008	2009	2010	2011	2012 (F)	2013 (F)
Population (1,000)[1]	36,914	37,954	38,610	39,560	40,533	41,530	42,552
Labor Force (1,000)[2]	17,000	17,000	17,000	18,000	18,000	19,000	19,000
Income Groups [2]							
$150,001+	8	8	7	8	8	8	9
$70,001-80,000	3	3	3	3	3	3	3
$30,001-40,000	16	16	15	16	16	17	18
$7,501-10,000	86	83	82	83	86	90	95
$1,501-2,500	3,522	3,470	3,453	3,519	3,615	3,784	3,950
Other Income bands[3]	13,365	13,421	13,440	14,372	14,272	15,098	14,926

Data Source/ Notes: [1]CIA World Factbook; [2]The Euromonitor International (March 2011 Edition); [3]FAS/Nairobi defines "Other Income bands" as people with incomes not elsewhere included and/or specified in the Euromonitor's classification.

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

Advantages	Challenges
Kenya's geographical location, industrial development and membership in *EAC and **COMESA make it a major gateway for trade in the east and central African regions	Stiff competition from Europe, South Africa, China and and *EAC and **COMESA Member States that don't pay tariffs
Kenya has an expanding food retail sector (supermarkets and hypermarkets) due to a growing urban middle class and an acceptance of developed-world lifestyles	Small market for consumer-oriented products - so small that U.S. products will be imported mostly by

	"consolidators"
A growing middle class and expatriate community in Kenya provide a niche market for U.S. food products	U.S. food-ingredients such as soy protein isolates and vegetable oils compete with low price Chinese and Indonesian products, respectively
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.	

*East African Community(EAC); **Common Market for Eastern and Southern Africa (COMESA)

SECTION II. EXPORTER BUSINESS TIPS

"Consolidators" dominate imports into Kenya's consumer-products market. U.S. food production and distribution companies do not generally have a direct presence in Kenya. Consolidators most often source U.S. product in the United States, Middle East, Europe and South Africa; sometimes as a result of contacts at food shows, i.e. the Gulf Food Show in Dubai.

Kenyan importers/processors collaborate with U.S. trade associations including: the 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, the 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 that consolidators believe will sell in this market of diverse consumer tastes and preferences. Consumers can't always depend on a particular imported brand to be available in the supermarkets and must be flexible to stock up or try other, similar products. Many products known in the United States under brands from companies like Kraft Foods, Heinz, Post and Betty Crocker are sometimes available in the Kenyan marketplace, even though the product may have been produced outside the United States and with non-U.S. food ingredients.

Food Standards and Regulations

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

General Import and Inspection Procedures

The Government of Kenya (GOK) facilitates the importation of consumer-oriented products through a Certificate of Conformity. To obtain a CoC, an imported product must satisfy Kenyan import requirements, as evaluated by the Société Générale of Surveillance (SGS) or Intertek International Ltd. Once SGS or Intertek has issued a CoC, the importer may present the CoC to the Kenya Bureau of

Standards (KEBS) for clearance of the goods and to receive the Import Standardization Mark, a stick-on-label to be affixed to each retail container.

The GOK has implemented mandatory labeling of all food containing or derived from genetically modified organisms (GM). GOK officials close to the regulation indicate that Kenyans have a "right to know," even though they cannot point to any nutritional, allergenic, taste, or physical difference in the GM and non-GM products.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Food Retail Sector

Kenya's major supermarket chains include Nakumatt (the largest in terms of volume), Tuskys, Uchumi, Naivas, Ukwala, and Chandarana. The management strategists of the largest chains continue expanding in Kenya and within the east Africa region as well. Most stores are clean, well lit, and generally well stocked, in particular with locally-produced product.

Retailers entice customers into their stores 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 **forthcoming 2011 Retail Food Sector Report.**

Food Processing Sector

U.S. suppliers of food ingredients may, from time-to-time, find opportunities in Kenya's food processing sector. Local ingredient production does not always meet the processing industry's demand, including for 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.

For further information, please refer to the **forthcoming 2011 Food Ingredients Report.**

Hotels, Restaurants and Institutions

Kenya's food-service sector sources products from consolidators/importers and retailers such as local grocery outlets. For further information, please refer to the **forthcoming 2011 HRI Report**.

SECTION IV. BEST CONSUMER-ORIENTED PRODUCT PROSPECTS

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

Consumer-Oriented Products Market—Calendar Year 2010*

Product Category	[1]Market Size** (Volume) Metric Tons	[1]Imports (2010) ($1,000)	[1]5-Yr Annual Import Growth (%) (2006-2010)	[2]Import Tariff Rate (%) (2010)	Key Constraints Over Market Development	Market Attractiveness for USA
Jams, Fruit Jellies and Purees, Nut Pastes	252	$424,511	41	25	High landed costs	Good growth potential
Almonds	47	$220,163	37	25	High landed costs	Strong growth potential
Pasta	5,238	$3,360,578	30	25	High landed costs	Good growth potential
Snack Foods	174,695	$86,600,041	27	25	High landed costs	Good growth potential
Processed Fruits and Vegetables	8,581	$10,698, 354	23	25	High landed costs	Good growth potential
Tomato Ketchup and other sauces	556	$749,143	20	25	No tariff preferences	Strong growth potential
Fruit and Vegetable juices	5,542	$4,793,544	10	25	No tariff preferences	Good growth potential
Sauces, mixed condiments and seasonings	726	$1,572,527	4	25	No tariff preferences	Good growth potential

Data sources: [1]Global Trade Atlas (GTA), [2]East African Community Tariff Book
Notes: *CY2011 GTA data not yet complete ** Reflects import volumes only

Food Ingredients Market—Calendar Year 2010

Product Category	Market Size[1] - 2010 (Volume) Metric Tons	Imports[1] (2010) ($1,000)	5-Yr Annual Import Growth (%) (2006-2010)[1]	Import Tariff Rate (%)[2] (2010)	Key Constraints Over Market Development	Market Attractiveness for USA
Protein Concentrates and Textured Protein Substances*	366	$737	6.4	10	Competition from low cost suppliers such as China and South Africa	Kenyans like meat products

Wheat	844,559	$211,998	17.7	0	Competition from low cost suppliers of hard wheat	The African population continues to grow at very high rates and wheat products are popular
Malt Extract	48,967	$31,161,299	103%	10	High landed costs	Kenyans enjoy good beer

Data Sources: [1]GTA and [2]East African Community Tariff Book

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@fas.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: office.nairobi@trade.gov
Website: www.buyusa.gov/kenya

Kenya Bureau of Standards (KEBS)
P.O. Box 54974 Nairobi, Kenya
Tel: 254-20-6948000 or 69028201/401/410

Fax: 254-20-609660/6004031
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: 254-20-3536171/2 or 3597201/2/3
Mobile: 254-722516221, 254-733874274
Fax: 254-20-882265
Email:info@kephis.org
Website: www.kephis.org

Department of Veterinary Services (DVS)
P.O. Private Bag 00625 Kabete, Kenya
Tel: 254-20-8043441631383/2231/1287
Fax: 254-20-631273
Cell: 254-733783746
Email: veterinarydepartment@yahoo.com

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/

APPENDIX

Kenya's Key Imports and Demographic Information

Agricultural Commodities, Intermediate Products and Consumer-Ready Foods From All Countries ($ Mil)/U.S. Market Share (%) - 2011[2]	$1,900/5.3%
Agricultural Commodities, Intermediate Products and Consumer-Ready Foods From All Countries ($ Mil)/U.S. Market Share(%) - 2010[1]	$1,486/6.6%
Consumer-Ready Foods From All Countries($ Mil)/U.S. Market Share (%) - 2011[2]	$212/6.6%
Consumer-Ready Foods From All Countries($ Mil)/U.S. Market Share (%) - 2010[1]	$186/15.6%
Edible Fish/Products From All Countries($Mil)/ U.S. Market Share (%) - 2011[2]	$10.9/0%
Edible Fish/Products From All Countries($Mil)/ U.S. Market Share (%) -2010[1]	$7.3/4%

Total Populations (Millions)/Annual Growth Rate (%) - Estimate 2012[6]	41.5/2.46 %
Total Populations (Millions)/Annual Growth Rate (%) - Estimate 2011[6]	40.5/2.46 %
Urban Population (Millions)/Annual Growth Rate (%) - Estimate 2011[4]	9.4/4.2%
Urban Population (Millions)/Annual Growth Rate (%) - 2010[4]	9.1/4.2%
Number of Major Metropolitan Areas*	5
Size of Middle Class (Millions)/Growth Rate (%)[4]	4.5/5.00%
Per Capita Gross Domestic Product($Mil) - 2010[4]	809
**Unemployment Rate Estimate 2008 (%)[6]	40
Food and Non-Alcoholic Beverages Expenditure 2011 (%)[4]	41%
***Percent of Female Population (2009) Employed[3]	44%
Exchange Rate (Ksh/$) - 2012 (Estimate)[2]	94.54/1
Exchange Rate (Ksh/$) - 2011[5]	89.22/1

Data sources: [1]Global Trade Data, [2]FAS/Nairobi Estimates, [3]Kenya National Bureau of Statistics, [4]Euromonitor International-March 2011, [5]Central Bank of Kenya, [6]CIA World Factbook

*Metropolitan area=Population of at least 1 million: Nairobi; Mombasa; Kisumu; Nakuru; and, Eldoret

**CIA World Fact Book—latest estimate as of 2008

*** Female labor force as reported in a 2009 GOK publication

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

	Imports from the World ($1,000)				Imports from the U.S. ($1,000)				U.S. Market Share (%)			
Product	**2008[1]**	**2009[1]**	**2010[1]**	**2011(E)[2]**	**2008[1]**	**2009[1]**	**2010[1]**	**2011 (E)[2]**	**2008[1]**	**2009[1]**	**2010[1]**	**2011 (E)[2]**
Tree Nuts	1,502	1,099	1,038	2,500	175	120	201	480	11.6	11	19	19
Processed Fruit & Vegetables	5,188	8,565	10,698	15,350	582	228	207	200	11.2	2.66	1.9	1.3
Fruit & Vegetable Juices	3,473	3,347	4,794	4,600	2	0	8	0	0.05	0.01	0.2	0.00
Breakfast Cereals	3,484	2,273	6,095	5,800	995	266	3,274	4,000	28.6	11.7	54	69
Snack Foods	12,866	13,335	16,959	18,500	15	44	84	75	0.11	0.33	0.5	0.4
Dairy Products	7,194	11,536	14,800	20,000	526	99	3	10	7.31	0.86	0.0	0.0
Wine and Beer	11,524	10,086	13,076	16,500	165	133	209	220	1.44	1.32	1.6	1.3
Red Meats, FR/CH/FR	1,416	679	604	1,500	0	0	0	0	0	0	0	0
Fresh Vegetables	8,575	3,209	4,501	9,000	1,413	7	7	2	16.5	0.21	0.2	0.02
Red Meats, Prep/Pres	155	250	232	210	0	0	0	0	0	0.01	0	0
Poultry Meat	1	2	5	15	0	0	0	0	0	0	0	0

Eggs & Products	268	108	28	250	0	16	0	1	0	14.6	0	0.4
Fresh Fruit	7,229	7,847	9,201	10,000	0	0	5	0	0	0	0.1	0
Nursery Products & Cut Flowers	15,801	8,911	10,007	10,500	37	137	7	30	0.23	1.54	0.1	0.3
Pet Foods (Dog & Cat Food)	1,130	9,62	1,499	1,400	0	0	0	0	0	0	0	0
Other Consumer Oriented	77,381	79,589	92,512	100,000	13,973	15,209	25,283	4,500	18.1	19.1	27.3	4.5
Total Consumer-oriented Foods	**157,187**	**150,836**	**186,049**	**212,290**	**17,883**	**16,259**	**29,288**	**8,200**	**11.4**	**10.9**	**15.7**	**4**
Total Fish and Seafood Products	**6,330**	**6,106**	**7,330**	**10,866**	**0**	**0**	**0**	**0**	**0.14**	**0**	**0.04**	**0.00**
Grand Total	**163,517**	**156,942**	**193,379**	**233,156**	**17,883**	**16,259**	**29,288**	**8,200**	**11.5**	**10.9**	**15.8**	**4**

Data Sources: [1]GTA and [2]FAS/Nairobi Estimates—The "Breakfast Cereals" category above includes maize meal and corn-soy blends, imported food aid.

Kenya's Top 15 Suppliers of Consumer-Oriented Products ($1,000)

Partner Country	2008 [1]	2009[1]	2010 [1]	2011[E]	2012[F]	2013[F]
South Africa	17,012	18,056	25,537	24,000	29,800	33,700
United States	17,883	16,259	29,288	8,200	10,000	12,000
Netherlands	13,594	10,356	11,476	14,000	10,700	11,000
Tanzania	10,335	7,233	9,359	10,000	11,000	11,000
Ireland	12,988	11,786	10,138	16,000	14,000	15,000
United Kingdom	6,674	5,822	5,789	6,500	6,400	6,000
Italy	7,370	7,822	7,164	8,140	8,000	8,000
Egypt	7,613	8,499	10,118	12,200	13,000	14,300
India	4,781	5,726	5,926	6,000	6,900	7,500
United Arab Emirates	3,536	3,631	3,416	2,250	3,200	3,200
France	5,636	5,544	7,506	14,000	9,000	10,500
Brazil	2,716	1,233	3,046	4,400	5,000	5,500
China	4,429	3,579	4,563	4,900	5,100	5,500
New Zealand	3,831	3,445	2,822	3,200	3,500	3,600
Uganda	5,733	4,181	10,455	18,500	19,000	20,000
Others	33,056	37,663	39,443	60,000	65,000	65,000
World	**157,187**	**150,836**	**186,049**	**212,290**	**208,900**	**231,800**

Data Source: [1]GTA and [E,F]FAS/Nairobi Estimates and Forecast

Kenya's Top 15 Suppliers of Edible Fish and Seafood ($1.000)

Partner Country	2008[1]	2009[1]	2010[1]	2011[E]	2012[F]	2013[F]
Seychelles	2,755	3,478	1,234	4,600	4,600	4,650
Thailand	80	172	449	320	450	450
Japan	315	59	296	750	700	750
Tanzania	440	366	540	400	450	480
Singapore	1,321	1	2,202	1,600	1,600	1,800
Norway	168	142	166	166	166	170
Oman	167	115	146	70	100	120
India	213	300	162	220	200	200
Uganda	47	19	81	110	100	100
United Arab Emirates	17	13	186	65	70	70
Vietnam	0	35	97	125	130	140
Netherlands	229	54	28	10	10	20
United Kingdom	39	94	319	250	250	250
New Zealand	0	155	323	100	110	120
China	54	14	420	680	700	700
Others	485	1,092	679	1,400	1,649	1,790
World	**6,330**	**6,106**	**7,330**	**10,866**	**11,285**	**11,810**

Data Source: [1]GTA and [E,F]FAS/Nairobi Estimates and Forecast