



Kenyan Horticulture, The challenges 50 years down the line

Hasit Shah (Tiku)

Managing Director: Sunripe Group of Companies

Chairman: Fresh Produce Exporters Association of Kenya

Chairman: Kenya Horticultural Council

Chairman: Horticultural Council for East & Southern Africa

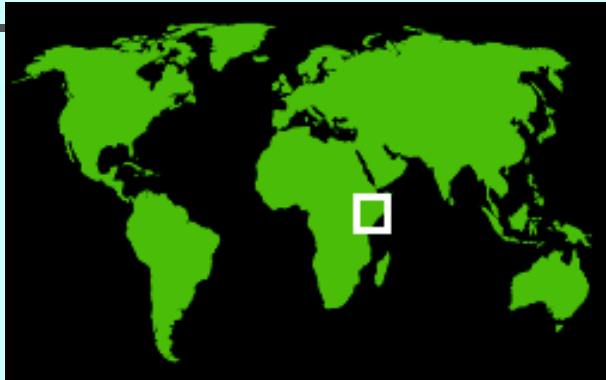
Director : COLEACP

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The IPC – Sustainability & Trade



Kenya : An Overview



Land area: 580,000 sq. km



- **Location:** East coast of Africa.
- **Population:** Approx. 33 million (2005)
 - Diverse mix of ethnic backgrounds
 - Includes 42 native tribes, people of European, Asian and Arab origin.
- **GDP :** US\$ 17.4 Billion





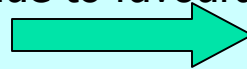
Horticulture

- Main export products & values (2006)
 - Tourism: US\$ 800 million
 - **Horticulture: US\$ 630 million**
 - Tea: US\$ 500 million
 - Coffee: US\$ 120 million
- Horticulture directly provides employment to 100,000 people, primarily women, employs university graduates and indirectly supports close to 1 million individuals & dependants.

In a nutshell



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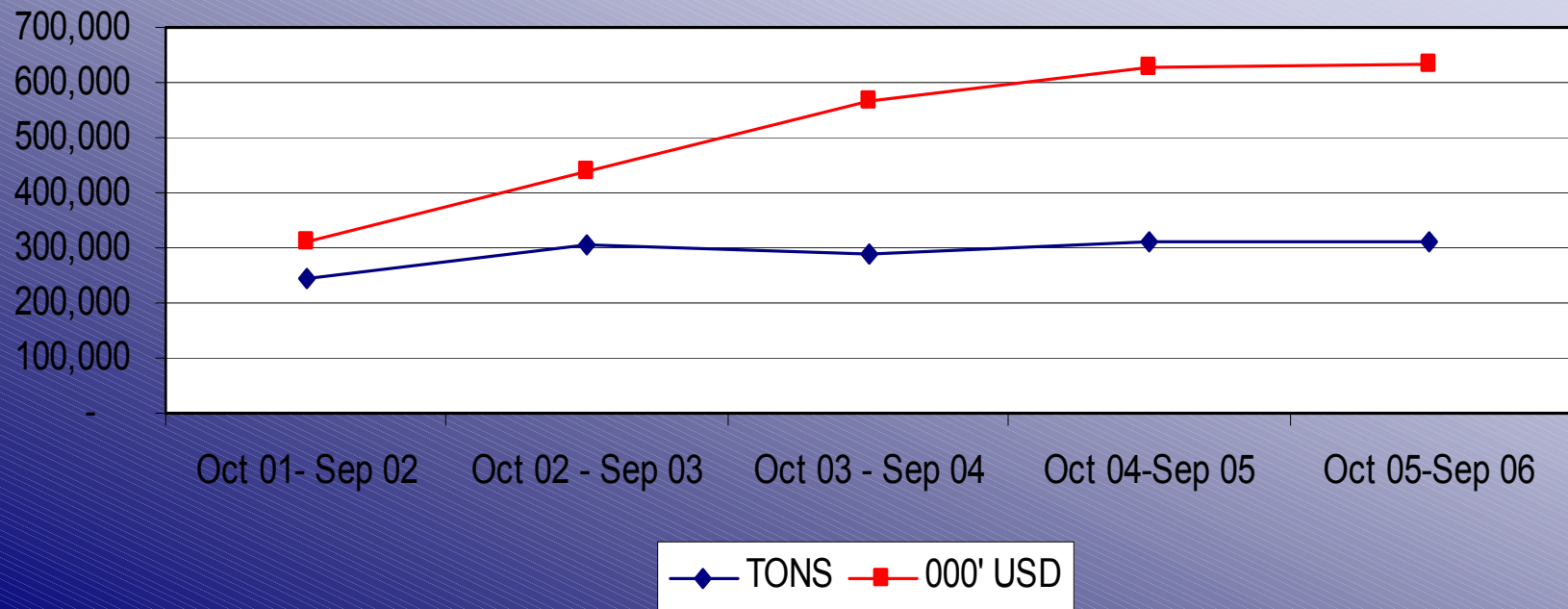
✓ **One in every three roses sold in the European Union is Kenyan**

70's : Bulk produce

2006 Top end, value addition

The growth in the last 4 years

Figure 1: Trends in Horticultural Exports



Reasons for Success: Global Trends

- Globalization
 - Physical links & trade agreements between countries help open up & develop new markets
- **Consumer trends towards fresh produce**
- **Bilaterals & Preferential access treaties (Lome & Cotonu)**
- **Quality Standards & Certifications**





Reasons for Success: Government

- Political Stability that guarantees Land ownership & tenure
- Good infrastructure:
 - Airport, ports and cargo handling facilities, banking
 - Energy, roads, telecommunications
- Fair water resources management policy
- Market oriented economy & export policies – the sector's gradual development has been aided by
 - Sound economic management,
 - Realistic exchange rate & no exchange control,
 - Stable policies with incentives & remissions on inputs for export
 - A good investment climate
 - Access to finance
 - Multiracial non secular society that encourages foreign investors
 - The development of other sectors [tourism & manufacturing]
 - Constant dialogue between the Government. The Private Sector & Development Partners

Reasons for Success: **Government** ...contd.

- Establishment of competent authorities that provide, in conjunction with the industry,
 - Farmer training & extension services
 - Market linkages for small holders to high value urban and export markets
- Comprehensive labour laws
- Investment in primary, secondary & tertiary education
 - Set-up of agriculture & technology oriented local universities that has led to an excellent resource pool of competent graduates





Reasons for Success: Private Sector

- A dynamic private sector identified production & supply opportunities for fresh grown fruit & vegetables
- As factors continue to change & as demand evolves the sector is quick to respond to changing consumer preferences & to international competition. This is possible due to
 - The ability to produce & supply existing & new markets year round
 - Heavy investment into
 - new technologies in greenhouses,
 - growing media
 - irrigation systems,
 - R& D into new varieties, crops, & crop protection inputs
 - Sophisticated agro-inputs,
 - Improved long life (modified atmosphere) packaging,
 - Sophisticated machinery for bouquets making & food processing
 - Putting in place a robust cold chain which is crucial for fresh perishable products
 - Research into alternative transport and reefers by sea

Reasons for Success: Private Sector



Created Strong lobbies:

- The **Fresh Produce Exporters Association & the Kenya Flower Council** work closely with government & development partners to ensure that a conducive environment exists for continued development of the sector.
- Both associations have come together to form the Kenya Horticultural Council last week
- Have developed **self regulating industry Codes of Practice**. These codes are benchmarked to international codes
- Included contract & small scale farmers in supply programs



Reasons for Success: Support Industries

- A pro-active supply and manufacturing sector that reacted quickly to exporters needs to provide quality inputs
- Kenya is big in tourism and the entry point for east & central Africa – This provided cargo capacity & links to all international markets
- An established banking & insurance sector is essential for credit, trade and financial instruments





The future :Issues that we face

- Market Access & Non Tariff Barriers
- Carbon Emissions & Air Miles
- Regulations, Standards & Private Sector codes : GlobalGap, Organic, BRC, BOPP, TNC, LEAF, F2F, Fairtrade, SEDEX, ETI, Max Havelaar, FLP, MPS, FFP, SA 8000, MRL Residues 91/414/eec, Marketing standards 1148/2001, Traceability 178/2002, Harmful Organisms 29/2002, Control System 882/2004
- Unfair Subsidies & incentives to producers



The future :Market Access & NTB's

The European Union has been negotiating '**economic partnership agreements**' (EPAs) with its former colonies in Africa, the Caribbean & the Pacific since September 2002.

The aim is to replace the non-reciprocal trade preferences granted by the EU to the 77 ACP countries under the existing Cotonou agreement, which was originally intended to span from 2000-2020, but has been contested by other developing countries for being incompatible with WTO rules.

A WTO waiver allowing ACP countries to continue benefiting from the current framework until the new reciprocal trade agreements are concluded will expire on 31 December 2007.

After that, countries that have not concluded an EPA will lose the preferential treatment accorded under Cotonou and will have to trade with the EU under the less-favourable terms of the Union's General System of Preference(GSP+), which are available to all developing countries. In our case our products would incur between **8 – 12 % duties** which the market will not accept.



The future :NTB's

- **Non Tariff Barriers**

- A number of developed countries use SPS regulations to control or restrict access into their markets. This includes the US, Japan, Australia, South Africa and a number of S.E. Asian countries
- A number of countries close their borders to imports to protect local production when in season



The future :Issues that we face

- **Carbon Emissions & Air Miles**
 - The current debate on air miles & carbon emissions on food miles picked up momentum after the Soil Association made threatening statements to ban imported air flown organic produce
 - Subsequent debates & submissions have made a strong case to show that farming in the tropics is efficient & contributes a minimal amount to emissions. Studies need to be done that evaluate carbon emissions throughout the supply chain.
 - In perspective the UK produces 9 Tons of emissions per person per year. Kenya produces 300 kgs per person.
- There is a big danger if this debate extends to all imported produce
- We want Trade not Aid – Any proposed bans will only increase unemployment & poverty



The future :Issues that we face

- **Regulations, Standards & Private Sector codes**
- There exist a plethora of rules, regulations, standards & codes and there is need to consolidate these
- At local level suppliers have to deal with GAP, Environmental, Labor, Health, SPS, Fiscal etc
- At import country level there are national regulations that are primarily SPS based (prohibited pests, traceability, labeling, MRL's)
- Individual private sector codes also play a large role (& cost). These include GlobalGap, Ethical Trading / Fair Trade, Organic, M&S F2F, Tesco TNC, BRC, LEAF, KFC, FPEAK, BOPP, TNC, Max Havelaar, FLP, MPS, FFP, SA 8000, MRL Residues 91/414/eec, Marketing standards 1148/2001, Traceability 178/2002, Harmful Organisms 29/2002, Control System 882/2004



The future :Issues that we face

■ **Unfair Subsidies & incentives to producers**

- European & UK farmers continue to receive subsidies to help support their activities. Diesel supplied at less than half the price. Farmers given interest free loans to develop new farming units in Africa
- Developing countries provide exporters with subsidized air-freight, tax holidays, conducive exchange rates, free land & subsidized inputs

The End

Thank you

