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Kenya

Oilseeds and Products

Vegetable Oil Sector Report

2009

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Report Highlights:
Kenya's demand for vegetable oils continues on a strong upward trend. Kenyan consumers, however, appear to favor the lower-quality, lower-cost vegetable oils, precluding, other than on concessional terms, U.S. vegetable oil exports to Kenya.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Nairobi [KE1]
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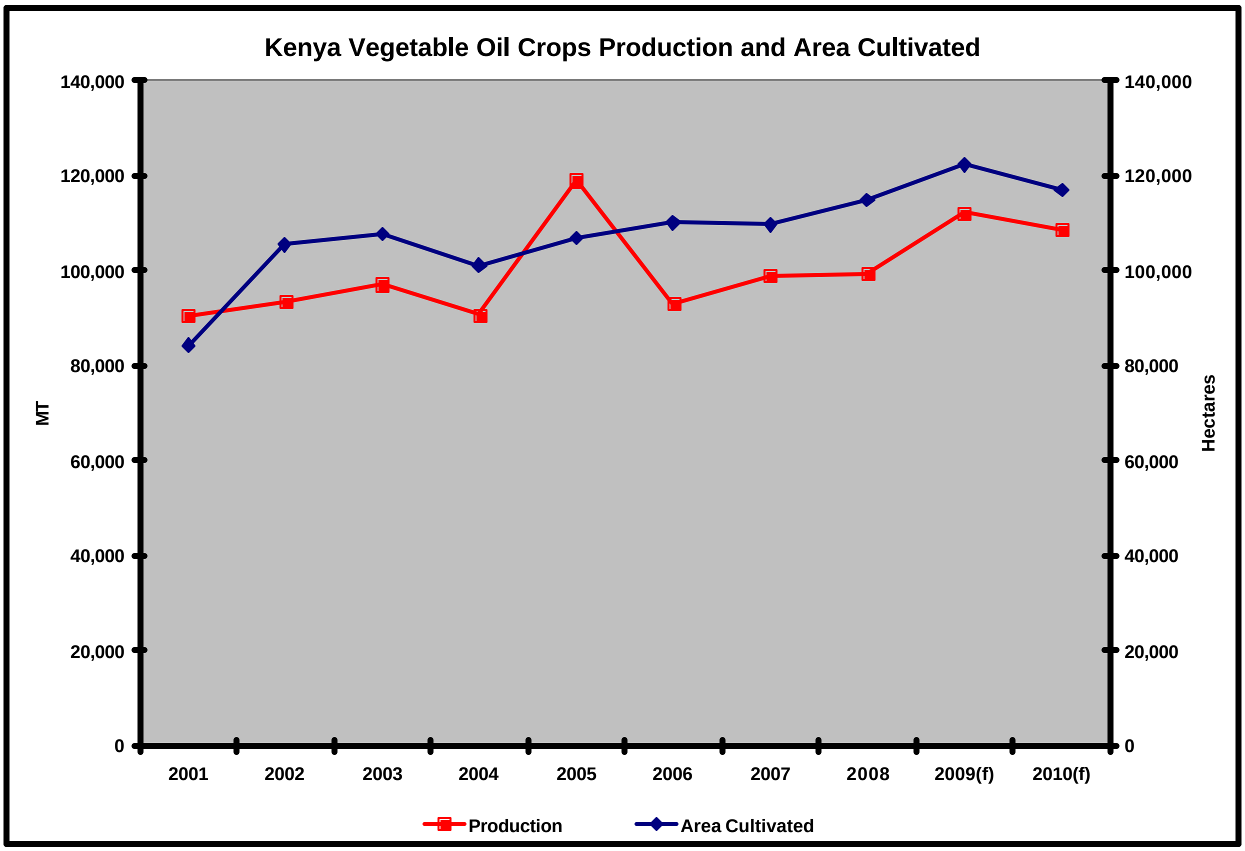
Market Summary

Kenyan refiners will likely increase imports of crude vegetable oil, because Malaysia and other suppliers sell into the world market at relatively low prices, vis-à-vis U.S. vegetable oils. Although U.S. donations of vegetable oils have increased recently, Kenyan refiners do not import U.S. vegetable oils commercially, because palm oil from Malaysia is much cheaper.

Production

Reportedly, Kenya will increase domestic oilseeds area harvested to 125,000 hectares and produce just over 100 thousand tons of oilseeds during Calendar Year 2009. Oilseed crops include coconut (leading oilseed crop), cashew nut, groundnuts, sunflower, soybeans, palm oil, simsim (sesame), cotton seed, and maize germ. The ministry of agriculture recently began promoting palm oil production, promising palm tree seedling availability through the Kenya Agricultural Research Institute Centre at very modest prices.



Source: Ministry of Agriculture

Oil processing industry

About 30 Kenyan companies refine vegetable oilseeds/oils with the largest crushing about 100 tons of oilseeds per day (TPD), while refining another 800 tons of oils per day and extracting some 100 TPD of solvents. The five largest companies process over 550,000 tons of oilseeds and crude oils per year.

Consumption

Kenyans appear to have doubled, since 2001, vegetable oil consumption to about 700,000 during the current calendar year.

Trade

Malaysia provides over 90 percent of Kenya's vegetable oil imports. Brazil, Indonesia, Singapore, India, and Italy supply the remaining balance. U.S. exports to Kenya, while increasing in value, remain concessional. The C&F landed price differential, as an example, crude degummed soybean oil from the U.S. costs $950 per ton compared to $753 for crude palm oil from Malaysia, keep U.S. exports out of the commercial market.

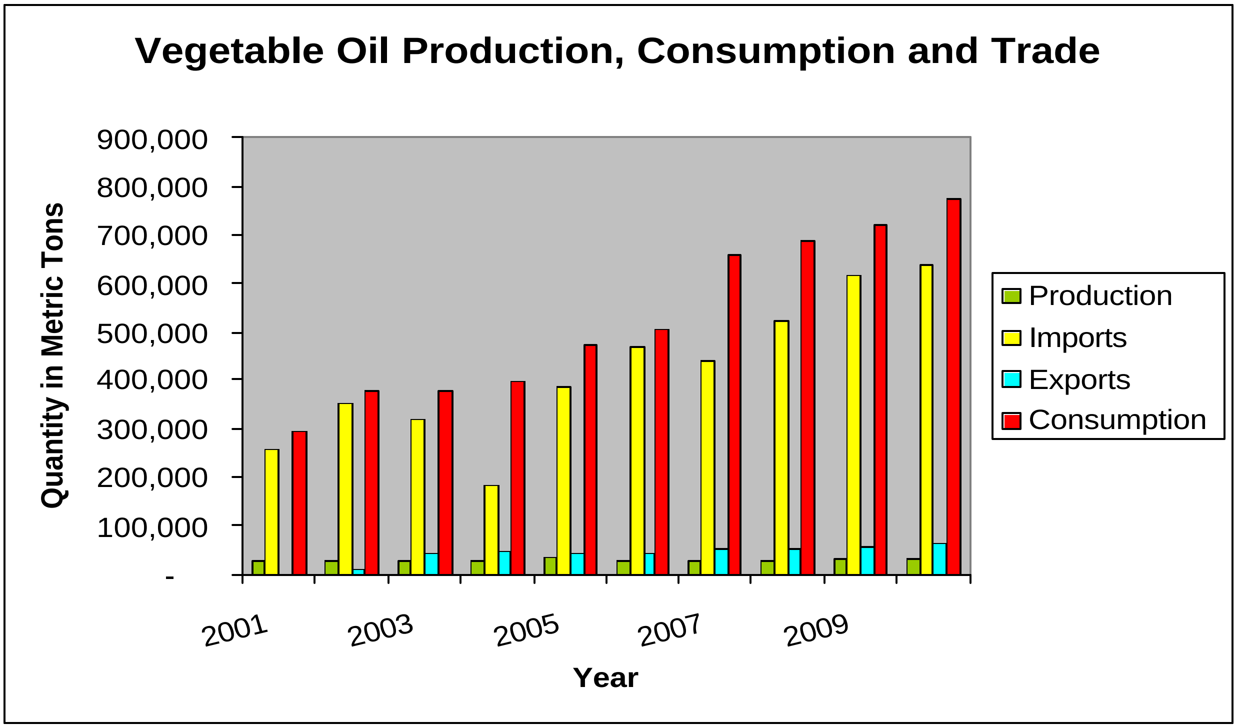
Policy

The Government of Kenya's (GOK) general agricultural policy calls for food self sufficiency by 2030, but there appears to be little hope in the vegetable-oil sector.

Kenya applies ad-valorem tariffs ranging from zero (0) for oilseeds and crude oils to 25 percent for refined oils and applies an import declaration fee of 2.25 percent on the CIF value, and a 16 percent value added tax on imported edible oils.

Item/Purpose	**Tariff Rate**
Crude oil, whether or not degummed (Palm, soybean, coconut groundnut and linseed)	0%
Sunflower, safflower, cotton seed and corn oil whether or not refined but not chemically modified	10%
Soybeans and other oilseeds	10%
Flours and meals of oilseeds	10%
Refined oil for industrial use	10%
Refined oil for food use (processed)	25%

Source: Kenya Revenue Authority



Sources: Ministry of Agriculture, Kenya National Bureau of Statistics, Global Trade Atlas, and FAS estimates.

Market Opportunities

The price and quality dynamics preclude U.S. commercial exports in volume. However, consolidators may be able to pull together small quantities of U.S. vegetable oils for export to Kenya as part of a larger shipment

For information to target the Kenyan market, please contact the following:

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