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**Report Name:** Grain and Feed Annual

**Country:** Kenya

**Post:** Nairobi

**Report Category:** Grain and Feed

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**Report Highlights:**

FAS/Nairobi forecasts an increase in corn and wheat production in marketing year (MY) 2023/24, to 3.18 million metric tons (MT) and 310,000 MT respectively due to increases in harvested area as farmers respond to high crop prices by planting more wheat and corn. Rice production is forecast to increase due to an expansion of irrigated area following the operationalization of the new Thiba Dam. MY 2022/23 rice imports are expected to reach a record high of 700,000 MT due to a temporary removal of tariffs and high local demand for affordable food staples.

Corn:

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

Corn	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Year Begins						
Kenya						
Area Harvested (1000 HA)	1950	1950	1900	1900		2000
Beginning Stocks (1000 MT)	130	275	153	195		138
Production (1000 MT)	3100	3100	3000	2900		3180
MY Imports (1000 MT)	730	727	700	750		750
TY Imports (1000 MT)	840	836	700	800		800
TY Imp. from U.S. (1000 MT)	0	0	0	0		0
Total Supply (1000 MT)	3960	4102	3853	3845		4068
MY Exports (1000 MT)	7	7	5	7		7
TY Exports (1000 MT)	6	6	5	5		5
Feed and Residual (1000 MT)	200	200	200	200		200
FSI Consumption (1000 MT)	3600	3700	3500	3500		3725
Total Consumption (1000 MT)	3800	3900	3700	3700		3925
Ending Stocks (1000 MT)	153	195	148	138		136
Total Distribution (1000 MT)	3960	4102	3853	3845		4068
Yield (MT/HA)	1.5897	1.5897	1.5789	1.5263		1.59
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Corn begins in October for all countries. TY 2023/2024 = October 2023 - September 2024						

## **Production**

Post forecasts MY 2023/24 production at 3.2 million MT, largely due to greater area harvested as farmers respond to high prices during the March-April planting season. In late February 2023, industry sources reported maize prices as high as \$471 per MT compared to \$337 per MT during the same month in 2022. According to local seed vendors and other industry sources, these high prices are encouraging Kenya farmers to switch from crops such as sugarcane to maize. Post forecasts area harvested will increase by 100,000 hectares.

Kenya farmers continue to face high fertilizer costs which discourage optimal fertilizer application. Fertilizer currently sells for an average price of \$48 per 50 kg bag, compared to \$20 per bag in 2021. The Kenya government has allocated \$40 million to provide fertilizer at a subsidized price of \$28 per bag. Post anticipates that this subsidy will help offset high prices and encourage an increase in fertilizer use for some farmers; however, yields are anticipated to remain below historical levels as the subsidy is not likely to be sufficient to meet demand for all of Kenya's corn farmers.

Kenya's commercial corn production is mostly concentrated in the Western and North Rift Valley regions (including Trans-Nzoia, Bungoma, Uasin Gishu, Kakamega, and Nandi counties) with additional production in the South Rift Valley region (Nakuru, and Narok counties).

### *Changes to MY 2022/23*

Post revises its estimate for MY 2022/23 production down to 2.9 million tons, the lowest output since MY2015/16. Local sources indicate Kenya's corn production fell due to drought conditions, coupled by low fertilizer application due to high fertilizer prices. While farmers in the Western and North Rift Valley regions reported average yields due to rainfall in July 2022, drought conditions persisted in other growing areas, depressing national production.

## **Policies**

In December 2022, the Government of Kenya (GoK) announced a new fertilizer subsidy program that will offer a discounted price of KSH 3,500 (\$28) per 50 kg bag to combat high input prices. The government has been registering farmers to participate in this program and local sources indicate that distribution is likely to occur before the planting season. The GoK has also sought to increase farmland available for maize production by restarting the Galana-Kulalu irrigation scheme through a public-private partnership model. While the GoK estimates that this scheme could increase Kenya's area planted by up to 350,000 hectares, the initiative will start on a smaller-scale trial basis and is not anticipated to impact corn production in MY 2023/24.

In February 2023, the GoK issued a public notice highlighting its intention to waive import duties on 900,000 metric tons of white corn to increase Kenya's supply. Kenya charges a 50 percent tariff on corn imports from outside the East Africa Community (EAC). This waiver would remove the 50 percent tariff on corn imported before August 6, 2023, however it has not been operationalized through a public gazette notice at the time of this report.

## **Consumption**

Post forecasts MY 2023/24 corn consumption will recover to over 3.9 million MT from 3.7 million MT the year before due to increased local supply as more acreage is dedicated to corn. Corn remains the main staple food in

Kenya and a key ingredient in feed manufacturing. However, Kenya consumers are increasingly diversifying to other food staples such as potatoes, rice, and bananas due to rising corn prices. Kenya’s feed and residual consumption is estimated to remain at 200,000 MT as corn prices will likely remain high and Kenya’s feed sector continues to face competition from human consumption. Kenya produces and consumes white corn both for feed and food use. Kenya’s feed manufacturing sector has largely stagnated due to an inadequate supply and high cost of raw materials, with industry sources reporting the closure of over 30 feed mills since 2021.

*Changes to MY 2022/23*

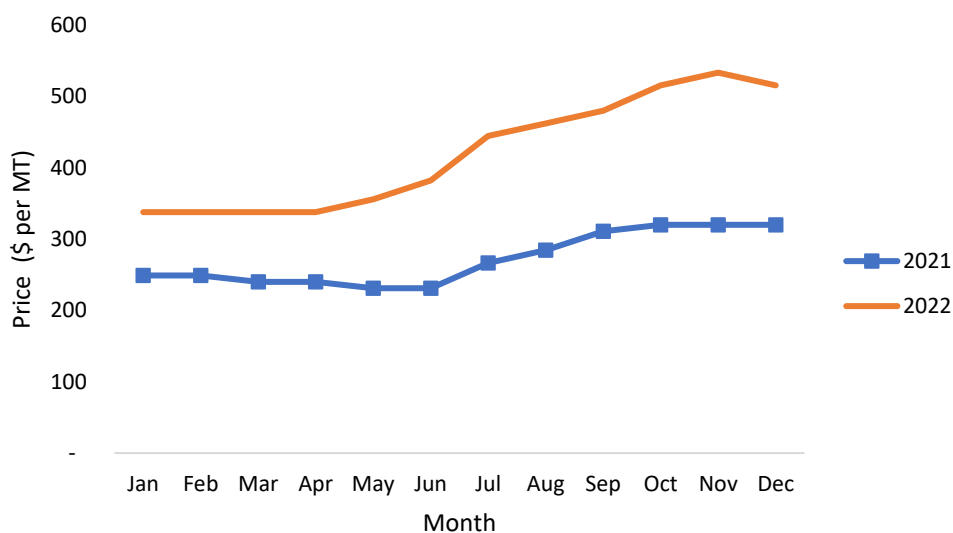
MY 2022/23 consumption is estimated at 3.7 million MT due to low domestic production, high prices, and a shift to other food staples as Kenyan consumers seek less expensive alternatives such as potatoes, rice, and bananas. Prolonged drought conditions and price surges for key staple foods, including corn, have increased food insecurity. According to Kenya’s National Drought Management Authority, as of February 2023, 6 million Kenyans were food insecure a figure equivalent to 11 percent of Kenya’s population and an increase of 1.4 million from July 2022.<sup>1</sup>

**Marketing**

Post anticipates MY 2023/24 prices will remain high as low domestic and regional supplies keep prices above historical levels.

Prices in MY 2022/23 reached a record high of \$533/MT due to production shortfalls caused by drought, high fertilizer prices, and insufficient regional imports to stabilize prices. Average MY 2022/23 prices nearly doubled to \$420/MT from \$272/MT the year before.

**Figure 1: Monthly Kenya Corn Prices**



<sup>1</sup> <https://www.ndma.go.ke/index.php/resource-center/press-releases>.

Source: Kenya Ministry of Agriculture, Livestock, Fisheries, and Co-operatives.

According to local media sources, in February 2023, Kenya’s National Cereals and Produce Board (a GoK agency) announced that it would resume corn purchases at \$498/MT, creating a floor for maize prices.<sup>2</sup> Historically, the NCPB has bought corn using public funds to fill Kenya’s strategic grain reserves but ceased purchases in 2021 due to budget constraints. As of March 2023, the NCPB has not indicated how much corn it intends to purchase.

## Trade

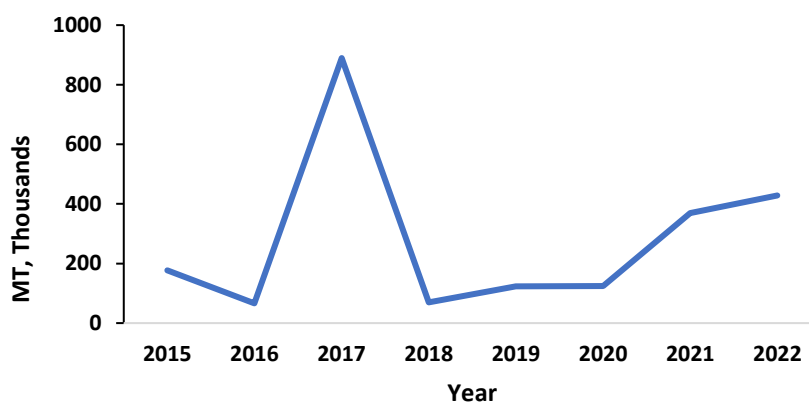
Post forecasts MY 2023/24 imports will reach 750,000 MT, unchanged from MY 2022/23. While Kenya’s imports from regional EAC and Common Market for Eastern and Southern Africa (COMESA) countries are expected to remain high due to shortfalls in domestic production, exportable supplies from these countries will likely face limits in MY 2022/23 due to lower than average regional production.

**Table 2: Key Corn Exporters to Kenya**

Country	Unit	MY 2019/20	MY 2020/21	MY 2021/22
Tanzania	T	169,435 (63%)	146,873 (66%)	708,978 (97%)
Zambia	T	8,286 (3%)	6,836 (3%)	10,728 (1%)
South Africa	T	2,759 (1%)	2,4836 (11%)	2,782 (0.38%)
Uganda	T	-	11 (0.001%)	2,629 (0.36%)

Source: Trade Data Monitor LLC

**Figure 2: Kenya MY Year-to-Date Corn Imports (July to November)**



Source: Trade Data Monitor LLC

<sup>2</sup> <https://nation.africa/kenya/counties/uasin-gishu/ncpb-struggling-to-buy-maize-as-millers-offer-better-prices-amid-low-supply-4151132>.

MY 2022/23 year-to-date imports stand at the highest levels since MY2017/18 as Kenya sources large amounts of corn from Tanzania to supplement shortfalls in domestic production.

### **Stocks**

FAS/Nairobi forecasts MY 2023/24 stocks will remain below historical levels at 136,000 MT as corn supplies tighten. Stocks will likely be held largely by farmers, traders, and millers. The GoK may hold some stocks due to government purchases. While the NCPB has announced that it will resume purchases of corn, no public information is available on how much corn the NCPB intends to buy.

In general, Kenya's corn crop suffers from high post-harvest losses due to inadequate storage. NCPB owns most of Kenya's corn storage. The facilities remain in a poor state of maintenance. The GoK is encouraging private sector investment in grain warehouses to improve storage quality, and the Warehouse Receipt System Council (WRSC) recently licensed the first private warehouse receipt operator.

**Wheat:**

**Table 3: Production, Supply and Distribution (PSD)**

Wheat	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Year Begins						
Kenya						
Area Harvested (1000 HA)	140	140	150	140		150
Beginning Stocks (1000 MT)	366	361	339	311		236
Production (1000 MT)	250	250	300	275		310
MY Imports (1000 MT)	2083	1754	2200	1600		1600
TY Imports (1000 MT)	2083	1754	2200	1600		1600
TY Imp. from U.S. (1000 MT)	28	73	0	0		50
Total Supply (1000 MT)	2699	2365	2839	2186		2146
MY Exports (1000 MT)	10	4	10	10		5
TY Exports (1000 MT)	10	4	10	10		5
Feed and Residual (1000 MT)	150	150	150	140		140
FSI Consumption (1000 MT)	2200	1900	2300	1800		1800
Total Consumption (1000 MT)	2350	2050	2450	1940		1940
Ending Stocks (1000 MT)	339	311	379	236		201
Total Distribution (1000 MT)	2699	2365	2839	2186		2146
Yield (MT/HA)	1.7857	1.7857	2	1.9643		2

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024

## **Production**

FAS/Nairobi anticipates MY 2023/24 wheat production will reach 310,000 MT largely due to increases in area harvested. According to industry sources, new farmers are moving into Narok County to lease land and plant wheat to take advantage of high prevailing prices. In February 2023, wheat prices stood at \$462 per MT compared to \$417 per MT during the same month in 2022. FAS Nairobi anticipates wheat production will be less affected by high fertilizer prices as wheat farmers tend to be larger-scale and better positioned to absorb high input prices than most corn producers.

Kenya's wheat production is concentrated in Narok County (on the Tanzania border) and Timau County (north of Mt. Kenya). In general, Kenya's wheat yields face challenges due to short-term land leases that disincentivize investment in soil and equipment. Production is also negatively affected by seed recycling and occasional outbreaks of Ug99 rust disease.

### *Changes to MY 2022/23*

Post estimates MY 2022/23 production increased 25,000 MT to 275,000 MT due to good weather conditions in the Narok highlands. However, overall production is forecast to remain below normal levels due to severe drought conditions in Timau and below average rainfall in lower Narok.

## **Consumption**

Post forecasts that MY 2023/24 wheat consumption will remain low at 1.94 million MT. Despite an expansion of restaurants and bakeries in the Nairobi region, overall wheat consumption has been negatively impacted by high domestic prices, with prices climbing to \$446 per MT as of December 2022. Continued disruptions in global supply chains associated with the Ukraine crisis and Kenya's worsening exchange rate have maintained high wheat prices, prompting Kenyans to shift to other food staples such as rice, potatoes, and bananas. According to local sources, most Kenyans are price-sensitive consumers, switching to the most affordable option when prices shift. Retailers and millers note that wheat products such as pasta, cakes, and pastries are increasingly popular in Kenya, however these products are typically consumed by higher income, urban sections of the population and growth in these sectors may be constrained by general inflation which has reduced Kenyan purchasing power. The IMF estimates that Kenya's inflation increased from 6.1 percent in 2021 to 7.7 percent in 2022 and will reach 7.8 percent in 2023.

### *Changes to MY 2022/23*

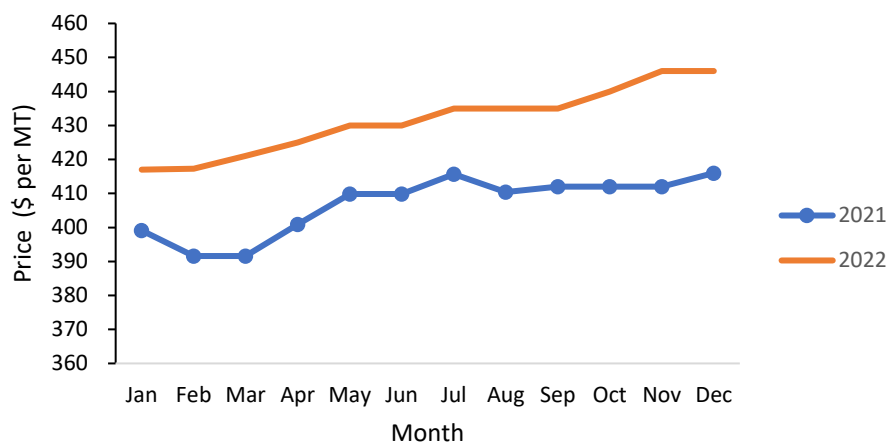
MY 2022/23 consumption is revised downwards to 1.94 million MT from Post's previous forecast due to high prices prompting consumers to shift to alternative food staples such as rice, potatoes, and bananas.

## **Prices**

As noted above, Kenya wheat prices have risen due to international supply chain disruptions and production below historical levels due to drought conditions. Average prices in 2022 increased from \$407/MT in 2021 to \$431/MT.



**Figure 3: Monthly Kenya Wheat Prices**



Source: Kenya Ministry of Agriculture, Livestock, Fisheries, and Co-operatives.

### Trade

FAS Nairobi anticipates that wheat imports in MY 2023/24 will remain unchanged at 1.6 million MT as prevailing conditions in MY 2022/23 are likely to continue. Post estimates MY2022/23 imports will fall roughly 10 percent from the previous year due to high prices, disruptions associated with the Ukraine crisis, and Kenya’s deteriorating exchange rate. Since June 2022, Kenya’s currency has depreciated by almost 9 percent against the U.S. dollar, decreasing Kenya’s purchasing power for imported goods (Figure 4). Kenya’s year-to-date wheat imports for MY 2022/23 stand at 779,000 MT (Figure 5).

**Figure 4: Kenya’s Exchange Rate Depreciation**

## USD to KES Chart +11.75% (1Y)

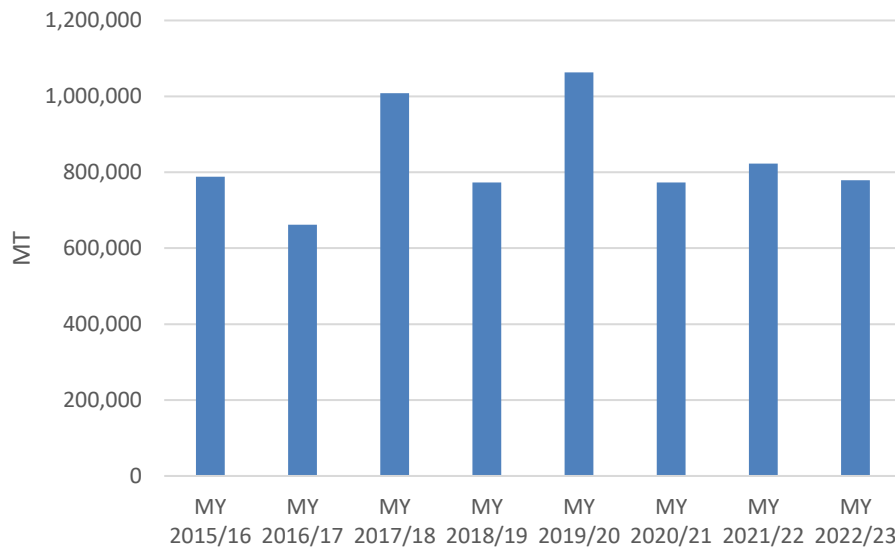
1 USD = 127.079 KES Feb 28, 2023, 11:30 UTC

US Dollar to Kenyan Shilling



Source: Xe.

**Figure 5: Kenya MY Year-to-Date Wheat Imports (July to December)**



Source: Trade Data Monitor LLC

Kenya traditionally sources wheat from a wide array of sources, including Argentina, the Black Sea Region, Australia, and North America (Table 4). As of December 2022, Kenya has sourced most of its MY 2022/23 imports from Russia. According to traders, Russian wheat is currently competitively priced compared to other sources offering wheat of comparable quality (Table 5).

**Table 4: Key Wheat Exporters to Kenya (Year ending June)**

Country	Unit	MY 2019/20	MY 2020/21	MY 2021/22
Argentina	T	541,140 (25%)	346,871 (18%)	693,829 (40%)
Australia	T	465,57 (2%)	524,378 (27%)	303,523 (18%)
Ukraine	T	211,859 (10%)	14,000 (1%)	255,827 (15%)
Russia	T	659,311 (30%)	602,734 (31%)	222,456 (13%)
United States	T	10,201 (0.5%)	2 (0.001%)	72,960 (5%)
Canada	T	139,595 (6%)	134,904 (7%)	69,259 (4%)
Lithuania	T	75,735 (3%)	63,144 (3%)	67,280 (4%)
Egypt	T	30,557 (1%)	27,385 (1%)	24,063 (1%)
Latvia	T	91,196 (4%)	65,862 (3%)	15,866 (1%)
Turkey	T	12,380 (0.6%)	14,685 (1%)	7,235 (0.5%)
Iran	T	2,071 (0.1%)	4,617 (0.2%)	4,708 (0.3%)

Source: Trade Data Monitor, LLC

**Table 5: Key Wheat Exporters to Kenya, Year to Date (July to December)**

Country	Unit	2020 (July-Dec)	2021 (July-Dec)	2022 (July-Dec)
Russia	T	43,1642 (54%)	193,970 (24%)	373,417 (48%)
Lithuania	T	24,146 (3%)	45,300 (7%)	116,170 (15%)
Australia	T	1 (0%)	23,727 (3%)	91,408 (12%)
Poland	T	40,847 (5%)	1 (0%)	51,258 (7%)
Ukraine	T	14,000 (2%)	255,827 (32%)	44,480 (6%)
Canada	T	94,688 (12%)	69,259 (9%)	38,500 (5%)
Czech Republic	T	14,000 (2%)	-	32,735 (4%)
Egypt	T	13,713 (2%)	19,708 (2.4%)	9,484 (1%)

Argentina	T	48,830 (6%)	110,951 (14%)	5,909 (0.8%)
Turkey	T	6,746 (0.8%)	3,594 (0.4%)	2,233 (0.3%)
Germany	T	40,275 (5%)	-	1,500 (0.2%)
Iran	T	1,886 (0.2%)	2,036 (0.3%)	570 (0.1%)

Source: Trade Data Monitor LLC

### **Policies**

Kenya's registered millers enjoy a 10 percent ad-valorem tariff for wheat imported from outside the EAC, on the condition that they participate in the local Wheat Purchase Program (WPP), that obligates them to first purchase all locally produced wheat before they can apply for import licenses. The WPP is managed by the Agriculture and Food Authority, a GOK agency in partnership with two industry groups, the Cereal Millers Association (CMA), and the Cereals Growers Association (CGA). Wheat imports by millers or traders who are not covered under this arrangement are subject to an EAC Common External Tariff (CET) of 35 percent.

### **Stocks**

FAS/Nairobi forecasts ending stocks will decline in MY 2023/24 and MY 2022/23 due to tightening supplies. Post anticipates stocks will fall from 379,000 MT to 236,000 MT in MY2022/23 and to 201,000 MT in MY 2023/24.

Rice:

Table 5: Production, Supply and Distribution (PSD) Table

Rice, Milled	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
Kenya	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	30	30	30	35		45
Beginning Stocks (1000 MT)	43	117	78	124		119
Milled Production (1000 MT)	85	80	90	95		130
Rough Production (1000 MT)	129	121	136	144		197
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600		6600
MY Imports (1000 MT)	675	677	650	700		690
TY Imports (1000 MT)	700	677	650	670		650
TY Imp. from U.S. (1000 MT)	0	0	0	0		0
Total Supply (1000 MT)	803	874	818	919		939
MY Exports (1000 MT)	0	0	0	0		0
TY Exports (1000 MT)	0	0	0	0		0
Consumption and Residual (1000 MT)	725	750	750	800		825
Ending Stocks (1000 MT)	78	124	68	119		114
Total Distribution (1000 MT)	803	874	818	919		939
Yield (Rough) (MT/HA)	4.3	4.0333	4.5333	4.1143		4.3778

(1000 HA) ,(1000 MT) ,(MT/HA)  
 MY = Marketing Year, begins with the month listed at the top of each column  
 TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2023/2024 = January 2024 - December 2024

## Production

FAS Nairobi estimates Kenya's MY 2023/24 rice production will increase to 130,000 MT due to an expansion in area planted following the commissioning of the Thiba Dam in October 2022 (Figure 6). The dam will increase water available for rice cultivation in the Mwea Irrigation Scheme, Kenya's primary rice growing area. Available water will be increased gradually over time, leading to increases in area harvested in MY 2022/23 and MY 2023/24. Sources indicate that a second cropping may be gradually introduced in the scheme, leading to increased production. The GoK has announced plans to revitalize two other rice schemes, Ahero and Budalangi, both in Western Kenya; however, these plans have not yet been implemented and no additional production is expected from these schemes in MY 2023/24.

**Figure 6: Water Levels Rising at Thiba Dam**



Source: Kenya National Irrigation Authority

Yields for MY2023/24 are anticipated to recover due to the availability of subsidized fertilizer during the planting season. Most of Kenya's rice production is irrigated, providing protection from drought conditions.

### *Changes to MY 2022/23*

Post estimates MY 2022/23 production will increase to 95,000 MT due to an expansion in area harvested associated with the launch of the Thiba Dam.

## Policies

In February 2023, the GOK issued a public notice highlighting its intention to waive import duties for 600,000 MT of rice to ease rising food staple prices. The GoK waiver removes this tariff for rice arriving before August 6, 2023.

The current EAC common external tariff on rice is 75 percent ad-valorem or \$345 per MT. Since 2015, Kenya has, however, obtained a waiver from the EAC Secretariat to import rice from outside EAC at a tariff of 35 percent or \$200 per ton whichever is higher, to supplement low local production.

### **Consumption**

MY 2023/24 consumption is expected to continue to grow from 800,000 MT to 825,000 MT as individual households and institutions shift to rice as a food staple due to its lower cost and ease of preparation. Rice requires less energy to prepare than corn-based meals, and as fuel costs rise the price difference to consumers between the two commodities grows. Several schools in Kenya have switched from serving corn to rice to reduce operational costs.

#### *Changes to MY 2022/23*

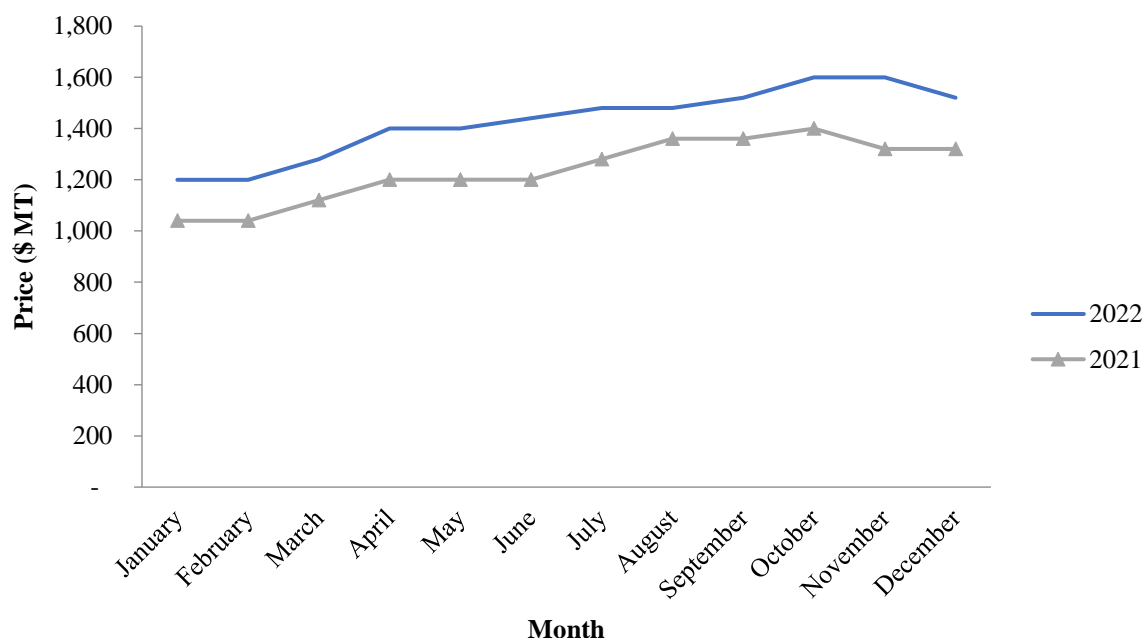
Post estimates MY2022/23 consumption will increase nearly 7 percent to 800,000 MT as Kenya's announced tariff waiver will make imported rice a more price-attractive option to Kenya consumers.

### **Marketing**

Rice prices have generally risen over 2022 compared to 2021, largely due to increased demand for affordable food staples. Post anticipates rice prices may stabilize at a lower level due to access to duty-free imports in MY 2022/23 and increased domestic production in MY 2023/24.

Domestically grown rice is generally more expensive than imports, with premium rice from the Mwea Irrigation Scheme averaging \$1595/MT in 2022 (Figure 7). Kenya trade data shows prices for rice from Pakistan averaging \$393/MT as of December, 2022, making it a cheaper option for consumers than corn or wheat.

### **Figure 7: Kenya Premium Retail Rice Prices at the Mwea Irrigation Scheme**



Source: Kenya National Irrigation Authority.

## Trade

In MY2023/24, Post anticipates imports will decline slightly to 690,000 MT as higher domestic production accounts for a larger portion of Kenya’s rice supply. MY2022/23 imports are expected to reach a record of 700,000 MT as the temporary removal of tariffs for 600,000 MT of rice until August 2023 lowers the price of imported rice, making it more attractive to Kenya consumers. Kenya imports the majority of its rice from outside the EAC, primarily from Pakistan and India.

**Table 6: Key Rice Exporting Countries to Kenya**

Country	Unit	MY 2019/20	MY 2020/21	MY 2021/22
Pakistan	T	389,028 (63%)	204,947 (34%)	309,929 (46%)
India	T	41,337 (7%)	187,797 (31%)	230,293 (34%)
Tanzania	T	373,45 (6%)	195,339 (32%)	97,751 (14%)
South Korea	T	10,000 (2%)	-	22,000 (3%)
Thailand	T	901,08 (15%)	13,313 (2%)	16,827 (2%)

Source: Trade Data Monitor LLC

## Stocks



FAS/Nairobi forecasts ending stocks will hold steady in MY 2023/24 and 2022/23 as imports support higher demand. All rice stocks in Kenya are held by farmers and private traders.

**Attachments:**

No Attachments