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Report Highlights:

FAS Nairobi forecasts Kenya's corn production will remain unchanged year-on-year in marketing year (MY) 2024/25 at 3.7 million metric tons (MT) due to similar growing conditions, area harvested, and input availability. MY 2024/25 wheat imports are anticipated to increase 7.5 percent year-on-year to 2.15 million MT as demand for wheat products continues to grow alongside rising disposable incomes. Post forecasts MY 2024/25 rice production will increase to 180,000 MT due to increases in area harvested associated with the Thiba dam.

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

Corn Market Year Begins Kenya	2022/2023 Jul 2022		2023/2024 Jul 2023		2024/2025 Jul 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1900	1900	2000	2000		2000
Beginning Stocks (1000 MT)	256	195	123	152		197
Production (1000 MT)	2900	2900	3200	3700		3700
MY Imports (1000 MT)	670	660	700	350		350
TY Imports (1000 MT)	550	540	700	300		350
TY Imp. from U.S. (1000 MT)	0	0	0	0		0
Total Supply (1000 MT)	3826	3755	4023	4202		4247
MY Exports (1000 MT)	3	3	5	5		5
TY Exports (1000 MT)	2	5	5	5		5
Feed and Residual (1000 MT)	200	200	200	250		275
FSI Consumption (1000 MT)	3500	3400	3700	3750		3775
Total Consumption (1000 MT)	3700	3600	3900	4000		4050
Ending Stocks (1000 MT)	123	152	118	197		192
Total Distribution (1000 MT)	3826	3755	4023	4202		4247
Yield (MT/HA)	1.5263	1.5263	1.6	1.85		1.85

(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 2024/2025 = October 2024 - September 2025

Production

FAS Nairobi forecasts Kenya’s MY 2024/25 corn production will remain unchanged year-on-year at 3.7 million MT due to similar area harvested and yields from MY 2023/24. Post anticipates area harvested will remain flat due to high opportunity costs associated with converting farmland from other crops to corn. In many regions increases in corn acreage would require uprooting high-value long-term crops such as tree nuts and sugarcane which farmers are reluctant to replace given their income potential and high planting time and investment requirements. Additionally corn prices have receded from their MY2022/23 peak and production costs such as labor and fuel have continued to increase, reducing corn’s profitability and incentivizing farmers to limit expansion in area harvested. For example, local sources report that fuel prices associated with plowing increased 25 percent year on year, reaching 4000 KSH ($25) per hectare in February 2024.

MY 2024/25 yields are expected to remain unchanged from MY 2023/24 due to good weather and similar input availability and prices. While formal plans have not yet been announced, the Government of Kenya (GOK) has expressed its intention to maintain the 2023 fertilizer subsidy for corn farmers and to stabilize fertilizer prices at 3500 KSH ($22) per bag through discussions with local media. For more on the fertilizer subsidy see the policy section below.

Kenya's corn production is concentrated in the Western and North Rift Valley regions which account for over 80 percent of Kenya's commercial production. In general Kenya's production suffers from post-harvest losses ranging from 30 to 40 percent due to inadequate storage facilities. Kenya has two harvest seasons for corn. Kenya's primary crop is planted during March in the North Rift Valley and is harvested in October and November. Other regions harvest under a bimodal season with two plantings per year and harvests from July to August and December to February.

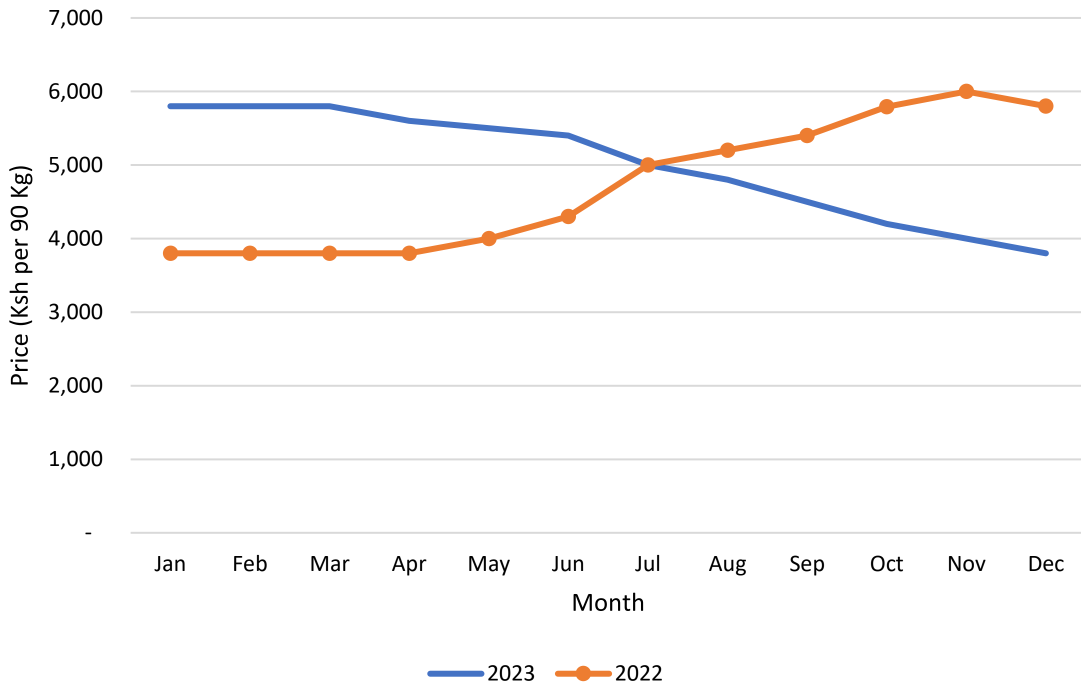
Changes to MY 2023/24

Post estimates MY 2023/24 production recovered from drought conditions the year before, reaching 3.7 million MT due to timely rainfall in most growing regions and adequate fertilizer usage facilitated by subsidized prices.

Marketing

Post anticipates similar growing conditions and production levels in MY 2024/25 will keep prices relatively unchanged from MY 2023/24. MY 2024/25 prices are anticipated to remain below the record levels seen in MY 2022/23 due to normal growing conditions facilitating a good harvest. In November 2022, prices spiked to a new record of 6000 KSH ($40) per 90 kg bag due to regional production shortfalls associated with drought conditions and high input prices. As seen in Figure 1, corn prices have since fallen to below 4000 KSH ($27) per bag as increased production in MY 2023/24 has increased available supplies. While lower, this price point is still above historical levels.

Figure 1: Monthly Kenya Corn Prices



Source: Kenya Ministry of Agriculture and Livestock Development.

Historically Kenya has sought to prop up corn prices through government purchases at established minimum prices. In 2023, the GoK announced it would purchase corn at a floor price of 4000 KSH per 90 kg bag through the National Cereals and Produce Board (NCPB). However, market prices remained above this floor for most of 2023, resulting in few government purchases.

Policies

In December 2022, the Government of Kenya announced a fertilizer subsidy program to offset high input prices. The GoK has expressed its intention to retain this subsidy for 2024, although it has not yet stated if it will be implemented at a similar scale to 2023. Under the program fertilizer was supplied to farmers at a discounted price of KSH 3,500 ($22) per bag. According to local sources subsidized fertilizer was largely directed towards corn farmers in the Western and North Rift Valley.

Since 2013, the GoK has sought to increase corn production under the Galana-Kulalu irrigation scheme. The GoK estimates that development of this land could increase area harvested by up to 350,000 hectares, however according to local sources current acreage under production is estimated at 500 hectares through trial plots.

In February 2023, the GoK waived import duties for up to 900,000 MT of white maize from outside the East Africa Community (EAC) in an effort to reduce record-high corn prices. However, according to Kenya’s trade data, most of this tariff-free window went unutilized, likely due to Kenya’s restrictions on genetically-engineered (GE) products. In October 2022 the GoK lifted its long-standing ban on GE products, however a court-issued injunction put the ban back in place as a legal challenge against the decision to lift the ban proceeded. As of time of publication GE products are not permitted in Kenya due to the injunction. This restriction against GE products limits Kenya’s access to most corn supplies outside the EAC as more than 75 percent of worldwide exportable supplies of corn are from countries that predominately use GE technology. Kenya's tariff-free window for white maize expired in August 2023.

The GoK opened a second tariff-free window for 500,000 tons of yellow maize in March 2023 to support the feed sector. This window allowed yellow maize from outside the EAC to enter Kenya duty-free so long as it was only used for animal feed. Imports under this window were minimal due to difficulties in sourcing non-GE maize and an overlap with Kenya's domestic maize harvest when local maize was widely available to supply Kenya's feed needs. The yellow maize window expired in February 2024.

Consumption

Post anticipates MY 2024/25 consumption will increase slightly from MY 2023/24 reaching 4.05 million MT. Corn is expected to remain an attractive option for Kenya consumers due to an anticipated normal harvest keeping prices below their MY 2022/23 peak. Corn is a traditional part of the Kenyan diet and the primary ingredient in many local staple dishes such as ugali (a dough-like corn meal) and githeri (a mixture of corn and beans). It is also the primary energy component for Kenya's feed sector. Post anticipates MY2024/25 feed consumption will increase as Kenya's dairy and livestock sectors continue to recover from losses associated with drought conditions in 2021 and 2022.

Changes to MY 2023/24

Post revises its MY 2023/24 consumption forecast up to 4 million MT as a recovery in domestic production increases available supplies and lowers prices from MY 2022/23. In MY 2022/23, many consumers substituted rice and potatoes for corn due to high corn prices. Post anticipates many of these consumers will switch back to corn as it becomes more affordable.

Trade

Post forecasts MY 2024/25 imports will remain unchanged year-on-year at 350,000 MT due to similar demand and production levels from the current year. Domestic production is expected to supply more of Kenya's demand in MY 2024/25 compared to MY 2022/23 when low domestic production and high prices triggered a surge in imports. Additionally, Kenya traders have begun to source more corn from non-traditional sources such as Zambia and South Africa (see Table 2). Historically, Kenya has sourced most of its imported corn from Tanzania, however traders have had difficulty exporting corn from Tanzania following the implementation of new export procedures.[1] In the past the Government of Tanzania has imposed export bans or restricted access to export permits when domestic supplies are low.

[1] For more information see the 2024 Tanzania Grain and Feed Annual Report.

Table 2: Key Corn Exporters to Kenya

Country	Unit	MY 2020/21	MY 2021/22	MY 2022/23
Tanzania	T	146,873 (66%)	708,978 (97%)	412,755 (63%)
Zambia	T	6,836 (3%)	10,728 (1%)	88,050 (13%)
South Africa	T	2,4836 (11%)	2,782 (0.38%)	64,513 (10%)
Uganda	T	11 (0.001%)	2,629 (0.36%)	34,590 (5%)

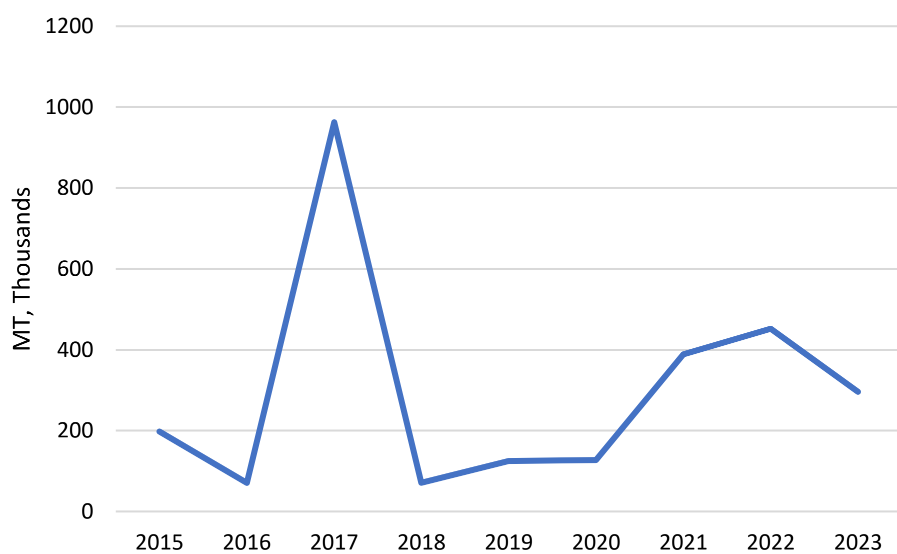
Source: Trade Data Monitor LLC

Kenya retains a steep *ad-valorem* import duty of 50 percent for corn from outside the EAC, in line with the EAC common external tariff. Corn imported from EAC countries has duty-free access to Kenya.

Changes to 2023/24

Post estimates MY 2023/24 imports will decline almost 47 percent from MY2022/23 to 350,000 MT as higher domestic production reduces demand for imported corn.

Figure 2: Year to Date Corn Imports July to November:



Source: Trade Data Monitor LLC

Stocks

FAS/Nairobi anticipates MY 2024/25 ending stocks will remain largely unchanged from the year before at 192,000 MT. Stocks will be held by farmers, traders, and millers. In the past, the NCPB has kept public stocks through its purchasing programs, however according to local sources it is unlikely to keep any stocks in MY 2023/24 and MY 2024/25 due to budget constraints. In MY 2023/24, government stocks remain low as NCPB prices to farmers have been lower than market prices, curtailing government purchases.

Wheat:

Table 3: Production, Supply and Distribution (PSD)

Wheat	2022/2023		2023/2024		2024/2025	
Market Year Begins	Jul 2022		Jul 2023		Jul 2024	
Kenya	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	140	140	150	150		150
Beginning Stocks (1000 MT)	298	311	408	299		249
Production (1000 MT)	275	275	310	310		310
MY Imports (1000 MT)	2300	1878	2100	2000		2150
TY Imports (1000 MT)	2300	1878	2100	2000		2150
TY Imp. from U.S. (1000 MT)	50	0	0	50		0
Total Supply (1000 MT)	2873	2464	2818	2609		2709
MY Exports (1000 MT)	15	15	60	5		5
TY Exports (1000 MT)	15	15	60	5		5
Feed and Residual (1000 MT)	150	150	150	155		160
FSI Consumption (1000 MT)	2300	2000	2400	2200		2275
Total Consumption (1000 MT)	2450	2150	2550	2355		2435
Ending Stocks (1000 MT)	408	299	208	249		269
Total Distribution (1000 MT)	2873	2464	2818	2609		2709
Yield (MT/HA)	1.9643	1.9643	2.0667	2.0667		2.0667

(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 2024/2025 = July 2024 - June 2025

Production

FAS Nairobi forecasts MY 2024/25 production will remain unchanged at 310,000 MT due to similar conditions from MY 2023/24. Area harvested is expected to remain flat. Farmers are unlikely to switch from wheat to other crops as domestic wheat prices remain attractive and according to local sources there is little additional cropland that could be easily converted to wheat production to expand acreage. Kenya's suitable land for wheat is clustered around Narok (near the Tanzania border) and Timau (north of Mt. Kenya) and is mostly utilized by large-scale farmers with relatively good equipment and access to finance. These farmers tend to be less affected by input price shocks due to their access to financial resources.

In general, Kenya’s wheat yields have historically been negatively affected by seed recycling, periodic outbreaks of wheat stem rust (Ug99) disease, and a land tenure system which disincentivizes long-term investment in soil health as renters are given short-term leases by owners.

Changes to MY 2023/24
Post estimates MY 2023/24 production increased from 275,000 MT the year before to 310,000 MT due to better yields associated with timely rainfall and a slight increase in area harvested as high wheat prices encouraged new farmers to lease land in Narok for wheat cultivation.

Consumption
Post anticipates wheat consumption will continue to increase in MY 2024/25, reaching 2.275 million MT from 2.2 million the year before. Demand for wheat in Kenya continues to increase, particularly among Kenya’s growing middle and upper-income groups. According to the World Bank, Kenya’s per capita income more than doubled from 2012 to 2022, reaching $5,765 (PPP). As disposable earnings rise, higher-income Kenyans are consuming more wheat-based products such as pizza, pastries, cakes, and bread products. According to Kenya’s 2023 Economic Survey, bakery products are one of the fastest-growing subsectors of Kenya’s food processing industry, with sales growing by 9.3 percent in 2021 and 6.3 percent in 2022. This trend continued despite a depreciating exchange rate which raised the local currency price of wheat. From October 2022 to November 2023, Kenya’s currency depreciated almost 30 percent against the dollar. Nevertheless, over this same time period wheat imports increased 28 percent year-on-year, as Kenya’s primary wheat consumers tend to have higher incomes and can afford to pay higher prices. Since February 2024, the Kenya shilling has begun to strengthen against the dollar, likely due to confidence that Kenya will successfully pay upcoming debt obligations according to media sources.[2]

Changes to MY 2023/24
Post revises its MY 2023/24 consumption estimate up to 2.355 million MT as local demand for wheat continues to grow due to shifting consumer tastes facilitated by higher incomes.

Trade
FAS Nairobi anticipates MY 2024/25 imports will continue to increase reaching 2.15 million MT as local demand for wheat products increases and domestic production remain unchanged. Kenya historically sources its wheat from several different suppliers and traders frequently switch from one country to another based on relative prices. In MY 2022/23, Russia was the largest wheat supplier to Kenya, largely due to advantageous prices, however in previous years Kenya sourced large amounts of wheat from Ukraine, Australia, and Argentina (see Tables 4 and 5).

[2] https://www.reuters.com/markets/currencies/kenyan-shilling-extends-gains-confidence-eurobond-will-be-repaid-2024-02-14/.

Table 4: Top Wheat Exporters to Kenya

Country	Unit	MY 2020/21	MY 2021/22	MY 2022/23
Russia	MT	602,734 (31%)	222,456 (13%)	1,086,292 (58%)
Lithuania	MT	63,144 (3%)	67,280 (4%)	157,413 (8%)
Ukraine	MT	14,000 (1%)	255,827 (15%)	146,691 (8%)
Australia	MT	524,378 (27%)	303,523 (17%)	113,910 (6%)
Canada	MT	134,904 (7%)	69,259 (4%)	96,749 (5%)
Germany	MT	40,275 (2%)	1 (0%)	62,798 (3%)
Poland	MT	72,111 (4%)	1 (0%)	51,258 (3%)
Czech Republic	MT	14,000 (1%)	0 (0%)	48,538 (3%)
United States	MT	2 (0%)	72,960 (4%)	29,001 (2%)
Argentina	MT	346,871 (18%)	693,829 (40%)	5,909 (0%)

Source: Trade Data Monitor LLC

Table 5: July to December Wheat Exports to Kenya by Country

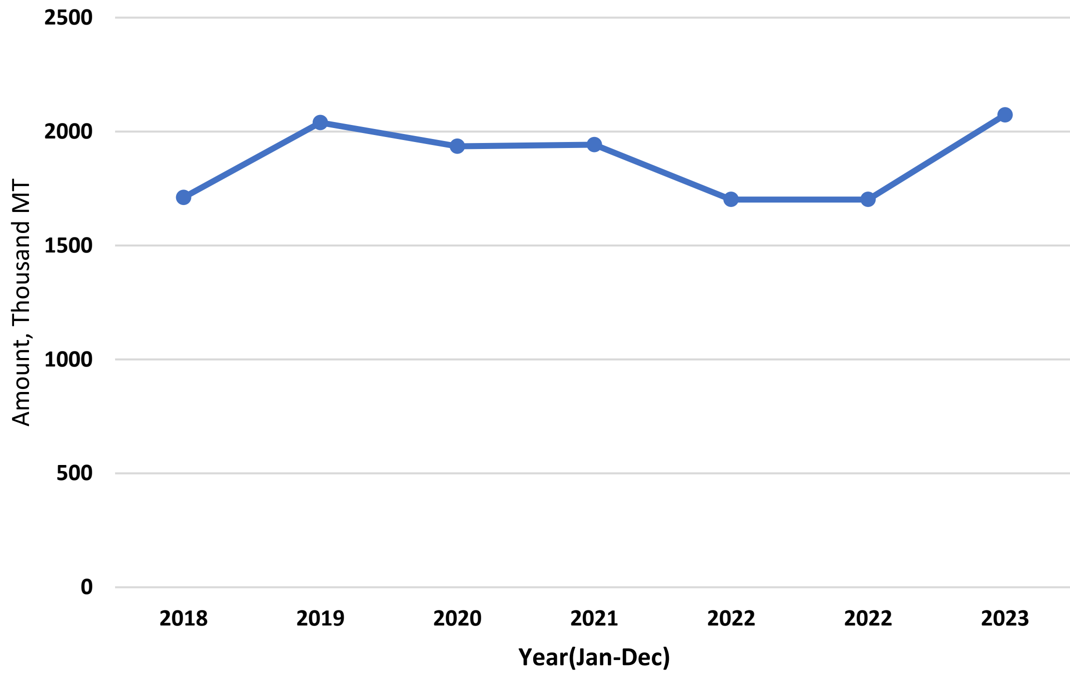
Country	Unit	21/22 YTD	22/23 YTD	23/24 YTD
Russia	MT	193,970 (24%)	373,417 (48%)	739,295 (75%)
United States	MT	70,940 (13%)	1 (0%)	94,000 (10%)
Latvia	MT	158,66 (2%)	6 (0%)	47,001 (5%)
Australia	MT	23,728 (3%)	91,408 (12%)	44,988 (5%)
Canada	MT	69,260 (8%)	38,500 (5%)	21,800 (2%)
Ukraine	MT	255,827 (31%)	44,480 (6%)	17,080 (2%)
Egypt	MT	26,960 (3%)	12,975 (2%)	10,593 (1%)
Lithuania	MT	45,300 (6%)	116,170 (15%)	1,071 (0%)
Poland	MT	1 (0%)	51,258 (7%)	0 (0%)
Argentina	MT	110,951 (11%)	5,909 (1%)	0 (0%)

Source: Trade Data Monitor LLC

Changes to MY 2023/24

Post anticipates MY 2023/24 imports will increase year-on-year reaching 2 million MT in response to growing domestic demand.

Fig 3: Kenya Wheat Imports



Marketing

Wheat prices for Kenya farmers are relatively unaffected by global prices as traders must buy all domestically produced wheat before they can access a reduced tariff through Kenya's Wheat Purchase Program (WPP). For more on the WPP, see the Policy section below.

As most of Kenya's wheat is imported, prices to consumers are largely dependent on global wheat prices. As of December 2023, imported wheat at the port of Mombasa was trading at a reduced rate of $283 per MT, down from $407 per MT in December 2022, largely due to lower prices for Russian wheat.

Policy

Kenya's registered millers receive a reduced 10 percent ad-valorem tariff for wheat imported from outside the EAC, on the condition that they participate in Kenya's WPP, which obligates them to purchase all locally produced wheat before they can apply for import licenses. The WPP is managed by the Agriculture and Food Authority (AFA), a GoK agency; 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 the EAC's Common External Tariff (CET) of 35 percent. Wheat from EAC member countries faces no tariffs in Kenya, however due to limited regional production Kenya sources most of its wheat from non-EAC countries.

Stocks

FAS/Nairobi forecasts MY 2024/25 will remain relatively unchanged and within historical levels at 269,000 MT. Wheat stocks in Kenya are usually held by private traders and millers. There are no public wheat stocks held in Kenya.

Rice:

Table 6: Production, Supply and Distribution (PSD) Table

Rice, Milled	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2022		Oct 2023		Oct 2024	
Kenya	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	30	35	30	40		45
Beginning Stocks (1000 MT)	63	124	331	212		122
Milled Production (1000 MT)	125	145	132	160		180
Rough Production (1000 MT)	189	220	200	242		273
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600		6600
MY Imports (1000 MT)	1043	1043	650	575		575
TY Imports (1000 MT)	936	936	650	650		600
TY Imp. from U.S. (1000 MT)	0	0	0	0		0
Total Supply (1000 MT)	1231	1312	1113	947		877
MY Exports (1000 MT)	0	0	0	0		0
TY Exports (1000 MT)	0	0	0	0		0
Consumption and Residual (1000 MT)	900	1100	950	825		750
Ending Stocks (1000 MT)	331	212	163	122		127
Total Distribution (1000 MT)	1231	1312	1113	947		877
Yield (Rough) (MT/HA)	6.3	6.2857	6.6667	6.05		6.0667

(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 2024/2025 = January 2025 - December 2025

Production

FAS/Nairobi forecasts Kenya's rice production will increase to 180,000 MT in MY 2024/25 due to an expansion of area harvested in the Mwea Irrigation Scheme associated with the new Thiba Dam. The dam has a capacity of 15.6 million cubic meters and was fully commissioned in October 2022. Sources at the National Irrigation Authority indicate that water from the dam will be used to gradually increase the area harvested in the Mwea Irrigation Scheme over several years, with full expansion realized after 2025. Post anticipates MY 2024/25 yields may remain below historical levels as new farmers with less experience and technical expertise join the Mwea Irrigation Scheme to cultivate new acreage. Local sources also report an outbreak of Golden Apple Snail throughout the irrigation scheme. The Golden Apple Snail feeds on young rice stalks up to 30 days old and can significantly impact production if not managed early. To date farmers have successfully controlled the snails, however production costs have increased due to higher labor and biopesticide expenses associated with addressing the snail infestation.

Kenya's rice production is concentrated in irrigation schemes such as Mwea, which provide farmers with protection from drought conditions. The GoK has announced plans to revitalize to other irrigation schemes at Ahero and Budalangi, however these plans have not yet been operationalized and no additional production is anticipated from these schemes in MY 2024/25.

Changes to MY 2023/24
MY 2023/24 production is anticipated to increase to 160,000 MT as more land supported by the Mwea Irrigation Scheme is brought under production.

Consumption
MY 2024/25 consumption is anticipated to decrease to 750,000 MT, returning to historical levels as rice loses its price advantage against alternatives such as corn following the 2023 closure of a tariff-free window for rice imports. For more on this window see the Policy section below. This window facilitated record rice imports in MY 2022/23 at a lower price to consumers. As corn prices reached an all-time high of $533 per MT due to drought conditions, many Kenya consumers switched from corn to rice. With the expiration of the tariff-free window in August 2023 and corn prices likely to remain below MY 2022/23 levels due to a normal harvest, Post anticipates many consumers will switch back to corn given its role as the primary ingredient in traditional Kenya staples.

Changes to MY 2023/24
Post estimates MY 2023/24 consumption will decline from a record high in MY 2022/23 to 825,000 MT as rice loses its price advantage against corn due to the closure of the duty-free import window. Consumption is anticipated to remain above historical levels due to high MY 2022/23 ending stocks resulting from record MY 2022/23 imports. According to local sources, these ending stocks will likely be liquidated down to historical levels through sales in the local market.

Policies
Since 2015, Kenya has received a waiver from the EAC Secretariat to apply a lower tariff on rice from outside the EAC. The EAC minimum common external tariff on rice is 75 percent ad-valorem or $345 per MT**,** whichever is higher**.** To supplement low local production, Kenya regularly receives permission from the EAC to apply a tariff of 35 percent or $200 per ton on rice originating outside the EAC. The lower tariff is subject to annual review by the EAC Secretariat. According to local sources, Kenya is likely to maintain the waiver in MY 2024/25.

In 2023, the GoK waived all import duties for 600,000 MT of rice to address rising food prices. This tariff-free window was heavily utilized by traders and contributed to record rice imports in MY 2022/23. The window expired in August 2023 and is no longer available.

Trade
Post anticipates MY 2024/25 imports will remain unchanged at 575,000 MT as local demand for rice will likely remain unchanged as corn continues to be an attractive and affordable alternative to rice. Corn prices are likely to stay below their MY 2022/23 peak following productive corn harvests in MY 2024/25 and MY 2023/24.

Imports account for the majority of Kenya’s rice supplies with most imports originating from India and Pakistan. Kenya is not a significant exporter of rice.

Table 7: Key Rice Exporters to Kenya (Year ending September)

Country	Unit	MY 20/21	MY 21/22	MY 22/23
India	MT	187,753 (31%)	230,293 (34%)	694,030 (66.6%)
Pakistan	MT	204,932 (34%)	309,929 (46%)	302,379 (29%)
United Arab Emirates	MT	3 (0%)	1,534 (0%)	13,741 (1%)
South Korea	MT	0 (0%)	22,000 (3%)	11,010 (1%)
Thailand	MT	13,313 (2%)	16,827 (3%)	10,777 (1%)
Tanzania	MT	184,791 (31%)	95,955 (14.2%)	4,097 (0%)

Source: Trade Data Monitor LLC

Changes to MY 2023/24

Post anticipates MY 2023/24 imports will fall from record levels in MY 2022/23 to 575,000 MT after the expiration of Kenya's duty-free window in August 2023. Additionally, retailers are likely to source more rice from high ending stocks in MY 2022/23, reducing the need to import new supplies.

Stocks

FAS/Nairobi forecasts MY 2024/25 stocks will remain within historical levels at 127,000 MT as high MY 2022/23 ending stocks are liquidated over MY 2023/24. All rice stocks in Kenya are held by farmers and private traders.

Attachments:

No Attachments