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Kenya

Grain and Feed

Kenya Corn update Report

2007

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Report Highlights:

Kenya corn supply favorable with MY 2007/08 production estimated at 2.6 MT compared with 2.52 MT the previous year.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Nairobi [KE1]
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Corn Production

Corn is Kenya's main staple food (synonymous with food) averaging over 80 % of total cereals (rice, wheat, millet and sorghum). It is the most frequently produced and marketed crop, grown by over 80% of households and sold by more than 30% of the households in areas where the crop is grown. Annual production of corn averages 2.63 million tons, against estimated annual domestic consumption of 2.7 - 3 million tons. The balance is met through informal cross border inflows from neighboring countries, commercial imports and food aid. The sector suffers from low yields attributed to droughts, high cost of production, and lack of cheap credit, poor extension services and inadequate use of new technologies.

MY 2007 production estimates

The short rains that normally end in December continued to February 2007 initiating early harvests, land preparation and planting for the long rains. The long rains started late in most parts of the country and the distribution over the long rain period has also been poor in some areas. Modest rains were received in the main corn growing areas (Rift Valley, Western and Central provinces). Some parts of the Rift Valley province had a poor season start with rains coming late.

The long rains account for 85 % of the annual national corn output, with over 50 % of it coming from Rift Valley and Western Highlands. FAS estimates for 2006/07 long rains harvest was 2.52 million MT and the short rains harvest at 450,000 MT (total supply at almost 3 Million compared to normal annual output of about 2.63 MT). These estimates are significantly lower than official Ministry of Agriculture (MOA) estimates (3.24 MT) which analysts argue is unrealistic. The beginning stocks for 2007/08 was estimated at 330,000 MT. FAS estimates long rains production at 2.6 Million MT and short rains production at 300,000 MT (possible *La Nina*). Corn prices have remained generally stable and marginally above average, across key reference markets, ranging from Ksh 1,000 per 90-kg in key surplus areas to ksh 1,200 in major urban markets.

The national corn supply is favorable and the MOA estimates that the country has sufficient stocks to last up to seven months, well beyond the start of the long rains harvest.

Strategic Grain Reserve (SGR)

GOK maintains 3 million 90 kg bags of corn yearly as a Strategic Grain Reserve (SGR) plus a cash equivalent fund in convertible currency. This has been increased to 4 Million bags; a move industry analysts argue is unnecessary and expensive. Presently the National Cereals and Produce Board (NCPB) is holding over 6 Million bags in stocks comprising of 4 Million 90 kg bags SGR and the balance as commercial stocks. NCPB owes farmers over Ksh 1.5 Billion. Most of the held stocks were purchased at a price higher than the current prices making it difficult for any commercial sales.

The Government is gearing up to buy more corn complicating the situation further. Private sector participation in corn marketing has increased substantially although its impact has been limited by policy unpredictability. NCPB participation is leading to inefficient management and the suppression of normal market functions and private sector involvement resulting in a series of problems i.e. poor stock management, excessive debt and inability to pay farmers promptly for deliveries. GOK still influences corn prices and imports, albeit on a sporadic basis.