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Kenya

Oilseeds and Products

Report

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Report Highlights:

Kenya's vegetable oil consumption is estimated at about 380,000 tons annually. Domestic production covers less than one third of annual demand with the balance being met through imports (mainly palm oil from Malaysia). Kenya imported about 310,000 tons and 323,000 tons in the year 2000 and 2001 respectively. A marginal import increase is forecast to 350,000 tons for 2002.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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TABLE OF CONTENTS

Executive Summary 1

Production 1

 Palm oil in western Kenya 1

 Oilseed/oil processing industry 1

Trade & Consumption 2

Policy 2

Executive Summary

Kenya's vegetable oil consumption is estimated at about 380,000 tons annually.. Domestic production covers less than one third of annual demand with the balance being met through imports. About 90 percent of the imports consist of palm oil from Malaysia. Kenya imported about 310,000 tons in 2000 and 323, 000 tons in the year 2001. The figure is expected to marginally increase to about 350,000 tons in 2002 as the consumption of edible oils has steadily increased over the years.

Investment opportunities exist in production of oil crops.

Production

The oil seeds that can be commercially grown in Kenya are many but of major importance are sunflower, sesame, soyabeans, rapeseed, coconut, castor and safflower. Even with the diverse agroecological differences that exist in Kenya, these oil seeds can be grown in all provinces except for coconut, which is limited to the coastal area. In 1987 the area under oil seeds reached the peak of 113,000 ha and has since declined due to increased competition from cheap imported oils and low domestic prices. Consumption of edible oils has steadily increased.

There have been numerous efforts in the past and some on going activities to stimulate the oil seed sub sector development from both the public and the private sector. These have included public universities, Ministry of agriculture and research among others.

Palm oil in western Kenya

FAO is promoting in Kenya a cold-tolerant, high yielding oil palm that could help boost the country's edible oil production. Through this program on integrated farming systems, FAO is exploring opportunities for boosting production of palm oil in western Kenya, where seedlings from Costa Rica are being grown in community nurseries. The local climate in this area is favorable to a range of annual and perennial oil seed crops, including sunflower, groundnuts, safflower, simsim and linseed many of which are traditional crops in this area. This project is in its initial stages and no impact has been felt.

Oilseed/oil processing industry

There are over 30 processing units in Kenya engaged in processing different oilseeds, oil bearing materials and vegetable oils (oil milling, solvent extraction, refining and hydrogenation). The installed oil extraction capacity is about 265,500 tonnes per annum (TPA). About 342,000 TPA refining capacity is available mainly to process imported crude palm oil (CPO). While oil extraction units were established mostly during the period of expansion of oilseed crops in Kenya, the refining capacity has been created with the increased dependence on imports and especially to process palm oil. The import policies/duty structure¹ coupled with low international prices of edible oils rendered oil milling, solvent extraction and refining of domestic oils uneconomical and their capacity is grossly under utilized. (Less than

¹The sector is faced with 5 %, 15 % and 25 % for oilseeds, crude oils and refined oils respectively.

15%). Lack of adequate crushing margins compelled closure of some mills while others are operated at far below their capacity leading to the reduction in demand for oilseeds.

The major by products of the industry are soap stock and protein cake. While soap stock finds a ready market as feed stock in the soap manufacture, oil cakes are used in the compound feeds.

Trade & Consumption

Kenya's vegetable oil requirements are estimated at between 350,000-380,000 tons depending on source of data. FAO estimates annual demand for edible oils at 380,000 tons while the ministry of Agriculture estimates about 350,000 tons. The ministry further estimates per capita consumption at 5.7 kg per annum. Kenya's domestic production covers only about one third of its annual demand and the remainder is imported. Kenya imported about 310,000 tons in 2000 and 323, 000 tons in the year 2001. The figure is forecast to marginally increase to about 350,000 tons in 2002 as the consumption of edible oils has steadily increased over the years.

About 90 percent of this import demand are mainly in form of palm oil imported from Malaysia.

Policy

Like all research, oil crop research is donor dependent and therefore suffers discontinuities. There is general lack of documentation of research findings and also lack of appropriate technological packages for oil crops production.

With a good package of incentives (i.e good prices, technology, inputs and other requisites for farm services) farmers will respond and adopt production. Consequently with domestic production private sector will step in for processing. Until domestic production increases availability of oilseeds for processing demand will continue being met through imports.