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Prepared By: Kennedy Gitonga and Damian Ferrese

Approved By: Bret Tate

Report Highlights:

FAS/Nairobi forecasts a 19.8 percent drop in Kenya's MY 2025/26 sugar production to 650,000 metric tons, from 810,000 metric ton (MT) in MY 2024/25, on an expected reduction in harvested area and lower sugar extraction rates. Sugar consumption is anticipated to increase 1.6 percent to 1.25 million, due increased use in households and in the hospitality sector, driven by higher disposable incomes, and the growth in the hospitality sector. Sugar imports are also expected to surge by 38 percent, to offset the anticipated local supply deficit. Imports are expected to come from the Common Market for Eastern and Southern Africa and East African Community countries because of tariff advantages.

Production

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

Sugar Cane for Centrifugal	2023/2024		2024/2025		2025/2026	
Market Year Begins	May 2023		May 2024		May 2025	
Kenya	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted (1000 HA)	252	252	252	252		252
Area Harvested (1000 HA)	161	161	190	190		150
Production (1000 MT)	9030	9030	10400	9700		8400
Total Supply (1000 MT)	9030	9030	10400	9700		8400
Utilization for Sugar (1000 MT)	9030	9030	10400	9700		8400
Utilizatn for Alcohol (1000 MT)	0	0	0	0		0
Total Utilization (1000 MT)	9030	9030	10400	9700		8400
(1000 HA) ,(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Source: Source: Sugar Research Institute and Post Estimates

Table 2: Sugar Production, Supply, and Distribution (PSD)

Sugar, Centrifugal	2023/2024		2024/2025		2025/2026	
Market Year Begins	May 2023		May 2024		May 2025	
Kenya	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Beginning Stocks (1000 MT)	255	255	240	201		215
Beet Sugar Production (1000 MT)	0	0	0	0		0
Cane Sugar Production (1000 MT)	530	530	750	810		650
Total Sugar Production (1000 MT)	530	530	750	810		650
Raw Imports (1000 MT)	55	76	25	5		50
Refined Imp.(Raw Val) (1000 MT)	600	540	430	430		550
Total Imports (1000 MT)	655	616	455	435		600
Total Supply (1000 MT)	1440	1401	1445	1446		1465
Raw Exports (1000 MT)	0	0	0	0		0
Refined Exp.(Raw Val) (1000 MT)	0	0	0	1		1
Total Exports (1000 MT)	0	0	0	1		1
Human Dom. Consumption (1000 MT)	1200	1200	1220	1230		1250
Other Disappearance (1000 MT)	0	0	0	0		0
Total Use (1000 MT)	1200	1200	1220	1230		1250
Ending Stocks (1000 MT)	240	201	225	215		214
Total Distribution (1000 MT)	1440	1401	1445	1446		1465
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Source: Trade Data Monitor, Kenya Sugar Board, Post estimates

Post forecasts a 19.8 percent decrease in Kenya's MY 2025/26 sugar production to 650,000 metric tons, from 810,000 metric ton in MY 2024/25, due to a decrease in harvested area and lower sugar extraction rates arising from premature cane harvests. While the recently reconstituted Kenya Sugar Board is keen on enforcing clear crop calendars for various growing regions, a scramble for cane is anticipated, as millers strive to utilize their installed capacity amidst increasing cane shortages. According to industry sources, MY2025/2026 will likely mirror the MY2023/24 production situation that led to a temporary restriction of cane harvesting by Kenya's Agriculture and Food Authority (AFA), the government agency that was then responsible for the regulation of the sugar sector. Area harvested in MY 2025/26 is expected to drop to 150,000 hectares (ha) down from 190,000 ha, due to a lower proportion of mature plantations, which resulted from overly aggressive harvesting in MY 2024/25.

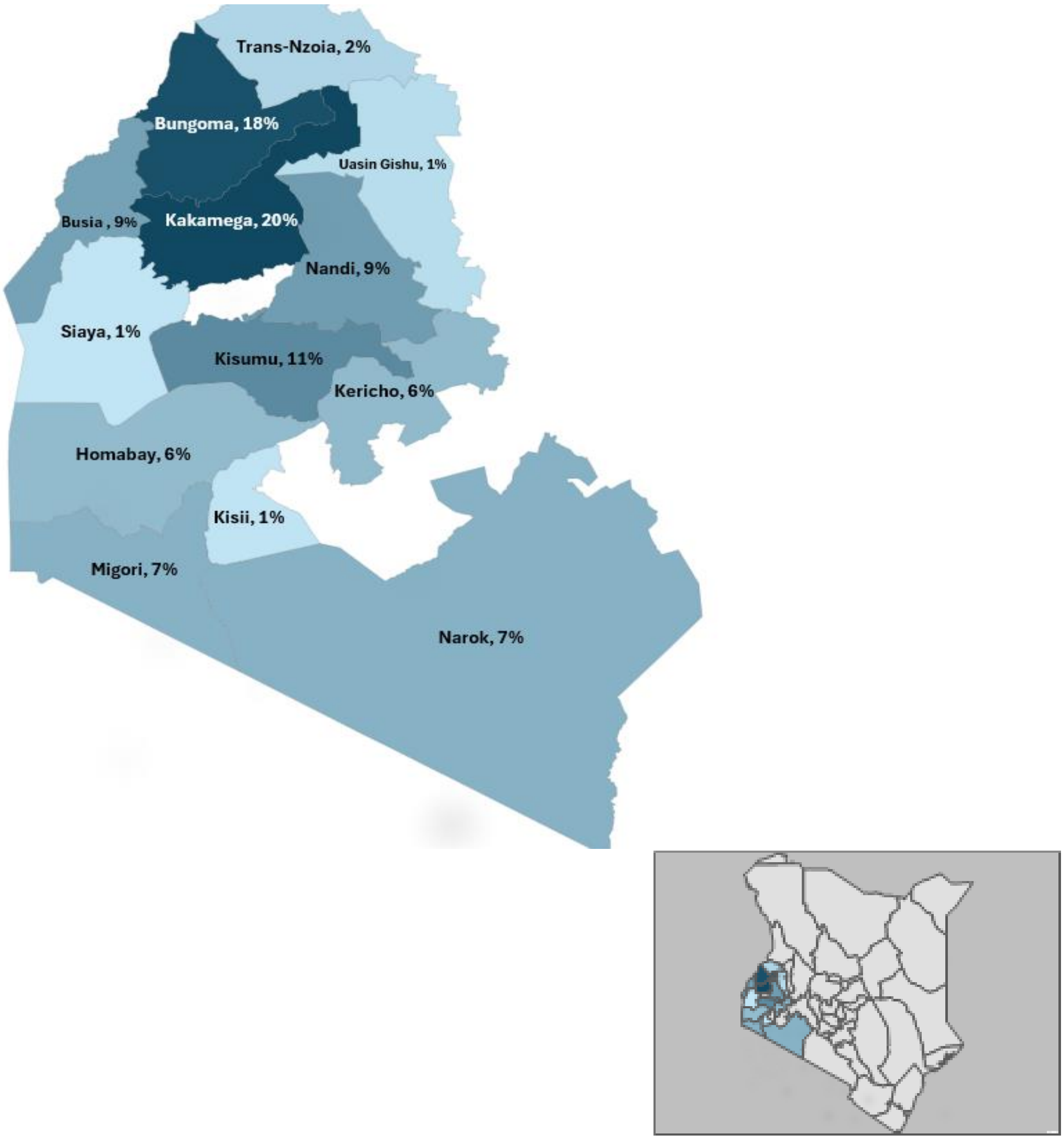
Kenya’s main cane growing regions are predominantly in the Western and Lake Victoria Basin (Figure 2). According to the Kenya Sugar Board, about 93 percent of the cane is produced by around 320,000 small scale farmers, on less than one-hectare individual holdings. Large plantations, that are owned by millers, produce the remaining seven percent of the cane.

According to the Kenya’s Sugar Research Institute, cane yields range between 50 -70 MT/ha due to regional variability, including weather conditions, crop husbandry practices, and cane varieties. In MY 2024/25 the average cane yield decreased substantially to 51 MT/ha from 56MT/ha in the previous year, due to dry weather conditions that preceded harvesting in some of the cane growing regions. Kenya’s cane production expansion potential exists in parts of Narok, Trans-nzoia, and Kwale counties.

Figure 1: A View of Typical Small-Scale Cane Farms in Migori County

Source: FAS/Nairobi

Figure 2: Kenya's Main Sugarcane Growing Regions



Source: FAS/Nairobi

Marketing

Kenya's cane marketing is currently undertaken through 17 operational mills, four of which are government owned, with total installed capacity of about 1.7 million tons. A new mill is set to open in 2026 in Narok County. The government-owned mills' market share, currently estimated at eight percent, has been dwindling due to technological and operational inefficiencies. The inefficiencies are due to use obsolete milling technology, mismanagement, high debt portfolios, and the collapse of cane development programs. Private mills have been expanding their market share by investing in modern cane processing equipment and paying farmers promptly. Some of the private mills have also invested in cane development programs that include input supply and extension services to their contracted farmers. Average sugar extraction rates are also higher in private mills at 10 percent, compared to 5.6 percent in government owned mills.

Changes to MY 2024/25
Post revises Kenya's MY 2024/25 sugar production up from 750,000 MT to 810,000 MT on account of higher sugar extraction rates. The improved extraction rates are due to higher proportions of fully matured harvested cane, resulting from the prior year cane harvesting ban by Kenya's Agriculture and Food Authority.

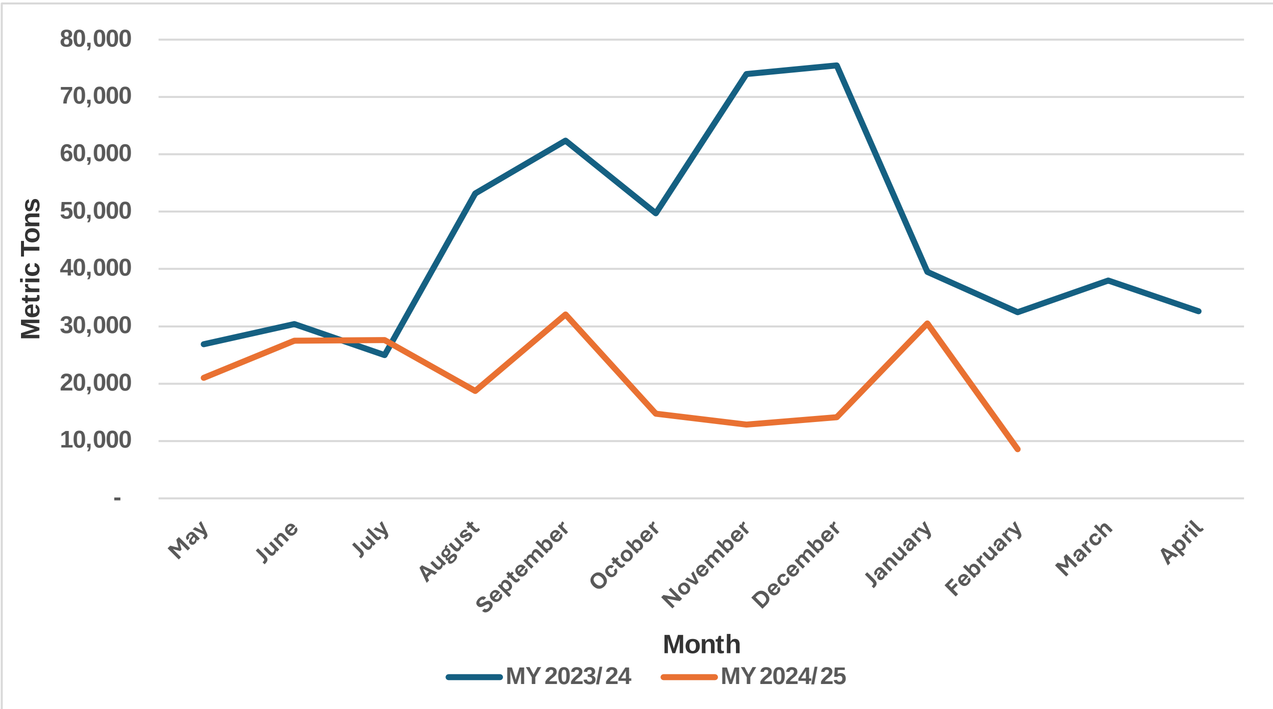
Consumption
Post anticipates Kenya's MY 2025/26 sugar consumption will increase 1.6 percent to 1.25 million MT from 1.23 MT in MY 2024/25, due increased use in households and in the hospitality sector. The increase in household consumption will be driven by higher disposable incomes, and increased use of baked products and confectioneries. In the hospitality sector, increased sugar consumption will be driven by the growth in the tourism sector. According to Kenya's Tourism Research Institute, tourism grew by 23.8 percent in 2025 and is expected to maintain a high growth rate, reaching 17.3 percent in 2026.

Changes to 2024/25
Post revises Kenya's MY 2024/25 sugar consumption up from 1.22 million MT to 1.23 million MT due to the easing of retail prices. In 2024, Kenya's retail sugar prices averaged Ksh 138 ($1.07) per kilogram (kg) down from Ksh 197 ($1.52) in 2023.

Imports
Post forecasts Kenya's MY 2025/26 sugar imports will increase to 600,000 MT from 435,000 MT in MY 2024/25, to offset the supply deficit due to decreased local production. Post anticipates that importers will give priority to sugar suppliers from the Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC) countries due to a significant tariff advantage. Duty-free imports from the COMESA countries are however subject to a limit of 350,000 MT per year, due to a safeguard that has been granted to Kenya by the COMESA Secretariat. The safeguard, which has been in force since 2002, was extended by two years in November 2023. Sugar imports from non-COMESA and EAC countries face a 100 percent tariff, unless a specific waiver is granted by the government of Kenya.

Under the EAC customs framework, Kenya also runs a Tax Remission for Exports Office (TREO) program, that allows partial duty waiver for specified volumes of sugar for industrial use. Under the TREO program, sugar imports from countries outside the COMESA and EAC enjoy a duty waiver, on the condition that the resulting manufactured products are for export.

Figure 3: MY 20245/25 & MY 2024/25 Monthly Sugar Imports



Source: Trade Data Monitor

Table 3: Key Sources of Kenya's Sugar Imports in MT (MY2021/22 – MY 2023/24)

Source Country	MY 2021/22	MY 2022/23	MY 2023/24	MY 2021/22	MY 2022/23	MY 2023/24
Brazil	1,222	38,008	301,538	0.3%	10.2%	49.0%
India	6,224	61,956	60,068	1.7%	16.6%	9.8%
Egypt	62,561	42,981	51,199	17.3%	11.5%	8.3%
Mauritius	89,930	48,950	46,531	24.9%	13.1%	7.6%
Uganda	56,073	35,626	44,649	15.5%	9.5%	7.3%
Saudi Arabia	61,855	22,630	43,317	17.1%	6.0%	7.0%
Zambia	21,050	6,191	24,356	5.8%	1.7%	4.0%
United Arab Emirates	7,006	5,390	8,751	1.9%	1.4%	1.4%
Thailand	10,500	78,619	8,488	2.9%	21.0%	1.4%

Source: Trade Data Monitor

Changes to MY 2024/25

Post revises Kenya's MY 2024/25 sugar imports down from 455,000 MT to 435,000 MT due to increased local production, and the government's freeze on imports in September 2024. Industry sources indicate significant unrecorded imports from Uganda, Ethiopia, and Somalia. Post has included these estimates in the sugar estimates (Tables 1 and 2).

Prices

Post anticipates Kenya's sugar retail prices to increase at the opening of MY 2025/26, as supply tightens due to closure of local mills for the annual maintenance. The prices will however stabilize once imports kick-in. According to industry sources, sugar is currently retailing at around Ksh 165 ($1.28) per kilogram. The purchase price for sugar cane is set each season by an industry committee comprised of representatives from the government, sugar growers, and millers. The price this committee sets has an impact on the retail pricing of sugar. Currently, the cane price is set at Ksh 5,300 ($41) per metric ton.

Policies

In November 2024, Kenya enacted a new law (Sugar Act, 2024). The law provides for the development, regulation, and promotion of the sugar industry. It also establishes the Kenya Sugar Board (KSB), and the Kenya Sugar Research and Training Institute (KSRTI). The Kenya Sugar Board will regulate and manage the sugar industry. Previously, the Agriculture and Food Authority handled these functions. The Kenya Sugar Research and Training Institute will assume the sugar research functions that were previously under the Kenya Agricultural and Livestock Research Organization.

Other changes that come with the new law include a four percent sugar development levy on both imports and locally produced sugar. The levy is for financing the operations of KSB, KSRTI, and industry associations, and the maintenance of transport infrastructure in sugar growing regions. Effective December 2024, Kenya also increased the excise duty on imported sugar from Ksh 5.00 ($0.04) per kg to Ksh 7.50 ($0.58) per kg, through the Tax Laws (Amendment) Act of 2024.

Stocks

Post projects that Kenya's year-on-year ending sugar stocks will largely remain unchanged in MY 2025/26. Stocks are held by millers and retail outlets.

Attachments:

No Attachments