

New report says value addition for Kenya's vegetable sector rises, stable for tea sector

Addis Ababa, Mar. 25, 2013 — Kenya's vegetable export sector has witnessed an increase in value addition in recent times amid a stable level of activities in the tea segment, according to this year's Economic Report for Africa (ERA 2013).

"Firms have introduced packaging of their products both for exports and domestic markets, mainly due to competition and support from the government through the Horticultural Crops Development Authority (HCDA)," the report says in reference to the vegetables sector. "Firms also reported increased volume of exports and increased markets in the past 5 years."

Large- and small-scale farmers and exporters, mostly privately held, also support local value addition for the vegetable industry as a way of increasing their competitiveness internationally, it says.

The theme of this year's report, co-authored by the Economic Commission for Africa and the African Union, is "Making the Most of Africa's Commodities: Industrializing for Growth, Jobs and Economic Transformation." It argues for a commodity-based industrialization for African countries if they are going to use their abundant resources to transform into a global economic power.

For the Kenyan tea sector, government policies support the process of local value addition through the main national policy framework, says the report.

The main players in Kenya's tea sector are small-scale farmers who market their tea through factories run by the Kenya Tea Development Agency (KTDA). Some multinational companies own large tea plantations and factories and supply both the domestic and international markets.

The business is regulated by the Tea Board of Kenya which issues licenses, conducts research, registers growers, buyers, and any other participant, and promotes Kenyan tea in international and local markets.

For vegetables, the key operators are the multinational companies and local, domestically owned firms that produce, store, transport, process, and export the products. The other big players are the buyers in the foreign markets, mainly supermarket chains in the United Kingdom and Europe. These buyers determine the quality and standards of the product they buy by giving specifications of their requirements and feedback on compliance. They also ensure that the market-required quality is met by providing technical expertise to the farmers or implementing quality control measures at their own plantations.

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