

Kenya Tea Industry Performance Highlights for March 2011

1.0 PRODUCTION

Tea production for the first quarter of 2011, stood at 85.1 Million Kgs, which was 23.7% (26.6 Million Kgs) lower compared to 111.7 Million Kgs recorded during the first quarter of 2010. Lower tea production was due to lower green leaf supplies occasioned by dry and hot weather conditions experienced in tea growing areas.

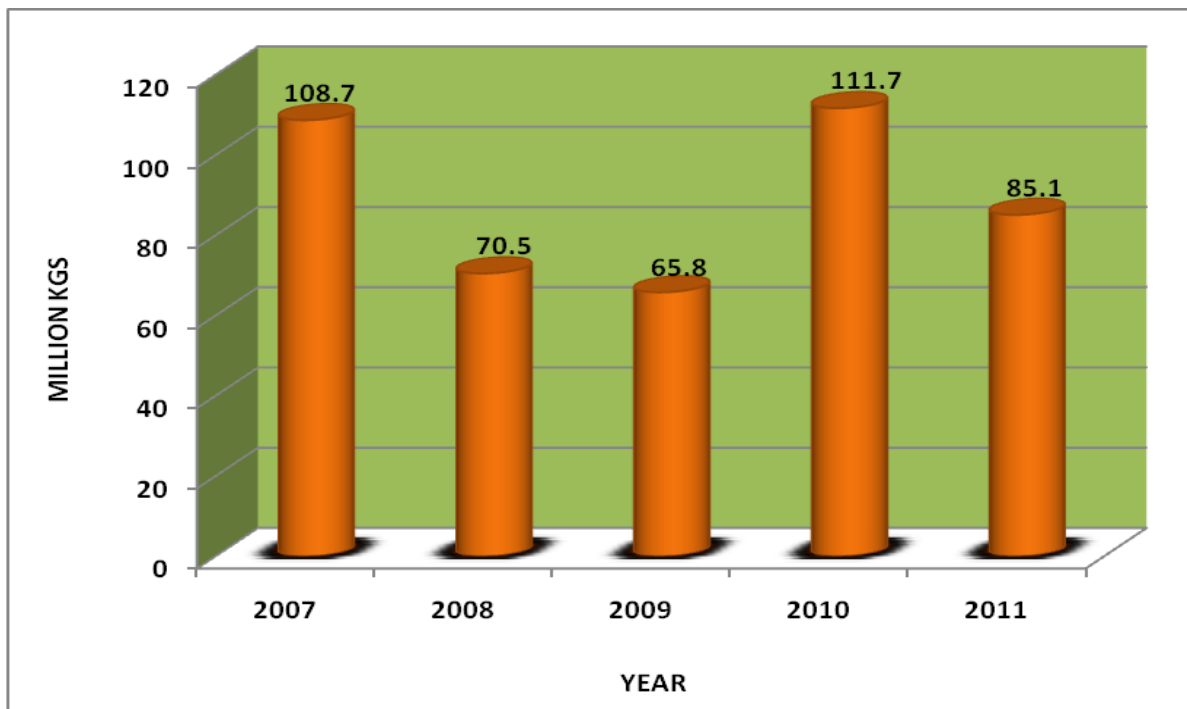
The drought was more prevalent within the East of Rift, where production for the period dropped by 28.4% (13.4 Million Kgs) to stand 33.5 Million Kgs, compared 46.9 Million Kgs recorded during the same period of last year. Within the West of Rift, production went down by 20.3 % (13.2 Million Kgs) from 64.8 Million Kgs to 51.6 Million Kgs).

However, production for the first quarter of 2011 was slightly higher compared to respective output for the same period of 2009 and 2008, which stood at below 75 Million Kgs owing to much more severe drought.

Table 1: Production by Sub-sector and Region in Million Kgs (2011 and 2010)

Sector	Region	JAN/MAR 2011	JAN/MAR 2010	Variance	Var.(%)
Plantation	West of Rift	31.5	40.6	- 9.1	-22.3%
	East of Rift	3.3	5.3	- 2.0	-36.8%
	Total	34.8	45.9	-11.1	-23.9%
Smallholder	West of Rift	20.1	24.2	- 4.1	-17.2%
	East of Rift	30.2	41.6	-11.4	-27.3%
	Total	50.3	65.8	-15.5	-23.6%
Plantation & Smallholder					
	West of Rift	51.6	64.8	-13.2	-20.3%
	East of Rift	33.5	46.9	-13.4	-28.4%
	Total	85.1	111.7	- 26.6	-23.7%

Figure 1: Production in Million Kgs for January-March (2007-2011)



2.0 SALE

2.01 AUCTION

During the quarter, the amount of Kenya tea sold at the Auction stood at 65.8 Million Kgs, which was lower by 6.5 Million Kgs compared to 72.3 Million Kgs sold during the same period of 2010. Lower sales were attributed to less demand particularly during the month of January and February following political unrest in Egypt that interrupted communication as well as trade and business transactions within the country. Less demand during the two months and accumulated stocks impacted negatively on the prices consequent to which the average unit price for Kenyan tea dropped from USD 3.16 in January to USD 3.07 in February. In addition, there was a further drop in tea prices in March to an average of USD 2.89 in anticipation of production increase following the onset of the "Long Rains" season. However, the average price for the quarter was similar to that of January-March last year.

Notably, the average prices recorded during the quarter were more firm compared to prices registered for the same period of 2006 to 2009.

Table 2: Monthly Kenyan Tea Auction Prices in USD/KG of made tea (2006-2011)

MONTH/YEAR	2011	2010	2009	2008	2007	2006
JANUARY	3.16	3.00	2.33	2.28	1.79	1.77
FEBRUARY	3.07	3.13	2.29	2.47	1.75	2.24
MARCH	2.89	3.01	2.31	2.23	1.70	2.11
AVERAGE	3.04	3.04	2.31	2.33	1.75	2.04

2.02 EXPORTS

The total export volume for January-March stood at 107.4 Million Kgs, which was slightly lower by 9.6 Million Kgs compared to 117.0 Million Kgs recorded for the same period of 2010.

Due to lower export volume, the total earnings for the period were slightly lower at K.sh 26.6 Billion compared to K.sh 27.7 Billion recorded the same period of last year.

During the period, Kenya tea was exported to 41 market destinations with the leading market destination being Pakistan, which imported 23.4 Million Kgs and accounted for 22% of the total export volume. Other Key markets were UK, which imported 18.7 Million Kgs, Egypt (17.6 Million Kgs), Afghanistan (10.6 Million Kgs), and Sudan (5.3 Million Kgs). The top five markets accounted for 70% of total volume exported while the other thirty eight markets accounted for 30%. Amongst the traditional markets, Pakistan recorded growth of 54% from 15.2 Million Kgs recorded during the same period of last year to 23.4 Million Kgs. The other four traditional markets recorded lower imports with Afghanistan registering a drop of 39%; Egypt (31%); UK; (17%), and Sudan (6%). Unprecedented increase in tea exports to Pakistan and subsequent drop of tea exports to Afghanistan was attributed to increased vigilance by Pakistan Government on smuggling of commodities into the country through Afghanistan. Less export volume to Egypt was attributed to political unrest within the country while lower exports to UK, Sudan and most other markets was due to less consumer demand occasioned by the impact of the current fuel inflation across the world.

Amongst the key emerging markets, Russia and Kazakhstan recorded 26% and 82% growth, owing to increased demand during the winter season, which ended in February.

Sizeable growth was also realized in emerging markets where the Board and the Industry has been undertaking promotion activities such as Nigeria (59%, from 0.68 Million Kgs to 1.08 Million Kgs); China (127%, from 0.3 Million Kgs to 0.68 Million Kgs); Oman (31%, from 0.22 Million Kgs to 0.29 Million Kgs); and Belgium (553%, from 0.08 Million Kgs to 0.11 Million Kgs).

2.03 LOCAL CONSUMPTION

The cumulative local tea consumption for the first quarter of 2011 stood at 4.5 Million Kgs which was 7% higher compared to 4.2 Million Kgs recorded in corresponding period correspond of 2010 owing to sustained promotion campaign by the Board as well as intensive brand promotion by the tea packers.

Table 3: Tea Exports by Destination Jan.-March 2011 compared to Jan-March 2010

DESTINATION	JAN - MAR 2011		JAN - MAR 2010		QUANTITY DIFF	%AGE VARIANCE
	QUANTITY KGS	VALUE KSHS	QUANTITY KGS	VALUE KSHS		
PAKISTAN	23,412,970	6,025,846,735.60	15,236,087	3,745,112,457	8,176,883	54%
UK	18,728,626	4,303,147,083.40	22,500,645	4,944,805,207	-3,772,019	-17%
EGYPT	17,613,570	4,123,866,853.58	25,376,762	6,054,100,461	-7,763,192	-31%
AFGHANISTAN	10,610,149	3,027,136,129.80	17,311,387	4,444,344,176	-6,701,238	-39%
SUDAN	5,309,238	960,035,162.01	5,863,233	1,007,214,560	-553,995	-9%
U.A.E	5,229,872	1,301,213,521.38	5,583,704	1,263,521,521	-353,832	-6%
RUSSIA	4,738,152	1,217,679,720.07	3,762,504	900,839,439	975,648	26%
KAZAKHSTAN	3,913,222	1,180,637,025.48	2,149,520	645,522,768	1,763,702	82%
YEMEN	3,900,037	1,073,187,203.14	4,563,298	1,249,143,778	-663,261	-15%
POLAND	1,614,428	424,791,022.88	1,781,850	426,428,635	-167,422	-9%
INDIA	1,603,231	351,675,297.46	1,264,741	276,360,342	338,490	27%
NIGERIA	1,088,117	271,407,902.18	684,159	166,699,525	403,958	59%
SRI LANKA	992,193	237,034,145.32	666,568	149,354,019	325,625	49%
IRELAND	844,032	218,316,828.61	1,243,591	337,587,941	-399,559	-32%
SAUDI ARABIA	791,317	214,662,917.21	656,348	167,492,342	134,969	21%
CHINA	680,104	200,553,653.73	300,237	85,684,412	379,867	127%
DJIBOUTI	666,303	65,183,570.41	926,996	100,661,153	-260,693	-28%
INDONESIA	636,210	166,992,890.87	628,431	145,525,415	7,779	1%
IRAN	613,942	164,308,764.43	808,714	208,851,809	-194,772	-24%
U.S.A.	577,555	209,259,406.08	1,074,485	346,358,948	-496,930	-46%
SOMALIA	572,988	44,026,490.56	926,576	88,104,310	-353,588	-38%
JAPAN	561,739	260,846,131.53	550,715	181,123,908	11,024	2%
BANGLADESH	522,880	68,764,707.89	-	-	522,880	0%
CANADA	295,012	62,345,282.34	582,448	115,865,147	-287,436	-49%
OMAN	292,520	28,575,690.17	223,558	22,834,269	68,962	31%
MALAYSIA	229,017	68,736,124.74	222,818	66,496,789	6,199	3%
GERMANY	211,649	46,234,181.74	302,904	113,848,947	-91,255	-30%
CHILE	210,540	58,593,210.60	172,684	42,222,867	37,856	22%
NETHERLANDS	184,564	45,480,264.84	297,232	65,760,286	-112,668	-38%
SOUTH AFRICA	179,509	47,933,055.40	171,720	41,056,949	7,789	5%
UKRAINE	163,129	40,762,134.17	271,335	68,331,229	-108,206	-40%
ERITREA	130,000	28,827,282.64	-	-	130,000	0%
BELGIUM	117,614	20,188,325.47	18,000	2,806,067	99,614	553%
TURKEY	97,318	20,704,576.15	568,496	151,454,962	-471,178	-83%
ITALY	43,750	21,327,912.60	157,820	65,817,611	-114,070	-72%
SINGAPORE	23,040	9,366,766.34	38,800	15,274,288	-15,760	-41%
FINLAND	15,700	4,776,511.17	-	-	15,700	0%
NEW ZEALAND	12,800	3,217,805.11	12,800	2,859,421	0	0%
UGANDA	12,000	2,818,955.08	-	-	12,000	0%
MAURITIUS	10,050	1,817,481.88	-	-	10,050	0%
TAIWAN	9,000	2,450,469.89	9,680	1,563,992	-680	-7%
PUERTO RICO	-	-	99,936	22,915,111	-99,936	0%
SEYCHELLES	-	-	6,840	1,366,601	-6,840	0%
GTOTAL	107,458,087	26,624,729,193.95	117,017,622.00	27,735,311,660.91	- 9,559,535.00	-8.17%