

Towards Africa's industrialization:

# KENYA



*Kenya is the largest global exporter of tea, exporting 95% of its production*

## Tea, horticulture epitomize industrialization success

**K**enya has the most developed industrial sector within the East African Community. Agro-based industrial-scale production in Kenya goes back to colonial times and involved fruit canning, the making of jams and preserves, curing tea leaves and similar activities.

The pace and diversification of this industrial sector increased greatly after independence in 1963 when areas which had been barred to non-white settlers were opened up to all. Today, Kenya produces a wide range of breakfast cereals, fruit juices and preserves, sugar products, high quality milk and butter, edible oils, internationally acclaimed beers, preserved meats and fish, soft drinks, and potato and cassava chips. In terms of industrial linkages to the agricultural heartland of the country tea, coffee, horticulture and floriculture are the most critical. Of these tea holds pride of place.

Kenya is the third largest producer of tea

in the world, after India and China, and the largest global exporter, shipping out roughly 340,000 tons per year to its main markets in Pakistan, Afghanistan, Europe and the United States. Kenyan tea has an excellent reputation around the world and is said to contain high levels of antioxidants.

Until independence, tea was cultivated on large estates run mainly by British companies. Today, around 450,000 smallholders, who own over 60 tea processing factories, produce around 60% of the tea, while commercial growers such as Brooke Bond (Unilever), Finlays, Williamson Tea and Eastern Produce (EPK) among others, which together own 38 factories, produce the remaining 40%.

The private sector Kenya Tea Development

Agency (KTDA) manages the factories owned by the smallholders and sells tea on their behalf in Mombasa, where buyers from around the world gather for weekly auctions.

The Kenya Tea Packers Limited (KETEPA), another private company, is the main vehicle of value addition for tea. "Our current objective is to increase the returns to our shareholders by shortening the distribution chain through increased sales of high quality, hygienically packed value-added tea in the local and export markets," says a KETEPA official.

KETEPA works collectively to improve the quality of the tea and liaise with international buyers to custom-tailor blends for different markets. A vital contributor to value addition for tea is the work done by the Tea Research Foundation of Kenya (TRFK). It has developed clones which are higher yielding and of superior quality. Kenya has the highest tea yield per hectare in the world and the crop is grown without the use of pesticides.

Another example of successful agro-based industrialisation is Kenya's horticultural sector. This industry employs 4.5 million people directly in production, processing and marketing and another 3.3 million benefit indirectly through trade and other activities. Horticulture is the fastest growing economic sector of the country. In 2009, about 450,000 tons of vegetables, fruits and flowers were exported to European markets, earning around \$1.3 billion.

Firms like Oserian and Karituri in the Rift Valley grow flowers for export under greenhouses on vast estates. Bidco, one of Africa's largest producers of edible oils, grows its own oil palm trees, processes the nuts, manufactures and markets its range of cooking oils, fats and margarine. Vimal Shah, CEO of Bidco, says: "We run a 'from the soil to the plate' operation. This allows us to achieve economies of scale and control the entire process. It not only makes us competitive in Africa but also globally – and it generates employment and allows us to upgrade our technology."

While Kenya has a vibrant industrial sector, its agro-based industry, particularly horticulture, is too heavily dependent on the health of European economies. While exports to African destinations have been increasing, poor road and rail connections and bottlenecks in administrative red tape at border crossings have adversely affected the sort of growth that will allow the country's industrial base to expand to its full potential.

**4.5 MILLION** - people employed across horticulture production and processing

