

# CONSTRAINTS AND OPPORTUNITIES OF THE KENYAN FERTILIZER INDUSTRY

By:

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## BACKGROUND INFORMATION

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- × **Fertilizer trade liberalised in 1990s**
- × **Fertilizer consumption below 200,000 MT  
before liberalization**
- × **Fertilizer consumption 450,000 MT by 2009**
- × **There are 16 private importers, 500  
distributors and 6000 retailers**

**Fig1 : Fertilizer Prices (FOB, Bulk) Jan '02-Jan '11**

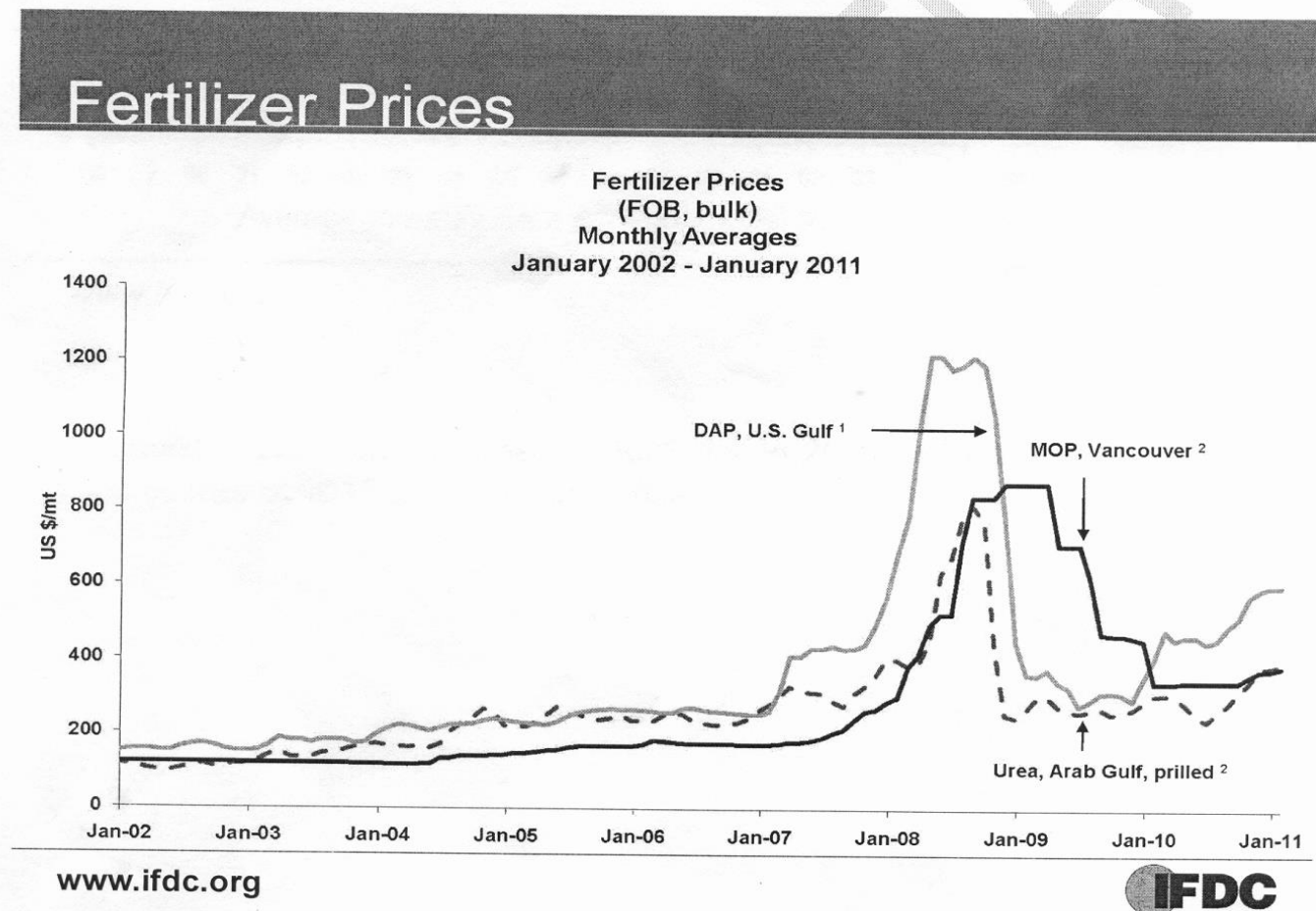


Fig 1

✗ Local fertilizer prices are dictated by world market prices

# CONSTRAINTS

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1. Price distortions in the market
2. Non-recognition of CoC issued at load port
3. Delayed clearance at destination ports
4. No government support to local fertilizer manufacturers
5. Reliance on rainfed agriculture
6. Inadequate output markets for farm produce
7. Delayed payment to farmers by NCPB
8. Lack of communication between GOK and private sector

# OPPORTUNITIES....

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1. **Political stability**
2. **Potential fertilizer consumption of one million MT.**
3. **Fixing soil acidity problem with lime and appropriate fertilizers**
4. **Modern rail network - SGR**
5. **Road construction to facilitate fertilizer delivery.**
6. **Presence of agricultural experts in the country.**
7. **Improved coffee prices.**
8. **Existence of 4 blending plants, one chemical plant and one upcoming NPK granulation plant**
9. **Investment in fertilizer manufacture.**

# SUGGESTIONS ON THE WAY FORWARD

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- 1. On subsidy, GOK to consider:-**
  - i. Subsidizing all fertilizer imports and setting retail prices or**
  - ii. Subsidize fertilizer only for small scale farmers (less than 2 acres) or**
  - iii. Withdraw the subsidy programme and purchase cereals on timely basis and at higher prices.**
- 2. KEBS to recruit reputable PVoC inspectors at load ports**

# THANK YOU



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