

Cheap milk from South Africa, Europe hurts Kenyan exports

By Gerald Andae

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Kenya's dairy products are being hurt by cheaper milk on sale in the region from South Africa and Europe, denying local processors a lucrative export market.



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Kenya Dairy Processors Association chairman Nixon Sigey said the high cost of production in Kenya is making the country's milk uncompetitive in the export market. A recent study by Egerton-based Tegemeo Institute placed the cost of production at Sh16 on average in Kenya while another study by International Livestock Research Institute put the cost at Sh18 per litre of milk. In Uganda, a farmer will incur only Sh10 to produce a litre.

Sigey also noted that the falling international prices of the commodity in the world market has also hurt the local products as countries from Europe export their milk products to Africa. "Our products are unable to compete with the countries such as Tanzania and Uganda because these commodities are very cheap there," said Sigey.

Further, he noted, a lot of milk products from South Africa are finding their way to Tanzania and other African countries where they sell cheaply compared to the ones coming from Kenya. A recent report by the Expatistan research body revealed that milk prices in South Africa are lower than in Nairobi with a litre of milk going at Sh80 in Durban and Pretoria and Sh84 in Johannesburg and Sh83 in Cape Town while it sells at Sh103 in Nairobi. Sigey also noted that Kenya's production remains low compared to South Africa. Locally, farmers produce an average of seven litres per cow as opposed to 20 litres in South Africa.

Local processors normally bank on the export market to sell their long-life products such as butter, ghee, UHT milk and the powder milk. The processors have been expanding their facilities to manufacture the long-life products and tap the regional market.

Brookside Dairy installed a dry milk plant in 2014 as it expanded its capacity for the intake of raw milk. Currently, the processors are stocking a lot of long-life products following a glut in the milk that has led to increased supply of the commodity in the country. Production of powder milk for the market has seen Brookside's daily raw milk intake rise to nearly two million litres, from 1.5 million initially.

The state-owned New Kenya Cooperative Creameries earns more than Sh400 million annually from the export of these products which include powder and UHT milk.

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