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Join KEPRO today!

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Creating One African Market

Kenya Association of Manufacturers (KAM) met the State Department of Trade to discuss the progress of implementation of the Africa Continental Free Trade Area (AfCFTA), on 14th January 2021.

AfCFTA has commenced implementing operational instruments, including:

- Fast-tracking unfinished tariff lines on the rules of origin.
- Concluding the package for the 90% tariff liberalization.
- Uploading the trade observatory portal.
- Setting up the Pan African Payment and Settlement System (PAPSS), the first centralized

payment market infrastructure for processing, clearing and settling of intra-African trade and commerce payments. This is being supported by Afexibank.

Way Forward

- The Ministry of Industrialization, Trade and Enterprise Development shall meet Kenya Revenue Authority (KRA) officials to discuss the customs infrastructure.
- The Ministry officials shall participate in the Ministers meeting in Accra, during which they shall deliberate on the operational mechanisms.

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- KAM in partnership with the State Department for Trade and National Trade Facilitation Agencies, shall host a Webinar on the Implementation of Africa Continental Free Trade Area (AfCFTA) on 26th January 2021, 1100 hours - 1300 hours (EAT). There shall be presentations from AfCFTA Secretariat, East Africa Community (EAC) Secretariat, KRA, Kenya Bureau of Standards (KEBS) and Kenya Trade Network Agency (KenTrade) on how these agencies shall facilitate businesses to commence trading under AfCFTA. [Click Here](#) to register.

AfCFTA Members Webinar

The Association also participated in an AfCFTA Member States' Webinar, held on 12th January 2021. During the meeting, the AfCFTA Secretary General committed to ensure that AfCFTA operational instruments are expeditiously implemented, to ensure the actualization of the trade agreement.

Way forward

KAM shall follow up on the outcomes of the Ministers meeting to be held on 23rd February 2021, that will discuss the mechanisms to ensure all member states put in place operational instruments.

PRIVATE SECTOR MEETS TO REVIEW TRADE FACILITATION AGREEMENT

KAM participated in the National Trade Facilitation Committee (NTFC) Private Sector Members meeting, held on 15th January 2021 to discuss Needs Assessment Report.

NTFC monitors Trade Facilitation in the Country, in line with the Trade Facilitation Agreement (TFA).

The meeting was convened by the Global Alliance for Trade Facilitation Organisation, which brings together governments and businesses as equal partners to address delays and unnecessary red tape at borders, and design and deploy targeted reforms that deliver commercially quantifiable results.

The Trade Facilitation Agreement (TFA) aims to expedite the movement, release and clearance of goods, including those in transit. The Agreement seeks to promote effective cooperation among customs and other relevant authorities on trade facilitation and customs compliance issues.

Kenya has ratified the Agreement and is expected to implement its provisions

Way forward

The Association shall continue engagements with private sector partners to outline key challenges and opportunities in trade facilitation in the country.

THE BUSINESS LAWS (AMENDMENT) (NO. 2) BILL, 2020

The Business Laws (Amendment) (No.2) Bill, 2020 (dated 14th December 2020) underwent the First Reading on 22nd December 2020.

The Bill seeks to amend various statutes to facilitate the ease of doing business in Kenya:

- To eliminate the requirement of a company seal in execution of documents for companies registered under the Companies Act, No 17 of 2015.

- To exempt payment of fixed stamp duty of one hundred shillings on contracts for purposes of reducing the cost

of doing business.

- To introduce a moratorium period to prevent creditors from taking an enforcement action while a company considers its option to salvage in case of insolvency.
- To fast-track procedure for small claims by providing a sixty-day timeline for adjudication of small claims

Way forward

KAM will continue to engage the government towards creating a business-friendly regulatory environment for manufacturers.

CONVERSION OF LAND PARCELS IN NAIROBI CITY COUNTY BY THE MINISTRY OF LANDS

The Cabinet Secretary for Lands and Physical Planning published the schedule with land reference numbers converted to new parcel numbers in respect of Nairobi Land Registration Unit.

This follows the development of the conversion list and cadastral maps by the Registrar of Lands, pursuant to regulation 4 (4) of the Land Registration (Registration Units) Order, 2017.

All transactions or dealings relating to parcels within the registration unit shall from 1st April 2021, be carried out in the new registers within Nairobi.

Way forward

KAM urges Members to confirm whether their land parcel titles were affected by the new conversion changes.

If opposed to the conversion, kindly lodge a complaint or Caution within 90 days ending 31st March 2020.

Tax changes effective 1st Jan 2021

The Government, through the Finance Act 2020 and the Tax Laws (Amendment) (No.2) Act 2020, introduced tax changes effective 1st January 2021.

The taxes included:

- VAT reinstated to sixteen (16) percent from the previous fourteen (14) percent.
- Minimum tax
- Corporation tax for a resident company
- Withholding Resident tax rates and withholding tax rate for pensions

- Digital tax and rates
- Inflation adjustment Excise approval changes
- Voluntary tax disclosure programme

Way forward

- KAM in partnership with other Business Membership Organizations (BMOs) is engaging government on the implementation of Minimum Tax.
- Businesses are urged to ensure compliance with the new tax requirements effective 1st January 2021.

KAM TEXTILES AND APPARELS SECTOR ENGAGES GOVERNMENT ON AfCFTA

KAM's Textile and Apparel Sector Leadership engaged the State Department of Trade Technical Trade Negotiators on the impact and pending negotiation items under the African Continental Free Trade Agreement (AfCFTA). This is in attempt to outline the Journey towards free trade, beginning 1st January 2021.

Way forward

KAM shall develop a brief to

support Kenya's position on a single transformation rule.

The Association shall work with African Cotton and Textile Industries Federation (ACTIF) to get an African Position on the Textiles and Apparels chapter.

KAM shall also develop legal guidelines to shape the pending legal text on Special Economic Zones/ Export Processing Zones access to AfCFTA markets.

KAM ENGAGES KRA ON CORPORATION TAX FOR FINANCIAL YEAR 2020

KAM engaged KRA on how to compute final tax whilst considering the 25% corporation tax rate as provided under Tax

Laws Amendment Act 2020. KRA issued a public notice on the same, on 19th January 2021.

KAM MEETS WITH CARREFOUR SUPERMARKET LEADERSHIP

KAM and Carrefour Leadership teams met to discuss opportunities for expansion of market access to the supermarket for locally manufactured goods. The meeting also focused on capacity support to Members, especially Small and Medium Enterprises (SMEs), to enable them sell in supermarkets in the country.

During the meeting, the KAM and Carrefour leadership appreciated the need for prompt payment by retailers in the country.

Way forward

- Members to continue sharing feedback on any delays on payments
- KAM and Carrefour shall hold sensitization forums for SMEs in February 2021.

FOOD AND NUTRITION SUB-SECTOR REVIEWS BREAST MILK SUBSTITUTES REGULATIONS, 2020

The Food and Nutrition Sub Sector met to review the Breastmilk Regulations, 2020 developed by the Ministry of Health. The Regulations seek to regulate breastmilk substitutes in the Country.

DelMonte Kenya & Carton Manufacturers meet on local sourcing of packaging

Delmonte Kenya Limited met Carton Manufacturers on local production of packaging for the food processing company.

The meeting focused on the quality of boxes, that can be used by DelMonte Kenya, which currently exports fresh pineapple through sea-freight using special carton boxes which are imported through duty Remission Scheme (DRS).

Way forward

DelMonte shall host a business to business (B2B) session with Carton Manufacturers to assess the readiness of local carton manufacturers to supply to Delmonte.

KAM shall write to the National Treasury to seek allowance for Delmonte to import their 6-months carton requirements.

KAM, KRA meet on EGMS

KAM engaged KRA on the Excisable Goods Management System (EGMS).

The meeting follows Members of the Food Sub-Sector raising concerns on operational challenges facing the

implementation of EGMS.

Way forward

KAM shall meet KRA on 27th January 2021 to discuss issues raised.

KAM Sugar Sub-Sector reviews the Sugar (Import Export By- Products) Regulations 2020

KAM's Sugar Sub-Sector met to review the Sugar (Import Export By-Products) Regulations 2020, to develop a position on the impact to the sugar industry.

The Regulations seek to regulate the import and export of sugar and its by-products in the country.

Way forward

KAM shall engage members of the sector affected by the regulations to consolidate their feedback on the expected impact to guide engagements with relevant Government agencies.

WE VALUE YOUR FEEDBACK

Dear Member,

KAM is committed to improving service delivery, through continuous policy advocacy.

To help us serve you better, we have developed the Member Satisfaction Survey, to review our performance during the year, and understand your expectations for 2021.

Kindly click on the link below to participate. Your feedback will be treated with utmost confidentiality.

FEEDBACK FORM

Thank you.

Regards,

KAM Team

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Kenya Association of
Manufacturers



Kenya Association of
Manufacturers

Join Kenya Extended Producer Responsibility Organisation (KEPRO)

The Kenya Extended Producer Responsibility Organisation (KEPRO) is currently engaging manufacturers, to support their Extended Producer Responsibility (EPR) initiatives.

This is in preparation for the proposed mandatory requirement by the Government for manufacturers and importers to manage their post-consumer waste under the Draft Producer Responsibility Scheme Regulations 2020 being finalized by the Ministry of Environment and National

Environment
Authority.

Management

Way forward

- KAM urges Members to join Kenya Extended Producer Responsibility Organisation (KEPRO), to participate in the management of post-consumer waste.
- For support or clarification, please contact kepri@kam.co.ke.

KAM SUBMITS BUDGET PROPOSALS FOR FY 2021/22

KAM submitted sector-specific budget proposals to the Ministry of Industrialization, Trade and Enterprise Development and the National Treasury on 30th December 2020.

Way forward

KAM is pursuing meetings to defend the proposals and submit revisions to Government.

TOP POLICY ISSUE IN THE MEDIA

Minimum Tax: Highlighting the impact of minimum tax on local industry and the consumers.

- **Daily Nation:** [Covid drills Sh42bn hole in tax revenue](#)
- **People Daily:** [Small-scale tea farmers stare at Sh754m loss over new tax](#)

- **Business Daily:** [KAM considers suit over new blanket minimum tax](#)
- **Citizen Digital:** [Low-profit margin firms 'punished' in minimum tax roll out](#)