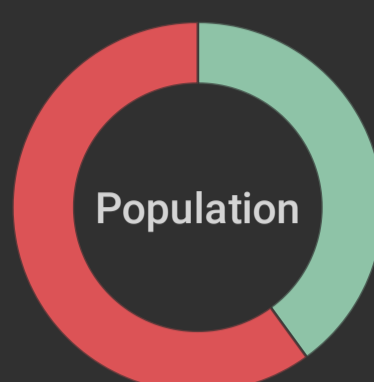


The Food & Beverage Sector is the largest sector in KAM hosting 254 members accounting to about 22%

The Sector is divided into 8 Sub Sectors

1. Alcoholic Beverages & Spirits
2. Bakers & Millers: Grain Mills
3. Cocoa, Chocolate & Sugar Confectionery
4. Dairy Products
5. Juices/Water/Carbonated Soda Drinks
6. Slaughtering, preparation and preservation of meat
7. Tobacco
8. Vegetable Oils



2015

The Growth of the Sector was at 6%

2016

The Growth of the Sector was at 2.9 %



GDP Contribution About 3.6%

The Sector employs about 156,000 people



Major Sector Issues include:

- >Prompt Payment
- >EGMS (Duties & Taxes)
- >Illicit Trade



KAM Food Sector Chair  
Amir Parpia



KAM Beverage Sector Chair  
Anup Bid

## Implementation of the Excisable Goods Management System (EGMS)

The Government of Kenya introduced the Excisable Goods Management System (EGMS) in Kenya in 2013.

The purpose was to:

- >Deter counterfeiting
- >Facilitate tracking
- >Enable accounting for the production of excisable goods
- >Facilitate authentication of excisable goods and the stamps

The Customs and Excise (EGMS) Regulations, 2013 introduced the provisions on EGMS which required all excisable goods except motor vehicles to be affixed with excise stamps.

The implementation of the same commenced with the Tobacco and Alcohol manufacturing sectors. Currently, KRA is pushing for implementation on the non-alcoholic beverages sector which includes; bottled water, juices, and carbonated soda drinks. Further, KRA is also targeting the cosmetics and beauty products.

In March 2017, the National Treasury published in the Gazette Regulations known as the Excise Duty (Excisable Goods Management System) Regulations of 2017. The Regulations revoked the 2013 Regulations. Kenya Revenue Authority had planned for the EGMS go live on August 1st 2018 but it was postponed.

The position of the industry has been that, more stakeholder engagement is required before the system is implemented and specifically on the following:

### · Cost of the Stamp

The proposed costs will render manufacturers to be uncompetitive as this will be an additional cost. The sales volumes will be affected and it will also lead to quantum losses for the manufacturing companies

### · Installation of the system

The recent installation of the system has evidenced emerging costs related to retrofitting the production line to accommodate new the system. KRA is only providing the cost of the machine.

Manufacturers have to bear certain capital outlays related to the installation of the system such as blowers to dry the bottle caps as they need to be dry before they can coded, new reject lines for each EGMS machine installed, server rooms, fibre optic cabling, software and hardware synchronization etc.

### · Operational costs

Manufacturers anticipate that the installation process and costs will affect the lead times and will also add on the cost of installation. In addition, loss of sales is expected due to the EGMS system occasioned by, frequent breakdowns of the system and also due the rejection of goods from the production line when they are not properly coded which contributes to 1.5% of production downtime.