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KAM CEO, Ms Phyllis Wakiaga making remarks during the Kenya-Tanzania Business Forum

Kenya Association of Manufacturers participated in the Kenya-Tanzania Business Forum, which was hosted during Her Excellency the President of Tanzania, Samia Suluhu's two-day tour of the country.

During the forum, KAM Chief Executive, Ms Phyllis Wakiaga highlighted trade barriers, that hinder market access for locally manufactured goods, into Tanzania.

- Discriminatory treatment of products including imposition of excise duty on Kenyan manufactured cigarettes and imposition of import charges on Kenya's animals and animal products.
- Restriction of free movement of Kenyan engineers to Tanzania and high permit charges for Kenyans carrying out temporary assignments in Tanzania.
- Lack of recognition of product's

standardization marks resulting in restrictions and retesting of food products.

- Lack of preferential treatment and market access for some Kenyan manufactured motor vehicles and edible oil products.

KAM's proposals to resolve these challenges include:

- High level interventions at political level to address long standing and arising trade barriers.
- Tanzania implements the East African Court of Justice ruling as guided by the SCTIFI meeting of 2019. The ruling calls for the removal of discriminative excise duties and fees that are contrary to Article 10 of the Custom Union Protocol.

KAM participates in the Kenya-Tanzania Business Forum

KAM SME HUB MEETS KEBS ON STANDARDIZATION OF NATURAL PRODUCTS



The KAM SME Hub met KEBS, to discuss the standardization of locally manufactured cosmetic products.

This was a follow up meeting to a list of Natural Products manufactured by SMEs, that the Association had shared with KEBS.

The list contained the standardization challenges facing the manufacturing SMEs.

Way Forward

- KAM shall continue following up on Members's concerns, such as standardization of their products to ensure compliance.



Participants follow proceedings during the Kenya-Tanzania Business Forum

Continued from Page 1

- A vacation of the current Rules of Origin, 2015 for Edible Oils under Chapter 15 and apply criterion of "manufacture in which the value of all non-originating materials used does not exceed 70% of the price of the product".
- Additionally, provide a conversion of goods of Chapter 15 from one tariff sub-heading to a different sub-heading "Change in tariff sub-heading". This is to enable preferential market access for edible products as we await the conclusion of the Common External Tariff (CET) and comprehensive review of the Rules of Origin, 2015.

Meeting Outcomes

- Kenya will waive work and business permits for investors from Tanzania.
- The forum identified regional,

continental and international frameworks through which Kenya and Tanzania can cooperate under their conduct of trade and investment.

- During the forum, it was noted that non-trade barriers, Phyto-sanitary (SPS) measures and technical barriers to trade (TBT) impede trade and investment between the two countries and called for cooperation to address them.
- The forum called for the conclusion of the ongoing comprehensive review of the East African Community Common External Tariff (EAC CET) and carry out consultations on the rules of origin.

Manufacturing SMEs call for increased financing for AfCFTA



KAM Head of Consulting and Business Development Ms Joyce Njogu during the Syspro, KAM Virtual SMEs Conference

Manufacturing Small and Medium Enterprises (SMEs) called for financing to enable them take advantage of opportunities in the Africa Continental Free Trade Area (AfCFTA). This was during a live session, hosted by Kenya Association of Manufacturers (KAM) and Syspro Africa.

Speaking during the event, Director for Chemicals and Minerals, Ministry of Industrialization, Trade and Enterprise Development, Mr Julius K. Kirima noted that for SMEs to trade across the continent, they must adhere to policies and regulations put in place, saying, *“Government’s policies and regulations seek to ensure that all products and services adhere to the highest standards, for them to gain access to other countries.”*

Syspro Africa Head of Solutions, Ms Dierdre Fryer explained that

the coming into force of AfCFTA is disruptive and calls on businesses to adjust their operations, *“Harnessing technology shall enable the swift movement of goods, services, money and even skills in Africa. Automation of systems also has the potential to significantly reduce costs.”*

KAM Head of Consulting, Ms Joyce Njogu noted that SMEs in the country face unique challenges, which calls for tailor-made solutions, to enhance their growth.

“SMEs continue to face barriers which hinder them from accessing both local and international markets. For instance, financial institutions consider them as high-risk borrowers, hence are reluctant to lend to them. I urge all stakeholders, in government and financial services to tap into this gap, since SMEs offer enormous potential and a huge customer base, due to their large number across

the country. Lending to SMEs shall enhance their competitiveness, thus creating a level-playing field between them and products manufactured in other markets,” highlighted Ms Njogu.

While the launch of AfCFTA on 1st January 2021 symbolized commencement of trading under preferential terms within Africa, there exist some challenges that hinder its implementation. Some of these include under-developed transport and logistics networks across the continent, overlapping Membership to trade blocs, non-uniform order in clearance of logistics and unfamiliar customs and administrative procedures and transit policies of goods across different Regional Economic Communities (RECs) among countries with no functional trade arrangements.

KAM, NCBA Partner to Support Manufacturing SMEs



(L) KAM CEO Ms Phyllis Wakiaga with NCBA Group Director for Retail Banking Mr Tirus Mwithiga during the MoU signing ceremony.

Kenya Association of Manufacturers (KAM) partnered with NCBA Bank Kenya PLC to enhance the development of Manufacturing SMEs in the country.

The two-year deal will see KAM and the lender support 300 Manufacturing SMEs. This shall be done through capacity building programs to address some of the challenges facing local Manufacturing SMEs.

Through the partnership, the two institutions shall also provide financial solutions and promote market access through exhibitions, regional and international trade missions.

Tirus Mwithiga, Group Director, Retail Banking, NCBA Bank Kenya noted that, *“This partnership comes at an opportune time as Kenyans and especially the SME sector are facing very difficult times with the second lock down. SME owners have experienced dramatic falls in business activity and revenues due to restrictions arising from the pandemic. As a bank, we*

care about SMEs and so we would like to encourage entrepreneurs to take advantage of the opportunities presented under this deal.”

KAM Chief Executive, Ms Phyllis Wakiaga highlighted the importance of partnerships geared towards supporting Manufacturing SMEs, who are a critical pillar in driving the sustainability of local industry.

“Through our Manufacturing SME Hub, the Association seeks to prepare, nurture and grow manufacturing SMEs to be competitive and take full advantage of available markets. Formidable partnerships such as these ensure we move a step closer towards our goal to see Manufacturing SMEs thriving. We shall continue to work with like-minded partners, including the government and its agencies, as well as financial institutions, to secure the future of Manufacturing SMEs,” added Ms Wakiaga

Nakuru passes County Waste Policy & Bill

KAM and Kenya Alliance of Residents Associations (KARA) partnered with Nakuru County to develop a County Waste Policy and Bill in 2019.

The policy was passed by the county and the Bill enacted in 2021.

Way Forward

KAM shall continue to partner with the county on sustainable solid waste management and other environmental initiatives.

Environment Ministry finalizes EPR regulations 2021

The Ministry of Environment and Forestry finalized the development of the Extended Producer Responsibility (EPR) Regulations, 2021.

The Ministry shall conduct stakeholder sensitization sessions across key sectors in order to operationalize and implement the regulations.

KAM shall support the Ministry of Environment and Forestry to conduct scheduled sensitization forums for the manufacturing sector.

KAM meets KRA on operational challenges

KAM met the Kenya Revenue Authority (KRA) Commissioner for Domestic Taxes. The meeting focused on the VAT Auto Assessment (VAA) system, iTax and PAYE challenges.

Way Forward

- KRA reported that they remain

committed in resolving the operational challenges facing manufacturers through scheduled meetings with KAM.

- KRA shall provide written feedback to KAM on Withholding VAT, Refunds of excise tax and anti-adulteration levy and Credit Adjustment Vouchers (CAVs)

challenges.

- KRA shall share feedback on key contacts on Withholding VAT & certificates, CAVs, refunds of excise tax and anti-adulteration levy, Legacy system, VAT refunds and VAA

KAM presents EAC budget proposals

KAM presented the East African Community (EAC) budget proposals to the National Treasury.

Way Forward

The EAC Secretariat shall issue a

gazette notice at the end of June 2021, on the budget.

KAM ENGAGES AMB. KIRIMI KABERIA ON THE MPA 2021 TATION STRATEGY

KAM met the Principal Secretary, State Department for Industrialization, Amb. Kirimi Kaberia, on the Manufacturing Priority Agenda (MPA) 2021.

Way Forward

The Ministry of Industrialization, Trade and Enterprise Development team shall develop a tracker of action points to be reviewed in regular meetings between KAM and the State Department for Industrialization.

KAM ENGAGES GOVERNMENT ON EAC CET REVIEW

KAM has held engagements on the EAC CET review, with the Principal Secretaries for Industrialization, Trade and EAC.

KAM is lobbying for the adoption of 35% as the 4th tariff band to protect local industries and to create a tariff differential of at least 10% to incentivize production of finished products.

Way Forward

KAM shall continue to engage government on products management.

Transport & Logistics Update: Operations at the Port of Mombasa

KAM continues to monitor efficiency at the port of entry to ensure seamless movement of imported goods at the ports of entry. The Association has been collating details of imported containers for immediate escalation to Kenya Ports Authority (KPA), for fast-tracking from ship discharge, loading onto Kenya Railways wagons and finally railage to the Inland Container Depot,

Nairobi (ICDN). This follows the visit to the Port by KAM, Shippers Council of East Africa (SCEA), Kenya Ship Agents Association (KSAA) and Kenya International Freight and Warehousing Association (KIFWA). Follow up meetings have been held thus far, with the Presidential Delivery Unit as well as the Interior PS, Dr. Eng Kibicho.

Way Forward

- KAM continues to monitor operational efficiency at the port of entry to ensure there is seamless movement of imported goods.
- KAM is collating Member's containers details for escalation to KPA if any delays are realized.

Clinker Verification Mission kicks off

KAM in collaboration with KEBS, Ministry of Industrialization, Trade and Enterprise Development, Ministry of Petroleum and Mining, and the National Treasury has kicked off the clinker verification exercise.

The mission seeks to ascertain the production and consumption of clinker within the Country.

This is against the backdrop of the proposal by two clinker manufacturers, during

the Budget process, to increase clinker import duty from 10% to 25%.

Way Forward

A report shall be developed, by the end of May.

KAM engages Wanyama Musiambo

KAM's Anti-Illicit Trade Committee engaged the Deputy Head of Public Service and National Coordinator for the Multi-Agency Team (MAT) against Illicit Trade, Mr Wanyama Musiambo.

The meetings focused on illicit trade and its impact on the competitiveness of local industry. During the meeting, Members reported various issues and received feedback from members of the Multi-Agency Team, including National Environmental Management Authority (NEMA) Anti-Counterfeit Authority (ACA) and Kenya Bureau of Standards (KEBS).

Manufacturers proposals include:

- Re-energize and re-activate the Multi-Agency Team to enhance enforcement.

- Increase focus and enhance vigilance in illicit trade hot spots including entry points and porous borders, particularly Uganda and Tanzania.
- Enhance the collaboration, cooperation, and coordination of the Multi-Agency Team.
- Resume and enhance collaboration with law enforcement authorities (LEAs) to create awareness by hosting joint forums, targeting various hotspots across the counties. These shall be done in collaboration with the respective County Commissioners and county intelligence and security committees.

Way Forward

- Mr Musiambo assured the KAM

Anti-Illicit Trade Sub-committee of the government's continued commitment to sustain the fight against illicit trade.

- Mr Musiambo noted ACA's concerns on their exit from the port.
- He assured the tobacco industry that they shall have a special sitting, to discuss how to resolve illicit trade challenges facing the sector.
- The COVID-19 pandemic has slowed down the Multi-Agency Team's physical interventions and engagements geared towards stopping the vice.
- The Deputy Head of Public Service emphasized the need for all operations to be intelligence-led, to ensure their success.

EAC Textiles and Apparels Verification Mission

The EAC is conducting a joint verification to establish Yarn and Fabrics manufacturing capacities in the East African Community (EAC).

The mission seeks to:

- Generate fact-based policy interventions in line with the EAC Textiles and Apparels Strategy.

- Provide a context to support EAC-wide duty remission scheme on inputs that are not locally manufactured.
- Support regional integration and free flow of trade.
- Support the EAC CET review.

Way Forward

- Verification has been done for Tanzanian and Ugandan factories
- Verification shall be done in Kenya, Burundi and South Sudan and Rwanda.

Apparels, Fashion & Textiles Integrated Marketing Strategy for Buy Kenya Build Kenya

KAM, Kenya Export Promotion and Branding Agency (KEPROBA) and Kenya Fashion Council in Partnership with the Ministry of Industrialization, Trade and Enterprise Development hosted a webinar to raise awareness on the Integrated Communications and Marketing Strategy for the Textile and Apparel Sector.

The Plan aims to:

- Celebrate textiles, garments, home textiles, fashion, and footwear made in Kenya.
- Increase the footprint of locally manufactured products in the mass retail space.
- Increase production for the mass retail market.

- Provide Kenyans with a chance to interact with manufacturers, designers, and retailers and give their inputs into what they want to consume.

The Cabinet Secretary, Ministry of Industrialization, Trade and Enterprise Development, Ms Betty Maina committed to support the initiative.

KAM meets Industry PS

KAM met Industry PS Amb. Kaberia to discuss industry's concerns on the implementation of Crop (Nut and Oil Crops) Regulations by Agriculture Food Authority (AFA), which were gazetted in August 2020 through Legal Notice No. 164.

AFA, through a notice dated 22nd February 2021, informed all growers, dealers and producers of all the thirteen (13) scheduled crops (sunflower, sesame, coconut, cashew nut, groundnut/peanut, safflower, linseed, jojoba, oil seed,

flax seed and bambara nuts) that they shall be registered and licensed to operate. Additionally, they shall be issued with a raft of permits and licenses for trading purposes upon fulfillment of requirements, fees, and levies.

Way Forward

- The Industry PS shall engage his counterparts in the other government agencies including Ministry of Health, AFA, KEBS and KRA on the regulations

and consider a stay of their implementation.

- A team shall be put together from both KAM and the Ministry of Industrialization, Trade and Enterprise Development to develop a joint position.
- Industry PS shall include the impact and feedback of the regulations in the next National Development Implementation Technical Committee (NDITC) meeting.

Mining and Petroleum PS visits salt manufacturers

The Principal Secretary, Ministry of Petroleum and Mining visited four salt companies. The companies visited by the PS include KenSalt Company, Krystalline Salt Company, Malindi Salt Works and Kurawa Industries

The visit sought to address the

challenges facing the Salt Sub-Sector, following the implementation of the Mining Act 2016.

KAM presented the Salt Sub-Sector memorandum, requesting the operationalization of the taskforce that was formed to address the sub sector challenges. The PS

appreciated the uniqueness of the salt industry from other mined minerals and the fact that salt requires special consideration.

The PS shall write to other Ministries mentioned in the taskforce to request for representatives.

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



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Manufacturers

EPZ Apparels Sector meets Industry CAS

The EPZ Apparels Sector met the Ministry of Industrialization Chief Administrative Secretary (CAS), Dr Lawrence Karanja. (AfCFTA).

Way forward

KAM shared the Sector's position on various issues affecting the sector and shall follow up on them.

The meeting focused on work permits, logistics, Kenya-US Free Trade Agreement and the Africa Continental Free Trade Area

FoC for the Management of PET post-consumer waste

KAM met the National PET Framework of Cooperation (FoC) Committee to discuss the implementation progress of the FoC between KAM, the Ministry of Environment and Forestry and NEMA on the management of PET post-consumer waste in the country.

The meeting, held in partnership with PETCO (the PET PRO), discussed among others, the progress of environmental regulations touching on Waste Management.

A 3-year report shall be developed and launched in May 2021.

TOP POLICY ISSUE IN THE MEDIA

Minimum Tax :

- **Citizen TV:** [High court stops KRA from collecting minimum tax](#)
- **KTN News:** [Court deals blow to KRA's Sh21bn tax plan](#)
- **NTV:** [Court deals blow to KRA's Sh21bn tax plan](#)

EAC CET:

- **Business Daily:** [Apply higher tariffs on non-EAC goods to grow industries](#)
- **All Africa:** [Promoting Local Production Will Lead to Regional Industrialization](#)
- **The Star:** [Promoting local production will lead to regional industrialization](#)