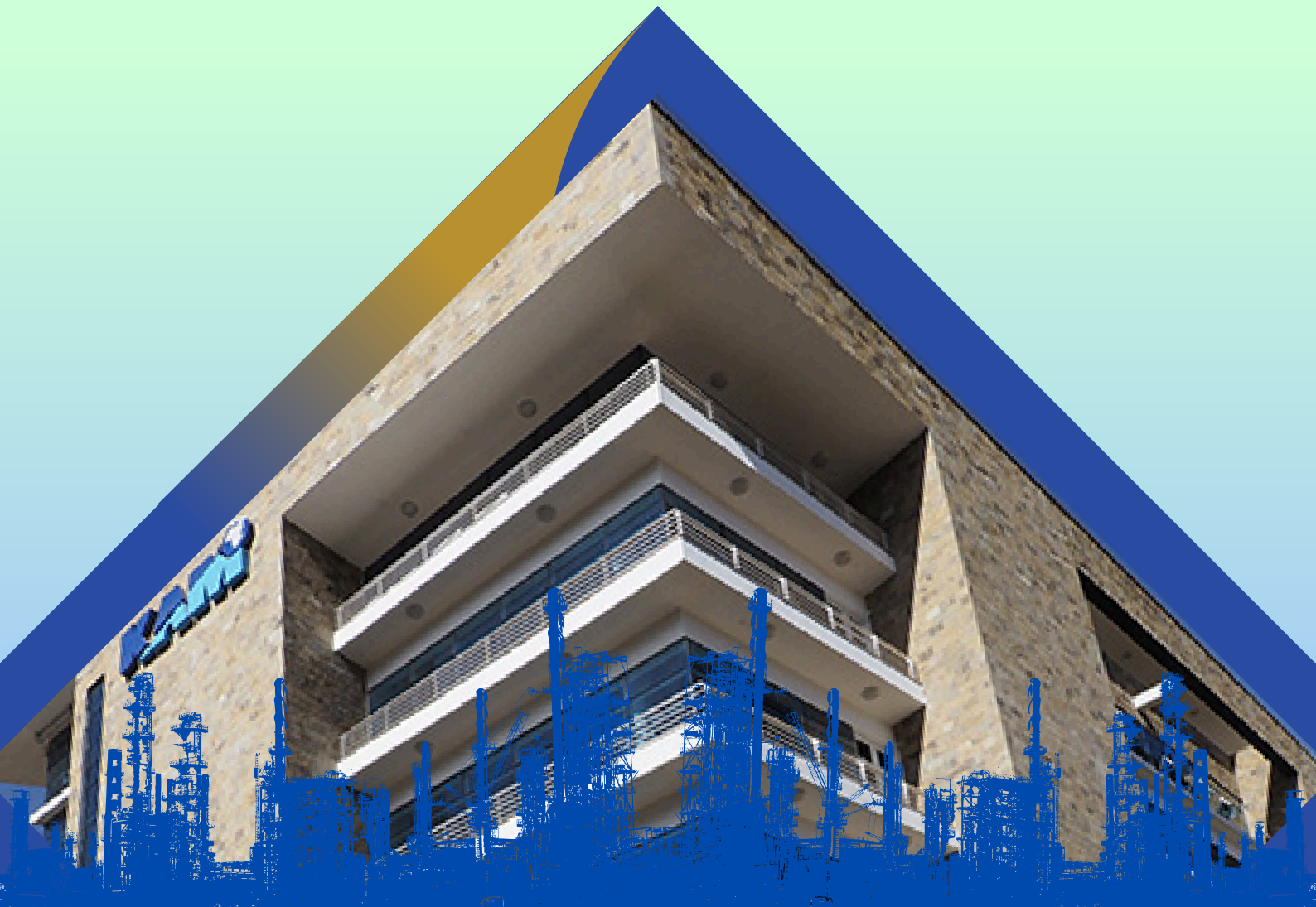




SECTORS' MILESTONES & UPCOMING ACTIVITIES

JULY 2024

Building Towards Manufacturing 20by30



ABOUT KAM

Established in 1959, the Kenya Association of Manufacturers (KAM) is a representative of manufacturing and value-add industries in Kenya. The Association is front and centre, driving fact-based policy advocacy towards the formation of industrial policies to strengthen and support the country's economic development. Through fact-based advocacy, KAM partners with government and its associated agencies to ensure a dynamic and flourishing manufacturing sector in Kenya, to realize a double-digit contribution to GDP.

In this report, we highlight the significant steps we are making in our advocacy agenda featuring key engagements with stakeholders including but not limited to the national and county governments, regional trading blocs, and development partners, among others on a monthly basis.

INTRODUCTION



Our
Vision

To be a World-class Business Member Organization (BMO) that effectively delivers services to its members.



Our
Mission

To promote competitive and sustainable local manufacturing.



GOAL

To transform KAM into a sustainable member-focused association delivering relevant, quality, timely and effective services to its members.



PURPOSE

Create prosperity for the nation through sustainable industrialization.



**OUR CORE
VALUES**


- **Effectiveness**
- **Good Governance**
- **Innovation**
- **Professionalism**
- **Responsiveness**
- **Teamwork**

LIST OF ABBREVIATIONS


KDB	Kenya Dairy Board
KRA	Kenya Revenue Authority
EPR	Extended Producer Responsibility
SWMA	Sustainable Waste Management Act
KEBS	Kenya Bureau of Standards
AFA	Agriculture and Food Authority
EAC	East African Community
EAS	East African Standard
CET	Common External Tariff
CTH	Change in Tariff Heading
CEEC	Center for Energy Efficiency & Conservation
UNECA	United Nations Economic Commission for Africa
KURA	Kenya Urban Roads Authority
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KLIP	Kenya Leather Industrial Park
MITI	Ministry of Investments, Trade and Industry (MITI)
NT	National Treasury
NTBs	Non-Tariff Barriers
MEACA	Ministry of East Africa Community and Affairs
KEPRO	Kenya Producers Responsibility Organization
DRS	Duty Remission Scheme
NEMA	National Environmental Management Authority
JICA	Japan International Cooperation Agency
SDI	State Department for Industry
HAPROK	Hazardous- waste Producer Responsibility Organisation of Kenya
EPROK	Electronic - waste Producer Responsibility Organisation of Kenya
MDF	Medium Density Fiberboard
PET	Polyethylene Terephthalate
AfCFTA	Africa Continental Free Trade Area
LN	Legal Notice
TFTA	Tripartite Free Trade Area Agreement

I. FOOD AND BEVERAGE SECTOR


→ National Consultative Meeting on the EAC Fruits and Vegetables Strategy, 2021 - 2031

	<p>Engagement Details</p> <p>KAM participated in the national consultative meeting to update and monitor progress in the implementation of the EAC Fruits and Vegetables Strategy, which seeks to enhance the development of the agriculture sector through regional agro-processing and value addition. The meeting also aimed to validate draft reports on the EAC Guidelines for Seed Potato Release and Registration, as well as the Strategic Action Plan for promoting value addition and trade in the EAC nuts value chain.</p>	<p>Outcome</p> <p>Finalization and adoption of the reports on the Guidelines for Seed Potato Release and Registration, as well as the Strategic Action Plan for the EAC nuts value chain.</p>
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→ KRA and Weights & Measure Inspection visit to Micro-Craft Distillery (Yamaroku Ltd)

	<p>Engagement Details</p> <p>On 19th July 2024, the Kenya Revenue Authority (KRA) and the Weights and Measures Department visited Yamaroku Limited, a micro-craft distillery producing rum. The visit aimed to inform the development of an alternative excise duty framework for this segment of alcoholic beverage manufacturers, with the goal of facilitating their operations and addressing the challenges micro-craft distilleries face in complying with current regulatory requirements.</p>	<p>Outcome</p> <ol style="list-style-type: none"> 1. Micro-craft distilleries are to re-apply for the relevant approvals in accordance with the directives issued on 6th March 2024 by the Ministry of Interior, before inviting KRA and the Weights and Measures Department for final approval to facilitate short-term production. 2. KRA to finalize the development of the alternative regulatory framework within 6 months.
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→ Quarter 2 Sector Meeting

	<p>Engagement Details</p> <p>The agro-processing, food, and beverages sector held its Q2 meeting on 23rd July 2024. The main focus areas of the meeting were the outcome of the EAC 2024 budget, finalization of the sector's position on the proposal to amend the standard for labeling pre-packaged foods (EAS 38), and the process for transitioning sector leadership.</p>	<p>Outcome</p> <ol style="list-style-type: none"> 1. Subsector meetings will be convened for the beverages and baked products industries. 2. Support will be provided to the meat subsector, particularly regarding the US-Kenya Strategic Trade and Investment Partnership (STIP) and county levy charges.
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Upcoming Activities:

1. Beverages Subsector meeting to be held in August 2024.

For more details on the sector, please contact: davies.nyachienga@kam.co.ke

2. AUTOMOTIVE SECTOR

→ Automotive Sector Q2 Meeting



Engagement details

Automotive Sector members met on 10th July 2024 and the following issues were discussed:

- The sector performance for 2023
- Current status of the KSI 515 case
- Status of review of LN 112 & 84
- EAC budget outcomes and achievements as per EAC Gazette Notice
- Updates from the Regional Automotive Platform Meeting
- Status of the Automotive Bill 2023
- Progress on the development of local content, including the addition of 30 new components.

Outcome

1. A special committee will be established to review and develop the sector's position on ARSO EURO 2 standards, with Caroline Soi from Mobius leading the effort.
2. Members agreed to an additional 20% contribution from individual companies towards KAM subscriptions to support the sector kitty.
3. KAM will liaise with the Ministry of Investments, Trade, and Industry (MITI) and the National Treasury to facilitate public participation and conclude the review of Legal Notices 112 and 84.

→ Motorcycle Subsector engages NTSA



Engagement Details

The Motorcycle Subsector members held a meeting with NTSA on 5th July 2024, where the following issues were discussed:

- Issuance of new logbooks
- Introduction of new motorcycle number plates
- Rescheduling of inspection bookings
- Availability of the forced transfer option
- Streamlined allocations process
- Sub-users' ability to book inspections and transfers
- Introduction of Pesa Flow as a replacement for E-Agent

Outcome

1. A detailed list of deliberations and outstanding issues will be shared with the Director of Registration and Licensing at NTSA to expedite resolution.
2. A virtual monthly meeting will be held on the first Wednesday of each month at 9 AM to review the status and address any emerging issues.

Upcoming Activities:

1. A special committee meeting to review and develop sector position on ARSO EURO 2 standards to be held on 15th August 2024.

For more details on the sector, please contact: jackson.wambua@kam.co.ke

3. PHARMACEUTICAL SECTOR

→ Webinar on Buy Kenya Build Kenya Initiative



Engagement details

Members of the Pharmaceutical Sector participated in a webinar organized by the Ministry of Health in collaboration with USAID. The event, themed “Revitalizing Kenya’s Economy: Today and in the Future. Buy Kenyan, Build Kenya!” took place on Thursday, 18th July 2024.

Speakers included representatives from the Ministry of Health, the Kenya Healthcare Federation, and the Federation of Kenya Pharmaceutical Manufacturers.

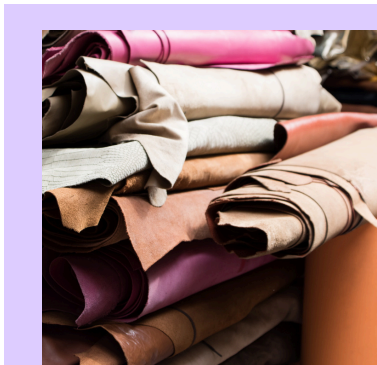
Outcome

1. The webinar highlighted the importance of supporting local industries to boost Kenya’s economy, with key insights from the Ministry of Health, Kenya Healthcare Federation, and the Federation of Kenya Pharmaceutical Manufacturers.
2. Participants discussed strategies for enhancing local pharmaceutical production and building a resilient healthcare sector.

For more details on the sector, please contact: jackson.wambua@kam.co.ke

4. LEATHER & FOOTWEAR SECTOR

→ Leather & Footwear Sector holds Q2 meeting



Engagement Details

The Leather and Footwear Sector held its Q2 meeting on 22nd July 2024 to discuss the impact of the EAC Gazette Notice issued on 30th June 2024, along with other sector-related issues. KIPPRA presented a research paper analyzing the effect of the export levy on the competitiveness of leather products. Members were given the opportunity to provide feedback on the policies needed to enhance sector competitiveness.

Outcome

Coordinate and mobilize members to ensure their participation in the sub-sector meetings scheduled for August 2024.

→ National Consultative Meeting on the EAC Leather & Footwear Strategy, 2021 - 2031



Engagement Details

The Sector participated in the national consultative meeting to update and monitor progress in the implementation of the EAC Leather & Leather Products Strategy, which aims to enhance sector development. The meeting also included an evaluation of achievements and effective practices in the implementation of the EAC Sectoral Strategies and Action Plans. Participants received progress reports from focal points on the status of strategy implementation.

Outcome

The State Department for Industry to spearhead implementation of the recommendations given by the participants.

Upcoming Activities:

I. Leather & Footwear Subsector meetings, date and time to be communicated.

For more details on the sector, please contact: purity.gachugu@kam.co.ke

5. TEXTILES & APPAREL SECTOR

→ EMA Benchmarking Visit to Spin Knit Ltd



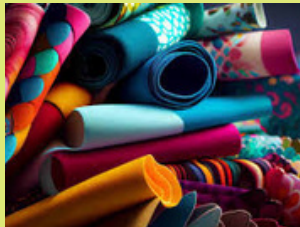
Engagement Details

On 12th July 2024, the KAM Center for Energy Efficiency and Conservation (CEEC) organized a benchmarking visit to Spin Knit, the recipient of the Textiles & Apparels Sustainability Award at the 20th Energy Management Awards. The visit was designed to offer participants, including members of the Textiles and Apparel Sector, valuable peer learning and networking opportunities.

Outcome

Benchmark visit for Nairobi Region scheduled for September 2024.

→ Local Textiles & Apparel Sector holds Q2 Meeting



Engagement Details

The Local Textiles & Apparel Sector held its Q2 Meeting on 23rd July 2024, addressing the implications of the 30th June 2024 EAC Gazette Notice, including the extension of the DRS for garments and textile products. The State Department for Trade also presented opportunities within the AfCFTA for the sector.

Outcome

Meeting on the Duty Remission Scheme for garments and other textile products to be held, following the KAM Trade and Tax Committee ruling on the matter.

Upcoming Activities:

1. Meeting on DRS for Garments and other Textile Made-up Products Based on KAM TTC Ruling on 16th August 2024.
2. Hold the Gender Equity and Social Inclusion Workshops in Nairobi, South Rift and Coast Regions.

For more details on the sector, please contact: purity.gachugu@kam.co.ke

6. PAPER AND PAPER BOARD SECTOR

→ National Paper Verification Report



Engagement Details

The Paper Verification Report Dissemination Workshop was held on 12th July 2024 at the Golden Tulip Hotel. The workshop was attended by representatives from KRA, KEBS, and the State Department of Industry.

Outcome

The final report was signed by the Verification Committee and Subsector representatives and is now ready for distribution to members and government agencies.

→ Provision of Sanitary Towels Bill, 2024



Engagement Details

A meeting for the Diaper and Sanitary Towels Sub-sector was held to discuss the Provision of Sanitary Towels Bill. Key issues addressed included local sourcing and the definition of sanitary towels.

Outcome

The Sub-sector's position was compiled and submitted to the Senate for consideration prior to the passage of the Bill.

→ EAC Gazette Notice



Tax Head

On 4th July 2024, a KAM Trade and Tax Committee (TTC) meeting was held to discuss the outcomes of the EAC Gazette published on 30th June 2024. The impact of duties on the Paper Sector was examined and documented for advocacy purposes.

Outcome

The TTC recommended revoking the Stay of Application for the EAC CET to apply a lower duty rate, in line with the Paper Verification Report. This resolution was submitted to the National Treasury for further guidance.

Upcoming Activities:

1. Paper Verification Report dissemination to government, date to be communicated upon confirmation by the PS State Department of Industry.

For more details on the sector, please contact: davies.mwasame@kam.co.ke

7. CHEMICAL & ALLIED SECTOR

→ Chemical & Allied Sector Quarter 2 Meeting



Engagement Details

The Chemical and Allied Sector held its Q2 meeting on 9th July 2024, where discussions focused on the TTC ruling on edible oil, the EAC budget outcome, and the status of the Finance Bill 2024.

Outcome

All TTC rulings will be circulated to members, and feedback from the EAC Gazette will be escalated to the National Treasury.

→ Establishment of the Cosmetics Subsector Kitty



Engagement Details

A meeting was held with the Cosmetics Sub-sector leadership to discuss various challenges, including regulation by the Pharmacy and Poisons Board, the National Drugs Authority Bill in Uganda, and KEBS standards for cosmetic products.

Outcome

Establish a Cosmetics Sub-sector fund to address emerging issues that may require budgetary support, such as hosting parliamentarians and funding travel to the EAC, among other needs.

For more details on the sector, please contact: davies.mwasame@kam.co.ke

8. METAL AND ALLIED SECTOR

→ Metal and Allied Sector Quarter 2 Meeting



Engagement Details

The Metal and Allied Sector held its Q2 meeting on 22nd July 2024, where discussions focused on the Special Operating Framework Agreement (SOFA) and sector governance.

Outcome

1. It was agreed that SOFA should be removed as it unfairly benefits only one industry, excluding others from the incentive.
2. The sector and sub-sector leadership will continue their oversight roles until the sector decides on any changes.

→ TTC engages SOFA Beneficiary



Engagement Details

On 18th July 2024, Sector Chair Mr. Bobby Johnson attended a meeting hosted by the Trade and Tax Committee with SOFA beneficiaries. The meeting aimed to clarify how SOFA operates, its legal aspects, and its impact on the steel sector. This discussion followed concerns raised by the steel sector players regarding the issuance of incentives to a single company.

Outcome

A sector meeting will be convened to present the position of the SOFA beneficiary for a sector-wide decision. The beneficiary is to disclose the agreement to the KAM Secretariat.

→ Meeting with Food Can Manufacturers



Engagement Details

A meeting was held with Friendship Containers Limited on 5th July 2024 to discuss challenges facing food can manufacturers. Key issues included amending the tariff code 7310.29.20 description to specify beverage cans and addressing duty remission for lacquers.

Outcome

1. Friendship Containers Limited will provide a brief on their challenges in preparation for the upcoming EAC verification mission for food cans.
2. A meeting will be held with the Chemical Sector to confirm the availability of food-grade lacquers.

Upcoming Activities:

1. Meeting with tin cans manufacturers to be held in August 2024.
2. Metal and Allied Sector meeting to discuss specific training on AfCFTA and TFTA opportunities.

For more details on the sector, please contact: dominic.mutai@kam.co.ke

9. TIMBER AND FURNITURE SECTOR

→ Quarterly Sector Meeting



Engagement Details

A quarterly sector meeting was held on 10th July 2024, where the discussion focused on the budget outcome and emerging opportunities from AfCFTA and the Tripartite Free Trade Area (TFTA).

Outcome

Feedback on the budget outcome will be submitted to the National Treasury for consideration. The KAM Secretariat will organize a sector-specific session on trade opportunities under AfCFTA, and members have been encouraged to stay alert for further details.

→ Sector and Ashut Plastics plant 1,400 seedlings at Kinale Forest Station



Engagement Details

On 5th July 2024, members of the Timber and Furniture Sector, in collaboration with Ashut Plastics, participated in a tree planting event at Kinale Forest Station's Barika Block. Together with the Kenya Forest Service, they planted 1,400 seedlings.

Outcome

Ongoing efforts are focused on encouraging more members to contribute to the forest fund and adopt a forest. Members have the flexibility to choose a forest to adopt anywhere in the country based on their business preferences.

→ Emerging issues following EAC Gazette Notice



Engagement Details

During the sector meeting, it was reported that MDF with a thickness of less than 5mm was assigned a duty rate of 35% plus a specific duty. Since this product is not manufactured locally, members requested that duty remission be granted to local manufacturers.

Outcome

The product will be resubmitted to the National Treasury as part of the feedback for consideration during the budget process.

Upcoming Activities:

1. A sector-specific training for the timber industry on AfCFTA and TFTA will be organized to promote the export of furniture from Kenya. The date will be confirmed.

For more details on the sector, please contact: davies.mwasame@kam.co.ke

10. BUILDING, MINING AND CONSTRUCTION SECTOR

→ Quarter 2 Sector Meeting



Engagement Details

The quarterly sector meeting was held on 8th July 2024, where discussions included the EAC budget outcome, demand notices for outstanding royalties issued to quarry members, emerging sector issues, and updates on various engagements with government agencies.

Outcome

Feedback on the budget outcome will be submitted to the National Treasury for consideration. The KAM Secretariat will follow up on pending and emerging actions.

→ KAM engagement with KEBS MD



Engagement Details

On 19th July 2024, the KAM Cement Sub-sector met with KEBS MD, Ms. Esther Ngari, to discuss the performance of cement products for the period 2023-2024. The discussion emphasized the need for the Sub-sector to adhere to established standards to achieve and maintain full compliance.

Outcome

KEBS will continuously collaborate with the industry, conduct regular market surveillance, involve other government agencies to address widespread cement adulteration, and perform round-robin testing, among other interventions, to ensure the cement industry achieves 100% compliance.

→ Cement Subsector Meets



Engagement Details

On 19th July 2024, the Cement Subsector held a meeting to review the detailed Sub-sector report. Discussions covered specific issues including changes in mining royalties, cement bag recyclability, high power costs, and quality concerns, among others.

Outcome

The KAM Secretariat will follow up on action items, including engaging Kenya Power and Lighting Company (KPLC), Kenya Electricity Transmission Company (KETRACO), and Kenya Electricity Generating Company (KenGen) to resolve long-standing power challenges.

Upcoming Activities:

1. A sector meeting will be held to provide specific training on opportunities under the AfCFTA and TFTA.
2. Cement Subsector meeting to be held on 6th September 2024 at 3:00 pm.

For more details on the sector, please contact: dominic.mutai@kam.co.ke

II. SALT SUB-SECTOR

Salt Sub-sector engages Stakeholders on Boundary Marking

Engagement Details



On 2nd July 2024, Magarini DCC, Mr. Peter Thiong'o, together with Adu Ward Member of the County Assembly (MCA) Zia Kahindi, chaired a meeting with Magarini Sub County stakeholders on land matters. Present were the Sub County Surveyor, a representative from the National Land Commission (NLC), and Kilifi County Surveyors. The meeting focused on boundary identification and marking for Kensalt Kanagoni land.

Outcome

The meeting requested the County to halt any further allocations or surveying of the land and maintain the status quo until a verification survey is completed. Meanwhile, Kensalt will visit the land registrar in Mombasa to obtain the necessary documents to guide the next meeting.

→ Salt Sub-sector engages KEPRO

Engagement Details



On 9th July 2024, Salt Sub-sector members met with KEPRO to discuss the Extended Producer Responsibility (EPR) fees for the sector. KEPRO CEO James Odongo praised the Sub-sector for its commitment to responsible waste management but highlighted that high monthly declaration fees, due to NEMA requirements and waste recycling value chain handlers, pose a significant challenge.

Outcome

A high-level follow-up meeting with KEPRO will be arranged to explore options for reducing the fees. The Sub-sector will also propose alternative solutions to KEPRO, such as taking on responsibilities like waste management awareness, environmental messaging on packaging, and providing collection points.

→ Salt Sub-sector participates in Magarini Mangrove Resource Marking

Engagement Details



On 10th July 2024, the Salt Sub-sector participated in a Kenya Forest Service (KFS) meeting with the Magarini Community Forest Association on mangrove resource identification. Stakeholders and community members engaged in focus group discussions to map existing and potential resources in the mangrove and marine ecosystem.

Outcome

The team identified both existing and previously unidentified resources within the mangrove forest ecosystem and developed a resource map to guide the utilization, management, and conservation of the mangrove forest.

Upcoming Activities:

1. Kilifi County Stakeholders' Round Table Forum on Preventing and Countering Violent Extremism (PCVE)
2. Magarini Community Forest Association's Participatory Forest Management Plan Validation
3. CSR Community Feedback Meeting
4. Community Land Sensitization Forum for the Kensalt Kanagoni Area

For more details on the sector, please contact: anne.murithi@kam.co.ke

II. SALT SUB-SECTOR

→ Salt Sub-sector participates in Kilifi County Peace Engagement Forum

Engagement Details



On 17th July 2024, the Salt Sub-sector members participated in the Kilifi County Engagement Forum on peace and security matters. The forum gathered various stakeholders to discuss and address peace and security issues within the County, aiming to enhance overall safety and promote sustainable development.

Outcome

The Kilifi County Action Plan (K-CAP) on Preventing and Countering Violent Extremism (PCVE) was reviewed, and an implementation status report was presented to stakeholders.

→ Salt Sub-sector meets State Department for Industry

Engagement Details



On 18th July 2024, Salt Sub-sector members met with the State Department for Industry to address key challenges affecting the industry. They highlighted issues impacting competitiveness, including sea water charges, mining export levies, duty remission for salt imports by EAC Partner States, the Mining Act of 2016, and overlapping regulatory frameworks.

Outcome

During the meeting, both parties agreed to collaborate on resolving these challenges and to pursue joint ministerial engagement to address cross-cutting and overlapping issues.

→ Development of Magarini Mangrove Management Plan

Engagement Details



On 29th and 31st July 2024, the Salt Sub-sector took part in a two-day Participatory Forest Management Plan (PFMP) workshop at Arabuko Jamii Villas, Mida. The workshop finalized the PFMP draft, addressed stakeholder concerns, and prepared for the PFMP validation process.

Outcome

The workshop reviewed and finalized the Magarini Participatory Forest Management Plan (PFMP) and scheduled its validation.

Upcoming Activities:

1. Kilifi County Stakeholders' Round Table Forum on Preventing and Countering Violent Extremism (PCVE)
2. Magarini Community Forest Association's Participatory Forest Management Plan Validation
3. CSR Community Feedback Meeting
4. Community Land Sensitization Forum for the Kensalt Kanagoni Area

For more details on the sector, please contact: anne.murithi@kam.co.ke

12. ENERGY, ELECTRICAL AND ELECTRONICS SECTOR

→ Energy, Electrical & Electronics Sector Quarter 2 Meeting



Engagement Details

On 9th July 2024, a quarterly sector meeting was held to discuss the EAC budget outcome and provide updates from various engagements with government agencies.

Outcome

1. Feedback on the budget outcome will be submitted to the National Treasury for consideration.
2. The KAM Secretariat will follow up on the action items.

→ Sector meets Industry PS on Electronics & Electrical Draft Regulations



Engagement Details

On 22nd July 2024, the Electrical & Electronics Sub-sector met with the Industry PS on the draft Electronics Regulations. These Regulations, based on the Tax Procedures Act, aim to provide a regulatory framework to encourage investment and growth in Kenya's emerging electronics industry.

Outcome

1. Stakeholder Mapping: Key stakeholders identified include KAM, KRA, KEBS, Treasury, Ministry of ICT, KEPSA, KNCCI, and relevant universities for collaboration.
2. Industrial Visits: Planned to demonstrate technical capabilities and identify industry support needs.

For more details on the sector, please contact: fred.migwi@kam.co.ke

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P.O. Box 30225 - 00100 Nairobi, Kenya
KAM House, 15 Mwanzi Rd Opp. Westgate Mall, Westlands, Nairobi
Phone: +254 722 201368, 734 646005, +254 (20) 232 4817
Email: info@kam.co.ke | Website: www.kam.co.ke
