



### **The Kenya-EU EPA Tariff Liberalization Commitment**

With the Kenya-EU EPA already in force, Kenya is committed to liberalise the equivalent of 82.6% of imports from the EU by value over a transitional period of twenty-five (25) years. In the current EAC Common External Tariff, more than half of these imports are imported duty free or at zero CET rate, not only from the EU, but also from the rest of the world. The agreement provides for a seven (7) years moratorium or policy space for Kenya to commence her liberalization commitment from the date of coming into force of the agreement based on EAC CET 2017 Version. Kenya has an exclusion list of products considered sensitive which will not be opened to EU, mainly for the purpose of protection of agriculture, food security and rural development. The excluded products will be subjected to EAC CET duty rates.

The EU on her part has liberalized 100 percent of her market to Kenyan exports (except arms). All Kenyan originating exports will therefore enter the EU market duty and quota free. The Kenya- EU EPA liberalisation schedule will be implemented in three (3) phases:

- The first phase of liberalization constitutes 65.4 per cent of trade liberalization on EU imports upon the entry into force of the EPA. This is planned to take 5 years after the 7-year moratorium i.e. from 7th to 12th year. Most of the products under phase I are already zero rated in the current EAC CET and no change is expected. These are mainly capital goods and raw materials.
- The second phase will have Kenya liberalize 14.6 percent for the EU over a period of 8 years. The liberalization will commence in the 7th to 15th year. The products for the second phase are intermediate inputs which attract 10 per cent duty.
- The third phase will have Kenya liberalise a further of 2.6 per cent of her imports from EU. This will take 13 years and will commence from 12th to 25th year. In this phase, there are finished products, whose availability at lower cost is deemed to have a positive effect on consumer welfare, and not to have a potential negative impact on the Kenyan economy.

Kenya has excluded 17.4 per cent of her trade from tariff liberalization. These products will not be opened to imports from the EU. These are mainly agricultural products, wines and spirits, chemicals, plastics, wood-based paper, textiles and clothing, footwear, ceramic products, glassware, articles of base metal, vehicles and other products of strategic importance to the economy. These products were identified based on their contributions to rural development, employment, livelihood sustainability, promotion of food security, and fostering infant industries among others. All products subsidized by the EU are included in the list. The excluded products will be subject to the EAC CET rates when imported from EU by Kenya. Kenya's tariff liberalisation schedule to the EU and the exclusion list can be availed upon request to KAM Trade and Policy Manager.