

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Kenya

Exporter Guide

Kenya ripening for U.S. exports

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Report Highlights:

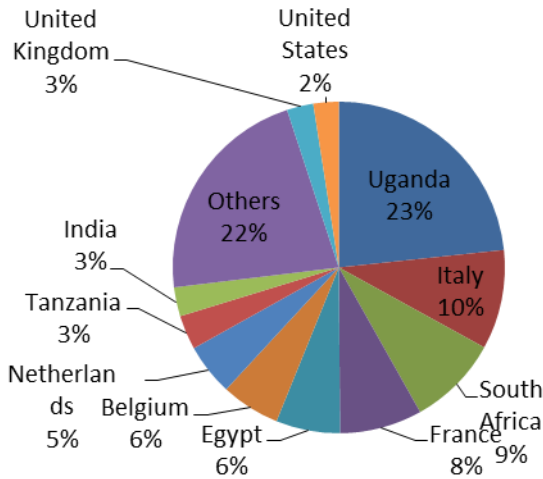
Kenya's imports of consumer-oriented food products grew at an annual average rate of 12.6 percent between calendar years (CY) 2013 and 2017. U.S. exports grew by 21.2 percent in the same period.

The aforementioned growth is attributed to a fast growing middle class, and expanding food service and food retail sector. The growth is projected to continue. Best product prospects include snack foods, dairy products, pasta, sauces and condiments, pet food, and specialized food ingredients. Kenya's ban on genetically engineering foods limits access for U.S. agricultural exports. Bulk and intermediate products continue to dominate U.S. agricultural exports to Kenya, accounting for 84 percent of total U.S. agricultural exports in CY 2017 totaling US\$ 73 million.

Executive Summary

Kenya remains an economic powerhouse in the East African region. In 2017, Kenya’s Gross Domestic Product (GDP) reached US\$74.9 billion. Kenya is a net importer of agricultural commodities and food products. Value of agricultural and related products exports to Kenya increased at annual average rate of 13 percent between 2013 and 2017 calendar years, reaching US\$3.3 billion in 2017. Limitations in Kenya’s agro processing sector, a fast growing middle class and population, an expanding food service and modern food retail sector, offers U.S. exporters’ opportunities to tap into Kenya’s agricultural food market.

Competition for Kenyan consumer-oriented products market in 2017 calendar year valued at US\$ 418 million



2. Snack Foods
3. Dairy Products
4. Pasta
5. Pet Food (Dog & Cat)
6. Sauces and Condiments

Top Host Country Retailers

1. Tusksys Supermarkets Ltd.
2. Naivas Supermarkets Ltd.
3. Chandarana Supermarkets Ltd.
4. Choppies Supermarkets Ltd.
5. Carrefour Supermarkets (4 outlets)
6. Game Store

GDP/Population

Population: 51 million (2018 est.)
 GDP (Nominal): \$83.7 billion (2018 est.)
 GDP per capita (ppp): \$3, 464 (2018 est.)

Data source: Economists Intelligence Unit (EIU/IMF) forecast

Top 10 Growth Products in Kenya

1. Wheat and derived products (mixes and doughs, waffles, wafers etc.)

Advantages	Challenges
Kenya's strategic location in East Africa makes it a trade hub in the east and central African regions.	Stiff competition from Uganda, South Africa, Egypt, Europe and India. EAC and COMESA Member States have a preferential tariff advantage, zero import duty.
U.S. food products are associated with premium quality and have a positive image in the Kenyan (and East African) market.	The current import ban on genetically engineering foods and their derivatives excludes U.S. food-ingredients such as soy protein isolates from the Kenyan market.
Kenya’s vibrant and diversified private sector and increasing consumer spending.	Kenyan consumers, importers, retailers and processors have limited awareness of U.S. agricultural and food products
Kenya has an expanding modern food retail sector, food service sector, and food processing sector.	Relative proximity of Egypt, South Africa, and Europe to the East African market.
An emerging eating out culture by Kenya’s middle class is driving growth in fast food outlets, restaurants and coffee shops.	Competition from locally produced goods through the “Buy Kenya, Build Kenya” campaign drive by Kenya Association of Manufacturers.
A thriving technology sector with internet access rates at nearly 80 percent thus, driving ecommerce including online retailing.	

Section I: Market Overview

The following table summarizes Kenya's key economic trends and agricultural products imports:

Economic Trends	2013	2014	2015	2016	2017	2018^E	2019^F
Population (million) ¹	44.8	46.0	47.2	48.5	49.7	51.0	52.2
Formal Sector Employment (million) ²	2.28	2.37	2.48	2.55	2.66	2.70	2.75
Informal Sector Employment (million) ²	13.52	14.32	15.16	16.00	16.89	17.00	17.50
Public Sector Employment ('000s) ²	683.3	700.8	718.4	736.3	790.2	800	850
Nominal Gross Domestic Product (GDP) (in million US\$) ¹	55,097	61,445	64,007	70,875	74,940	83,652	90,260
GDP per capita (US\$ at PPP) ¹	2,777	2,900	3,031	3,171	3,301	3,464	3,647
Real GDP growth rate (%) ¹	5.9	5.4	5.7	5.9	4.9	5.3	5.8
Inflation (%) ²	7.2	6.0	6.6	6.3	8.0	5.5	5.2
Exchange Rate Kshs: US\$(end-period) ¹	86.31	90.60	102.31	102.49	103.23	104.90	108.90
Agricultural Products Imports							
Total Agricultural Products Imports from the World (in million US\$) ³	1,975	1,969	1,883	1,783	3,173	3,200	3,300
Total Agricultural Products Imports from the United States (in million US\$) ³	65	82	70	70	87	90	95
Total Agricultural and related products - Imports from the United States in million US\$ ³	66	83	72	71	88	90	95
Total Import of Consumer-oriented foods and Fish Products from the World (in million US\$) ³	265	286	309	310	442	455	460
Total Imports of Consumer-oriented foods and Fish Products from the United States(in million US\$) ³	5	12	10	13	10	12	15

Data Sources: ¹Economist Intelligence Unit/IMF, International Financial Statistics, ²Economic Survey, 2018, ³Global Trade Atlas (GTA), and ^{E,F}Estimates and Forecasts

Kenya's population continues to grow at an annual average rate of 2.6 percent, and the economy is expected to gradually recover to above 5 percent growth rate. Sustained infrastructure development, increased regional and international trade, and increased consumer demand largely explains the anticipated growth.

Key Demographics

Kenya's urban population remains the largest and fastest growing consumer market of high-value consumer-oriented foods. Nairobi is the country's political, economic and financial center with an estimated population 4 million. Nairobi's high concentration of consumers, combined with the city's commercial might, makes it the dominant consumer market. Other urban consumer markets include Mombasa, Kisumu, Nakuru, and Eldoret.

The following table summarizes Kenya's urban population by age groups, 2013-2019.

	2013	2014	2015	2016	2017	2018^E	2019^F

Urban population (million)	11.1	11.6	12.1	12.6	13.2	14.0	15.0
Urban population (%)	24.8	25.2	25.6	26.1	26.5	27.0	27.5
Population aged 0-14 (%)	42.2	41.8	41.3	40.9	40.5	40.0	39.5
Population aged 15-64 (%)	55.3	55.7	56.1	56.5	56.8	57.0	57.2
Population aged 65+ (%)	2.5	2.5	2.6	2.6	2.7	2.7	2.8
Male population (%)	49.7	49.7	49.7	49.7	49.7	49.7	49.7
Female population (%)	50.3	50.3	50.3	50.3	50.3	50.3	50.3
Life expectancy male (years)	63.3	63.9	64.3	64.6	64.9	65.0	65.3
Life expectancy female (years)	68.0	68.6	69.1	69.4	69.7	70.0	70.3
Adult literacy (%)	74.6	76.3	78.0	77.9	77.8	78.0	78.2

Data source: Euromonitor International, 2018

Section II: Exporter Business Tips

Local Business Customs and trends

The principles of customary business courtesy, especially replying promptly to request for price quotations and orders, are a prerequisite for export success.

In general, Kenyan business executives are relatively informal and open. The use of first or surname name at an early stage of a business relationship is acceptable. Friendship and mutual trust are highly valued and once this trust is earned, a productive working relationship can be expected.

Business gifts are rare but business entertainment like lunches, golf, and cocktails are common courtesies during major deals and agreements. Kenyan businessmen appreciate quality and service and are ready to pay extra if convinced of a product's overall superiority. The market is still somewhat price sensitive, so, care must be taken to assure that the delivery dates are closely maintained and that after-sales service is promptly honored with higher value purchases. While numerous factors may interfere with prompt shipment, the U.S. exporter should allow for additional shipping time to Kenya and ensure the Kenyan buyer is continuously updated on changes in schedules and routing. It is better to quote a later delivery date that can be guaranteed than an earlier one that is not completely certain. Since Kenyan importers generally do a lower volume of business than the U.S. exporters, U.S. exporters should be ready to sell smaller lots than is the custom in the United States.

The U.S. exporter should maintain close liaison with the importer to exchange information and ideas. The importer should serve as a good source of market information and as appraiser of product market acceptance. In most instances, email and/or telephone call are sufficient but periodic personal visits are the best way to keep the importers apprised of new developments and to resolve problems quickly. Vigorous and sustained promotion is often needed to launch new products.

General Consumer Tastes and Preferences and trends

High-end consumers have become more sophisticated, demanding quality and exceptional service. Compared to the low-end consumer whose buying decisions are price-based, the high-end consumer's buying decisions are driven by brand awareness. With the anticipated modest growth in the economy, consumer spending is expected to increase.

Kenyan food retailers stock a wide range of products to meet a diverse set of consumer tastes and preferences. Consumers can't always depend on a particular imported brand to be available in the supermarkets and must be flexible to stock up or try other similar products. Many products known in the United States under brands from companies like Kraft Foods, Heinz, General Mills, Post, and Betty Crocker are occasionally available in the Kenyan marketplace, even though the product may have been produced outside the United States and with non-U.S. food ingredients. However, other private label brands that use 100 percent U.S. products such as the 'American Garden' brand have penetrated Kenya's modern food retailing market and have significant market share in certain food categories like peanut butter, sauces, and condiments.

Section III: Import Food Standards & Regulations and Import Procedures

The main regulatory agencies for imported food products include Kenya Bureau of Standards (KEBS), Kenya Plant Health Inspectorate Service (KEPHIS), National Biosafety Authority (NBA), Department of Veterinary Services (DVS), and Department of Public Health (DPH).

Find more information at: [FAIRS Report](#)

General Import and Inspection Procedures (*Customs clearance*)

The Government of Kenya (GOK) facilitates the importation of consumer-oriented products through a Certificate of Conformity (CoC). To obtain a CoC, an imported product must satisfy Kenyan import requirements, as evaluated by a government appointed pre-shipment inspection (PSI) company. Imports from the United States are inspected and certified by Société Générale of Surveillance (SGS), Intertek International, Ltd., or Bureau Veritas pre-shipment inspection companies. Once the PSI company has issued a CoC, the importer must present the CoC to the Kenya Bureau of Standards (KEBS) for clearance of the goods and to receive the Import Standardization Mark (ISM), a stick-on-label to be affixed to each retail item imported.

Country Language Labeling Requirements: GM Goods

The GOK has implemented mandatory labeling of all food containing or derived from genetically modified organisms (GM). GOK officials close to the regulation indicate that Kenyans have a "right to know," even though they cannot point to any nutritional, allergenic, taste, or physical difference in the GM and non-GM products.

Tariffs and FTAs

Effective January 2005, the East African Community (EAC) adopted a three-tier system for assessing import duties: raw materials at 0%, processed or manufactured inputs at 10%, and finished products at 25%. However, a number of food items are considered sensitive (Schedule 2 Category in the EAC Common External Tariff Book) and are subject to higher import duties. These include powdered milk and dairy products (60%); corn/maize (50%); rice (75%); wheat (35%); wheat flour (60%); and sugar (100%).

In addition to import duty, the following charges apply: on the Cost, Insurance, and Freight (CIF) value, 2.25% -- Import Declaration Fee (IDF); and 1.5% -- Railway Development Levy (RDL). In addition is a 16% Value Added Tax (VAT); and 7% Excise Duty levied on fruit juices, syrups, mineral water, wines, and spirits.

Documents Generally Required by the Kenyan Government for Imported Food

Pre-Shipment Documents

Plant Import Permit (PIP) for bulk commodities issued by KEPHIS.

- Import Declaration Form (IDF) issued by the Kenya Revenue Authority (KRA) found at http://www.revenue.go.ke/customs/pdf/Import_Declaration_Fee_%20FORM.pdf

Post-Shipment Documents

- Certificate of Conformity (CoC)
- Phytosanitary Certificate (PC) containing the required Additional Declarations for bulk agricultural commodities (corn, wheat, pulses, rice, sorghum, barley, etc.).
- Non-Genetically Modified Organisms (GMO) Certificate
- Bill of Lading (three original B/L plus non-negotiable copies)
- Commercial Invoice
- Packing List
- Customs Entry Form
- Certificate of Origin
- Health Certificates (Cleanliness, Weight, and Quality)
- Insurance Certificate

Other Documents requested depending on the agricultural commodity or food product:

- Fumigation Certificate
- Radiation Certificate
- Noxious Weed Certificate
- Free from Karnal Bunt Certificate

Section IV: Market Sector Structure and Trends

Food Retail Sector

Kenya's retail food sector continues to expand as a result of population growth; increased urbanization; rising middle class purchasing power; investment in modern retail space/shopping malls; and entry of foreign retailers (e.g. Carrefour, Game, Choppies and Shoprite), brands, and producers entering the market. In 2017, value of sales in modern grocery retailers grew by 7 percent to reach US\$ 2.5 billion. The sector will continue to grow at a compound annual growth rate (CAGR) of 9 percent during the 2017 to 2022 forecast period, according to Euromonitor International 2018 country report.

Retailers entice customers into their stores through a variety of product promotions and convenience services including 24-hour operations, customer loyalty shopping cards, and special offers. Local producers and importers of consumer-oriented products have in-store promotions, billboards, brochures and/or flyers to advertise products.

Find more details on Kenya's food retail sector at: [Retail Food Sector Report](#)

Food Processing Sector

Kenya's manufacturing sector 'real value added' rose by 0.2 per cent in 2017 compared to 2.7 percent growth in 2016. The sector's output volume contracted by 1.1 percent due mainly to a decline in food

products, beverages, tobacco, and other sub-sectors. The food sub-sector declined by 10.8 percent mainly due to low availability of raw materials for some key agro-based industries resulting from unfavorable weather conditions.

U.S. food ingredient suppliers may find opportunities in Kenya's food processing sector. Local ingredient production does not always meet the processing industry's demand, including for soy, corn, wheat, and rice and their milled products. U.S. cooperators link Kenyan food processors with members to supply food ingredients. The market development activities by U.S. cooperators in the East African region have increased the level of knowledge of soy-based products, wheat, peas, lentils, dry beans, and other U.S. food ingredients.

Hotels, Restaurants and Institutions (HRI)

In the past five years, international fast food chain franchises (e.g. Kentucky Fried Chicken, Naked Pizza, Subway, Domino's Pizza, and Cold Stone Creamery) have established in Kenya.

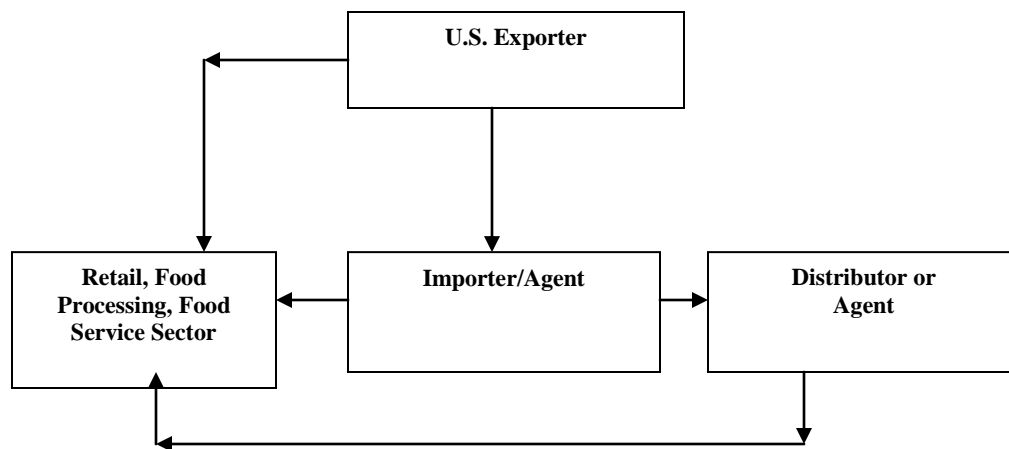
International hotel brands (e.g. Best Western Group, Radisson Hotel Group, Villa Rosa Kempinski, Crowne Plaza, Marriot Group, Dusit2 International, and Accor) have entered Kenya in the last five years. Nairobi's prominence as a business and conferencing center is a key driver of this growth. Twenty global facilities are expected to add 3,444 hotel rooms in Kenya between 2018 and 2023, according to the 2018 Pipeline report by W. Hospitality.

Distribution Channel:

Most Kenyan food retailers and food service providers do not directly import U.S. food products but purchase them from local importers. Local importers usually source U.S. products from consolidators in the United States, United Arab Emirates (Dubai), South Africa, and Europe; sometimes as a result of contacts established at trade shows such as Dubai's annual Gulfood Show. The importers then either sell the goods directly to the food retailers, hotels and restaurants, or indirectly through appointed distributors/agents. U.S. food manufacturers and distribution companies do not generally have a direct presence in Kenya.

Kenyan food processors and importers collaborate with USDA cooperators (e.g. World Initiative for Soy in Human Health, U.S. Dry Bean Council, USA Dry Pea and Lentil Council, American Peanut Council, U.S. Wheat Associates, and U.S. Grains Council) to develop markets for U.S. food ingredients through in-country technical seminars, trade servicing visits and short-term specialized training in the United States.

The path of U.S. food products to Kenya's retail, food service, and food processing sectors:



Best Consumer-oriented product prospects based on growth trends in 2017

Product Category/HS Code	¹ Market Size (Volume)** Metric Tons	¹ Import Value (2017)	¹ 5-Year Annual Import Growth Rate (%) 2013-2017	² Import Tariff Rate (%) 2017	Key Constraints Over Market Development	Market Attractiveness for USA
Snack Foods	1.2 million	\$393 million	50%	25%	High landed costs	Good growth potential. U.S. brands perceived as high quality, premium brands.
Dairy Products	84,160	\$106.6 million	37.6%	25	High landed costs	Good growth potential
Pasta <i>HS code:190219</i>	19,484	\$8.4 million	14.8%	25	High landed costs	Good growth potential
Sauces and Condiments	Data not available	\$6.7 million	7%	25%	Competition from low cost suppliers such as Egypt and South Africa	Good growth potential
Pet Food (Dog & Cat) <i>HS Code:230910</i>	2,108	\$2.8 million	11%	25	High landed costs	Good growth potential

Cereals (Pre-cooked or otherwise prepared) HS code: 190490	11,002	\$24.7 million	86%	25	Competition from South Africa, Egypt and Europe	Good growth potential
Wine and Beer Group	17 million litres	\$ 24 million	5%	25	Competition from South Africa and Europe	Good growth potential

Data sources: ¹Global Trade Atlas; ²East Africa Community Tariff Book; ****Reflects import volumes only**

Food Ingredients Market – Calendar Year 2017

Product Category/HS Code	¹ Market Size – 2017 (Volume) Metric Tons	¹ Imports (2017) (\$1,000)	¹ 5-Year Average Annual Import Growth Rate (%) (2013-2017)	² Import Tariff Rate (%) (2017)	Key Constraints Over Market Development	Market Attractiveness for USA
Wheat Group	1,854,954	\$403,860	4%	10% for registered and 35% for traders	Competition from low cost suppliers of hard wheat such as Russia, Argentina, Ukraine, Canada)	U.S. hard red spring wheat considered high quality and used for blending with cheaper wheat. U.S. soft white wheat also has good market potential
Protein Concentrates and Textured Protein Substances (soy-based) HS Code: 210610	564	\$1,757	8.2%	10%	Competition from low-cost suppliers such as China and South Africa	U.S. ingredients are considered high quality
Milk/Cream (sweetened and unsweetened) HS code:040120; 040229	10,759 4,001	\$32,308 \$12,918	80% 182%	60%	Government protectionism	Good growth potential
Cocoa Butter, Fat, and Oil HS code: 180400;		\$215	112%	25%	Competition from low cost suppliers such as Malaysia and Indonesia	Good growth potential
Butter and other fats and oils derived	430 tons	\$2,354	215%	25%	Government protectionism	Good growth potential

from milk						
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Find U.S. exports of Agricultural and Related Products to Kenya CY 2013-2017 at: [BICO table for the last 5 years](#)

Section VI: Key Contacts and Further Information

Office of Agricultural Affairs, Embassy of the United States of America

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P.O. Box 606 Village Market 00621 Nairobi, Kenya
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Website: www.fas.usda.gov/itp/Kenya/Nairobi.asp

Foreign Commercial Service, Embassy of the United States of America

United Nations Avenue, Gigiri
P.O. Box 606 Village Market 00621 Nairobi, Kenya
Tel: 254-20-3636424
Email: office.nairobi@trade.gov
Website: www.buyusa.gov/kenya

Kenya Bureau of Standards (KEBS)

P.O. Box 54974 Nairobi, Kenya
Tel: 254-20-6948000 or 69028201/401/410
Email: info@kebs.org
Website: www.kebs.org and www.kenyapvoc.com

Customs and Excise Department

The National Treasury
P.O.Box 30007 Nairobi, Kenya
Tel: 254-20-715540
Website: www.revenue.go.ke and www.kra.go.ke

Kenya Plant Health Inspectorate Service (KEPHIS)

P.O. Box 49592 Nairobi, Kenya
Tel: 254-20-3536171/2 or 3597201/2/3
Mobile: 254-722516221, 254-733874274
Email: director@kephis.org
Website: www.kephis.org

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P.O. Private Bag 00625 Kabete, Kenya
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