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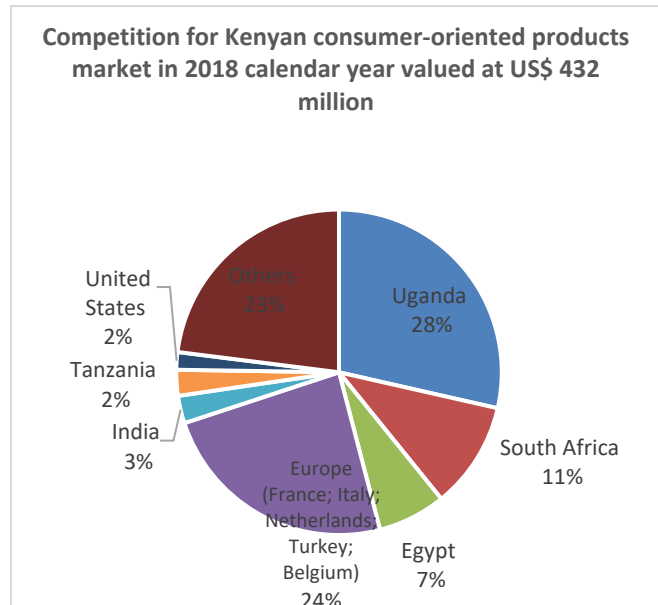
Approved By: Jason Townsend

Report Highlights:

Kenya's imports of consumer-oriented food products grew at an average annual rate of 13 percent between calendar years 2014 and 2018. Kenya's import growth is attributed to a fast-growing middle class and expanding food service and food retail sectors. U.S. exports to Kenya shrunk by 11 percent within the same period. For U.S. exporters, the best prospective products include snack foods, dairy products, pasta, sauces and condiments, pet food, tree nuts, and specialized food ingredients. Bulk and intermediate products valued at US\$ 36 million made up 82 percent of U.S. agricultural exports to Kenya in CY 2018. Kenya's ban on genetically engineered foods is a primary barrier to U.S. agricultural exports.

Executive Summary

Kenya remains East Africa’s economic powerhouse. In 2018, Kenya’s Gross Domestic Product (GDP) reached \$87.9 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 7 percent between 2014 and 2018 calendar years, reaching US\$2.7 billion in 2018. A fast-growing middle class and population, an expanding food service and modern food retail sector, and limitations in Kenya’s agro processing sector, offer U.S. exporters’ opportunities to tap into Kenya’s agricultural food market.



List of Top Growth Products in Kenya

1. Wheat and derived products (mixes and doughs, waffles, wafers etc.)
2. Snack Foods
3. Dairy Products
4. Pasta
5. Pet Food (Dog & Cat)
6. Sauces and Condiments

Top Host Country Retailers

1. Naivas Supermarkets Ltd.
2. Tuskys Supermarkets Ltd.
3. Chandarana Supermarkets Ltd.
4. Quickmart Tumaini Supermarkets Ltd.
5. Carrefour Supermarkets
6. Game Store
7. Shoprite

GDP/Population

Population: 52.6 million (2019 est.)
GDP (Nominal): \$96,520 million (2019 est.)
GDP per capita (ppp): \$3,653 (2019 est.)

Data source: Economists Intelligence Unit (EIU) estimates.

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.	
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Section I: Market Overview

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

Economic Trends	2014	2015	2016	2017	2018	2019^E	2020^F
Population (million) ¹	46.0	47.9	49.1	50.2	51.4	52.6	53.8
Formal Sector Employment (million) ²	2.40	2.50	2.60	2.70	2.80	2.90	3.0
Informal Sector Employment (million) ²	14.30	15.20	16.0	16.90	17.80	18.0	18.20
Public Sector Employment ('000s) ²	732.4	754.2	774.7	833.1	842.9	850	860
Nominal Gross Domestic Product (GDP) (in million US\$) ¹	61,445	64,007	69,189	78,757	87,906	96,520	100,106
GDP per capita (US\$ at PPP) ¹	2,900	2,988	3,122	3,258	3,468	3,653	3,827
Real GDP growth rate (%) ¹	5.4	5.7	5.9	4.9	6.3	5.3	5.2
Inflation (%) ²	6.9	6.6	6.3	8.0	4.7	5.2	5.5
Exchange Rate Kshs: US\$(end-period) ¹	90.60	102.31	102.49	103.23	101.85	101.34	111.04
Agricultural Products Imports							
Total Agricultural Products Imports from the World (in million US\$) ³	1,971	1,883	1,783	3,173	2,543	3,000	3,200
Total Agricultural Products Imports from the United States (in million US\$) ³	82	70	70	87	53	61	62
Total Agricultural and related products - Imports from the United States (in million US\$) ³	83	72	71	88	54	60	62
Total Import of Consumer-oriented foods and Fish Products from the World (in million US\$) ³	286	309	310	442	460	500	560
Total Imports of Consumer-oriented foods and Fish Products from the United States (in million US\$) ³	12	10	13	10	8	10	12

Data Sources: ¹Economist Intelligence Unit/IMF, International Financial Statistics, ²Economic Survey, 2019, Trade Data Monitor (TDM)³ and ^{E, F} Estimates and Forecasts

Kenya's population continues to grow at an annual average rate of 2.6 percent. The economy is expected to grow at above a 5 percent growth rate, driven by sustained infrastructure development, increased regional and international trade, and increased consumer demand.

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 4.5 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.

Following table summarizes Kenya’s urban population by age groups, 2013-2019.

	2014	2015	2016	2017	2018	2019 ^E	2020 ^F
Urban population (million)	11.8	12.3	12.8	13.4	13.9	14.5	15.0
Urban population (%)	25.2	25.7	26.1	26.6	27.1	27.5	28.0
Population aged 0-14 (%)	41.9	41.4	40.9	40.4	39.8	39.2	40
Population aged 15-64 (%)	56.0	56.5	56.9	57.4	57.9	58.4	59.0
Population aged 65+ (%)	2.0	2.1	2.2	2.3	2.3	2.4	2.5
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)	61.8	62.5	63.0	63.5	64.0	64.3	64.5
Life expectancy female (years)	66.4	67.1	67.7	68.2	68.7	69.0	69.5
Adult literacy (%)	76.3	78.0	77.9	77.8	77.7	77.7	78

Data source: Euromonitor International, 2019

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 success in Kenya requires an investment in the personal relationship from the very beginning.

Business gifts are not common 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. That said, Kenya is a value market and is still somewhat price sensitive; so, care must be taken to assure delivery dates are closely maintained, and that after-sales service is both offered and promptly honored. While there are numerous factors that 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 shipping 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 enough but understanding developed through periodic personal visits is the best way to keep the importers apprised of new developments and to resolve problems quickly. As is the case in most markets, vigorous and sustained promotion is often needed to launch new products.

General Consumer Tastes and Preferences and trends

High-end consumer tastes 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 decision is to an extent 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 an 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 sometimes 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 : [2019 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. 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) or 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

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) adapted 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 (50%); rice (75%); wheat (35%); wheat flour (60%); and sugar (100%).

In addition to import duty, are the following charges 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).

Documents Generally Required by the Kenyan Government for Imported Food

Pre-Shipment Documents

- Plant Import Permit (PIP) for bulk commodities issued by the Kenya Plant Health Inspectorate Service (KEPHIS).
- Import Declaration Form (IDF) issued by the Kenya Revenue Authority (KRA)

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 (Carrefour, Game Store, and Shoprite), brands, and producers entering the market. In 2018, the value of sales in modern grocery retailers grew by 13 percent to reach US\$ 2.8 billion. The sector will continue to grow at a compound annual growth rate (CAGR) of 15 percent during the 2018 to 2023 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.

Food Processing Sector

Kenya's manufacturing sector grew by 4.2 per cent in 2018 compared to a growth of 0.5 percent in 2017. The sector's performance was largely supported by increased production of dairy products, tea, coffee, and sugar due to favorable weather conditions.

U.S. suppliers of food ingredients may, from time-to-time, 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 their members to supply the food ingredients. The market development activities by U.S. cooperators in Kenya and the East African region have increased the level of knowledge of U.S. food ingredients including soy-based products, U.S. wheat, U.S. peas, lentils, and dry beans.

Hotels, Restaurants and Institutions (HRI)

International fast food chain franchises, including America's Kentucky Fried Chicken (KFC), Naked Pizza Inc., Subway Ltd., Domino's Pizza, and Cold Stone Creamery outlets have been established in Kenya.

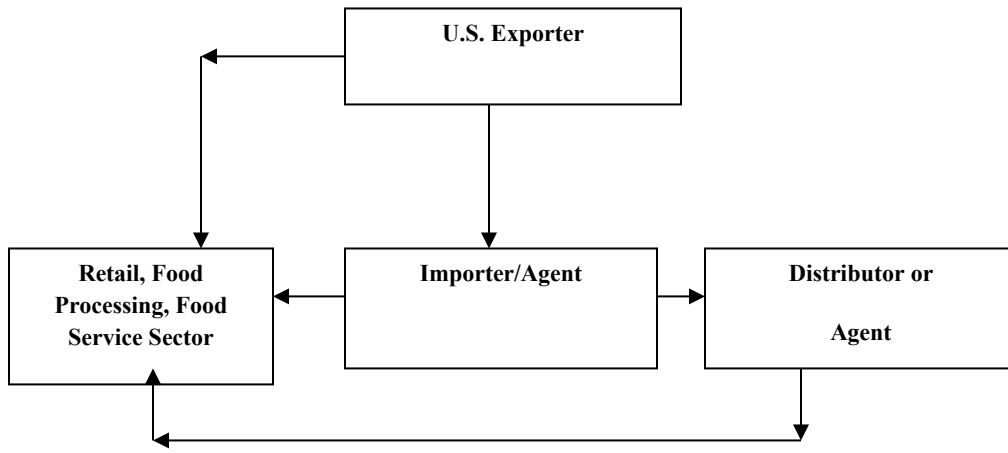
International hotel brands such as Best Western Group, Radisson Hotel Group, Villa Rosa Kempinski, Crowne Plaza, Marriot Group, Dusit2 International and Accor have also entered the Kenyan market. Nairobi's prominence as a business and conferencing center is a key driver of this growth. 20 global facilities are expected to add 3,444 hotel rooms in Kenya between 2018 and 2023, according to the 2018 Pipeline report released 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 the annual Gulfood Show held in Dubai. The importers then sell the goods directly to the food retailers, hotels and restaurants, and/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 including: the World Initiative for Soy in Human Health (WISHH); U.S. Dry Bean Council; USA Dry Pea and Lentil Council; American Peanut Council; U.S. Wheat Associates; and, the U.S. Grains Council to develop market for U.S. food ingredients. Market development activities include in-country technical seminars, trade servicing visits and short-term specialized training in the United States.

The following chart summarizes how U.S. food products reach Kenya's retail, food service, and food processing sectors:



Best Consumer-oriented product prospects based on growth trends in 2018

Product Category/HS Code	¹Market Size (Volume)** Metric Tons	¹Import Value (2017)	¹5-Year Annual Import Growth Rate (%) 2014-2018	²Import Tariff Rate (%) 2018	Key Constraints Over Market Development	Market Attractiveness for USA
Snack Foods	8,364	\$15.9 million	20.5%	25%	High landed costs	Good growth potential. U.S. brands perceived as high quality, premium brands.
Dairy Products	117,829	\$110.9 million	34.7%	25	High landed costs	Good growth potential
Pasta <i>HS code:190219</i>	13,183	\$6.5 million	9.3%	25	High landed costs	Good growth potential
Sauces and Condiments	Data not available	\$8.2 million	10.6%	25%	Competition from low cost suppliers such as Egypt and South Africa	Good growth potential
Pet Food (Dog & Cat) <i>HS Code:230910</i>	2,028	\$2.85 million	7.7%	25%	High landed costs	Good growth potential

Cereals (Pre-cooked or otherwise prepared) HS code: 190490	6,441	\$8.5 million	61.3%	25%	Competition from South Africa, Egypt and Europe	Good growth potential
Wine and Beer Group	23.2 million litres	\$ 35.9 million	12.9%	25%	Competition from South Africa and Europe	Good growth potential
Tree Nuts (almonds, pistachios)						

Data sources: Trade Data Monitor¹; ²East Africa Community Tariff Book; **Reflects import volumes only

Food Ingredients Market – Calendar Year 2018

Product Category/HS Code	¹ Market Size – 2018 (Volume) Metric Tons	¹ Imports (2018) (\$1,000)	¹ 5-Year Average Annual Import Growth Rate (%) (2014-2018)	² Import Tariff Rate (%) (2017)	Key Constraints Over Market Development	Market Attractiveness for USA
Wheat Group	1,652,528	\$397,970	7.8%	10% for registered and 35% for traders	Competition from low cost suppliers of hard wheat such as Russia, Argentina, Ukraine, Canada)	U.S. hard wheat considered high quality and used for blending with cheaper wheat. Other U.S. soft wheats also has good market potential
Protein Concentrates and Textured Protein Substances (soy-based) <i>HS Code: 210610</i>	819	\$2,396	4.3%	10%	Competition from low-cost suppliers such as China and South Africa	U.S. ingredients are considered high quality
Milk/Cream (sweetened and unsweetened) <i>HS code:040120; 040229</i>	105,596 Data not available	\$72,412 \$9,602	82.6% 235%	60%	Government protectionism	Good growth potential
Cocoa Butter, Fat, and Oil		\$265	42.7%	25%	Competition from low cost suppliers such	Good growth potential

<i>HS code: 180400;</i>					as Malaysia and Indonesia	
Butter and other fats and oils derived from milk	437 tons	\$2,407	28.8%	25%	Government protectionism	Good growth potential

Find U.S. exports of Agricultural and Related Products to Kenya CY 2014-2018 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

United Nations Avenue, Gigiri
P.O. Box 606 Village Market 00621
Nairobi, Kenya
Tel: 254-20-3636340
Email: Agnairobi@fas.usda.gov
Website: <https://usdanairobi.org/>

Email: director@kephis.org

Website: www.kephis.org

Department of Veterinary Services (DVS)

P.O. Private Bag 00625 Kabete, Kenya
Tel: 254-20-8043441631383/2231/1287
Cell: 254-722376237
Email: veterinarydepartment@yahoo.com

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

Ministry of Health

Public Health Department
P.O. Box 30016-00100 Nairobi, Kenya
Tel: 254-20-2717077
Website: <http://www.health.go.ke/>

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

SGS North America Inc.

236 32nd Avenue
Brookings, SD 57006 USA
Tel: 605-692-7611
Fax: 605-692-7617
Website: www.us.sgs.com/

Customs and Excise Department

The National Treasury
P.O.Box 30007 Nairobi, Kenya
Tel: 254-20-715540
Website: <https://www.kentrade.go.ke/> and
www.kra.go.ke

Intertek International Ltd.

Tel: 305-513-3000
[www.intertek-
gs.com/contactintertek/namerica/](http://www.intertek-gs.com/contactintertek/namerica/)

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

Bureau Veritas Kenya

First Floor, ABC Place, - Waiyaki Way
Westlands – NAIROBI
Phone: + 254 20 366 9000
[https://www.bureauveritas.com/home/world-
wide-locations/africa/kenya/](https://www.bureauveritas.com/home/world-wide-locations/africa/kenya/)

National Biosafety Authority (NBA)

P.O. Box 28251 – 00100 Nairobi
<https://www.biosafetykenya.go.ke/>

Attachments:

No Attachments