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Report Highlights:

Kenya's imports of consumer-oriented food products grew at an average annual rate of 11 percent between 2015 and 2019. The import growth is attributed to a growing middle class with high purchasing power, changing consumer tastes and preferences, and increased urbanization. U.S. exports to Kenya shrunk by 13 percent within the same period. For U.S. exporters, the best prospective products include dairy products, alcoholic drinks, snack foods, tree nuts, sauces and condiments, pasta and processed cereals, and pet food. Bulk and intermediate products valued at \$47.2 million made up 89 percent of U.S. agricultural exports to Kenya in 2019. Kenya's import ban on genetically engineered foods is an additional barrier to U.S. agricultural exports.

Market Fact Sheet: Kenya

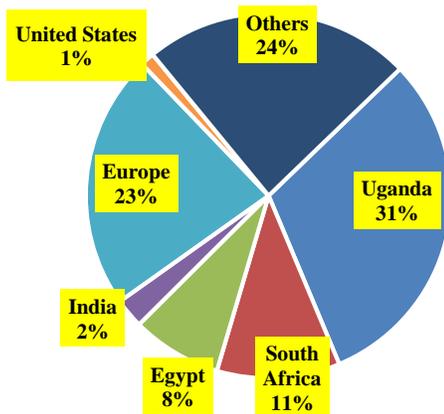
Executive Summary

Kenya remains East Africa’s economic powerhouse. In 2019, Kenya’s gross domestic product (GDP) reached \$95.5 billion. Kenya is a net importer of agricultural commodities and food products. Food and beverages accounted for 10.4 percent of total major imports in 2019. The value of agricultural-related products exports to Kenya increased at an annual average rate of 8 percent between 2015 and 2019, reaching \$2.73 billion in 2019. A fast-growing population and middle class, an expanding food service and modern food retail sector, and limitations in Kenya’s agricultural processing sector, offer U.S. exporters opportunities to tap into Kenya’s agricultural food market.

Imports of Consumer-Oriented Products

Kenya imported consumer-oriented products valued at \$443 million in 2019. Uganda, Europe, South Africa, and Egypt were the major suppliers with the United States supplying 1 percent of total imports.

Competition for Kenyan Consumer-Oriented Products Market (2019 calendar year) Valued at \$443 million



Food Processing Industry

Kenya’s production of manufactured and processed food products declined by 0.1 percent in 2019 compared to an increase of 10.4 percent in 2018. Although there was impressive growth in meat and meat products, animal and vegetable fats and oils, grain mill and bakery products, the drop in processing and preserving of fish; prepared, preserved fruits and vegetables; sugar; tea production contributed to the overall sub-sector marginal decline.

Food Retail Industry

Modern grocery retailers’ stock most consumer-oriented products. Analysts expect the sector to grow due to an expanding middle class with rising disposable income, increased urbanization, and rapid growth in eCommerce. Most of Kenya’s major food retailers have developed online presence through partnerships with online firms like Jumia, Glovo, and Uber Eats.

Quick Facts CY 2019

Imports of Consumer-Oriented Products (US \$443million)

List of Top 10 Growth Products in Host Country

- | | |
|--------------------------|--|
| 1) Dairy Products | 2) Distilled spirits and other alcoholic beverages |
| 3) Snack Foods | 4) Tree nuts (almonds) |
| 5) Sauces and Condiments | 6) Pasta and Processed Cereals |
| 7) Wine and Beer | 8) Pet Food (Dog & Cat) |
| 9) Prepared Foods | 10) Peanut Butter |

Food Industry by Channels (U.S. billion) 2019

Food Industry Output	\$8.5 Billion
Food Exports	\$2.3 Billion
Food Imports	\$1.8 Billion
Inventory	No credible data available
Domestic Market	\$4.7 Billion
Retail	\$5.5 Billion
Food Service	\$1.1 Billion (2017)
Wet Market	No credible data available

Food Industry Gross Sales in 2019: \$4.7 Billion

Top 10 Host Country Retailers (number of outlets/stores)

- | | |
|-----------------------------|-------------------|
| 1) Naivas (70) | 2) Quickmatt (32) |
| 3) Chandarana FoodPlus (20) | 4) Carrefour (10) |
| 5) Game Stores (3) | 6) Eastmatt (9) |
| 7) Cleanshelf (11) | 8) Maathai (8) |

GDP/Population in 2019

Population (millions): 52.6 million
 GDP (Nominal): \$96.5 billion
 GDP per capita (ppp): \$4,509

Data Source: Euromonitor International (2020)

Strengths	Weaknesses
<ul style="list-style-type: none"> Kenya’s economy is market-based and open to trade compared to other countries in the region. The economy is expected to rebound in 2021. Food and drinks retailers have developed online presence due to a rapid growth in eCommerce, driven by rising internet penetration in tandem with expanding mobile payments. 	<ul style="list-style-type: none"> The Kenyan market is price sensitive; most purchasing decisions are price-based. Distance and freight rates put U.S. exporters at a disadvantage compared to suppliers such as South Africa and Europe.
Opportunities	Threats
<ul style="list-style-type: none"> U.S. companies continue to have a direct presence in Kenya or to sell their products through appointed distributors. Kenya is a springboard to access markets for more than six other countries in the East Africa. Local importers, distributors, and consumers, have a limited awareness of U.S. food products and U.S. exporters. U.S. exporters have limited knowledge of the Kenyan/East 	<ul style="list-style-type: none"> Competition is strong from traditional trading partners in Europe, neighboring countries, and the local industry.

Data and Information Sources: 2020 Economic Survey; Newspaper Articles; and Market Reports

Section I: Market Overview

Advantages	Challenges
Kenya's strategic location in East Africa makes it a trade hub in east and central Africa.	Stiff competition from Uganda, South Africa, Egypt, Europe and India. East African Countries (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 engineered 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 had an expanding modern food retail sector, food service sector, and food processing sector before the COVID-19 pandemic disruption.	Relative proximity of Egypt, South Africa, and Europe to the East African market.
An emerging eating out culture by Kenya's middle class with a high purchasing power is driving growth in fast food outlets, restaurants, and coffee shops. This is expected to continue as the economy recovers from COVID-19 effects.	Competition from locally produced goods through the "Buy Kenya, Build Kenya" campaign drive by the Kenyan government.
A thriving technology sector with internet access rates at nearly 80 percent thus, driving ecommerce including online retailing.	

The following table summarizes Kenya's key economic trends:

Economic Trends	2015	2016	2017	2018	2019	2020^E	2021^F
Population (million) ¹	47.9	49.1	50.2	51.4	52.6	53.8	55.0
Formal Sector Employment (million) ²	2.70	2.80	2.90	3.0	3.1	3.0	3.1
Informal Sector Employment (million) ²	12.0	12.7	13.5	14.3	15.1	15.0	15.1
Public Sector Employment ('000s) ²	754.2	774.7	833.1	842.9	865.2	875.0	900.0
Nominal Gross Domestic Product (GDP) (in million US\$) ¹	64,007	69,189	78,929	87,778	95,502	96,000	98,000
GDP per capita (US\$ at PPP) ¹	2,988	3,635	4,406	4,303	4,509	4,550	4,800
Real GDP growth rate (%) ¹	5.7	5.9	4.8	6.3	5.4	0.7	2.2
Inflation (%) ²	6.6	6.3	8.0	4.7	5.2	4.5	5.0
Exchange Rate Kshs: US\$(end-period) ¹	98.18	101.50	103.46	101.85	101.99	112.00	107.00

Data Sources: ¹Euromonitor International; ²Economic Survey, 2020; and ^{E, F}FAS/Nairobi Estimates and Forecasts

Kenya's overall population continues to grow at an annual average rate of 2.2 percent. The economy is expected to shrink to 0.7 percent from a 5.4 percent growth rate in 2019, due to COVID-19 pandemic disruptions.

Key Demographics

Kenya's rising urban population remains the largest and fastest growing consumer market of high value consumer-oriented foods. Urbanization is growing at an annual average rate of 4 percent against a global average of 1.9 percent, according to the World Bank. Nairobi is the country's political, economic and financial center with an estimated population 4.7 million. Nairobi's high concentration of consumers, combined with the city's commercial power, makes it Kenya's most dominant market. Other urban consumer markets include Mombasa, Kisumu, Nakuru, and Eldoret.

The following table summarizes Kenya's urban population by age groups, 2015-2020.

	2015	2016	2017	2018	2019	2020 ^E	2021 ^F
Urban population (million)	12.3	12.8	13.4	13.9	14.5	15.0	15.6
Urban population (%)	25.7	26.1	26.6	27.1	27.5	28.0	28.5
Population aged 0-14 (%)	41.4	40.9	40.4	39.8	39.2	40	41
Population aged 15-64 (%)	56.5	56.9	57.4	57.9	58.4	59.0	60
Population aged 65+ (%)	2.1	2.2	2.3	2.3	2.4	2.5	2.6
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)	62.5	63.0	63.5	64.0	64.3	64.5	65
Life expectancy female (years)	67.1	67.7	68.2	68.7	69.0	69.5	70
Adult literacy (%)	78.0	79.4	80.5	81.5	81.6	82.0	82.5

Data source: Euromonitor International, 2020

Section II: Exporter Business Tips

Local Business Customs and trends

The use of first names during early stages of business relationships 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 not common, but business entertainment such as 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, but still price sensitive. As a result, businesses must ensure timely delivery dates, and honor quality after-sales service. While there are numerous factors that may interfere with prompt shipment, a 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 uncertain. Since Kenyan importers generally do a lower volume of business, U.S. exporters should be ready to sell smaller volumes.

The U.S. exporter should maintain a close relationship 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 calls are enough to complete a

transaction. However, periodic personal visits keep importers apprised of new developments and help in quickly resolving problems. Vigorous and sustained promotion is also 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 price sensitive consumers, high-end consumers make purchasing decisions more often on 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 cannot always depend on an imported brand to be available in supermarkets and must be flexible to stock 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. 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 the Kenya Bureau of Standards (KEBS), the Kenya Plant Health Inspectorate Service (KEPHIS), the National Biosafety Authority (NBA), the Department of Veterinary Services (DVS), and the Department of Public Health (DPH). Find more information at: [2020 FAIRS Country 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 the 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 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) adopted a three-tier system for assessing import duties: raw materials at 0 percent, processed or manufactured inputs at 10 percent, and finished products at 25 percent. Several 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 percent), corn (50 percent), rice (75 percent), wheat (35 percent), wheat flour (60 percent), and sugar (100 percent).

In addition to an import duty, there are additional charges associated with shipping to Kenya. These include a charge of 3.5 percent Import Declaration Fee (IDF), a 2.0 percent Railway Development Levy (RDL), and a Value Added Tax (VAT) of 14 percent charged on Cost, Insurance, and Freight (CIF) value.

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 (such as corn, wheat, pulses, rice, sorghum, and barley).
- Non-Genetically Modified Organisms (GMO-free) 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

Trademarks and Patents Market Research

Kenya, a member of the World Intellectual Property Organization (WIPO) since 1971, has four intellectual property protection bodies: the Kenya Industrial Property Institute (KIPI), the Kenya Copyright Board (KECOBO), Kenya Plant Health Inspectorate Services (KEPHIS) and the Anti-Counterfeit Agency (ACA). KIPI, established in 2002 is the lead government that protects and promotes intellectual property rights including trademarks and patents. Find more specific information on at [KIPI](#) and [2020 FAIRS Country Report](#).

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 brands, producers, and retailers (Carrefour, Game Store, and Shoprite) into the market. In 2019, the value of sales in modern grocery retailers grew by 8 percent to reach \$2.6 billion. The sector is forecasted to grow at a compound annual growth rate (CAGR) of 9 percent from 2019 to 2024 to reach \$3.6 billion, according to a Euromonitor International 2019 country report. Retailers attract customers 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 3.2 percent in 2019, a slower growth rate compared to 4.2 percent in 2018 and largely attributed to a general decline in local production.

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 soybeans, corn, wheat and rice, and their milled products. U.S. cooperators link Kenyan food processors with their members to supply 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, wheat, peas, lentils, and dry beans.

Hotels, Restaurants and Institutions (HRI)

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

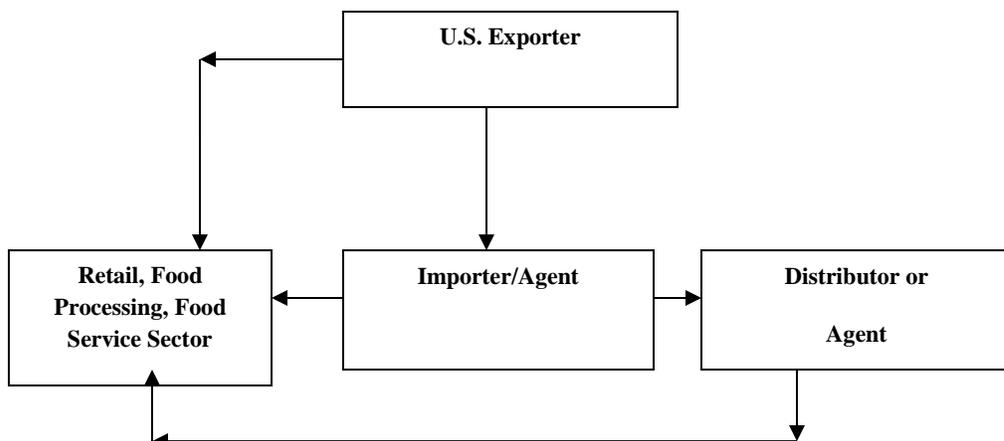
International hotel brands such as Best Western Group, Villa Rosa Kempinski, Crowne Plaza, Marriot Group, Dusit2 International, and Accor have also entered the Kenyan market. Nairobi's prominence as a business and conferencing center is a key driver of this growth. Twenty global facilities are expected 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 service providers purchase U.S. food products from local importers instead of direct imports. Local importers usually source U.S. products from consolidators in the United States, United Arab Emirates, South Africa, and Europe. Afterward, importers sell their goods directly to 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 to develop markets for U.S. food ingredients. These cooperators often include the World Initiative for Soy in Human Health, the U.S. Dry Bean Council, the USA Dry Pea and Lentil Council, the American Peanut Council, U.S. Wheat Associates, and the U.S. Grains Council. 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 2019

Product Category/HS Code	¹Market Size (Volume 2019) ** Metric Tons	¹Import Value (2019)	¹5-Year Annual Import Growth Rate (%) 2015-2019	²Import Tariff Rate (%) 2019	Key Constraints Over Market Development	Market Attractiveness for USA
Snack Foods	9,423	\$17.4 million	17.6%	25%	High landed costs	Good growth potential. U.S. brands perceived as high quality, premium brands.
Dairy Products	163,192	\$147.9 million	34.7%	25%	High landed costs	Good growth potential
Pasta and Processed cereals	40,456	\$19.2 million	10.3%	25%	High landed costs and competition from Egypt, Turkey and Italy	Good growth potential
Sauces and Condiments	Data available in tons and litres	\$9.9 million	12.4%	25%	Competition from low-cost suppliers such as Egypt, China and South Africa	Good growth potential
Pet Food (Dog & Cat) <i>HS Code:230910</i>	2,034	\$2.95 million	9.3%	25%	High landed costs and competition from Germany, South Africa and Turkey	Good growth potential

Distilled spirits and other alcoholic beverages		\$55.1 million	19.7%	25%	Competition from United Kingdom, Tanzania, and France	Good growth potential
Wine and Beer Group	14.7 million litres	\$ 27.1 million	9.7%	25%	Competition from South Africa and Europe	Good growth potential
Tree Nuts (such as almonds, pistachios, walnut and cashews.)	927	\$2.4 million	17%	25% and 10 % for almonds in shell	Competition from India for the supply of almonds and walnuts, and Tanzania for cashews	Good growth potential

Data sources: ¹Trade Data Monitor (TDM); ²East Africa Community Tariff Book; **Reflects import volumes only

Food Ingredients Market – Calendar Year 2019

Product Category/HS Code	¹Market Size – 2019 (Volume) Metric Tons	¹Imports (2019) (\$1,000)	¹⁵-Year Average Annual Import Growth Rate (%) (2015-2019)	²Import Tariff Rate (%) (2019)	Key Constraints Over Market Development	Market Attractiveness for USA
Wheat Group	2.0 million	\$496, 973	8.6%	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. U.S. soft wheats also have good market potential
Protein Concentrates and Textured Protein Substances (soy-based) <i>HS Code: 210610</i>	611	\$1,941	(10%)	10%	Competition from low-cost suppliers such as China, Belgium and South Africa	U.S. ingredients are considered high quality, but not allowed due to the ban on genetically engineered products.
Milk/Cream (sweetened) <i>HS Code:040120</i>				60%	Government protectionism	Good growth potential
Fats and Oils	955,826	\$554,795	4.5%	25%	Competition from low-cost suppliers such as Indonesia and Malaysia	Good growth potential

Data Source: Trade Data Monitor

More specific retail information can be found at:

- [Quickmart Supermarkets Ltd.](#)
- [Carrefour Supermarkets Kenya](#)

- [Chandarana Food Plus](#)
- [Game Store](#)
- [Naivas Supermarkets](#)
- [Retail Trade Association of Kenya](#)

Section V: Agricultural and Food Imports

Agricultural Products Imports	2015	2016	2017	2018	2019	2020^E	2021^F
Total Agricultural Products Imports from the World (in million US\$) ³	1,884	1,783	3,173	2,532	2,900	3,100	3,200
Total Agricultural Products Imports from the United States (in million US\$) ³	70	70	87	53	75	70	80
Total Agricultural and related products - Imports from the United States in million US\$ ³	72	71	88	54	78	73	83
Total Import of Consumer-oriented foods and Fish Products from the World (in million US\$) ³	309	310	442	460	471	450	480
Total Imports of Consumer-oriented foods and Fish Products from the United States (in million US\$) ³	10	13	10	8	6	6	7

Data Source: TDM

Information on U.S agricultural exports to Kenya for all categories including bulk, intermediate, and consumer-oriented products may be found [here](#)

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@usda.gov
www.fas.usda.gov

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
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
www.kebs.org

Customs and Excise Department

Kenya Revenue Authority
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Kenya Plant Health Inspectorate Service (KEPHIS)

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P.O. Private Bag 00625 Kabete, Kenya
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<https://www.kilimo.go.ke/management/state-department-of-livestock/>

Ministry of Health

Public Health Department

P.O. Box 30016-00100 Nairobi, Kenya
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Attachments:

No Attachments