

Voluntary Report – Voluntary - Public Distribution

Date: July 01, 2022

Report Number: KE2022-0009

Report Name: Kenya Extends Duty Exemptions to Additional Feed Ingredients

Country: Kenya

Post: Nairobi

Report Category: Grain and Feed, Biotechnology and Other New Production Technologies, Oilseeds and Products

Prepared By: Matthew Snyder and Kennedy Gitonga

Approved By: Ryan Scott

Report Highlights:

On June 10, 2022, the Government of Kenya issued additional tariff exemptions for new feed ingredients to address rising feed costs. Duty exemptions were granted for genetically engineered Bt. cottonseed cake, distillers' dried grains with solubles, and rapeseed cake. Industry sources note these new exemptions are unlikely to reduce feed costs as Kenya prohibits imports of most GE feed ingredients.

Background:

On September 8, 2021, President Uhuru Kenyatta declared Kenya's feed shortage a national emergency. The declaration was issued in response to rising feed costs triggered by a supply shortfall of feed ingredients due to regional drought. More than 30 Kenya feed mills closed over the past year due to high ingredient costs. On December 10, 2021, Kenya waived tariffs on non-genetically engineered (GE) corn, soymeal, cottonseed cake, sunflower seed cake, white sorghum, and fish meal imported for animal feed. These exemptions were granted to 18 Kenya businesses.¹ According to industry sources, these tariff exemptions had little effect on feed prices as Kenya's primary constraint was a lack of available ingredients from non-GE producing countries.

Government of Kenya Exempts Duties for Additional Feed Ingredients

Six months later, on June 10, 2022, the Government of Kenya released Gazette Notice 6615, waiving import duties on additional animal feed ingredients. The June notice expands tariff exemptions to include non-GE soybeans, cottonseed cake derived from GE *Bacillus thuringiensis* (Bt.) cotton, distillers' dried grains with solubles (DDGS) and rapeseed cake. The notice increased the number of firms eligible for tariff exemptions to 30, each of which received product-specific quotas for duty-free importation which are valid until October 31, 2022.

With the exception of Bt. cottonseed cake, the June gazette requires most feed ingredients to be 99.1 percent free of GE content. Corn, soybeans, soymeal, sunflower seed cake, white sorghum, and fish meal must contain no more than 0.9 percent GE content to benefit from market entry and duty exemptions. While the gazette does not specify whether DDGS or rapeseed cake must be 99.1 percent GE free to benefit from tariff exemptions, Kenya has imposed a blanket ban on GE products since 2012 (Bt. cotton is the only GE product approved for commercialization or import in Kenya).

Industry sources indicate that the measure is unlikely to alleviate Kenya's feed crisis due to restrictions on GE content. The gazette allows for 0.9 percent GE content for some commodities; however, this threshold effectively excludes GE-derived products like DDGS. Kenya's primary feed constraint remains a lack of an adequate supply of ingredients from non-GE producing countries.

While the measure facilitates cottonseed cake imports, exportable supplies of cottonseed meal are much lower than other feed ingredients. In 2021, global exports of cottonseed meal totaled 313,000 metric tons (MT) compared to 70 million MT of soybean meal and almost 8 million MT of palm kernel, sunflower seed, and rapeseed meal (Table 1).

¹ For more on the December 10th tariff exemptions see: <https://www.fas.usda.gov/data/kenya-government-kenya-exempts-duties-conventional-animal-feed-ingredients>

Table 1: Global Exports of Select Feed Ingredients (MT)

	2017	2018	2019	2020	2021
Soybeans	149,748,064	150,423,757	154,216,063	171,077,797	160,034,992
Soybean Meal	65,099,483	66,501,051	69,571,928	65,137,615	70,280,132
Palm Kernel Meal	6,758,862	7,477,051	8,056,702	7,596,694	7,924,768
Sunflower Seed Meal	7,602,736	7,274,781	8,520,988	8,889,880	7,897,135
Rapeseed Meal	6,088,373	7,058,169	6,998,769	7,554,528	7,582,019
Fish Meal	2,534,824	2,645,453	2,748,929	2,653,549	2,883,406
Copra Meal	567,861	746,795	579,911	408,836	408,836
Cottonseed Meal	304,483	312,404	294,529	253,603	313,299

Source: Trade Data Monitor, LLC.

International supplies of key feed ingredients are dominated by GE-producing countries, making conventional alternatives relatively scarce. For example, in 2021, Brazil and the United States accounted for 87 percent of global soybean exports. Both countries primarily grow GE soybeans, with 95 and 98 percent of soybean acreage dedicated to GE variants in the United States and Brazil, respectively.² Additionally, advance contracting of conventional crops reduces the supply of non-GE soybeans available for short-term buying, complicating purchases for immediate delivery. In 2021, 74 percent of U.S. non-GE soybeans were grown under contract with a committed receiving buyer.

Post will continue to monitor this development.

Product-specific requirements for duty-free imports are as follows:

Yellow corn:

- Must be 99.1 % non-genetically modified in accordance with the laws of Kenya and Kenyan standards applicable under the laws of Kenya and implemented by the Kenya Bureau of Standards (KEBS), and the National Biosafety Authority (NBA).
- Must have a moisture content not exceeding 13.5% as provided for under the laws of Kenya and Kenya standards (KS EAS2:2017).
- Aflatoxin levels must not exceed ten parts per billion (ppb) as provided for under the laws of Kenya and Kenya Standards (KS EAS2:2017) implemented by KEBS and the Department of Veterinary Services (DVS).
- Must be accompanied by a certificate of conformity issued by KEBS.
- Must only be used for the manufacture of animal feed.
- Must have been imported on or before October 31, 2022.

² More information on U.S. adoption of GE soybeans is available from the [U.S. Soybean Export Council](#). For more information on Brazil's production of GE products see the [FAS Brazil Biotechnology Annual Report](#).

Soybeans, soy meal, sunflower cake and white sorghum:

- Must be 99.1 percent non-GE, in accordance with the laws of Kenya and Kenya standards applicable under the laws of Kenya and implemented by KEBS and NBA.
- Must be accompanied by a certificate of conformity issued by KEBS.
- Must meet all standards as set by KEBS.
- Must only be used for the manufacture of animal feeds only.
- Must have been imported on or before October 31, 2022.

Cottonseed cake:

- Must be either GE cottonseed cake from Bt. cotton or non-GE cotton in accordance with the laws of Kenya and Kenya Standards applicable under the laws of Kenya and implemented by KEBS and NBA.
- Must be accompanied by a certificate of conformity issued by KEBS.
- Must meet all standards as set by KEBS.
- Must only be used for the manufacture of animal feeds.
- Must have been imported on or before October 31, 2022.

Kenya applies the following tariffs on feed ingredients:

Table 2: Kenya Tariffs on Key Feed Ingredients

Yellow Maize	50 percent
Soybean Meal	10 percent
Soybeans	10 percent
Cottonseed Cake	10 percent
Sunflowerseed Cake	10 percent
White Sorghum	25 percent
Fish Meal	10 percent

A copy of the gazette is below:

GAZETTE NOTICE No. 6615

THE EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT ACT, 2004

(No. 1 of 2005)

EXEMPTION FROM IMPORT DUTY ON IMPORTED RAW MATERIAL USED IN THE MANUFACTURE OF ANIMAL AND CHICKEN FEED

IT IS notified for the general information of the public that following the declaration of the drought affecting parts of the country a national disaster by H.E the President on the 8th September, 2021, and pursuant to section 114 (2) of the East African Community Customs Management Act, 2004, read with paragraph 20 of Part B of the Fifth Schedule to the Act, an exemption from import duty shall apply in respect of imported raw materials used in the manufacture of animal and chicken feed imported between the 1st November, 2021 and 31st October, 2022 by licensed Millers approved by the Government as set out in the Schedule hereto:

SCHEDULE

Feed Miller	Yellow Maize (Metric Tonnes)	Soya Bean Meal (Metric Tonnes)	Soya Bean (Metric Tonnes)	Cotton Seed Cake (Metric Tonnes)	Sunflower Seed Cake (Metric Tonnes)	White Sorghum (Metric Tonnes)	Fish Meal (Metric Tonnes)	Dried Distillers grains with solubles (DDGS) (Metric Tonnes)	Rapeseed cake (Metric Tonnes)
Belfast Millers Limited	10,000	4,000	-	-	-	-	-	-	-
Bidco Africa Limited	50,000	-	20,000	3,000	6,000	10,000	5,000	5,000	5,000
Economy Farm Feeds Product (K) Limited	7,200	2,800	-	-	4,800	-	-	1,000	1,000
Essential Drugs Limited	-	-	-	-	-	-	500	-	-
Farmers Choice Limited	5,000	1,000	1,500	-	-	1,000	500	500	500
Farmers Fresh Feeds Limited	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Isinya Feeds Limited	25,000	-	5,000	-	-	-	-	-	-
Kitale Industries Limited	5,000	2,000	-	1,000	1,000	-	-	-	-
Maisha Flour Mills Limited	250	500	-	500	500	-	250	250	250
Mombasa Maize Millers Limited	10,000	3,000	-	1,000	2,000	-	-	1,000	1,000
Muringa Limited	-	5,000	-	-	-	-	1,000	1,000	1,000
Organic Proteins Limited	-	4,000	-	-	4,000	-	-	-	-
Pembe Flour Mill Limited	40,000	40,000	-	10,000	15,000	15,000	15,000	15,000	15,000
Rift Valley Products Limited	4,500	2,500	-	-	25,000	-	-	-	-
Sigma Feeds Limited	20,000	5,000	-	-	-	-	500	500	500
Soy Pro Limited	-	40,000	6,000	-	18,000	-	-	10,000	10,000
Treasure Feeds Limited	4,000	1,500	750	-	2,000	3,000	1,000	1,000	1,000
Unga Farm Care (EA) Limited	40,000	10,000	20,000	-	-	-	-	10,000	10,000
MS Cateress Milling Company Limited	50,000	20,000	-	-	30,000	-	-	-	-
Mwanga Millers	15,000	7,000	5,000	500	5,000	5,000	5,000	1,000	5,000
Abyssinia Limited	5,000	2,000	2,000	2,500	2,500	3,000	3,000	1,500	15,000
Synvest Traders Limited	5,000	2,000	2,000	-	-	-	-	3,000	5,000
Armick Limited	5,000	2,000	2,000	-	-	-	-	2,500	3,000
Jamsi Millers	15,000	2,500	2,000	-	-	5,000	5,000	2,500	5,000
Geri Millers	10,000	5,000	5,000	-	5,000	-	5,000	1,000	1,000
Grainden Feeds Limited	2,000	3,000	2,000	-	-	-	-	-	-
Marimu Millers	3,000	2,000	2,000	-	-	-	-	1,000	500
Top Meal Industries Limited	1,500	2,500	3,000	-	-	-	-	-	-
Ngano Millers Limited	1,500	3,000	2,000	-	-	-	-	2,500	700
Uzito Afya foods Limited	3,000	1,000	1,000	-	2,000	-	-	3,000	5,000
Total Import Target	341,950	178,300	86,250	28,000	127,800	47,000	46,750	68,250	90,450

The companies listed in the first column of this Schedule may import the specified animal feeds raw materials in quantities set out in the subsequent columns for use in the manufacture of animal and chicken feed. The total import shall not exceed targets as set out in this schedule.

ADDITIONAL INFORMATION

1. The imported Yellow Maize shall meet the following conditions:

- It shall be 99.1% not genetically modified (i.e. 99.1% Non-GMO) in accordance with the laws of Kenya and Kenyan standards applicable under the laws of Kenya and implemented by the Kenya Bureau of Standards and the National Biosafety Authority;
- It shall have a moisture content not exceeding 13.5% as provided for under the laws of Kenya and Kenyan standards (KS EAS2:2017) applicable under the laws of Kenya and implemented by the Kenya Bureau of Standards; and
- its aflatoxin levels shall not exceed ten (10) parts per billion (ppb) as provided for under the laws of Kenya and Kenyan Standards (KS EAS2:2017) implemented by the Kenya Bureau of Standards and the Department of Veterinary Services under the State Department of Livestock;
 - it shall be accompanied by a certificate of conformity issued by the Kenya Bureau of Standards;
 - it shall be used for the manufacture of Animal and Chicken feeds only; and
 - it shall have been imported on or before the 31st October, 2022.

2. The imported Soya bean, Soya bean meal, Sunflower cake, white sorghum or fishmeal shall meet the following conditions:

- It shall be 99.1% not genetically modified (i.e. 99.1% Non-GMO) in accordance with the laws of Kenya and Kenyan standards applicable under the laws of Kenya and implemented by the Kenya Bureau of Standards and the National Biosafety Authority;

(b) it shall be accompanied by a certificate of conformity issued by the Kenya Bureau of Standards;

(c) it shall meet all standards as set by the Kenya Bureau of Standards;

(d) it shall be used for the manufacture of animal feeds only; and

(e) it shall have been imported on or before the 31st October, 2022.

3. The imported Cotton seed cake shall meet the following conditions:

(a) it shall be either genetically modified (GMO) cotton seed cake from BT cotton or non-GMO in accordance with the laws of Kenya and Kenyan standards applicable under the laws of Kenya and implemented by the Kenya Bureau of Standards and the National Biosafety Authority;

(b) it shall be accompanied by a certificate of conformity issued by the Kenya Bureau of Standards;

(c) it shall meet all standards as set by the Kenya Bureau of Standards;

(d) it shall be used for the manufacture of animal feeds only; and

(e) it shall have been imported on or before the 31st October, 2022.

Dated the 24th May, 2022.

UKUR YATANI,
Cabinet Secretary for the National Treasury and Planning.

Attachments:

No Attachments.