

*the Hon. Minister for Agriculture
(Mr. Ndambuki) on Thursday, 14th May, 2011.
for J. K. N. 19/5/11*

MINISTERIAL STATEMENT ON THE IMPORTATION OF 25,000 MT OF SUGAR

An Egyptian Company in the name of United Sugar Company is contracted to import 25,000MT of white refined sugar with the Consignee being Kenya Breweries Ltd. Already 2,350MT of white refined sugar was delivered on January 2011 leaving a balance of 22,650MT.

The above consignment was shipped in from Egypt hence not subject to import duty as Egypt is a member of the COMESA trading block that is granted zero tariffs on product manufactured within COMESA region. The presentation by the of COMESA certificates of origin by United Sugar Company marked white refined sugar where as it should have been marked "EGYPTIAN WHITE SUGAR" raised suspicion on the true origin of the sugar consignment. At the same time the shipper who is a private company was granted the COMESA certificate of origin a case reserved for integrated transporters only.

The Ministry through Kenya Sugar Board (KSB) has also received communication from the Kenyan Embassy in Egypt vide a letter ref. KEC/COM/VOL.IV/19 dated 5th April 2011, questioning the origin of the imported sugar. Initial investigation has indicated the sugar originated from Brazil. Since Brazil is not among the comesa countries, the importer intended to re-export the consignment to Kenya as Egyptian sugar in order to evade customs duty.

Kenya Sugar Board Surveillance officers and Kenya Revenue Authority (KRA) are still carrying out further investigations to determine the true origin of the sugar to ensure that all the due legal procedures are followed and all statutory payments are made by the importer as may be required.

Sugar imports manufacture and imported within the COMESA block are not subjected to duty charges, while sugar imports manufactured outside the trade block are subjected to a 10% duty charge. Should the sugar be determined to have originated from Brazil, then the country would be losing Kshs. 13,774,760m as import duty.



SALLY KOSGEI
MINISTER FOR AGRICULTURE
17TH MAY, 2011.