TRADE AND INDUSTRY SECTOR BOARD DRAFT MATRIX

NO	ISSUE	DESCRIPTION OF THE ISSUE	WHAT NEEDS TO BE DONE
1.	The lack of predictable licensing regimes and procedures leading to lack of clarity on the validity of the licenses and permits.	• The process for application for some licenses/permits to facilitate businesses is opaque giving room for increased business costs due to corrupt practices.	• The procedure for issuing and cancelling licenses should be legislated. • Counties need to automate processes for efficiency.
2.	Non-tariff barriers hindering the full utility of the Kenya – European Union Economic Partnership agreement.	• The EU has increased inspection rates from 10% to 25% to deal with the False Codling Moth (a quarantine pest). This means increased costs of shipment impacting over 4500 hectares of the flowers grown in Kenya for export into Europe.	• The emerging non-tariff barriers in the EU-Kenya EPA need to be removed by both parties. • There should be increased awareness creation on the EU-Kenya EPA.
3.	High costs and limited freight capacity to cater to horticulture exports from Kenya.	• Noting that freight costs cover over 50% of production costs. Kenyan horticultural exporters pay 2.8 dollars per kilo compared to Ethiopian firms that pay 1.9 dollars per kilo. The high costs lead to increased operational costs thus decreasing the competitiveness of Kenyan exports.	• There should be consultations with the freight firms to establish the rationale behind the high costs. • Review of investment impediments in the sector to increase investment in the sector.

4.	Predictability in the formulation and implementation of the national policies case in point declaration of national holidays.	• Negative impact on the productivity of firms due to the start-stop approach of some manufacturing firms leading to an increase in operational costs to business.	• Have sustainable approaches to national policies. • Partner with the private sector on some initiatives such as tree planting to ensure continuity to avoid ad hoc holidays and put ad-hock holidays over the weekend. • It is important to implement the monitoring and evaluation framework for national policies to guide in decisions.
5.	Multiplicity of fees in the counties when trading across counties.	• Some elements of trade are taxed more than once as goods and services move from the county of origin to the destination market. These elements included advertising, cess of agricultural products, and other business licenses.	• Implementation of the County Licensing (Uniform Procedures) Bill to standardize levies across the country and counties for the free flow of goods and address overlapping/contradicting regulations • Ensure Finance Bills across counties are made accessible and implemented in the stipulated time according to the PFM Act.

6.	Illicit trade reduces the revenues and the bottom lines for businesses. Pharmaceuticals is an example of an industry impacted by the vice in trade.	• Illicit trade undermines legitimate businesses: It undermines the economic gains from legitimate trade by crowding out lawful economic activities. This results in reduced profits for legitimate businesses, with firms in Kenya reportedly losing between 37.69% and 42.14% of their profits to illegal trade	• Establishment of a team to monitor counterfeit, grey goods and illicit trade to inform policy around the administrative actions to mitigate the same. • Formulate and implement the illicit index across sectors to assist in data formulation towards protecting the Kenyan and EAC grown industries. • MITI to assist in engagement with Parliament on Fast-tracking ratification of the amendment of Article 24(2) of the EAC Customs Union Protocol on the formation of the EAC Trade Remedies Committee. The Committee help in trade remedies actions which will assist tackle illicit trade.
7.	Fast-tracking payment of all pending bills by National and County governments	• Economic Strain on Businesses: Pending bills lead to decreased liquidity for businesses. This lack of cash flow can result in increased bankruptcy rates and a decline in profits, which has led to the closure of some small and medium-sized enterprises (SMEs)	• Government to fast track the over Ksh. 156 Billion pending bills to the private sector. • Support the re-introduction and the fast tracking of the The Prompt Payment Bill.

8.	Cross Border Trade issues AFCFTA issues • Increased cost of doing cross border trade due to Kenya not being party to Pan African Payment Settlement Systems (PAPS) on AfCFTA • Restricted Air Transport Services in EAC	• Cross Boarder Payments subject traders to forex losses thus increasing operational costs to businesses especially exporters. • Increased Cost of air transport especially for cargo shipment due to the slow implementation of the Air liberalization regulations and developed draft strategies for reducing the cost of air transport in the EAC Region.	• Continuous engagement between MITI and CBK for Kenya to be onboarded into the PAPS system. • Continuous engagement between MITI, EAC ministry and Ministry of Transport to fast- track implement the Air liberalization regulations.
9.	KEBS Standards Levy Increase:	Kenya Bureau of Standards (KEBS) had issued a gazette notice proposing an increase in the standards levy from Ksh 400,000 to Ksh 6 million.	• KEBS in the spirit of trade facilitation should ensure that the services offered are commensurate to the fee. • The steep increase should be staggered after the cost of services is determined to ensure business are compliant and plan for the cost in their operations.
10.	Delayed gazzetment of the EPR regulations.	The deadline as stipulated in the Waste Management Act Deadline for gazettement of the regulations is about to lapse as the date put out was 2 yrs- July 2022. The EPR draft regulation stipulates the introduction of the EPR fee, businesses need to plan and budget for the fee to allow for certainty.	The office of the AG, Ministry of Environment, Climate Change and Forestry, and the National Assembly Departmental Committee on Environment, Forestry and Mining need to coordinate to allow for the regulations to be enacted.