



REPUBLIC OF KENYA

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT

STATE DEPARTMENT FOR TRADE & ENTERPRISE DEVELOPMENT

Press Statement on key provisions of Kenya-UK Economic Partnership Agreement

Nairobi, February 22, 2021—The Economic Partnership Agreement (EPA) signed between Kenya and the United Kingdom in December 2020 will ensure that both countries reap the benefits of improved market access.

It is important that all stakeholders, including the media get the facts right about the objectives and key aspects of the EPA. Misrepresentation of facts will only cause fear and anxiety that can dampen the prospects of potential beneficiaries.

The EPA, which is in the process of being ratified by the Kenya and UK Parliaments, contains specific provisions for protecting the Kenya and East African Community (EAC) market from unfair competition from UK producers.

As stated in one of its principal objectives, the EPA will facilitate duty free and quota free access of exports from Kenya and the East African Community (EAC) countries into the UK market. This will be implemented as soon as the agreement is ratified by Parliaments of the two countries. What the UK is providing for Kenya and the EAC is a secure, long-term and predictable basis for deepening their access to the UK market.

On the other hand, free access of UK goods to the Kenyan and EAC market will be subject to a progressive and graduation duty and quota reduction that will be implemented over 25 years. In this respect, Kenya has committed to progressively liberalize 82.6 percent of its trade with the UK over a period of 25 years but with a moratorium of seven years. This means that the gradual duty reduction for UK goods imported into Kenya and EAC will only start after seven years.

It is instructive that goods that attract 25% or more duty when being imported into Kenya and other EAC Partner States account for only 2.6% of total trade that was subject to liberalization under the EPA. Liberalization of these products commences 12 years after the Kenya-UK EPA enters into force and takes place gradually over 13-year period. These are finished products that are considered to have minimal negative impact on Kenya and other EAC Partner States. Any industries that may be producing similar goods in Kenya and other EAC Partners, will have 12 years before liberalization starts to adjust. Requisite capacity and

trade defence measures have been anticipated in the EAC-UK EPA for use to mitigate any negative effects to local industries producing similar intermediate products

The moratorium, together with the phased reduction of duties, is considered necessary to protect Kenya's industry, particularly the manufacturing sector, which is less developed and competitive than the UK industry. The agreement also has inbuilt mechanisms for protecting infant industries and the economies of Kenya and the EAC.

These are the provisions being discussed by Parliaments of the two countries as they move to ratify the EPA. It is quite clear that the EPA is balanced and indeed, will allow sufficient time for implementation of innovative value chains to enhance the export competitiveness of the domestic manufacturing sector.

In implementing the EPA, both partners agreed on the need to improve market access conditions that will ensure the EAC partner states benefit fully from the EPA, which largely incorporates the essential ingredients of the EPA negotiated and initialed by the EAC member states with the European Union.

Ends

**Signed: Faynie Mwakio,
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