PRESS RELEASE ON THE LOCAL WHEAT PURCHASE PROGRAM

Tuesday, March 4, 2025

This Release is to state the facts about local wheat production and the context under which Kenya has been importing wheat over the last 15 years.

Status of Wheat Production

The national wheat demand **is 2.2 – 2.4 million metric tons annually.** The country produces about **8%** of total consumption while **92%** is imported. Kenya's annual wheat production was **135,000MT in 2023** against a consumption of **2,200,000MT** which has been increasing in the last five years. The deficit of about **1.9-2.2 MT** has been filled through imports majorly from Russia, Ukraine and EU.

Status of Wheat Imports 2022 – 2024

The total local wheat harvested from July 2024 to March 2025 is **1,710,358 (90kg)** bags. Millers have mopped up **1,388,762 bags** from August to date. The total available wheat with farmers and Marketing Agents is about **321,596 bags,** the bulk being in Upper Narok with **130,828 bags**. The remaining wheat to be harvested in Upper Narok and Timau 2 is projected at **80,000 bags**. In the last eight months, the total amount of wheat imported was **1,407,129 MT (15,634,767 bags)** against a projected allocation of **3,246,000 MT (36 million bags)**.

Background Context:

Kenya is a key member of the East African Community (EAC), and is a signatory to the various protocols and instruments, and an active member of both the Customs Union and Common Market. It has always strived to meet its obligations within the union, while also protecting its national strategic interests, expanding markets for its products and services, and assuring food and nutrition security for its citizens. Wheat is classified as a trade sensitive product in the EAC's Common External Tariff (CET). The CET is an instrument

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commonly used in trading arrangements where the cost of importing goods, products or services from outside a trading bloc is higher for items listed in the sensitive schedule, to primarily protect local producers, industries and consumers from unfair competition, cheaper imports or even dumping.

Sensitive products attract a higher interest rate of 35% as opposed to the 25%. Kenya, having witnessed the gradual decline in local wheat production since the 1990s, but with a commensurate rise in consumption of wheat and wheat products, decided to negotiate a lower rate of import tax under the CET of 10%, to allow wheat imports to meet the rising consumption demand while also rejuvenating the local production. **The objective of Kenya's application was to increase local wheat production and reduce overreliance on imports.**

What does this mean? Since 2010 on the advent of the new constitution, and while obligated under the EAC's Customs Management Act of 2004, the Customs Duty Regulations of 2008, and the EAC's Customs Union Duty Remission Scheme to meet the EAC's protocols and agreements, Kenya instituted **the Wheat Purchase Scheme** (WPS), which obligates millers to purchase all the locally grown wheat at set prices, pay a duty of 10%, instead of 35%, while also granting the millers quotas on a pro rata basis, to import wheat to fill the gap. The WPS was launched on 8th January 2010 by the Ministry of Agriculture then later transferred to the Agriculture and Food Authority (AFA) on 1st July 2020. The National Treasury witnessed the agreement between Cereal Millers Association (CMA) and Cereal Growers Association (CGA). Other EAC member states import at 10% without such a pre-condition.

A survey conducted by AFA in February to March 2021, established that production had been declining over the years with increasing imports. Production decreased from 256,000 MT in 2010 to about 180,000 MT by 2020 for example. During the same period, imports increased from 845,000 MT to 2,200,000MT. This scenario has been attributed to increasing cost of production with disproportionate increase in farm-gate prices, low productivity, land subdivisions and short land leases that cannot support modern technologies such as Conservation Agriculture.

The Government under BETA is fully addressing these challenges, for example through the subsidized fertilizer program, enforcement of minimum guaranteed prices, e-Extension services, soil testing and improved seed varieties.

Conclusion:

The programme has seen local wheat production increasing for the last three years. On 3rd March 2025, CGA, CMA, Marketing Agents and the Government held a meeting and the CS, Ministry of Agriculture and Livestock Development directed that;

- All wheat in stock be sent to NCPB stores nearby from 4th March 2025
- Millers to collect wheat from NCPB
- Payment to be made within 30 days of delivery
- AFA is monitoring the mopping up of local wheat.

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