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THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON:

THE CONSIDERATION OF THE EAST AFRICAN COMMUNITY (EAC) CUSTOMS PROPOSALS FOR THE FINANCIAL YEAR 2026/2027

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APRIL 2026

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 30 APR 2026
DAY: Thursday
TABLED BY: Chairperson, Departmental Committee on Finance & Planning
CLERK-AT THE-TABLE: Ronda T.

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LIST OF ABBREVIATIONS AND ACRONYMS

EACCMA	-	East African Community Customs. Management Act
EAC	-	East African Community
CET	-	Common External Tarriff
DRS	-	Duty Remission Scheme

ANNEXURES

Annexure 1: Adoption Schedule.

Annexure 2: Adoption Minutes.

Annexure 3: Letter from the Clerk of the National Assembly inviting relevant stakeholders to attend the Consultative meeting.

Annexure 4: Memoranda by Stakeholders

CHAIRPERSON'S FOREWORD

This Report contains the proceedings of the Departmental Committee on Finance and National Planning on its consideration of the East African Community (EAC) Customs Proposals for FY 26/27. The Committee is charged with the responsibility of among other things in examining matters relating to finance and economic planning. In executing this mandate, the Committee considers fiscal policies, taxation measures, and regional trade agreements that have a direct bearing on the economic well-being of the country in terms of taxation.

In this regard, the Committee is specifically mandated to review and report on tax-related proposals arising from regional integration frameworks, including those under the East African Community (EAC). The consideration of the EAC Customs proposals for Financial Year 2026/2027, therefore, falls squarely within the Committee's jurisdiction.

Pursuant to section 16 of the Statutory Instruments Act (Cap. 2A), which requires the Committee to confer with the regulation-making authorities before making its decision, the Committee held a meeting with the National Treasury and Economic Planning, The State Department for Trade, Kenya Revenue Authority and The Office of the Attorney General on Tuesday, 28th April 2026, to deliberate on the proposals.

The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support accorded to it during its consideration of the proposals. Similarly, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made invaluable contributions towards the preparation and production of this report.

On behalf of the Departmental Committee on Finance and National Planning and pursuant to the provisions of Standing Order 199(6), it is my pleasure to report that the Committee has considered the East African Community (EAC) customs proposals for FY 26/27 and wish to report to this august House with the recommendation that the House Approves the East African Community Customs proposals for the Financial Year 2026/2027.

Hon. FCPA. Kuria Kimani, CBS, M.P.
Chairperson, Departmental Committee on Finance and National Planning

CHAPTER ONE

1 PREFACE

1.1 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

1. The Departmental Committee on Finance and National Planning is one of twenty departmental committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows:

    a) *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
    b) *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
    c) *To, on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
    d) To study and review all legislation referred to it;
    e) *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
    f) *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
    g) *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
    h) *To examine treaties, agreements and conventions;*
    i) *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
    j) *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
    k) *To examine any questions raised by Members on a matter within its mandate.*

2. The Second Schedule to the National Assembly Standing Orders assigns the Committee the mandate to consider matters in relation to public finance, public audit policies, monetary policies, financial institutions, economy, investment policies, competition, banking, insurance, national statistics, population, revenue policies including taxation, national planning and development, digital finance, including digital currency.
3. In executing its mandate, the Committee oversees the following Ministries/Departments:

    a) The National Treasury.
    b) State Department for Economic Planning.
    c) State Department for Public Investments and Asset Management.
    d) The Commission on Revenue Allocation (CRA)
    e) Office of the Controller of Budget

1.2 COMMITTEE MEMBERSHIP

1. The Departmental Committee on Finance and National Planning was constituted by the House on 27th October 2022 and reconstituted on Wednesday, 5th March 2025 and comprises the following Members:

Chairperson
Hon. FCPA Kuria Kimani, CBS, MP
Molo Constituency
UDA Party

Vice-Chairperson
Hon. (Amb.) FCPA Langat Benjamin Kipkirui, CBS, MP
Ainamoi Constituency
UDA Party

Members

Hon. Peter Kaluma, CBS, MP
Homa Bay Town Constituency
ODM Party

Hon. FCPA Oyula, Joseph H. Maero, MP
Butula Constituency
ODM Party

Hon. Mboni, David Mwalika, MP
Kitui Rural Constituency
WDM Party

Hon. Okuome Adipo Andrew, MP
Karachuonyo Constituency
ODM Party

Hon. Chiforomodo, Munga, MP
Lunga Lunga Constituency
UDM Party

Hon. CPA Rutto Julius Kipletting, MP
Kesses Constituency
UDA Party

Hon. Paul Biego, MP
Chesumei Constituency
UDA Party

Hon. Sunkuyia, R. George, MP
Kajiado West Constituency
UDA Party

Hon. Betty N. Maina, MP
Murang'a County
UDA Party

Hon. Sheikh Umul Sheikh, MP
Mandera County
UDM Party

Hon. (Dr.) Shadrack Mwiti, MP
South Imenti Constituency
Jubilee Party

Hon. (Dr.) Ariko John Namoit, MP
Turkana South Constituency
ODM Party

Hon. Machele M. Soud, MP
Mvita Constituency
ODM Party

1.3 COMMITTEE SECRETARIAT

4. The Committee is facilitated by the following staff:

Ms. Tracy Chebet
Principal Clerk Assistant II

Ms. Jennifer Ndeto
Deputy Director Legal Services

Mr. Salem Lorot
Senior Legal Counsel

Mr. George Ndenjeshe
Fiscal Analyst II

Mr. Eugene Luteshi
Audio Officer III

Mr. Benson Muthuri
Assistant Serjeant-At-Arms

Mr. Allan Ngugi
Administrative Officer III

Mr. Benson Kamande
Clerk Assistant III

Ms. Winfred Kambua
Clerk Assistant III

Ms. Nelly W. Ondieki
Research Officer III

Mr. James Macharia
Media Relations Officer

Ms. Joyce Wachera
Hansard Reporter II

CHAPTER TWO

2.0 OVERVIEW OF THE EAST AFRICAN COMMUNITY (EAC) CUSTOMS PROPOSALS FOR FY 26/27

2.1 Background

5. The East African Community Customs Union is a key pillar of regional economic integration among Partner States. One of its main features is the Common External Tariff (CET), which provides a uniform system for taxing goods imported into the region.

6. In addition to the CET, Partner States annually review and agree on a range of measures such as duty remissions, exemptions and temporary adjustments. These are intended to respond to emerging economic needs and priorities.

7. The proposed measures for the Financial Year 2026/2027 have been developed in line with broader regional goals. These include promoting industrialization, boosting trade within the region, protecting emerging industries and ensuring sustainable revenue collection.

8. The Committee notes that this annual review process allows Partner States to respond to changing economic conditions, including shifts in global markets, supply chain disruptions and domestic policy priorities. As such, the proposals are an important tool for advancing both national and regional economic interests.

2.2 Legal and Policy Considerations

9. The Committee's review of the proposed measures is guided by both national and regional legal frameworks. At the national level, Article 95 of the Constitution of Kenya gives Parliament the authority to consider and approve fiscal measures. Article 114 further provides for the consideration of matters relating to public finance, including taxation. Specifically, Article 94 (5) provides that no person or body, other than Parliament, has the power to make provision having the force of law in Kenya except under authority conferred by the Constitution or by legislation.

10. At the regional level, the proposals are governed by the East African Community Customs Management Act (EACCMA) which provides the legal basis for customs administration within the EAC. The Act outlines how the Common External Tariff (CET) is applied as well as provisions for exemptions, remissions and temporary measures.

11. In addition, the Treaty for the Establishment of the East African Community requires Partner States, including Kenya, to harmonize their trade policies and adopt common customs measures to support regional integration. The Committee also takes into account the Public Finance Management Act, which sets out principles for prudent management of public resources.

12. The Committee conducted a thorough review to ensure that the proposals comply with the Constitution and existing legal frameworks. This included assessing their alignment with the EACCMA and the broader objectives of the EAC Treaty.

13. The Committee is satisfied that the proposals follow established procedures and do not conflict with any constitutional or legal provisions. Their adoption is therefore necessary for Kenya to meet its regional obligations and continue participating effectively in the Customs Union.

CHAPTER THREE

3. PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL

3.1 LEGAL FRAMEWORK ON PUBLIC PARTICIPATION

14. Article 118 (1)(b) of the Constitution provides that:

"Parliament shall facilitate public participation and involvement in the legislative and other business of Parliament and its Committees."

15. The National Assembly Standing Order 127 (3) and (3A) stipulates that:

"(3) The Departmental Committee to which a Bill is committed shall ***facilitate public participation on the Bill*** *through an appropriate mechanism including-*

(a) inviting submission of memoranda;
(b) holding public hearings;
(c) consulting relevant stakeholders in a sector; and
(d) consulting experts on technical subjects.

(3A) The Departmental Committee shall take into account the views and recommendations of the public under paragraph (3) in its report to the House."

3.2 MEMORANDA RECEIVED ON THE BILL

16. In reviewing the proposals, the Committee recognized the importance of involving stakeholders to ensure the measures are balanced, practical and responsive to economic needs.

17. The Committee therefore invited submissions from key government institutions involved in finance, trade and legal affairs including the National Treasury, the Office of the Attorney General, the State Department for Trade and the Kenya Revenue Authority.

18. Consultative meetings were held where stakeholders made detailed presentations on the implications of the proposals. Written submissions were also provided, offering further insights into the potential economic, legal and administrative impacts.

3.2.1 The National Treasury and Kenya Revenue Authority (KRA)

Officials of the National Treasury and KRA appeared before the Committee on Tuesday, 29th April 2026, and submitted as follows;

19. Kenya's submissions to the EAC are structured around two principal instruments, namely the Duty Remission Scheme (DRS) and the Stay of Application of the EAC Common External Tariff (CET). These instruments are applied in a complementary manner to either reduce the cost of inputs for local manufacturers or to increase protection against competing imports.

20. The proposals are designed to promote industrialization, safeguard government revenue, address market distortions such as undervaluation and misclassification, and support priority sectors under national development frameworks.

I. DUTY REMISSION SCHEME (DRS) APPLICATIONS

21. The stakeholder stated that Duty Remission Scheme applications are intended to promote the local manufacturing sector by providing targeted and controlled import duty reliefs. These measures are restricted to approved manufacturers of products whose inputs that are either unavailable or insufficient within the region, thereby ensuring that only the intended sectors benefit while minimizing risks of misuse and revenue leakage.

Pharmaceutical and Health Manufacturing

22. The proposals provide for continued duty remission on specialized inputs used in the establishment of clean rooms and pharmaceutical production facilities. These inputs are critical for compliance with international manufacturing standards and are not readily available within the region. They noted that this measure is therefore aimed at strengthening domestic pharmaceutical production capacity while reducing reliance on imported finished products.

Construction and Building Materials

23. The stakeholder noted that duty remission is proposed for key inputs used in the manufacture of construction materials such as roofing systems and modular structures. These inputs are either not produced locally or are insufficient in supply, making them essential for sustaining domestic production. They noted that the measure seeks to support the growth of local construction material industries and enhance affordability of locally produced building solutions.

Agro-processing and Food Security

24. The proposals include continued remission on essential agricultural inputs such as wheat and inputs used in animal feed production. This intervention addresses supply deficits and reduces production costs within critical food value chains. It is expected to enhance food security while supporting agro-processing industries.

Textile, Apparel, and Leather Value Chains

25. The stakeholder highlighted that they propose remission on key raw materials and intermediate inputs used in textile, apparel, and leather manufacturing. These inputs are necessary to enhance value addition and improve the competitiveness of locally produced goods. The measure supports labour-intensive industries with strong linkages to exports and employment creation.

Automotive and Engineering Industries Parts manufacturers sub sector

26. The stakeholder outlined that the proposals provide duty remission on inputs used in the assembly and manufacture of automotive components and engineering products, including motorcycle kits and wiring harnesses. These inputs are essential for sustaining local assembly operations and developing industrial linkages. The measure aims to deepen domestic manufacturing capacity and position Kenya as a regional hub for automotive assembly.

Electronics and ICT Manufacturing

27. Duty remission is extended to inputs used in the assembly of electronic devices such as smartphones, laptops, and tablets. This intervention is intended to support the growth of local assembly industries and promote digital industrialization. It also contributes to reducing the cost of access to technology by encouraging domestic production.

Specialized Industrial Inputs

28. The stakeholder highlighted that the proposals include remission on a range of specialized industrial inputs, including chemicals, polymers, and patented materials not produced within the region. These inputs are critical for niche manufacturing processes and high-value industries. The measure ensures continuity of production in sectors that rely on such specialized materials while supporting industrial diversification.

2. STAY OF APPLICATION OF EAC CET RATES

29. The stakeholder highlighted that the stay of application measures involves temporary adjustments to the EAC CET rates to address domestic economic priorities. These adjustments are used to protect local industries, safeguard revenue, and correct market distortions, including undervaluation and misclassification of imports.

Food and Agro-Processing Sector

30. The stakeholder noted that the proposals seek to extend existing stays on key food products, including staple and processed food items, where domestic or regional supply remains insufficient or where local industries require protection. In addition, specific duties are applied alongside ad valorem rates to address undervaluation of imports. They stated that this approach balances consumer needs with the protection of local producers.

Agriculture-Based Manufacturing

31. The stakeholder elaborated that higher tariff protections are maintained on products linked to domestic agricultural value chains, such as cereals and related processed goods. These measures are intended to support farmers and agro-processors by reducing competition from imports. Hence, the overall objective is to strengthen backward linkages between agriculture and manufacturing.

Textile and Apparel Sector (including Mitumba)

32. The stakeholder noted that the proposals maintain higher duty rates and specific duties on imported textiles, garments, and second-hand clothing. This is aimed at protecting local textile and apparel manufacturers from unfair competition posed by low-cost imports. The measure aligns with national industrialization policies focused on revitalizing the textile sector.

Leather and Footwear Products

33. The stakeholder submitted that they proposed increased tariff protection for finished leather goods to support local value addition within the leather industry. The measure seeks to discourage importation of finished products while promoting domestic processing of hides and skins. This is expected to enhance competitiveness and employment within the sector.

Wood, Timber, and Furniture Industry

34. The stakeholder informed the Committee that the proposals extend protective tariffs on wood-based products such as plywood, MDF, and finished furniture. These measures are designed to safeguard investments in local timber processing industries. They also aim to reduce the influx of cheaper imported alternatives that undermine domestic production.

Plastics, Rubber, and Packaging Materials

35. They stakeholder proposed higher tariffs to be applied on finished plastic and rubber products where there is sufficient local production capacity. This is intended to protect domestic manufacturers from low-priced imports and support industrial growth. The measures also encourage increased utilization of locally produced materials.

Iron, Steel, and Metal Products

36. The stakeholder submitted that the proposals include extensive use of higher tariffs and specific duties on metal products to protect capital-intensive industries. The inclusion of specific rates is particularly aimed at addressing undervaluation and revenue leakages. These measures support ongoing investments in the metals sector and promote import substitution.

Automotive Sector

37. The stakeholder noted that the continued application of higher tariffs on fully built motor vehicles is intended to promote local assembly. By discouraging importation of finished units, the measure supports the growth of domestic assembly plants. This aligns with the broader objective of developing an integrated automotive industry.

Electrical and Electronics Sector

38. The stakeholder proposed protective measures for electrical and electronic products where local assembly or manufacturing capacity exists. These measures are intended to support domestic producers and reduce dependence on imports. They also contribute to building capacity in high-value manufacturing sectors.

Chemicals and Industrial Products

39. The stakeholder noted that selective tariff adjustments are applied to protect locally produced chemical and industrial products while ensuring that inputs remain accessible. This approach balances industrial protection with the need to sustain production. It also supports the development of downstream industries.

Consumer Goods and Household Products

40. The stakeholder highlighted that higher tariffs are maintained on a range of consumer goods to protect local light manufacturing industries. These measures target products where domestic production capacity is already established. The objective is to enhance competitiveness and promote local consumption of domestically produced goods.

Strategic and Social Interventions

41. The stakeholder noted that the proposals include targeted measures such as duty relief on dates during the Ramadan period and provisions supporting government programmes, including Public-Private Partnerships. These interventions are designed to address specific social and economic needs. They demonstrate the use of customs policy as a tool for broader public policy objectives.

3.2.2 State Department for Trade

Appearing before the Committee on Tuesday, 28th April 2026, officials of the State Department of Trade submitted as follows:

42. They noted that they considered detailed submissions on proposed duty remission and tariff measures intended to support local manufacturing, particularly within priority value chains such as kraft paper, textiles, pharmaceuticals, and other sectors aligned with the Bottom-Up Economic Transformation Agenda.

43. They highlighted that local manufacturers, including those in the paper and packaging industry, have demonstrated the capacity to produce a wide range of products; however, concerns were raised regarding the limited availability of certain raw materials and the high cost and inadequate quality of packaging materials. These challenges were observed to significantly affect export competitiveness, particularly for horticultural products such as flowers, avocados, and other perishables, whose packaging currently does not sufficiently preserve quality across varying climatic conditions in export markets.

44. The State Department emphasized that duty remission serves as an export promotion mechanism aimed at reducing the cost of inputs and enhancing the competitiveness of Kenyan goods in international markets. They acknowledged the importance of protecting domestic industries within the East African Community (EAC) while also expanding access to markets beyond the region.

45. On the Common External Tariff (CET), they emphasized that differences in levels of economic development among EAC partner states have made it difficult to uniformly apply tariff rates across all member countries. They, stated that while Kenya has sought, in certain instances, to apply higher tariff rates to protect its relatively more developed manufacturing sector, some partner states have been unable or unwilling to adopt similar rates due to structural and economic constraints. This divergence was noted to create challenges within the integration framework, including the risk of trade diversion where imports may enter through lower-duty jurisdictions and find their way into higher-duty markets through porous borders. Nevertheless, it was indicated that enforcement agencies, particularly the Kenya Revenue Authority (KRA), have the institutional capacity to mitigate such risks.

Stakeholder consultation on the Proposals

46. The State Department submitted that it had undertaken several consultative meetings, arising from a Presidential Round Table meeting with Stakeholders held on *1st September 2025*. The meetings with players from various sectors were held on *24th February 2026, 4th March 2026*, and *24th March 2026*. The stakeholders' perspectives were subsequently incorporated into the draft Customs proposals.

3.2.3 Office of the Attorney General

47. The Attorney General expressed support for the EAC Customs proposals and affirmed that the process adhered to constitutional principles. In particular, reference was made to Articles 10 and 118 of the Constitution, which underscore the importance of public participation, good governance, integrity, transparency and accountability in legislative and policy processes. The Attorney General submitted that the consultations undertaken met the threshold envisaged under these provisions.

48. The stakeholder also submitted that adequate public participation had been undertaken in respect of the East African Community (EAC) Customs proposals for the Financial Year 2026/2027. In this regard, it was noted that the responsible institutions facilitated consultative forums aimed at gathering views from the public and relevant stakeholders, thereby aligning the process with constitutional requirements on inclusivity, transparency and accountability in public decision making.

49. The stakeholder further submitted that, in addition to general public participation, targeted engagements were conducted with specific industry players who are directly affected by the proposed customs measures. These engagements included structured meetings convened by the National Treasury in collaboration with the State Department for Trade, where sector representatives were invited to present their views and recommendations prior to the finalization and publication of the proposals.

50. The Stakeholder emphasized that the consultative process was iterative in nature, with stakeholders being engaged at multiple stages of policy formulation. According to the submission, industry players were not only consulted before the proposals were published but were also involved during the drafting phase, ensuring that their input informed the development of the customs measures and enhanced the responsiveness of the proposals to sector specific realities.

51. Consequently, the stakeholder maintained that the procedural requirements for public participation and stakeholder engagement had been sufficiently satisfied and that the proposals reflect a balanced consideration of public interest and industry perspectives. The Committee was therefore urged to take cognizance of the consultative efforts undertaken and the constitutional compliance demonstrated in the development of the EAC Customs proposals for the Financial Year 2026/2027.

CHAPTER FOUR

4 COMMITTEE OBSERVATIONS

52. The Committee made the following observations:

1) Based on its review, the Committee finds that the proposed measures are consistent with Kenya's commitments under the EAC framework and align with national economic policy objectives.

2) Articles 10 and 118 of the Constitution and section 5 of the Statutory Instruments Act require that the regulation-making authority conduct public participation and sufficient consultation with the stakeholders and persons likely to be affected by the regulations.

3) In line with section 5 of the Statutory Instruments Act (Cap. 2A), the National Treasury, together with the Ministry of Investments, Trade and Industry (MITI), undertook public participation before publication of the proposals. Notably, the Taskforce responsible for the preparation and development of the proposals, held consultations with key stakeholders and their input were considered before finalization of the Draft proposals. The Taskforce comprised the National Treasury and the State Department for Trade.

4) The proposals provide an opportunity to support key sectors such as manufacturing and agriculture to encourage local production while also facilitating regional trade.

5) Although some measures may affect revenue, the Committee considers these impacts justified by the potential long-term economic benefits. However, ongoing monitoring and evaluation will be essential to ensure the measures achieve their intended goals.

6) The Committee noted that Section 16 of the Statutory Instruments Act (Cap. 2A) requires it to confer with the regulation-making authority only where it is practically possible to do so. Consequently, the Committee retains the discretion to consider the proposals in the absence of the Regulation-making authority where such engagement is not practicable, as provided under the same section;

7) During consideration of the proposals, the Committee noted the need to protect local software developers to create an enabling environment for innovation and to cushion them against unfair competition and revenue loss.

CHAPTER FIVE

5.0 COMMITTEE RECOMMENDATIONS

53. Having considered the East African Community (EAC) Customs Proposals for the FY 2026/2027 and guided by the practice under the Statutory Instruments Act, Cap. 2A, the Committee recommends that the National Assembly **NOTES** the EAC Customs Proposals for the Financial Year 2026/2027 for presentation before the East African Community Council of Ministers, subject to the following reservations;

    1) THAT, the National Treasury in conjunction with the Kenya Revenue Authority, monitors the implementation and impact of these proposals, and submits regular reports to the National Assembly;

    2) THAT, the State Department for the time being responsible for Trade, conducts periodic assessments on the effect of the proposals on the local industries and proposes policy adjustments where necessary;

    3) THAT, the EAC Common External Tariff (CET) rate on papers used for packaging of fresh produce for export of tariffs: **4804.11.00**, **4804.31.00**, **4804.41.00** and **4804.51.00** be stayed;

    4) THAT, an appropriate EAC CET rate on imported software, including updates, be included in the EAC proposals to enhance revenue generation and to protect local software developers from unfair competition; and

    5) THAT, an EAC CET rate of 25% or USD 200/MT, whichever is higher, on wirerods of tariff: **7213.91.10** be introduced in the proposals.

SIGNED...**DATE**...30/4/2026...

HON. FCPA KURIA KIMANI, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING.
ADOPTION LIST

REPORT ON THE EAST AFRICAN COMMUNITY CUSTOMS PROPOSALS FOR FY 26/27

We, the Members of the Departmental Committee on Finance and National Planning have pursuant to Standing Order 199, adopted this Report and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity today, **Tuesday, 28th April 2026.**

S/NO.	NAME	SIGNATURE
1.	HON. FCPA KURIA KIMANI, CBS, MP - **CHAIRPERSON**	
2.	HON. FCPA (AMB). BENJAMIN KIPKIRUI LANGAT, MP – **VICE CHAIRPERSON**	
3.	HON. KALUMA PETER OPONDO, CBS, MP	
4.	HON. GEORGE SUNKUYIA RISA, MP	
5.	HON. (FCPA) JOSEPH MAERO OYULA, OGW, MP	
6.	HON. ANDREW ADIPO OKUOME, MP	
7.	HON. DAVID MWALIKA MBONI, MP	
8.	HON. CHIFOROMODO MANGALE MUNGA, MP	
9.	HON. MAINA BETTY NJERI, MP	
10.	HON. (CPA) JULIUS KIPLETTING RUTTO, MP	
11.	HON. PAUL KIBICHIY BIEGO, MP	
12.	HON. UMUL KER SHEIKH KASSIM, MP	
13.	HON. DR. SHADRACK MWITI ITHINJI, MP	
14.	HON. DR. JOHN ARIKO NAMOIT, MP	
15.	HON. MOHAMED SOUD MACHELE, MP	

MINUTES OF THE 41st SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING HELD ON TUESDAY, 28TH APRIL, 2026 IN COMMITTEE ROOM 20, 3RD FLOOR, BUNGE TOWER, PARLIAMENT BUILDINGS AT 1.00 P.M

PRESENT

1. Hon. FCPA. Kuria Kimani, CBS, MP -*Chairperson*
2. Hon. Peter Kaluma, CBS, MP
3. Hon. FCPA. Joseph Maero Oyula, MP
4. Hon. David Mwalika Mboni, MP
5. Hon. Julius Kipletting Rutto, MP
6. Hon. Umul Ker Sheikh Kassim, MP
7. Hon. Dr. John Ariko Namoit, MP
8. Hon. Paul Kibichiy Biego, MP
9. Hon. Dr. Shadrack Mwiti Ithinji, MP
10. Hon. George Sunkuyia Risa, MP
11. Hon. Chiforomodo, Munga, MP

ABSENT WITH APOLOGIES

1. Hon. FCPA (Amb.) Benjamin Kipkirui Langat, CBS, MP -*Vice-Chairperson*
2. Hon. Betty N. Maina, MP
3. Hon. Andrew Adipo Okuome, MP
4. Hon. Mohamed Soud Machele, MP

COMMITTEE SECRETARIAT

1. Ms. Jenniffer Ndeto	-	Deputy Director, Legal Services
2. Ms. Tracy Chebet	-	Principal Clerk Assistant II
2. Ms. Winfred Kambua	-	Clerk Assistant III
3. Mr. Benson Kamande	-	Clerk Assistant III
4. Mr. Salem Lorot	-	Senior Legal Counsel
5. Mr. George Ndenjeshe	-	Fiscal Analyst II
6. Ms. Joyce Wachera	-	Hansard Reporter II
7. Ms. Nelly Ondieki	-	Research officer III
8. Mr. James Macharia	-	Senior Media Relations Officer.
9. Mr. Benson Muthuri	-	Sergent at arms
10. Mr. Allan Ngugi	-	Administrative Officer
11. Ms. Ann Kangethe	-	Administrative Officer

MIN No. NA/F&NP/2026/057: - PRELIMINARIES

The chairperson called the meeting to order at 1.13 p.m. This was thereafter, followed with a word of prayer and introductions.

MIN No. NA/F&NP/2026/058:- **AGENDA**

The Agenda of the meeting was adopted having being proposed by Hon. Paul Kaluma, CBS, MP and seconded by Hon. David Mwalika Mboni, MP as follows; -

1. Prayer
2. Adoption of the Agenda
3. Introductions
4. Substantive agenda

   Consideration and Adoption of the Report on the East African Community (EAC) Customs Proposals for FY 26/27.

5. Any Other Business
6. Adjournment

MIN No. NA/F&NP/2026/059: -REMARKS BY THE CHAIRPERSON

The chairperson welcomed the Members to the meeting and thanked them for availing themselves for consideration of the report.

MIN No. NA/F&NP/2026/060: - **CONSIDERATION AND ADOPTION OF THE REPORT ON THE EAST AFRICAN COMMUNITY (EAC) CUSTOMS PROPOSALS FOR FY 26/27.**

The Committee received submissions from the National Treasury and the Kenya Revenue Authority (KRA), which explained that Kenya's proposals to the East African Community (EAC) are based on two key instruments: the Duty Remission Scheme (DRS) and the Stay of Application of the Common External Tariff (CET). These measures are applied together to lower the cost of inputs for local manufacturers or to protect domestic industries from competing imports. The proposals are aimed at promoting industrialization, safeguarding government revenue, addressing market distortions and supporting priority sectors of the economy.

Under the Duty Remission Scheme, targeted duty relief is granted to approved manufacturers where inputs are unavailable or insufficient within the region. This is intended to strengthen local production across key sectors, including pharmaceuticals, construction materials, agro-processing, textiles, automotive assembly, electronics and specialized industries. The measures seek to reduce production costs, enhance competitiveness, support food security and promote value addition while ensuring controls to minimize misuse and revenue loss.

The Stay of Application of CET involves temporary tariff adjustments to protect local industries and address economic priorities. The proposals include higher tariffs or specific duties across sectors such as food and agro-processing, agriculture-based manufacturing, textiles and apparel (including second-hand clothing), leather, wood and furniture, plastics, metals, automotive, electronics, chemicals and consumer goods. These measures are designed to discourage importation of finished goods, promote local manufacturing, correct undervaluation, and support employment and investment, while also incorporating targeted social interventions.

The Committee further considered submissions from the State Department for Trade and the Office of the Attorney General, which emphasized the role of duty remission in promoting exports, the challenges of harmonizing tariffs within the EAC and the importance of public participation and stakeholder engagement in developing the proposals. The Committee observed that the proposals align with national policy objectives and legal requirements, and that adequate consultations were conducted. Having considered the report and the submissions therein, the Committee adopted the report and recommended approval of the EAC Customs proposals for the Financial Year 2026/2027, subject to continued monitoring and evaluation of their implementation and impact. The report was adopted having been proposed by Hon. Umul Ker Sheikh Kassim, MP and seconded by Hon. Chiforomodo, Munga, MP.

MIN No. NA/F&NP/2026/061:- ANY OTHER BUSINESS / ADJOURNMENT

There being no any other business, the meeting was adjourned at ten minutes forty five minutes past one O'clock. The next meeting will be held on notice.

Signed..
Hon. FCPA. Kuria Kimani, CBS, MP
Chairperson

Date....30/4/2026........

THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK

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When replying, please quote
REF: NA/DDC/F&NP/2026/066

23rd April, 2026

Dr. Chris K. Kiptoo, CBS
Principal Secretary
The National Treasury
Treasury Buildings
NAIROBI

Ms. Regina Akoth Ombam
Principal Secretary,
State Department for Trade
Telposta Towers, 18th Floor
Kenyatta Avenue,
NAIROBI

Hon. Shadrack John Mose, CBS
Solicitor-General
Office of the Attorney-General and Department of Justice, Sheria House, Harambee Avenue
NAIROBI

Dr. Lilian Nyawanda
Ag. Commissioner General
Kenya Revenue Authority
Times Tower, Haile Selassie Avenue
NAIROBI

Dear Dr. Kiptoo

RE: INVITATION TO A CONSULTATIVE MEETING ON THE EAST AFRICAN COMMUNITY CUSTOMS PROPOSALS FOR FY 2026/2027

The Ministry of National Treasury and Economic Planning submitted the East African Community (EAC) Customs Proposals for the Financial Year 2026/2027 to the National Assembly on 31st March 2026 for consideration and approval, prior to their onward submission to the East African Community Council of Ministers. The Rt. Honourable Speaker of the National Assembly subsequently referred the said Proposals to the Departmental Committee on Finance and National Planning for consideration and reporting to the House.

The National Assembly, in exercise of its mandate relating to the consideration of regional trade instruments and fiscal measures, seeks to facilitate structured engagement with key Government institutions to ensure that the proposals reflect a coherent and well-coordinated national position. In this regard and in recognition of the critical roles played by your respective institutions in public finance management, legal advisory, trade policy and revenue administration, the Departmental Committee on Finance and National Planning has scheduled to meet you to deliberate on the said proposals.

The objectives of the meeting will be to:

i. receive a comprehensive briefing on the East African Community Customs Proposals for FY 2026/2027 as submitted to the National Assembly;
ii. facilitate inter-agency consultations with a view to harmonising institutional positions and identifying areas requiring alignment;
iii. consider the legal, fiscal, trade and administrative implications of the proposals;
iv. identify any emerging issues of national interest that may require further interrogation; and
v. develop a coordinated framework for submission of comments, where necessary, to inform the National Assembly's consideration of the Proposals.

The purpose of this letter is to invite you to the meeting to be held on **Tuesday, 28th April 2026** at **10.00 am** at a venue to be communicated in due course within Parliament Buildings.

You may be accompanied by officers who may be resourceful in responding to issues raised by the Committee during the meeting. Additionally, you may designate focal persons to support subsequent technical engagements arising from the deliberations.

The Committee's Liaison Officers for the meeting are **Mr. Benson Kamande** of tel. no. **0723972670** or email address: benson.kamande@parliament.go.ke and ddc@parliament.go.ke and **Ms. Winfred Kambua Kilonzo** of tel. no. **0720 571 777** or email address: winfred.kilonzo@parliament.go.ke.

Yours

JEREMIAH W. NDOMBI, MBS
For: CLERK OF THE NATIONAL ASSEMBLY

Copy to

Hon. FCPA John Mbadi Ng'ongo, EGH
Cabinet Secretary
Ministry of National Treasury and Economic Planning
Treasury Buildings
NAIROBI

Hon Lee Kinyanjui, EGH
Cabinet Secretary,
Ministry of Investments, Trade and Industry
Telposta Towers, 18th Floor
Kenyatta Avenue
NAIROBI

Hon, Dorcas Oduor, OGW, EBS, SC
Attorney-General of the Republic of Kenya
Office of the Attorney-General and Department of Justice
State Law Office
Sheria House, Harambee Avenue
NAIROBI

Hon. Ndiritu Muriithi
Chairperson
Kenya Revenue Authority Board of Directors
Times Tower, Haile Selassie Avenue
NAIROBI

REPUBLIC OF KENYA
THE NATIONAL TREASURY

Telegraphic Address: 22921
Finance – Nairobi
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Telephone: 2252299
When Replying Please Quote

THE NATIONAL TREASURY
P O BOX 30007 – 00100
NAIROBI
KENYA

Ref.: TNT/ZZ/TS/GP/30/2026 (3)

28th April, 2026

Mr. Samuel Njoroge, CBS
Clerk of the National Assembly
Parliament Building
NAIROBI

Dear Clerk

RE: INVITATION TO A CONSULTATIVE MEETING ON THE EAST AFRICAN COMMUNITY CUSTOMS PROPOSALS FOR FY 2026/27

This is in reference to your letter Ref. NA/DDC/F&NP/2026/066 dated 23rd April, 2026 and our letter Ref. TNT/CONF 268/015 "B" (120) dated 27th April, 2026 on the above subject matter.

Eclosed herewith, find attached written submission on the East African Community Customs proposals for the Financial Year 2026/27.

Yours Sincerely

DR. CHRIS KIPTOO, CBS
PRINCIPAL SECRETARY/THE NATIONAL TREASURY

Encls.

Copy to: **Cabinet Secretary**
The National Treasury

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REPUBLIC OF KENYA
THE NATIONAL TREASURY

TALKING NOTES FOR FOR THE PRINCIPAL SECRETARY, NATIONAL TREASURY

ON

THE EAC CUSTOMS PROPOSALS FOR FY 2026/27

DURING

THE MEETING WITH THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING OF THE NATIONAL ASSEMBLY

TO BE HELD ON TUESDAY, 28TH APRIL, 2026

APRIL 2026

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TALKING NOTES FOR THE CABINET SECRETARY, THE NATIONAL TREASURY ON EAC CUSTOMS PROPOSALS FOR FY 2026/27

1.0 PRELIMINARY

1. **Mr. Chairman and Honourable Members**, allow me to express my sincere gratitude to this Committee for the opportunity to appear before you and deliberate on the East African Community Customs Proposals for the FY 2026/27.

2. The submission was in accordance with the National Tax Policy and also following the request by the National Assembly to submit an advance copy of the proposals to facilitate timely consideration by the National Assembly. In this regard **Mr. Chairman**, the National Treasury submitted the proposals on 31st March, 2026 to the National Assembly.

3. **Mr. Chairman**, these proposals if approved by the Committee will be submitted to the EAC Secretariat to facilitate consideration by the EAC Council of Ministers during the Sectoral Council on Finance and Economic Affairs (SCFEA) and Pre-Budget Consultations meeting scheduled to take place in the second week of May 2026.

2.0 INTRODUCTION

4. **Mr. Chairman,** The National Treasury, through a Public Notice dated 1st December, 2025, invited the public to submit proposals on tax policy measures, including East African Community (EAC) Customs measures, for consideration by the Cabinet Secretary for the National Treasury and Economic Planning.

5. The proposals were subjected to stakeholder consultations and technical evaluation, before they were submitted to the National Assembly for consideration and approval.

3.0 OVERVIEW OF KENYA'S EAC CUSTOMS PROPOSALS

6. **Mr. Chairman,** Kenya's submissions are structured around two principal instruments, namely the Duty Remission Scheme (DRS) and

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the Stay of Application of the EAC Common External Tariff (CET). These instruments are applied in a complementary manner to either reduce the cost of inputs for local manufacturers or to increase protection against competing imports.

Overall, the proposals are designed to promote industrialization, safeguard government revenue, address market distortions such as undervaluation and misclassification, and support priority sectors under national development frameworks.

4.0 DUTY REMISSION SCHEME (DRS) APPLICATIONS

7. **Mr. Chairman,** The Duty Remission Scheme applications are intended to promote the local manufacturing sector by providing targeted and controlled import duty reliefs. These measures are restricted to approved manufacturers of products whose inputs that are either unavailable or insufficient within the region, thereby ensuring that only the intended sectors benefit while minimizing risks of misuse and revenue leakage.

(i). Pharmaceutical and Health Manufacturing

The proposals provide for continued duty remission on specialized inputs used in the establishment of clean rooms and pharmaceutical production facilities. These inputs are critical for compliance with international manufacturing standards and are not readily available within the region. The measure is therefore aimed at strengthening domestic pharmaceutical production capacity while reducing reliance on imported finished products.

(ii). Construction and Building Materials

Duty remission is proposed for key inputs used in the manufacture of construction materials such as roofing systems and modular structures. These inputs are either not produced locally or are insufficient in supply, making them essential for sustaining domestic production. The measure seeks to support the growth of local construction material industries and enhance affordability of locally produced building solutions.

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(iii). Agro-processing and Food Security

The proposals include continued remission on essential agricultural inputs such as wheat and inputs used in animal feed production. This intervention addresses supply deficits and reduces production costs within critical food value chains. It is expected to enhance food security while supporting agro-processing industries.

(iv). Textile, Apparel, and Leather Value Chains

Remission is proposed on key raw materials and intermediate inputs used in textile, apparel, and leather manufacturing. These inputs are necessary to enhance value addition and improve the competitiveness of locally produced goods. The measure supports labour-intensive industries with strong linkages to exports and employment creation.

(v). Automotive and Engineering IndustriesParts manufacturers sub sector

The proposals provide duty remission on inputs used in the assembly and manufacture of automotive components and engineering products, including motorcycle kits and wiring harnesses. These inputs are essential for sustaining local assembly operations and developing industrial linkages. The measure aims to deepen domestic manufacturing capacity and position Kenya as a regional hub for automotive assembly.

(vi). Electronics and ICT Manufacturing

Duty remission is extended to inputs used in the assembly of electronic devices such as smartphones, laptops, and tablets. This intervention is intended to support the growth of local assembly industries and promote digital industrialization. It also contributes to reducing the cost of access to technology by encouraging domestic production.

(vii). Specialized Industrial Inputs

The proposals include remission on a range of specialized industrial inputs, including chemicals, polymers, and patented materials not produced within the region. These inputs are critical

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for niche manufacturing processes and high-value industries. The measure ensures continuity of production in sectors that rely on such specialized materials while supporting industrial diversification.

5.0 STAY OF APPLICATION OF EAC CET RATES

8. **Mr. Chairman,** The stay of application measures involve temporary adjustments to the EAC CET rates to address domestic economic priorities. These adjustments are used to protect local industries, safeguard revenue, and correct market distortions, including undervaluation and misclassification of imports.

(i). Food and Agro-Processing Sector

The proposals seek to extend existing stays on key food products, including staple and processed food items, where domestic or regional supply remains insufficient or where local industries require protection. In addition, specific duties are applied alongside ad valorem rates to address undervaluation of imports. This approach balances consumer needs with the protection of local producers.

(ii). Agriculture-Based Manufacturing

Higher tariff protections are maintained on products linked to domestic agricultural value chains, such as cereals and related processed goods. These measures are intended to support farmers and agro-processors by reducing competition from imports. The overall objective is to strengthen backward linkages between agriculture and manufacturing.

(iii). Textile and Apparel Sector (including Mitumba)

The proposals maintain higher duty rates and specific duties on imported textiles, garments, and second-hand clothing. This is aimed at protecting local textile and apparel manufacturers from unfair competition posed by low-cost imports. The measure aligns with national industrialization policies focused on revitalizing the textile sector.

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(iv). Leather and Footwear Products

Increased tariff protection is proposed for finished leather goods to support local value addition within the leather industry. The measure seeks to discourage importation of finished products while promoting domestic processing of hides and skins. This is expected to enhance competitiveness and employment within the sector.

(v). Wood, Timber, and Furniture Industry

The proposals extend protective tariffs on wood-based products such as plywood, MDF, and finished furniture. These measures are designed to safeguard investments in local timber processing industries. They also aim to reduce the influx of cheaper imported alternatives that undermine domestic production.

(vi). Plastics, Rubber, and Packaging Materials

Higher tariffs are applied on finished plastic and rubber products where there is sufficient local production capacity. This is intended to protect domestic manufacturers from low-priced imports and support industrial growth. The measures also encourage increased utilization of locally produced materials.

(vii). Iron, Steel, and Metal Products

The proposals include extensive use of higher tariffs and specific duties on metal products to protect capital-intensive industries. The inclusion of specific rates is particularly aimed at addressing undervaluation and revenue leakages. These measures support ongoing investments in the metals sector and promote import substitution.

(viii). Automotive Sector

The continued application of higher tariffs on fully built motor vehicles is intended to promote local assembly. By discouraging importation of finished units, the measure supports the growth of domestic assembly plants. This aligns with the broader objective of developing an integrated automotive industry.

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(ix). Electrical and Electronics Sector

Protective measures are proposed for electrical and electronic products where local assembly or manufacturing capacity exists. These measures are intended to support domestic producers and reduce dependence on imports. They also contribute to building capacity in high-value manufacturing sectors.

(x). Chemicals and Industrial Products

Selective tariff adjustments are applied to protect locally produced chemical and industrial products while ensuring that inputs remain accessible. This approach balances industrial protection with the need to sustain production. It also supports the development of downstream industries.

(xi). Consumer Goods and Household Products

Higher tariffs are maintained on a range of consumer goods to protect local light manufacturing industries. These measures target products where domestic production capacity is already established. The objective is to enhance competitiveness and promote local consumption of domestically produced goods.

(xii). Strategic and Social Interventions

The proposals include targeted measures such as duty relief on dates during the Ramadan period and provisions supporting government programmes, including Public-Private Partnerships. These interventions are designed to address specific social and economic needs. They demonstrate the use of customs policy as a tool for broader public policy objectives.

6.0 CONCLUSION

9. In conclusuion **Mr. Chairman,** The EAC Customs proposals for FY 2026/27 represent a coordinated policy framework that combines targeted incentives with protective measures to support Kenya's industrialization agenda. The Duty Remission Scheme facilitates access

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to critical inputs for manufacturers, while the stay of application measures provide necessary protection and revenue safeguards.

DR. CHRIS KIPTOO, CBS
PRINCIPAL SECRETARY
THE NATIONAL TREASURY
28TH APRIL 2026

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