



## CONTENTS

ACRONYMS.....	3
INTRODUCTION.....	5
Membership.....	7
CHAPTER 1.....	10
1.0 PETITION ON THE IMMINENT COLLAPSE OF SUGAR INDUSTRY IN WESTERN KENYA DUE TO RAMPANT SUGARCANE POACHING AND SMUGGLING OF CHEAP SUGAR IMPORTS.....	10
CHAPTER 2.....	12
2.0 EVIDENCE AND SUBMISSIONS FROM WITNESSES.....	12
2.1 Submissions by Western Development Initiative Association (WEDIA).....	12
2.2 Submissions by Mumias Sugar Company (MSC).....	13
2.3 Submissions by Nzoia Sugar Company (NSC).....	14
2.4 Submissions from Butali Sugar Mills (BSM).....	15
2.5 Submissions by Kenya Sugar Board (KSB).....	16
2.6 Submission by West Kenya Sugar Factory (WKSF).....	18
2.7 Submission by the Former Managing Director MSC Dr. Evans Kidero.....	19
2.8 Submission by the Director General – National Environment Management Authority (NEMA).....	19
2.9 Submission by Commissioner General – Kenya Revenue Authority (KRA).....	20
2.10 Submissions by Kenya Ports Authority (KPA).....	22
2.11 Submissions by the Inspector General of Police (IG).....	22
2.12 Submission by Kenya Bureau of Standards (KEBS).....	24
2.13 Submissions by Management and Board of Directors for Mumias Sugar Company.....	25
2.14 Submissions by the Director General of the National Intelligence Services (NIS).....	26
2.15 Submissions by the Cabinet Secretary Ministry of Agriculture, Livestock and Fisheries.....	28
2.15.1 On the Status of the Sugar Sector in Kenya the Cabinet Secretary informed that: -.....	28
2.15.2 On the Challenges faced in the Industry the CS submitted as follows: -.....	29
2.15.3 Recommendations on how to streamline the Sugar Industry.....	30
CHAPTER 3.....	34

## ACRONYMS

WEDIA	-	Western Development Initiative Association
DCALC	-	Departmental Committee on Agriculture, Livestock and Co-operatives
MSC	-	Mumias Sugar Company
NSC	-	Nzoia Sugar Company
BSC	-	Busia Sugar Company
BSM	-	Butali Sugar Mills
WKSF	-	West Kenya Sugar Factory
KRA	-	Kenya Revenue Authority
NIS	-	National Intelligence Service
IG	-	Inspector-General
DG	-	Director-General
CG	-	Commissioner-General
CS	-	Cabinet Secretary
NEMA	-	National Environment Management Authority
EMCA	-	Environmental Management and Coordination Act
KPA	-	Kenya Ports Authority
KSB	-	Kenya Sugar Board
KEBS	-	Kenya Bureau of Standards
COMESA	-	Common Market for Eastern and Southern Africa
KeRRA	-	Kenya Rural Roads Authority
IDB	-	Industrial Development Bank
RSCL	-	Rising Star Commodities Limited
DRC	-	Democratic Republic of Congo
EU	-	European Union
UK	-	United Kingdom

## PREFACE

Mr. Speaker Sir,

On September 18, 2013, a Petition was tabled on the floor of the House and Committed to the Departmental Committee on Agriculture, Livestock and Co-operatives (DCALC).

The petitioners prayed that the National Assembly:-

- a) Conducts an investigation on the role of the Kenya Sugar Board (KSB), the National Environment Management Authority (NEMA) and the West Kenya Sugar Company in triggering and sustaining the sugarcane crisis in Western Kenya
- b) Conduct an investigation on the sugarcane poaching and smuggling of cheap imported sugar into the Country.

## INTRODUCTION

The Departmental Committee on Agriculture, Livestock and Co-operatives is established pursuant to provisions of Standing Order 216 (5). Under the provisions of Standing Order 216 (5) the Committee is mandated to:-

- (a) 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) study the Programme and policy objectives of the Ministries and departments and the effectiveness of the implementation;*
- (c) study and review all legislation referred to it;*
- (d) study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
- (e) 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;*

(iv) Cooperative societies

Membership

The Committee comprises the following Members:-

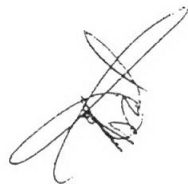
1. The Hon. Adan Mohamed Nooru, M.P. - Chairman
2. The Hon. Japhet M. Kareke Mbiuki, M.P. - Vice Chairman
3. The Hon. Kabando Wa Kabando, M.P.
4. The Hon. Raphael Letimalo, M.P.
5. The Hon. Patrick Wangamati, M.P.
6. The Hon. Francis Munyua Waititu, M.P.
7. The Hon. Mary Wambui Munene, M. P.
8. The Hon. Peter Njuguna Gitau, M.P.
9. The Hon. Maison Leshoomo, M.P.
10. The Hon. Anthony Kimani Ichung'wah, M.P.
11. The Hon. Alfred Kiptoo Keter, M.P.
12. The Hon. Ayub Savula Angatia, M.P.
13. The Hon. Justice Kemei, M.P.
14. The Hon. Philip L. R. Rotino, M.P.
15. The Hon. Korei Ole Lemein, M.P.
16. The Hon. Silas K. Tiren, M.P.
17. The Hon. Benjamin Jomo Washiali, M.P.
18. The Hon. (Dr.) Victor Kioko Munyaka, M.P.
19. The Hon. John Bomett Serut, M.P.
20. The Hon. Millie Odhiambo, M.P.
21. The Hon. Fredrick Outa, M.P.
22. The Hon. Maanzo, Daniel Kitonga, M.P.
23. The Hon. James Opiyo Wandayi, M.P.
24. The Hon. Ferdinand Kevin Wanyonyi, M.P.
25. The Hon. Paul Simba Arati, M.P.
26. The Hon. Florence Mwikali Mutua, M.P.
27. The Hon. Hezron Bollo Awiti, M.P.
28. The Hon. John Owour Kobado, M.P.
29. The Hon. Zuleikha Hassan Juma, M.P.

8. The Hon. Maison Leshoomo, M.P. \_\_\_\_\_
9. The Hon. Anthony Kimani Ichung'wah, M.P. \_\_\_\_\_
10. The Hon. Alfred Kiptoo Keter, M.P. \_\_\_\_\_
11. The Hon. Ayub Savula Angatia, M.P. \_\_\_\_\_
12. The Hon. Justice Kemei, M.P. \_\_\_\_\_
13. The Hon. Philip L. R. Rotino, M.P. \_\_\_\_\_
14. The Hon. Korei Ole Lemein, M.P. \_\_\_\_\_
15. The Hon. Silas Tiren, M.P. \_\_\_\_\_
16. The Hon. Benjamin Jomo Washiali, M.P. \_\_\_\_\_
17. The Hon. (Dr.) Victor Kioko Munyaka, M.P. \_\_\_\_\_
18. The Hon. John Bomett Serut, M.P. \_\_\_\_\_
19. The Hon. Millie Odhiambo, M.P. \_\_\_\_\_
20. The Hon. Fredrick Outa, M.P. \_\_\_\_\_
21. The Hon. Maanzo, Daniel Kitonga, M.P. \_\_\_\_\_
22. The Hon. James Opiyo Wandayi, M.P. \_\_\_\_\_
23. The Hon. Patrick Wangamiti, M.P. \_\_\_\_\_
24. The Hon. Ferdinand Kevin Wanyonyi, M.P. \_\_\_\_\_
25. The Hon. Paul Simba Arati, M.P. \_\_\_\_\_
26. The Hon. Florence Mwikali Mutua, M.P. \_\_\_\_\_
27. The Hon. John Kobado, M.P. \_\_\_\_\_
28. The Hon. Hezron Bollo Awitti, M.P. \_\_\_\_\_
29. The Hon. Zuleikha Hassan Juma, M.P. \_\_\_\_\_

Mr. Speaker,

Owing to the complex nature of the sugar industry, the Committee sought an extension of the time to enable an in-depth investigation of the state of the industry in the Country so as to address various pertinent issues beyond the prayers of the petitioners. As a consequence, the Committee undertook to meet several sugar sector players including the Petitioners - Western Development Initiative Association (WEDIA), the Cabinet Secretary for Agriculture, Livestock and Fisheries, the Cabinet Secretary - the National Treasury, the industry regulator - Kenya Sugar Board (KSB), Mumias Sugar Company (MSC), Nzoia Sugar Company (NSC), West Kenya Sugar Factory (WKSF), Butali Sugar Mills (BSM), National Environment Management Authority (NEMA), the Inspector- General of Police, (IG) the Kenya Ports Authority (KPA), the Commissioner General (CG) of the Kenya Revenue Authority (KRA), Kenya Bureau of Standards (KEBS) and the Director General (DG) of the National Intelligence Service (NIS) to accomplish the investigations and answer prayers of the petitioners as well as other pertinent matters in the sugar sub-sector.

The Committee also resolved to produce a separate report to be tabled on the floor of this House addressing all pertinent issues that have contributed to the state of affairs in the sugar industry in Kenya.



transporting sugarcane for Nzoia Sugar Company was burnt and six tractors belonging to West Kenya impounded by Nzoia Sugar Company;

- (i) Kenya Sugar Board has allowed West Kenya to operate in Western Kenya despite the company failing to honour the licence issued to it to construct a factory in Kimilili area of Bungoma County way back in 2008;
- (j) Kenya Sugar Board gave West Kenya a two-year reprieve under questionable circumstances even after failing to construct a factory in Kimilili and continued harvesting cane from farmers contracted by other factories;
- (k) In some cases, cane is harvested by agents of West Kenya Sugar Factory without the consent of the owners (Annex II)

## 2.2 Submissions by Mumias Sugar Company (MSC)

Appearing before the Committee on 29<sup>th</sup> October, 2013 the Former Managing Director of Mumias Sugar Company, Mr. Peter Kebati, submitted as follows;

- i. MSC was established 40 years ago and is the largest sugar producer in Kenya and is currently an integrated factory with installed capacity of 270,000 MT sugar plant, 38MW Co-generation Plant, 22 million - litre Ethanol Distillery and 15 million - litre Water Bottling Plant;
- ii. The Company is listed on the Nairobi Stock Exchange and there are over 145,000 shareholders including Kenyan investors and the Government of Kenya which holds a 20% stake in the Company, pays approximately Kshs. 2.5 billion in taxes and remits Kshs. 500,000 million to the Sugar Development Fund (SDF) annually;
- iii. MSC supports a population of 2 million people directly and over 5 million indirectly and the Company has a workforce of 1,896 permanent employees and 40,000 seasonal and contracted workers;

- iii. NSC produces sugar and supports cane production through the provision of extension services to farmers through extensive Company Nucleus Estate covering 3600ha;
- iv. NSC provides cane development services including supply of fertilizers and provision of extension services to outgrower cane farmers contracted by it;
- v. West Kenya was poaching cane from farmers contracted by Nzoia Sugar, Mumias Sugar and Butali Sugar factories;
- vi. There were individuals acting as cane poaching brokers based at various points within Bungoma and Busia Counties;
- vii. NSC sensitizes farmers on obligations of signed contracts with them and other millers and campaigns against cane poaching;
- viii. In 2008, NSC set an anti-poaching unit comprising of NSC and the Kenya Police Officers that used to monitor cane poaching and later in 2010 an *ad hoc* committee of the Board was set up to help manage cane poaching which was at an all time high (Annex II)
- ix. NSC had instituted Court proceedings against West Kenya Sugar Factories (WKSF) in 2012 on the matter of cane poaching; and
- x. NSC has not been able to pay farmers in good time due to low sales as a result of a depressed sugar market;
- xi. NSC has lobbied the government not to allow cheap sugar into the Country as it negatively affects sales, payment to farmers and other obligations.

#### 2.4 Submissions from Butali Sugar Mills (BSM)

Appearing before the Committee on 5<sup>th</sup> November 2014, the Managing Director for BSM submitted as follows:-

- i. BSM was founded in 2010 by Sugarpower Consulting which is a consultancy firm in engineering after securing a license to build a sugar mill from Kenya Sugar Board (KSB). The firm has branches in India, Syria, Mauritius, Kenya, Tanzania and Uganda was not aware of any poaching of cane and no legal action had been instituted

- vi. KSB issues licenses for importation and the role of verifying quality, quantities and values as specified in the KSB permit rests with KEBS and KRA before the consignments are released into the market;
- vii. That KSB issued the licence to import 10,000 MTs of sugar in 2012 to MSC and it was unprocedural for the Permit to have been used by a Third Party, Dantes Peak Ltd since the permit is non transferable;
- viii. While it was the resolution of the Ministries of Agriculture and Finance to allow millers to import sugar, there were no justifiable reasons for Mumias Sugar Company to import the 10,000 MTs from Kenana Sugar Company from Sudan in 2012;
- ix. KSB was tracking some 14 containers of imported sugar that had been traced to Nairobi, a consignment of sugar where no documents for its release could be traced in KRA and KPA yet KSB had not licensed its importations. Each container carries 21-25 tones totalling to 301,000 metric tonnes for the 14 containers which translates into 6020 (50kg) bags worth of Kshs. 24 million;
- x. That KSB needs to be empowered with investigatory and prosecutorial powers independent of Kenya Police and KRA in terms of sugar imports and transit sugar;
- xi. If there was sugar from India being traded in the Kenyan market, KSB submitted that it had not licensed the importation of table sugar from India in the last five years; and
- xii. When KSB realised that there were discrepancies between the Volumes approved sugar imports by MSC and what actually imported. KSB sought for clarification from KRA but despite numerous attempts to follow up the KRA did not respond (Annex VII)
- xiii. KSB has weak surveillance capacity and therefore it cannot effectively handle the issue of sugar smuggling through our porous borders; and KSB had been informed that Rising Star Commodities Ltd (RSCL) was repackaging imported sugar in its go-downs in Mombasa in Mumias Sugar Company branded bags and selling it as locally manufactured sugar.

the distance with the option of the farmer using own transport; and

- ix. West Kenya Sugar Company operated with the involvement of local communities, the provincial and county administration and champions the rights of farmers as regards correct tonnage, better prices, prompt payments and efficient extension services.

**2.7 Submission by the Former Managing Director MSC Dr. Evans Kidero**  
Appearing before the Committee on 19<sup>th</sup> May 2014, the Former Managing Director for Mumias Sugar Company made the following submissions:-

- i. At the time of his retirement from MSC, the Company had initiated the process of importing 10,000MT from Kenana Sugar Factory in Sudan;
- ii. That between the years 2006 and 2012 MSC exported sugar to Ethiopia, Uganda, Sudan, Democratic Republic of Congo (DRC) and Rwanda and the European Union (EU) especially Italy and United Kingdom (UK);
- iii. That he did not have any documents to corroborate his submissions but that he believed the current management should furnish the Committee with the necessary documents available on the exports;
- iv. That during his tenure at MSC, the company was making good profits, paying farmers in good time and even the value of its shares at the Nairobi Stock Exchange (NSE) was reasonable

**2.8 Submission by the Director General – National Environment Management Authority (NEMA)**

Appearing before the Committee on 7<sup>th</sup> November, 2013, the Director General for NEMA made the following submissions:

- i. That National Environment Management Authority (NEMA), was established under the Environmental Management and Co-ordination Act No. 8 of 1999 (EMCA);

- v. The Commissioner-General said if indeed the sugar never left the country then Mumias Sugar Company is duty bound to pay the equivalent of Value Added Tax (VAT) exempted;
- vi. KRA does not have infrastructure at all borders of our country especially in Eastern and North Eastern where smuggling is rampant but they have formed a joint team with the Kenya Police Service and the Kenya Sugar Board to address the issue of illegal sugar entering the Country unregulated and untaxed;
- vii. Sugar imports into Kenya is restricted under the 2<sup>nd</sup> Schedule Part B (1) of the East African Community Customs Management Act of 2004 (EACCMA) where any import into Kenya must therefore first get approval from Kenya Sugar Board through a non-transferable Permit containing details of the importer, tonnage, origin of sugar and other relevant details, information which is used during clearance;
- viii. The revenue or duty collected and paid is determined by the type of sugar whether it is industrial or table sugar and also the origin of the sugar. Sugar from COMESA region are exempted from duty while non-COMESA sugar attracts 100% duty;
- ix. KRA has created special units to address non-compliance with KSB sugar import regulations and it was through such a unit that the case of non-compliance of the Mumias Sugar Company sugar import of 10,000 MT of 2012 was detected leading to a delay in clearance;
- x. In 2011 KRA noted increased importation of Industrial sugar from Egypt as a result of which joint investigations were conducted that revealed most of the said sugars were trans-shipments from Brazil. Thereafter, KRA in consultation with KSB implemented restrictions on Industrial Sugar imports from Egypt by imposing 10% duty as is the case with non-COMESA imports;
- xi. KRA has made several sugar seizures leading to several court cases, one case in point is that of MAT International who have since challenged KRA's

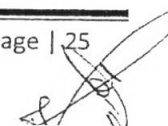
- together in manning the borders and to ensure that the necessary taxes and duties are paid;
- iii. The Kenya Police escorts all the transit goods including sugar and ensure that KRA's main interest (tax) is paid and all other laws are adhered to;
  - iv. The Kenya police has managed to arrest and prosecute suspects in sugar smuggling although often courts release the suspects, especially cases concerning sugar through Kismayu and Kenya's border with Somalia;
  - v. Legislation regulating the sugar industry is very weak and there is need for strengthening it;
  - vi. The National Police Service does not protect criminals and is not aware of a ware-house in Mombasa that is protected by police where even Kenya Sugar Board personnel denied access to the premises but promised to investigate the matter following complaints from the Principal Secretary Department of Agriculture and report to this Committee;
  - vii. The IG acknowledged that some police Officers had lost their lives while tackling contraband sugar which somehow abets insecurity terrorism in the country since all entries are not ascertained that it is Sugar;
  - viii. The IG acknowledged that the capacity in terms of resources is lacking at our borders and that there is need to develop a policy where a particular Officer can serve at a station for only three years per station;
  - ix. Officers are regularly appraised on the required documentation for importation of any goods in to the country, however the Service was dealing with isolated cases of integrity among the Officers as and when they arise;
  - x. The Kenya Police Service had signed agreement memorandum with Kenya Sugar Board and Kenya Revenue Authority to establish anti-smuggling unit to deal with cases of smuggling;
  - xi. The Kenya Police Service has been underfunded for a long time but there is noted improvement in the allocation of resources to the Police Service;

- vii. KEBS also lacks capacity for enforcement of standards and market surveillance and therefore cannot cope with demands like single window and 24 hour operations at the port of clearance or entry/exit.

### 2.13 Submissions by Management and Board of Directors for Mumias Sugar Company

Appearing before the Committee on 27<sup>th</sup> May, 2014 the Board of Directors of Mumias Sugar Company submitted as follows:

- i. The Board was aware that the Company exported sugar to several European and African countries between 2006 and 2012 and concerns that the sugar may not have left the country and that revenue in the form of VAT payable could have been lost;
- ii. The Board was also aware that certain information regarding the exports was missing from the Company's records and promised to institute forensic audit of all Mumias sugar exports in view of the fact that some of the key managers had since left the Company and would report the findings to this Committee;
- iii. The Company was in a crisis as a result of serious management short fallings and the company was unable to meet its obligations including payment to farmers;
- iv. The Company was on a restructuring process to address serious management bottlenecks and disciplinary measures had been taken against some managers following the findings of the forensic audit on sugar imports and other management shortfalls;
- v. The Board was not involved in the decision to import the consignment of the 10,000 MT of sugar in 2012 and there was an on-going Board investigation on the same and undertook to submit the outcome of the investigations to the Committee within two months;
- vi. The report of the Forensic Audit by KPMG on sugar imports by the Company could not be released to the Committee at that stage because there were certain transaction details that had not been captured in the report and the Board undertook to submit the report in two months when those aspects had been addressed; and



*countries and in particular owners of the trucks that ferried the sugar for export from Mumias Sugar Warehouses*

*The circumstances under which sugar meant for industrial use ended up being used as table sugar and the persons involved in the repackaging of the sugar for domestic consumption.*

*A letter detailing the above was sent for action however this has not been done to date*

#### 2.15 Submissions by the Cabinet Secretary, National Treasury

Appearing before the Committee on Friday 29<sup>th</sup> August, 2014, accompanied by a KRA official, the Cabinet Secretary made the following submissions regarding sugar Imports by Mumias Sugar Company:

- a) The CS confirmed that the import of sugar by MSC was done by a third party.
- b) In 2013, 10,000 metric tonnes of sugar was imported on behalf of MSC by a third party, The consignment took 46 days to be cleared by KPA due to clarification issues and attracted a penalty of 8.8 million payable to KRA and undisclosed amount of millions to KPA.
- c) The Committee finally concluded that the permit transfer to a third party was done unprocedurally.
- d) The KRA official clarified to the members that the import license issued to MSC cannot be used more than once as it shuts down when the system captures the consignment name and code.
- e) The CS confirmed that Mumias Sugar exports were done from 2006 to 2012 and that there were no exports done in the year 2013.
- f) The CS assured the members of his commitment to brief them on the privatization of sugar sector and proposed for a joint meeting for the Committee on Agriculture and Finance. *(Currently the report on privatisation of sugar sector is before the house for debate)*

(vii) The Kenya Sugar Industry has the potential to generate up to 120 MW of electricity for export to the National grid without major investments. However, it is only Mumias Sugar Company that is currently generating 38MW out of which 26 MW is exported to the National grid. The rest of the factories generate electricity for their own use but do not export to the national grid.

(viii) All 5 Government owned sugar factories are earmarked for privatization program. The Program received Cabinet approval in 2008 and debt writes off has been approved by parliament as a precursor to Government divestiture. This aims at;

- Transforming the industry towards commercial orientation; and
- Injection of the required fresh capital.

(ix) The Parliamentary Committee on Finance, Planning and Trade passed a resolution on 9th January, 2013 "that the privatization of the public Sector Sugar Companies should be postponed until such a time when all legislation affecting the Agriculture Sector (sugar) and the County Governments have been put in place". In order to kick start the privatization process, the Parliamentary Committee on Finance, Planning and Trade approval is required.

2.16.2 On the Challenges faced in the Industry the CS submitted as follows: -

a) Low productivity and high cost of sugar production

These had been caused by a number of factors that include the following among others;

- Deteriorating soil fertility;
- Low adoption of high yielding sugar cane varieties;
- Poor agronomic practices;
- Land subdivision into uneconomic sizes;
- Intermittent moisture stresses due to drought spells;
- Low quality seed cane materials;

(i) Cost Reduction and Increased Productivity Measures

a) Diversified product base

All new investments for setting up sugar factories must demonstrate a revenue stream beyond sugar when applying for registration. The existing mills will be required to provide a road map towards expanding their product base beyond sugar within the next 5 years. This will provide a transition from the single revenue stream which contributes heavily to the industries un-competitiveness.

b) Bulk procurement of inputs and machinery

The cost of inputs will be reduced through bulk procurement of high spend items such as fertilizer and farm machinery (tractors); a process that has already been put in motion. This will be implemented within the next 2 months.

c) Modernization of factory technology

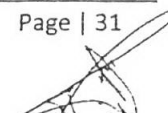
Fresh injection of capital for the poorly performing Government owned mills was urgent hence the recommendation for speedy exploitation of viable options that can see Ministry fast track the stalled Privatization of the 5 Public Sector owned sugar mills. This will contribute quite significantly to the long term revitalization of the industry by way of injection of much needed capital estimated at Kshs 58 billion to address the industry productivity challenge which may include Public Private Partnerships, auctions or private treaties with willing investors. This should be done by March, 2015.

d) Diminishing Land sizes

There is need to roll out of a land policy that introduces mandatory block farming to preserve economical land sizes that will enable the industry benefit from economies of scale, planned cane development/harvesting and mechanization in the future. This should be done by December 2016

e) Payment System

The industry must shift from the payment system based on weight to one based on quality. Remuneration that rewards efficiency and penalizes inefficiency to be adopted by the entire industry by December 2016. The system will improve efficiency as it will remunerate based on quality



(iv) Un-customed Sugar Imports

a) Ban on Sugar Auctions

It is recommended that instead of auctioning impounded un-customed sugar imports, it should be destroyed publicly and, to avoid conflict of interest, Sugar Millers/Manufacturers should not be allowed to import sugar from now on given the Mumias and Chemelil experience. This should be implemented **immediately**.

b) Single Desk Marketing and Distribution of Sugar

Replacement of dedicated factory distribution networks with a Single Desk Marketing arrangement that will minimize costs of marketing and unfair trade practices particularly among the poorly performing state owned mills should be done. This will mitigate the duplication on high individual publicity and marketing budgets and also allow the Companies to focus on milling of sugar and related activities such as ethanol production and manufacturing of specialty value added products. This should be done **by 30th December 2014**.

c) Establishment of permanent inter-agency surveillance and enforcement unit.

The Gazettement of a permanent inter-agency surveillance and enforcement unit on sugar trade that reports directly to the Director General of AFFA made up of the Sugar Directorate, KEBS, Public Health, Kenya Revenue Authority and the Police. This should be done **immediately**.

In practice, development of own cane by millers, commonly known as Nucleus Estate as well as contracted farmers was a precondition for licensing of cane millers. This precondition is no longer adhered to thereby creating the current wrangles in the cane zones as the new millers who have been licensed before demonstrating that they have enough cane to run their factory capacities have encroached on contracted cane already established by existing millers.

The genesis of cane poaching is attributed to weak regulations regarding licensing and failure to honour contractual agreements by both the millers and farmers. Failure by some millers to pay farmers promptly led to frustration by farmers and therefore prompting them to sell their contracted cane elsewhere.

### 3.3 Industry Challenges

Mr. Speaker, The Sugar Sector in Kenya is faced with big challenges of cheap imports and smuggling as well as poaching of sugarcane among sugar millers. This is caused by the failure of the state regulatory organ Kenya Sugar Board (KSB) to properly manage and regulate the sector. The then Sugar Act, 2001 was operational but was not been adhered to, to the letter.

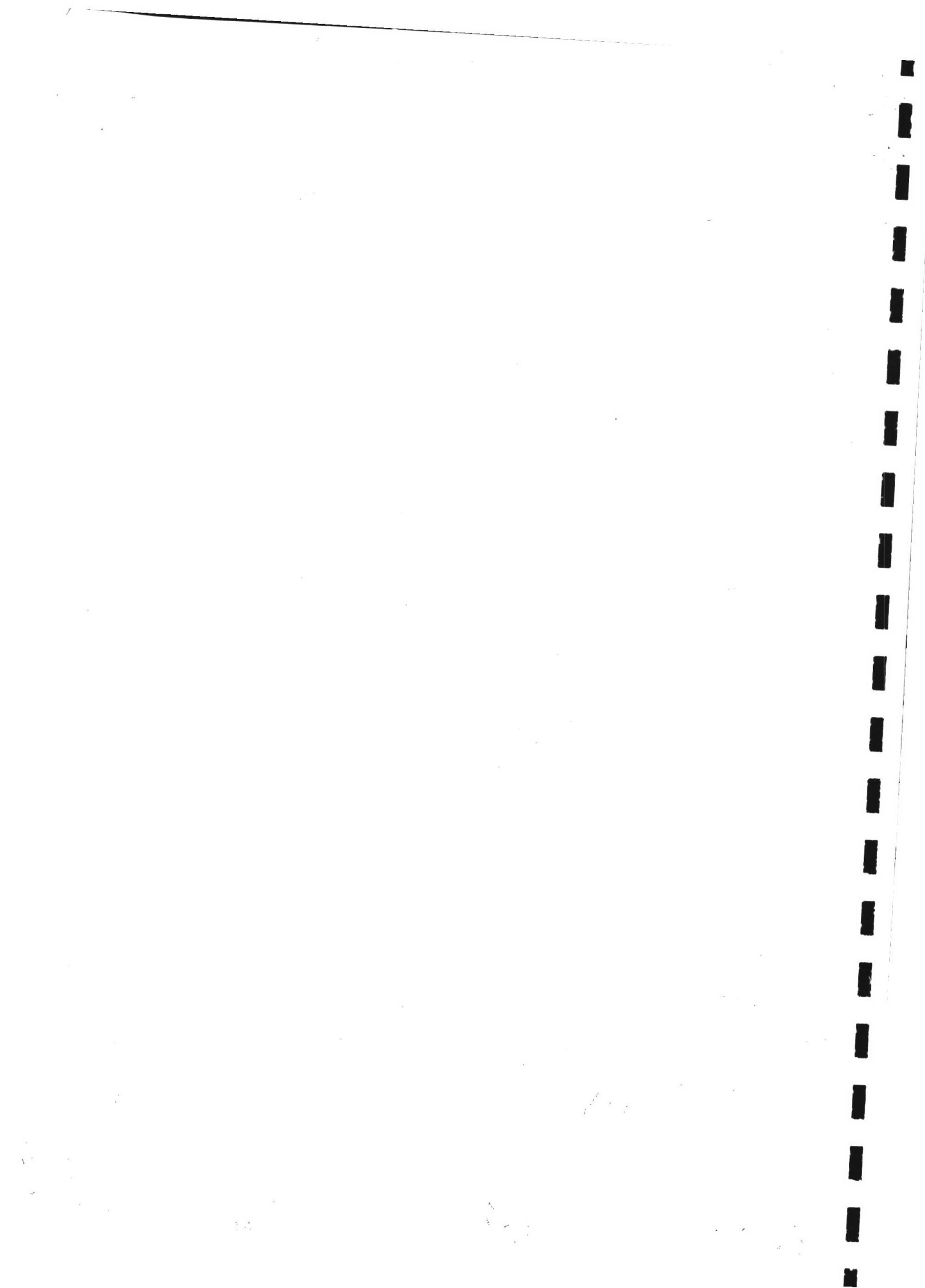
Sugar industry in Kenya thrives on impunity. Allow me to highlight some of the challenges currently faced by the industry in general:

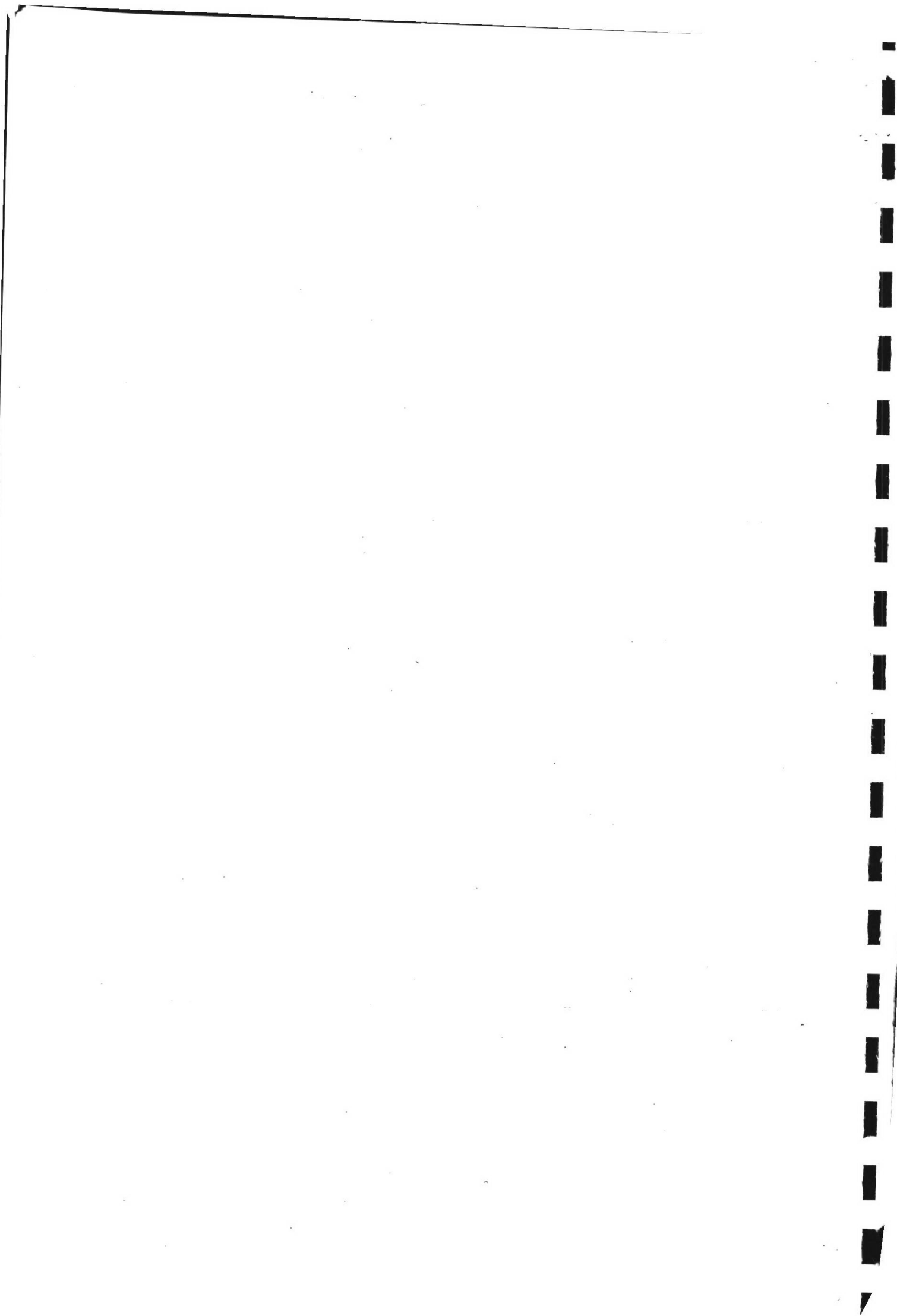
- a. Cane poaching by millers who have been licensed by the then KSB to operate without developing their own cane or outgrowers cane;
- b. Low productivity at farm level/declining yields due to soil degradation, demoralization of farmers, insufficient extension services and inefficiencies in cane harvesting;
- c. High cost of production small holder farmers do not enjoy the benefits of economies of scale;
- d. Land Tenure System where subdivision of small holdings thrives;
- e. Mismanagement of out-grower institutions where millers are forced to take up cane development;
- f. Mismanagement of government owned millers;
- g. Cheap and illegal sugar imports; and

- (v) **Rampant false declaration**  
The Committee observed that there was need to establish the origin of sugar imported by Mshale Commodities Ltd and Stuntwave Limited.
- (vi) **Illegal points of entry**  
The Committee's investigations also found out that there is an illegal point of entry in Shimoni area, which is being used to facilitate illegal entry of sugar with the knowledge of Customs officers and police.
- (vii) Although the KRA submitted that it did not have sufficient capacity and equipment to verify all incoming cargo, the Committee after its visit observed that there was lack of proper coordination between KSB, KRA, KEBS and KPA in handling and verifying imports creating loopholes for sugar being imported as other commodities such as rice and fertilizer.
- (viii) The then KSB had issued MSC licence to import sugar even at a time when there was a lot of un-harvested sugar cane in the local farms and plenty of sugar stock in the local market.
- (ix) The then KSB had been disbursing Sugar Development Levy Funds for cane development to Millers with no cane development schemes.
- (x) Although WKSF admitted that it has no contracted farmers in the areas it harvests sugarcane, there was nothing illegal and illegitimate in their business.
- (xi) The Committee observed that NEMA had no role in the Sugar crisis in Western Kenya.



- (vi) **THAT**, the Government should consider offering tax breaks to encourage new investors into the sugar industry. Additionally, duty waiver for sugar industry farm inputs and farm machinery will go a long way towards reducing the high cost of sugar production.
- (vii) **THAT**, the National Government in collaboration with County government should provide mechanism for coordinated infrastructure development to avoid duplication of responsibilities by different bodies mandated to maintain roads.
- (viii) **THAT**, the National Government should implement the National Land Policy to mitigate further land sub-division for improved productivity.
- (ix) **THAT**, the fertilizer subsidy should be complemented by bulk procurement of other farm inputs and capacity utilization which should be done by the Sugar Directorate.
- (x) **THAT**, the then Kenya Sugar Board Directors and management by the Ethics and Anti – Corruption Commission should be investigated with regard to the licensing of some millers which arguably exacerbated cane poaching.





6. Hon. Alfred K. Keter, M.P.
7. Hon. Justice Kemei, M.P.

### INATTENDANCE

#### Western Development Initiative Association

1. Mr. Lambert Lwanga Ogochi - Director Busia Outgrowers Co
2. Mr. Joseph Barasa - Vice Chairman Western  
Development Initiative Association  
(WEDIA)
3. Venswa Okwara - Area Leader Busia Outgrowers

#### Kenya National Assembly

1. Mr. Oscar Namulanda - Senior Clerk Assistant
2. Mr. Eric Nyambati - Third Clerk Assistant

#### MIN.NO.125/2013:

#### PRELIMINARIES

The meeting was called to order at Forty five minutes past Nine O'clock with a word of prayer.

The Chairman welcomed the Committee members and reminded them of the importance of the petition by WEDIA. He reiterated the need to execute the petition within the required times as per standing orders.

#### MIN.NO.126/2013:

#### MEETING WITH WESTERN DEVELOPMENT INITIATIVE ASSOCIATION (WEDIA) ON THE PETITION ON THE IMMINENT COLLAPSE OF SUGAR INDUSTRY IN WESTERN KENYA DUE TO RAMPANT POACHING AND SMUGGLING OF CHEAP SUGAR IMPORTS

The Vice Chairperson of WEDIA Mr. Joseph Barasa made the following submissions: -

(k) In some cases, cane is harvested by agents of West Kenya Sugar Factory without the consent of the owners (See Annexure in the petition)

MIN.NO.127/2013: - ANY OTHER BUSINESS

There being no any other business, the meeting adjourned at 12.15pm

Signature .....

  
HON ADAN NOORU MOHAMED, MBS, M.P.

23 - (Chairman) 2013

Date.....

~~10~~ 10 2013

6. Hon. Alfred K. Keter, M.P.
7. Hon. Ayub Savula Angatia, M.P.
8. Hon. Zuleikha Hassan, M.P.

INATTENDANCE

Sugar Millers

- |                        |   |                            |
|------------------------|---|----------------------------|
| 1. Mr. Peter Kebati    | - | CEO Mumias Sugar           |
| 2. Mr. Wesley Koech    | - | Director Agriculture - MSC |
| 3. Ms. Emily Otieno    | - | Legal Director - MSC       |
| 4. Mr. Paul Murgor     | - | Commercial Director - MSC  |
| 5. Mr. Joseph Barasa   | - | WEDIA                      |
| 6. Mr. Raymond Olendo  | - | West Kenya Sugar           |
| 7. Ms. Wairimu Gachuhi | - | West Kenya Sugar           |

Kenya National Assembly

- |                        |   |                        |
|------------------------|---|------------------------|
| 1. Mr. Oscar Namulanda | - | Senior Clerk Assistant |
| 2. Mr. Eric Nyambati   | - | Third Clerk Assistant  |

MIN.NO.143/2013:

The meeting was called to order at Fifteen minutes past Ten O'clock with a word of prayer.

PRELIMINARIES

MIN.NO.144/2013:

MEETING WITH MUMIAS SUGAR COMPANY  
ON THE PETITION ON THE IMMINENT  
COLLAPSE OF SUGAR INDUSTRY OIN  
WESTERN KENYA DUE TO POACHING AND  
CHEAP SUGAR IMPORTS

The Managing Director Mumias Sugar Company Mr. Peter Kebati informed the Committee that: -

- i. MSC was established 40 years ago and is the largest sugar producer in Kenya and is currently an integrated factory with installed capacity of

industry is headed for collapse as rightfully observed by the Petitioners.

There is urgent need to restore sanity and the rule of law in the industry.

On who might be the suspected Smugglers of Sugar Mr. Kebati informed the Committee that: -

- Mumias Sugar Company (MSC) does not have any specific knowledge of the smugglers of sugar. This information would with Kenya Revenue Authority (KRA) and Kenya Sugar Board (KSB) who play surveillance role as far as licensing and monitoring of sugar importation is concerned.

Asked about the effects of cane poaching, smuggling and cheap imports on MSC and the Sugar industry at large the MD outlined as follows: -

#### Effects to MSC

- i. Loss of invested in cane development
- ii. Lack of adequate supply of raw material
- iii. Idle factory capacity
- iv. Inability to meet some covenants e.g. supply of electricity to the national grid due to lack of sufficient raw materials
- v. Poor returns to investor who mainly the wider public in the financial year ending 2013, Mumias Sugar Company a total of 150,000 tons of cane to cane poaching.

Total cane lost	150,000 tons
Total Sugar lost	15,000 tons
Sugar income lost	Kshs. 1,260,000,000.00
Government Revenue lost	Kshs. 215,000,000.00

- vi. Declining margins due to reduced prices
- vii. Counterfeit goods/ look-alike to our brands
- viii. Unfair competition from in-house brands packaged by importers
- ix. Loa cane prices as the formula for payment is based on the prevailing sugar prices

#### Effects to the Sugar Industry

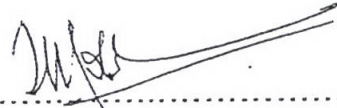
- i. An unsteady and uncompetitive sector
- ii. Inability to meet Kenyan sugar demand in a coordinated manner

- b) Sugar sector is messed up with irregularities given that no regulations have been gazette by the Ministry of Agriculture since the enactment of the Sugar Act in 2001.
- c) West Kenya Sugar Factory (WKSF) has disregarded contracts signed between Mumias Sugar Company and the farmers
- d) Mumias Sugar Company pays over Kshs. 500 million to Kenya Sugar Board (KSB) for sugar development programmes yet it receives less than Kshs. 200 million in return from KSB disbursements
- e) There is need to have a master plan in the industry to help map out land, farmers and designated areas
- f) West Kenya Sugar Factory is able to pay more to farmers because it has not invested in cane development yet it has received over Kshs. 350 million for sugar development thus causing conflict and confusion among farmers in the industry

MIN.NO.145/2013: - ANY OTHER BUSINESS

There being no any other business, the meeting adjourned at 12.55pm

Signature .....



HON ADAN NOORU MOHAMED, M.P.  
(Chairman)

Date:.....

31-10-2013

2. Mr. Tejveer S. Rai	-	West Kenya Sugar Company (WKS)
3. Mr. Raymond Olendo	-	WKS
4. Mr. Kibe Mungai	-	WKS
5. Ms. Wairimu Gachuhi	-	WKS
6. Ms. Njeri Ngunju	-	WKS
7. Mr. Daniel Kiyondi	-	Butali Sugar Mills (BSM)
8. Mr. Jayantilal Patel	-	BSM
9. Mr. Miller W. Bwire	-	BSM
10. Mr. Saul S. Wasilwa	-	Nzoia Sugar Company (NSC)
11. Mr. Godfrey S. Wanyonyi	-	NSC
12. Mr. Mcklins Wasike	-	NSC
13. Ms. Rita Mukhangu	-	NSC

Kenya National Assembly

1. Mr. Oscar Namulanda	-	Senior Clerk Assistant
2. Mr. Abdullahi Aden	-	First Clerk Assistant

MIN.NO.149/2013:

PRELIMINARIES

The meeting was called to order at Ten O'clock with a word of prayer. The Chairman welcomed the Members to the meeting to deliberate on the challenges facing the Sugar Industry in the Country.

MIN.NO.150/2013:

MEETING WITH WEST KENYA SUGAR COMPANY (WKSCO)

The Chairman West Kenya Sugar Company Mr. Jasmat S. Rai informed the Committee that:

- West Kenya Sugar Company (WKSCO) is the second largest Miller in Kenya whose efficiency and prudent management is underscored by the fact that it has grown from a jiggery in 1979 to miller. It has grown from a miller of 500 TCD (Tonnes Crushed Daily) in 1999 to its current crushing capacity of 5000 TCD. It has employed 2000 workers and offers indirect employment to harvesters, loaders and transporters.

Cane Poaching

The Chairpman West Kenya Sugar Company, informed the Committee that;

- Article 40 of the Constitution and the Sugar Act 2001, the farmer is the owner of the cane on his farm. Freedom of contract is an integrated part of the right of ownership. Therefore the Cane farmer has the legal right to sell his or her cane to a miller of his or her choice. Accordingly, a miller who buys cane from a farmer in an area presumed to

- The Managing Director further informed the Committee that Kenya Sugar Board to come up with regulations in respect to a contracted farmer supplying cane to another miller.
- The Managing Director also faulted the creation of too many way bridges as contributor to cane poaching.
- West Kenya Sugar Company pays farmers after seven days.

- He further informed the Committee that the Company got support from the Kenya Sugar Board for the construction of bridges and received a loan for cane development.

#### Committee Clarifications

The Committee sought the following clarifications and the Management of Butali Sugar Mills Limited to provide the following information on Tuesday 12<sup>th</sup> November 2013;

- All the documents related to the registration of Butali Sugar Mills Limited.
- Whether the former Chief Executive Officer Kenya Sugar Board was sucked during the registration of Butali Sugar Mills Company.
- Whether the Current Deputy President who was the Agriculture Minister by then was transferred from his docket at the time of registering Butali Sugar Mills Company.
- Whether the former Agriculture Minister Hon. Dr Sally Kosgei, MP skipped the presentation of certificates to Butali Sugar Mills Company by the former Prime Minister Rt. Hon. Raila Odinga, MP.

MIN.NO.152/2013: —

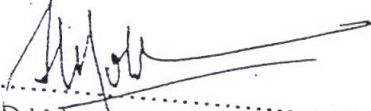
#### MEETING WITH NZOIA SUGAR COMPANY LIMITED

The Managing Director for Nzoia Sugar Company made the following submissions;

- NSC was established in 1975 under the Company's Act Cap 486 of the Laws of Kenya with the Government as the majority shareholder owning 98% shares while Fives Call Babcock (FCB) and Industrial Development Bank owning the remaining;
- NSC serves over 67,000 farmers in the larger Bungoma, Kakamega, Lugari, and Malava Districts;

- Further the Committee resolved to engage with the Cabinet Secretary for Agriculture and hold a Joint meeting with the Departmental Committee on Lands to look in to the land menace in Machakos County.

There being no any other business, the meeting adjourned at 1.15pm

Signature .....   
HON ADAN NOORU MOHAMED, M.P.  
(Chairman)

Date ..... 7-11-2013

## INATTENDANCE

### Kenya Revenue Authority

1. Mr. John K. Njiraini - Commissioner General
2. Ms. Beatrice Mumo - Commissioner of Customs
3. Ms. Pamela Ahago - Chief Manager Customs

### Kenya National Assembly

1. Mr. Oscar Namulanda - Senior Clerk Assistant
2. Mr. Rodgers Kilungya - Hansard Reporter

## MIN.NO.064/2014: - PRELIMINARIES

The meeting was called to order at Fifty minutes past Ten O'clock with a word of prayer.

The Vice Chairman welcomed the Members who turned up despite their busy schedules during the short recess. He welcome the witnesses for the introductions.

## MIN.NO.065/2014: - SUBMISSIONS BY THE COMMISSIONER-GENERAL KENYA REVENUE AUTHORITY

The Commissioner-General of KRA made the following submissions:

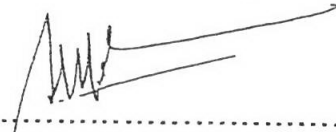
- i. KRA was established by an Act of Parliament, Chapter 469 of the Laws of Kenya, which became effective on 1<sup>st</sup> July 1995. was aware of the presence of contraband sugar in the country, which had seriously affected the local industry;
- ii. KRA was aware Mumias Sugar Company imported 10,000 MT of sugar in 2012 through a third party called Dantes Peak Limited and that Mumias paid all the duty for the consignment which was cleared in 2013;
- iii. The Commissioner-General admitted that KRA did not have the capacity to verify all containers of commodities imported but does random verification and scanning of the Cargo before release;
- iv. The Commissioner-General was aware Mumias Sugar Company exported sugar to various countries between 2006 and 2012 but was not in a

KRA has made several sugar seizures leading to several court cases, one in point that of Matt International who have since challenged KRA's decision to impose 10% duty on industrial sugar imported from Egypt (the matter is still pending in Court).

MIN.NO.066/2014: - ANY OTHER BUSINESS

There being no other business, the Chairman adjourned the meeting at 1:25pm.

Signature .....

  
HON ADAN NOORU MOHAMED, MBS, M.P.  
(Chairman)

Date.....

29-4-2014

Kenya National Assembly

- |                              |   |                        |
|------------------------------|---|------------------------|
| 1. Mr. Oscar Namulanda       | - | Senior Clerk Assistant |
| 2. Tracy Chebet Emily Koskei | - | Clerk Assistant II     |
| 3. Ahmad Adan Guliye         | - | Clerk Assisant III     |
| 4. Mr. Rodgers Kilungya      | - | Hansard Reporter       |

MIN.NO.090/2014: - PRELIMINARIES

The meeting was called to order at Forty minutes past Two O'clock with a word of prayer.

The Chairman welcomed the Members and asked them to focus on the investigations before the Committee so as to conclude the report. He reminded Members that the witness appearing was a key witness in the investigations.

The Chairman made introductions for Members and the witness.

MIN.NO.091/2014: - SUBMISSIONS BY THE FORMER MANAGING DIRECTOR – MUMIAS SUGAR COMPANY, DR. EVANS KIDERO.

The Former Managing Director for Mumias Sugar Company DR: Evans Kidero made the following submissions:-

- i. At the time of his retirement from MSC, the Company had initiated the process of importing 10,000MT from Kenana Sugar Factory in Sudan;
- ii. That between the years 2006 and 2012 MSC exported sugar to Ethiopia, Uganda, Sudan, Democratic Republic of Congo (DRC) and Rwanda and the EU especially Italy and United Kingdom;
- iii. That he did not have any documents to corroborate his submissions but that he believed the current management should furnish the Committee with the necessary documents available on the exports;
- v. That during his tenure at MSC, the company was making good profits, paying



MIN.NO.084/2014:

PRELIMINARIES

The meeting was called to order at Thirty minutes past two O'clock with a word of prayer.

The Chairman informed the committee of rescheduling of the appearance of Governor Dr. Evans Kidero and Major General Michael Gichangi. The committee emphasized the importance of summons and it was directed that once letters had been dispatched the Clerk office would follow up with telephone calls to ensure that the summoned individuals were duly informed and the clerk office was asked to notify the committee of any changes two days prior to the scheduled meeting.

The chairman also shared an agreement between Kenya Cooperative Coffee Exporters Ltd and The Commercial Coffee and Marketing Agents Association which the committee had requested the Cabinet Secretary Agriculture to share.

MIN.NO.085/2014:

SUBMISSION BY KENYA BUREAU OF STANDARDS (KEBS)

Appearing before the Committee on 14<sup>th</sup> May, 2014 the Managing Director for Kenya Bureau of Standards submitted as follow: -

- i. Kenya Bureau of Standards (KEBS) was established in July 1974 under CAP 496 of the laws of Kenya. It offers several services including Standards development and harmonization, Testing, Measurement (Calibration), Enforcement of standards, Product inspection, Education and training in Standardization, Metrology and Conformity Assessment, Management Systems Certification and Product Certification;
- ii. KEBS analyses sugar imports coming into the country on request and notification of arrival of the same by Kenya Ports Authority and Kenya Revenue Authority;
- iii. Since 2012, seven consignments of sugar had been recommended for destruction by KEBS and other government agencies for non-conformance to quality specifications and KEBS is among the state agencies charged with destruction of goods that do not conform to the standard s;
- iv. KEB was aware of the impounding of a consignment of sugar that had been imported by Mumias Sugar Company although the IDF was reading Dantes Peak Limited;



15. Hon. Zuleikha Hassan, M.P
16. Hon. Hezron Awiti Bollo, M.P

INATTENDANCE:

Mumias Sugar Company Limited

- |                           |   |                                  |
|---------------------------|---|----------------------------------|
| 1. Mr. Coutts Ottolo      | - | Ag. Managing Director            |
| 2. Mr. John Imbogo        | - | Ag. Finance Director             |
| 3. Ms. Emily Otieno       | - | Company Secretary                |
| 4. Mr. Peter Honou        | - | Commercial                       |
| 5. Mr. Stephen Olieka     | - | HR                               |
| 6. Ms. Diana Barasa       | - | Legal Officer                    |
| 7. Ms. Pamela Lutta       | - | Marketing & Cooperative Affairs  |
| 8. Mr. Eric Khalumi       | - | Finance Management               |
| 9. Ms. Godfrey Ouma       | - | Treasury Manager                 |
| 10. Mr. Kidzugane James   | - | Accountant, Agriculture Services |
| 11. Ms. Margaret Makhungu | - | ICT Director                     |
| 12. Mr. Wesley Koech      | - | Director of Agriculture.         |

Kenya National Assembly

- |                              |   |                     |
|------------------------------|---|---------------------|
| 1. Tracy Chebet Emily Koskei | - | Clerk Assistant II  |
| 2. Ahmad Adan Guliye         | - | Clerk Assistant III |
| 3. Mr. Rodgers Kilungya      | - | Hansard Reporter    |

MIN 093/2014:

PRELIMINARIES

The meeting was called to order by the chairman at Fifty minutes past Two O'clock with a word of prayer by Hon. Benjamin Washiali, MP followed by introduction by the members and witnesses.

The Chairman reminded members that the committee has a backlog of activities to undertake some of which are time barred and emphasised on members to keep time to enable the Committee achieve its mandate within the stipulated time frame.

The members affirmed their commitment to the committee and their willingness to undertake their roles diligently.

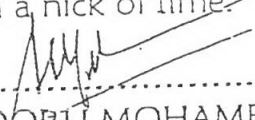
payments for sugarcane by MSC to poach cane from its contracted farmers.

MIN 095/2014:      ANY OTHER BUSINESS

The members realised that for them to adopt a report, they would need a majority of the committee members present of which was not the case.

The members unanimously agreed to raise the necessary numbers tomorrow and adopt the report in a nick of time.

Signature .....

  
HON ADAN NOORU MOHAMED, MBS, M.P.  
(Chairman)

Date.....

29-5-2014

Mumias Sugar Company.

1. Mr. Coutts Otolo - MD - Mumias Sugar Company Ltd.
2. Mr. John Imbogo - Finance Director
3. Mr. Eric Khalumi - Finance accountant
4. Mr. Julius Mamati - Supervisor
5. Ms. Amuhay Diana - Legal Officer
6. Mr. Godfrey Ouma - Technical Manager
7. Mr. Wesley Koech - Director, ICT
8. Ms. Pamela Lutta - Commercial Director

Kenya National Assembly

1. Ms. Tracy Chebet Emily Koskei - Clerk Assistant II
2. Mr. Ahmad Adan Guliye - Clerk Assistant III
3. Mr. Rodgers Kilungya - Hansard Reporter

MIN. NO. 104/2014:

PRELIMINARIES

- The meeting was called to order by the Vice Chairman at Fifty minutes past Ten O'clock with a word of prayer followed by introductions.
- The chairman reminded the witnesses why they were invited and requested them to respond to matters raised in the previous meetings.

MIN. NO. 105/2014:

SUBMISSIONS BY THE MSC MANAGEMENT

The Ag. Managing Director made submissions as follows: -

- i. He thanked the members for according them another chance and made his submissions through power point presentation which entailed exports made by Mumias Sugar Company Limited to neighboring countries.
- ii. He also presented supporting documents in files.
- iii. He was not in a position to provide details of the companies that have been exporting sugar from Mumias since he did not have details of such companies.
- iv. That before 2006, the company was using WILLOW Information Management System which did not have such capacity to capture and store proper information. However, since 2006 the company uses System File Protection (SFP) programme which has the capacity to capture proper and full detailed information.
- v. That it was difficult to show documents for receipt of consignments to from countries Mumias exports sugar since it was difficult to get sales of contract.



ABSENT

1. Hon. Ayub Savula Angatia, M.P.
2. Hon. (Dr.) Victor Munyaka, M.
3. Hon. Hezron Awiti Bollo, M.P
4. Hon. Waititu Munyua, M.P

In attendance:

1. Mr. Coutts Otolo - Acting MD, MSC
2. Mr. John Omogo - Finance Director, MSC
3. Ms. Diana Barasa - Acting Company Secretary

Kenya National Assembly Secretariat:

1. Mr. Oscar Namulanda - Senior Clerk Assistant
2. Ms. Tracy Chebet Emily Koskei - Clerk Assistant II
3. Mr. Ahmad Adan Guliye - Clerk Assistant III
4. Mr. Rehema Chepkurui - Hansard Reporter

MIN.NO. 151/2014:

PRELIMINARIES

- I. The meeting was called to order at forty minutes past Ten O'clock with a word of prayer from the Vice-Chairman.
- II. The members of the Committee introduced themselves followed by the witnesses
- III. The Chairman welcomed the witnesses for their submissions

MIN.NO. 152/2014:

SUBMISSION BY THE MANAGEMENT OF MUMIAS SUGAR COMPANY (MSC)

The MD informed the Committee that: -

- i. The Audit report was still not ready for submission by the Board of Directors;
- ii. The Company had managed to get few details of those companies that were involved in the alleged export by Mumias Sugar Company between 2006 and 2012;
- iii. Most of the transactions were done in 2010 and that due to Staff turnover and time lapse, retrieval of the some key documents including registration certificates and certificates of incorporation has been a challenge;
- iv. The Management was unable to trace receipts and other sales documents for the alleged exports between 2006 and 2012 except for one Company called Czarnikow Sugar EA Limited;

\_\_\_\_\_



ABSENT

1. Hon. Ayub Savula Angatia, M.P.
2. Hon. (Dr.) Victor Munyaka, M.
3. Hon. Hezron Awiti Bollo, M.P
4. Hon. Waititu Munyua, M.P

IN ATTENDANCE:

National Intelligence Service

- |                                     |                    |
|-------------------------------------|--------------------|
| 1. Maj. Gen. (Rtd) Michael Gichangi | - Director General |
| 2. Mr. F. K. Mwango                 | - Director NIS     |
| 3. Mr. N. K. Rono                   | - NIS Officer      |
| 4. Mr. E. J. Mafubo                 | - NIS              |
| 5. Mr. M. K. Chirchir               | - NIS              |

Kenya National Assembly Secretariat:

- |                                  |                          |
|----------------------------------|--------------------------|
| 1. Mr. Oscar Namulanda           | - Senior Clerk Assistant |
| 2. Ms. Tracy Chebet Emily Koskei | - Clerk Assistant II     |
| 3. Mr. Ahmad Adan Guliye         | - Clerk Assistant III    |
| 4. Mr. Rehema Koech              | - Audio Officer          |

MIN. NO.146/2014:

PRELIMINARIES

- I. The meeting was called to order at thirty-five minutes past Ten O'clock with a word of prayer from the Vice-Chairman.
- II. The members of the Committee introduced themselves followed by the Director General NIS and his team.

The DG, requested that the media be barred from recording the proceedings of the meeting and instead asked to speak on Camera. The Committee acceded to his request and the meeting proceeded in Camera.

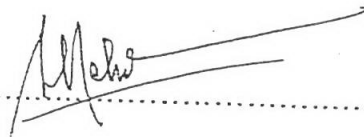
The DG noted that the statement "illegal sugar exportation and importation had been happening under the disguise of intelligence agencies" in the initial letter sent to him had implicated his office as colluding or allowing the illegal sugar importation and requested the chairman if that could be expunged before proceeding with meeting.

importation which would then make up a much bigger report that would be debated on the floor of the house.

MIN. NO.150/2014:      ADJOURNMENT

There being no other business the chairman adjourned the meeting at 13.30 hrs.

Signature .....



HON ADAN MOHAMEDNOORU, MBS, M.P.

(Chairman)

Date.....

15-07-2014

ABSENT

1. Hon. (Dr.) Victor Munyaka, M.
2. Hon. Waititu Munyua, M.P
3. Hon. Florence Mutua, M.P

In attendance:

Mumias Sugar Company

- |                        |   |                          |
|------------------------|---|--------------------------|
| 1. Mr. Dan Ameyo       | - | Chairman, MSC Board      |
| 2. Ms. Nancy Kaminchia | - | Member, MSC Board        |
| 3. Mr. Edwin Mukabanah | - | Member, MSC Board        |
| 4. Mr. Nimrod Namage   | - | Member, MSC Board        |
| 5. Mr. James Opindi    | - | Member, MSC Board        |
| 6. Ms. Elizabeth Kyago | - | Member, MSC Board        |
| 7. Mr. Coutts Otolo    | - | Acting MD, MSC           |
| 8. Mr. John Omogo      | - | Finance Director, MSC    |
| 9. Ms. Diana Barasa    | - | Acting Company Secretary |

Kenya National Assembly

- |                                  |   |                        |
|----------------------------------|---|------------------------|
| 1. Mr. Oscar Namulanda           | - | Senior Clerk Assistant |
| 2. Ms. Tracy Chebet Emily Koskei | - | Clerk Assistant II     |
| 3. Mr. Ahmad Adan Guliye         | - | Clerk Assistant III    |
| 4. Mr. Rodgers Kilungya          | - | Hansard Reporter       |

MIN. NO. 170/2014:

PRELIMINARIES

- I. The meeting was called to order at Thirty eight minutes past Ten O'clock with a word of prayer from the Hon. Opiyo Wandayi, M.P.
- II. The members of the Committee introduced themselves followed by the witnesses from Mumias Sugar Company.

The Chairman of the Committee gave a brief on the reasons leading to summoning the Board of Mumias Sugar Company and reminded the witnesses of the need for full disclosure to the Committee. The Chairman of the Board of MSC expressed his appreciation of the Committee's efforts to streamline the Sugar Industry and promised to be candid with the Committee.

MIN. NO. 171/2014:

ADOPTION OF THE AGENDA

The Committee adopted the agenda of the meeting as follows:

MIN. NO.175/2014:      ADJOURNMENT

There being no other business the chairman adjourned the meeting at thirty minutes past noon.

Signature .....

  
HON. ADAN MOHAMED NOORU, MBS, M.P.

(Chairman)

Date.....

22-05-2014

IN ATTENDANCE

1. Hon. Kenneth Okoth, M.P – Friend of the Committee
2. Ms. Hellen Lokwang - Clerk Assistant sitting in for the Committee  
Clerks

NATIONAL TREASURY

Mr. Henry Rotich - Cabinet Secretary, National Treasury

KENYA REVENUE AUTHORITY

Mr. Julius N. Musyoki - Customs, KRA Deputy Commissioner  
Ms. Pamela Ahago - Customs, KRA Chief Manager

MIN. NO. 225 /2014 - PRELIMINARIES

The Chair called the meeting to order at Fifty minutes past Ten O'clock. A prayer was said by Hon. Philip Rotino, M.P. The Chair welcomed the members to the meeting and took them through the agenda of the day. The main objective was to meet with the Cabinet Secretary of National Treasury. He thereafter enlisted the in-house issues of report writing on Sugar, Tea, GMO, Grain Storage and Fisheries Bill on a retreat scheduled to take place in Mombasa, Whitesands Hotel, from Sunday 31 August 2014.

MIN. NO. 226/2014 - CONFIRMATION OF PREVIOUS MINUTES

The minutes of the previous meeting were not confirmed but deferred to the next sitting.

MIN. NO. 227/2014 - MEETING WITH THE CS TREASURY

The CS was accompanied by two officers from Kenya Revenue Authority. He apologized for coming late and highlighted on the issues at hand as follows:

- (i) VAT on Tea
- (ii) Purported import of sugar by Mumias Sugar Company in 2013,
- (iii) Import license issue to Mumias Sugar Company,
- (iv) Mumias Sugar exports in the period between 2006 – 2013,
- (v) Brief on the privatization of the sugar sector and way forward for the Committee.

The CS informed the members that the issues of tea have been concluded exclusively in the previous meeting. He reiterated that the Ministry of National Treasury desire was to



3. Hon. Hezron Awiti Bollo, M.P

IN ATTENDANCE:

Ministry of Agriculture, Livestock & Fisheries (MOALF)

- |                            |   |                                       |
|----------------------------|---|---------------------------------------|
| 1. Mr. Felix K. Koskei     | - | Cabinet Secretary,                    |
| 2. Mrs. Sicily K. Kariuki  | - | PS, State Department of Agriculture,  |
| 3. Mr. Willy K. Tonui      | - | C.E.O, National Biosafety Authority   |
| 4. Mr. Cornel K. Nglechey  | - | National Cereals & Produce Board      |
| 5. Ms. Elizabeth Kimenyi   | - | AFFA- Head of Tea Directorate         |
| 6. Ms. Phrasiah W. Mwangi  | - | AFFA – Finance & Admin Manager        |
| 7. Ms. Rosemary Mkok       | - | AFFA – Interim Head Sugar Directorate |
| 8. Mr. Newton Terer        | - | National Cereals & Produce Board      |
| 9. Mr. Timothy Jomo Ogwang | - | MOALF, SDA- Head, Industrial Crops    |
| 10. Mr. Johnson Irungu     | - | Director, Crops- MOALF                |
| 11. Mr. Dominic M. Kitaka  | - | Parliamentary Bureau Unit, MOALF      |

Kenya National Assembly

- |                                  |   |                        |
|----------------------------------|---|------------------------|
| 1. Mr. Oscar Namulanda           | - | Senior Clerk Assistant |
| 2. Ms. Tracy Chebet Emily Koskei | - | Clerk Assistant II     |
| 3. Mr. Ahmad Adan Guliye         | - | Clerk Assistant III    |
| 4. Mr. David Ngeno               | - | Research Officer       |

MIN. NO.230/2014:

PRELIMINARIES

- I. The meeting was called to order at Fifty minutes past eleven O'clock with a word of prayer by the Vice Chairman.
- II. The Cabinet Secretary expressed concern over the way the security at the Main Parliament gate had handled him and requested the chairman to take up the matter with the leadership of the House.
- III. The Chairman apologized to the Cabinet Secretary and promised to take up the matter with the relevant authorities. He then invited the Members, the CS and his team for introductions.

MIN. NO.231/2014:

SUBMISSIONS BY THE CABINET SECRETARY

- 1) On Sugar:
  - a) The Country produces 600,000 metric tons of sugar while its consumption rate is 800,000 metric tonnes a year;
  - b) High cost of production, expensive input machineries, poor infrastructure and lack of better varieties are some of the problems the industry faces;

The Ministry was waiting for the report on Genetically Modified Organisms (GMOs) to be formally tabled and adopted by the Cabinet. However, the CS would give his written opinion on the same in a weeks time from the date of the meeting.

MIN. NO.232/2014:

ANY OTHER BUSINESS

The Committee nominated the following members to visit tea growing areas in the Country to fact find regarding a petition filed by Hon. Kathuri Murungi, M.P South Imenti Constituency.

a) The following members were nominated to visit the Eastern Region;

- 1) Hon. Kareke Mbiuki, M.P - Vice Chairman and leader of the delegation
- 2) Hon. Francis Waititu, M.P
- 3) Hon. Florence Mutua M.P
- 4) Hon. Peter Gitau, M.P
- 5) Hon. Daniel Maanzo, M.P
- 6) Hon. Mary Wambui, M.P

b) The following members were nominated to visit the Western Region;

- 1) Hon. Justice Kemei, M.P - Leader of the Delegation
- 2) Hon. Korei Ole Lemein, M.P
- 3) Hon. Simba Arati, M.P
- 4) Hon. Silas Tiren, M.P
- 5) Hon. Alfred Keter, M.P
- 6) Hon. Victor Munyaka, M.P

MIN. NO.233/2014:

ADJOURNMENT

There being no other business, the meeting was adjourned at 12.45 hours.

Signature .....

  
HON ADAN MOHAMED NOORU, MBS, M.P.

(Chairman)

Date.....

11-09-2014

INATTENDANCE

Kenya Sugar Board

- |                            |   |                         |
|----------------------------|---|-------------------------|
| 1. Mr. Billy Wanjala       | - | Kenya Sugar Board (KSB) |
| 2. Mr. Ewing Mwoma         | - | Kenya Sugar Board (KSB) |
| 3. Mr. Francis K. Ingara   | - | KSB                     |
| 4. Ms. Rosemary Mkok       | - | CEO - KSB               |
| 5. Eng. Mukhwana Mohammed  | - | KSB – Director          |
| 6. Mr. Fredrick K. Kebeney | - | Head of Admin – KSB     |

National Environment Management Authority (NEMA)

- |                         |   |      |
|-------------------------|---|------|
| 7. Mr. Zephania Ouma    | - | NEMA |
| 8. Mr. Benjamin Langwen | - | NEMA |

Kenya National Assembly

- |                        |   |                        |
|------------------------|---|------------------------|
| 1. Mr. Oscar Namulanda | - | Senior Clerk Assistant |
|------------------------|---|------------------------|

MIN.NO.154/2013:

PRELIMINARIES

The meeting was called to order at forty five minutes past nine O'clock with a word of prayer.

The Vice Chairman welcomed the Members and the witnesses for introductions.

MIN.NO.155/2013:

SUBMISSIONS BY KENYA SUGAR BOARD (KSB)

The Chief Executive Officer of Kenya Sugar Board made the following submissions, that: -:

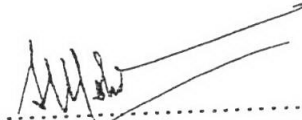
- i. KSB was established by an Act of Parliament, the Sugar Act of 2001, with the main function of regulating and facilitating growth of the sugar industry in the country. The Sugar Act 2001 is subject for repeal with the commencement of the Crops Act, 2013 and the implementation of the AFA Act, 2013;
- ii. KSB is charged with the role of developing regulations to guide the sugar sub-sector and the issuance of licences to import or export sugar and sugar by-products and manages jointly with the KRA any restrictions on imports and exports of sugar and sugar by-products;

- iii. That the was mandated Authority to exercise general supervision and coordination over all matters relating to the environment and to be the principal instrument of the Government of Kenya in the implementation of all policies relating to the environment;
- iv. That the role of NEMA in the establishment of a weighbridge at Tangakona in Busia County was to coordinate the various environmental management activities undertaken by the lead agency, West Kenya Sugar Factory (WKSF);
- v. That due diligence environmental assessment test was done on the land Tangakona and a report issued to West Kenya Sugar Factory to go ahead with the intended development on the said land;
- vi. That NEMA is not involved in the issuance of Permits or Licences for trade;
- vii. NEMA also establishes and reviews land use guidelines, examines land use patterns to determine their impact on the quality and quantity of natural resources and carries out surveys, which assist in the proper management and conservation of the environment.

MIN.NO.156/2013: - ANY OTHER BUSINESS

There being no any other business, the meeting adjourned at 1.15pm

Signature .....

  
HON ADAN NOORU MOHAMED, M.P.  
(Chairman)

Date.....

12-11-2013

Kenya National Assembly Secretariat

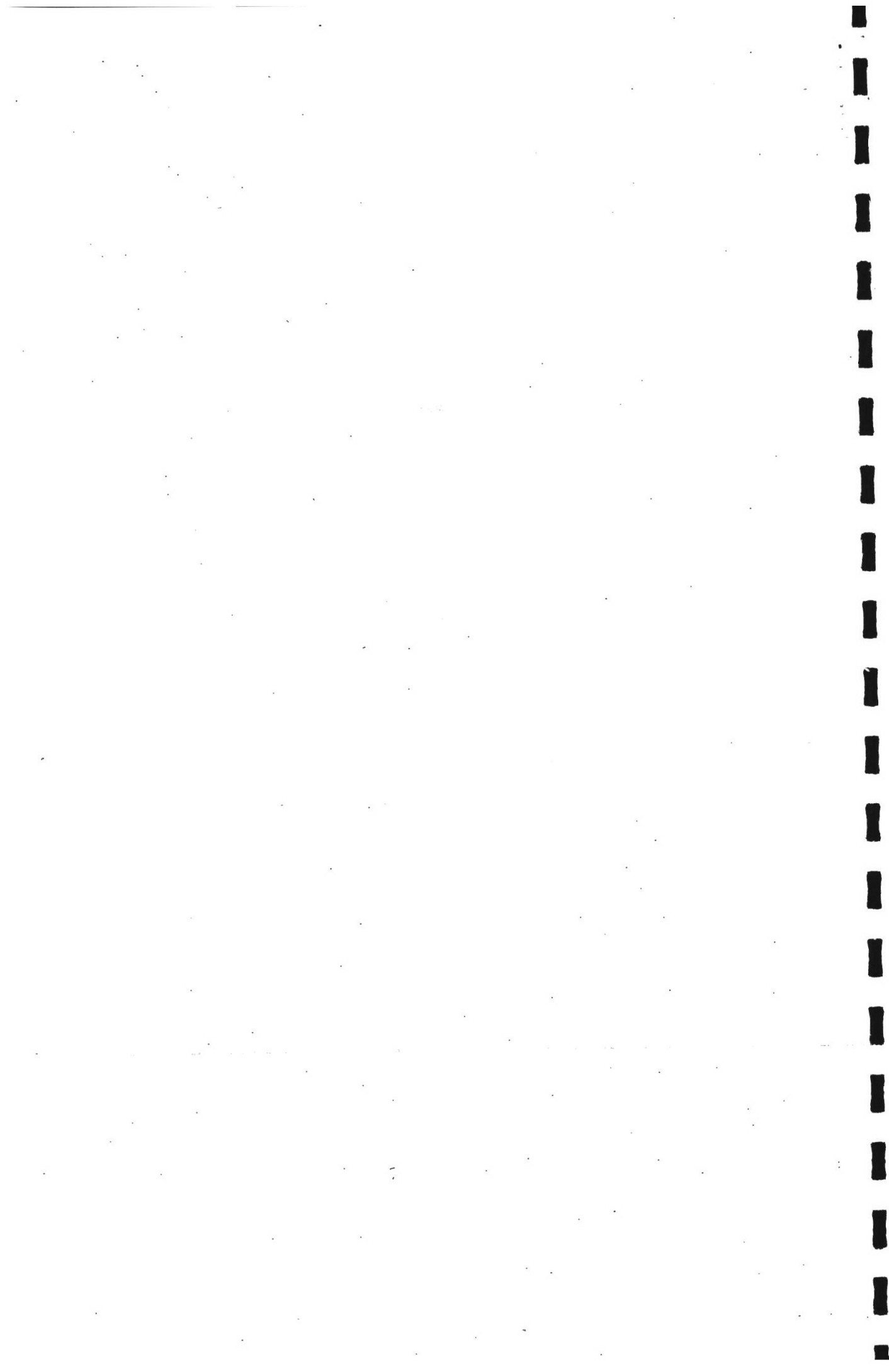
1. Ms. Tracy Chebet Koskei - Clerk Assistant II
2. Mr. David Ngeno - Research Officer
3. Mr. Elijah Ichwarah - Hansard Officer

Min. No. 302/2014: Preliminaries

- I. The meeting was called to order at 11.20 am and prayer was said by the Vice-chairman.
- II. The chairman informed the Committee that the purpose of the meeting was to consider the recommendations proposed in the draft report of the Crisis in the Sugar Industry.

Min. No. 303/2014: Adoption of the Report- Recommendations

- I. A Member informed the Committee that the recommendations part of the report was very critical, as the Committee had to make clear directions to salvage the Sugar Industry. The Member also impressed on the Committee to add more recommendations if any that they felt had been left out in the draft report.
- II. A Member sought to dispute a statement in the Submission by H.E. Dr. Evans Kidero when he appeared before the Committee on 19<sup>th</sup> May, 2014, the Member informed the meeting that he was present in the said meeting and could not recollect that statement being mentioned by the witness. He also informed the meeting that he had met with Dr. Kidero outside the parliament premises who informed him he had not made the statement in dispute. Dr. Kidero was in possession of the copy of the report.
- III. The Members of the Committee expressed their disappointment that the report which exclusively belonged to the Committee had found its way into the public. The committee resolved to carry on with the report and table its report to the House.
- IV. The Chairman directed that the session chair of that day, Hon. Justice Kemei, M.P to clarify whether the statement in dispute had been made. Hon. Kemei informed the Committee that he had no recollection of the statement being made by Dr. Kidero and directed that the Hansard recording of that day be checked to confirm.
- V. There was concern whether it was appropriate to recommend that Dr. Evans Kidero should be held responsible for fraudulent transactions at Mumias Sugar Company and Ms. Rosemary Mkok responsible for Kenya Sugar Board's failure to regulate the sugar Industry.



In Attendance:

Kenya National Assembly Secretariat

- |                          |                         |
|--------------------------|-------------------------|
| 1. Mr. Benjamin Magut    | - First Clerk Assistant |
| 2. Mr. Ahmad Adan Guliye | - Third Clerk Assistant |
| 3. Ms. Angeline Naserian | - Third Clerk Assistant |
| 4. Mr. David Ngeno       | - Research Officer      |
| 5. Ms. Mercy Wanyonyi    | - Legal Counsel         |
| 6. Mr. Elijah Ichwarah   | - Audio Officer         |
| 7. Mr. Onesmus Kiragu    | - Sergeant at Arms      |

Min. 029/2015: Preliminaries

- I. The meeting was called to order at 14.50 hours and prayer was said by the Vice-Chairman.
- II. The Vice Chairman informed the Committee of the day's agenda and it was adopted as stipulated in the notice of meeting.

Min. 030/2015: Matters Arising

- I. The members were reminded that the Fisheries Bill 2014 was pending before the Committee for a long time and were urged to attend meetings regularly so that the Bill can be discussed in depth and necessary amendments submitted to the Ministry.
- II. The Committee was also informed that the Ministry is organizing for a retreat to discuss the Fisheries Bill at the end of the month.

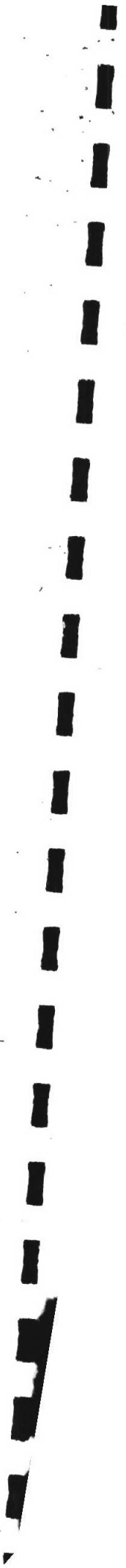
Min. 031/2015: Presentation by KRA

That officers from KRA responded to some of the issues that were raised by the committee.

Custom entries with no reports in the Simba Systems:

- (a) KRA officers informed the Committee that Simba systems has many modules and some have not been fully implemented. The KRA officers further explained that the biggest challenge is retrieving the documents online. The officers justified by saying that officers at the Border are mostly overwhelmed by work and could not enter information online at that particular time. It was confirmed to the Committee that the information missing is confirmation of goods that had been exported or imported from the Simba system.
- (b) The Committee confirmed from KRA that missing information from the Simba system can be retrieved manually from the Archives and will be presented to the Committee in a week's time.

1000



In Attendance:

Kenya National Assembly Secretariat

- |                          |                         |
|--------------------------|-------------------------|
| 1. Mr. Benjamin Magut    | - First Clerk Assistant |
| 2. Mr. Ahmad Adan Guliye | - Third Clerk Assistant |
| 3. Ms. Angeline Naserian | - Third Clerk Assistant |
| 4. Mr. David Ngeno       | - Research Officer      |
| 5. Ms. Mercy Wanyonyi    | - Legal Counsel         |
| 6. Mr. Elijah Ichwarah   | - Audio Officer         |
| 7. Mr. Onesmus Kiragu    | - Sergeant at Arms      |

Min. 029/2015: Preliminaries

- I. The meeting was called to order at 14.50 hours and prayer was said by the Vice-Chairman.
- II. The Vice Chairman informed the Committee of the day's agenda and it was adopted as stipulated in the notice of meeting.

Min. 030/2015: Matters Arising

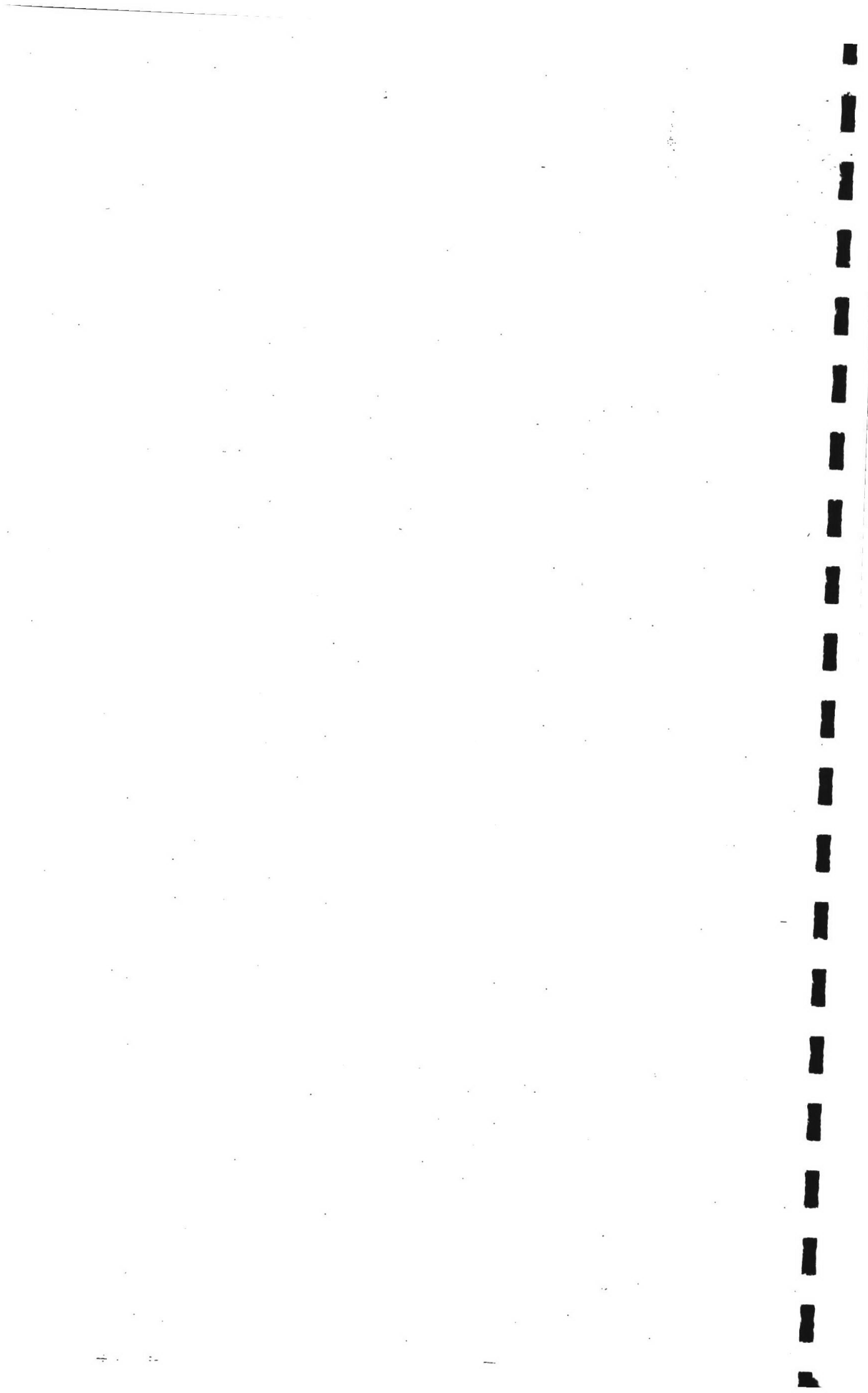
- I. The members were reminded that the Fisheries Bill 2014 was pending before the Committee for a long time and were urged to attend meetings regularly so that the Bill can be discussed in depth and necessary amendments submitted to the Ministry.
- II. The Committee was also informed that the Ministry is organizing for a retreat to discuss the Fisheries Bill at the end of the month.

Min. 031/2015: Presentation by KRA

That officers from KRA responded to some of the issues that were raised by the committee.

Custom entries with no reports in the Simba Systems:

- (a) KRA officers informed the Committee that Simba systems has many modules and some have not been fully implemented. The KRA officers further explained that the biggest challenge is retrieving the documents online. The officers justified by saying that officers at the Border are mostly overwhelmed by work and could not enter information online at that particular time. It was confirmed to the Committee that the information missing is confirmation of goods that had been exported or imported from the Simba system.
- (b) The Committee confirmed from KRA that missing information from the Simba system can be retrieved manually from the Archives and will be presented to the Committee in a week's time.



In Attendance National Assembly Secretariat

1. Ms. Florence Atenyo – Abonyo - Director, Committee Services
2. Mr. Oscar Namulanda Wesonga, - Senior Clerk Assistant
3. Mr. Benjamin Magut - First Clerk Assistant
4. Ms. Tracy Chebet Koskei - Second Clerk Assistant
5. Mr. Ahmad Adan Guliye - Third Clerk Assistant
6. Ms. Angeline Naserian - Third Clerk Assistant
7. Mr. David Ngeno - Research Officer
8. Ms. Mercy Wanyonyi - Legal Counsel
9. Mr. John Nganga - Audio officer
10. Mr. Onesmus Kiragu - Sergeant at Arms
11. Ms. Lydia Mwangi - Office Secretary
12. Mr. Stephen Omunzi - Office Assistant

MIN. 48/2015: PRELIMINARIES

- I. The meeting was called to order at 9.30 hours and prayers were said by Hon. Francis Waititu, M.P
- II. The Chairman thanked the members for turning up in large numbers for the report writing retreat and reiterated the significance and the importance of the day's agenda.
- III. The Committee resolved to start deliberating on the draft report of the petition before it proceeds to the draft report on the crisis facing the sugar industry.

MIN. 49/2015: COMMUNICATION FROM CHAIR

- I. The Committee was informed that M/S Kenafric through its Advocates Mogeni & Co. Advocates that their client had been allegedly mentioned adversely in a submission submitted to the Committee by Kenya Sugar Board and request that they be heard before the report is finalized.
- II. The Committee deliberated on the issue and resolved that it was not in position to hear more witnesses since the report was long overdue.
- III. If the complainant feels aggrieved, it could seek recourse after the report is tabled in the House.

MIN. 49/2015: ADOPTION OF THE REPORT OF PUBLIC PETITION ON THE IMMINENT COLLAPSE OF THE SUGAR INDUSTRY IN WESTERN KENYA DUE TO RAMPANT SUGARCANE POACHING AND SMUGGLING OF CHEAP SUGAR IMPORTS)

The Committee deliberated at length on the draft report and adopted it with the following recommendations.

- VIII. THAT, the fertilizer subsidy should be complemented by bulk procurement of other farm inputs and capacity utilization which should be done by the Sugar Directorate.
- IX. THAT, Investigations should be carried out on MSC and/or its agents, KRA and all importers and/or their agents who imported sugar from MSC in the period between 2006 - 2012 and appropriate action taken.
- X. THAT, the KRA should be held responsible for the loss of VAT taxes amounting to Kshs 577 million for fictitious exports of sugar by MSC.
- XI. THAT, any officer from the Board and Management of MSC and KRA responsible for the fictitious exports of sugar between 2006-2012 be held responsible for abuse of procedures and abuse of office.
- XII. THAT, the National Government introduces landing certificates for all transit sugar as a confirmation of physical exit to stop any dumping into the local market,
- XIII. THAT, the Government should consider offering tax breaks to encourage new investors into the sugar industry. Additionally, duty waiver for sugar industry farm inputs and farm machinery will go a long way towards reducing the high cost of sugar production.
- XIV. THAT, KPMG having provided a disclaimer as to the accuracy of the Draft Factual Finding Report, Mumias Sugar Company avails with immediate effect the final KPMG report to the National Assembly.
- XV. THAT , officers from MSC/KRA who abused import procedures with regard to Import Permit requirements in the importation of 10,000MT of sugar in 2012 from Sudan be held to account for their misdeeds.
- XVI. THAT, Deloitte and Touché be held responsible for misleading the government, other shareholders and public on the state of affairs in MSC during the period of their engagement as auditors.



2. Mr. Ahmad Adan Guliye - Third Clerk Assistant
3. Ms. Angeline Naserian - Third Clerk Assistant
4. Ms. Mercy Wanyonyi - Legal Counsel
5. Mr. Elijah Ichwarah - Audio Officer

#### MIN. 062/2015: PRELIMINARIES

- I. The meeting was called to order at 10.54 hours and prayers were said by Hon. Philip Rotino, M.P
- II. The Chairman informed the Committee that the Cabinet Secretary who was scheduled to appear before the Committee couldn't make it as there was a cabinet meeting on the same day.

#### MIN. 063/2015: ADOPTION OF AGENDA

The Committee adopted the day's agenda as follows after it was proposed and seconded by Hon. Opiyo Wandayi, M.P and Hon. Benjamin Washiali, M.P respectively.

- I. Communication from the Chairman
- II. Confirmation of minutes
- III. Adoption of work plan
- IV. Any other business

#### MIN. 064/2015: COMMUNICATION FROM THE CHAIRMAN

The Chairman informed the members that the Committee has received invitation to the following functions of which the Committee is requested to nominate some members to participate in the said functions

- I. Inspection of offshore-patrol vessel's 50% hull completion milestone in Chittagong, Bangladesh.
- II. 19<sup>th</sup> International Agricultural Exhibition Agritech 2015 in Tel-Aviv, Israel.
- III. National retreat for the National Trade Negotiating Committee from 16<sup>th</sup>- 18<sup>th</sup> March, 2015 in Mombasa.

The Committee nominated the following members to participate in the aforementioned functions

1. Inspection of offshore-patrol vessel's 50% hull completion milestone in Chittagong, Bangladesh.
  - (i) Hon. Opiyo Wandayi, M.P
  - (ii) Hon. Zuleikha Hassan, M.P
2. 19<sup>th</sup> International Agricultural Exhibition-Agritech 2015 in Tel-Aviv, Israel 26th April, 2015 to 3rd May, 2015
  - (i) Hon. John Serut, M.P
  - (ii) Hon. Raphael Letimalo, M.P

<i>(Closed)</i>
<del>12<sup>TH</sup> THURSDAY MARCH 2015</del>
10.30 A.M. Meeting with- Chairman Kenya Planters Cooperative union -Petitioners on a Petition regarding removal of the Chairman Cooperatives <i>Venue: CONTINENTAL HOUSE SECOND FLOOR</i> <i>(Open)</i>
<del>16<sup>TH</sup> MONDAY MARCH 2015</del>
Meeting with -Petitioners from Nyeri County Coffee Farmers on Petition regarding the matter of production and marketing of their Coffee and payment of dues owed to them. 2.30 P.M <i>Venue: Continental House 2<sup>nd</sup> Floor.</i>
<del>17<sup>TH</sup> TUESDAY MARCH 2015</del>
10:30am MEETING WITH CS AGRICULTURE, LIVESTOCK AND FISHERIES. <i>Venue: 5<sup>th</sup>, floor, Committee Continental House, Parliament Buildings.</i> <i>(closed)</i>
<del>19<sup>TH</sup> - 21<sup>ST</sup> THURSDAY MARCH 2015</del>
Field Visit to Samburu County , Isiolo and Laikipia on Livestock off take by Government
<del>24<sup>TH</sup> TUESDAY MARCH 2015</del>
10:30AM Meeting with -Kenya Cooperatives Coffee Exporters at 10.00am -Coffee Directorate 11.00am on Petition regarding the matter of production and marketing of their Coffee and payment of dues owed to them. <i>Venue: Continental House 2<sup>nd</sup> Floor.</i>
<del>26<sup>TH</sup> THURSADY - 28<sup>TH</sup> SATURDAY MARCH 2015</del>
10.30 A.M Field Visit to Voi on Disease Free Zones

11. Some members raised concerns for scheduled Monday's meetings owing to the fact most members may not have returned from the constituencies hence there is need of not scheduling meetings on Mondays.



In Attendance: National Assembly Secretariat

1. Ms. Florence Atenyo – Abonyo - Director, Committee Services
2. Mr. Oscar Namulanda Wesonga, - Senior Clerk Assistant
3. Mr. Benjamin Magut - First Clerk Assistant
4. Ms. Tracy Chebet Koskei - Second Clerk Assistant
5. Mr. Ahmad Adan Guliye - Third Clerk Assistant
6. Ms. Angeline Naserian - Third Clerk Assistant
7. Mr. David Ngeno - Research Officer
8. Ms. Mercy Wanyonyi - Legal Counsel
9. Mr. John Nganga - Audio officer
10. Mr. Onesmus Kiragu - Sergeant at Arms
11. Ms. Lydia Mwangi - Secretary Committee Service
12. Mr. Stephen Omunzi - Office Assistant

Min. 51/2015: Preliminaries

- I. The meeting was called to order at 2.30 P.M and prayers were said by Hon. Francis Waititu, M.P
- II. The Chairman thanked the members for turning up in large numbers for the report writing retreat and reiterated the significance and the importance of the day's agenda.

MIN. 52/2015: ADOPTION OF THE REPORT ON THE CRISIS FACING THE SUGAR  
INDUSTRY IN KENYA

The Committee deliberated on the draft report and adopted it with the following recommendations;

- I. THAT, the government establishes a permanent inter-agency enforcement unit on sugar trade which should enhance capacity to verify, scrutinise and monitor cross-border trade and step up border patrols to eradicate sugar smuggling. The unit should draw membership from KPA, Public Health, AFFA, KEBS, the Kenya Police, KRA and any other relevant government agencies.
- II. THAT, KRA officer(s) should be investigated and appropriate action taken for clearing sugar without permit from the sugar regulator. Equally any company that imported sugar without a permit from the regulator should be banned from import and export business.

- XI. THAT, any officer from the Board and Management of MSC and KRA responsible for the fictitious exports of sugar between 2006-2012 be held responsible for abuse of procedures and abuse of office.
- XII. THAT, the National Government introduces landing certificates for all transit sugar as a confirmation of physical exit to stop any dumping into the local market,
- XIII. THAT, the Government should consider offering tax breaks to encourage new investors into the sugar industry. Additionally, duty waiver for sugar industry farm inputs and farm machinery will go a long way towards reducing the high cost of sugar production.
- XIV. THAT, KPMG having provided a disclaimer as to the accuracy of the Draft Factual Finding Report, Mumias Sugar Company avails with immediate effect the final KPMG report to the National Assembly. However the Committee took cognizance of the said Report
- XV. THAT , officers from MSC/KRA who abused import procedures with regard to Import Permit requirements in the importation of 10,000MT of sugar in 2012 from Sudan be held to account for their misdeeds.
- XVI. THAT, Deloitte and Touché be held responsible for misleading the Government, other shareholders and public on the state of affairs in MSC during the period of their engagement as auditors.

MIN. 53/201: Adjournment

There being no other business to discuss, the meeting was adjourned at 2.30 P.M.

Signature .....

  
HON ADAN MOHAMEDNOORU, MBS, M.P.

(Chairman)

Date.....

10<sup>th</sup> March 2015

## PREAMBLE: PROBLEM STATEMENT

The Western Development Initiative Association (WEDIA) and the sugar industry stakeholders in Western Province wish to state that as we press for a permanent solution to this industry's problems and crisis thus: -

### SUGARCANE POACHING

That there is an urgent need to immediately revoke licenses of the companies, cartels and individual personalities who are implicated or involved (directly or indirectly) in the sugarcane poaching crisis, the smuggling of cheap sugar imports into the country and other malpractices in the sub-sector.

That the rampant sugarcane poaching crisis in the former Western Province has degenerated into a national disaster that is threatening the very survival of the country's sugar industry, but worse still the total destruction of the region's economic backbone.

That to date billions of shillings have been lost and more continues to go down the drain as a result of the ongoing sugarcane poaching crisis that has gripped the former Western province region for more than two years running.

It is estimated that Mumias Sugar Company which has borne the brunt of the poaching crisis has been losing more than Kshs. 3 billion annually over the last two years yet it had invested more than Kshs. 3 billion in sugarcane development per annum of the same period.

That operations of the recently constructed ethanol distillery plant, sugar, electricity and production of other by-products have been adversely reduced due to in-adequate raw materials as a result of sugarcane poaching and the said problems – consequently reduced revenue from these products not only accruing to the companies involved but also the Kenya Revenue Authority (KRA).

That although President Uhuru Kenyatta took issue with the poor performance of the sugar companies, especially the country's leading sugar producer Mumias Sugar Company during a recent meeting with MPs from the region, the genesis and core of the problem is deeply rooted in the sugarcane poaching crisis and the associated challenges that the KSB and the ministry of agriculture have failed to resolve to date.

That the poaching crisis has also resulted into violence between those who are involved or abetting the catastrophe and those who are opposed to it to protect the region's only cash crop and economic backbone in which scores of lives have been lost and injured including police officers as well as destruction of property.

That the worst hit sugar companies by the crisis since 2011 are the country's leading sugar producer, Mumias Sugar Company in Kakamega County, Nzoia Sugar Company in Bungoma County and Butali Sugar Company also of Kakamega County – but the centre of it is Busia County.

That the worst aspect of the whole business is the fact that the most affected sugar producing companies have contracted farmers to supply them with sugarcane while West Kenya which

That since its inception in 1976 over the decades Mumias Sugar Company proved itself to be the best performing company in the country even when it was a state corporation producing more than half of the country's sugar needs, a fact that highly qualified it for privatization – then why should its performance suddenly drop when it is faced with a sugarcane poaching crisis from its contracted farmers that the KSB and the government have failed to stamp out?

### WHY SMUGGLED SUGAR MUST BE BANNED

That there is an urgent need to immediately ban the smuggling of cheap imported sugar into the country's markets.

That the cartels who are involved in the smuggling process must be broken and if in possession of any import licenses, they should be immediately revoked and the licensing authority put to account.

That because of these imports, stockpiles of unsold sugar in the country's sugar millers is reaching alarming proportions standing at more than 20, 000 tonnes as at the beginning of August and increasing daily.

That unless these cheap smuggled sugar is effectively prevented from flooding the Kenyan market by all government law enforcement agencies, they are a dangerous threat to the survival of the country's sugar industry

That the outlook of the sub-sector threatened with smuggled cheap imports, faced with a wide range of other regular operational challenges, without high sucrose and fast maturing cane, high costs of production and a looming expiry of the COMESA safeguards – the survival of the industry is bleak.

That the smuggled sugar is benefiting profiteering cartels and personalities behind it but also a deadly threat to the government's tax revenue from the sub-sector and the livelihood of millions of Kenyans who depend on it both directly and indirectly.

That the other direct beneficiaries of the smuggled sugar are the economies of the countries' of origin and NOT the Kenyan economy that must be protected at all costs.

### VESTED INTERESTS

That Corporate organizations, personalities and public figures with vested interests should be made to come clean and publicly declare their interests

That they should be forced not to use their positions to adversely influence the smooth operations of the sugar sub-sector for their individual gain or corporate profit.

That licenses issued to such corporate organizations or individual should be immediately revoked and the individuals or corporate organizations indicted for legal action and eventual ban from involvement in any business in the sub-sector.

### BACKGROUND

The Genesis of the cane poaching crisis in Western Kenya region became public in August 2011 (see newspapers cuttings attached) when the WEDIA blew the whistle that there were secret plans to sell more than 800 acres of land meant for the construction of a sugar factory and a nucleus sugarcane estate in Busia County.

It is in this letter and the accompanying Busia Sugar Zone Miller Registration Applications Appraisal Report (*see copies attached*) that KSB disqualifies West Kenya Sugar Company among others as having failed to meet the Board's requirements to qualify for the above.

Stating that: "The applications by West Kenya and Kaplony were incomplete and did NOT satisfy the requirements for Mill registration. The successful applicant is expected to make quick progress with Environmental impact assessment and other legal requirement before obtaining full registration"

Then why does NEMA in the above mentioned advertisement in the Daily Nation give West Kenya credibility in consideration of the factors stated here to which NEMA and the KSB are completely aware of? Who is fooling who?

### DAMNING QUERIES

The critical questions here are why did the KSB go ahead to act contrary to its own regulations? Why has it failed to act decisively against and to end the sugarcane poaching crisis? Why has the board failed to act against West Kenya when it knows that since inception the company does not have any contracted farmers to supply it with sugarcane for processing as required by the Sugar Act?

Why did the KSB give West Kenya Authority to construct a sugar Mill at Matayos area of Busia County knowing its questionable background in the industry? Why it had to leave the National Environmental Management Authority (NEMA) to intervene to save the situation? Why the Board and NEMA are still entertaining the same company for consideration to secure license to "allegedly" construct a factory at Olepito where it has a weighbridge that is constructed on a natural wetland?

### LICENSE NULLIFICATION CALL

That the government's recent move to ban the issuing of fresh licenses in the sugar industry is welcome, but it must be sustained and some old existing licenses issued by the KSB and the ministry of agriculture cancelled with immediate effect.

That for instance, there is the thorny equation of the KSB approving/registering three companies to construct sugar factories in Busia County - with an open ended option as to who builds one first contrary to the Sugar sector regulations. This brings into question the Board's competence as such a move only adds fire to a critical situation that desperately needs to be salvaged.

This must be immediately nullified and new applicants called for from which only those impeccably qualified must be short-listed and the KSB recommend a single applicant to do the job, and NOT leave the option wide open as to who puts up the mill first.

The issue here is that stakeholders in the Sugar industry not only in Busia County, but also throughout the region want investors who have highly substantial investment portfolios and commitment to invest in the business as a serious entity that can survive the COMESA imports after the expiry of the safeguards.

That a company like West Kenya Sugar, despite having NO contracted sugarcane farmers to its name in Bungoma and Busia Counties it acquired three licenses for sugar factory construction in Kiminini, Matayos and now looking for the third for Olepito all in Western Kenya under

### ESCALATING DEGENERATION

As things continue to degenerate, West Kenya was awarded license by the KSB to construct a sugarcane weigh bridge at Olepito near Tangakona on the Busia – Kakamega high way that became and remains the nucleus for handling poached sugarcane on transit to West Kenya's factory in Kabras in Kakamega County more than 100 kms away.

The situation has become so bad that has violence erupted repeatedly in which several people have lost their lives and others injured including policemen in Kakamega, Busia and Bungoma Counties as the battle for high stakes in the country's sugar sub-sector takes centre stage.

Brokers have not been left out of the fray and indeed they were quick to jump onto the gravy bandwagon to make a quick killing by buying sugarcane at throw away prices from the farmers and selling it out at a profit – thus leaving the farmers straddled with loans they secured to produce the crop begging to be paid.

By July 31, 2013 the poaching crisis had degenerated to the extent that poachers are targeting under-age sugarcane of less than seven months after the apparent depletion of mature cane of 18 months and above. This clearly spells doom to the sugar industry in the region since there will be completely no mature sugarcane for processing since under-age cane is being destroyed at the moment.

Ironically despite the obvious threats that could lead to the total collapse of the sub-sector range on, the KSB which is supposed to assert its authority in maintaining sanity in this area has remained silent.

Also on the spot are leaders from Kakamega, Busia and Bungoma Counties whose residents' only major economic backbone and cash crop is sugarcane with farmers warning that as the poaching threatens the sub-sector with collapse their future as leaders is also at peril for failing to protect the industry.

It is from this background, knowledge and the ongoing escalating activities on the ground that WEDIA and sugar industry stakeholders from the region are appealing through this petition to the highest authorities of the land in the Republic of Kenya to intervene and save this very critical and highly important sector of the country's economy from total collapse because of just a few errant institutions and organizations.

7<sup>th</sup> February, 2013

nema

PRESS STATEMENT

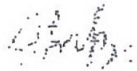
WEST KENYA SUGAR COMPANY

I wish to correct some reports appearing in our local dailies that NEMA has rejected the proposal by West Kenya Sugar Company to set up a sugar factory in Busia County as totally false and misleading. The facts are as follows:-

1. That West Kenya Sugar Company is in the process of preparing full study report as requested by NEMA.
2. That the Mr. Joseph Musiele who is purported to have made the remarks in stakeholder forum (Busende) as the county director was not me (Ezekiel Moseri) since I was attending a different forum in Kisumu on water hyacinth

From the foregoing, I wish the information be treated with the contempt it deserves and also urge the media houses to authenticate their sources of information stories before they are published.

Thanks



EZEKIEL MAHANYA MOSERI  
COUNTY DIRECTOR OF ENVIRONMENT  
BUSIA COUNTY.

5.	Nyandarua Sugar Company Ltd	Sugar	3000 TBD	Kirima, Nyandarua District, Central province	This is the first expression of interest in Tropical Beet. There is need to establish the potential in Nyandarua and elsewhere in the country.
----	-----------------------------	-------	----------	--	--

\* Does not include jaggery mills cane demand  
 \*\* May increase if investor 4 makes an application

### 3.0 KEY FACTORS THAT DETERMINE ISSUANCE OF REGISTRATION APPROVAL FOR NEW SUGAR MILLS.


- i. Demonstrated Human Resource and financing capacity by the applicants.
- ii. Availability of adequate potential for cane production to support intended investment.
- iii. Approval for the project by District Development Committee at the minimum.
- iv. A positive Environmental Impact Assessment Study and accompanying licensing.
- v. General concurrence with the MoA that the proposed growing of cane in the target area is in harmony with the agriculture land use policy for the area. ~~Such concurrence is obtained through a joint review of the application on cane production matters.~~
- vi. Capacity and potential of existing sugar millers in a given area already registered by the Board

### 4.0 WORK DONE

The Board has initiated consultations with the MoA with a view to preparing a joint detailed report on the cane production potential of Western, Nyanza and Central Provinces (and the suitable adjoining areas) to support additional capacity for sugar milling. The joint report is expected to inform Board decision on the applications to set up new sugar mills in the area. The study will be conducted during April 2011.

### 5.0 REQUEST TO THE BOARD

To note the ongoing efforts by Management to address the unprecedented interest by investors to set up new sugar mills in Western, Nyanza and Central Province and give further guidance on the matter.

  
 S O ODERA  
 AG. CHIEF EXECUTIVE OFFICER

#### 4.1 Africa Polysack Limited (APL)

This was the earliest applicant entity among the four. Africa Polysack Limited is a private limited liability company, which was incorporated on 11<sup>th</sup> Dec, 2003. The principle activities of the company were to carry out the business of growing cane, manufacturing and refining of sugar and processing of residues of sugar and sugarcane. The Company was to also be involved in the wholesale and retail of such products. The Company was incorporated with a share capital of Kshs. 100,000 divided into 1,000 shares of Kshs 100 each. The current shareholders are Ms. Ali Ahmed Taib and Abubakar Salim who each hold 50% shares.

##### 4.1.1 APL's Tentative Development

The company has submitted a copy of their Feasibility study report and a year 2000 Busia sugar company development plan drawn by Booker Tate in which they expect to start producing sugar in the second half of 2013 at a crushing rate of 2,500 TCD at a conversion ratio of 9 tonnes of cane for a tonne of sugar which is better than the industry target of 10. The amount of sugar produced is expected to be 90,000 tonnes per year. This development plan is based on the following assumptions:

- Government will approve and issue necessary approvals by December 2011;
- Although the Company will provide about Kshs. 1,000,000 million to farmers for cane development, cane development shall be left in the hands of outgrowers who will be expected to gradually increase cane supply in response to the factory's capacity.

#### 4.2 Mundika Sugar Company Limited - Ownership and Management

The second applicant, Mundika Sugar Company Limited, is promoted and sponsored by Cherry Sugar Investment Limited who claim to have their origin in Mauritius. The applicant's shareholders are Cherry Sugar Investment Limited (99.9%) and Mr. Elka Motanya (0.1%). The principle activity of the company will be to carry out the business of growing cane, manufacturing and refining of sugar, generation of power and production of Kraft paper, from bagasse.

Total financing required: (including initial working capital requirements) on a 60:40 basis between owner's equity and debt. It is noted that the project costing and availability of funding has not been conclusively demonstrated in Draft Feasibility Report.

### 6.3. West Kenya Sugar Company Limited

This applicant has yet to submit a formal application.

### 6.4 Kaplony limited

This applicant has yet to submit a formal application; moreover the transactions on the land identified for this project are under legal objection. Indeed attempts were made to irregularly transfer the land to the applicant.

## 7.0 CONCLUSIONS

### AFRICA POLYSACK LIMITED

- The feasibility study presented by APL to produce mill white sugar demonstrates the viability of the Busia Sugar Project.
- The sourcing of raw materials may have an effect on the operations of Mumias Sugar Factory given their (APL) expansion plans.
- The project if implemented will deliver on the objectives of the failed BSCL and will uplift the economic standards of the farming community in the zone by providing a ready and nearby market for their cane crop while creating additional employment.

### MUNDIKA SUGAR COMPANY LIMITED

- The Draft business plan presented by CSIL for Mundika Sugar Company to produce mill white sugar demonstrates viability of the project has not been finalised.
- The sourcing of raw materials may affect on the operations of Mumias Sugar Factory.
- The project if implemented will uplift the economic standards of the farming community in the zone by providing a ready and nearby market for their cane crop while creating additional employment.

### WEST KENYA SUGAR COMPANY LIMITED AND KAPLONY LIMITED

The applications by West Kenya and Kaplony were incomplete did not satisfy the requirements for Mill registration.

		the project would be renamed Nasewa Sugar Mills Limited.		
Pan African Millers Limited  Locally incorporated Company owned by Rishi & Kaushik Ramiklal Panchmatla on 50/50 basis.	3 <sup>rd</sup> October 2011.	Formal KSB application forms submitted supported with:  Brief Feasibility Report. Certificate of incorporation. Indicated site (Bukhayo/Matayos/287/3071/3070/2812/289 not supported by title copies but about 7km from Nasewa on Tarmac Road.	3000 TCD Sugar Company expandable to 5000 TCD. Total investment placed at Ksh.7.4 billion.  Cane development programme not clearly spelt out.	Was the latest applicant to show interest for Busia.

<p>West Kenya Sugar Company. Local Sugar Company owned by the Rai family running a 2500-3500 TCD factory in West Kenya.</p>	<p>29/08/2011</p>	<p>costed at Ksh. 407 million. • Feasibility Report</p>	<p>Single page letter as at 29/8/2011. Subsequently request of KSB the following documents were submitted on 14/11/2011:</p> <ul style="list-style-type: none"> <li>• Formal application documentation.</li> <li>• Feasibility Report</li> </ul>	<p>Initially based on 1250 old plant replaced at West Kenya Sugar Company during its expansion programme.</p> <ul style="list-style-type: none"> <li>• Further expansion to 2500 TCD and finally 5000TCD to be undertaken gradually.</li> <li>• 20 MW cogen plant to be installed after attainment of 2500 TCD.</li> </ul>	<p>or purchase lawyers for the land purchase.</p> <p>West Kenya Sugar Company has 2500-3500 plant in West Kenya at Mqlava.</p> <p>Holds a mill registration certificate for Bilibill site near Khamukhya in Bungoma District.</p>
<p>Kaplony Limited Locally incorporated company owned by Harminder S Saini and Sukhwinder S Chattle who are associated with Kibos Sugar &amp; Allied Industries in Kisumu.</p>	<p>02/09/2011</p>	<p>Formal KSB application forms, supported with brief, Feasibility report, Certificate of Incorporation, Articles of Association, Draft EIA Study, Land sale Agreement with MSC for Bukhoyo/ Nasewa/1500</p>	<p>In a subsequent letter dated 9/11/2011 principals advised that</p>	<p>2500 TCD Sugar Company. Products stated as sugar fortified sugar and molasses. Land identified LR Bukhoyo/Nasewa/1500 upon sale from Muhias Sugar Company.</p> <p>*It is noted that the land has since been reverted back to old Busid Sugar Company and title now held by Sugar Board.</p>	<p>Kaplony Ltd has begun a the sale of false sale of Bukhoyo/ Nasewa/1500 entrusted to MSC but is deemed Government Land.</p>



National Environment Management Authority  
Papo Road, off Mombasa Road, P.O. Box 67839-00200, Nairobi, Kenya, Tel: (254 020) 506572, 601944, Fax: (254 020) 608957  
E-mail: [dnema@nema.go.ke](mailto:dnema@nema.go.ke), Website: [www.nema.go.ke](http://www.nema.go.ke)

**NOTICE TO THE PUBLIC TO SUBMIT COMMENTS ON AN ENVIRONMENTAL IMPACT ASSESSMENT STUDY REPORT FOR PROPOSED 1250 TCD SUGAR PLANT AT OLEPITO VILLAGE, TANGA KONA AREA IN BUSIA COUNTY**

Pursuant to Regulation 21 of the Environmental Management and Coordination (Impact Assessment and Audit) Regulations, 2003, the National Environment Management Authority (NEMA) has received Environmental Impact Assessment Study Report for the above proposed project.

The Proponent, (West Kenya Sugar Company Limited), is proposing to construct a sugar factory comprising of the following: Mill House, Boiling House, Clarification House, TG Hall, Boiler area, Workshop, Store, Spray pond/Cooling Tower, Sugar Go-down, Generator Room, Molasses Tank, HR office, Sales office, Engineering office, MFG office/Lab, AC/Cooling, Auto Workshop/Auto store, Switch Board, Bagasse store, Fire Station, Medical Centre, Car Parking, Time office, Agricultural office, Administrative office, Cane Yard, Canteen, Distillery, Water Treatment Plant, Raw Water Tank for Sugar Plant, Raw Water Plant for Co-gen, Weighbridge/Transport office, Diesel Tank, and an Effluent Treatment Plant.

The following are the anticipated impacts and proposed mitigation measures:

Anticipated Impacts	Proposed Mitigation Measures
Noise pollution & vibrations	<ul style="list-style-type: none"> <li>Adhere to manufacturer's specifications and use of modern technology machines.</li> <li>Provide ear protection devices for the workers operating the machines.</li> </ul>
Off-site impacts when transporting machinery	<ul style="list-style-type: none"> <li>Transport the machinery in serviced vehicles.</li> <li>Pour water continuously to reduce the dust levels on the road heading to the factory or make a more permanent road.</li> <li>Transport where possible off-peak to avoid traffic inconveniences and possible high risk accidents.</li> <li>Use of qualified and experienced driver to transport the machinery to the factory.</li> </ul>
Dust pollution	<ul style="list-style-type: none"> <li>Provide and enforce the use of dust masks by workers at the site.</li> </ul>
Occupational health and safety hazards	<ul style="list-style-type: none"> <li>Observe occupational health and safety measures.</li> <li>Train workers on Occupational Health and Safety and enforce use of Personal Protective Equipment (PPE)</li> <li>Install First Aid kits at the premises.</li> <li>Maintain data-base for material safety data sheets for all inputs. Make it available to key personnel.</li> <li>Install emergency showers.</li> </ul>
Fire hazards	<ul style="list-style-type: none"> <li>Install fire extinguishers and fire hydrants at high risk zones at the factory premises.</li> <li>Formulate fire evacuation procedures.</li> <li>Come up with a fire assembly point.</li> <li>Conduct regular fire drills.</li> </ul>
Solid waste generation	<ul style="list-style-type: none"> <li>Segregate the wastes.</li> <li>Use bagasse from the cane as fuel for steam and power generation.</li> <li>Use filter and dry lime from the juice clarification processes to make a soil conditioning product for agricultural land.</li> <li>Use compost organic solids from press mud to make high quality organic manure for agricultural production.</li> <li>Come up with proper waste management strategies such as incineration of waste papers, recycling of waste water and composting of vegetable wastes.</li> <li>Convert beet pulp into cattle feed.</li> </ul>
Accidents and insecurity	<ul style="list-style-type: none"> <li>Employ day and night security guards; install security lights, alarms and a strong perimeter fence (preferably electric).</li> <li>Build capacity on safe working procedures.</li> <li>Have first aid kits.</li> </ul>
Dust generation and particulate matter	<ul style="list-style-type: none"> <li>Determine inventory of cane mill dust generation to determine surplus dust available.</li> <li>Use wet scrubbers to remove dust from drying and cooling of sugar.</li> <li>Reduce fugitive dust from roads and areas by cleaning and maintaining a sufficient level of humidity.</li> <li>Install ventilation systems with filters on transport systems for dry sugar and on sugar packaging equipment.</li> </ul>
Noise pollution	<ul style="list-style-type: none"> <li>Conduct noise mapping.</li> <li>Provide workers with noise protection gear.</li> <li>Observe the frequency of the sound, time of the day and time duration especially if it affects the areas surrounding the factory.</li> </ul>
Poor house keeping	<ul style="list-style-type: none"> <li>Ensure the floors are dry at all times and proper drains are made for the waste water after cleaning or even in case of a spill during operation.</li> <li>Axes should be well labeled and designated to give direction to the visitors and even serve as a reminder to the workers and even storage areas.</li> <li>There needs to be proper lighting in the work area to avoid accidents due to poor visibility of the room.</li> </ul>
Air pollution	<ul style="list-style-type: none"> <li>Undertake fuel gas analysis for the boilers.</li> <li>Increase number of trees on the site as carbon sequestrators.</li> <li>Conduct continuous stack gas analysis.</li> <li>Undertake volatile organic carbons (VOC) measurement.</li> </ul>
Waste water discharge	<ul style="list-style-type: none"> <li>Apply for effluent discharge license from NEMA.</li> <li>Install a waste water pre-treatment facility.</li> <li>Treat and reuse the waste water generated.</li> <li>Construct a proper wetland.</li> <li>Protection of aquifers and the water table from ingress of pollutants.</li> </ul>
Oil spills	<ul style="list-style-type: none"> <li>Provide oil interceptors along the drains from probable sources of oil contaminants.</li> <li>Ensure all machinery is in top condition to avoid leakage.</li> <li>Bundle and roof all hazardous chemical storage areas.</li> <li>Install central waste oil collection system for safe disposal.</li> <li>Keep records for waste oil disposal.</li> <li>Install oil interceptors.</li> <li>Bundle all oil containers and store them away in a safe room.</li> </ul>
Energy consumption	<ul style="list-style-type: none"> <li>Conduct an energy audit to yield an efficiency enhancement program.</li> <li>Develop performance indicator for energy consumption.</li> <li>Use waste fiber from the cane as fuel for steam and power generation.</li> <li>Ensure that the bagasse moisture level is below 50% before it is used as boiler fuel.</li> <li>Reduce vapor from vacuum pans for heating water and juice.</li> <li>Ensure even energy consumption by management of batch processes (e.g. centrifuges, vacuum pans) to schedule energy demand and equalize steam demand on the boilers.</li> </ul>

The full report of the proposed project is available for inspection during working hours at:

- Permanent Secretary, Ministry of Environment, Water and Natural Resources, NHF Building, Community Area, P. O. Box 30126 - 00100, NAIROBI
- Director General, NEMA, Papo Road, off Mombasa Road, P. O. Box 67839-00200, NAIROBI
- County Director of Environment, KAKAMEGA COUNTY

A copy of the EIA report can be downloaded from [www.nema.go.ke](http://www.nema.go.ke)

NEMA invites members of the public to submit oral or written comments within thirty (30) days from the date of publication of this notice to the Director General, NEMA, to assist the Authority in the decision-making process for this project. Kindly quote Ref. No. NEMA/EIA/S/21/015

Comments can also be e-mailed to [dnema@nema.go.ke](mailto:dnema@nema.go.ke)

Signature: \_\_\_\_\_

M. Langwen  
OR DIRECTOR GENERAL

(Seal)

This advertisement is sponsored by the proponent.

## FAIRPLAY

# Turf wars expose Sugar Board as incompetent

Caught out:  
The wrangles  
between Mumias  
and West Kenya has  
exposed weaknesses  
of the KSB to  
manage the sector

By LUKE ANAMI

Turf wars between West Kenya Sugar Company and Mumias Sugar Company Ltd over who should harvest cane in Busia Zone has exposed the inadequacy of the Sugar Act. It has also unearthed the weaknesses hampering the Kenya Sugar Board from governing and addressing issues affecting the sub-sector, even as the farmers pay the ultimate price.

The debacle began when High Court overturned a Sugar Arbitration Tribunal ruling allowing West Kenya to harvest cane in Busia — a ruling that favoured Mumias. On September 11, High Court issued a temporary injunction restraining West Kenya, their agents and employees from soliciting for sugarcane, posing with lorries for purposes of purchasing sugarcane and ferrying any such sugarcane from Busia Zone to West Kenya mills.

In the ruling, West Kenya was also warned against running, operating and activating any weighbridge of sugarcane within the Mumias Outgrowers Zone. But in what looks like a shifting of goalposts, West Kenya has trashed the High Court Order restraining its operations in Busia. In paid up media reports, West Kenya contends that only the Sugar Arbitration Tribunal had the exclusive juris-

dictions to hear and determine such cases.

The tribunal had earlier on July 20 made a ruling that granted West Kenya a blank check to continue operations in Busia without necessarily seeking to address the underlying issues of unease between the two millers.

### NOT EXIST

West Kenya insists it operates on the basis of the position of the regulator (KSB) that zones do not exist.

"Accordingly, there is neither a Mumias Out grower zone nor a Busia Sugar zone and according to that position by the High Court and the KSB. The sugar industry has been liberalised... allowing millers to compete with each other for cane supply," reads an ad-

### Stalemate

Mumias insists they are the rightful millers to harvest cane in the Busia zone as per an agreement reached in 2006.

Farmers recruited by Mumias

20,000

vertisers announcement West Kenya placed in *The Standard* on October 11.

As a result of this state of affairs, Mumias Sugar Company, through its lawyer Gregory Ombito has filed an application asking the High Court to hold the management of West Kenya to be in contempt of the court.

In a sworn affidavit, Mumias insists they are the rightful millers to harvest cane in the Busia zone as per an agree-

ment reached at in 2006.

According to the affidavit, the arrangement was necessitated by failure to construct a milling plant in the region as had been planned. This left farmers in the region with no market for their crop.

As Mumias says it filled the gap in the interim, by recruiting more than 20,000 farmers, who have active and running contracts with the miller to date. While all this drama plays out, the Kenya Sugar Board (KSB) has been seen as incompetent and somewhat at odds with the Sugar Act. Specifically, the Board is on the spot for not following the guidelines about the distance between one miller from the other.

Kenya Sugar Board (KSB) has been seen as incompetent and somewhat at odds with the Sugar Act. Specifically, the Board is on the spot for not following the guidelines about the distance between one miller from the other.



DOMINIC ODIPO } SECTOR CHAOS

# Unmask shadowy face(s) behind sugar woes

“Take notice that the National Environment Tribunal (NET) has received an appeal from Mumias Sugar Company Ltd., Musa Mahero, Columbus Shaiundu and John Were against your decision to operate a weighbridge at Olepito without the benefit of an EIA licence from NEMA.”

“Take further notice that Section 129(4) of EMCA states that ‘upon any appeal to the Tribunal under this section, the status quo of any matter or activity, which is the subject of the appeal, shall be maintained until the appeal is determined.’”

“The purpose of this letter, therefore, is to direct that all activities relating to the appeal in question must be stopped until the appeal is heard and determined by the Tribunal.”

This letter from the National Environment Tribunal (NET), dated October 18, 2012 was addressed to the managing director, West Kenya Sugar Company Ltd of Shamberere, South Kabras, Kakamega. Its contents are, as you can see, self-explanatory:

Yet, by yesterday morning, anyone who passed by Olepito near Tanga Kona on the Busia-Mumias road, will have noticed that the weighbridge, which is the subject of this stop order, was fully operational. None of the activities relating to the appeal in question had been stopped pending the hearing and determina-

tion of the appeal by the Tribunal.

Four inter-related questions arise here: First, how was West Kenya Sugar, a company based almost 100 kilometres from this spot, allowed to set up a weighbridge for the collection of sugar cane here?

Two, how did this company which was originally disqualified by the Kenya Sugar Board from setting up a sugar factory in Busia County, later mysteriously allowed to set up a weighbridge here, without even the mandatory licence from the National Environment Tribunal?

Three, why has this sugar company been openly and publicly defying orders duly issued by this tribunal?

And last but probably most important: If West Kenya Sugar Company can openly and publicly defy the orders of this tribunal at this stage, what guarantee can anyone have that, should the situation arise, it will obey any orders handed down by the High Court or any other court or tribunal?

Impunity in this country manifests itself in many different ways. Most of the time when we here the I-word, we quickly begin thinking of its political dimensions. Yet what is now happening in the sugar sector in western Kenya is undoubtedly unbridled economic impunity of the worst and most dangerous kind.

Unless our courts move in as

quickly as possible to stamp it out, other companies within or outside the sugar sector, will take a leaf from West Kenya's book and take off on their own rogue tangents.

Since we wrote about this matter in this column at the beginning of September, at least one person has been killed and scores seriously injured as rowdy youths pushing the West Kenya agenda battle with all and sundry to forcefully transport sugar cane, which they never developed, all the way from Busia to the West Kenya mill in Malava,

## ORDINARY FARMER

At least 30 tractors transporting sugar cane have been destroyed or impounded in this region and millions of shillings worth of sugar cane lost as the Kenya Sugar Board, the industry regulator, either haplessly or strategically, watches from the sidelines. Only our courts, it now appears, stand any chance of bringing back any semblance of order and sanity in this sector.

To so openly defy a lawful stop order such as the one issued by the National Environment Tribunal, one needs to have some very powerful people in the background pulling and shoving for him.

Over the eight months during which the Olepito weighbridge has been operational, it has become clear that



“Only courts, it now appears, stand any chance of bringing back any semblance of order, sanity. To openly defy a lawful stop order such as the one issued by the Tribunal, one needs to have some very powerful people in background.”

ber of heavy hitters, both at the local and national levels, who are playing on West Kenya's side of the court in its sugar warfare with both Mumias and Nzola sugar companies.

Who are these people and why are they being allowed to directly or indirectly push West Kenya into openly defying lawful orders?

What is their real interest in this unfolding sugar sector chaos? Do they stand to make millions of shillings for themselves as the ordinary sugar cane farmer in western Kenya, especially Busia County, is crucified at the cross of a few brokers and intermediaries working in cahoots with West Kenya?

As we wrote in our last piece on this subject, COMESA protective sugar tariffs will be abolished in 2014, only slightly more a year away. Instead of streamlining and rationalising our sugar sector's production costs so that we can compete with the likes of Zambia and Mozambique, we are letting chaos rule in the sector, thus driving up production costs and making Kenyan sugar uncompetitive in the region.

Since no one else appears to be acting, let our courts step in and sort out this mess as the Constitution mandates them to do. ■

The writer is a lecturer and consultant

## Palaver

Politics and politicians' utterances provide fodder that make columns such as this one thrive. Remember Kalonzo Musyoka who landed at JICA only to find a storm over his head or other imaginary sore throat?

He then vehemently denied having lost

his voice and wondered why he had a new 'spokesman' defending a real or imagined

Mou? Then

comes fellow presidential aspirant Peter Kenneth who has always sought to chart his own political course, away from the euphoria-laden mainstream. Hear him: “Why is a certain unnamed fellow offering me jobs I have not applied for? Read my lips: Kenneth For Prezzo!” Hope the headhunters hear him clearly this time round.

Psst... apparently there is no longer a so-called Luo Nation. They now prefer to be referred to as Luo people and posit that a Goro-Makia win in the Kenya Premier League broadcast by *SuperSport* will be closely followed by a Nyangoma-Kogelo triumph in the US balloting tomorrow. Then only one more win will be awaited in March next year. Indeed, optimism knows no bounds.

Good morning

## Shughuli za kawaida zarejelewa bandarini

**WAZO**

Na MASHIRIKA

SHUGHULI katika bandari ya Kismayu, Somalia, zimeanza kurudi katika hali ya kawaida baada ya wanajeshi wa Kenya kuteka mji huo kutoka kwa Al-Shabaab majuma mawili yaliyopita.

Wanajeshi wa Kenya wamesema kuwa kuna amani dasi katika eneo

hilo. Umuhalo ulikuwa ngote ya magaidi hao hucy wakazi wakionba marufuku ya makaa. Iliyowekwa na Umoja wa Mataifa ionelewe.

"Shughuli katika bandari zimeanza kurudi kama kawaida huku marufuku ya biashara ya makaa ionelewe," afisa wa KDF alisema.

Kulingana na Umoja wa Mataifa, biashara hiyo ya makaa ndio iliyumika zaidi na Al-Shabaab kujipatia mapato.

## Mwanafunzi aaga dunia kabla ya kufanya mtihani

**WAZO**

Na TITUS OMINDE

HALI ya huzuni ulitanda katika shule ya upili ya Friends Binyenje wilayani Likuyani baada ya mtahniwa wa kidato cha nne shuleni humo kuzitai na kufaviki.

Mwanafunzi huyo alifariki siku moja tu kabla ya kuanza mtihani wake wa kitaifa wa KSCCE.

Inadatiwa kwamba mwanan-

funzi huyo amekuwa akiugua ugonjwa wa moyo na huenda kupanda kwa msukumo wa damu kutokana na maandalizi ya mtihani kulichangia mauni yake.

Kulingana na mwalimu wa somo la Kiswahili shuleni humo Bw Walter Omudokolo ni kwamba kifo cha marehemu kiliwathiri wanafunzi wengi kisaikolojia.

Bw Omudokolo alisema itabidi wanafunzi haswa watahiniwa wa kidato cha nne kufanyiwa ushauri nasaha.

# Visa vya wizi wa miwa vyakithiri

**WAZO**

Na JOHN SHILITSA

WAKUZAJI miwa katika Kaunti ya Kakamega wanapata hasara kubwa kutokana na wizi wa mazao yao yaliwa mashambani.

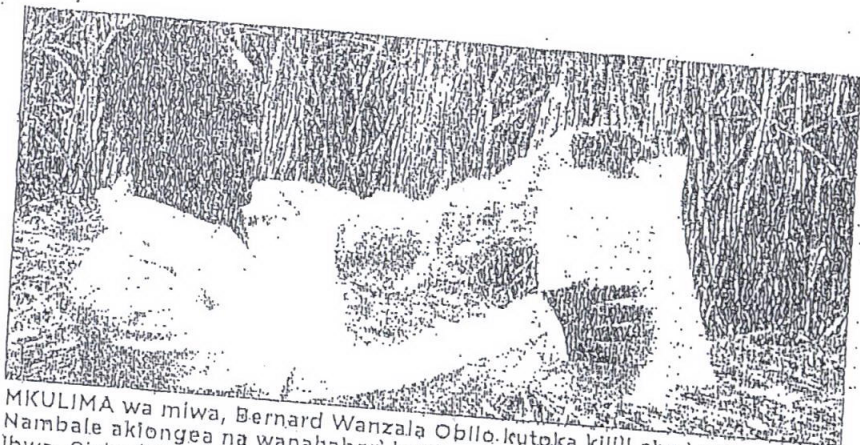
Uchunguzi uliofanywa na Taifa Leo ulionyesha kuwa wezi hao wanawalaghal wakulima kwa kujifanya kuwa manjenti wa kiwanda kimoja cha sukari eneo hilo.

Mmoja wa wakulima hao, Bw Bernard Wanzala Obila kutoka kijiji cha Lwanyange, Wilaya ya Namibale alisema aliwafumana wezi hao wakikata miwa shambani mwake.

"Nilifahamishwa na jirani alifajiri Jumatano kwamba kulikuwa na watu walijokua wakivuna miwa shambani mwangu. Nilipofika huko nilipata wamekata kiasi kikubwa cha zao hilo. Nilikimbia polisi kupiga ripoti na ndipo wezi hao wakatoroka," alisema.

Kufuatia wizi huo, Bw Obila na wakulima wengine wameeleza hofu ya kushindwa kulipa mikopo wanayodatiwa na kampuni ya sukari ya Mumias na hivyo mali yao kutwaliwa.

"Mumias waliitilia shamba na baadaye



MKULIMA wa miwa, Bernard Wanzala Obila, kutoka kijiji cha Lwanyange, Namibale akiingia na wanahabari katika shamba lake ambako miwa iliyibwa. Picha/JOHN SHILITSA

wakanipa mbegu na mbolea, gharamba ambayo ningelipa baada ya kuuza miwa ambayo imebwa," alisema Bw Obila.

Naye Bw Phillip Alukaka Ochieng pia kutoka kijiji cha Lwanyange alishangaa baada ya watu walitokuwa wamemitaka awauzie miwa yake kulivamia shamba lake na kukata miwa hiyo bila kujulisha tena.

"Nilishangaa kupata miwa imekatwa na tayari imevekwa kwenye lori kubwa...

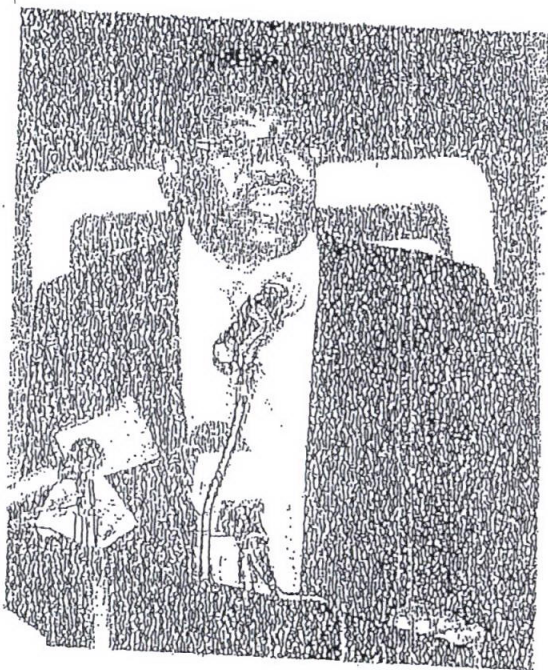
tani 30, na nijipajaribu kubishana walihitu-  
pla Sh8,000 na wakiondoka," alisema Mzee  
Ochieng.

Alisema alitarajia kupata Sh12,000 ikiwa  
angeza miwa hiyo kwa harropuni ya...

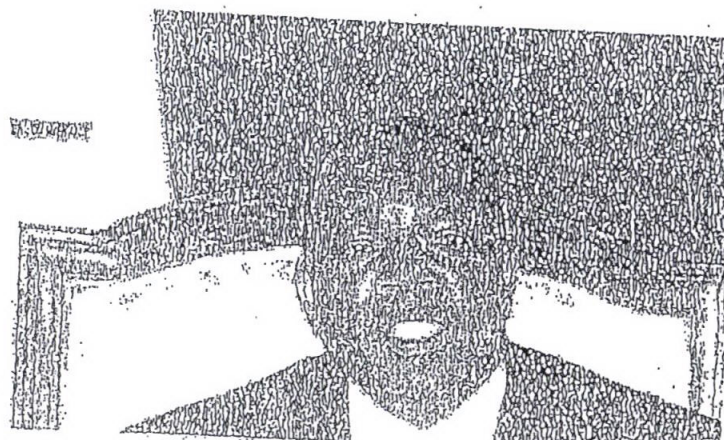
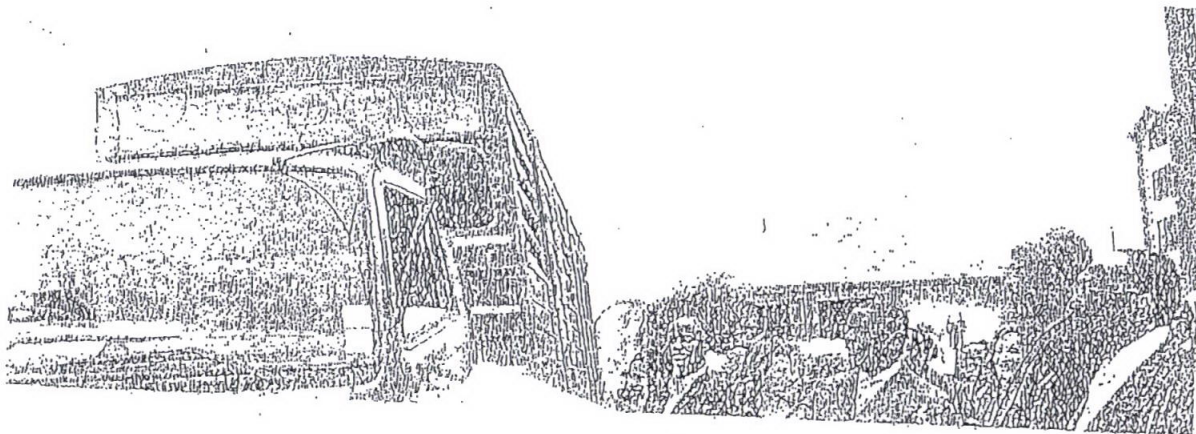
Wakazi hao sasa wanayataka  
manjisa wa polisi kuchukua hatua  
zi kuzulu wizi zaidi wa miwa.

Walisesema huenda wakanazimika  
kuacha kuuza miwa...

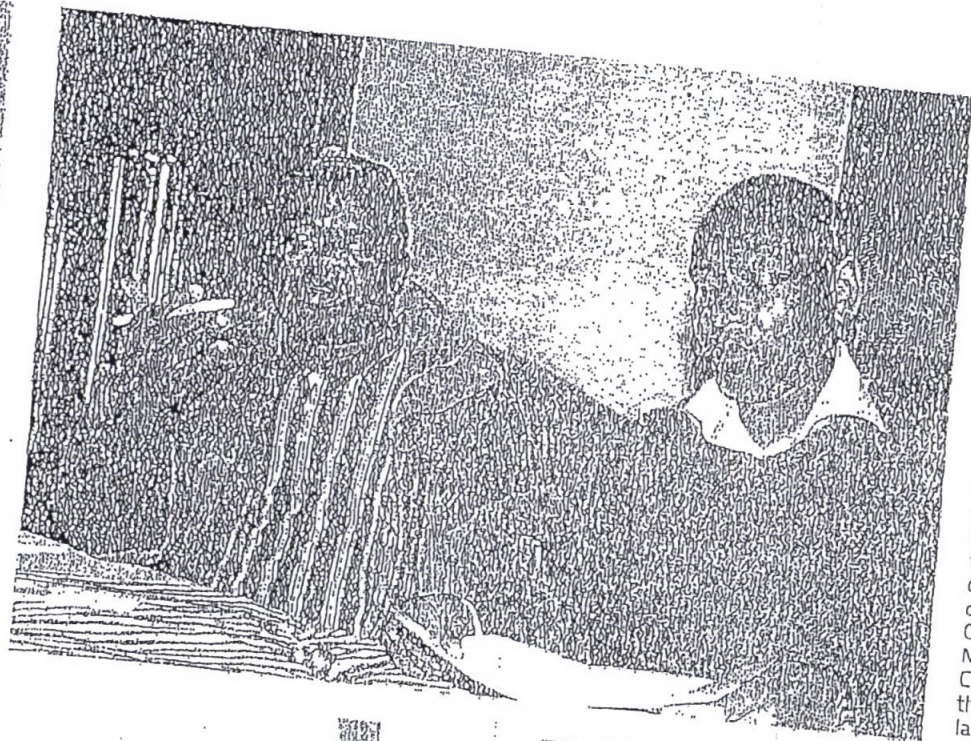
**GOOD NEWS:**  
Co-operative Bank  
of Kenya Manag-  
ing Director Gideon  
Murluki addressing  
the press on the  
firm's profitable  
performance for  
the first six months  
of the year.



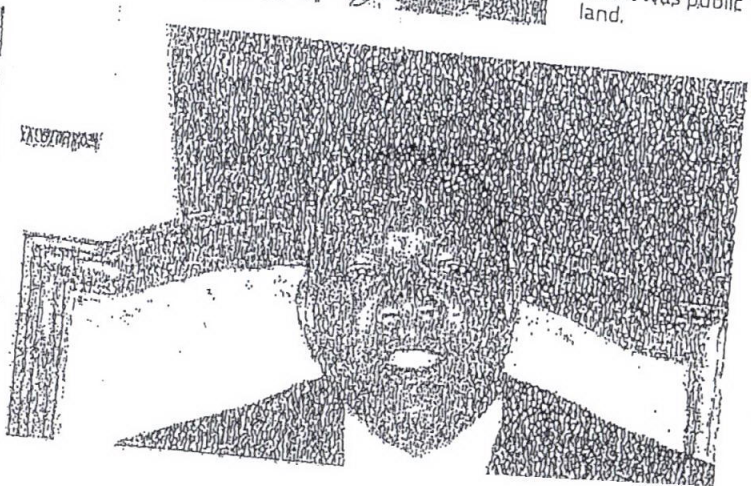
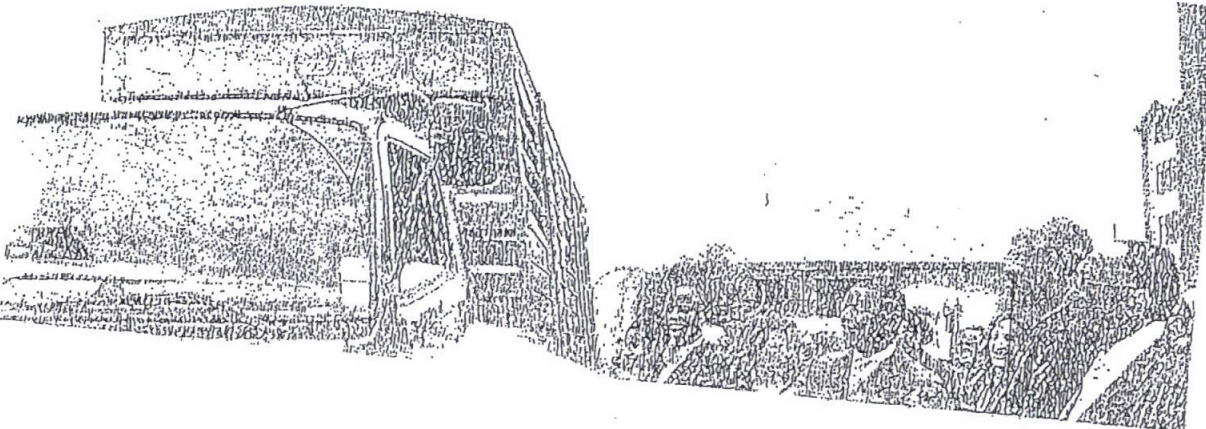
**PROTEST:**  
Civil Rights activist  
Okiya Omtatah  
(left) flanked by  
the Vice-Chairman  
of the Western  
Development  
Initiative Associa-  
tion Joseph Barasa  
address the press  
at the National  
theatre where they  
objected the sale  
of Busia Sugar  
Company land by  
Mumlas Sugar  
Company claiming  
that it was public  
land.



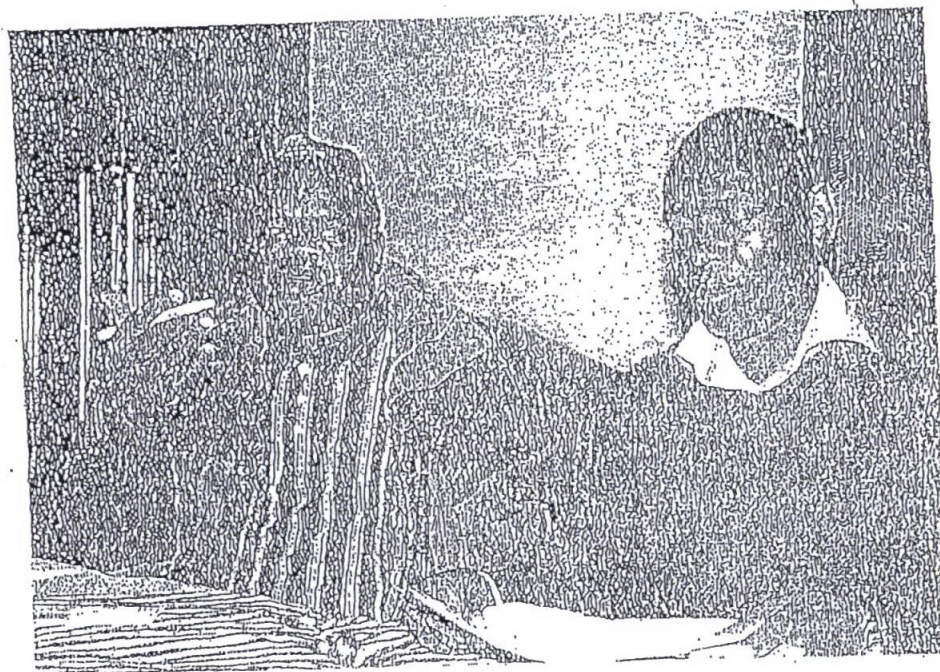
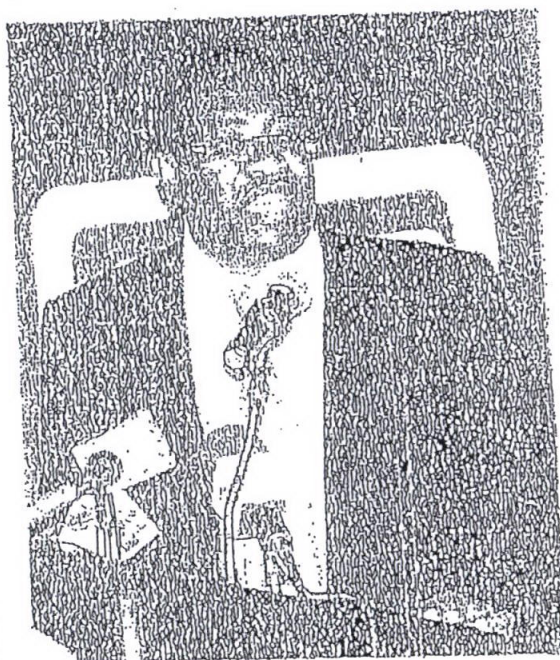
GOOD NEWS: Co-operative Bank of Kenya Managing Director Gideon Muriuki addressing the press on the firm's profitable performance for the first six months of the year.



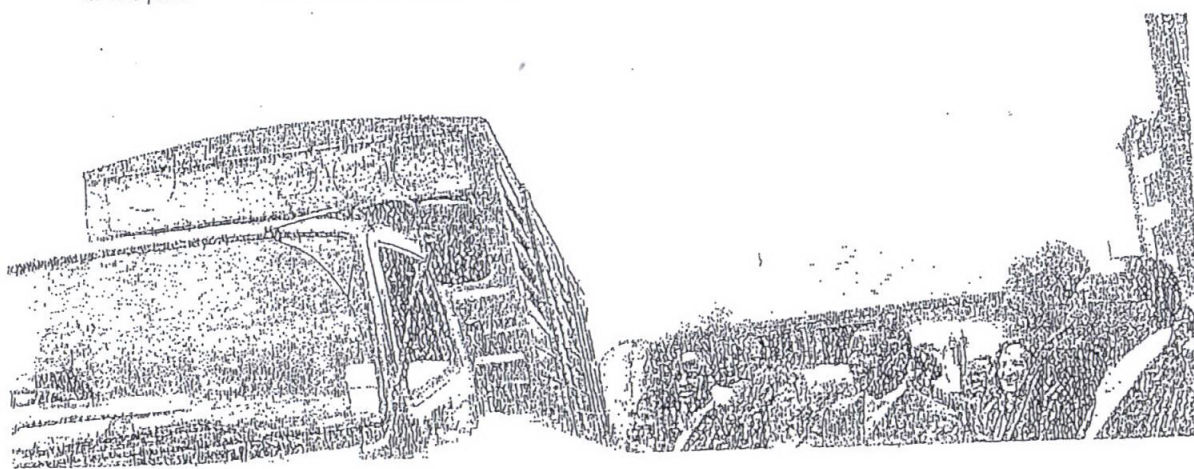
PROTEST: Civil Rights activist Okiya Omtatah (left) flanked by the Vice-Chairman of the Western Development Initiative Association Joseph Barasa address the press at the National theatre where they objected the sale of Busia Sugar Company land by Mumias Sugar Company claiming that it was public land.



**GOOD NEWS:**  
Co-operative Bank  
of Kenya Manag-  
ing Director Gideon  
Murluki addressing  
the press on the  
firm's profitable  
performance for  
the first six months  
of the year.



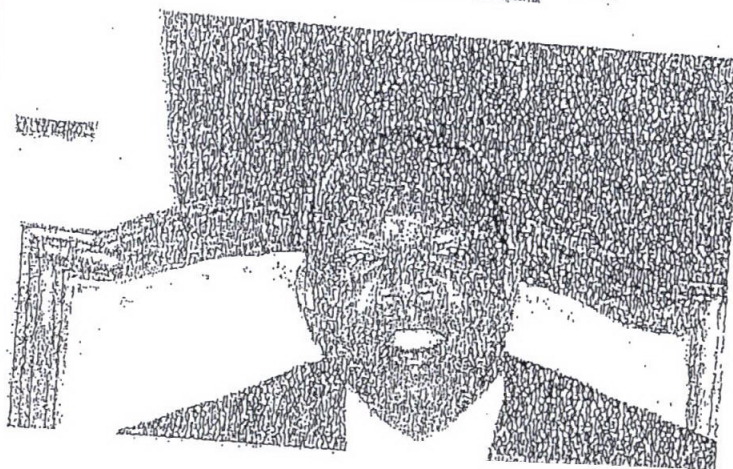
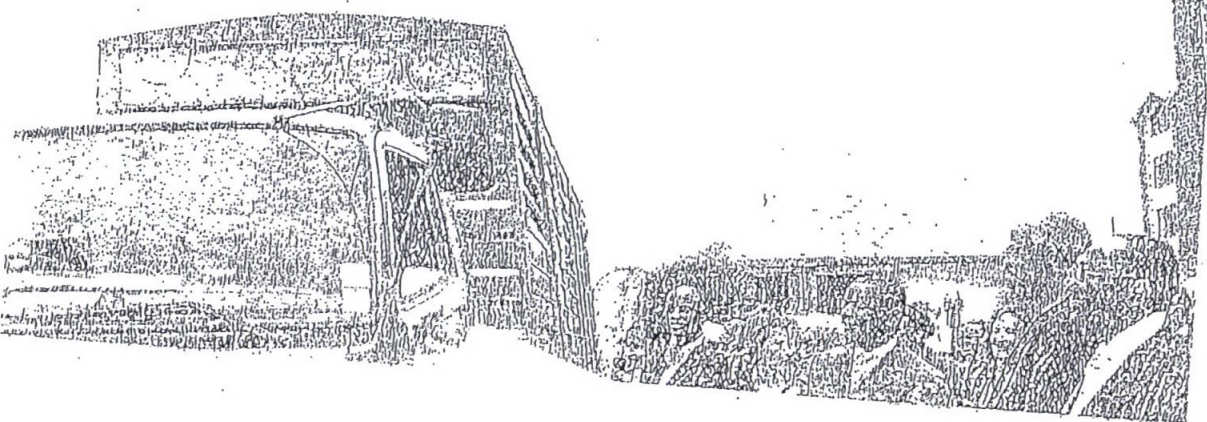
**PROTEST:**  
Civil Rights activist  
Okiya Omtatah  
(left) flanked by  
the Vice-Chairman  
of the Western  
Development  
Initiative Associa-  
tion Joseph Barasa  
address the press  
at the National  
theatre where they  
objected the sale  
of Busia Sugar  
Company land by  
Mumias Sugar  
Company claiming  
that it was public  
land.



GOOD NEWS:  
Co-operative Bank  
of Kenya Manag-  
ing Director Gideon  
Muriuki addressing  
the press on the  
firm's profitable  
performance for  
the first six months  
of the year.



PROTEST:  
Civil Rights activist  
Okiya Omtatah  
(left) flanked by  
the Vice-Chairman  
of the Western  
Development  
Initiative Associa-  
tion Joseph Barasa  
address the press  
at the National  
theatre where they  
objected the sale  
of Busia Sugar  
Company land by  
Mumias Sugar  
Company claiming  
that it was public  
land.



STANDARD SPECIAL REPORT  
SUGAR WOES

## Civil society protests over plan to sell 841-acre farm

threats to paralyse operations at Mumias sugar factory in order to stop sale of the public land in Busia

BY PETER ORENDO

Civil society groups have joined farmers from Busia to fight off planned sale of an 841-acre public land owned by Mumias Sugar Company. Western Development Initiative (Wedia), Kenya's Justice and Development (Kejude) Trust, National Civil Society Congress and other groups threatened to paralyse operations at the factory if Mumias Sugar Company fails to withdraw its plan to sell the land.

Addressing journalists in Nairobi, the group warned people against buying the controversial piece of land until all the legal issues are resolved. The Government used public force to compulsorily acquire the land from the local people to establish a defunct Busia Sugar Company.

## FIVE YEARS

A private entity cannot purport to use public land which is public," said John Barasa, Wedia vice chair-

man. He argued that Mumias has only been using the Nasewa land following an agreement between the two companies for a duration of five years, which ended on the June 30.

"We are surprised that Mumias Sugar Company claims ownership of the land and is in the process of selling it off to third parties without following the due process of disposing public assets," said Barasa.

The civil society members claimed those behind the sale of the land are individuals closely associated with the top management of Mumias Sugar, senior civil servants and influential politicians.

"This is prime land for Busia County and yet they want to sell it for a paltry Sh100 million."

"We promise to resort to all legal means to force them out including mobilising farmers to paralyse their operations in the area," said Okiya Omtata of Kejude.

## GOVERNMENT

The Busia Sugar Company was formed and allocated the land by the Government with the directorship granted to Japheth Lijodi and Richard Kemoli of Booker Tate who held 33 per cent shareholding and the Government the remaining 67 per cent.

Booker Tate withdrew prompting the Government to relinquish its ownership to Busia Sugar Company.

But it soon encountered fiscal and operational problems before the Ke-

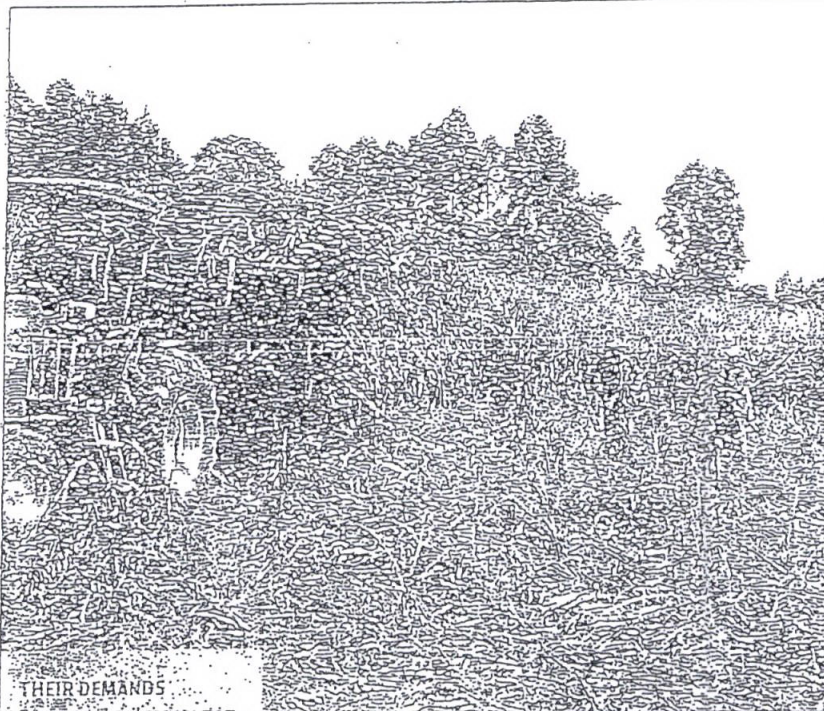
## THEIR DEMANDS

Farmers and civil society members warned people against buying the controversial piece of land until all the legal issues are resolved.

They claimed those behind the sale of the land are individuals closely associated with top management of Mumias Sugar, senior civil servants and influential politicians.

They said the land in question is prime and important for Busia County and should not be sold for a paltry Sh100 million.

nya Sugar Board appointed Mumias Sugar to manage it. Farmers became suspicious when



Mumias Sugar Company says the decision to sell the land was arrived at by the board to recover over Sh100 million loaned to Busia Sugar Company. (PHOTO: FILE/STANDARD)

a commissioned search last month at the Busia Lands Office confirmed that the ownership had been registered under Kaplong Company Limited.

A second search later revealed that the land was still the property of Busia Sugar Company.

The farmers then commissioned an investigation that further deepened their suspicion and prompted them to take the matter to KACC.

In July after going to court, the farmers lost a civil case at the Bungoma High Court which granted leave to Mumias Sugar Company to sell the land to recover its money.

## BUYER

When reached by phone, the Mumias Sugar Company CEO Evans

Kidero said the decision to sell the land was arrived at by the board to recover over Sh100 million loaned to Busia Sugar Company.

He said they were in the process of selling the land although they are yet to get a buyer.

"We are exercising our statutory right to recover the money we loaned to the sugar company."

"If anyone gives us that much we will walk away," said Kidero who also denied that there was corruption involved.

He claimed that during the four years Mumias Sugar was in charge of the land, farmers in the area had resorted to burning the sugar cane before maturity and so the factory never managed to recover its money.

## Lawyer speaks out on controversy-ridden sale of defunct Busia Sugar Company land

BY ROBERT WANYONYI

The saga surrounding the controversial sale of Busia Sugar Company land has taken a new twist.

A law firm representing Mumias Sugar Company maintained that the sale followed due process and is still on course after all.

Wetang'ula, Adan and Makokha Advocates Company emerged in state side of the story, accusing political leaders from Western Province of "commenting on an issue that they have little knowledge about."

In an exclusive interview with *The Standard* at the firm's offices in Bungoma town, lawyer Anous Makokha stressed that the firm acted on orders from its client.

Mumias Sugar Company was seeking buyers for the land (Kulungu Nasewa/1500) measuring 841 acres after its owners, Busia Sugar Company

defaulted to repay a loan. "Between the years 2005 and 2006, Busia Sugar Company which we still believe is a purely private company was unable to pay its farmers payment for cane deliveries totalling to Sh100 million. The company approached Mumias Sugar Company to be given a loan totalling the same amount and placed the land as its only security."

"Now, almost six years down the line, the borrower has failed to repay the amount and we are simply following the legal process to recover our client's money from the sale of the listed security," explained Makokha.

He added that as at February 25 this year, the money loaned to Busia Sugar Company had accrued some interest and the total stood at Sh19,608,839. On claims that Mumias had recovered almost all its loan after harvesting cane on the land for the past six years, Makokha claimed that nothing

had been recovered from the land since arsonists have been burning down the cane every time it neared maturity.

"Mumias has instead been incurring heavy losses from the whole deal because after preparing the land and applying all the requisite input over the years, arsonists have been coming in at the last stage to set the cane on fire. So, anyone saying that we've recovered anything from the land is not getting facts right here," said the lawyer.

## INSTRUCTIONS

Makokha insisted that Mumias approached his firm with instructions to seek a buyer for the land after a company board meeting resolved that Busia Sugar Company was unable to repay the debt.

"Four companies bid for the purchase but Kaplong Company Limited

emerged as the highest bidder after bidding for the land for Sh100,500,000," said Makokha.

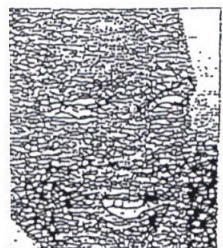
He threatened to take legal action against political leaders who have accused his firm of acting improperly in the matter. Lugari MP Cyrus Njoroge and his Kolomani counterpart Sunny Njauale over the weekend castigated the firm, associated with suspended Foreign Affairs Minister and Sirisira MP Moses Wetang'ula for allegedly trying to take away the land in controversial circumstances.

The MPs called for investigations into the matter and tough action against those behind the deal that was brought to the fore by *The Standard*.

But Makokha claimed that Wetang'ula resigned from the law firm after he was appointed as the Substantive Minister in the Ministry of Foreign Affairs in 2008 and that currently the MP has no say in the firm.



John Barasa



Sunny Njauale

## Sugarcane wars turn nasty as farmers threaten rival miller

By STANDARD REPORTER

Kakamega and Busia counties farmers have given State an ultimatum to stop sugarcane-poaching or else they will cripple sugar production in the region.

The farmers want the State to force West Kenya Sugar Company to stop poaching cane belonging to Mumias Sugar Company (MSC), West Kenya Sugar Company and Busia

Sugar Company. They say cane poaching has adversely affected sugar development and production. They threatened to call for demonstrations and block link roads in the region.

"We are angry and tired of a single operator trying to kill the only economic backbone," said Mr Jacob Mirimo. West Kenya is a private miller located near Kakamega town. The farmers said after a meeting in Mumias town that a

senior politician is involved in the activities of the offending firm and want a presidential intervention.

### FIRM'S DENIAL

Recently, West Kenya argued that it gets cane from independent farmers who grow the crop. It also rubbished cane-poaching claims and asked rival millers to prove. "There are private cane farmers in Busia and Bungoma Counties who are not contracted

to any mill and are free to sell their crop to a miller of their choice," said Michael Mechumo, the human resource manager at West Kenya. Mechumo added that the millers should not force private farmers to sell cane to them.

Last week, MSC announced it is set to lose about 72,000 tonnes of sugar a year due to cane poaching from its contracted farmers.

The farmers are concerned that cane poaching is likely to af-

fect sugar firms operating in the region.

"We are not prepared and we are not going to let a single private company play a leading role in the collapse of the country's leading sugar producer in which we also invested millions like we witnessed it happening to Pan paper Mills Ltd," said Mirimo.

They want West Kenya to invest in its own cane instead of poaching from rival millers.

## Mumias cries foul over increased cane poaching

BY JAMES ANYANZWA

Mumias Sugar Company (MSC) says it stands to lose about 72,000 tonnes of white sugar annually due to cane poaching from contracted farmers.

"We are talking of a serious problem that is threatening to escalate into a crisis unless it is tamed immediately," said Moses Nyongesa, the company's director-in-charge of agriculture, adding that the problem was hurting the industry.

In a statement, yesterday, the country's largest sugar miller said it was losing more than 500 tonnes of sugarcane daily due to poaching by its competitors in western Kenya.

It accused the competitors of unfair business practices.

MSC expressed concerns that the company, government and cane farmers stand to lose millions of shillings in annual revenues unless the Government intervenes.

"We want the Government to in-

tervene because it is getting out of hand," said Jacob Mirimo Makokha, cane farmers' spokesman.

Nyongesa singled out Busia County as the most affected. "I am appealing to farmers contracted to us to resist selling their sugarcane to companies to which they are not contracted to," he said.

### SIMMERING ROW

Last month MSC moved to quell a simmering row between private

farmers growing sugarcane within its zone and the company's anti-cane poaching unit, which deals with cases of sugarcane theft from contracted farmers.

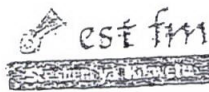
Chief executive Peter Kebati said MSC would not tolerate jaggies and other rival millers who are preying on sugarcane developed by Mumias.

"We have invested a lot of money in cane development and that is why we are safeguarding what be-

longs to us. We do not intend to harass any private cane developer though," he said.

Kebati said MSC incurs huge costs on inputs and ploughing and that the company risks losing huge investments if a contracted farmer sold the produce to another miller.

"The seedlings and fertiliser are given to farmers on credit to be recovered during harvesting. We will lose a lot of money if our farmers sold to other millers," he said.



- Mobile

Perspective of the World from Western Kenya

Home

SHARE

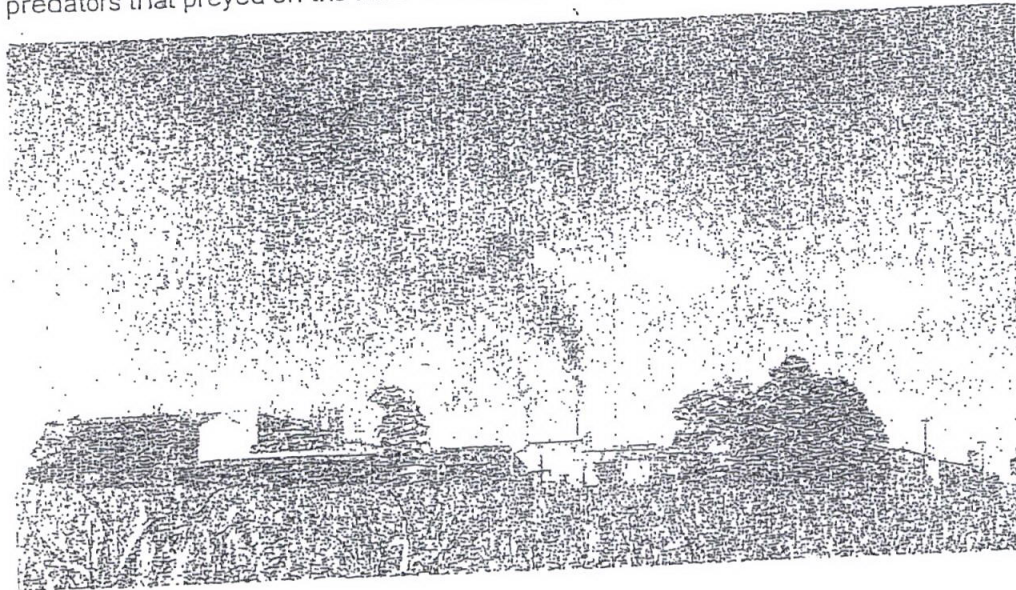
## Elected leaders to blame for the sugar industry crisis

Written by Joseph Manyasa [jmanyasa@westfm.co.ke](mailto:jmanyasa@westfm.co.ke)  
2013-08-14 10:45:00  
Read 304 Times

The former and current elected leaders from the country's sugarcane belts are to blame for the crisis that is currently plaguing and threatening the survival of the country's sugar industry with total collapse.

The leaders totally failed to lobby for, craft and enact legislation that protects sugarcane millers and farmers including support from the government like that enjoyed by tea and coffee farmers throughout the country.

The Western Development Initiative Association (WEDIA) has declared that the worst aspect of this crop of elected leaders is that instead of fighting for the interests of the farmers and the millers turned out to be predators that preyed on the millers to satisfy their personal interests.



Nzoia sugar company. [PHOTO | West Fm | File]

The WEDIA boss, Joseph Barasa says: "There are no former and current Members of Parliament (MPs), Senators, Governors, Women Representatives or even County Representatives from the country's sugarcane growing belts in the former Nyanza and Western province who have come out with tangible steps that could save the sugar sub-sector that is threatened with collapse."

Mr. Barasa argues that the tea and coffee sub-sectors' farmers and processors have time and again been bailed out of persistent problems by the government to keep them going while the sugar industry which has been grappling with a wide range of challenges has been abandoned to predators.

The Sugarcane Development Fund which is under the Kenya Sugar Board (KSB) gets its revenue directly from the sugar industry to try and shore it from adverse challenges, but this is not enough. The government and the elected leaders from the sugar belts have an obligation and responsibility to the sugar sector that they have failed

them why they are keeping quiet when the economic backbone of the entire region is deliberately being killed like what happened to the cotton industry in these same regions," says Mr. Okwara.

He says the situation has been worsened by the same leaders' failure to enact legislation, policies and programmes that could have drastically reduced the high costs of sugarcane production in the country despite having severally been granted safeguard periods by COMESA where member countries' production costs are extremely low.

The farmers' spokesman says that the other nightmare plaguing sugarcane farmers is the recent announcement by the government that it would not seek any more extension for COMESA safeguards which will render the Kenyan farmers' expensively produced sugarcane irrelevant.

He says that the situation is so bad on the ground that the cartel involved in sugarcane poaching are now poaching under-age sugarcane that is below 7 months instead of the mature one which is supposed to be 17 months and above, this implies that the region is rapidly running out of sugarcane which may force the closure of factories.

AROUND THE WEB

Pastor Reveals 7 Shocking Biblical Truths on Investing

Don't Get Alzheimer's: Here's What May Cause It

Both Men and Women Lie About Their Relationship Histories

10 Skateboard Brands We Wish Were Still Around

ALSO ON WEST FM

Bungoma County governor urges election losers to support him

German Investors tour Vihiga County

The new marriage bill likely to corrode cultural practices on marriage in Kenya

Who are going to be the watchdogs against county government financial and



What's this?

0 comments

0

Leave a message...

Best Community

Share  

The table below presents a summary of our exports in tons of refined oil products to various countries.

COUNTRY	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)
DRC Congo	-	50	-	-	-	-
Ethiopia	-	2,582	9,519	-	-	-
EU	-	-	3,226	1,794	-	15,051
Rwanda	-	78	-2,751	-	-	-
Sudan	195	1,314	9,494	-	-	-
Uganda	470	5,710	50	-	-	-
TOTAL	665	9,734	25,040	1,794	-	15,051

The table below presents a summary of our exports to DRC Congo.

COUNTRY	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)
Kambale Nzagale	50	30,000	-	-	50	30,000
TOTAL	50	30,000	-	-	50	30,000

**CONGO Customer Transactions**

Kambale Nzagase.xlsx

13

**ETHIOPIA Customer Transactions**

Osman Adan.xlsx  
Nesredin Mohamed.xlsx

14

The table below presents a summary of our exports  
to DRC Congo

CUSTOMER	2007		2008		TOTAL	
	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)
Kambale Nzagale	50	30,000	-	-	50	30,000
TOTAL	50	30,000	-	-	50	30,000

2007

The table below presents a summary of our exports to Ethiopia

CUSTOMER	2007		2008		TOTAL	
	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)
Osman Adan	1,468	946,650	4,751	2,932,537	6,219	3,879,187
Nesredin Mohamed	1,114	851,967	4,768	2,755,682	5,882	3,607,649
Total	2,582	1,798,617	9,519	5,688,219	12,101	7,486,836

(B)  
TH

90026357	80031178	OSMAN ADAN	Brown Sugar 50 kg	1,000	5/14/2008	KBB 600M
90026356	80031177	OSMAN ADAN	Brown Sugar 50 kg	1,000	5/14/2008	KAQ 204E
90026350	80031189	OSMAN ADAN	Brown Sugar 50 kg	1,000	5/14/2008	KAX 222Y
90026349	80031188	OSMAN ADAN	Brown Sugar 50 kg	1,000	5/14/2008	KAH 056T
90026348	80031187	OSMAN ADAN	Brown Sugar 50 kg	1,000	5/14/2008	KBA 099C
90026347	80031185	OSMAN ADAN	Brown Sugar 50 kg	1,000	5/14/2008	KAV 696K
90026346	80031183	OSMAN ADAN	Brown Sugar 50 kg	1,000	5/14/2008	KAW 382X
90025042	80029164	OSMAN ADAN	Brown Sugar 50 kg	151	4/14/2008	KAM 597L
90025041	80029163	OSMAN ADAN	Brown Sugar 50 kg	1,000	4/14/2008	KAX 074C
90025040	80029162	OSMAN ADAN	Brown Sugar 50 kg	500	4/14/2008	KAE 415Y
90024993	80029161	OSMAN ADAN	Brown Sugar 50 kg	1,000	4/12/2008	KAX 827G
90024992	80029160	OSMAN ADAN	Brown Sugar 50 kg	1,000	4/12/2008	KAU 689K
90024991	80029159	OSMAN ADAN	Brown Sugar 50 kg	1,000	4/12/2008	KAX 555U
90024990	80029158	OSMAN ADAN	Brown Sugar 50 kg	1,000	4/12/2008	KAU 819Z
90024989	80029157	OSMAN ADAN	Brown Sugar 50 kg	400	4/12/2008	KAJ 664Q
90024988	80029156	OSMAN ADAN	Brown Sugar 50 kg	500	4/12/2008	KAG 243Q
90024987	80029155	OSMAN ADAN	Brown Sugar 50 kg	1,000	4/12/2008	KAW 671C
90024986	80029154	OSMAN ADAN	Brown Sugar 50 kg	1,000	4/12/2008	KAH 055T
90024985	80029153	OSMAN ADAN	Brown Sugar 50 kg	335	4/12/2008	KAH 581V
90024984	80029152	OSMAN ADAN	Brown Sugar 50 kg	840	4/12/2008	KAW 222Y
90024983	80029151	OSMAN ADAN	Brown Sugar 50 kg	274	4/12/2008	KAY 225F
90024982	80029150	OSMAN ADAN	Brown Sugar 50 kg	726	4/12/2008	KAY 225F
90024931	80029077	OSMAN ADAN	White Sugar 50 kg	73	4/11/2008	KAW 601Z
90024930	80029076	OSMAN ADAN	White Sugar 50 kg	1,000	4/11/2008	KAW 601Z
90024928	80029075	OSMAN ADAN	White Sugar 50 kg	1,000	4/11/2008	KBA 222X
90024927	80029074	OSMAN ADAN	White Sugar 50 kg	1,000	4/11/2008	KAY 430B
90024926	80029073	OSMAN ADAN	White Sugar 50 kg	1,000	4/11/2008	KAX 600M
90024925	80029072	OSMAN ADAN	White Sugar 50 kg	1,000	4/11/2008	KAY 222L
90024924	80029070	OSMAN ADAN	White Sugar 50 kg	1,000	4/11/2008	KAX 333L

90023091	80026312	OSMAN ADAN	White Sugar 50 kg	800	3/2/2008	KAX 074C
90023090	80026311	OSMAN ADAN	White Sugar 50 kg	800	3/2/2008	KAW 204B
90023089	80026310	OSMAN ADAN	White Sugar 50 kg	800	3/2/2008	KAV 382X
90023088	80026309	OSMAN ADAN	White Sugar 50 kg	800	3/2/2008	KAU 691Y
90023087	80026308	OSMAN ADAN	White Sugar 50 kg	720	3/2/2008	KAY 717L
90022687	80025881	OSMAN ADAN	White Sugar 50 kg	148	2/22/2008	KAU 689K
90022686	80025883	OSMAN ADAN	White Sugar 50 kg	378	2/22/2008	KAU 689K
90022685	80025882	OSMAN ADAN	White Sugar 50 kg	474	2/22/2008	KAU 689K
90022138	80025225	OSMAN ADAN	White Sugar 50 kg	500	2/13/2008	KAR 688H
90022136	80025222	OSMAN ADAN	White Sugar 50 kg	800	2/13/2008	KAU 691Y
90021701	80024649	OSMAN ADAN	White Sugar 50 kg	1,001	2/5/2008	KAR 011R
90021700	80024647	OSMAN ADAN	White Sugar 50 kg	900	2/5/2008	KAW 094R
90021699	80024654	OSMAN ADAN	White Sugar 50 kg	1,000	2/5/2008	KAU 819Z
90021698	80024653	OSMAN ADAN	White Sugar 50 kg	1,000	2/5/2008	KAQ 203E
90021697	80024652	OSMAN ADAN	White Sugar 50 kg	1,000	2/5/2008	KAU 689K
90021690	80024650	OSMAN ADAN	White Sugar 50 kg	230	2/5/2008	KAU 986Z
90021689	80024645	OSMAN ADAN	White Sugar 50 kg	850	2/5/2008	KAX 074C
90021688	80024646	OSMAN ADAN	White Sugar 50 kg	900	2/5/2008	KAW 671C
90021687	80024644	OSMAN ADAN	White Sugar 50 kg	1,009	2/5/2008	KAX 555U
90021686	80024643	OSMAN ADAN	White Sugar 50 kg	800	2/5/2008	KAH 055T
90021674	80024642	OSMAN ADAN	White Sugar 50 kg	10	2/5/2008	KAX 832N
90021391	80024337	OSMAN ADAN	Brown Sugar 50 kg	400	1/31/2008	KAV 313S
90021390	80024338	OSMAN ADAN	Brown Sugar 50 kg	40	1/31/2008	KAV 313S
90021388	80024335	OSMAN ADAN	White Sugar 50 kg	720	1/31/2008	KAX 727S
90021322	80024260	OSMAN ADAN	Brown Sugar 50 kg	500	1/30/2008	KAU 519G
90021321	80024259	OSMAN ADAN	Brown Sugar 50 kg	500	1/30/2008	KAY 648Y
90021122	80024019	OSMAN ADAN	White Sugar 50 kg	720	1/28/2008	KAZ 115V
90021121	80024018	OSMAN ADAN	White Sugar 50 kg	720	1/28/2008	KAX 729S
90021076	80023983	OSMAN ADAN	Brown Sugar 50 kg	720	1/27/2008	KAZ066L

90018667	80021243	OSMAN ADAN	Brown Sugar 50 kg	450	11/29/2007	KAX 795C
90018666	80021230	OSMAN ADAN	Brown Sugar 50 kg	800	11/29/2007	KAU 819Z
90018665	80021229	OSMAN ADAN	Brown Sugar 50 kg	800	11/29/2007	KAW 222Y
90018664	80021227	OSMAN ADAN	Brown Sugar 50 kg	600	11/29/2007	KAH 055T
90018662	80021226	OSMAN ADAN	Brown Sugar 50 kg	500	11/29/2007	KAM 597L
90018661	80021245	OSMAN ADAN	Brown Sugar 50 kg	100	11/29/2007	KAH 055T
90018632	80021199	OSMAN ADAN	Brown Sugar 50 kg	800	11/28/2007	KAW 204B
90018631	80021200	OSMAN ADAN	Brown Sugar 50 kg	800	11/28/2007	KAX 074C
90018630	80021202	OSMAN ADAN	Brown Sugar 50 kg	900	11/28/2007	KAX 555U
90017332	80019428	OSMAN ADAN	Brown Sugar 50 kg	400	10/27/2007	
90017332	80019428	OSMAN ADAN	Brown Sugar 50 kg	200	10/27/2007	
90017329	80019426	OSMAN ADAN	Brown Sugar 50 kg	800	10/27/2007	
90017311	80019394	OSMAN ADAN	Brown Sugar 50 kg	900	10/26/2007	
90017288	80019385	OSMAN ADAN	Brown Sugar 50 kg	900	10/26/2007	
90017282	80019378	OSMAN ADAN	Brown Sugar 50 kg	800	10/26/2007	
90017221	80019293	OSMAN ADAN	White Sugar 50 kg	800	10/23/2007	
90015499	80017251	OSMAN ADAN	White Sugar 50 kg	800	9/19/2007	
90015210	80016942	OSMAN ADAN	White Sugar 50 kg	800	9/12/2007	
90015209	80016941	OSMAN ADAN	White Sugar 50 kg	800	9/12/2007	
90015208	80016938	OSMAN ADAN	White Sugar 50 kg	800	9/12/2007	
90015216	80016951	OSMAN ADAN	White Sugar 50 kg	800	8/27/2007	
90015215	80016936	OSMAN ADAN	White Sugar 50 kg	800	8/27/2007	
TOTAL MTC				124,379		

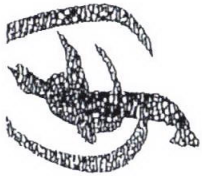
90024770	80028914	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	KAX 174V
90024769	80028913	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	KAV 382X
90024768	80028912	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	KAV 355B
90024767	80028910	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	KAQ 203E
90024766	80028907	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	
90024765	80028906	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	KAS 205B
90024764	80028905	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	
90024763	80028904	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	KAX 600L
90024762	80028902	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	KAX 997L
90024761	80028900	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	KAV 570M
90024760	80028898	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	KAU 580M
90024759	80028897	NESREDIN MOHAMED	White Sugar 50 kg	1,000	4/9/2008	KAV 600N
90023765	80027410	NESREDIN MOHAMED	Brown Sugar 50 kg	1,100	3/17/2008	KAR 011R
90023743	80027350	NESREDIN MOHAMED	Brown Sugar 50 kg	1,000	3/17/2008	KAX 074C
90023634	80027192	NESREDIN MOHAMED	White Sugar 50 kg	1,000	3/14/2008	KAV 398X
90023633	80027191	NESREDIN MOHAMED	White Sugar 50 kg	1,000	3/14/2008	KAV 390X
90023632	80027190	NESREDIN MOHAMED	White Sugar 50 kg	1,000	3/14/2008	KAP 214G
90023631	80027189	NESREDIN MOHAMED	White Sugar 50 kg	1,000	3/14/2008	KAU 691Y
90023620	80027212	NESREDIN MOHAMED	Brown Sugar 50 kg	1,000	3/14/2008	KAX 827G
90023619	80027211	NESREDIN MOHAMED	Brown Sugar 50 kg	1,000	3/14/2008	KAW 204B
90023618	80027210	NESREDIN MOHAMED	Brown Sugar 50 kg	500	3/14/2008	KAM 597L
90023616	80027208	NESREDIN MOHAMED	White Sugar 50 kg	1,000	3/14/2008	KAX 555U
90023614	80027207	NESREDIN MOHAMED	White Sugar 50 kg	1,000	3/14/2008	KAW 222Y
90023613	80027206	NESREDIN MOHAMED	White Sugar 50 kg	500	3/14/2008	KAE 415Y
90023612	80027205	NESREDIN MOHAMED	White Sugar 50 kg	400	3/14/2008	KAR 688H
90023611	80027204	NESREDIN MOHAMED	White Sugar 50 kg	1,000	3/14/2008	
90023610	80027203	NESREDIN MOHAMED	White Sugar 50 kg	500	3/14/2008	KAX 795C
90023609	80027202	NESREDIN MOHAMED	White Sugar 50 kg	1,000	3/14/2008	KAU 819Z
90023608	80027209	NESREDIN MOHAMED	Brown Sugar 50 kg	1,000	3/14/2008	KAH 055T

90022162	80025249	NESREDIN MOHAMED	White Sugar 50 kg	720	2/13/2008	KAV 316S
90022161	80025248	NESREDIN MOHAMED	White Sugar 50 kg	720	2/13/2008	KAV 313S
90022160	80025247	NESREDIN MOHAMED	White Sugar 50 kg	720	2/13/2008	KAV 313S
90022157	80025245	NESREDIN MOHAMED	White Sugar 50 kg	720	2/13/2008	KAZ 066L
90022156	80025244	NESREDIN MOHAMED	White Sugar 50 kg	720	2/13/2008	KAY 716L
90022155	80025242	NESREDIN MOHAMED	White Sugar 50 kg	720	2/13/2008	KAY 225F
90022154	80025269	NESREDIN MOHAMED	White Sugar 50 kg	720	2/13/2008	KAV 318S
90022153	80025240	NESREDIN MOHAMED	White Sugar 50 kg	40	2/13/2008	KAW 442V
90022152	80025268	NESREDIN MOHAMED	White Sugar 50 kg	720	2/13/2008	KAY 226F
90022151	80025264	NESREDIN MOHAMED	White Sugar 50 kg	720	2/13/2008	KAV 389X
90022150	80025262	NESREDIN MOHAMED	White Sugar 50 kg	560	2/13/2008	KAW 442V
90022148	80025266	NESREDIN MOHAMED	White Sugar 50 kg	120	2/13/2008	KAW 442V
90022145	80025238	NESREDIN MOHAMED	White Sugar 50 kg	720	2/13/2008	KAY 716L
90022140	80025237	NESREDIN MOHAMED	White Sugar 50 kg	700	2/13/2008	KAV 388X
90022109	80025202	NESREDIN MOHAMED	White Sugar 50 kg	400	2/13/2008	KAJ 664Q
90021685	80024632	NESREDIN MOHAMED	White Sugar 50 kg	720	2/13/2008	KAV 313S
90021684	80024633	NESREDIN MOHAMED	White Sugar 50 kg	500	2/5/2008	KAM 597L
90021682	80024634	NESREDIN MOHAMED	White Sugar 50 kg	450	2/5/2008	KAX 795C
90021680	80024635	NESREDIN MOHAMED	White Sugar 50 kg	270	2/5/2008	KAH 581V
90021679	80024639	NESREDIN MOHAMED	White Sugar 50 kg	860	2/5/2008	KAW 555X
90021677	80024637	NESREDIN MOHAMED	White Sugar 50 kg	720	2/5/2008	KAW 387R
90021676	80024640	NESREDIN MOHAMED	White Sugar 50 kg	720	2/5/2008	KAH 055T
90021675	80024641	NESREDIN MOHAMED	White Sugar 50 kg	720	2/5/2008	KAX 332X
90021461	80024447	NESREDIN MOHAMED	White Sugar 50 kg	790	2/5/2008	KAX 832N
90021460	80024446	NESREDIN MOHAMED	Brown Sugar 50 kg	720	2/4/2008	KAZ 113V
90021440	80024426	NESREDIN MOHAMED	Brown Sugar 50 kg	720	2/4/2008	KAY 224F
90021402	80024354	NESREDIN MOHAMED	Brown Sugar 50 kg	720	2/2/2008	
90021400	80024352	NESREDIN MOHAMED	Brown Sugar 50 kg	720	2/1/2008	KAP 214G
90021389	80024334	NESREDIN MOHAMED	Brown Sugar 50 kg	720	1/31/2008	KAZ 068L
			Brown Sugar 50 kg	280	1/31/2008	KAV 313S

90017768	80019969	NESREDIN MOHAMED	White Sugar 50 kg	800	11/4/2007	
90017754	80019924	NESREDIN MOHAMED	White Sugar 50 kg	800	11/3/2007	
90017887	80019879	NESREDIN MOHAMED	White Sugar 50 kg	800	11/2/2007	
90017781	80019871	NESREDIN MOHAMED	White Sugar 50 kg	800	11/2/2007	
90015501	80017252	NESREDIN MOHAMED	White Sugar 50 kg	800	9/19/2007	
90015484	80017235	NESREDIN MOHAMED	White Sugar 50 kg	800	9/18/2007	
90015227	80016948	NESREDIN MOHAMED	White Sugar 50 kg	800	9/13/2007	
TOTAL MTC				117,641		

The table below presents a summary of our exports to RWANDA

CUSTOMER	2007		2008		TOTAL	
	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)
S & G GENERAL SUPPLIERS	78	51,640	889	681,190	967	732,830
STAR GENERAL SUPPLIERS	-	-	1,612	1,454,340	1,612	1,454,340
MUGABE THOMAS	-	-	250	318,370	250	318,370
TOTAL	78	51,640	2,751	2,453,900	2,829	2,505,540



90025499	80029924	S & G GENERAL SUPPLIERS	Brown Sugar 50 kg	500	4/27/2008	UAJ 551B
90024549	80028636	S & G GENERAL SUPPLIERS	White Sugar 50 kg	500	4/5/2008	UAG 719U
90024548	80028635	S & G GENERAL SUPPLIERS	White Sugar 50 kg	1,000	4/5/2008	T 763 ASM
90024547	80028634	S & G GENERAL SUPPLIERS	White Sugar 50 kg	500	4/5/2008	UAG 376P
90010477	80011696	S & G GENERAL SUPPLIERS	White Sugar 50 kg	520	5/26/2007	
90010472	80011697	S & G GENERAL SUPPLIERS	White Sugar 50 kg	520	5/26/2007	
90010302	80011436	S & G GENERAL SUPPLIERS	White Sugar 50 kg	520	5/23/2007	
TOTAL MTC				19,337		

90027089	80032259	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	757	5/31/2008	NK 4083B
90027090	80032261	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	20	5/31/2008	UAJ 024D
90027092	80032263	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	1,130	5/31/2008	UAB 145Y
90027116	80032338	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	1,166	6/3/2008	UAK 002C
90027215	80032502	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	1,100	6/5/2008	UAD 243Q
90027379	80032737	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	1,160	6/10/2008	UAK 004C
90027380	80032738	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	1,200	6/10/2008	
90027600	80032983	STAR GENERAL SUPPLIERS	White Sugar 50 kg	161	6/17/2008	UAJ 538K
90027601	80032984	STAR GENERAL SUPPLIERS	White Sugar 50 kg	1,039	6/17/2008	UAJ 538K
90027658	80033138	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	1,200	6/18/2008	SK 4994 BB
90027659	80033141	STAR GENERAL SUPPLIERS	White Sugar 50 kg	1,200	6/18/2008	SK 3739 BB
90027660	80033139	STAR GENERAL SUPPLIERS	White Sugar 50 kg	199	6/18/2008	SK 2645 BB
90027661	80033140	STAR GENERAL SUPPLIERS	White Sugar 50 kg	1,001	6/18/2008	SK 2645 BB
90027684	80033164	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	500	6/19/2008	UAJ 024D
90027691	80033170	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	20	6/19/2008	UAJ 024D
90027766	80033243	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	1,160	6/21/2008	UAK 002C
90027775	80033246	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	1,200	6/21/2008	UAJ 538K
90028213	80033870	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	943	7/3/2008	NK 4083BB
90028233	80033868	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	117	7/4/2008	NK 4083BB
90028234	80033936	STAR GENERAL SUPPLIERS	Brown Sugar 50 kg	110	7/4/2008	NK 4083BB
TOTAL MTC				34,441		

VII. MUGABE THOMAS

Billing Document	Outbound Delivery	Name of the payer	Description	Billed Quantity	Billing Date	UoM Reg. No.
90028195	80033829	MUGABE THOMAS	Brown Sugar 50 kg	1,198	7/3/2008	NK 5241BB
90027728	80033200	MUGABE THOMAS	Brown Sugar 50 kg	1,200	6/20/2008	UAI 330B
90027703	80033187	MUGABE THOMAS	Brown Sugar 50 kg	201	6/19/2008	UAG 174L
90027556	80032992	MUGABE THOMAS	White Sugar 50 kg	999	6/16/2008	NK 5241BB
90027555	80032993	MUGABE THOMAS	White Sugar 50 kg	1,400	6/16/2008	04 BA 2864
TOTAL MTC				4,998		

VI. MID AFRICA LIMITED

Billing Document	Outbound Delivery	Name of the payer	Description	Billed Quantity	Billing Date	Truck Reg. No.
90005603	80006005	Mid Africa	Brown Sugar 50 kg	1,000	2/24/2007	
90005602	80006004	Mid Africa	Brown Sugar 50 kg	1,000	2/24/2007	
90005601	80006003	Mid Africa	Brown Sugar 50 kg	1,000	2/24/2007	
90005600	80006002	Mid Africa	Brown Sugar 50 kg	1,000	2/24/2007	
90005599	80006001	Mid Africa	Brown Sugar 50 kg	1,000	2/24/2007	
90005598	80006000	Mid Africa	Brown Sugar 50 kg	1,000	2/24/2007	
TOTAL MTC				6,000		

90022065	80025159	Southern Sudan Mudland Co. Ltd.	White Sugar 50 kg	350	2/12/2008	KAW 817B
90021373	80024314	Southern Sudan Mudland Co. Ltd.	White Sugar 50 kg	400	1/31/2008	KAW 817B
90019575	80022343	Southern Sudan Mudland Co. Ltd.	Brown Sugar 50 kg	300	12/18/2007	KAW 817B
90019574	80022345	Southern Sudan Mudland Co. Ltd.	Brown Sugar 50 kg	52	12/18/2007	KAW 817B
90019245	80021971	Southern Sudan Mudland Co. Ltd.	Brown Sugar 50 kg	350	12/11/2007	KAW 817B
90018996	80021622	Southern Sudan Mudland Co. Ltd.	White Sugar 50 kg	350	12/6/2007	KAW 817B
TOATL MTC				12,858		

90020739	80023028	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	1/10/2008	KAY 438U
90020746	80023027	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	1/10/2008	KAY 479U
90020491	80023298	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	250	1/16/2008	KAU 387S
90020493	80023297	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	1,030	1/16/2008	KAX 024C
90020495	80023299	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	500	1/16/2008	KAJ 478M
90020497	80023300	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	250	1/16/2008	
90020499	80023296	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	1,040	1/16/2008	KAV 167M
90020500	80023301	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	500	1/16/2008	KAT 641H
90020640	80023344	KAPOETA TRADING COMPANY	White Sugar 50 kg	900	1/17/2008	KAZ 196B
90020684	80023385	KAPOETA TRADING COMPANY	White Sugar 50 kg	200	1/17/2008	KAU 389S
90020685	80023384	KAPOETA TRADING COMPANY	White Sugar 50 kg	300	1/17/2008	KAJ 143Q
90020740	80023448	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,030	1/18/2008	KAX 917L
90021733	80024711	KAPOETA TRADING COMPANY	White Sugar 50 kg	640	2/6/2008	KAS 626Q
90022188	80025290	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	2/13/2008	KAX 347F
90022189	80025289	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	2/13/2008	KAY 746L
90022190	80025291	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	2/13/2008	KAV 690R
90022246	80025363	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	300	2/14/2008	KAV 496C
90022249	80025362	KAPOETA TRADING COMPANY	White Sugar 50 kg	200	2/14/2008	KAS 133T
90022252	80025371	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	2/14/2008	KAV 753R
90022380	80025550	KAPOETA TRADING COMPANY	White Sugar 50 kg	230	2/18/2008	KAY 619A
90022382	80025549	KAPOETA TRADING COMPANY	White Sugar 50 kg	230	2/18/2008	KAL 364Q
90022497	80025626	KAPOETA TRADING COMPANY	White Sugar 50 kg	420	2/18/2008	KAT 641H
90022498	80025627	KAPOETA TRADING COMPANY	White Sugar 50 kg	440	2/18/2008	KAT 140E
90022499	80025628	KAPOETA TRADING COMPANY	White Sugar 50 kg	900	2/18/2008	KAZ 196B
90022500	80025629	KAPOETA TRADING COMPANY	White Sugar 50 kg	940	2/18/2008	KAX 917L
90022502	80025630	KAPOETA TRADING COMPANY	White Sugar 50 kg	300	2/18/2008	KAT 240E
90022636	80025816	KAPOETA TRADING COMPANY	White Sugar 50 kg	400	2/21/2008	KAS 130T
90022637	80025814	KAPOETA TRADING COMPANY	White Sugar 50 kg	100	2/21/2008	KAS 130T
90022642	80025824	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	2/21/2008	KAU 035A

90023472	80027008	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	1,000	3/11/2008	KAX 575Y
90023474	80027006	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	1,000	3/11/2008	KBA 020G
90023625	80027237	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	1,000	3/14/2008	KBA 020H
90023626	80027240	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	3/14/2008	KAR 607H
90023627	80027238	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	1,000	3/14/2008	KAX 575Y
90023628	80027239	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	3/14/2008	KAR 607H
90023629	80027241	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	3/14/2008	KAU 047Z
90023630	80027242	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	3/14/2008	KAR 282M
90024594	80028600	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,200	4/5/2008	KAR 807V
90024595	80028601	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	4/5/2008	KAV 753R
90024596	80028602	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,200	4/5/2008	KBA 965W
90024597	80028603	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,200	4/5/2008	KAV 982C
90024598	80028604	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,200	4/5/2008	KAV 699R
90024599	80028605	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	4/5/2008	KAY 347F
90024600	80028606	KAPOETA TRADING COMPANY	White Sugar 50 kg	220	4/5/2008	KAP 136W
90024601	80028607	KAPOETA TRADING COMPANY	White Sugar 50 kg	200	4/5/2008	KAU 523L
90024602	80028608	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	4/5/2008	KAZ 879R
90024593		KAPOETA TRADING COMPANY	White Sugar 50 kg	800	4/5/2008	
90024592	80028598	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	4/6/2008	KAP 714M
90024666	80028760	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	4/7/2008	KAS 130T
90024667	80028762	KAPOETA TRADING COMPANY	White Sugar 50 kg	800	4/7/2008	KAU 035U
90024668	80028763	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	4/7/2008	KAP 714M
90024669	80028764	KAPOETA TRADING COMPANY	White Sugar 50 kg	800	4/7/2008	KAR 807V
90024670	80028765	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	4/7/2008	KBA 965W
90024671	80028766	KAPOETA TRADING COMPANY	White Sugar 50 kg	300	4/7/2008	KAW 882D
90024687	80028792	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	4/8/2008	KAQ 426V
90024688	80028793	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	4/8/2008	KAV 753R
90024689	80028794	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,200	4/8/2008	KAV 699R
90024773	80028932	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	4/9/2008	KAV 753R

90026259	80031044	KAPOETA TRADING COMPANY	White Sugar 50 kg	900	5/3/2008	KBA 010G
90025831	80030407	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	500	5/5/2008	KAW 882D
90025832	80030408	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	200	5/5/2008	KAS 133T
90025916	80030542	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	500	5/6/2008	KAY 569A
90025993	80030539	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	500	5/8/2008	KAW 882D
90025994	80030541	KAPOETA TRADING COMPANY	Brown Sugar 50 kg	200	5/8/2008	KAS 133T
90026009	80030672	KAPOETA TRADING COMPANY	White Sugar 50 kg	600	5/8/2008	KAW 882D
90026010	80030673	KAPOETA TRADING COMPANY	White Sugar 50 kg	600	5/8/2008	KAY 569A
90026012	80030676	KAPOETA TRADING COMPANY	White Sugar 50 kg	200	5/8/2008	KAS 133T
90026024	80030686	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	5/8/2008	KAQ 426V
90026026	80030690	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	5/8/2008	KBB 175W
90026040	80030711	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	5/8/2008	KAR 807G
90026044	80030715	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,200	5/8/2008	KAU 035A
90026067	80030748	KAPOETA TRADING COMPANY	White Sugar 50 kg	200	5/9/2008	KAV 699R
90026101	80030797	KAPOETA TRADING COMPANY	White Sugar 50 kg	150	5/9/2008	KAY 569A
90026102	80030798	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	5/9/2008	KAS 133T
90026104	80030792	KAPOETA TRADING COMPANY	White Sugar 50 kg	460	5/9/2008	KAR 807G
90026105	80030794	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	5/9/2008	KAW 882D
90026107	80030788	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	5/9/2008	KBB 175W
90026109	80030787	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	5/9/2008	KAQ 426V
90026111	80030811	KAPOETA TRADING COMPANY	White Sugar 50 kg	300	5/9/2008	KBA 010G
90026153	80030889	KAPOETA TRADING COMPANY	White Sugar 50 kg	210	5/10/2008	KAR 807Y
90026253	80031049	KAPOETA TRADING COMPANY	White Sugar 50 kg	990	5/13/2008	KAV 699W
90026254	80031050	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	5/13/2008	KAV 699W
90026255	80031048	KAPOETA TRADING COMPANY	White Sugar 50 kg	500	5/13/2008	KAS 130T
90026256	80031047	KAPOETA TRADING COMPANY	White Sugar 50 kg	1,000	5/13/2008	KAP 832M
90026257	80031045	KAPOETA TRADING COMPANY	White Sugar 50 kg	890	5/13/2008	KAW 237J
90026258	80031046	KAPOETA TRADING COMPANY	White Sugar 50 kg	10	5/13/2008	KAW 237J
90026260	80031043	KAPOETA TRADING COMPANY	White Sugar 50 kg	600	5/13/2008	KAP 594H

90026311	80031131	KAPOETA TRADING COMPANY	White Sugar 1 kg	1,800	5/14/2008	KAE 762P
90026310	80031130	KAPOETA TRADING COMPANY	White Sugar 1 kg	250	5/14/2008	KAW 564Y
90026266	80031037	KAPOETA TRADING COMPANY	Brown Sugar 2 kg	500	5/13/2008	KAY 619A
90026265	80031035	KAPOETA TRADING COMPANY	Brown Sugar 2 kg	1,000	5/13/2008	KAS 133T
90026264	80031036	KAPOETA TRADING COMPANY	White Sugar 1 kg	1,000	5/13/2008	KAW 882D
90026158	80030896	KAPOETA TRADING COMPANY	Brown Sugar 2 kg	1,500	5/10/2008	KRZ 207
90026156	80030897	KAPOETA TRADING COMPANY	Brown Sugar 1 kg	1,800	5/10/2008	KAE 762P
90026154	80030888	KAPOETA TRADING COMPANY	White Sugar 2 kg	1,100	5/10/2008	KAZ 810G
90026154	80030888	KAPOETA TRADING COMPANY	Brown Sugar 1 kg	1,000	5/10/2008	KAZ 810G
90026151	80030875	KAPOETA TRADING COMPANY	White Sugar 2 kg	25	5/10/2008	KAY 569A
90026151	80030875	KAPOETA TRADING COMPANY	Brown Sugar 1 kg	25	5/10/2008	KAY 569A
90026130	80030834	KAPOETA TRADING COMPANY	Brown Sugar 2 kg	1,000	5/9/2008	KAY 569A
90026129	80030833	KAPOETA TRADING COMPANY	Brown Sugar 2 kg	1,000	5/9/2008	KAW 882D
90026128	80030832	KAPOETA TRADING COMPANY	Brown Sugar 2 kg	500	5/9/2008	KAS 133T
90026112	80030813	KAPOETA TRADING COMPANY	Brown Sugar 2 kg	300	5/9/2008	KAW 882D
90026013	80030678	KAPOETA TRADING COMPANY	Brown Sugar 1 kg	1,000	5/8/2008	KBA 010G
90025914	80030544	KAPOETA TRADING COMPANY	Brown Sugar 1 kg	1,000	5/6/2008	KAR 282M
90025833	80030409	KAPOETA TRADING COMPANY	Brown Sugar 1 kg	123	5/5/2008	KAS 133T
90025827	80030386	KAPOETA TRADING COMPANY	Brown Sugar 1 kg	1,800	5/5/2008	KAW 237J
90025787	80030338	KAPOETA TRADING COMPANY	White Sugar 1 kg	2,000	5/2/2008	KBB 175M
90025786	80030340	KAPOETA TRADING COMPANY	Brown Sugar 2 kg	1,000	5/2/2008	KAU 035A
90025772	80030308	KAPOETA TRADING COMPANY	Brown Sugar 2 kg	800	5/2/2008	KAL 191S
90025759	80030276	KAPOETA TRADING COMPANY	Brown Sugar 1 kg	1,000	5/2/2008	KAW 882D
90025744	80030249	KAPOETA TRADING COMPANY	Brown Sugar 2 kg	500	5/2/2008	KAR 282M
90025744	80030249	KAPOETA TRADING COMPANY	Brown Sugar 2 kg	500	5/2/2008	KAR 282M
90025492	80029907	KAPOETA TRADING COMPANY	White Sugar 1 kg	247	4/26/2008	KAS 133T
90025516	80029940	KAPOETA TRADING COMPANY	White Sugar 2 kg	500	4/27/2008	KAS 133T
90025519	80029943	KAPOETA TRADING COMPANY	White Sugar 2 kg	600	4/27/2008	KAY 446L
90025599	80030053	KAPOETA TRADING COMPANY	White Sugar 2 kg	500	4/28/2008	KAS 133T

90025393	80029794	KAPOETA TRADING COMPANY	White Sugar 2 kg	1,000	4/23/2008	KAR 282M
90025296	80029653	KAPOETA TRADING COMPANY	White Sugar 2 kg	500	4/20/2008	KAW 882D
90025296	80029653	KAPOETA TRADING COMPANY	White Sugar 1 kg	500	4/20/2008	KAW 882D
90025295	80029652	KAPOETA TRADING COMPANY	White Sugar 2 kg	500	4/20/2008	KAR 282M
90025295	80029652	KAPOETA TRADING COMPANY	White Sugar 1 kg	500	4/20/2008	KAR 282M
90024805	80028938	KAPOETA TRADING COMPANY	White Sugar 2 kg	1,280	4/9/2008	KAV 992C
90024804	80028937	KAPOETA TRADING COMPANY	White Sugar 2 kg	1,000	4/9/2008	KAR 807V
90024802	80028936	KAPOETA TRADING COMPANY	White Sugar 2 kg	255	4/9/2008	KAU 035A
90024785	80028935	KAPOETA TRADING COMPANY	White Sugar 2 kg	624	4/9/2008	KAW 882D
90025293	80029650	KAPOETA TRADING COMPANY	White Sugar 2 kg	565	4/20/2008	KAP 463R
90024651	80028735	KAPOETA TRADING COMPANY	White Sugar 1 kg	676	4/7/2008	KAW 882D
90024628	80028718	KAPOETA TRADING COMPANY	White Sugar 2 kg	800	4/7/2008	KAX 575Y
90024628	80028718	KAPOETA TRADING COMPANY	White Sugar 2 kg	800	4/7/2008	KAX 575Y
90024625	80028719	KAPOETA TRADING COMPANY	White Sugar 1 kg	1,200	4/7/2008	KAW 237J
90024607	80028652	KAPOETA TRADING COMPANY	White Sugar 1 kg	2,000	4/7/2008	KAW 237J
90024606	80028651	KAPOETA TRADING COMPANY	White Sugar 2 kg	450	4/5/2008	KAW 337J
90024605	80028650	KAPOETA TRADING COMPANY	White Sugar 2 kg	450	4/5/2008	KAW 954Y
90024605	80028650	KAPOETA TRADING COMPANY	White Sugar 2 kg	450	4/5/2008	KAW 954Y
90024604	80028610	KAPOETA TRADING COMPANY	White Sugar 2 kg	1,000	4/5/2008	KAR 677W
90024604	80028610	KAPOETA TRADING COMPANY	White Sugar 1 kg	700	4/5/2008	KAR 677W
90024603	80028609	KAPOETA TRADING COMPANY	White Sugar 1 kg	500	4/5/2008	KAY 569A
90023490	80027049	KAPOETA TRADING COMPANY	White Sugar 2 kg	500	4/5/2008	KAY 569A
90023478	80027018	KAPOETA TRADING COMPANY	White Sugar 1 kg	500	4/5/2008	KAW 882D
90023417	80026960	KAPOETA TRADING COMPANY	White Sugar 2 kg	500	4/5/2008	KAW 882D
90023245	80026749	KAPOETA TRADING COMPANY	White Sugar 1 kg	500	4/5/2008	KAW 882D
90023245	80026749	KAPOETA TRADING COMPANY	White Sugar 1 kg	500	3/12/2008	KAS 133T
90022385	80025548	KAPOETA TRADING COMPANY	Brown Sugar 1 kg	500	3/11/2008	KAS 133T
			Brown Sugar 2 kg	500	3/10/2008	KAY 569A
			Brown Sugar 2 kg	500	3/10/2008	KAY 569A
			White Sugar 1 kg	500	3/10/2008	KAY 569A
			White Sugar 2 kg	1,000	3/5/2008	KAV 699R
			White Sugar 2 kg	1,000	3/5/2008	KAQ 426V
			White Sugar 1 kg	1,000	3/5/2008	KAQ 426V
			White Sugar 2 kg	400	2/18/2008	KAU 523L

### I. INTERNATIONAL RELIEF

Billing Document	Outbound Delivery	Name of the payer	Description	Billed Quantity	Billing Date	Truck Reg. No.
90022933	80026273	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	26	2/28/2008	KAU 047Z
90023012	80026461	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	49	3/1/2008	KAW 242B
90021275	80024160	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	90	1/28/2008	
90022929	80026268	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	114	2/28/2008	KAY 614X
90021749	80024719	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	140	2/6/2008	KAY 569A
90021510	80024517	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	160	2/4/2008	KAW 882D
90021750	80024715	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	180	2/6/2008	KAW 882D
90020924	80023808	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	200	1/23/2008	KAU 387S
90022194	80025293	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	225	2/13/2008	
90021271	80024159	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	250	1/28/2008	
90021753	80024723	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	300	2/6/2008	KAU 992C
90021270	80024158	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	300	1/28/2008	
90020910	80023793	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	300	1/23/2008	KAL 491Z
90021752	80024713	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	300	2/6/2008	KAU 992C
90021748	80024718	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	360	1/23/2008	KAL 491Z
90020938	80023815	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	360	2/6/2008	KAU 992C
90020936	80023814	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	400	2/6/2008	KAY 569A
90020935	80023813	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	400	1/24/2008	KAR 495M
90022929	80026268	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	400	1/23/2008	KAT 240E
90021511	80024515	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	400	1/23/2008	KAT 641H
90021751	80024714	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	406	2/28/2008	KAY 614X
90020920	80023802	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	440	2/4/2008	KAY 569A
90020916	80023799	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	500	2/6/2008	KAS 130T
90021942	80024914	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	500	1/23/2008	KAW 882D
90022554	80025027	INTERNATIONAL RELIEF SERVICES	White Sugar 50 kg	500	1/23/2008	KAY 569A
90022553	80025022	INTERNATIONAL RELIEF SERVICES	Brown Sugar 50 kg	600	2/11/2008	KAZ 520R
90022272	80025030	INTERNATIONAL RELIEF SERVICES	Brown Sugar 50 kg	600	2/9/2008	KBA 535P
		INTERNATIONAL RELIEF SERVICES	Brown Sugar 50 kg	600	2/9/2008	KAZ 839C
		INTERNATIONAL RELIEF SERVICES	Brown Sugar 50 kg	600	2/9/2008	KAZ 801C

The table below presents a summary of our exports to UGANDA

CUSTOMER	2006		2007		2008		TOTAL	
	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)	QTY (Tons)	VALUE (US \$)
Arua Mercantile Co Ltd	470	465,958	1,260	246,970	-	-	1,730	712,928
QUICKSALERS UGANDA	-	-	2,475	1,352,500	-	-	2,475	1,412,500
MURU ENTERPRISES	-	-	450	260,930	-	-	450	260,930
KASAVE TRADING COMPANY LIMITED	-	-	725	420,420	50	28,995	775	449,415
Trident Investment Limited	-	-	130	75,400	-	-	130	75,400
Uchumi Commodities (Uganda) Limited	-	-	670	464,000	-	-	670	464,000
TOTAL	470	465,958	5,610	2,820,220	50	28,995	6,230	3,375,173

US  
IF

90001305	80001394	Arua Mercantile Co Ltd	Brown Sugar 50 kg	1,000	11/26/2006	
90001304	80001393	Arua Mercantile Co Ltd	Brown Sugar 50 kg	1,000	11/26/2006	
90001302	80001392	Arua Mercantile Co Ltd	Brown Sugar 50 kg	1,000	11/26/2006	
90001300	80001390	Arua Mercantile Co Ltd	Brown Sugar 50 kg	1,000	11/26/2006	
90001299	80001391	Arua Mercantile Co Ltd	Brown Sugar 50 kg	200	11/26/2006	
90001298	80001391	Arua Mercantile Co Ltd	Brown Sugar 50 kg	1,000	11/26/2006	
TOTAL MTC				34,600		

90012592	80013877	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	7/20/2007	
90012576	80013865	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	7/20/2007	
90012569	80013847	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	7/20/2007	
90011830	80013012	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	7/20/2007	
90011660	80012833	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	6/18/2007	
90011656	80012829	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	6/14/2007	
90011566	80012756	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	6/14/2007	
90011489	80012691	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	6/13/2007	
90011404	80012598	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	6/12/2007	
90011335	80012524	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	6/11/2007	
90011279	80012480	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	6/9/2007	
90011137	80012299	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	6/8/2007	
90011071	80012279	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	6/5/2007	
90010914	80012161	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	6/4/2007	
90010843	80012083	QUICK SALERS UGANDA	Brown Sugar 50 kg	1,000	6/2/2007	
90010842	80012082	QUICK SALERS UGANDA	White Sugar 50 kg	500	5/31/2007	
90010750	80011948	QUICK SALERS UGANDA	White Sugar 50 kg	500	5/31/2007	
90010347	80011483	QUICK SALERS UGANDA	White Sugar 50 kg	1,000	5/29/2007	
90010295	80011425	QUICK SALERS UGANDA	Brown Sugar 50 kg	1,000	5/24/2007	
90010294	80011424	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	5/23/2007	
90010109	80011267	QUICK SALERS UGANDA	White Sugar 50 kg	500	5/23/2007	
90010048	80011196	QUICK SALERS UGANDA	Brown Sugar 50 kg	1,000	5/20/2007	
90010040	80011177	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	5/19/2007	
90009804	80010916	QUICK SALERS UGANDA	White Sugar 50 kg	500	5/18/2007	
90009782	80010891	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	5/12/2007	
90009712	80010844	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	5/12/2007	
90009654	80010748	QUICK SALERS UGANDA	Brown Sugar 50 kg	1,000	5/11/2007	
90009653	80010747	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	5/10/2007	
90008741	80009600	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	5/10/2007	
		QUICK SALERS UGANDA	White Sugar 50 kg	500	4/30/2007	

90005300	80005802	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	2/22/2007	
90005259	80005803	QUICK SALERS UGANDA	Brown Sugar 50 kg	500	2/22/2007	
90005021	80005530	QUICK SALERS UGANDA	White Sugar 50 kg	500	2/19/2007	
90004824	80005328	QUICK SALERS UGANDA	White Sugar 50 kg	500	2/15/2007	
90002880	80003114	QUICK SALERS UGANDA	White Sugar 50 kg	1,000	1/29/2007	
TOTAL MTC				49,500		

V. KASAVE TRADING COMPANY LIMITED

Billing Document	Outbound Delivery	Name of the payer	Description	Billed Quantity	Billing Date	Truck Reg. No.
90027626	80033096	KASAVE TRADING COMPANY	White Sugar 50 kg	500	6/17/2008	UAH 952Y
90026096	80030785	KASAVE TRADING COMPANY	Brown Sugar 50 kg	500	5/9/2008	UAJ 214N
90018164	80020503	KASAVE TRADING COMPANY	White Sugar 50 kg	500	11/15/2007	
90018030	80020284	KASAVE TRADING COMPANY	White Sugar 50 kg	500	11/12/2007	
90017907	80020136	KASAVE TRADING COMPANY	White Sugar 50 kg	500	11/8/2007	
90017871	80019860	KASAVE TRADING COMPANY	White Sugar 50 kg	500	11/7/2007	
90017872	80019861	KASAVE TRADING COMPANY	White Sugar 50 kg	500	11/2/2007	
90017206	80019281	KASAVE TRADING COMPANY	White Sugar 50 kg	498	10/23/2007	
90017013	80019054	KASAVE TRADING COMPANY	White Sugar 50 kg	500	10/19/2007	
90016877	80018908	KASAVE TRADING COMPANY	Brown Sugar 50 kg	500	10/17/2007	
90016737	80018752	KASAVE TRADING COMPANY	White Sugar 50 kg	500	10/15/2007	
90016306	80018210	KASAVE TRADING COMPANY	White Sugar 50 kg	499	10/3/2007	
90015960	80017352	KASAVE TRADING COMPANY	Brown Sugar 50 kg	500	9/20/2007	
90014588	80016160	KASAVE TRADING COMPANY	Brown Sugar 50 kg	500	9/3/2007	
90013995	80015445	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/27/2007	
90013892	80015348	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/23/2007	
90013730	80015195	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/23/2007	
90013703	80015130	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/23/2007	
90013805	80015228	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/21/2007	
90013804	80015226	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/21/2007	
90013549	80014945	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/14/2007	
90013491	80014876	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/13/2007	
90013414	80014780	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/10/2007	
90013320	80014674	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/7/2007	
90013267	80014622	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/7/2007	
90013143	80014454	KASAVE TRADING COMPANY	White Sugar 50 kg	500	8/3/2007	
90013078	80014393	KASAVE TRADING COMPANY	White Sugar 50 kg	1,000	8/2/2007	

XV. TRIDENT INVESTMENT

Billing Document	Quantity Delivered	Name of the payer	Description	Billed Quantity	Billing Date	Taxic Reg. No.
90017297	80019392	Trident Investment Limited	Brown Sugar 50 kg	220	10/26/2007	
90017290	80019383	Trident Investment Limited	Brown Sugar 50 kg	1,080	10/26/2007	
90017229	80019310	Trident Investment Limited	White Sugar 50 kg	220	10/23/2007	
90017218	80019289	Trident Investment Limited	White Sugar 50 kg	1,080	10/23/2007	
TOTAL MTC				2,600		

# Annex III (a)

EAST AFRICAN COMMUNITY

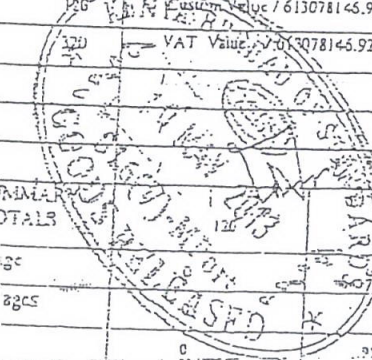
QUADRUPLICATE

C.17 B. CUSTOMS  
Regulations 39, 29, 304, 145  
Page 1 of 1

SINGLE ADMINISTRATIVE DOCUMENT (SAD) - SIMBA

1. Exporter/Consignor KENANA SUGAR COMPANY LIMITED PO BOX 2632 KHARTOUM SUDAN		2. Processing Office MSA	3. Frontier office	4. Regime code C	FOR OFFICIAL USE Entry Number and Date 2013MSA 4050717 16042013	
10. Importer/Consignee TIN/PIH P051196415U MUMIAS SUGAR COMPANY LTD CO DANTES PEAK LIMITED 64521 NAIROBI		5. Voyage/Flight/Vehicle No. JH315A	6. Date of arrival/departure. 22/05/2013	7. Manifest Number 2013MSA107554		
11. City of last Consign / 1 <sup>st</sup> Dest. BR		12. Country of final Destination	13. Port of Destination	14. Place of discharge/Loading CNT/	15. Mode of transport Sea	16. Nationality of Transport PA
17. Vehicle of the Driver		18. Seal Number(s) EU0001641508 see Details	19. Country of Transit	20. Total Number of Items 1	21. Total Packages 200000	22. Total Gross Weight 10060000
23. Declarant / Agent TIN/PIH P051333183D EMICA LOGISTICS LIMITED NAIROBI CITY WEST		24. Location of Goods	25. Warehouse code No Description	26. Period in Warehouse/Transit	27. Valuation method ACV	28. Total F.O.B Value
29. Terms of Delivery 100		30. Terms of Payment	31. Account Number	32. Bank / Branch Reference	33. Bond Security Number N/A	34. Bond/Cash Amount 0
35. Total Freight		36. Total Insurance	37. Total Other Charges	38. Total Customs Value 613078146.925	39. Other information	
40. Weight in Springs & Nos./Container Nos. 400X20FT CNTRS AS PER MANIFEST DETAILS CNTR		(c) Commodity code 170199.80	(d) C.P.C. C400	(e) Gross Weight 10000000	(f) Net Weight 10000000	
41. Goods Description 10000 BAGS 10000 MT CANE SUGAR BRAND NAME KENANA GREEN CANE SUGAR SPECIAL POL. #.6 EXCENT MOISTURE 0.06 DEGREES MAX COLOUR 1.0 20000 BAGS 10000 MT CANE SUGAR BRAND NAME License Number E1303037216		(g) 1 <sup>st</sup> Supp. Qty. 10000000	(h) Units 1 <sup>st</sup> Supp Qty kg	(i) 2nd Supp. Qty.	(j) Units 2 <sup>nd</sup> Supp Qty	(k) Preference code
42. License Value / Qty E1303037216		(l) Type of packaging BG	(m) No. Packages 200000	(n) Country of Origin SD	(o) Insurance 64675	
43. Other Charges 0		(p) Value/Qty Deducted	(q) FOB Value 4545000	(r) Freight 92243368.5	(s) Customs Value 613078146.925	
44. Currency Code EUR		(t) Exchange Rate 110.471	(u) CIF Value	(v) Customs Value	(w) Insurance	
41. REVENUE INFORMATION						
Tax Type		(bb) Tax Base / Value	(cc) Rate	(dd) Tax Due	43. Attached documents	44. Preceding
120		VAT Value / 613078146.925	100%	0	43a. Code	43b. Number
121		VAT Value / 613078146.925	16%	98092504		
					(cc) Total Tax due on this item 98092504	
45. Other Charges		46a. Code	46b. Amount			
80		710	13789271			
805		732	2523136			
0		745	92000			
Total Taxes (Taxes, Taxer and Other charges)		136496901 (Net To Pay)		FOR OFFICIAL USE		
Signature		EMICA LOGISTICS LTD NAIROBI		PROPER OFFICER		
Agent/Principal		NAIROBI		CASH / CHEQUE		
				Amount Paid		
				Receipt Number and Date		

KENANA SUGAR COMPANY LIMITED  
GOODS RELEASED  
10 MAY 2013  
SIGN

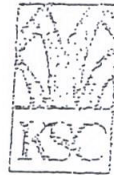




III (H)

**Kenana**

Kenana Sugar Company Limited



شركة سكر كنانة المحدودة

Kenana Sugar Company Limited

HEALTH CERTIFICATE

30,000 METRIC TONS OF WHITE SUGAR BRAND NAME KENANA GREEN CANE SUGAR SPECIAL AS PER SPECIFICATIONS:

POLARIZATION:	99.8 PERCENT.
MOISTURE:	0.06 DEGREES MAX.
COLOUR:	150 ICUMSA UNITS MAXIMUM.
SHIPPER:	KENANA SUGAR COMPANY LIMITED P.O. BOX 2652, KHARTOUM, SUDAN
CONSIGNEE:	TO THE ORDER OF DUBAI BANK KENYA LIMITED/MUMIAS SUGAR COMPANY LIMITED.
NOTIFY:	DANTE'S PEAK LIMITED, LIVINGTON, HATHIKU RD, P.O.B 66521- NAIROBI-KENYA
VESSEL NAME:	EASMANIA
DESCRIPTION OF GOODS:	CANE SUGAR BRAND NAME KENANA GREEN CANE SUGAR SPECIAL IN 50 KGS POLYPROPYLENE BAGS CROP 2012-2013
PORT OF LOADING:	PORT SUDAN.
PORT OF DISCHARGE:	MOIMBASA, KENYA.
TOTAL NET/GROSS WEIGHT:	10,000 MT.

THIS IS TO CERTIFY THAT THE ABOVE MENTIONED CONSIGNMENT IS FREE FROM ALL MICROBIOLOGICAL AND CHEMICAL CONTAMINANTS AND IS THUS FIT FOR HUMAN CONSUMPTION.

EXPORT SALES DEPARTMENT

FOR KENANA SUGAR COMPANY LIMITED  
11.01.2013



**Kenana**

Kenana Sugar Company Limited



كنا

شركة سكر كنانة المحدودة

III (4)

شركة سكر كنانة المحدودة  
KANA SUGAR COMPANY LIMITED

PACKING LIST

SHIPPER: KENANA SUGAR COMPANY LIMITED  
P.O. BOX 2632  
KHARTOUM, SUDAN

CONSIGNEE: TO THE ORDER OF DUBAI BANK KENYA  
LIMITED/MUMIAS SUGAR COMPANY  
LIMITED

NOTIFY: DANTE'S PEAK LIMITED, LAUNTON,  
HATHERU RD, P.O. BOX 66321- NAIROBI,  
KENYA

VESSEL NAME: TASMANIA

DESCRIPTION OF GOODS: WHITE REFINED SUGAR KENANA GREEN  
CANE-SPECIAL, CROP YEAR 2012-2013, IN 50KG  
BAGS POLYPROPYLENE

PORT OF LOADING: PORT SUDAN

PORT OF DISCHARGE: MOMBASA- KENYA

IDF No: E4303637216

TOTAL NET WEIGHT: 10,000 MT

WE HEREBY CERTIFY THIS PRODUCT IS IN 50KG GREEN POLYPROPYLENE BAGS  
WITH INNER PLASTIC LINER WITH KENANA GREEN CANE SPECIAL LOGO,  
STUFFED IN 20 CONTAINERS.

EXPORT SALES DEPARTMENT  
FOR KENANA SUGAR COMPANY LIMITED  
11.03.2013



Kenana Sugar Company Limited  
P.O. Box 2632, Khartoum, Sudan  
Tel: +967 11 222 2222  
Fax: +967 11 222 2222  
E-mail: info@kenana.com



MEDITERRANEAN SHIPPING COMPANY S.A.  
FORMS AND CONDITIONS OF MEDITERRANEAN SHIPPING COMPANY S.A.

III U

CONTRACT OF CARRIAGE

1. SCOPE OF CONTRACT  
2. INCARCERATION OF GOODS  
3. WEIGHT AND MEASURE OF CARGO  
4. PACKING AND MARKING OF CARGO  
5. UNLOADING AND REDUCTION OF CARGO  
6. UNLOADING AND REDUCTION OF CARGO  
7. UNLOADING AND REDUCTION OF CARGO  
8. UNLOADING AND REDUCTION OF CARGO  
9. UNLOADING AND REDUCTION OF CARGO  
10. UNLOADING AND REDUCTION OF CARGO  
11. UNLOADING AND REDUCTION OF CARGO  
12. UNLOADING AND REDUCTION OF CARGO  
13. UNLOADING AND REDUCTION OF CARGO  
14. UNLOADING AND REDUCTION OF CARGO  
15. UNLOADING AND REDUCTION OF CARGO  
16. UNLOADING AND REDUCTION OF CARGO  
17. UNLOADING AND REDUCTION OF CARGO  
18. UNLOADING AND REDUCTION OF CARGO  
19. UNLOADING AND REDUCTION OF CARGO  
20. UNLOADING AND REDUCTION OF CARGO  
21. UNLOADING AND REDUCTION OF CARGO  
22. UNLOADING AND REDUCTION OF CARGO  
23. UNLOADING AND REDUCTION OF CARGO  
24. UNLOADING AND REDUCTION OF CARGO  
25. UNLOADING AND REDUCTION OF CARGO  
26. UNLOADING AND REDUCTION OF CARGO  
27. UNLOADING AND REDUCTION OF CARGO  
28. UNLOADING AND REDUCTION OF CARGO  
29. UNLOADING AND REDUCTION OF CARGO  
30. UNLOADING AND REDUCTION OF CARGO  
31. UNLOADING AND REDUCTION OF CARGO  
32. UNLOADING AND REDUCTION OF CARGO  
33. UNLOADING AND REDUCTION OF CARGO  
34. UNLOADING AND REDUCTION OF CARGO  
35. UNLOADING AND REDUCTION OF CARGO  
36. UNLOADING AND REDUCTION OF CARGO  
37. UNLOADING AND REDUCTION OF CARGO  
38. UNLOADING AND REDUCTION OF CARGO  
39. UNLOADING AND REDUCTION OF CARGO  
40. UNLOADING AND REDUCTION OF CARGO  
41. UNLOADING AND REDUCTION OF CARGO  
42. UNLOADING AND REDUCTION OF CARGO  
43. UNLOADING AND REDUCTION OF CARGO  
44. UNLOADING AND REDUCTION OF CARGO  
45. UNLOADING AND REDUCTION OF CARGO  
46. UNLOADING AND REDUCTION OF CARGO  
47. UNLOADING AND REDUCTION OF CARGO  
48. UNLOADING AND REDUCTION OF CARGO  
49. UNLOADING AND REDUCTION OF CARGO  
50. UNLOADING AND REDUCTION OF CARGO  
51. UNLOADING AND REDUCTION OF CARGO  
52. UNLOADING AND REDUCTION OF CARGO  
53. UNLOADING AND REDUCTION OF CARGO  
54. UNLOADING AND REDUCTION OF CARGO  
55. UNLOADING AND REDUCTION OF CARGO  
56. UNLOADING AND REDUCTION OF CARGO  
57. UNLOADING AND REDUCTION OF CARGO  
58. UNLOADING AND REDUCTION OF CARGO  
59. UNLOADING AND REDUCTION OF CARGO  
60. UNLOADING AND REDUCTION OF CARGO  
61. UNLOADING AND REDUCTION OF CARGO  
62. UNLOADING AND REDUCTION OF CARGO  
63. UNLOADING AND REDUCTION OF CARGO  
64. UNLOADING AND REDUCTION OF CARGO  
65. UNLOADING AND REDUCTION OF CARGO  
66. UNLOADING AND REDUCTION OF CARGO  
67. UNLOADING AND REDUCTION OF CARGO  
68. UNLOADING AND REDUCTION OF CARGO  
69. UNLOADING AND REDUCTION OF CARGO  
70. UNLOADING AND REDUCTION OF CARGO  
71. UNLOADING AND REDUCTION OF CARGO  
72. UNLOADING AND REDUCTION OF CARGO  
73. UNLOADING AND REDUCTION OF CARGO  
74. UNLOADING AND REDUCTION OF CARGO  
75. UNLOADING AND REDUCTION OF CARGO  
76. UNLOADING AND REDUCTION OF CARGO  
77. UNLOADING AND REDUCTION OF CARGO  
78. UNLOADING AND REDUCTION OF CARGO  
79. UNLOADING AND REDUCTION OF CARGO  
80. UNLOADING AND REDUCTION OF CARGO  
81. UNLOADING AND REDUCTION OF CARGO  
82. UNLOADING AND REDUCTION OF CARGO  
83. UNLOADING AND REDUCTION OF CARGO  
84. UNLOADING AND REDUCTION OF CARGO  
85. UNLOADING AND REDUCTION OF CARGO  
86. UNLOADING AND REDUCTION OF CARGO  
87. UNLOADING AND REDUCTION OF CARGO  
88. UNLOADING AND REDUCTION OF CARGO  
89. UNLOADING AND REDUCTION OF CARGO  
90. UNLOADING AND REDUCTION OF CARGO  
91. UNLOADING AND REDUCTION OF CARGO  
92. UNLOADING AND REDUCTION OF CARGO  
93. UNLOADING AND REDUCTION OF CARGO  
94. UNLOADING AND REDUCTION OF CARGO  
95. UNLOADING AND REDUCTION OF CARGO  
96. UNLOADING AND REDUCTION OF CARGO  
97. UNLOADING AND REDUCTION OF CARGO  
98. UNLOADING AND REDUCTION OF CARGO  
99. UNLOADING AND REDUCTION OF CARGO  
100. UNLOADING AND REDUCTION OF CARGO

Please release to the order of

For DUBAI BANK (K) LTD  
NAIROBI BRANCH

AMIT HANSEI SINGH

THOMAS SUGAR CO. LTD  
NAIROBI  
Box 51002  
Tel: 2315

(14) (15)

MUMIAS\_Sugar\_comp\_export\_2006\_2

MUMIAS EXPORTS BY CONSIGNEE - FOB VALUE (2006-2012)

HS 7019990

Year	Destination	CONSIGNEE_NAME	FOB Value
2006	DR	KAMBALE ZANGALE	
	GB	C CZARNKOW SUGAR LTD, BRITAIN	2,093,001
	GB	C CZARNKOW SUGAR LTD, CHISWELL 24	18,313,526
	GB	C CZARNKOW SUGAR LTD	19,277,395
	RW	SANDE FRANCIS	23,602,085
	RW	SOKOMI	7,750,410
	SD	MEGA LESSA	53,200
	SD	MEGA LESSERS	10,741,318
	SD	MID AFRICA	1,561,550
	SD	MUNYOUN NDENG	4,186,002
	SD	MUNYUON NDEG	2,258,118
	SD	SAMUEL NDENG	1,491,210
	UG	ARUA MERCANTILE	958,620
	UG	ABDIRAHAMAN KASSIM	1,620,980
	UG	ABDUL KADEER HAKIMUDDIN	540,817
	UG	AISHA TUMISIME KINGFAD 4TH FLOOR SITE NO.3 KLA RD	3,857,398
	UG	ARUA MERCANTILE CO. LTD	7,768,710
	UG	ARUA MERCANTILE CO.LTD	55,206,177
	UG	ENTERPRISIE RWANDISIE E COMMESIS AT INDUSTRIE	9,714,613
	UG	ERCI SARL	5,459,003
	UG	QUICK SALES LIMITED	694,122
	UG	QUICK SALES LTD	5,855,812
	UG	MOSES WAKOLI	159,600
2007	ET	NESRUDID MUHAMMED	
	ET	NESRUDIN MOHAMED	13,719,061
	ET	NESRUDIN MOHAMMED	1,635,342
	ET	OSMAN ADAN K.	34,180,688
	ET	OSMAN ADAN K.	1,629,703
	ET	OSMAN ADEN K	18,640,441
	ET	OSMAN ADEN K.	20,654,344
	RW	SANDE FRANCIS	38,186,513
	SD	INTERNATIONAL RELIEF SERVICE	3,044,399
	SD	INTERNATIONAL RELIEF SERVICE,	78,880,000
	SD	KAPOETA TRADING COMPANY, PRIVATE BAG	41,732,145
	SD	KAPOETE TRADING CO. LTD	41,732,145
	SD	MID AFRICA	78,880,000
	SD	SOUTHERN SUDAN MUDLAND CO. LTD	8,369,796
	SD	SOUTHERN SUDAN MUDLAND CO.LTD	1,870,242
	UG	ARUA MERCANTILE CO. LTD	409,934
	UG	ARUA MERCANTILE	5,022,000
	UG	ARUA MERCANTILE CO. LTD	2,010,956
	UG	ARUA MERCANTILE LTD	16,121,807
	UG	KASAVE ENTERPRISES	5,064,797
	UG	KASAVE ENTERPRISES LTD	11,617,789
	UG	KASAVE TRADING COMPANY	10,667,164
	UG	MURU ENTERPRISE	7,787,857
	UG	MURU ENTERPRISES	11,643,691
	UG	NESRUDIN MOHAMMED	5,916,000
	UG	QUICK SALERS	1,630,408
	UG	QUICK SALERS LIMITED	17,473,666
	UG	QUICK SALERS LTD	54,031,471
	UG	TRIDENT INVESTMENT LIMITED	24,569,359
	UG	UCHUMI COMMODITIES LTD	5,030,183
2008	ET	NERUDIN AHMED	98,838,611
			290,000

TV a



Kenya Sugar Board

Sukari Plaza, Off Waiyaki Way,  
P.O. Box 61500 - 00200  
Nairobi, Kenya

Tel: (254-20) 8018750 11/2 13  
Tel: (254-20) 202331677/8/9  
Mobile: +254 722 2031271 8  
+254-733-333378 1/9

Fax:

E-mail: info@kenyasugar.co.ke  
Website: www.kenyasugar.co.ke

KSB/PD/SR/VOL. XII/404

22nd March, 2013

Commissioner of Customs Services,  
Kenya Revenue Authority,  
P. O. Box 40160,  
**NAIROBI.**

Dear Madam,

**RE: IMPORT PERMITS FOR MILL WHITE/BROWN AND WHITE REFINED SUGAR**

In accordance with paragraph 4 of the Sugar (Imports, Exports and By-products), Regulations 2008, the Kenya Sugar Board has in addition to the letter sent to you vide Ref. KSB/PD/SR/VOL. XII/402 dated 21<sup>st</sup> March 2013, issued import permits to the following importers of white refined and mill white/brown sugar for the specific consignment indicated in the schedule below.

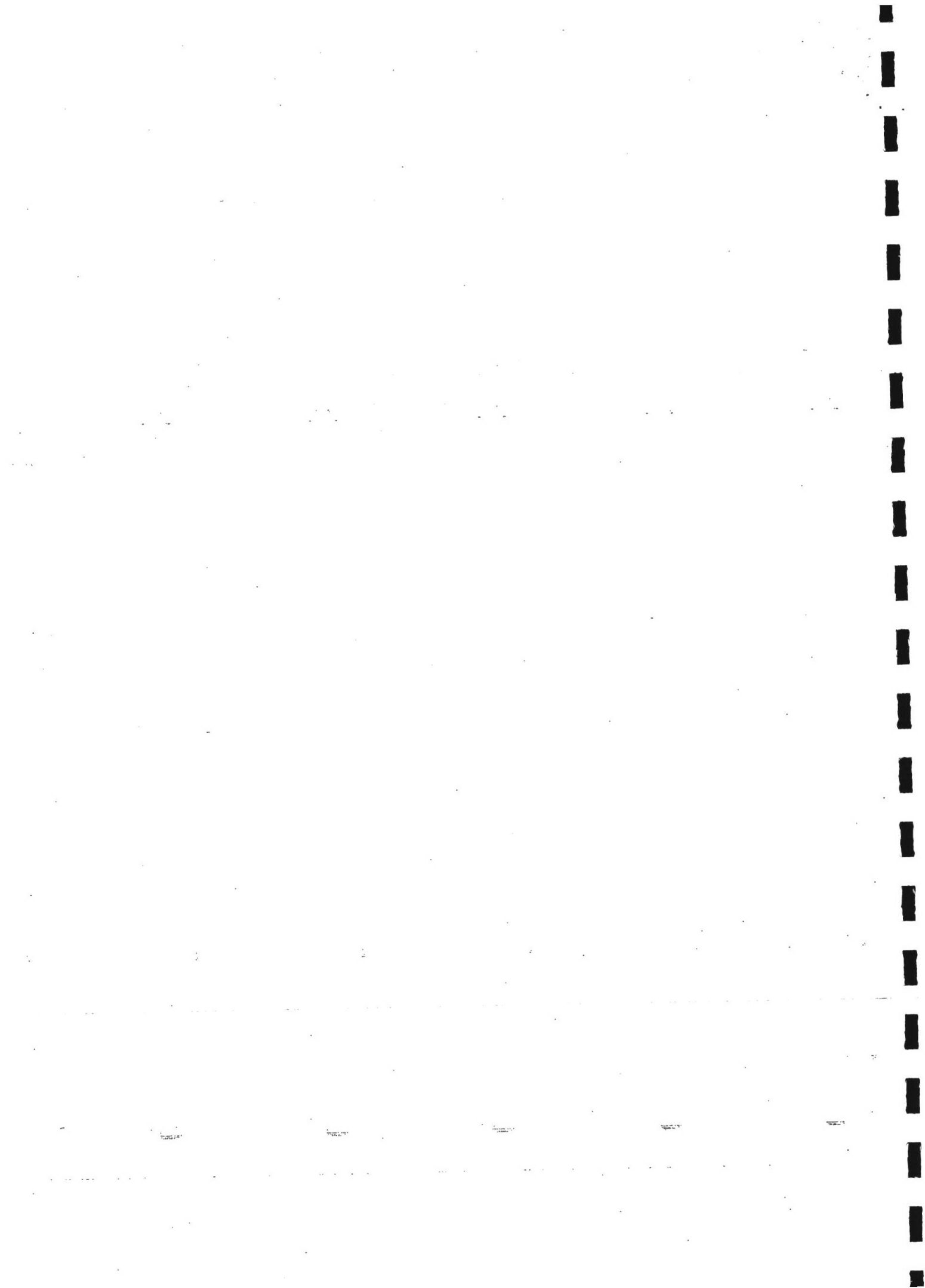
IMPORTER	SUGAR TYPE	COUNTRY OF ORIGIN	IDF/EDF NO.	VESSELS NAME	BILL OF LADING	QTY (MT)
Kenafic Industries Ltd	White Refined	Saudi Arabia	E1211185970	JOLLY MARRON E.V.043	JD318788	1800
Mumias Sugar Co.	Mill White/Brown	Sudan	<u>E1303037216</u>	MSC TASMANI A OR309R	MSCUPS23977 5	10,000
Total						11,800

Yours faithfully,

R. MKOK, MBS  
**CHIEF EXECUTIVE OFFICER**

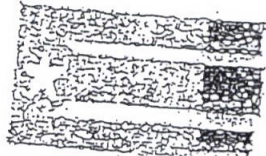
CC: The Permanent Secretary  
Ministry of Finance  
The Treasury  
**NAIROBI**







# GOVERNMENT OF SOUTH SUDAN



The importance of any goods in the licence is for any reason required, please return the licence to the Department of Trade in the Ministry of Commerce and Supply of South Sudan.

This licence will be revoked if the holder is found to be in violation of the change of the context law and the regulation of the government of the South Sudan.

I here by declare that the particulars which I have given are true and accurate to the best of my knowledge and belief.

Date of Issue 4/8/2003  
Date of Expiry 4/8/2005

Business Name and Signature of the Proprietor M/S KARGETA TRADING COMPANY LIMITED

Date \_\_\_\_\_  
Office stamp  
Registrar

THE GOVT. OF SOUTH SUDAN  
MINISTRY OF COMMERCE  
Date \_\_\_\_\_  
Signature \_\_\_\_\_  
Director of Trade





Government of Southern Sudan  
Ministry of Legal Affairs and Constitutional Development



The Registrar of Companies, NGOs, Societies and Associations,  
Office of the Chief Registrar

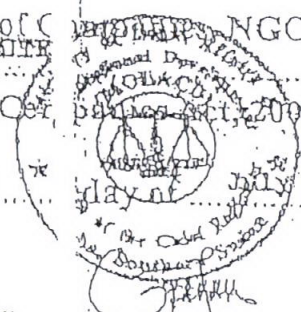
Reg. No: 087.....

Certificate of Incorporation

I, PIETER GATKOUTH KOKR, Chief of Registrar of Companies, NGOs, Societies and Associations, hereby certify that KAPORRA TRADING COMPANY LIMITED is this day incorporated in accordance with the New (Southern) Sudan Companies Act, 2003.

Given under my hand at Juba, Southern Sudan this 26th day of July, 2006.

Sign .....  
Chief Registrar  
Ministry of Legal Affairs and Constitutional Development



MID AFRICA COMMODITIES LTD.  
P.O. BOX 47938, NAIROBI

Friday 1<sup>st</sup> December 2006

To,  
The sales and marketing manager,  
Mumias Division  
Mumias sugar company Ltd,  
Mumias

RE: SUGAR FOR EXPORT

Dear sir,  
The above named company are based in Nairobi and we have had some inquiries for sugar from southern Sudan namely Juba.  
We are in the business of procurement and suppliers in various fields and we had this order for sugar to be delivered to them and as this in our own business it is my belief, you being the largest manufacturer of sugar in Kenya at the moment, shall be to assist in.

The quantity required is 500 metric tons, which will be on a continuous cycle.

Please advise us on your price and terms of doing the goods from either Nairobi or Mumias.

Please contact me at your earliest so as to start the process soonest.

Yours faithfully,

  
Director



REPUBLIC OF KENYA

THE TRADE LICENSING ACT  
(Cap. 497)

927866

LICENCE

License is hereby granted to MIL AFRICA COMMODITIES LTD  
850 KALIA ROAD  
 of P.O. Box \_\_\_\_\_  
 to carry on the business(es) of:

WHOLESALE & RETAIL TRADE

Premises situated at KM 1

No. \_\_\_\_\_ in \_\_\_\_\_  
 Street/Market CASTON ROAD Town/District KALIA ROAD

License expires on 31-12-2007

paid (in words) FREE  
 (KSh)

Date of issue KALIA ROAD  
22-11-2006

Licensing Officer \_\_\_\_\_

District \_\_\_\_\_

Special authorization/exclusion under section 5 of the Act \_\_\_\_\_

Licensing Officer \_\_\_\_\_

District \_\_\_\_\_





REPUBLIC OF KENYA

THE TRADE LICENSING ACT  
(Cap. 497)

927866

## LICENCE

Licence is hereby granted to MIA AFRICA COMMODITIES LTD  
 of P.O. Box 850 KAKAMBA  
 to carry on the business(es) of:

WHOLESALE & RETAIL TRADE

on premises situated at KMC  
 Plot No. \_\_\_\_\_ in \_\_\_\_\_  
 Street/Market CAIRO ROAD Town/District KAKAMBA  
 This licence expires on 31-12-2007  
 Fee paid (in words) FREE  
 (KSh \_\_\_\_\_)  
 Place of issue KAKAMBA  
 Date 22-11-2006

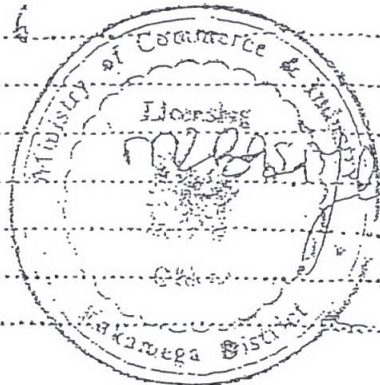
Licensing Officer \_\_\_\_\_

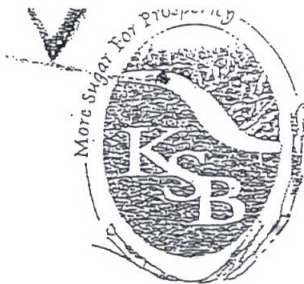
District \_\_\_\_\_

Special authorization/exclusion under section 5 of the Act \_\_\_\_\_

Licensing Officer \_\_\_\_\_

District \_\_\_\_\_





Sukari Plaza, Off Waiyaki Way,  
P.O. Box 51500 - 00200, Nairobi

Tel: (254-020) 631642; 631697;  
631762; 631767; 631880  
Fax (254-020) 630853/797  
Telegrams: "KENSUGAR"  
E-mail: ksa@aficoonline.co.ke

KSB/PD/CRE/MACL/06

29<sup>th</sup> November 2006

The Managing Director  
Mid Africa Commodities Ltd  
P.O. BOX 890  
KAKAMEGA

Dear Sir

RE: SUGAR EXPORTS WITHIN THE GREAT LAKES REGION

Reference is made to your earlier telephone and today's enquiry on the above subject during your visit to our offices.

We hereby confirm that further to the issuance of your Certificate of Registration of Exporters No. KSB/CRE/045/06 (Copy Attached), you are authorized to export mill white sugar from Kenya to any of the East African countries under the East African customs Union, subject to the specified Rules of Origin, quality Standards and payment of Taxes and Levies as deemed appropriate by the respective countries.

You may proceed and negotiate with any of our sugar mills under the umbrella of the Kenya Sugar Manufacturers' Association, for allocations and export promotion prices, as they deem necessary.

Please Keep us informed of any further developments and ensure submission of your quarterly returns.

Yours Faithfully

  
ANDREW O. OTIENO

CHIEF EXECUTIVE OFFICER

N V



Kenya Revenue Authority

DOMESTIC TAXES DEPARTMENT

Date 24/11/06

If you wish for an interview,  
Please make prior appointment  
With.....

M/s. Wild Africa Ltd  
P.O. Box 47938  
NBI

Dear Sir(s)

VAT REGISTRATION

Following receipt of your application for registration, we are pleased to inform you that you have been registered under the VAT Act, Cap 476; Laws of Kenya. You should start operating VAT as soon as you receive this Certificate. Monthly VAT returns should be filed on or before 20<sup>th</sup> of the following month, irrespective of whether you have undertaken any activities or not. A 'NIL/CREDIT' Return should always be filed where no activity has taken place or where input tax is more than output tax in any given tax period. Failure to file a return for any particular tax period (one month) carries an automatic penalty of Kshs. 10,000.

The monthly returns Booklet (VAT 3 forms can be obtained from Central Bank or your nearest VAT office. Note that, a claim for relief of VAT on taxable goods in inventory (stock) at the date of Registration may be made to the Commissioner of VAT, within 30 days after the date of registration.

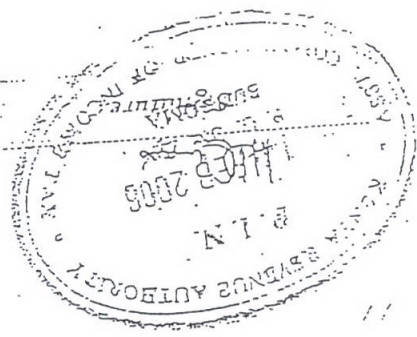
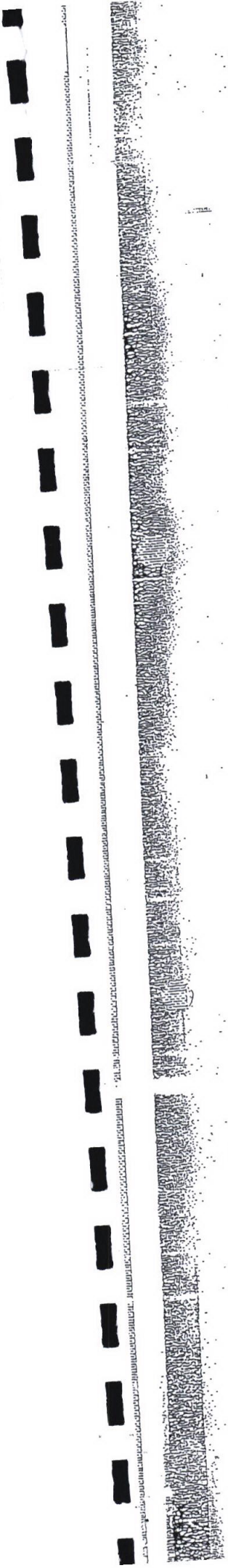
Your Registration Certificate No. 0165353 P is enclosed herewith for your retention.

Your first VAT return is due on, or before 20/12/06

FOR COMMISSIONER OF VALUE ADDED TAX  
C.c.

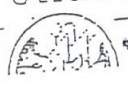
West

Times Tower Building . 23<sup>rd</sup> Floor.  
Haile Selassie Avenue . P.O. Box 49070 . Nairobi . Kenya  
Tel: 310900 . Fax: 215464



MEGALASER INTERNATIONAL  
PMB 11799316

**Kenya Revenue Authority**  
**DOMESTIC TAXES DEPARTMENT**  
PERSONAL IDENTIFICATION NUMBER CERTIFICATE  
PMB 11799316



DATE OF BIRTH: \_\_\_\_\_  
PLACE OF BIRTH: \_\_\_\_\_  
NAME: \_\_\_\_\_  
PIN NO: \_\_\_\_\_  
FORN PIN 1 \_\_\_\_\_  
Date: 14/02/2008

U Y

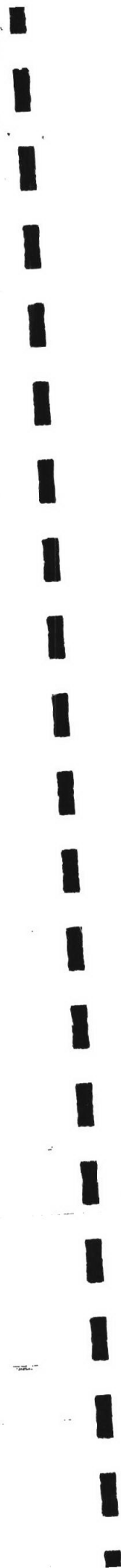


Table 2 below gives a summary of the cane milled and sugar produced by factory in the first nine months of 2012 while Table 3 shows the same for the 2013 period.

Table 2: Sugar made and cane milled by factory in Jan to Sept 2012

FACTORY	MUMIAS	CHEMELIL	SONY	NZOIA	W/KENYA	MUHORONI	KIBOS	SOIN	BUTALI	SUKARI	TRANSMARA
Cane milled (MT)	1,504,471	278,451	486,132	546,125	402,537	338,195	378,473	29,152	322,998	152,601	128,992
Sugar made (MT)	144,843	15,499	48,132	51,863	34,667	22,926	23,168	1,789	34,538	13,635	11,927
TC/TS ratio	10.39	17.97	10.10	10.53	11.61	14.75	16.34	16.30	9.35	11.19	10.81

Table 3: Sugar made and cane milled by factory in Jan to Sept 2013

FACTORY	MUMIAS	CHEMELIL	SONY	NZOIA	W/KENYA	MUHORONI	KIBOS	SOIN	BUTALI	SUKARI	TRANSMARA
Cane milled (MT)	1,382,043	157,621	506,378	577,751	758,085	239,784	457,234	35,534	311,102	239,848	281,535
Sugar made (MT)	125,128	12,615	48,692	46,107	64,517	18,320	34,792	2,086	31,157	23,789	29,964
TC/TS ratio	11.05	12.50	10.40	12.53	11.75	13.09	13.14	17.03	9.98	11.91	9.40

Sugar production dropped at Mumias with 125,128 MT of sugar produced compared to 144,843 MT over the same period last year. There was a drop in cane quality with an average pol % cane of 10.86 compared to the previous 11.82. This led to a drop in sugar recovery with the TC/TS rising from 10.39 previously to an average of 11.05 over the period.

Chemelil remained closed for maintenance from January to April 2013. Production therefore dropped with 12,615 MT of sugar made compared to 15,499 MT over a similar period last year. Sugar recovery however recorded a marked improvement with the TC/TS ratio dropping from 17.97 in the previous

Soin recorded increased sugar production over the period with 2,086 MT of sugar made from 35,534 MT of cane compared to 1,789 MT of sugar from 29,152 MT of cane in 2012. Sugar recovery however dropped with the TC/TS ratio rising from 16.30 in the 2012 period to 17.03 in 2013.

Butali recorded a drop in both the amount of sugar made and cane milled. A total of 31,157 MT of sugar was produced from 311,102 MT of cane compared to 34,538 MT of sugar from 322,998 MT of cane in the previous period. This may be attributed to the closure of the factory for maintenance from mid-May to mid-June 2013.

Production at Sukari increased appreciably as a result of improved cane availability. A total of 23,789 MT of sugar was made in the period under review compared to 13,635 MT in 2012. Cane deliveries increased from 152,601 MT to 239,848 MT over the period.

Similarly, production at Transmara increased more than two fold with 29,964 MT of sugar made compared to 11,927 MT in 2012 representing a 151.23% increment. Cane deliveries rose by 118.26% from 128,992 MT previously to 281,535 MT in the period under review. Sugar recovery also improved with the average TC/TS ratio dropping from 10.81 to a good 9.40. The cane supply situation in the South Nyanza area appears to have improved appreciably.

### 1.3 Cane Supply

The total cane supplied to the industry rose from 4,568,127 MT in the first nine months of 2012 to 4,946,915 MT in the same period in 2013. Mumias, Chemelil, Muhoroni and Butali recorded a drop in cane supply while the rest received more cane in 2013 than in 2012.

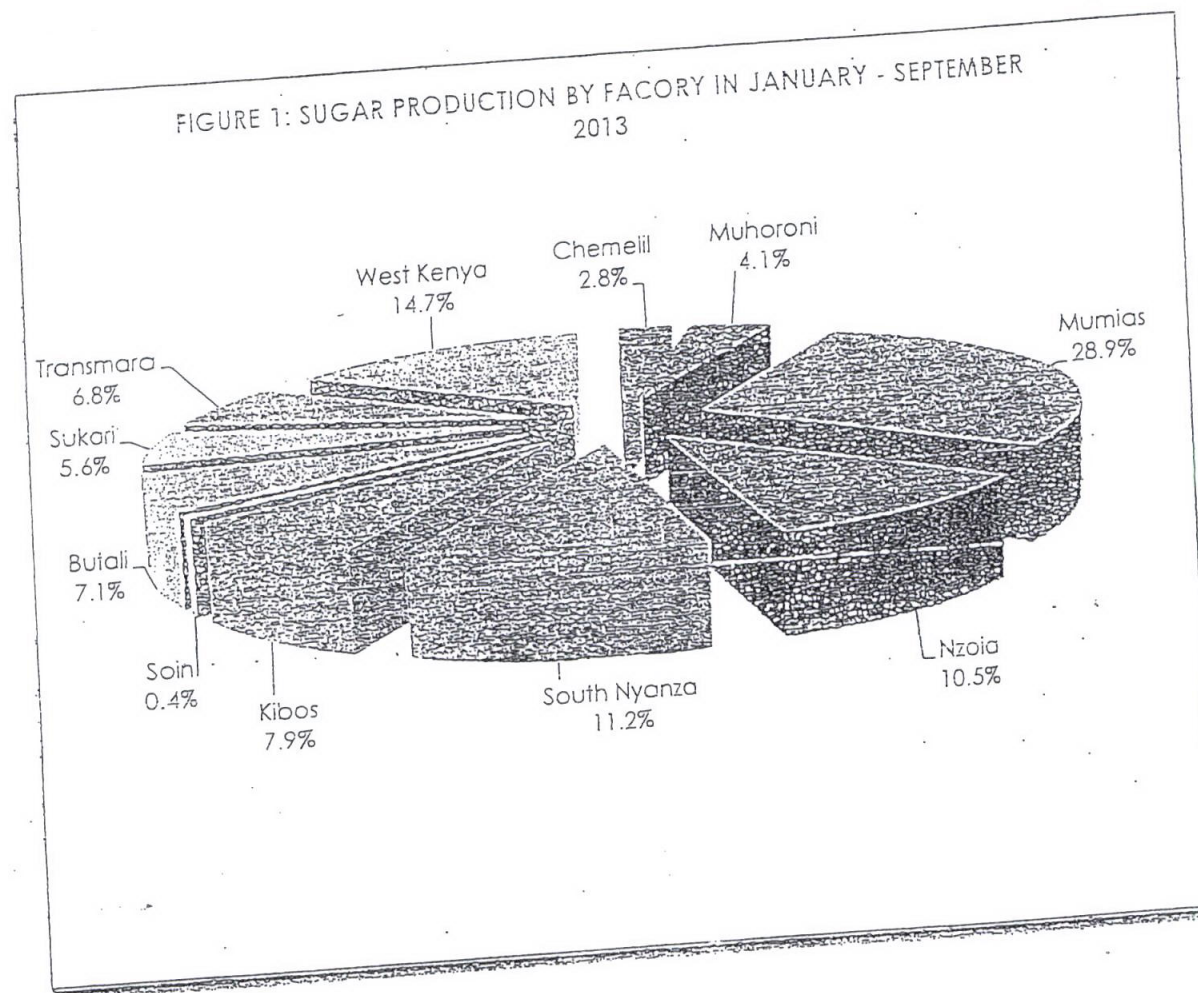
### 1.4 Cane Quality

The quality of cane as measured by the pol % cane dropped with the industry recording a weighted average of 11.14 down from 11.39 in a similar period last year. The fibre % cane however dropped from 17.22 in the corresponding period last year to 16.95 in the first nine months of 2013.

### 1.5 Quality of Sugar Produced

The quality of mill white sugar failed to meet the Kenya Bureau of Standards (KEBS) colour requirement. The weighted average colour was 464.11 ICUMSA units while the standard colour is a maximum of 400 ICUMSA units. The average pol % sugar was 99.59 against the standard of 99.50 while the moisture content was 0.05% against a maximum allowable 0.1%. The white sugar therefore met the requirements for polarisation and moisture content.

The colour for brown sugar was 923.57 ICUMSA units, well within the standard of 1,300 ICUMSA units. The moisture content was 0.07% against a standard of



## b) Sugar Sales and Closing Stocks

Total sugar sales for January – September 2013 were 402,338 tonnes compared to 393,944 tonnes in the same period last year, a 2.1% increase, mainly attributed to the increased sugar supply and demand.

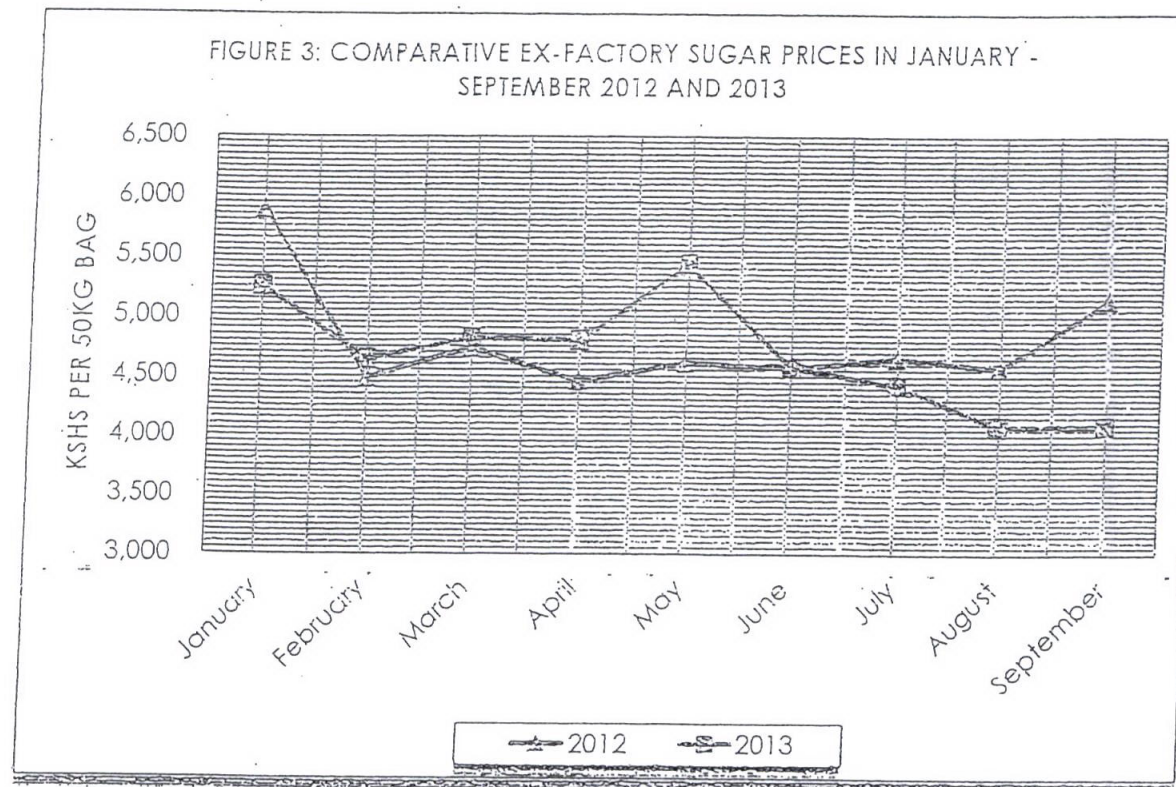
Closing stocks of sugar held by the factories at the end of August 2013 totaled 26,423 tonnes compared to 9,137 tonnes in the same period last year. The stock pile is attributed to the increasing sugar production and table sugar imports in 2013.

For more details on sugar sales and stocks refer to the Tables 1(ii) and 1(iii) attached.

## 2. LOCAL MARKET

### a) Cane Prices

During the period January –September 2013, sugar cane prices ranged between Kshs. 3,470 and kshs 3,900 per tonne. Cane prices started the year at a monthly average of kshs 3,799 per tonne, dealt on a decreasing trend until June and July when some re-correction was observed, attributed to recovery in ex-factory sugar prices beginning March 2013. The high cane prices were unsustainable as the fundamental determinant, ex-factory sugar price; has

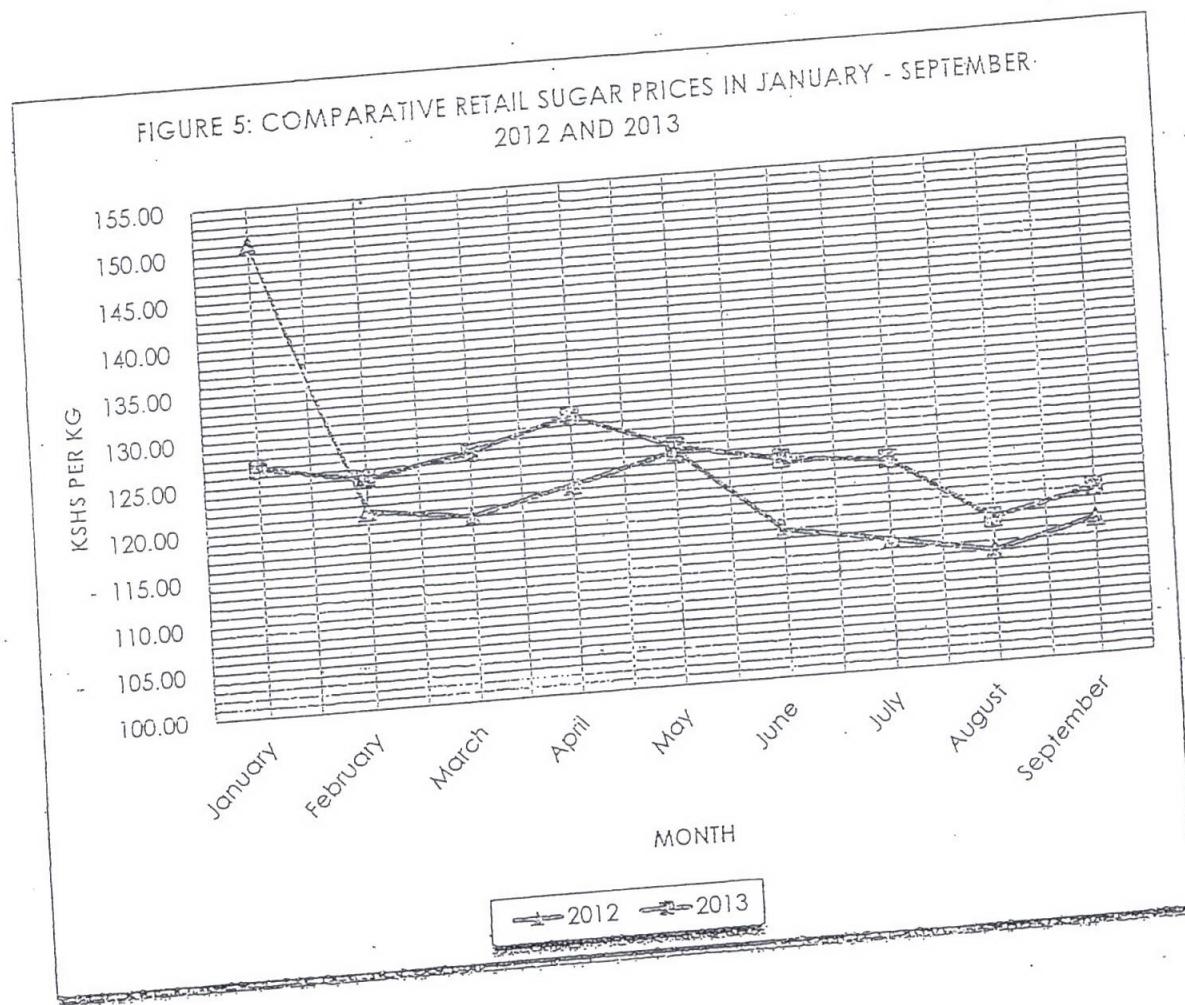


Overall, sugar prices in January – September 2013 ranged between kshs. 3,850 and 6,100, giving an average of Ksh 4,679 per 50kg bag (Kshs 93,580 per tonne) compared to Kshs 4,791 per bag (Kshs 95,820 per tonne) observed in the same period last year, a decrease of 2.3%. For more details refer to Table 3.

#### c) Wholesale Sugar Prices

Wholesale sugar prices started the review period, January - September 2013, at a monthly average of Kshs 5,426 per 50kg bag and dropped to kshs 5,120 in February. Subsequent months traded on increasing prices to attain a high of kshs 5,350 per bag in April 2013. The upward trend was however untenable resulting to a steady price drop to kshs 4,241 per bag at the end of September. The downward trend is in tandem with the ex-factory prices and well supported by low priced sugar imports.

Price range for the review period was kshs 4,100 to 5,800, giving an overall average of Kshs 4,919 per 50kg bag compared to kshs 5,048 per bag in the same period last year, a decrease of 2.6%. For more details, refer to Figure 4 below and the attached Table 3.



### 3. FOREIGN TRADE

#### a) Sugar Imports

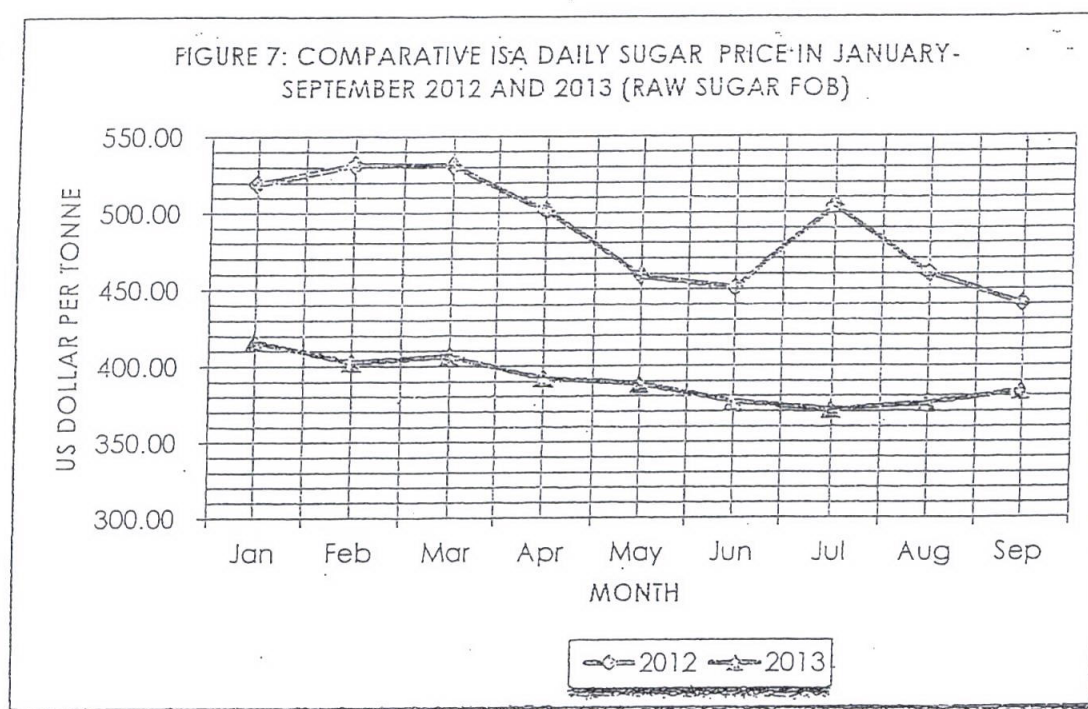
Total sugar imports in January – September 2013 were 195,128 tonnes compared to 178,764 tonnes in the same period last year, an increase of 9%. The imports comprised 52% refined white and 48% brown/mill white sugar. It is worth noting the increased quantity of table sugar imported in 2013 (39% increase), attributed to reducing world sugar prices and improved sugar availability from the COMESA region. For more details refer to Tables 4 (ii) and 4 (iii).

COMESA-FTA countries supplied a total of 97,395 tonnes while the EAC provided 4,821 tonnes of the total imports. The two regions combined gave 52% of the total sugar imports in January – September 2013 compared to 58% realized from this region in the same period last year. Decreased import from neighbouring countries is noteworthy, mainly attributed to improved surveillance to curb illegal imports.

#### 4. WORLD SUGAR HIGHLIGHTS

##### i) The Market in September

Despite a widely expected global surplus (as discussed in the Conditions and Prospects section below), world sugar prices strengthened in September. The ISA daily price started the month at 16.81 cents/lb (USD 370.49/tonne equivalent to Kshs 31,492 per tonne) and improved to a four-month high of 17.96 cents/lb (USD 395.83/tonne = Kshs 33,646 per tonne ) quoted on 25<sup>th</sup> September. The monthly average was 17.40 cents/lb (USD 383.50/tonne = Kshs 32,598 per tonne) as against 17.03 cents/lb (USD 375.34/tonne= Kshs 31,904 per tonne) as in August, 2.2% price increase. For more details, refer to Figure 7 below.



White sugar prices, (the ISO White Sugar Price Index) followed a slightly different scenario. The index improved from USD 475.10/tonne (Kshs 40,384 per tonne) at the beginning of month to USD 494.50/tonne (Kshs 42,033 per tonne) on 11<sup>th</sup> September but gradually retreated to USD 486.35/tonnes (Kshs 41,340 per tonne) by the end of September. The monthly average was USD 485.20/tonne (kshs 41,242 per tonne), only a modest increase (0.1%) from USD 484.63/tonne (Kshs 41,194 per tonne) in August 2013. For more details, refer to Figure 8 below.

On 22nd August the International Sugar Organisation (ISO) released the first formal assessment of the world sugar balance for the 2013/14 (October/September) crop cycle. This season world sugar production is still expected to exceed consumption in 2013/14 by 4.502 mln tonnes. The first revision of the world sugar balance in 2013/14 will be released in mid-November.

In the Table A below the estimates of world sugar production and consumption in 2013/14, released to date by leading sugar analysts, are summarized.

Table A: World Sugar Production and Consumption 2013/14 (mln mtrv)

Name of sugar Analysts	Estimates date	Production	Consumption	Surplus/deficit
Kingsman (b) #	23-May	177.85	172.95	+4.90
USDA (c)	18-Jun	174.85	168.15 ***	-0.18
ABARE (b)	18-Jun	182.20	176.40	+5.80
ISO (b)	20-Aug	180.84	176.34	+4.50
Czarnikow (c)	5-Sept	181.80	179.80 ****	+2.00
Kingsman (b)#	12-Sept	178.80	174.12	+4.68

\*\*\* excluding unrecorded disappearance

\*\*\*\* including 1 mln tonne allowance for unrecorded disappearance

# October/September

(b)=balance; (c)=individual crop years aggregated

R. MKOK, MBS  
CHIEF EXECUTIVE OFFICER

6



*[Faint, illegible text, possibly bleed-through from the reverse side of the page]*



iv) SUGAR IMPORTS FOR THE PERIOD JANUARY- SEPTEMBER 2013 BY COUNTRY OF ORIGIN (TONNES)

Country of origin	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	TOTAL JANUARY- SEPTEMBER 2013	TOTAL JANUARY- SEPTEMBER 2012
1) COMESA FTA											
Egypt	6,391.00	9,837.08	9,400.00	1,850.00	1,525.00	5,541.00	6,168.00	9,875.00	3,300.00	53,887.08	65,732.00
Malawi	-	-	-	-	-	-	-	-	-	21.50	4,258.20
Zimbabwe	-	-	-	-	-	-	-	-	-	249.75	-
Sudan	-	5,000.00	-	-	10,000.00	-	-	-	-	15,000.00	-
Zambia	336.00	224.00	56.00	2,634.00	306.00	575.95	7,500.00	700.00	1,050.00	13,381.95	1,857.00
Madagascar	-	-	-	-	-	-	5,000.00	-	-	3,430.00	-
Mauritius	963.79	1,279.20	-	-	-	-	-	-	-	8,430.00	4,945.00
Sub-total	7,690.79	16,340.28	9,456.00	4,484.00	13,581.58	6,579.27	20,426.94	11,056.21	7,780.01	6,424.80	478.62
2) COMESA NON-FTA											
Sub-total										97,395.08	77,270.82
3) EAST AFRICA COMMUNITY											
Uganda	275.00	461.50	-	-	-	-	-	-	-	-	-
Tanzania	-	-	-	-	825.00	73.00	96.00	-	-	-	-
Sub-total	275.00	461.50	-	-	825.00	157.00	3,102.00	-	-	1,730.50	26,879.81
4) THE REST OF THE WORLD											
South Africa	1,275.00	250.00	800.00	1,125.00	1,500.00	500.00	3,035.50	3,010.59	3,291.50	14,787.59	8,100.78
United Arab Emirates	0.32	0.87	0.06	1.55	-	0.03	0.47	0.88	0.27	4.45	2,590.11
Germany	-	-	-	-	-	-	184.00	-	230.00	414.00	2,001.02
Italy	0.08	-	-	-	-	-	-	-	-	0.08	8.82
Belgium	161.03	-	-	299.00	92.00	-	-	-	-	552.11	621.04
Denmark	-	-	-	-	-	-	-	0.01	0.07	0.002	-
Spain	-	-	-	-	-	0.002	-	-	-	0.002	-
United States of America	-	-	-	-	-	-	-	-	-	-	5,000.00
Brazil	-	832.00	-	-	-	-	-	-	-	-	0.27
Thailand	375.00	3,425.00	3,625.00	7,050.00	4,750.00	5,200.00	6,650.00	3,550.00	6,850.00	41,475.00	14,350.00
Czech Republic	-	-	-	-	-	-	-	-	-	832.00	-
United Kingdom	250.00	300.00	500.00	0.00	-	-	-	-	-	-	0.04
Pakistan	-	-	-	-	-	1.00	-	43.00	-	1,094.00	0.45
Hong Kong	-	-	-	250.00	-	-	180.00	-	-	430.00	-
Cuba	-	-	-	-	-	-	-	-	-	-	100.00
Netherlands	-	-	-	-	-	-	-	-	-	-	199.51
France	-	-	-	-	-	-	0.06	-	-	0.06	0.12
Saudi Arabia	3,675.00	4,293.00	6,213.50	2,600.00	6,097.00	3,825.00	3,133.50	1,904.50	-	31,741.50	28,361.50
China	-	-	-	-	-	-	-	-	-	-	0.51
India	260.00	520.00	260.00	-	-	-	-	-	-	-	-
Japan	20.70	-	-	-	-	-	-	260.83	260.00	1,560.83	12,267.00
Switzerland	-	-	-	-	-	-	-	-	-	20.70	-
Sub-total	6,017.13	9,620.87	11,398.56	11,075.55	12,689.00	-9,526.03	13,183.54	8,769.81	10,631.84	92,912.34	74,613.26
TOTAL SUGAR IMPORTS (1+2+3+4)	13,982.92	26,422.65	20,854.56	15,559.55	27,095.58	16,262.30	36,712.48	19,826.02	18,411.85	195,127.92	178,763.89

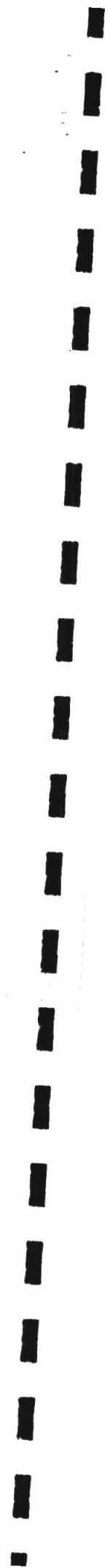
IS  
RA  
TOT  
TOTAL



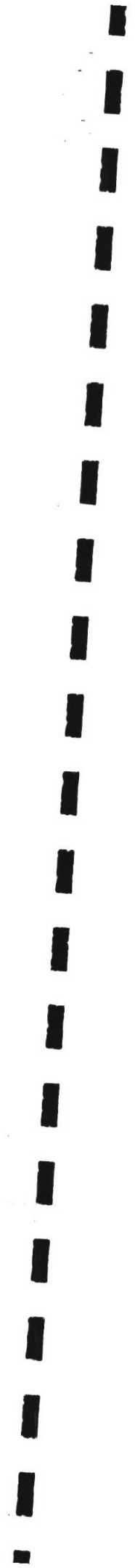
11







0011 7244




not the first time the your officers along with Kenya revenue Authority officers have visited us in respect of the specified consignment and in all instances have gone satisfied with the legality of the matter.

Kindly do take note that while you take your time in responding to our submissions, which so far seem possibly impeachable, the harassment against us and our clients, and consequences thereof occasioned by your officers on the same allegations, which stand baseless and imagined, is unfair, not welcomed and untenable. We, with due respect, urge your office either to present undeniable proof of your allegations once and for all or allow us to conduct business freely and in a peaceful environment which is our right enshrined and protected in section 43 read with section 27(1) of the Constitution of Republic of Kenya.

Continuation of the current state of affairs will only exacerbate the situation and will leave us with no option but to seek legal redress for the direct and indirect effects of your unsubstantiated harassment against yourselves at your cost and peril.

Yours faithfully,

  
Z. M. Ladak

Legal Officer

CC: The Officer in Charge, Kenya Sugar Board, Mombasa

Asst. Commissioner, Customs, Kenya Revenue Authority, Mombasa.

Cabinet Secretary, Ministry of Agriculture, Livestock and Fisheries, Nairobi

Cabinet Secretary, the National Treasury, Nairobi

Office of the Chief Justice, the Judiciary, Nairobi

which is the subjected of the matter before Court remains impounded.

Be assured that the discharge of the Board regulatory duties must be within the law and of the highest integrity standards and no officer or agent should be allowed within your premises outside working hours. We regret however that as we intensify the surveillance exercise we may be compelled to revisit your premises to verify information that comes our way.

Your continued co-operation and expeditious response to our queries will be much appreciated. We also undertake to do the same.

Yours faithfully,

  
R. MKOK, MBS

CHIEF EXECUTIVE OFFICER

CC: Cabinet Secretary, Ministry Of Agriculture, Livestock & Fisheries

Cabinet Secretary, The National Treasury

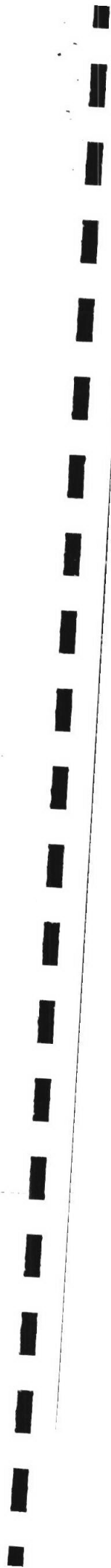
Office of the Chief Justice, The Judiciary, Nairobi

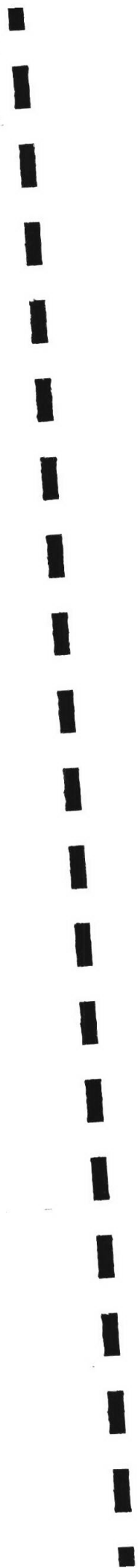
Asst. Commissioner, Customs, Kenya Revenue Authority





INDEX









- Sugar from non-COMESA origin was being imported disguised as COMESA sugar thereby unfairly enjoying the duty free window;
  - Sugar consignments purported for export to the neighbouring countries were being dumped into the domestic market after enjoying duty and levy waivers for export.
5. In light of the challenges enumerated above, the Board, in which Mumias Sugar Company is represented, resolved unanimously to propose to the Minister for Agriculture, an amendment to the Regulations to provide for more scrutiny of the imports and exports to curb the vices.
  6. Consequently, the Sugar (Imports, Exports and By-Products) Regulations 2008 were gazetted on 5<sup>th</sup> September 2008, with the following salient feature: The Board would offer permits on per consignment basis on issuance by the importer/exporter of the following set of documents: the Bill of Lading, IDF/export entry, Supply Contract, Commercial Invoice and Certificate of Origin. This provision addresses the challenges of:
    - mis-declaration of imports;
    - confirming the origin of the consignment; and
    - clearance of export documentation and dumping of tax exempt sugar into the domestic market.
  7. On gazettelement of these regulations, some importers moved to court to challenge the legality of implementation of the Regulations and a Court Order was issued on 3<sup>rd</sup> October 2008 staying the implementation of the Sugar (Imports, Exports & By-products) Regulations 2008.
  8. On 17<sup>th</sup> July 2009, a ruling was made in favour of the Board, with the following amendments to the Regulations:
    - 4 (3): to do away with the written approval of the Minister (as the Board was seen to be ceding its mandate to the Minister)
    - 10 (2): Appeal on cancellation of permit to be made through the sugar Arbitration Tribunal and not the Minister.
  9. On 31<sup>st</sup> July 2009, Legal Notice No. 122 was gazetted with the amendments listed above.
  10. In response to concerns raised by our COMESA trading partners that the new importation regime was cumbersome and constituted Non-

■

■

■

■

■

■

■

■

■

■

■

■

■

■

■

■

■

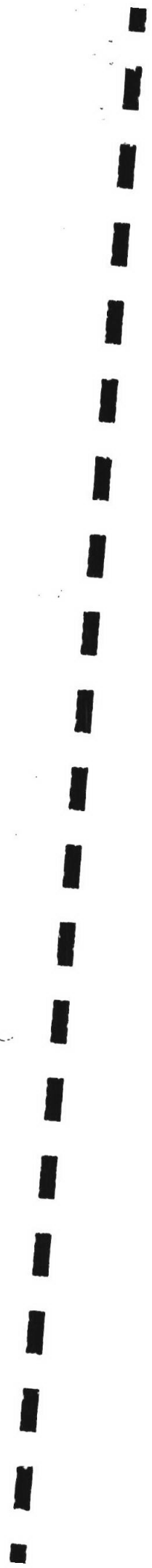
■

■

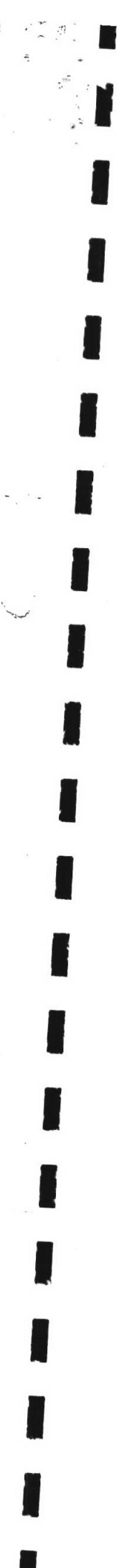
■

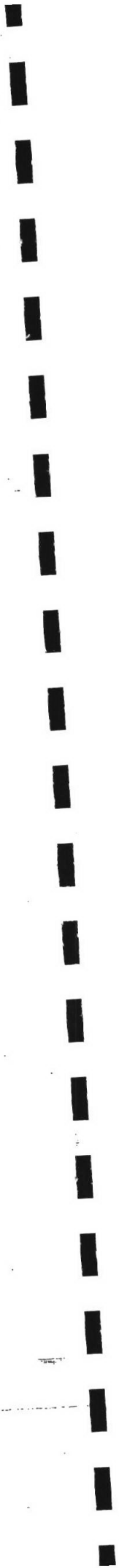
■





*[Faint, illegible text, possibly bleed-through from the reverse side of the page]*



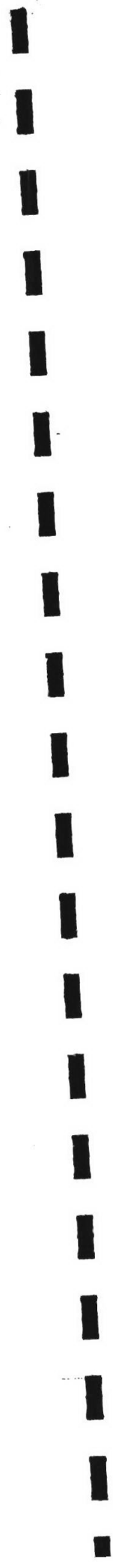


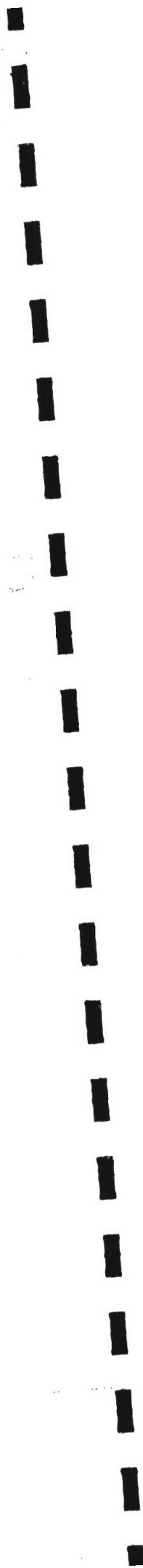






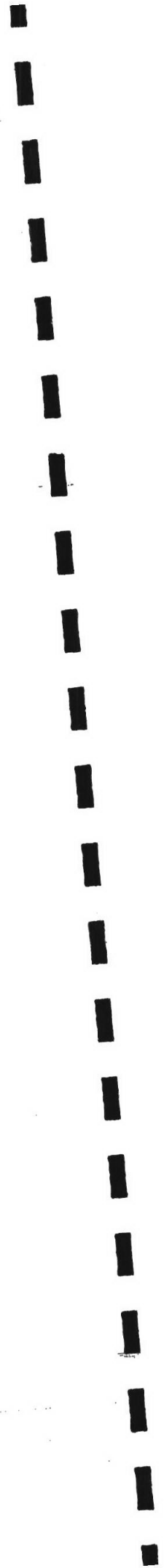








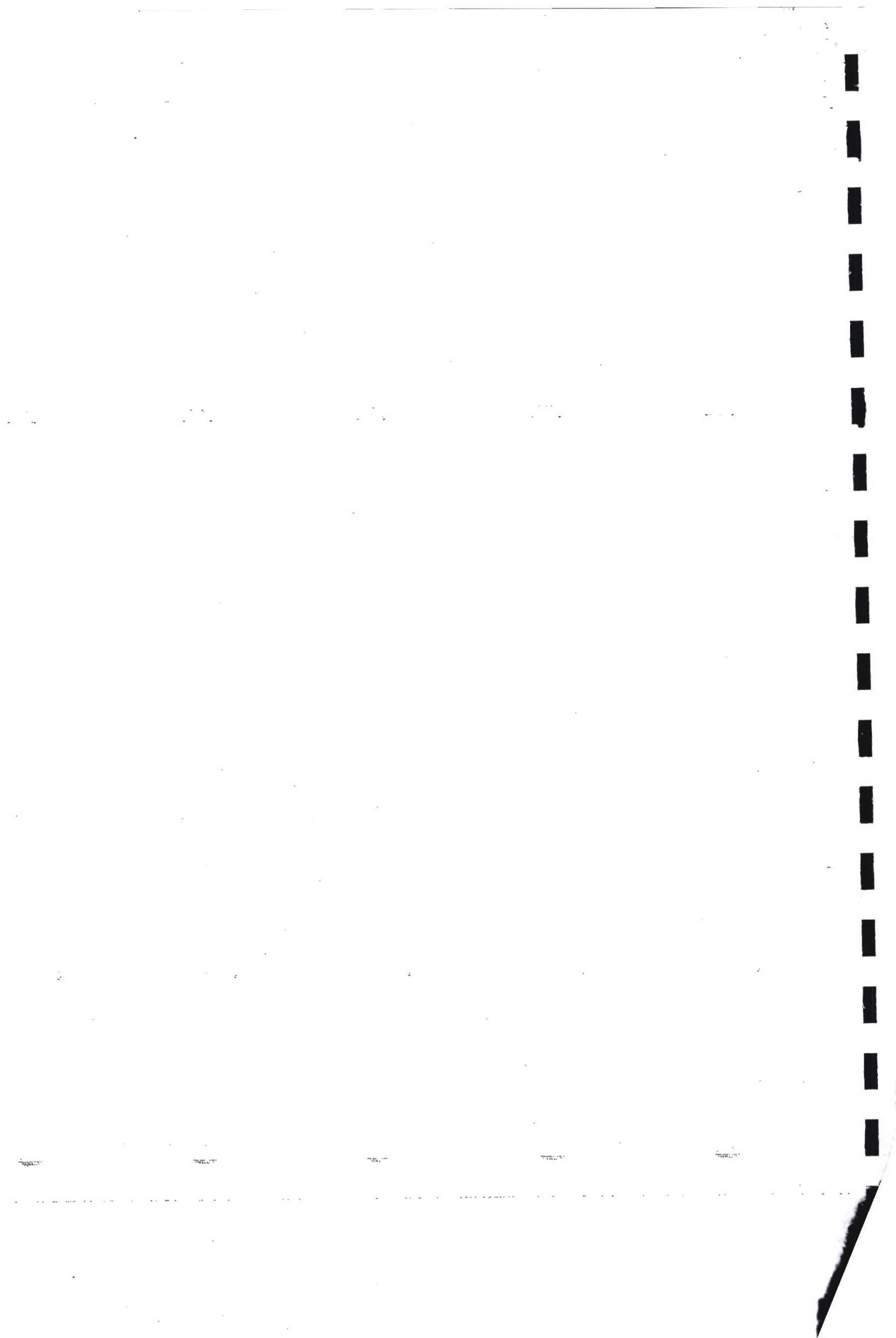


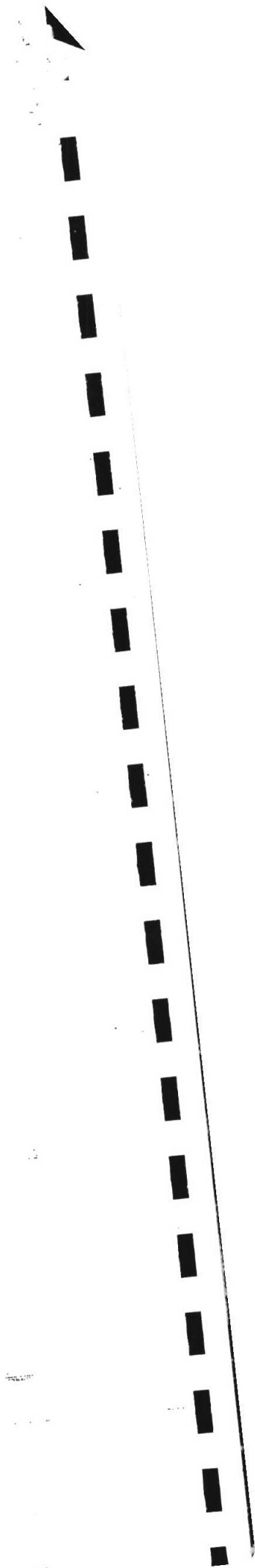












The Damage And Loss Assesment.

1. Slack & Torn Bags.

The S/torn bags were cut open and contents visually examined. The sound contents of torn bags were further transferred into new polypropylene bags, Topped-up, weighed at 50.10kg per bag, Double machine stitched and stacked. A total Loss of 16 Bags realized during the reconstitution.

2. Water Stained bags.

A total number of 1,467 bags were Received in Wet-Water stained condition. Re-bagging and Reconstitution was carried out to salvage & recovering sound contents from bags in damaged condition. A total number of 44 Bags were Rejected. 3 More bags were rejected as Ex" Warehouse S/Torn as a result of a collapsed storage. 10 extra bags achieved as dirty sweepings and 105 bundles stc 20 empty used bags each also noted. The contents of bags rejected noted to be Discoloured, caked, contained foreign particals and/or totally unacceptable to the required expört specifications.

3. Underweight Bags.

The bags were selected randomly and weighed on an electronic weighing scales. A total number of 106 bags were realized with unacceptable weights. All undershot bags were opened and standardized to 50.0kilos net, machine stitched and stacked. loss of 1 bag was realized.

The Representatives.

The parties present during the exercise:

Portside Shed 7/8 officials.

Inland African Logistics.

Bureau Veritas (K) Limited.

Mumias Sugar Co. Ltd.

Report Prepared By:

Anthony Wandera

Chief Tally Clerk-Portside Shed 7/8.

Checked By:

Sadik Jande 26/4/11  
Supervisor In charge-Portside Shed 7/8.

Confirmed By:

JS Makero

Operations in charge &

Head of internal Security-Portside Shed 7/8.

PORTSIDE FREIGHT TERMINALS LTD.  
SHED 7/8

SUGAR DIRECTORATE  
P. O. Box 51500 - 00200  
NAIROBI, KENYA.

CRISTIANE TRIVE  
COPY





RECONSTITUTION / REBAGGING

OPERATION	RE-BAG.	DATE	18 APRIL 2011
REF No.		S.I No.	
CLIENT	ED & F MAN LTD	COMMODITY	SUGAR
EX-VESSEL / TRUCKS	EX-TRUCK	WAREHOUSE	SHED 7 & 8


TORH & SLACK EX-TRUCK.

	QUANTITY PLACED		QUANTITY ACHIEVED		SHORT FALL / REWORK
	PACKAGES	TONNAGE	PACKAGES	TONNAGE	
TOTAL	15	0.75	14	0.70	1 - 0.05
PREVIOUS	592	29.60	581	29.05	11 - 0.55
TODATE	607	30.35	595	29.75	12 - 0.6
BALANCE					

Remarks: -

ACHIEVED ~~REBAGS~~ STANDARDISED @ 50.00  
KI GROSS. ADD 50.0 KI NET.


Surveyor's Representative: PATRICK.

Signature: 

Warehouse's Representative: ANTHONY WANA

Signature: 

Client's Representative: ERIC FREIGHT

Signature: 

SHED 7/8

CERTIFIED TRUE COPY

Nairobi Office:

ABC Place - Waiyaki Way

P.O. Box 34378, NAIROBI

Phone: (254) (2) 43891/447627/440693

Fax: (254) (2) 40518/40501

Mombasa Office:

Harbour House - Moi Avenue

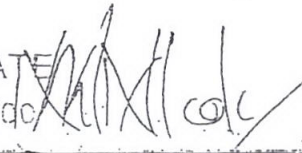
P.O. Box 41622, Mombasa

Tel: (254) (11) 51400/514022

SUGAR DIRECTORATE

P. O. Box 51509 - 00200

NAIROBI, KENYA







RECONSTITUTION / REBAGGING

OPERATION	RE-BAG	DATE	20 APRIL 2011
REF No.		S.I No.	
CLIENT	ED F F MAN LTD	COMMODITY	SUGAR
EX-VESSEL / TRUCKS	EX-TRUCK	WAREHOUSE	CHD 7 8

SALVAGE OF WATER STAINED BAGS EX-TRUCK

	QUANTITY PLACED		QUANTITY ACHIEVED		SHORT FALL / REJECTS
	PACKAGES	TONNAGE	PACKAGES	TONNAGE	
TOTAL	154	7.70	154	7.70	DIL
PREVIOUS	1313	65.65	1265	63.25	44 REJECT 4 S/FALL
TODATE	1467	73.35	1419	70.95	44 REJECTS 4 S/FALL
BALANCE					

Remarks: -

ACHIEVED BAGS WERE STANDARDISED @  
50.0 KG GROSS & 50.0 KG NET.

Surveyor's Representative: PATRICK Signature: [Signature]

Warehouse's Representative: ANTHONY KANZIERO Signature: [Signature]

Client's Representative: [Signature] Signature: [Signature]

PORTSIDE FREIGHT TERMINALS LTD.  
S.I.D 7/8

CERTIFIED TRUE COPY





**RECONSTITUTION / REBAGGING**

OPERATION	RE-BAGGING	DATE	9/04/11
REF No.		S.I No.	
CLIENT	KO ST MAN LTD	COMMODITY	SUGAR
EX-VESSEL / TRUCKS	EX-TRUCK	WAREHOUSE	SHED 788

UNLAD WEIGHTS (MOUTH OPENED) EX-TRUCKS.

	QUANTITY PLACED		QUANTITY ACHIEVED		SHORT FALL / REJECTS
	PACKAGES	TONNAGE	PACKAGES	TONNAGE	
TOTAL	61 <del>67</del>	3.05	61	3.05	NIL
PREVIOUS	45	2.25	44	2.2	1 → 0.05
TODATE	106	5.30	105	5.25	1 - 0.05
BALANCE					

Remarks: -

ACHIEVED TONNE STANDBY DISHA → 50.10 Kk 1/2011  
50.0 Kk REF.

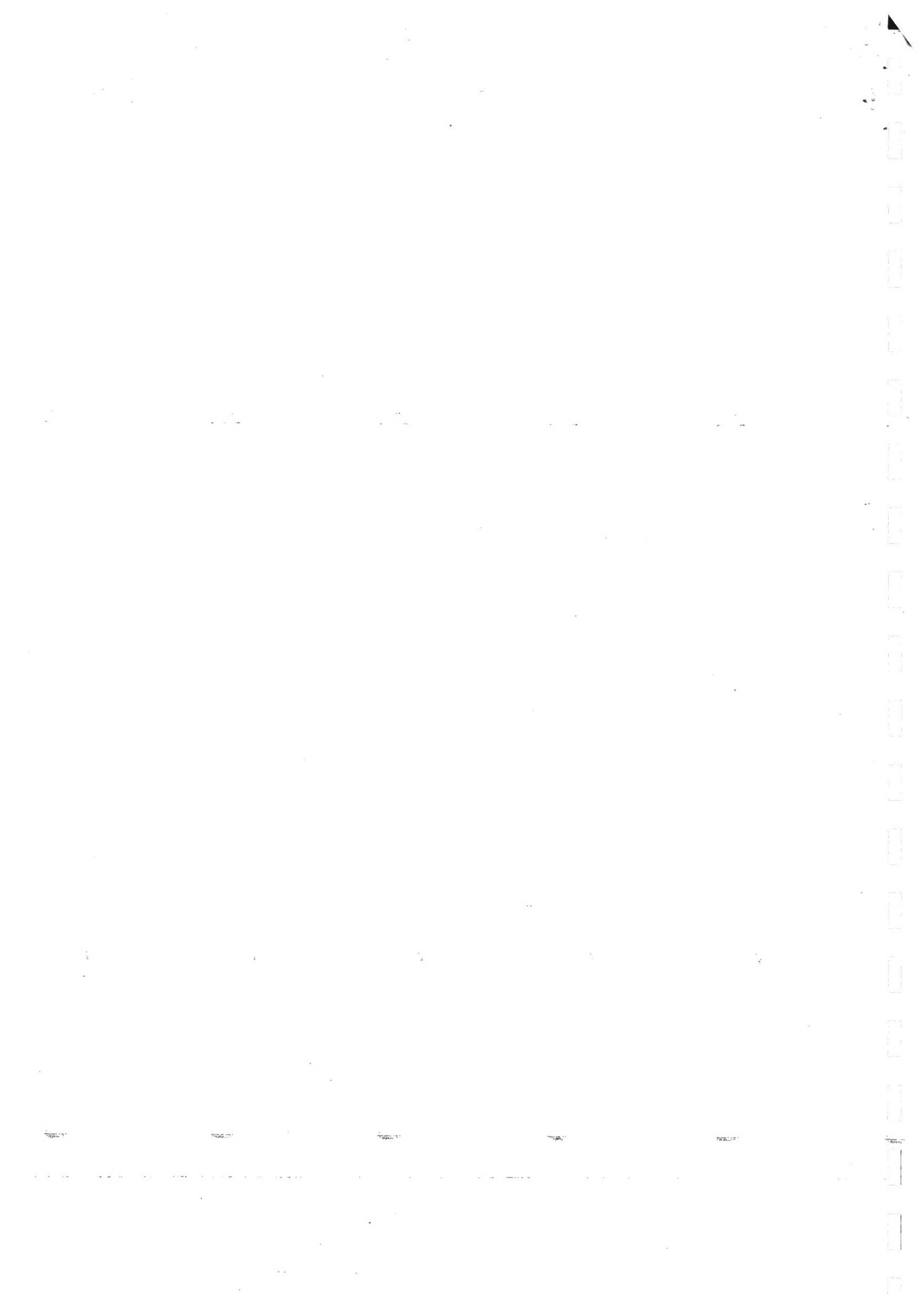
Surveyor's Representative: PATRICK Signature: [Signature]

Warehouse's Representative: ANTHONY Signature: [Signature]

Client's Representative: [Signature] Signature: [Signature]

**PORTSIDE FREIGHT TERMINALS LTD**  
**SHED 788**

CERTIFIED TRUE COPY





RECONSTITUTION / REBAGGING

OPERATION	REBAGGING	DATE	10 MARCH 2011
REF No.		S.I No.	
CLIENT	ED & F MAS LTD	COMMODITY	SUGAR
EX-VESSEL / TRUCKS	EX - VESSEL	WAREHOUSE	SHED 7 & 8

RE-BAG OF 200000 KGS (EX - VESSEL)

	QUANTITY PLACED		QUANTITY ACHIEVED		SHORT FALL / REJECTS
	PACKAGES	TONNAGE	PACKAGES	TONNAGE	
TOTAL	29	14547	26	13217	3 REJECTS 0.15
PREVIOUS	—	—	—	—	—
TODATE	29	14547	26	13217	3 REJECTS 0.15
BALANCE					

Remarks: -

- (i) ARCHIVES & ACC IDENCE SIGNATURES AT ED/UKS OFFICE
- RE - ED/UKS
- (ii) DISCREPANCY FOUND WITH MATHEMATICS SIGNATURES AT SHEDS
- OFFICE RE - ED/UKS

Surveyor's Representative: PATRICK

Signature: [Signature]

Warehouse's Representative: [Signature]

Signature: [Signature]

Client's Representative: [Signature]

Signature: [Signature]

PORTBILT TERMINAL LTD

CERTIFIED TRUE COPY

Nairobi Office:

Plot 10 - Waiyaki Way

P.O. Box 34378, NAIROBI

Phone: (254) (0) 43891/44027/440695

Fax: (254) (0) 43891/440695

Mombasa Office:

Harbour House - Moi Avenue

P.O. Box 41622, Mombasa

Phone: (254) (0) 59402/3/4/5

SUGAR DIRECTORATE

P.O. Box 51500 - 00200

NAIROBI, KENYA

[Signature]



(18)

**CUSTOMS ENTRY NO 2754042 AND 2740954 MUMIAS BROWN SUGAR FOR EXPORT TO ITALY**

COMPILED BY RM/HSU MR.SIRRO & OBAR

**INTRODUCTORY BACKGROUND:**

For the purposes of facilitating the mandate of the Board with respect to control of **imports and exports** of sugar and by products, today we visited both Kilindini portside shed 7/8 and Damco warehouses and observed the following;

- At portside shed 7/8- 11,957.8 MT
- At Damco warehouse- 739 MT

**TOTAL=** **12,696.8 MT**

**OTHER STAKEHOLDERS:**

Present during the exercise were representatives from Customs and Port, Madam Dorothy, Mr, Paul and Mr.Mamati all from Mumias sugar company. Others present were the transporter Mr. Ketan, clearing agent Mr.Yusuf, the Damco warehouse manager Mr. Hassan Muganda, Mr Adala the portside supervisor and Mr.Obar KSB Surveillance officer.

**EXPECTED TIME OF ARRIVAL OF THE CARRYING VESSEL:**

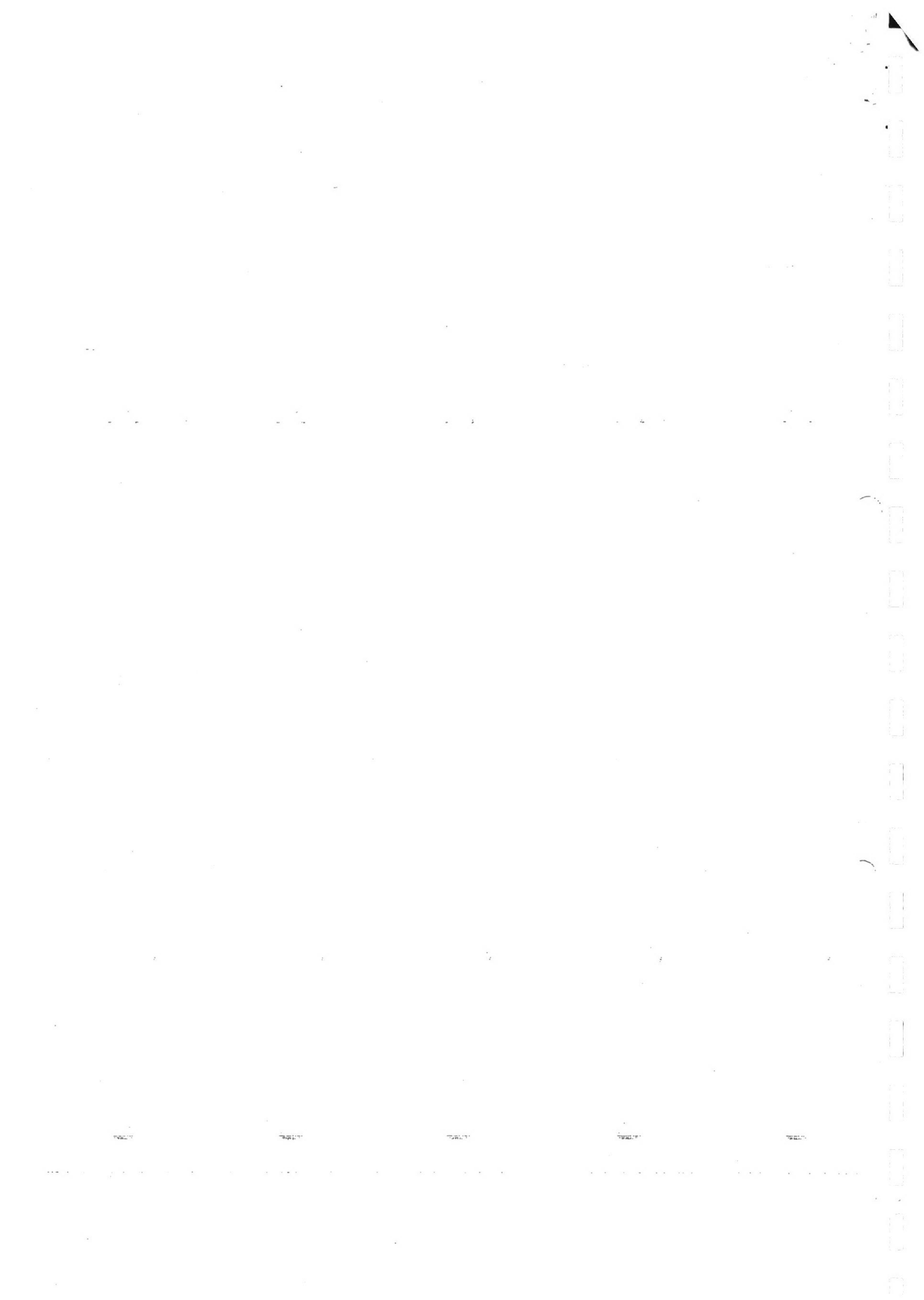
The vessel is expected to arrive on the- 19/04/2011

The loading is expected to commence on - 24/04/2011

The entire exercise is expected to last- ten days

*CELESTINE MUNE WOPY*







## SECURITY AT THE WAREHOUSES/PORT

Port security detail

Tick security services (contracted by portside)

Mumias security detail

Damco warehouse –physical and electronic security including alarm back up and CCTV Cameras 24hrs

**NOTE: - So far there are NO indications of sugar malpractices noted. However, we are constantly monitoring through day and night surveillance until the cargo is loaded in the carrying vessel for Italy.**

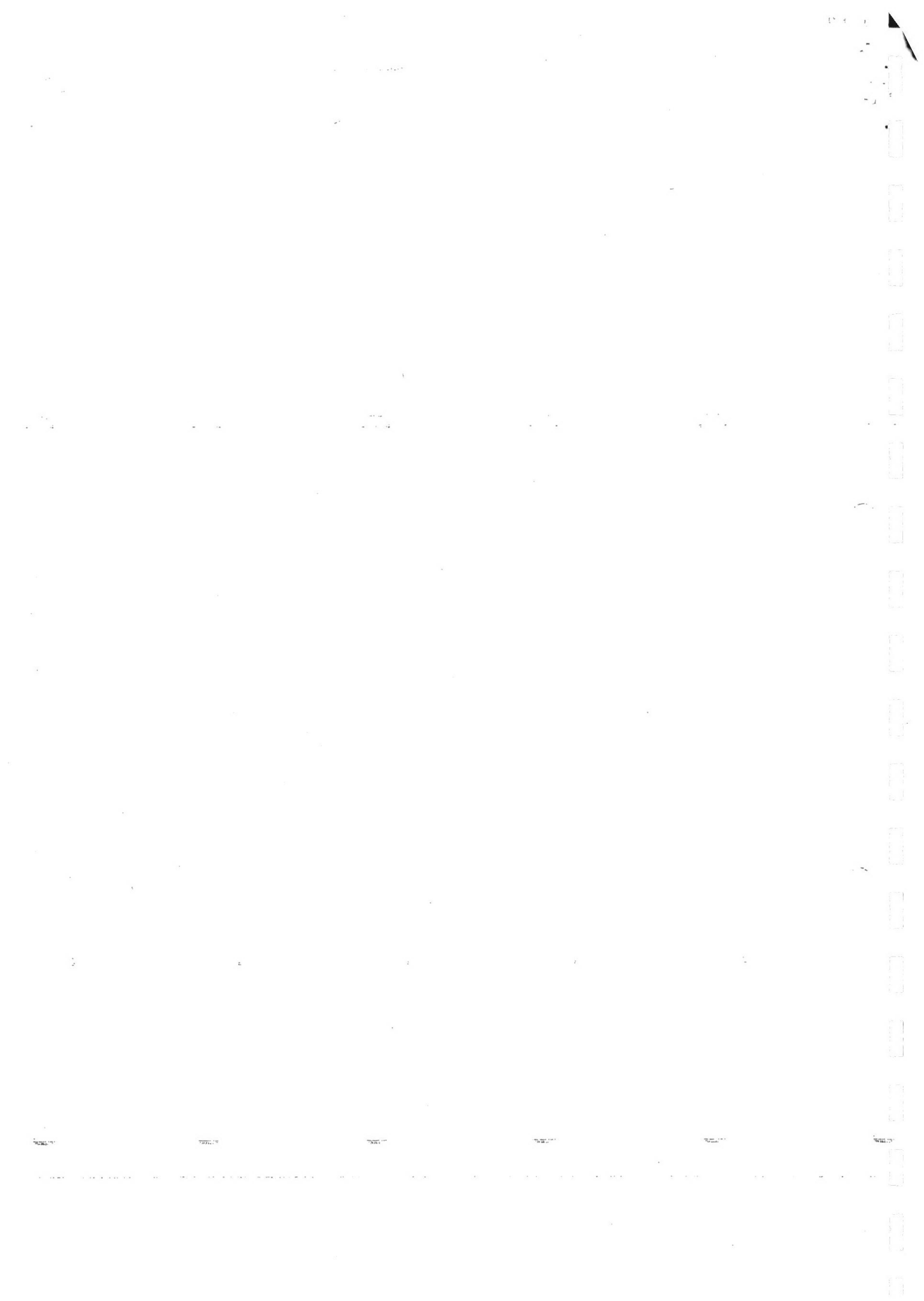
- All documentations shall be captured by our office under transit/transshipment cargo as usually done
- The security details mentioned above are said to have been involved in high profile security service engagements within and outside the port.

CERTIFIED TRUE  
COPY

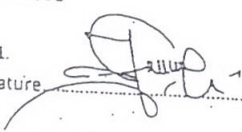
2

SUGAR DIRECTORATE  
P. O. Box 51500 - 00200

*Handwritten signature*



**WAREHOUSE RECEIPT**  
PORTSIDE- SHED 7/8

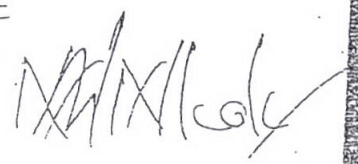
Supplier MUMIAS SUGAR COMPANY LIMITED		WAREHOUSE RECEIPT NO. PSF/S/00065/011		
Depositor INLAND LOGISTICS LIMITED MOMBASA		Ex-Wagon/Truck No EXPORT SUGAR		
We hereby certify having received the goods mentioned herein in condition described below.				
Description of Goods	Declared No of Bags	Total No. of Bags Received	Sound Bags In The Warehouse	Total Gross Weight
MUMIAS BROWN SUGAR	300000BAGSX50KGS	286011X50KGS	285947BAGSX50KGS	14300.55TONS
The company shall not in any circumstances be liable for loss or for non-delivery whether on grounds of breach of contract, negligence or otherwise unless the loss, damage, non-delivery occurs whilst the goods were in the actual custody of the company and under its actual control. Further the company shall in no circumstance be liable whether in respect of any type of loss or damage, however arising and whether in respect of or in connection with any goods or any instruction, business advise information or service or otherwise unless it is proved that the loss or damage was caused by gross negligence of the company.				
Remarks: The Release, partial or total, of the goods stored will be done exclusively upon the reception of the written instructions issued by INLAND LOGISTICS LIMITED		Place and date of issue MOMBASA 26 <sup>TH</sup> APRIL, 2011. Authorized Signature 		

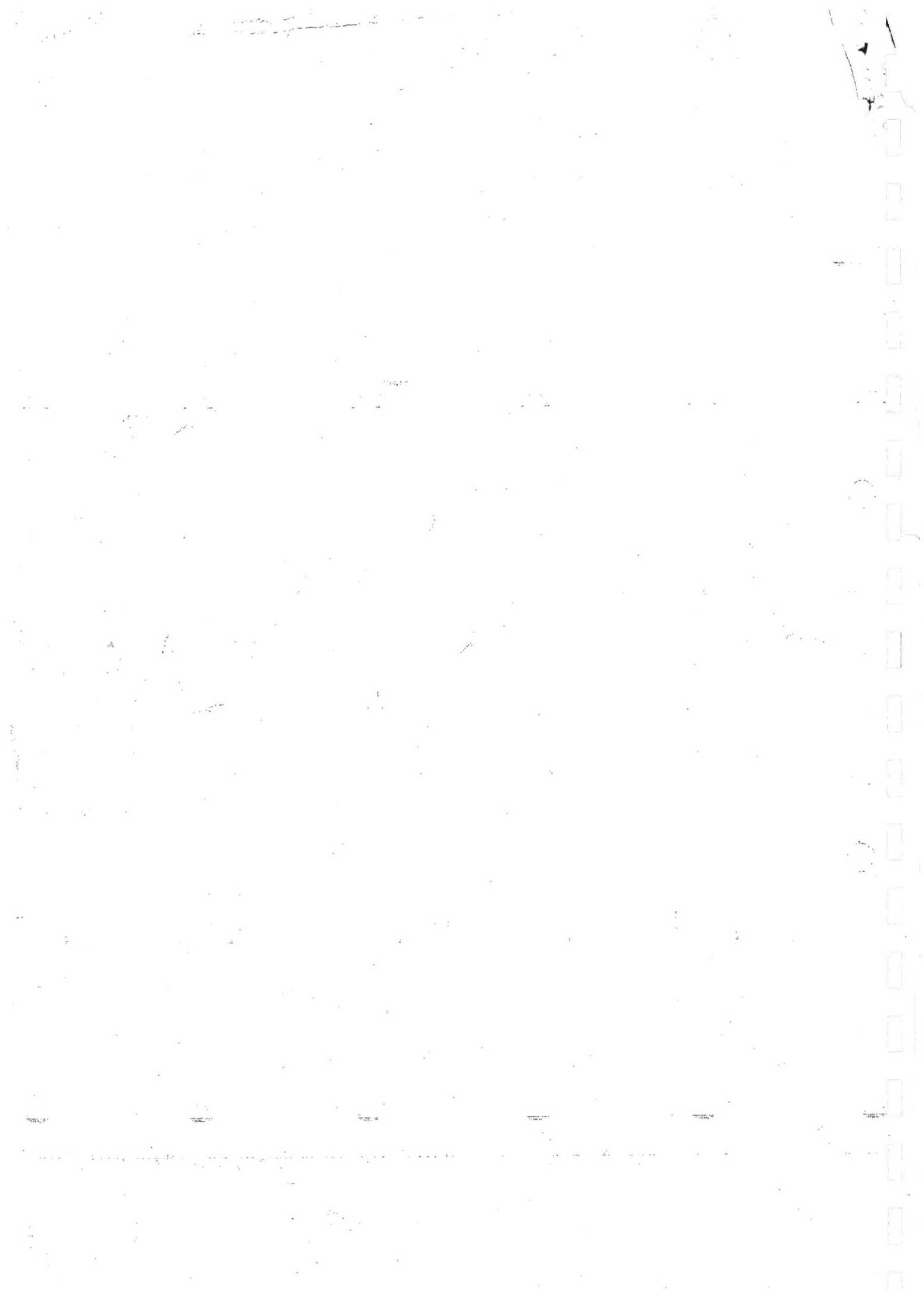
Terms and Conditions  
insurance

All and any business undertaken, including any advice, information or service provided whether gratuitously or not, is transacted subject to our current Trading conditions (full text on application). Insurances effected by the company are subject to the usual exceptions and conditions of the policies the insurance company or underwriter taking the risk.

SUGAR DIRECTORATE  
P. O. Box 51500 - 00200  
NAIROBI, KENYA.

CERTIFIED TRUE COPY





*Approved for printing*

*BNP*  
*NA*  
*12/3/15*

12 MAR 2015

KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT

(THIRD SESSION-2015)

REPORT OF THE

DEPARTMENTAL COMMITTEE ON AGRICULTURE,

LIVESTOCK AND CO-OPERATIVES

ON THE

**THE CRISIS FACING THE SUGAR  
INDUSTRY IN KENYA**

*Reference on the issue of  
meeting time  
for admin. necessary  
operations, several rounds  
of APIC, Livestock &  
Co-operatives  
on 12.03.2015  
MMW*

12 MAR 2015

CLERKS CHAMBERS  
PARLIAMENT BUILDINGS,  
NAIROBI

MARCH, 2015

*Jy/KM* *(BJ)* *Allygo*  
*ES*



KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT

(THIRD SESSION-2015)

REPORT OF THE

DEPARTMENTAL COMMITTEE ON AGRICULTURE,

LIVESTOCK AND CO-OPERATIVES

ON THE

**THE CRISIS FACING THE SUGAR  
INDUSTRY IN KENYA**

CLERKS CHAMBERS  
PARLIAMENT BUILDINGS,  
NAIROBI

MARCH, 2015

*J. Kimani* *(B)* *Allyson*  
*B*

## CONTENTS

ACRONYMS.....	3
Terms of Reference for the Committee.....	5
INTRODUCTION.....	5
Membership.....	7
CHAPTER 1 .....	11
1.0 OVERVIEW OF THE SUGAR INDUSTRY IN KENYA.....	11
Historical Perspective.....	11
Cane Production, Quality and Supply.....	11
Mills Performance and Contribution to GDP.....	12
Sugarcane and Sugar Prices.....	12
Cost of Production.....	13
National Sugar Consumption.....	13
Sugar Imports and exports.....	13
COMESA Safeguards.....	14
Privatization.....	14
Divesture.....	14
Farmers Problems.....	15
2.0 EVIDENCE AND SUBMISSIONS FROM SUGAR COMPANIES AND OTHER WITNESSES	
16	
2.1 Submissions by Western Development Initiative Association (WEDIA).....	16
2.2 Submissions by Management of Mumias Sugar Company (MSC).....	17
2.3 Submissions by Nzoia Sugar Company (NSC).....	18
2.4 Submissions from Butali Sugar Mills (BSM).....	20
2.6 Submission by West Kenya Sugar Factory (WKSF).....	22
2.7 Submission by the Former Managing Director MSC Dr. Evans Kidero.....	23
2.8 Submission by the Director General – National Environment Management Authority (NEMA)	
.....	23
2.9 Submission by Commissioner General – Kenya Revenue Authority (KRA).....	24
2.10 Submissions by Kenya Ports Authority (KPA).....	26
2.11 Submissions by the Inspector General of Police (IG).....	26
2.12 Submissions by Kenya Bureau of Standards (KEBS).....	28


2.13	Submissions by Management and Board of Directors for Mumias Sugar Company.....	29
2.14	Submissions by the Director General of the National Intelligence Services (NIS) .....	31
2.16	Submissions by the Cabinet Secretary Ministry of Agriculture, Livestock and Fisheries ...	33
3.0	FINDINGS OF THE COMMITTEE .....	39
	Cane Poaching .....	40
3.3	OBSERVATIONS .....	46
CHAPTER 4	.....	50
4.0	RECOMMENDATIONS OF THE COMMITTEE .....	50
ANNEXTURES	.....	53

## ACRONYMS

WEDIA	-	Western Development Initiative Association
DCALC	-	Departmental Committee on Agriculture, Livestock and Co-operatives
MSC	-	Mumias Sugar Company
NSC	-	Nzoia Sugar Company
BSC	-	Busia Sugar Company
BSM	-	Butali Sugar Mills
WKSF	-	West Kenya Sugar Factory
KRA	-	Kenya Revenue Authority
NIS	-	National Intelligence Service
IG	-	Inspector-General
DG	-	Director-General
CG	-	Commissioner-General
CS	-	Cabinet Secretary
NEMA	-	National Environment Management Authority
EMCA	-	Environmental Management and Coordination Act
KPA	-	Kenya Ports Authority
KSB	-	Kenya Sugar Board
KEBS	-	Kenya Bureau of Standards
COMESA	-	Common Market for Eastern and Southern Africa
KeRRA	-	Kenya Rural Roads Authority
IDB	-	Industrial Development Bank
RSCL	-	Rising Star Commodities Limited

*Joyan*

*BJ*

*Munyira*

MSS	-	Mauritius Sugar Syndicate
MW	-	Mega Watts
KPMG	-	A merger leading audit firm between <i>Klynveld Main Goerdeler</i> and <i>Peat Marwick</i>
SCT	-	Single Customs Territory
FCB	-	Fives Call Babcock
TCD	-	Tones Crushed Daily:
MT	-	Metric Tones
NSE	-	Nairobi Stock Exchange
VAT	-	Value added Tax
CDF	-	Constituencies Development Fund
LATF	-	Local Authorities Trust Fund
SDF	-	Sugar Development Fund
EACCOMA	-	East African Community Customs Management Act
AFFA	-	Agriculture Fisheries and Food Authority
GK	-	Government of Kenya
DPL	-	Dantes Peak Limited
UK	-	United Kingdom
EU	-	European Union
DRC	-	Democratic Republic of Congo

## PREFACE

Mr. Speaker Sir,

01. Arising from a petition by Western Development Initiative Association on the imminent collapse of sugar industry in Western Kenya, the Committee while investigating into the issues raised in the petition, undertook to sample investigations into the status of sugar industry in Kenya with a view to finding a lasting solution and making recommendations to salvage the industry and save the loss to be incurred by over six million sugarcane farmers across the country if the industry was to collapse.
  
02. Terms of Reference for the Committee
  - (i) Investigate and inquire into the current state of the sugar industry in the country;
  - (ii) Investigate and inquire into the issue of cheap sugar imports and smuggling;
  - (iii) Investigate and inquire into the alleged exports by Mumias Sugar Company between 2006 and 2012;
  - (iv) Look into the glut in the sugar market, which has, among other causes, contributed to the current crisis in the industry; and
  - (v) Report on the findings of the Committee's inquiry.

## INTRODUCTION

03. The Departmental Committee on Agriculture, Livestock and Co operatives is established pursuant to provisions of Standing Order 216 (5). Under the provisions of Standing Order 216 (5) the Committee is mandated to:-
  - (a) *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) *study the Programme and policy objectives of the Ministries and departments and the effectiveness of the implementation;*
  - (c) *study and review all legislation referred to it;*

*John*  
*BJ*  
*Ally*  
*AK*

- (d) study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
- (e) 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;*
- (f) to vet and report on all appointments where the Constitution or any other law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments); and*
- (g) make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.*

04. The Committee is also mandated to scrutinize the budget of line Ministries and Departments as provided under Standing Order No. 235 states which that:-

- (i) Upon being laid before the House, the Estimates shall be deemed to have been committed to each Departmental Committee without question put, for each such committee to deliberate upon according to their respective mandates.*
- (ii) Each Departmental Committee shall consider, discuss and review the Estimates according to its mandate and submit its report and recommendations to the Budget and Appropriations Committee within twenty-one days, after being laid before the House.*
- (iii) The Budget and Appropriations Committee shall discuss and review the Estimates and make recommendations to the National Assembly, taking into account the recommendations of the Departmental Committees, the views of the Cabinet Secretary and the public.*

05. Section 124 of the Constitution (2010) also provide for the establishment of the Committees by Parliament.

06. The Committee oversees the performance of the following Ministries and Government departments:-

- (i) Agriculture,
- (ii) Livestock,
- (iii) Irrigation,

- (iv) Fisheries development,
- (v) Co-operatives development, and
- (vi) Production and marketing.

07. Under the above Ministries, the Committee covers the following subjects;

- (i) Agriculture policy;
- (ii) Veterinary policy
- (iii) Fisheries policy
- (iv) Cooperative societies

### Membership

08. The Committee comprises the following Members:-

1. The Hon. Adan Mohamed Nooru, M.P. - Chairman
2. The Hon. Japhet M. Kareke Mbiuki, M.P. - Vice Chairman
3. The Hon. Kabando Wa Kabando, M.P.
4. The Hon. Raphael Letimalo, M.P.
5. The Hon. Patrick Wangamati, M.P.
6. The Hon. Francis Munyua Waititu, M.P.
7. The Hon. Mary Wambui Munene, M. P.
8. The Hon. Peter Njuguna Gitau, M.P.
9. The Hon. Maison Leshoomo, M.P.
10. The Hon. Anthony Kimani Ichung'wah, M.P.
11. The Hon. Alfred Kiptoo Keter, M.P.
12. The Hon. Ayub Savula Angatia, M.P.
13. The Hon. Justice Kemei, M.P.
14. The Hon. Philip L. R. Rotino, M.P.
15. The Hon. Korei Ole Lemein, M.P.
16. The Hon. Silas Tiren, M.P.
17. The Hon. Benjamin Jomo Washiali, M.P.
18. The Hon. (Dr.) Victor Kioko Munyaka, M.P.

*J. M. K.*

*(B)*

*J. M. K.*

*(C)*

19. The Hon. John Bomett Serut, M.P.
20. The Hon. Millie Odhiambo, M.P.
21. The Hon. Fredrick Outa, M.P.
22. The Hon. Maanzo, Daniel Kitonga, M.P.
23. The Hon. James Opiyo Wandayi, M.P.
24. The Hon. Ferdinand Kevin Wanyonyi, M.P.
25. The Hon. Paul Simba Arati, M.P.
26. The Hon. Florence Mwikali Mutua, M.P.
27. The Hon. Hezron Bollo Awiti, M.P.
28. The Hon. John Owour Kobado, M.P.
29. The Hon. Zuleikha Hassan Juma, M.P.

**Mr. Speaker,**

0.9 This Report was considered at length by the Committee in a retreat at Windsor Golf and Country Club in Nairobi in 6<sup>th</sup> and 7<sup>th</sup> March , 2015 and the resolution to adopt this Report was reached unanimously in a meeting attended by a majority of the Members of the Committee Members. It is our hope that this Report will guide and inform the House on the status of sugar industry.

The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support and services extended to the Members to enable the Committee complete this report smoothly.

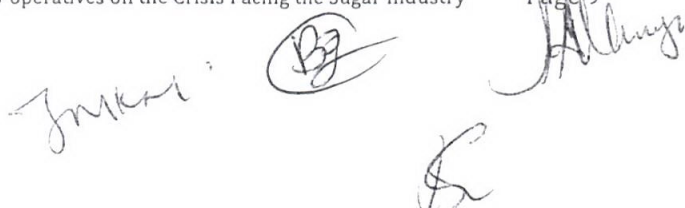
I am grateful for the Members of the Committee whose support enabled the Committee to accomplish this task. Special thanks to the secretariat for their support at all times.

On behalf of the Committee, I now have the honour and pleasure to present this Report to House for consideration and adoption.

Thank You

We the undersigned

1. The Hon. Adan Mohamed Nooru, MBS, M.P.-  
Chairman 
2. The Hon. Japhet M. Kareke Mbiuki, M.P. -Vice  
Chairman 
3. The Hon. Kabando Wa Kabando, M.P. 
4. The Hon. Raphael Letimalo, M.P. 
5. The Hon. Mary Wambui Munene, M.P. 
6. The Hon. Francis Munyua Waititu, M.P. 
7. The Hon. Peter Njuguna Gitau, M.P. 
8. The Hon. Maison Leshoomo, M.P. 
9. The Hon. Anthony Kimani Ichung'wah, M.P. 
10. The Hon. Alfred Kiptoo Keter, M.P. 
11. The Hon. Ayub Savula Angatia, M.P. 
12. The Hon. Justice Kemei, M.P. 
13. The Hon. Philip L. R. Rotino, M.P. 
14. The Hon. Korei Ole Lemein, M.P. 
15. The Hon. Silas Tiren, M.P. 
16. The Hon. Benjamin Jomo Washiali, M.P. 
17. The Hon. (Dr.) Victor Kioko Munyaka, M.P. 
18. The Hon. John Bomett Serut, M.P. 
19. The Hon. Millie Odhiambo, M.P. 
20. The Hon. Fredrick Outa, M.P. 
21. The Hon. Maanzo, Daniel Kitonga, M.P. 
22. The Hon. James Opiyo Wandayi, M.P. 
23. The Hon. Patrick Wangamiti, M.P. 
24. The Hon. Ferdinand Kevin Wanyonyi, M.P. 



25. The Hon. Paul Simba Arati, M.P. \_\_\_\_\_

~~Paul Simba Arati~~

26. The Hon. Florence Mwikali Mutua, M.P. \_\_\_\_\_

~~Florence Mwikali Mutua~~

27. The Hon. John Kobado, M.P. \_\_\_\_\_

28. The Hon. Hezron Bollo Awitti, M.P. \_\_\_\_\_

29. The Hon. Zuleikha Hassan Juma, M.P. \_\_\_\_\_

~~Zuleikha Hassan Juma~~

## CHAPTER 1

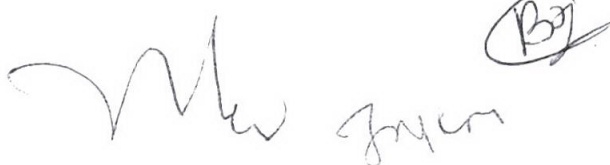
### 1.0 OVERVIEW OF THE SUGAR INDUSTRY IN KENYA

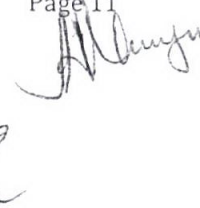
#### Historical Perspective

10. Sugar cane was first introduced in Kenya in 1902 with the first sugar factory being set up at Miwani near Kisumu in 1922. Later in 1927, another sugar factory was set up at Ramisi in the coast province, the area where the current Kwale International Sugar is located.
11. After independence, the Government of Kenya moved to expand sugar through investments in sugar cane growing schemes and establishment of more new sugar factories. These include Muhoroni Sugar Factory (MSF) in 1966, Chemelil Sugar Factory (CSF) in 1968, Mumias Sugar Company (MSC) in 1973, Nzoia Sugar Company (NSC) in 1978 and South Nyanza Sugar Company (SONY)-Awendo in 1979.

#### Cane Production, Quality and Supply

12. The total area under cane in the country presently is 203,730 Ha, comprising 189,390 Ha belonging to out-growers and 14,340 Ha Nucleus Estates (land owned/leased by mills to grow cane). There are 300,000 cane farmers, 4,500 of which are large scale.
13. The quality of cane as measured by pol % cane averages 12 compared 13.5% in the region. Pol % of cane dropped from a weighted average of 11.16 in 2012 to 11.08 in 2013, due to cane harvested below 13 months. However, there was an improvement in fibre % cane, from 17.18 to 17.01 during the period.
14. The average yield per Ha in Kenya is 60.5MT compared to the global average of 63MT. Columbia produces 115 MT per Ha. Total cane supplied for processing by mills in 2013 was 6,764,200 MT compared to 5,842,830 MT in 2012, representing a 15.77% increase.





## Mills Performance and Contribution to GDP

15. Today, Kenya has eleven (11) operational sugar mills in the country, 1 to be commissioned in Kwale (Kwale International Sugar Company) while 2 mills (Muhoroni and Miwani) are under receivership. The 11 sugar factories have an annual production capacity of about **600,000MT** of sugar against the annual domestic requirements of **800,000MT**, running a deficit of **200,000MT**.
16. The estimated 200,000 metric tons shortfall is offset by sugar imports which has created a lot of instability in the local domestic market. Kenya has only managed to achieve significant production of the commodity in 1980 and 1981 to meet domestic demand.
18. The combined installed current crushing capacity of operational mills is about **29,990 MT** of cane per day. The current capacity is sufficient to produce about **1 million tons** of sugar per annum. This is not sufficient to meet the domestic consumption capacity of sugar. The target is to expand the daily capacity to approximately **50,000 MT per day** in order to produce **1,350,000 MT** to make Kenya a sugar surplus producer.
19. The sugar industry in Kenya supports directly or indirectly six million Kenyans, which represents about 16% of the entire national population. The sugar industry contributes about 7.5% of the country's Gross Domestic Product (GDP) and has a major impact on the economies of Western Kenya and Nyanza regions and, to a lesser extent, Rift Valley. The sugar sub-sector is expected to equally have a major impact on the economy of Coast region once the mill being built in Kwale becomes operational.
20. Sugar production increased from 503,210 MT in 2012 to 599,070 MT in 2013 as a result of increased cane supply and better recoveries. Recoveries improved from Tonnes Cane/Tonnes Sugar (TC/TS) of 11.61 in 2012 to 11.29 in 2013. The Factory Time Efficiency (FTE) improved from 76.65% in 2012 to 79.98% in 2013. The Overall Time Efficiency (OTE) also rose from 60.27% to 64.13%. (*Annex VI*)

## Sugarcane and Sugar Prices

21. Sugarcane prices dropped from an average of Ksh 3,755/MT at the beginning of 2013 to Ksh 3,476/MT at the end of the year. In 2013, ex-mill

sugar prices averaged Ksh 4,499 compared to Ksh 4,911 in 2012. Wholesale sugar prices ranged from Ksh 4,100 to Ksh 5,800 (mean Ksh 4,754) per 50-kg bag in 2013 compared to Ksh 4,200 to Ksh 7,800 (mean Ksh 5160) per 50-kg bag in 2012.

### Cost of Production

22. The average cost of producing one ton of cane in Kenya is USD 22.5 while that of the regions is as low as USD 13 per ton. The average cost of producing a ton of sugar in Kenya is USD 870 (or USD 700 exclusive of finance charges) compared to USD 350 in Malawi and USD 400 in Zambia, Swaziland and Egypt and in USD 450 in Sudan. The cost of production in Brazil is USD 300, up from USD 270 three years ago.

### National Sugar Consumption

23. The average annual consumption of sugar in Kenya, in the last six years (between 2008 and 2013), is approximately 787,320 metric tons. During that period local sugar production amounted to 3,173,850 MT while imports amounted to 1,277,020 MT. Kenya exported a total of 63,585MT during the period.

### Sugar Imports and exports

24. In 2013, a total of 237,640 metric tons of sugar were imported into the country, which compares closely with 238,590 MT imported in 2012. Out of the total imports, 44% constituted Brown/Mill White for direct consumption while the balance was refined white sugar meant for manufacturing. Imports from the COMESA region were 106,810 MT, which represents 45% of total imports. The EAC supplied only 4,820 MT, which represents 2% of total imports. The Average CIF Mombasa landed price for sugar in 2013 was Ksh. 63,675/MT, which is about Ksh 3,950 per 50-kg bag.
25. Between the years **2006 and 2012**, Mumias Sugar Company is said to have exported unknown quantity of sugar to a number of countries in Africa among them Democratic Republic of Congo, Ethiopia, Rwanda, Southern Sudan, Uganda and in Europe exports were made to Italy and the UK. The

The bottom of the page features several handwritten signatures and initials in black ink. From left to right, there is a large, stylized signature that appears to be 'Wlw'. To its right is another signature that looks like 'J. M. M.'. Further right is a signature with a circled 'B' above it, possibly 'B. M.'. On the far right, there is a signature that appears to be 'J. M. M.' with a flourish underneath.

amount of sugar is unknown due to the fact that records availed to the Committee by MSC and KRA vary in Tonnage. (Annex II & III)

## COMESA Safeguards

26. Kenya has since 2002 been on COMESA safeguards to enable it take measures to improve competitiveness of its sugar industry. The initial safeguard period of one year was extended by another year before a four-year extension was granted in 2004. This was followed by another three years extension in 2008 and two years in 2012. The latest extension of one year ends in February 2015. During this period, the allowable quota of sugar to be imported into Kenya has been raised from 340,000MT to 350,000MT and any additional imports above the quota will be subject to a 5% tariff.

## Privatization

27. All the 5 Government owned sugar factories are earmarked for privatization program. The Program received Cabinet approval in 2008 and debt writes offs has been approved by parliament as a precursor to Government divesture. This aims at transforming the industry towards commercial orientation and injection of the required fresh capital from the private sector. However, the Parliamentary Departmental Committee on Finance, Planning and Trade passed a resolution on 9th January, 2013 “that the privatization of the public Sector Sugar Companies should be postponed until such a time when all legislation affecting the Agriculture Sector (sugar) and the County Governments have been put in place”. In order to kick start the privatization process, the approval of the Parliamentary Committee on Finance, Planning and Trade is required.

## Divesture

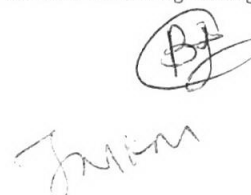
28. The Kenya Sugar Industry has the potential to generate up to **120 MW** of electricity for export to the National grid without major investments. However, it is only **Mumias Sugar Company** that has divested into energy production and is currently generating **38MW** out of which **26 MW** is exported to the national grid. The rest of the factories generate electricity for their own use but do not export to the national grid.

## Farmers Problems

29. The problems facing cane farmers are acute and need a multitude of mitigation measures to institute a radical shift in respect of industry policy and legislative action to tame the trend of farming cane from collapse.
30. The scenario is two-pronged with the cane farmer, on one hand producing the raw material and on the other hand, the sugar millers who have tended to hold the view that sugar farming is a business on their part and not to the farmers. At the same time reforms in the sugar sub-sector have been very slow. This has given room for scrupulous businessmen/women engaging into imports and exports that ruin the local farmer at the end.
31. The problems of sugar sector reflect serious policy flaws and inadequacies in the relevant legislations governing the sugar sub-sector. It is a pointer of a selective implementation and lack of enforcement of the existing legislation, that is, the Sugar Act (2001).

Mr. Speaker, Sir,

32. Between the months of September 2013 and August 2014, the Committee collected and collated views from the Sugarcane Millers and other stakeholders deliberating on the issues raised in committee sittings both within and outside Parliament. The Committee also received memoranda from associations of Sugarcane farmers. Some of the Millers, interest parties and other stakeholders the Committee met include the industry regulator - Kenya Sugar Board (KSB), Mumias Sugar Company (MSC), Nzoia Sugar Company (NSC), West Kenya Sugar Factory (WKSF), Butali Sugar Mills (BSM), National Environment Management Authority (NEMA), the Inspector-General of Police, (IG) the Kenya Ports Authority (KPA), the Commissioner-General (CG) of the Kenya Revenue Authority (KRA), Kenya Bureau of Standards (KEBS), the Director General (DG) of the National Intelligence Service (NIS), former Managing Director (MD) Mumias Sugar Company, the Cabinet Secretary National Treasury, Cabinet Secretary for Agriculture, Livestock and Fisheries, and, Western Development Initiative Association (WEDIA).



## CHAPTER 2

### 2.0 EVIDENCE AND SUBMISSIONS FROM SUGAR COMPANIES AND OTHER WITNESSES

#### 2.1 Submissions by Western Development Initiative Association (WEDIA)

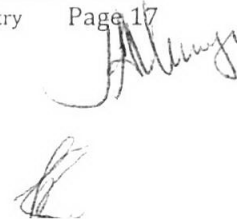
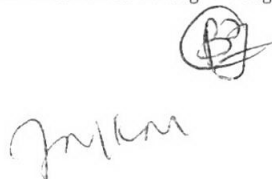
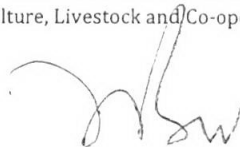
33. Appearing before the Committee on 16th October, 2013, WEDIA made the following submissions: -

- (a) WEDIA was registered as an association in 2010 and that it represents development interests of sugarcane farmers and other sectors in Western Kenya;
- (b) It was among the first entities to raise the issue of cane poaching and was also at the fore-front in stopping the attempted disposal of land belonging to defunct Busia Sugar Company (BSC);
- (c) Sugarcane poaching started about the year 2000 after the establishment of Butali Sugar Mills in Kakamega County.
- (d) Sugar factories in Western Kenya, including Mumias Sugar Company, Nzoia Sugar Company and Butali Sugar Mills, have signed contracts with their cane farmers except West Kenya Sugar Factory;
- (e) To-date, West Kenya Sugar Factory does not have any single contracted sugarcane farmer but has since inception been buying cane from farmers contracted by other millers, hence promoting poaching;
- (f) West Kenya Sugar Factory does not have cane development programmes for farmers but harvests cane from farmers in Western Kenya. The factory has continued to buy cane from Busia Sugar Zone (*contracted by Mumias Sugar Company*), Nzoia Sugar Zone and Butali Sugar Mills farmers even when they (West Kenya) have no contracted farmers in those zones;
- (g) West Kenya has gone ahead to construct a weighbridge at Tangakona area in Busia County where all the poached cane is collected for transportation to the factory in Kakamega County;

- (h) The presence of the weighbridge has led to disputes and conflicts among the surrounding local communities/millers and at one point a tractor transporting sugarcane for Nzoia Sugar Company was burnt and six tractors belonging to West Kenya impounded by Nzoia Sugar Company;
- (i) Kenya Sugar Board has allowed West Kenya to operate in Western Kenya despite the company failing to honour the licence issued to it to construct a factory in Kimilili area of Bungoma County way back in 2008;
- (j) Kenya Sugar Board gave West Kenya a two-year reprieve under questionable circumstances even after failing to construct a factory in Kimilili and continued harvesting cane from farmers contracted by other factories;
- (k) In some cases, cane is harvested by agents of West Kenya Sugar Factory without the consent of the owners.

## 2.2 Submissions by Management of Mumias Sugar Company (MSC)

- 34. Appearing before the Committee on 29<sup>th</sup> October, 2013 the then Managing Director of Mumias Sugar Company, Mr. Peter Kebati, submitted as follows;
  - (a) MSC was established 40 years ago and is the largest sugar producer in Kenya and is currently an integrated factory with installed capacity of 270,000 MT sugar plant, 38MW Co-generation Plant, 22 million - litre Ethanol Distillery and 15 million - litre Water Bottling Plant;
  - (b) The Company is listed on the Nairobi Stock Exchange and there are over 145,000 shareholders including Kenyan investors and the Government of Kenya which holds a 20% stake in the Company, pays approximately Kshs. 2.5 billion in taxes and remits Kshs. 500,000 million to the Sugar Development Fund (SDF) annually;

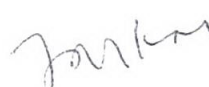
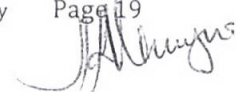
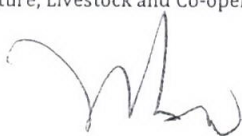


- (c) MSC supports a population of 2 million people directly and over 5 million indirectly and the Company has a workforce of 1,896 permanent employees and 40,000 seasonal and contracted workers;
- (d) The Company operates an Outgrowers Cane Development Scheme within Kakamega, Bungoma, Busia and Siaya counties and spends over Kshs 2.8 billion to provide services for land preparation, fertilizer/input supply, extension support, harvesting and transport to over 110,000 farmers;
- (e) MSC signs cane farming contracts with the farmers committing them to supply their cane to MSC to enable recovery of what the Company has invested in cane development expenses to contracted farmers;
- (f) MSC appreciates fair competition in the sector and wants emerging issues to be addressed as a policy intervention to restore sanity and fair practices in the industry;
- (g) There is no fair competition in the sugar sector and unless the emerging issues are addressed from both policy and legislative fronts, then the industry is headed for collapse as rightfully observed by the Petitioners. There is urgent need to restore sanity and the rule of law in the industry.

### 2.3 Submissions by Nzoia Sugar Company (NSC)

- 35. Appearing before the Committee on 5<sup>th</sup> November 2013, the Managing Director for Nzoia Sugar Company made the following submissions;

- (a) NSC was established in 1975 under the Company's Act Cap 486 of the Laws of Kenya with the Government as the majority shareholder owning 98% shares while Fives Call Babcock (FCB) and Industrial Development Bank owning the remaining;
- (b) NSC serves over 67,000 farmers in the larger Bungoma, Kakamega, Lugari, and Malava Districts;
- (c) NSC produces sugar and supports cane production through the provision of extension services to farmers through extensive Company Nucleus Estate covering 3600ha;
- (d) NSC provides cane development services including supply of fertilizers and provision of extension services to out-grower cane farmers contracted by it;
- (e) West Kenya was poaching cane from farmers contracted by Nzoia Sugar, Mumias Sugar and Butali Sugar factories;
- (f) There were individuals acting as cane poaching brokers based at various points within Bungoma and Busia Counties;
- (g) NSC sensitizes farmers on obligations of signed contracts with them and other millers and campaigns against cane poaching;
- (h) In 2008, NSC set an anti-poaching unit comprising of NSC and the Kenya Police Officers that used to monitor cane poaching and later in 2010 an *ad hoc* committee of the Board was set up to help manage cane poaching which was at an all time high;
- (i) NSC had instituted Court proceedings against West Kenya Sugar Factories (WKSF) in 2012 on the matter of cane poaching; and
- (j) NSC has not been able to pay farmers in good time due to low sales as a result of a depressed sugar market;
- (k) NSC has lobbied the government not to allow cheap sugar into the Country as it negatively affects sales, payment to farmers and other obligations.



## 2.4 Submissions from Butali Sugar Mills (BSM)

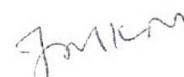
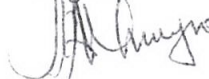
36. Appearing before the Committee on 5<sup>th</sup> November 2013, the Managing Director for BSM submitted as follows:-

- (a) BSM was founded in 2010 by Sugarpower Consulting which is a consultancy firm in engineering after securing a license to build a sugar mill from Kenya Sugar Board (KSB). The firm has branches in India, Syria, Mauritius, Kenya, Tanzania and Uganda was not aware of any poaching of cane and no legal action had been instituted against it in regard to cane poaching;
- (b) Kenya Sugar Board should come up with regulations in respect contractual obligations on the parts of contracted farmers and respective millers;
- (c) The creation of too many weighbridges had contributed to cane poaching;
- (d) West Kenya Sugar Company pays farmers after seven days.
- (e) BSC received funding from Kenya Sugar Board for construction of weigh bridges and cane development.

### (f) 2.5 Submissions by Kenya Sugar Board (KSB)

- (g) Appearing before the Committee on 7<sup>th</sup> November, 2013 and 28th March 2014, the Kenya Sugar Board made the following submissions:
- (h) KSB was established by an Act of Parliament, the Sugar Act of 2001, with the main function of regulating and facilitating growth of the sugar industry in the country. The Sugar Act 2001 is subject for repeal with the commencement of the Crops Act, 2013 and the implementation of the AFFA Act, 2013;
- (i) KSB is charged with the role of developing regulations to guide the sugar sub-sector and the issuance of licences to import or export sugar and sugar by-products and manages jointly with the KRA any restrictions on imports and exports of sugar and sugar by-products;
- (j) KSB also licences the establishment of sugar mills and defines zones with which they operate;

- (k) KSB identified West Kenya Sugar Factory as the main sugarcane poacher in Western Kenya and had received complaints from neighbouring millers;
- (l) KSB identified **Kenafic Industries** as one of the manufacturers that repackage imported industrial sugar in locally manufactured branded sugar packages for sale as table sugar;
- (m) KSB issues licenses for importation and the role of verifying quality, quantities and values as specified in the KSB permit rests with KEBs and KRA before the consignments are released into the market;
- (n) That KSB issued the licence to import 10,000 MTs of sugar in 2012 to MSC and it was unprocedural for the Permit to have been used by a Third Party, Dantes Peak Ltd since the permit was non transferable; (**Annex II**)
- (o) While it was the resolution of the Ministries of Agriculture and Finance to allow millers to import sugar, there were no justifiable reasons for Mumias Sugar Company to import the 10,000 MTs from Kenana Sugar Company from Sudan in 2012;
- (p) KSB was tracking some 14 containers of imported sugar that had been traced to Nairobi, a consignment of sugar where no documents for its release could be traced in KRA and KPA yet KSB had not licenced its importations. Each container carries 21-25 tones totalling to 301,000 metric tons for the 14 containers which translates into 6020 (50kg) bags worth of Kshs. 24 million;
- (q) That KSB needs to be empowered with investigatory and prosecutorial powers independent of Kenya Police and KRA in terms of sugar imports and transit sugar;
- (r) If there was sugar from India being traded in the Kenyan market, KSB submitted that it had not licenced the importation of table sugar from India in the last five years; and
- (s) KSB has weak surveillance capacity and therefore it cannot effectively handle the issue of sugar smuggling through our porous borders; and KSB had been informed that Rising Star Commodities Ltd was repackaging imported sugar in its go-downs in Mombasa in Mumias Sugar Company branded bags and selling it as locally manufactured sugar.



## 2.6 Submission by West Kenya Sugar Factory (WKSF)

36. Appearing before the Committee on 5<sup>th</sup> November 2013, the Managing Director for West Kenya Sugar Factory submitted as follows:-

- (a) West Kenya Sugar Factory was the second largest Miller in Kenya and had grown from 500 Tons Crushed Daily (TCD) in 1979 to its current crushing capacity of 5000 TCD and employs 2000 workers apart from indirect employment to harvesters, loaders and transporters;
- (b) Until 2005 when the Kenya Sugar Board licensed Butali Sugar Mill Limited in controversial circumstances, the then existing millers sourced cane from their clearly demarcated zones and each miller was able to invest in cane development within their respective zones;
- (c) When Kenya Sugar Board licensed Butali Sugar Mill Limited and supported its commissioning in the name of free competition in a liberalized market, cane zones were hitherto respected;
- (d) A miller who buys cane from a farmer in an area presumed to belong to another miller cannot be deemed as either stealing or poaching cane;
- (e) The Cane farmer has the right to sell his or her cane to a miller of his or her choice as guaranteed by article 40 of the Constitution and the Sugar Act 2001, which specifies that the farmer is the owner of the cane on his farm;
- (f) West Kenya Sugar denied it was engaged in cane poaching activities and had taken legal action against the Ministry of Agriculture and the Kenya Sugar Board and Butali Sugar Mills Limited on the licensing of the mill against existing laws and regulations;
- (g) The sugarcane crisis in western Kenya was occasioned by the licensing of Butali Sugar Mills Limited and the commencement of its operation in 2011, which has increased the number of millers competing for decreasing cane;

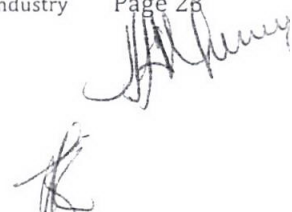

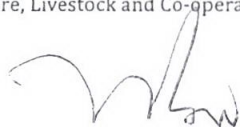
- (h) West Kenya Sugar Company pays farmers after seven days with competitive prices and it charges them a flat rate of Kshs.390 per ton irrespective of the distance with the option of the farmer using own transport; and
- (i) West Kenya Sugar Company operated with the involvement of local communities, the provincial and County administration and champions the rights of farmers as regards correct tonnage, better prices, prompt payments and efficient extension services.

## 2.7 Submission by the Former Managing Director MSC Dr. Evans Kidero

37. Appearing before the Committee on 19<sup>th</sup> May 2014, the Former Managing Director for Mumias Sugar Company made the following submissions:-
- (a) That between the years 2006 and 2012 MSC exported sugar to Ethiopia, Uganda, Sudan, Democratic Republic of Congo (DRC) and Rwanda and the EU especially Italy and United Kingdom;
  - (b) That he did not have any documents to corroborate his submissions but that he believed the current management should furnish the Committee with the necessary documents available on the exports;
  - (c) That during his tenure at MSC, the company was making good profits, paying farmers in good time and even the value of its shares at the Nairobi Stock Exchange was reasonable

## 2.8 Submission by the Director General – National Environment Management Authority (NEMA)

38. Appearing before the Committee on 7<sup>th</sup> November, 2013, the Director General for NEMA made the following submissions:
- (a) That National Environment Management Authority (NEMA), was established under the Environmental Management and Co-ordination Act No. 8 of 1999 (EMCA) as the principal instrument of



- Government for the implementation of all policies relating to environment;
- (b) That the was mandated Authority to exercise general supervision and coordination over all matters relating to the environment and to be the principal instrument of the Government of Kenya in the implementation of all policies relating to the environment;
  - (c) That the role of NEMA in the establishment of a weighbridge at Tangakona in Busia County was to coordinate the various environmental management activities undertaken by the lead agency, West Kenya Sugar Factory (WKSF);
  - (d) That due diligence environmental assessment test was done on the land at Tangakona in Busia County and a report issued to West Kenya Sugar Factory to go ahead with the intended development on the said land;
  - (e) That NEMA is not involved in the issuance of Permits or Licences for trade;
  - (f) NEMA also establishes and reviews land use guidelines, examines land use patterns to determine their impact on the quality and quantity of natural resources and carries out surveys, which assist in the proper management and conservation of the environment.

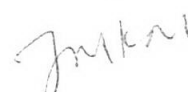
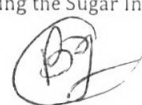
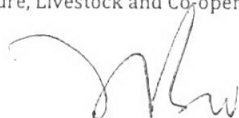
## 2.9 Submission by Commissioner General – Kenya Revenue Authority (KRA)

38. Appearing before the Committee on 24<sup>th</sup> April, 2014, the Commissioner General of KRA made the following submissions:

- (a) KRA was established by an Act of Parliament, Chapter 469 of the Laws of Kenya, which became effective on 1<sup>st</sup> July 1995. was aware of the presence of contraband sugar in the country, which had seriously affected the local industry;
- (b) KRA was aware Mumias Sugar Company imported 10,000 MT of sugar in 2012 through a third party called Dantes Peak Limited and

that Mumias paid all the duty for the consignment which was cleared in 2013; (**Annex IV**)

- (c) The Commissioner-General admitted that KRA did not have the capacity to verify all containers of commodities imported but does random verification and scanning of the Cargo before release;
- (d) The Commissioner-General was aware Mumias Sugar Company exported sugar to various countries between 2006 and 2012 but was not in a position to confirm if the sugar had indeed left the country as that would require confirmation from border officers and counterparts in countries of destinations;
- (e) The Commissioner-General said if indeed the sugar never left the country then Mumias Sugar Company is duty bound to pay the equivalent of Value Added Tax (VAT) exempted;
- (f) KRA does not have infrastructure at all borders of our country especially in Eastern and North Eastern where smuggling is rampant but they have formed a joint team with the Kenya Police Service and the Kenya Sugar Board to address the issue of illegal sugar entering the Country unregulated and untaxed;
- (g) Sugar imports into Kenya is restricted under the 2<sup>nd</sup> Schedule Part B (1) of the East African Community Customs Management Act of 2004 where any import into Kenya must therefore first get approval from Kenya Sugar Board through a non-transferable Permit containing details of the importer, tonnage, origin of sugar and other relevant details, information which is used during clearance;
- (h) The revenue or duty collected and paid is determined by the type of sugar whether it is industrial or table sugar and also the origin of the sugar. Sugar from COMESA region are exempted from duty while non-COMESA sugar attracts 100% duty;
- (i) KRA has created special units to address non-compliance with KSB sugar import regulations and it was through such a unit that the case



of non-compliance of the Mumias Sugar Company sugar import of 10,000 MT of 2012 was detected leading to a delay in clearance;

- (j) In 2011 KRA noted increased importation of Industrial sugar from Egypt as a result of which joint investigations were conducted that revealed most of the said sugars were trans-shipments from Brazil. Thereafter, KRA in consultation with KSB implemented restrictions on Industrial Sugar imports from Egypt by imposing 10% duty as is the case with non-COMESA imports;
- (k) KRA has made several sugar seizures leading to several court cases, one in point is that of **Matt International** who have since challenged KRA's decision to impose 10% duty on industrial sugar imported from Egypt (*the matter was still pending in Court*).

## 2.10 Submissions by Kenya Ports Authority (KPA)

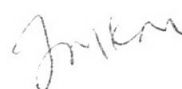
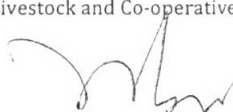
39. Appearing before the Committee on 28th March, 2014, Managing Director for Kenya Ports Authority informed the Committee that: -

- (a) KPA's mandate was to handle inbound and outbound cargo once they have been cleared by relevant authorities;
- (b) KPA handled 40x20ft containers of sugar belonging to Mumias Sugar Company but imported through Dantes Peak Ltd;
- (c) KPA waived a total of 15 million shillings in demurrage charges that accrued following delay of clearance the cargo after anomalies were detected by KRA and the interventions of Mumias Sugar Company accepted;
- (d) KPA works in collaboration with KRA and KSB in monitoring the flow of sugar through the port.

## 2.11 Submissions by the Inspector General of Police (IG)

40. Appearing before the Committee on 29th April 2014, the Inspector General of Police made the following submissions: -

- (a) National Police Service was established by Act of Parliament and mandated to enforce the law which includes surveillance of all goods, including sugar, entering or being traded within but some borders are extensive, porous and some areas may not be manned;
- (b) The Kenya Police Service, Immigration Department, Kenya Revenue Authority, Kenya Ports Authority and Kenya Airports Authority work together in manning the borders and to ensure that the necessary taxes and duties are paid;
- (c) The Kenya Police escorts all the transit goods including sugar and ensure that KRA's main interest (tax) is paid and all other laws are adhered to;
- (d) The Kenya police has managed to arrest and prosecute suspects in sugar smuggling although often courts release the suspects, especially cases concerning sugar through Kismayu and Kenya's border with Somalia;
- (e) Legislation regulating the sugar industry is very weak and there is need for strengthening it;
- (f) The National Police Service does not protect criminals and is not aware of a ware-house in Mombasa that is protected by police where even Kenya Sugar Board personnel denied access to the premises but promised to investigate the matter following complaints from the Principal Secretary Department of Agriculture and report to this Committee;
- (g) The IG acknowledged that some police Officers had lost their lives while tackling contraband sugar which somehow abets insecurity terrorism in the country since all entries are not ascertained that it is Sugar;
- (h) The IG acknowledged that the capacity in terms of resources is lacking at our borders and that there is need to develop a policy where a



particular Officer can serve at a station for only three years per station;

- (i) Officers are regularly appraised on the required documentation for importation of any goods in to the country, however the Service was dealing with isolated cases of integrity among the Officers as and when they arise;
- (j) The Kenya Police Service had signed agreement memorandum with Kenya Sugar Board and Kenya Revenue Authority to establish anti-smuggling unit to deal with cases of smuggling;
- (k) The Kenya Police Service has been underfunded for a long time but there is noted improvement in the allocation of resources to the Police Service;
- (l) Police Officers are routinely seconded to the Kenya Revenue Authority to oversee operational matters including revenue collection and compliance to statutory requirements; and
- (m) The various government agencies at the border points need to appreciate security as a cross-cutting issues and an important aspect of our national development.

## 2.12 Submissions by Kenya Bureau of Standards (KEBS)

41. Appearing before the Committee on 14<sup>th</sup> May, 2014 the Managing Director for Kenya Bureau of Standards submitted as follow: -

- (a) Kenya Bureau of Standards (KEBS) was established in July 1974 under CAP 496 of the laws of Kenya. It offers several services including Standards development and harmonization, Testing, Measurement (Calibration), Enforcement of standards, Product inspection, Education and training in Standardization, Metrology and Conformity Assessment, Management Systems Certification and Product Certification;

- (b) KEBS analyses sugar imports coming into the country on request and notification of arrival of the same by Kenya Ports Authority and Kenya Revenue Authority;
- (c) Since 2012, seven consignments of sugar had been recommended for destruction by KEBS and other government agencies for non-conformance to quality specifications and KEBS is among the state agencies charged with destruction of goods that do not conform to the standards;
- (d) KEBS was aware of the impounding of a consignment of sugar that had been imported by Mumias Sugar Company although the IDF was reading Dantes Peak Limited;
- (e) KEBS was facing the challenge of determining the importers of industrial sugar meant for manufacturing but which was being repacked for domestic consumption against the regulations;
- (f) KEBS does not have up-to-date equipments and infrastructure for analysis of various commodities imported and exported. KEBS also lacks capacity for enforcement of standards and market surveillance and therefore cannot cope with demands like single window and 24 hour operations at the port of clearance or entry/exit.

### 2.13 Submissions by Management and Board of Directors for Mumias Sugar Company

42. Appearing before the Committee on 27<sup>th</sup> May, 12<sup>th</sup> June, 10<sup>th</sup> July and 17<sup>th</sup> July, 2014, the Board of Directors of Mumias Sugar Company submitted as follows:

- (a) The Board and management were aware that the Company exported sugar to several European and African countries between 2006 and 2012 and concerns that the sugar may not have left the country and that revenue in the form of VAT payable could have been lost;
- (b) The Board and management were also aware that certain information regarding the exports was missing from the Company's records and promised to institute forensic audit of all MSC exports in view of the

Handwritten signatures and initials are present at the bottom of the page, including a large signature on the left, a circled signature in the middle, and several other initials on the right.

fact that some of the key managers had since left the Company and would report the findings to this Committee;

- (c) The Company was in a crisis as a result of serious management short fallings and the company was unable to meet its obligations including payment to farmers;
- (d) The Company was on a restructuring process to address serious management bottlenecks and disciplinary measures had been taken against some managers following the findings of the forensic audit on sugar imports and other management shortfalls;
- (e) The Board and management were not involved in the decision to import the consignment of the 10,000 MT of sugar in 2012 and there was an on-going Board investigation on the same and undertook to submit the outcome of the investigations to the Committee within two months. The Board had asked KPMG to investigate into whose accounts money from the imports went. The final KPMG report would also shed light on exactly how much monetary loss MSC incurred through fraudulent activities.
- (f) The preliminary report of the Forensic Audit by KPMG on sugar imports by the Company could not be released to the Committee at that stage because there were certain transaction details that had not been captured in the report and the Board undertook to submit the report in two months when those aspects had been addressed;
- (g) The Board admitted that it was having challenges from neighbouring Companies that had taken advantage of delay in payments for sugarcane by MSC to poach cane from its contracted farmers.
- (h) The Board admitted that there was massive corruption and lack of clear management direction in MSC in the past, to this effect some officers had been sent home pending investigation; and
- (i) The Board also affirmed that there were reforms going on at MSC to clean the mess and also to recover the money lost. The company did not have an Internal Audit Department and the Chairman promised to have a new department reconstituted;

## 2.14 Submissions by the Director General of the National Intelligence Services (NIS)

43. Appearing before the Committee on 10<sup>th</sup> July, 2014, the Director General of NIS made the following submissions: -

(a) That the function of NIS was to gather intelligence and compile reports on the same for action by the relevant authorities;

(b) That NIS has no prosecutorial powers;

(c) The sugar industry was crippled by among other issues, high cost of production and obsolete technology hence Kenya was a very lucrative market for the commodity and that has been a catalyst for sugar smuggling in the Country.

44. *The Committee expressed disappointment over the information presented by the Director General and informed him that Kenyans had very high expectations of his office. The DG expressed his appreciation of the Committee's need to deal with the sugar issue and requested that the Committee details out the information they required from him and he would respond within two weeks.*

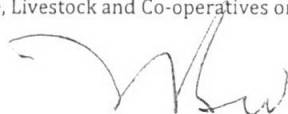
45. *The Committee acceded to his request and outlined the required information as follows:-*

*(a) Provide information on illegal sugar importation, exportation and smuggling;*

*(b) Provide the name of the illegal importers and smugglers and their local partners within and outside government Institutions;*

*(c) Provide information in the custody of National Intelligence Service if any concerning smuggling of sugar into the Country through Kismayu and along Kenya's border with Somalia;*

*(d) The names of companies, traders, dealers, transporters and any other persons involved in the alleged sugar exports by Mumias Sugar Company to regional countries and in particular owners of*



*the trucks that ferried the sugar for export from Mumias Sugar Warehouses; and*

*(e) The circumstances under which sugar meant for industrial use ended up being used as table sugar and the persons involved in the repackaging of the sugar for domestic consumption.*

*A letter detailing the above was sent for action however this has not been done to date*

## **2.15 Submissions by the Cabinet Secretary, National Treasury**

46. Appearing before the Committee on Friday 29<sup>th</sup> August, 2014, accompanied by a KRA official, the Cabinet Secretary made the following submissions regarding sugar Imports by Mumias Sugar Company:

- a) The CS confirmed that the import of sugar by MSC was done by a third party.
- b) In 2013, 10,000 metric tonnes of sugar was imported on behalf of MSC by a third party, The consignment took 46 days to be cleared by KPA due to clarification issues and attracted a penalty of 8.8 million payable to KRA and undisclosed amount of millions to KPA.
- c) The Committee finally concluded that the permit transfer to a third party was done unprocedurally.
- d) The KRA official clarified to the members that the import license issued to MSC cannot be used more than once as it shuts down when the system captures the consignment name and code.
- e) The CS confirmed that Mumias Sugar exports were done from 2006 to 2012 and that there were no exports done in the year 2013.
- f) The CS assured the members of his commitment to brief them on the privatization of sugar sector and proposed for a joint meeting for the Committee on Agriculture and Finance.

## 2.16 Submissions by the Cabinet Secretary Ministry of Agriculture, Livestock and Fisheries

47. Appearing before the Committee on Tuesday 9<sup>th</sup> September, 2014, the Cabinet Secretary made the following submissions on the status of the sugar sector in the country and other matters affecting the industry:
48. On the Status of the Sugar Sector in Kenya the Cabinet Secretary informed that: -
- (a) The sugar subsector plays a major role in the Kenyan economy and was a source of income for millions of citizens. The Country was producing about **600,000 MT** of sugar against the annual domestic requirements of **800,000 MT**, running a deficit of about **200,000 MT**.
  - (b) There were **11 operational sugar mills** in the country, **1 additional new mill** was to be commissioned in Kwale while **2 other mills** (Muhoroni/Miwani) were under receivership.
  - (c) The combined installed crushing capacity of operational mills was about **29,990 MT** of cane per day. The current capacity was sufficient to produce about **1 million tonnes** of sugar per annum. The target was to expand this capacity to approximately **50,000 MT** in order to produce **1,350,000 MT** to make Kenya a sugar surplus producer.
  - (d) The sugar closing stocks held by the factories at the start of the year **2013/14** was at **27,392 MT** up from **19,205 MT** at the end of **2012/13**. The stock level increased to a high of **42,845 MT** in **February, 2014** against optimal level of **9,000 MT**.
  - (e) The Ministry embarked on a strategy to decrease the sugar stock to an acceptable level of **8,478 MT**, which was achieved by **20th August 2014**.
  - (f) The increased sugar stock was attributed to;
  - (g) Sustained high sugar production;
  - (h) Carrying forward huge stocks from the previous year;
  - (i) Surplus balances in the world market and depressed prices; and
  - (j) Increased presence of uncustomed sugar in the country attracted by our high cost of production.

*[Handwritten signatures and initials]*

- (k) The Kenya Sugar Industry has the potential to generate up to **120 MW** of electricity for export to the National grid without major investments. However, it is only **Mumias Sugar Company** that is currently generating **38MW** out of which **26 MW** is exported to the National grid. The rest of the factories generate electricity for their own use but do not export to the national grid.
- (l) All 5 Government owned sugar factories are earmarked for privatization program. The Program received Cabinet approval in **2008** and debt writes off has been approved by parliament as a precursor to Government divestiture. This aims at;
  - (m) Transforming the industry towards commercial orientation; and
  - (n) Injection of the required fresh capital.
- (o) The Parliamentary Departmental Committee on Finance, Planning and Trade passed a resolution on **9th January, 2013** “that the privatization of the public Sector Sugar Companies should be postponed until such a time when all legislation affecting the Agriculture Sector (sugar) and the County Governments have been put in place”. In order to kick start the privatization process, the Parliamentary Committee on Finance, Planning and Trade approval is required.

49. On the Challenges faced in the Industry the CS submitted as follows: -

(a) **Low productivity and high cost of sugar production**

These had been caused by a number of factors that include the following among others;

- Deteriorating soil fertility;
- Low adoption of high yielding sugar cane varieties;
- Poor agronomic practices;
- Land subdivision into uneconomic sizes;
- Intermittent moisture stresses due to drought spells;

- Low quality seed cane materials;
- Insufficient and unsustainable technical support to out-growers;
- Frequent cane shortages which lead to immature cane;
- The high and rising cost of inputs such as diesel, imported fertilizers and machinery;
- High harvesting and transport costs;
- Sugarcane is grown by small holder farmers under rain-fed conditions;
- Poor roads within the cane catchment areas;
- Lack of sufficient finance for Government owned sugar factories to rehabilitate the machineries;
- Length of cane harvesting and milling time; and
- Lack of capacity to utilize the by-products for ethanol and power generation.

(b) **Illegal sugar imports**

That the high presence of illegal imports earlier in the year saw the industry continue to experience stock piles and declining ex-factory prices of sugar. The **Un-customed sugar** imports were re-packaged into local bags to conceal identity and evade the surveillance network. In the period **January to July 2014** the market had experienced declining sugar prices to a low of **Kshs.3, 200** for a **50 kg** bag against an average industry break-even of **Kshs.3, 800** pushing down cane prices to lows of **Kshs.3,000** per ton.

(c) **Intra Regional Trade**

That this was especially for **net deficit sugar countries** that exported substantial amounts of sugar to partner states with disregard and /or compromise or laxity in the enforcement of the Rules of Origin. Egypt for example, despite being a net importer, is a significant supplier of sugar to Kenya.

### 2.16.3 The CS gave the following recommendations on how to streamline the Sugar Industry

50. The Cabinet Secretary told the Committee that to mitigate these challenges, the following strategies were recommended and the Ministry had initiated a number of them with a view to streamlining the Kenyan sugar sector as follows:

#### (a) Cost Reduction and Increased Productivity Measures

##### Diversified product base

51. All new investments for setting up sugar factories must demonstrate a revenue stream beyond sugar when applying for registration. The existing mills will be required to provide a road map towards expanding their product base beyond sugar within **the next 5 years**. This will provide a transition from the single revenue stream which contributes heavily to the industries un-competitiveness.

##### Bulk procurement of inputs and machinery

52. The cost of inputs will be reduced through bulk procurement of high spend items such as fertilizer and farm machinery (tractors); a process that has already been put in motion. This will be implemented within the **next 2 months**.

##### Modernization of factory technology

53. Fresh injection of capital for the poorly performing Government owned mills was urgent hence the recommendation for speedy exploitation of viable options that can see Ministry **fast track the stalled Privatization of the 5 Public Sector owned sugar mills**. This will contribute quite significantly to the long term revitalization of the industry by way of injection of much needed capital estimated at **Kshs 58billion** to address the industry productivity challenge which may include Public Private Partnerships, auctions or private treaties with willing investors. This should be done **by March, 2015**.

##### Diminishing Land sizes

54. There is need to roll out of a land policy that introduces mandatory block farming to preserve economical land sizes that will enable the industry

benefit from economies of scale, planned cane development/harvesting and mechanization in the future. This should be done **by December 2016**

### Payment System

55. The industry must shift from the payment system based on weight to one based on quality. Remuneration that rewards efficiency and penalizes inefficiency to be adopted by the entire industry by **December 2016**. The system will improve efficiency as it will remunerate based on quality

### Development of a seed cane policy

56. This will guide the industry in the development and adoption of high yielding, early maturing and disease resistant certified seed cane of relevant varieties. This policy is targeted to be in place by **June 2015**.

### Sugar production and consumption

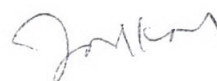
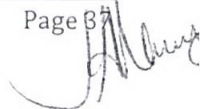
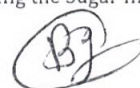
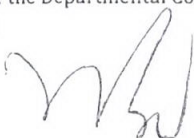
57. In order to validate our statistics on the national sugar demand and supply, an independent study will be undertaken by **30th December 2014** to confirm the updated status based on changed fundamentals such as population and production growth.

### Improvement/ Management of roads infrastructure

58. This will be done to encourage collaborative management of infrastructure in the sugar belt that will enhance the impact of the available pool of funds to the sugar value chain within the various agencies in the sugar belt.

### (b) Intra Regional Trade and Rules of Origin

59. There is an urgent need for verification missions to deficit countries which have high export history to satisfy authenticity and the harmonization of regulatory/administrative processes within the trading blocks. A case should be put forward for the establishment of competent authorities in respective partner states for purposes of liaison on sugar matters. This specifically applies to Uganda and Rwanda who do not have regulatory bodies' specific to the sugar sector. Kenya and Tanzania have in place such authorities making collaboration and administration smoother. This should be done **by 30th October 2014**.



### (c) Single Customs Territory

60. On the impact of the Single Customs Territory (SCT), a position paper seeking an amendment to exclude sugar based on its unique challenges will be submitted immediately.
61. In the meantime Agriculture, Fisheries and Food Authority (AFFA) will in collaboration with Kenya Revenue Authority station officers within the partner states and in Mombasa to ensure the sectors' interests are protected.

### (d) Un-customed Sugar Imports

#### Ban on Sugar Auctions

62. It is recommended that instead of auctioning impounded un-customed sugar imports, it should be destroyed publicly and, to avoid conflict of interest, Sugar Millers/Manufacturers should not be allowed to import sugar from now on given the Mumias and Chemelil experience. This should be implemented **immediately**.

#### Single Desk Marketing and Distribution of Sugar

63. Replacement of dedicated factory distribution networks with a Single Desk Marketing arrangement that will minimize costs of marketing and unfair trade practices particularly among the poorly performing state owned mills should be done. This will mitigate the duplication on high individual publicity and marketing budgets and also allow the Companies to focus on milling of sugar and related activities such as ethanol production and manufacturing of specialty value added products. This should be done with immediate effect.

#### Establishment of permanent inter-agency surveillance and enforcement unit.

64. The Gazettement of a permanent inter-agency surveillance and enforcement unit on sugar trade that reports directly to the Director General of AFFA made up of the Sugar Directorate, KEBS, Public Health, Kenya Revenue Authority and the Police. This should be done **immediately**.