THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

THE NATIONAL ASSEMBLY

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

....

INTERIM REPORT ON:

THE INQUIRY INTO THE IMPORTATION OF RAW SUGAR BY MOMBASA SUGAR REFINERY LIMITED

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 04 AUG 2026 DAY. Tuesday
TABLED BY: Hon. Benard Shinali, MP Chairperson
CLERK-AT THE-TABLE: A. Shibuko

CLERKS CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

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CHAIRPERSON'S FOREWORD

This report contains proceedings of the Departmental Committee on Trade, Industry and Cooperatives on the Inquiry into the Importation of Raw Sugar by Mombasa Sugar Refinery Limited.

The Departmental Committee on Trade, Industry and Cooperatives resolved to conduct an Inquiry into the Importation of Raw Sugar by Mombasa Sugar Refinery Limited as a result of a media exposé where it was alleged that Mombasa Sugar Refinery Limited had imported 27,000 MT of harmful sugar from South Africa which had been repackaged and distributed for sale in the country.

The purpose of the Inquiry is to investigate the circumstances surrounding the importation, transportation, storage, refining and distribution of raw sugar by Mombasa Sugar Refinery Limited and the broader sugar importation landscape in Kenya, and to determine compliance with applicable laws, regulations and licensing conditions, with a view to protecting consumers, safeguarding government revenue and strengthening regulation of the sugar sector.

In carrying out the Inquiry, the Committee has reviewed documents; held meetings with relevant government agencies and Mombasa Sugar Refinery Limited; and conducted inspection visits to the Port of Mombasa, Nairobi Freight Terminus (NFT) Autoport and Mombasa Sugar Refinery Limited.

From the meetings and inspection visits, the Committee established that: the raw sugar was imported by Wilmar Sugar Pte Limited on behalf of Mombasa Sugar Refinery Limited; raw sugar is not listed as one of the sugar imports in Form 3 and 4 in the Schedule to the Sugar (Imports and Exports) Regulations, No. 168 of 2025; the raw sugar is stored in three locations i.e. the Port of Mombasa (shed 7 and 8), the Nairobi Freight Terminus (NFT) Autoport, and the Mombasa Sugar Refinery Limited; test runs were ongoing in preparation for refining the imported raw sugar; and the CS National Treasury and Economic Planning approved waiver of the Railway Development Levy (RDL) and the Import Declaration Fee (IDF) under paragraph (xxvi), Part A of the Second Schedule to the Miscellaneous Fees and Levies Act, Cap. 469C.

The Committee has made interim recommendations on the Inquiry including: testing of the raw sugar and industrial sugar refined by MSRL by an independent laboratory; establishing if MSRL has the capacity to refine the 27,000 MT of raw sugar; gazetting the appointment of the Multi-Agency Team with clear terms of reference; and developing regulations on the importation of raw sugar.

The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support accorded to it while conducting the Inquiry. The Committee further thanks the National Treasury and Economic Planning, the State Department for Industry, the State Department for Trade, Kenya Sugar Board, Kenya Revenue Authority, Kenya Bureau of Standards, Kenya Plant Health Inspectorate Service and Mombasa Sugar Refinery Limited for availing information to the Committee that has made it possible to prepare this interim report.

Finally, I wish to express my appreciation to Members of the Committee and the Committee Secretariat who made useful contributions towards the production and preparation of this report.

On behalf of the Departmental Committee on Trade, Industry and Cooperatives and pursuant to provisions of Standing Order 199(6), it is my pleasant privilege and honour to present to this House the

Interim Report of the Committee on the Inquiry into the Importation of Raw Sugar by Mombasa Sugar Refinery Limited.

Hon. Benard Masaka Shinali, CBS, MP
Chairperson,
Departmental Committee on Trade, Industry and Cooperatives

CHAPTER ONE

1.0 PREFACE

1.1 Establishment of the Committee

1. The Departmental Committee on Trade, Industry and Cooperatives is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate under **Standing Order 216 (5)** is as follows:

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

1.2 Mandate of the Committee

2. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider trade, including securities exchange, consumer protection, pricing policies, commerce, industrialisation including special economic zones, enterprise promotion & development including micro, small & medium enterprises (MSMEs), and small and medium enterprises (SMEs), intellectual property, industrial standards, anti-counterfeit policies and cooperatives development.

3. In executing its mandate, the Committee oversights the Ministry of Investment, Trade and Industry; and the Ministry of Cooperatives and MSMEs.

1.3 Committee Membership

4. The Departmental Committee on Trade, Industry and Cooperatives was reconstituted by the House on 5th March 2025 and comprises the following Members:

Chairperson
Hon. Benard Masaka Shinali, CBS, MP
Ikolomani Constituency
ODM Party

Vice-Chairperson
Hon. Marianne Jebet Kitany, MP
Aldai Constituency
UDA Party

Members

Hon. Adhe Wario Guyo, MP
North Horr Constituency
KANU Party

Hon. Anthony Tom Oluoch, MP
Mathare Constituency
ODM Party

Hon. Dr. Beatrice Kahai Adagala, MP
Vihiga County
ANC Party

Hon. Joshua Mbithi Mwalyo, MP
Masinga Constituency
Independent Member

Hon. Joyce Kamene, MP
Machakos County
WDM-K Party

Hon. Robert Githinji Gichimu, MP
Gichugu Constituency
UDA Party

Hon. Dr. Wilberforce Ojiambo Oundo, MP
Funyula Constituency
ODM Party

Hon. Adams Korir Kipsanai, MP
Keiyo North Constituency
UDA Party

Hon. Alfred Kipronoh Mutai, MP
Kuresoi North Constituency
UDA Party

Hon. Amos Maina Mwago, MP
Starehe Constituency
Jubilee Party

Hon. John Okano Bwire, MP
Taveta Constituency
WDM-K Party

Hon. Samuel Parashina Sakimba, MP
Kajiado South Constituency
ODM Party

Hon. Michael Wainaina Wambugu, MP
Othaya County
UDA Party

1.5 Committee Secretariat

5. The Committee is facilitated by the following Secretariat:

Ms. Laureen Omusa Wesonga
Clerk Assistant I/Head of Secretariat

Ms. Carolyne Musyoka
Hansard Reporter II (Clerk Assistant)

Ms. Doreen Karani
Principal Legal Counsel II

Priscilla Wangu
Fiscal Analyst II

Ms. Priscilla Saidi
Research Officer III

Ms. Margaret Wainaina
Media Relations Officer III

Mr. Kelvin Lengasi
Audio Assistant

Mr. Peter Barasa
Legal Counsel I

Ms. Pauline Sifuma
Hansard Reporter II

Mr. Ambrose Nguti
Media Relations Officer III

Ms. Peris Kaburi
Assistant Serjeant-at-Arms

CHAPTER TWO

2.0 TERMS OF REFERENCE FOR THE INQUIRY INTO THE IMPORTATION OF RAW SUGAR BY MOMBASA SUGAR REFINERY LIMITED

2.1 Background of the Inquiry

6. The Departmental Committee on Trade, Industry and Cooperatives resolved to conduct an Inquiry into the Importation of Raw Sugar by Mombasa Sugar Refinery Limited. The inquiry follows media reports alleging that industrial-grade sugar contaminated with heavy metals is being imported into Kenya, repackaged, and sold to unsuspecting consumers. The inquiry also arises from concerns identified during a preliminary examination of documents submitted by the Kenya Sugar Board relating to the importation of raw sugar by Mombasa Sugar Refinery Limited.

7. The Committee received information regarding the importation of approximately 27,000 metric tonnes of raw sugar by Mombasa Sugar Refinery Limited and subsequently engaged the Kenya Sugar Board, receiving documentation relating to the importation, storage, transportation, monitoring and intended refining of the sugar consignment. Analysis of those documents raised serious concerns about regulatory compliance, consumer safety, and the risk of raw sugar being diverted into the retail market for human consumption.

8. The Committee resolved to institute an inquiry to establish the facts, determine compliance with applicable laws and regulations, and make recommendations to safeguard consumers, protect the local sugar industry and enhance accountability in the sugar sector.

2.2 Purpose of the Inquiry

9. The purpose of the Inquiry is to investigate the circumstances surrounding the importation, transportation, storage, refining and distribution of raw sugar by Mombasa Sugar Refinery Limited and the broader sugar importation landscape in Kenya, and to determine compliance with applicable laws, regulations and licensing conditions, with a view to protecting consumers, safeguarding government revenue and strengthening regulation of the sugar sector.

2.3 Objectives of the Inquiry

10. The objectives of the inquiry are to:

    a) establish the legality and propriety of the importation of sugar into Kenya, including the importation of approximately 27,000 metric tonnes of raw sugar by Mombasa Sugar Refinery Limited;
    b) investigate the movement, storage and monitoring of imported sugar consignments, including the consignment imported by Mombasa Sugar Refinery Limited;
    c) determine whether adequate safeguards exist to prevent diversion of imported raw sugar into the retail market for human consumption;
    d) assess compliance with conditions attached to refinery and importer licensing;
    e) verify the operational status and refining capacity of sugar refineries in Kenya, including Mombasa Sugar Refinery Limited;

f) assess the impact of imported sugar on local sugar millers, consumers and other stakeholders in the sugar sector;
g) examine the effect of sugar importation on the competitiveness and sustainability of the local sugar industry;
h) evaluate revenue implications relating to duties, taxes, levies and exemptions, including the Sugar Development Levy; and
i) identify weaknesses in the legal and regulatory framework governing sugar imports and refining, and recommend corrective policy, legislative and administrative measures.

2.4 Scope of the Inquiry

11. The inquiry covered the following:

a) The legal and regulatory framework governing the importation, refining and distribution of sugar in Kenya;
b) Import permits and approvals issued to sugar importers and refiners, including Mombasa Sugar Refinery Limited;
c) The transportation, storage and chain of custody of imported sugar consignments;
d) Compliance with customs requirements and quality standards for imported sugar;
e) Refinery infrastructure, production capacity and compliance with licensing conditions;
f) Monitoring systems and traceability mechanisms for imported raw sugar;
g) Revenue, taxation, the Sugar Development Levy and exemption arrangements of imported raw sugar;
h) Consumer protection and food safety concerns arising from the alleged diversion of raw sugar into the retail market; and
i) The effect of sugar importation on local sugar production and the sugar value chain.

2.5 Methodology of the Inquiry

12. The Committee is conducting the Inquiry through the following means:

a) Receipt and analysis of written submissions and memoranda from relevant government agencies, private entities, and members of the public;
b) Oral appearances by witnesses and stakeholders;
c) Site inspection visits to relevant facilities, including the Port of Mombasa, NFT Autoport and the Mombasa Sugar Refinery Limited premises in Kisumu;
d) Review of documentary evidence, including official records, permits, approvals, minutes and correspondence;
e) Engagement of technical and industry experts where necessary; and
f) Any other method the Committee will deem appropriate.

CHAPTER THREE

3.0 STAKEHOLDER ENGAGEMENT ON THE IMPORTATION OF RAW SUGAR BY MOMBASA SUGAR REFINERY LIMITED

13. In conducting the Inquiry, the Committee held meetings with the following stakeholders:

    i. The National Treasury and Economic Planning;
    ii. The State Department for Trade;
    iii. The State Department for Industry;
    iv. Kenya Revenue Authority;
    v. Kenya Bureau of Standards;
    vi. Kenya Plant Health Inspectorate Service;
    vii. Kenya Sugar Board; and
    viii. Mombasa Sugar Refinery Limited

    The submissions made by the above stakeholders will be contained in the detail report that will be tabled by the Committee after completing the Inquiry.

CHAPTER FOUR

4.0 INSPECTION VISITS CONDUCTED BY THE COMMITTEE

14. To get more information on the Importation of Raw Sugar by Mombasa Sugar Refinery Limited, the Committee undertook the following inspection visits:

    i. The Port of Mombasa
    ii. The Nairobi Freight Terminus Autoport
    iii. Mombasa Sugar Refinery Limited

    Details of the inspection visits conducted by the Committee will be contained in the detailed report that will be tabled by the Committee after completing the Inquiry.

CHAPTER FIVE

5.0 COMMITTEE FINDINGS/OBSERVATIONS FROM THE INQUIRY

From the meetings held with stakeholders, inspection visits and documents submitted to the Committee, the Committee made the following findings:

1. The raw sugar was imported by Wilmar Sugar Pte Limited on behalf of Mombasa Sugar Refinery Limited;

2. The Phytosanitary Certificate, Industrial Sugar Health Certificate, Certificate of Non-Radioactivity, Manufacturer's Certificate, and Certificate of Non-GMO were all issued by the South African Sugar Association. KEPHIS informed the Committee that raw sugar is a processed product and therefore has no phytosanitary risks;

3. Mombasa Sugar Refinery Limited was granted an approval for remission of import duty rate of 10% for importation of 165,000 MT of raw sugar for industrial use for manufacture of refined white sugar (food and pharmaceutical grade) to apply for twelve months from 18th April 2026 via Legal Notice No. EAC/92/2025 by the East African Council of Ministers (*annex 9*);

4. Mombasa Sugar Refinery Limited was issued with an Import Permit No. AFA/SD/IMPEXP/102988 dated 1st July 2025 (*annex 10*) by the Kenya Sugar Board. The Import Permit was valid from 1st July 2025 to 30th June 2026 and allowed them to import raw sugar;

5. Kenya Sugar Board issued a Pre-Shipment Approval Letter for the raw sugar consignment to Mombasa Sugar Refinery Limited on 18th December 2025 (*annex 11*). The expiry date for the Pre-Shipment Approval Letter was 1st February 2026;

6. MSRL paid taxes amounting to Kshs. 510,810,786 to KRA for the raw sugar consignment. Kshs. 323,957,168 was paid on 15th January 2026 while Kshs. 186,853,618 was paid on 17th January 2026 (*annex 12*). The specific taxes paid on the consignment are: Import Duty of Kshs. 161,080,706; Value Added Tax of Kshs. 283,502,042; Sugar Development Levy of Kshs. 64, 432,283; and Merchant Shipping Levy of Kshs. 1,795,755 (*annex 13*);

7. The Kenya Bureau of Standards contracted SGS to conduct Pre-Export Verification of Conformity (PVoC) tests on the raw sugar (*annex 14*). A Certificate of Conformity No. C-25ATNIM00021336/001 dated 23rd December 2025 (*annex 15*) indicating that the product was South African raw cane sugar in bulk was issued;

8. Section 4(2) (m) of the Sugar Act, 2024 (*annex 16*) assigns the mandate of registering and licensing sugar and jaggery mills, exporters, importers and dealers to the Board of Kenya Sugar Board. Paragraph 1(4) of the Second Schedule to the Sugar Act, 2024 provides that the quorum for the conduct of the business of the Board shall be two thirds of the members of the Board. The Act establishes a Board of eleven (11) members and therefore the quorum is eight (8). The import license was issued to MSRL on 1st June 2026, a time when the Board had only three (3) Directors hence no quorum to transact business;

9. Raw sugar is not listed as one of the sugar imports in Form 3 and 4 in the Schedule to the Sugar (Imports and Exports) Regulations, No. 168 of 2025 (*annex 17*);

10. The raw sugar is stored in three locations: the Port of Mombasa (shed 7 and 8), the Nairobi Freight Terminus (NFT) Autoport, and the Mombasa Sugar Refinery Limited. The Committee visited the three sites but was not able to verify the quantity of raw sugar stored in each site;

11. The Committee visited the Mombasa Sugar Refinery Limited on Monday, 15th June 2026 and established that the Refinery had not been operational since it was licensed in 2016. During the visit, test runs were ongoing in preparation for refining the imported raw sugar. The Committee was informed that some industrial sugar had been processed at the factory;

12. A multi-agency team was put in place to monitor the raw sugar consignment imported by Mombasa Sugar Refinery Limited. The MAT was mandated to determine the conditions governing the release of the sugar to MSRL and establish appropriate monitoring mechanisms to prevent diversion of the sugar from its intended purpose. From the engagements that the Committee has had with members of the MAT and government agencies, it has not been demonstrated how the sugar will be prevented from being diverted for sale in the country;

13. The Kenya Sugar Board's Guidelines on the Control of Imported Raw Sugar (*annex 19*) for Refining require licensed importers and refineries to submit monthly import, production, sales, and stock returns;

14. The CS National Treasury and Economic Planning approved waiver of the Railway Development Levy (RDL) and the Import Declaration Fee (IDF) under paragraph (xxvi), Part A of the Second Schedule to the Miscellaneous Fees and Levies Act, Cap. 469C (*annex 20*);

15. The tests conducted by KRA established that the consignment was of cane brown sugar while those conducted by SGS on behalf of KEBS indicated that it was raw cane sugar. This indicated that there were conflicting results on the type of sugar that was imported;

16. Documents submitted to the Committee by Kenya Sugar Board and MSRL indicate that the sugar is from South Africa. In a meeting held at the National Treasury Building on 23rd February 2026, the sugar that was being discussed was from Brazil (*annex 21*). It is therefore not clear as to whether the origin of the raw sugar is South Africa or Brazil; and

17. 4,299,657 Kgs of industrial sugar had been manufactured by MSRL as at 29th July 2026 i.e. 88,405 50 Kg bags (*annex 22*). 1,945 bags of the refined sugar had been sold to the following Companies: Tamtamz limited, 405 bags; Safa Dairy Limited, 200 bags; Rok Industries Limited, 500 bags; Joyline East Africa Limited, 600 bags; and Tropical Sunshine Products Limited, 240 bags as at 22nd July, 2026 (*annex 23*).

18. In a letter Ref: KRA/I&E/2/1/(342)26 date 18th February 2026 (*annex 24*), KRA recommended the execution of a security bond in form of bank guarantee or insurance bond, equivalent to the assessed additional taxes of Kshs. 2,983,118,000 as provided under section 107 of the EACCMA, 2004. The validity period of the bond was at least twelve (12) months renewable. The bond was to be in force until completion of the dispute resolution process and the entire consignment fully and properly accounted for in a manner that was outlined in the letter. KRA was however directed to clarify the

sugar as raw cane sugar which is a raw material for manufacture of white sugar and therefore not subject to the additional taxes that were being sought by KRA.

CHAPTER SIX

6.0 COMMITTEE RECOMMENDATIONS

6.1 Interim Report on the Inquiry

In a meeting held on Tuesday, 28th July 2026, the Committee resolved to table an interim report on the Inquiry to ensure that:

a) the raw sugar is not diverted for human consumption while the Inquiry is ongoing;
b) all taxes due on the raw sugar consignment are secured;
c) provisions of the laws are adhered to; and
d) importation and handling of raw sugar in Kenya is provided for in the legislative framework.

A detailed report on the Inquiry will be tabled in the House in due course.

6.2 Committee Recommendations

From the above findings, the Committee recommends that:

1. The Cabinet Secretary, Ministry of Investments, Trade and Industry puts in place a team to verify the quantities of the raw sugar at the Port of Mombasa, NFT Autoport, Mombasa Sugar Refinery (both raw and refined) to ascertain that the quantities tally with what was imported within seven (7) days of adoption of this report by the National Assembly;

2. The National Assembly collects samples of the raw sugar from the Port of Mombasa, NFT Autoport, and MSRL (both raw and refined) for testing by an independent laboratory to ascertain the type of sugar that was imported;

3. The State Department for Industry establishes whether Mombasa Sugar Refinery Limited has the capacity to refine the 27,000 MT of the raw sugar and report to the Committee within seven (7) days of adoption of this report by the National Assembly;

4. The Cabinet Secretary, Ministry of Agriculture and Livestock Development gazettes the appointment of the Multi-Agency Team, with clear terms of reference, within fourteen (14) days of adoption of this Report;

5. Kenya Sugar Board submits to the Committee returns filed pursuant to the Guidelines on Control of Imported Raw Sugar for Refining for the last five (5) months, within seven (7) days of adoption of this Report by the National Assembly;

6. The Kenya Revenue Authority ensures that the raw sugar at the Port of Mombasa, the Nairobi Freight Terminus Autoport and Mombasa Sugar Refinery Limited is bonded until all taxes due on the sugar are fully paid.

7. The Cabinet Secretary, Ministry of Agriculture and Livestock Development develops regulations governing the importation of raw sugar and refining of industrial sugar, to guide the issuance of

import licenses for importation of raw sugar in Kenya within sixty (60) days of adoption of this Report by the National Assembly;

8. The Kenya Bureau of Standards conducts regular surveillance checks in the market to ensure that the raw sugar is not diverted for human consumption.

9. The Inspector General of Police should provide 24-hour security to the warehouses at the Port of Mombasa (shed 7 and 8), the Nairobi Freight Terminus (NFT) Autoport and at the MSRL Factory at Kibos where the raw sugar is stored to ensure that there is no diversion of the raw sugar for human consumption and until the bond is executed to secure taxes due on the sugar.

SIGNED.. **DATE** 04/08/2026

HON. BENARD MASAKA SHINALI, CBS, MP
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

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