

Summary of Report on “Kenya Dairy Market Analysis”

The report recommends that U.S. dairy exporters seeking opportunities in the Kenya focus efforts on skimmed milk powder (SMP), whole milk powder (WMP), whey and condensed milk. In the long term, there may be opportunity for increased U.S. cheese and butter exports. These opportunities are largely contingent upon market access concessions achieved through ongoing U.S.-Kenya trade negotiations.

Report Details: The full report can be found [here](#).

Milk Powders Export Opportunities. Kenya relies heavily on imports to meet domestic demand for SMP and WMP. In 2019, for example, SMP imports accounted for a 76.0% share while WMP imports constituted 59.2% of the market. The seasonality and under-efficiency of domestic milk production mean that it is likely the country will be import dependent for milk powders for the foreseeable future. The report indicates that U.S. exporters can be price competitive for SMP, even with Kenya’s sizable tariff rates up to 60% on milk powders. Market access concessions are necessary for the U.S. to be truly competitive in this market, as the bulk of milk powders are currently imported duty free from Uganda.

Cheese Export Opportunities. While cheese consumption in Kenya was relatively low at 3,300 MT in 2019, the research indicates that middle- and upper-income Kenyan consumers are developing a taste for different cheese types, which promises sustained growth. Europe accounts for most the 6.6% share of imported cheese, yet the U.S. has an opportunity to fulfill the quickly developing Kenyan appetite for specialty cheeses. Despite 60% tariffs on cheese products, the analysis shows that U.S. exporters could be competitive against local producers in the long term, particularly as consumers continue to move into the middle class at an increasing pace. Greater opportunity would arise from removal of those tariffs.

Other Ingredients Export Opportunities. Similar to milk powders and cheese, most all other dairy categories are subject to prohibitively high tariff rates that limit U.S. opportunity in the market. Whey, infant formula, condensed milk, long life cream and butter are all products noted as promising opportunity should a successful U.S.-Kenya Free Trade Agreement ultimately be struck.

Nontariff Barriers. Beyond the high tariff rates, there are a litany of nontariff barriers that appear designed to discourage imports, including an onerous certification process, a required “no objection to import” form from the Directorate of Veterinary Services that has reportedly denied imports on the basis of domestic availability and a minimum 75% shelf-life requirement for dairy products, among other layers of red tape.