



**KENYA EXPORT  
PROMOTION & BRANDING  
AGENCY**

## **PROCEDURES FOR EXPORTING OF TEA**

The following are the requirements that must be fulfilled;

### **A. LEGAL DOCUMENTATION**

1. Register a company name and obtain the Certificate of Incorporation from the Registrar of Companies, Attorney General's office.
2. Obtain a PIN Number from the Customs and Excise Department (on the submission of copies of 1 above).

### **B. REQUIREMENTS RELATED TO TEA TRADE (BUYER MEMBER)**

After the fulfilment of the above basic legal requirements, the following are mandatory for Tea Buyer Member;

1. Every prospective buyer is required by law to register with the Agriculture, & Food Authority (AFA)- Tea Directorate (*previously Tea Board of Kenya*) whose requirement for registration are as follows:
  - (a) Apply to the Authority for registration or renewal of their registration using Form AFA\TD\J1 (First Schedule of the Crops (Tea) Regulations 2020);
  - (b) Pay Ksh.20,000 for new applicants and Ksh.10,000 for renewals;
  - (c) Provide a business plan detailing the nature and viability of business venture and outlining the following:
    - (i) proposal to undertake value addition;
    - (ii) creation of new market linkages;
    - (iii) creation of employment opportunities; and
    - (iv) technology transfer.
  - (d) Provide evidence of suitable premises for value addition;
  - (e) Demonstrate availability of equipment for the tea buyer or exporter to undertake tea value addition;
  - (f) Demonstrate that it has sufficient knowledge, experience and capacity to conduct tea buying/exporting business and persons to be engaged as chief executive officer or other senior position possess sufficient knowledge, management experience and capacity.
  - (g) Be a company incorporated in Kenya under the Company's Act.
  - (h) Provide a copy of the CR 12.
  - (i) Provide a valid tax compliance certificate.



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2. The Authority shall issue the applicant with a registration certificate for buyer/exporter using Form AFA\TD\J2 (First Schedule).
3. A buyer or exporter who diverts tea bought at the auction to the local market shall produce evidence of duty and value added tax payment to the Kenya Revenue Authority, where due.
4. A tea buyer/exporter shall: -
  - a) Conduct its business honestly, fairly, with integrity and professional skills appropriate to the nature and scale of activity.
  - b) Comply with the provisions of the Crops Act, (Tea Industry) Regulations, 2020 and any other relevant law.
  - c) Value add at least forty percent (40%) of their annual Kenya tea exports (except tea extracts, tea aroma, tea oils, tea by-products and specialty teas) as follows:
    - i. buyers/exporters registered before the coming into effect of the regulations shall value add at least 5% of their annual Kenyan tea exports annually to gradually comply with the requirement within 8 years.
    - ii. buyers/exporters registered after the coming into effect of these regulations shall value add at least 10% of their annual Kenyan tea exports annually to gradually comply with the requirement within 4 years.
  - d) Comply with national tea standards and the Tea Industry Code of Practice KS: 2128
  - e) Submit to the Authority prior to the auction a **performance bond equivalent to 10% of the estimated value of the tea** or teas they intend to buy at the auction in the form of a bank guarantee from a licensed commercial bank within the meaning of the Banking Act in Kenya. The estimated value of tea or teas referred to shall be based on a **three (3) month weighted average value** of tea or teas the buyer has bid and won at the auction over a three-month period preceding the auction.
  - f) Forfeit to the seller the 10% performance bond if they fail to pay in full or collect the teas.
  - g) Pay in full (100%) the value of the tea bids they have won at the auction before collecting and/or taking custody of the tea or teas.
  - h) Submit to the authority a return on quarterly basis indicating their level of compliance with the value addition requirements.
  - i) Submit to the Authority a monthly return which should include details of the teas bought in the previous month and the source and destination of such tea using Form AFA\TD\L1 (First Schedule) not later than the **fourteenth day of each month**.
  - j) Declare all their tea exports with the Authority before export using Form AFA\TD\S (First Schedule).



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- k) Ensure that all teas designated for export conform to Kenyan Standards on quality, food safety and hygiene, sanitary and phytosanitary regulations and maintain the relevant documents for inspection by the Authority.
  - l) Comply with the relevant customs laws and regulations on transit-shipment of goods in handling transit teas and maintain the relevant documents for inspection by the Authority.
  - m) Ensure that the proceeds from the sale of tea are remitted to the tea factory limited company accounts within fourteen (14) days from the date of the auction less the agreed commissions for brokers.
  - n) Obtain an import/export Release Order from the Authority in Form AFA\TD\Y (First Schedule).
5. The remuneration paid to a tea broker by a tea buyer/exporter for services rendered not to exceed zero point five five percent (0.55%) of the gross sales by the broker.
  6. A tea buyer/ exporter shall commence operations within one year from the date of issuance of the registration certificate failure to which the registration shall lapse.
  7. All certificates of registration shall expire on the thirtieth day of June of each year.
  8. An application for a renewal of certificate of registration shall be made at least one month prior to the expiry.
  9. A buyer/exporter who fails to register their tea exports with the Authority may have their registration certificate revoked, altered or suspended.
  10. Buying/exporting of tea in contravention of the regulations, failing to submit returns and giving false information is an offence.

**NOTE: In addition to the above requirements, all tea buyers/exporters should acquaint themselves with all the relevant provisions of the Crops Act, 2013 and Crops (Tea Industry) Regulations, 2020 to ensure compliance.**

For the buyer to be permitted to buy tea at the Auction, they must also register with the East Africa Tea Trade Association (EATTA), a registered Auction Organiser, to purchase teas at the Mombasa Auction. EATTA requirements for registration are as follows;

- **Duly completed Application Form** for Membership
- **Submit letters from a proposer and a seconder** who is registered buyer members. (These must be buyer members who have been active for at least 3 years. A Member can propose/seconder a maximum of six new members).
- **Bank requirements:** -
  - ✓ Submit a letter of recommendation from the bank. (For the case of broker members, bankers guarantee is required therefore making Kenyan tea brokers *guaranteed brokers*).
- **Familiarisation with the tea trade.** The prospective applicant is required to visit any tea Broker in the management committee for familiarisation interviews. The tea broker will thereafter append their signatures on the application form



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- **Payment** of entrance fee and annual subscription.

- Attach to the duly completed forms the copies of Certificate of Incorporation/Registration and PIN Number.

### **C. TYPES OF MEMBERSHIP**

1. **Buyer Member:** - These are members who actively engage in buying of tea for export. The member have;

- Voting rights
- Get pre-auction samples
- The right to a seat at the auction

2. **Tea Brokers:** – These are members who sell tea on behalf of the producer at the auction. Producers deliver their teas to appointed warehouses in Mombasa and advice their brokers as to which teas are to be sold in the auction. The producer also provides the broker with 4kg of tea samples per lot. The broker then prepares a catalogue giving specific details on every line or 'lot' (comprising 20, 40, 60 80 or 100 packages). The Brokers apportion and distributes samples to active buyers for tasting and assessing quality and value by buyers and/or their overseas principles.

The broker also values the tea tasted based on his perception of market forces and sets a reserve price.

3. **Tea Warehouse Members:** - These are members who keep physical custody of the tea so as to safe guard the interests of both the producer and buyer. They are also responsible for palletising containerisation, documenting, transporting and loading teas into the vessels.

4. **Producer Member:** - These are members who grow and processes/manufacturers tea. These could also be managing agents of growers as for the case of KTDA

5. **Packer Members:** - These are members who buy tea from buyer and pack them into retail consumer packages.

6. **Associate Members:** - These are the newly registered buyer members (especially in the first year of registration) who occasionally buy tea from the auction.

**NB.** It is recommended that before one applies for membership, the following should have been done;

- Familiarise with the tea industry i.e. growing, processing, grades, tasting, valuing, tea trade, marketing, etc.
- Must understand potential market and their characteristics as regards grades usually bought, tastes preferred, trading habits, etc.
- Must have identified a prospective buyer who is ready to buy and has given the specification.



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**LICENSING AND REGISTRATION FEES**

**A. LICENCING FEES**

NO.	PERSONS DEALING IN TEA	NEW APPLICANTS	RENEWAL FEES
		Amount in Kenya Shillings (Kshs).	Amount in Kenya Shillings (Kshs).
1	Tea Manufacturing Licence	10,000	7,500

**B. REGISTRATION FEES**

NO.	PERSONS DEALING IN TEA	NEW REGISTRATION FEES	ANNUAL RENEWAL OF REGISTRATION FEES
		Amount in Kenya Shillings (Kshs).	Amount in Kenya Shillings (Kshs).
1	Management Agent	50,000	25,000
2	Buyers	20,000	10,000
3	Brokers	20,000	10,000
4	Warehouseman	20,000	10,000
5	Importers	20,000	10,000
6	Tea Auction	10,000	10,000
7	Packers	5,000	2,000

**Sources of Information**

1. [Crops Act](#)
2. [AFA-Tea Directorate](#)
3. [KRA](#)
4. [EATTA](#)