

EAST AFRICAN TEA TRADERS
ASSOCIATION
MEDIA REPORT
23rd Nov to date



ojibuy

Digital Public Relations Worldwide



Tea exporters want levy reviewed

By **SCOLA KAMAU**

Special Correspondent

KENYA TEA exporters are pushing for a review of a levy introduced earlier this year, threatening to boycott the country's produce.

The East African Tea Trade Association (EATTA) said the ad valorem tax that replaced the manufacturing cess was taking away at least one per cent of the value of each kilogramme exported. Other countries — including Uganda, Tanzania, Rwanda and Burundi — that auction tea at the Mombasa platform do not charge the levy.

"Either the trader will discount Kenyan tea so the producer gets less or turn to other markets for cheaper tea," said Edward Mudi-bo EATTA managing director.

Farmers preferred a flat gate price as they feared the exporters would trickle down the new levy effect and leave farmers with no alternative but to cut down production. If this

was the case, farmers would only lose out Ksh377 million (\$4.4 million) equivalent with the 377 million kilogrammes produced last year. The association's chairman, Peter Kimanga, argues that the levy gazetted on January 27, should be reduced to 0.25 per cent.

Tea made Ksh109 billion (\$1.2 billion) with experts predicting this might slightly rise to Ksh110 billion (\$1.3 billion) this year on the back of improving global tea prices.

The government said it had introduced the levy to discourage exports and encourage home consumption but experts dismiss this claim, saying Kenyans were still poor consumers of tea.

"Kenya still exports 75 per cent of its tea, culture can't be changed by a new tax," said Mr Mudiibo adding that the government would instead encourage Kenyans to consume more tea by adding more value to the product and initiating health related programmes that promote the consumption of tea.

ajily



Tea lobby group calls for review of 'ad valorem' levy

**BY NATION
CORRESPONDENT**

A lobby group wants the government to review tax on tea to safeguard the gains made in the sector. The lobby is asking the government to reduce the levy to 0.25 per cent, from 1 per cent as it is now.

Addressing the media at a Nairobi hotel yesterday, officials of the East African Tea Traders Association (EATTA)

said the Agriculture ministry did not adequately consult them before putting in place the ad valorem levy in January this year.

"The levy was introduced without stakeholder consultations as stipulated in Article 10 of the Constitution," EATTA chairman Peter Kimanga said at the briefing.

He added that the government had refused to engage the lobby on the way forward.

The levy, they said, would

see tea farmers pay an additional Sh800 million to the government from the current Sh200 million, a move that could discourage many farmers.

The ad valorem levy im-

0.25pc

What the lobby wants the tax reduced to, from the current 1pc on the value of each kilo

poses a 1 per cent tax (Sh3.22) on each kilo of the value of all teas exported, replacing the 46 cents that was being charged for each kilo of packaged tea.

"Depending on the prevailing price of tea at the auction, this is a 700 per cent increase in charges.

EATTA is totally against this levy. It The levy is punitive, excessive and needs review," EATTA managing director Edward Mudibo said.

ajivny



New levy sours taste of tea at Mombasa auction

By MACHARIA KAMAU

Kenyan tea farmers are crying foul over the commodity's waning competitiveness. This follows the recent imposition of a levy on the commodity — making it pricier in comparison to tea from neighbouring countries.

The Ministry of Agriculture recently introduced one per cent Ad Valorem levy per kilogramme of tea.

This replaced the manufacturing cess fixed at 46 cents. Players are demanding a review of the levy, saying

it has resulted in 700 per cent.

The auction sells tea for export from 11 countries in the region.

Buyers are now opting for teas from the other countries that are not subject to ad valorem levy. The East Africa Tea Trade Association (EATTA) has asked that the levy be reduced to 0.25 per cent or a fixed charge arrived at on consultation.

"The Mombasa Auction Centre is a multi-origin auction... since the Ad Valorem tax is charged only on Kenyan tea, exporters will discriminate

against our tea and buy more from the other origins — putting Kenyan tea at a disadvantage," said Edward Mudiho, Managing Director EATTA in Nairobi yesterday.

"We are not opposed to the levy but want a change that is reasonable... we want the State to show willingness to support farmers. This is not the case when the State keeps dipping its hand in the farmers' wallet."

With the current prices of between \$3 and \$4 per kilo of tea at the auction, the levy translates to about \$13

per kilogramme of tea.

The levy is used to support the activities of the Kenya Tea Board and the Tea Research Foundation.

After the imposition of the ad valorem levy, collections that go to the two institutions increased from Sh200 million to Sh1 billion.

Tea has grown to being the largest foreign exchange in the country and earned \$169 billion last year. The earnings are expected to grow by between Sh2 and Sh3 billion owing to good prices.

ajivvy

ajivvy Public Relations Worldwide



Lobby warns tea levy could reach consumer

EATTA argues customs tax imposed by Government hurts incomes of smallholder farmers

By CONRAD ONYANGO

East African Tea Traders Association (EATTA) has put out fresh demands regarding the Ad valorem levy imposed on the tea sector by the Government almost a year ago.

EATTA argues the levy will hurt incomes of smallholder farmers and the option of passing the costs to consumers appears inevitable.

Ad valorem levy is a percentage of the value of all made tea imported and stands at one percent as imposed by the Agriculture min-

ister. With the levy, farmers pay up to Sh3 in taxes per kilogramme of tea sold, an increase from 54 cents according to EATTA's policy paper of December 2010.

Prevailing prices

"Depending on the prevailing tea prices at the auction, this translates to a 700 percent rise which is exorbitant, the tax is punitive, excessive and regressive. We need an urgent review," EATTA Chief Executive Officer, Edward Mudlbo said.

The association, in what appears to be a compromise move, said

they want the levy reviewed downwards to 0.25 percent from the Government's one percent.

Government, through the Ministry of Agriculture, has given the sector stakeholders a deal ear after it gazetted and implemented the Tea (Ad Valorem) Levy regulations 2011 in February.

Over the last 10 months, EATTA has been lobbying for revocation of the new tariff but the Government appears unmoved by the sector's calls for consultation.

The association is now challenging the Government to improve on its dialogue to save the sector from imminent collapse.

"We have been seeking dialogue with the Agriculture PS since the legislation was enacted. We were told the issue is being addressed but nothing is forthcoming," said Mudlbo.

Opiny



Tea traders lobby warn of imminent increase in prices over new tax

BY LOLA OKULO

TEA traders want a new tax imposed on local tea revoked adding that it will make Kenyan tea uncompetitive and reduce farmer's earnings immensely.

Under the umbrella body of East African Tea Traders Association, the traders have demanded for a review of the tea ad valorem levy of one per cent per kilo of tea.

The new tax was gazetted in January replacing the previous taxation that was changed at Sh46 per kilo of made tea. Traders said the new tax would result in a 700 per cent increase in tea prices at the auction.

"It will not only cut the profits but with all the bureaucracy of handling the taxation documents it will also increase the time before the product is put out for sale," said EATTA



Photo: ESSE MWANGI

UNCERTAIN: A farmer in his Kangema plantation.

chairman Peter Kimani.

"I will find it easier to buy Rwandan tea which has no duties...I can buy in the morning and sell in the afternoon."

EATTA said that since the tax will make locally produced tea be uncompetitive at the Mombasa tea auction. The association said it will also affect quality as farmers would produce lower quality tea to

avoid paying higher taxes.

Managing director Edward Mudiibo said the one per cent tax should be cut to 0.25 per cent in line with the recommendations of the tea task force.

Mudiibo said efforts to engage the government have failed as there has been no feedback from the many letters and emails to these ministries.

ajilvy

Digitaly Public Relations Worldwide



East African Tea Trade Association
Tea Trade Centre Nyerere Avenue
P. O. Box 85174 - 80100 Mombasa Tel. 041 2228460
Email: info@eatta.co.ke

EAST AFRICAN TEA TRADE ASSOCIATION DEMANDS A REVIEW OF THE TEA 'AD VALOREM LEVY'

East African Tea Trade Association (EATTA) is the premier body representing the interests of the tea industry in Africa. EATTA has since the introduction of the Ad Valorem levy been seeking dialogue with the Ministry of Agriculture to discuss a compromise position. We have not been successful. EATTA submitted a Policy Position Paper with recommendations for a review of the Ad Valorem Levy but received no response. The position of EATTA is as follows:

1. The Ad Valorem Levy at 1% of the FCB value for one kilo of tea replaces the Manufacturing Cess that was changed at Kshs 46 cts per kilo of made tea. Depending on the prevailing price of tea at the auction this is a 700% increase.
2. The levy was introduced without any stakeholder consultations as stipulated in Article 10 of the Constitution. The government is still not engaging with EATTA even after we have sought dialogue.
3. The levy is charged as a percentage of the value of tea instead of a fixed amount per kilo which makes it a regressive tax. The small holder farmer who produces the best quality tea that Kenya is recognized for is paying the highest levy. Do we want to encourage production of poor quality tea?
4. The Mombasa Auction Centre is a multi-origin auction and the largest tea auction handling block CTC in the world with teas from 11 countries being sold through it. Since the Ad Valorem tax is charged only on Kenyan tea, one of two scenarios may occur, either the buyer will discount Kenyan tea so the producer gets less or the buyers buy from the other origins.

EATTA is demanding that:

1. The 1% ad valorem levy must be reduced immediately to 0.25% that it is commensurate with the recommendations of the Tea Task Force.
2. The legislation is amended to change charging the ad valorem levy from a percentage to a fixed amount per kilo of tea.
3. The relationship between the Ministry of Agriculture and the private sector is improved to enhance an atmosphere of cooperation and mutual support.

Signed by

Managing Director
East African Tea Trade Association

Djibuy Public Relations Worldwide



ON-LINE SUMMARY

ogilvy

Digital Public Relations Worldwide

CNBC

<http://www.abndigital.com/page/multimedia/video/closing-bell/1470417-Valorem-Levy-in-East-Africa>



K-24

http://www.reelforge.com/reelmedia/stream/video_stream.php?itemid=978380&encrypted=f82yg59tmnzbvksq46xr3pc7j001wd&client_id=1971&this_agency=1

ogilvy

Ogilvy Public Relations Worldwide



Tea lobby calls for review of 'ad valorem' levy

SHARE BOOKMARK PRINT RATING

By NATION CORRESPONDENT
Posted Thursday, November 22, 2012 at 18:02

IN SUMMARY

- The levy, they said, would see tea farmers pay an additional Sh800 million to the government from the current Sh200 million, a move that could discourage many farmers.
- The ad valorem levy imposes a 1 per cent tax (Sh3.22) on each kilo of the value of all teas exported, replacing the 46 cents that was being charged for each kilo of packaged tea.

A lobby group wants the government to review tax on tea to safeguard the gains made in the sector.

The lobby is asking the government to reduce the levy to 0.25 per cent, from 1 per cent as it is now.

Officials of the East African Tea Traders Association (EATTA) said the Agriculture ministry did not adequately consult them before putting in place the ad valorem levy in January this year.

"The levy was introduced without stakeholder consultations as stipulated in Article 10 of the Constitution," EATTA chairman Peter Kimanga said while addressing the media at a Nairobi hotel on Thursday.

ajilvy

Cont....



He added that the government has refused to engage the lobby on the way forward.

The levy, they said, would see tea farmers pay an additional Sh800 million to the government from the current Sh200 million, a move that could discourage many farmers.

The ad valorem levy imposes a 1 per cent tax (Sh3.22) on each kilo of the value of all teas exported, replacing the 46 cents that was being charged for each kilo of packaged tea.

“Depending on the prevailing price of tea at the auction, this is a 700 per cent increase in charges.

“EATTA is totally against this levy. It The levy is punitive, excessive and needs review,” EATTA managing director Edward Mudibo said.

ajilvy

Digital Public Relations Worldwide



Tea industry demands review of the new levy

Posted by [MARGARET WAHITO](#) on November 22, 2012



NAIROBI, Kenya, Nov 22 – Conflict between the tea industry regulator and stakeholders over the introduced tea levy early this year is far from over as the East African Tea Trade Association (EATTA) demanded a review of the one percent Ad Valorem levy imposed on the total custom value of the tea at the point of sale at the Mombasa Tea auctions.

The Association's chairman Peter Kimanga argues that the levy gazetted on January 27, should be reduced to 0.25 percent adding the increase was hurting the tea farmers especially the small scale farmers who contribute 60 percent of the country's total tea production.

Before the new levy, tea farmers paid a levy of 46 cents per kilo of tea sold at auction.
THOMAS NJURU

Before the new levy, tea farmers paid a levy of 46 cents per kilo of tea sold at auction.

"Most Kenyan high quality tea is produced by small farmers, thus commanding a higher price, so it is the small holders who end up paying a disproportionate amount of the new tax," said Kimanga.

The gazetting of the new levy which came into effect in February this year, followed the introduction of the Tea Amendment Act in March in 2011.

According to the Tea Board of Kenya, 50 percent of the levy would go to the execution of market development programmes and value addition, 40 percent to go to the Tea Research Foundation of Kenya (TRF) while 10 percent towards the development of infrastructure in the industry.

But EATTA argues that the need for an increase in the requirements of TBK and TRF has not been demonstrated, and that infrastructure expenditure should be undertaken by, say Kenya Urban Roads Authority (KURA) and not TBK.

The association now wants dialogue with the ministry of agriculture and the Tea Board to look into the matter claiming that the levy was introduced without enough consultation from all stakeholders.

They say if the levy continues, the country risks losing markets to the neighboring countries due the high prices since the levy is only applicable to Kenyan tea.

"Mombasa Auction Centre is a multi-origin auction and since the Ad Valorem tax is charged only on Kenyan tea, tea exporters will discriminate against our tea and buy more from the origins than they normally would," said EATTA Managing Director Edward Mudibo.

The total money collected based on volume would range between Sh300 and Sh400 million per year but with the new tax, TBK will collect up to Sh1 billion.

The tea industry last year generated Sh109 billion in foreign exchange earnings.

ajily

ajily Public Relations Worldwide



ELECTRONIC SUMMARY



Ogilvy Public Relations Worldwide

RADIO



DATE	STATION	TITLE	TIME	DURATION	AVE	PRV	SUMMARY
22-Nov-12	Capital FM	<u>Tea row not over</u>	16:17	0:01:11	31950	159750	The row between the Tea industry regulator and stakeholders over the Tea levy that was introduced last year is not over yet.
22-Nov-12	Classic 105	<u>Tea is expensive for Kenyans</u>	12:54	0:00:14	4780	23900	According to East African Tea Traders Association, Kenyans are poor at tea consumption since it is expensive due to high taxing.
22-Nov-12	Easy FM	<u>Tea lobby calls for review of ad valorem levy</u>	17:45	0:00:31	18080	90400	East African Tea Traders Association wants the government to review tax on tea to safeguard the gains made in the sector.
22-Nov-12	Kiss FM	<u>Poor tea consumption due to high cost</u>	13:06	0:00:15	5130	25650	Tea is expensive for Kenyans thus leading to poor consumption according to East Africa Tea Traders Association.

ajily

ajily Public Relations Worldwide

RADIO



DATE	STATION	TITLE	TIME	DURATION	AVE	PRV	SUMMARY
23-Nov-12	Easy FM	Tea lobby calls for review of tea tax levy	10:45	0:00:30	7000	35000	A lobby group wants the government to review tax on tea to safeguard the gains made in the sector.
23-Nov-12	Easy FM	Tea lobby calls for review of tea tax levy	10:45	0:00:30	7000	35000	A lobby group wants the government to review tax on tea to safeguard the gains made in the sector.
23-Nov-12	Easy FM	Tea lobby calls for review of tea tax levy	14:45	0:00:30	7000	35000	A lobby group wants the government to review tax on tea to safeguard the gains made in the sector.
23-Nov-12	Hope FM	EATA calls for levy review	07:00	0:01:02	25420	127100	East African Tea Trade Association demanded a review of the one percent Ad Valorem levy imposed on the total custom value of the tea at the point of sale at the Mombasa Tea auctions.
23-Nov-12	Kass FM	Tea farmers calls for review of tea tax levy	13:40	0:01:28	58240	291200	Tea farmers in Kericho wants the government to review tax on tea to safeguard the gains made in the sector.
23-Nov-12	Kiss FM	Bad policies hamper efforts to add value to tea	09:15	0:00:38	22170	110850	Efforts to add value to Kenya tea so that it can fetch better prices in the International market is being hampered by bad policies.

ajlby

ajlby Public Relations Worldwide

RADIO



DATE	STATION	TITLE	TIME	DURATION	AVE	PRV	SUMMARY
23-Nov-12	Citizen Radio	<u>Tea industry demands review of the new levy</u>	13:30	0:00:34	37120	185600	East African Tea Traders Association have demanded for a review of the tea Ad Valorem levy of one per cent per kilogram of tea.
23-Nov-12	Citizen Radio	<u>Tea industry demands review of the new levy</u>	20:30	0:00:34	35890	179450	East African Tea Traders Association have demanded for a review of the tea Ad Valorem levy of one per cent per kilogram of tea.
23-Nov-12	Citizen Radio	<u>Tea industry demands review of the new levy</u>	16:30	0:00:34	48220	241100	East African Tea Traders Association have demanded for a review of the tea Ad Valorem levy of one per cent per kilogram of tea.
23-Nov-12	Classic 105	<u>EATTA blame poor policies for tea markets</u>	09:10	0:00:37	21580	107900	Efforts to add value to Kenyan tea so that it can fetch better prices in the international market is hampered by bad policies this is according to East African Tea Traders Association chairman Peter Kimanda.
23-Nov-12	East FM	<u>Kenyan tea is being hampered by bad policies</u>	08:30	0:00:38	12670	63350	Efforts to add value to the Kenyan tea so it can fetch better prices in the international market is being hampered by bad policies.
23-Nov-12	East FM	<u>Kenyan tea is being hampered by bad policies</u>	09:30	0:00:38	12670	63350	Efforts to add value to the Kenyan tea so it can fetch better prices in the international market is being hampered by bad policies.

ajilvy

TELEVISION



DATE	STATION	TITLE	TIME	DURATION	AVE VALUE	PRV	SUMMARY
22-Nov-12	K24	Tea traders want levy on tea export reviewed	21:00	0:01:12	156000	780000	The East African Tea Traders want the levy on tea exports reviewed since it is affecting their business.
22-Nov-12	K24	Tea traders want levy on tea export reviewed	21:00	0:01:12	156000	780000	The East African Tea Traders want the levy on tea exports reviewed since it is affecting their business.
22-Nov-12	KBC Channel 1	Tea wrangles over new taxes	19:00	0:00:31	70780	353900	Wrangles have erupted in the tea sector concerning the new taxes on tea produce.
22-Nov-12	KTN	Tea traders oppose new Ad Valorem Levy	21:00	0:00:31	78840	394200	The East African Tea Traders Association is opposing the plan to introduce the tea Ad Valorem Levy which would raise the cost of shipping tea
22-Nov-12	NTV	Tea farmers ask for review of levy	21:00	0:02:04	523280	2616400	The East African Tea Trade Association is demanding for the review of the Tea Ad valorem Levy, imposed on Kenyan tea this year.

ajilvy

ajilvy Public Relations Worldwide

TELEVISION



DATE	STATION	TITLE	TIME	DURATION	AVE VALUE	PR VALUE	SUMMARY
23-Nov-12	Citizen TV	<u>New tea tax imposed to be revoked</u>	13:00	0:00:54	140090	700450	Tea traders want a new tax imposed on local tea revoked adding that it will make Kenyan tea uncompetitive and reduce farmer's earnings immensely.
23-Nov-12	K24	<u>EATTA want review of levy</u>	13:50	0:01:06	121990	609950	EATTA wants a review of the Ad Valorem levy,they want a charge that is reasonable.
26-Nov-12	KTN	<u>Ad Valorem levy effect on tea sector in Kenya.</u>	14:00	0:11:51			The MD of The East African Tea Traders Association, Edward Mudibo talks on the Ad Valorem levy and its effect on the tea sector in Kenya.

Djibry