



Market Explorer©  
Premium Market Analysis Series  
**The Dairy Industry in Kenya**

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## INTRODUCTION

Dairy industry is the most important part of agricultural sector in Kenya responsible for between 3 and 4% of Kenya GDP and 12% of agricultural production in this country. It is dominated by small farmers with over 80% of total production. It aims to increase its share on international markets such as Gulf states. There is huge opportunity in setting up powder milk plants.

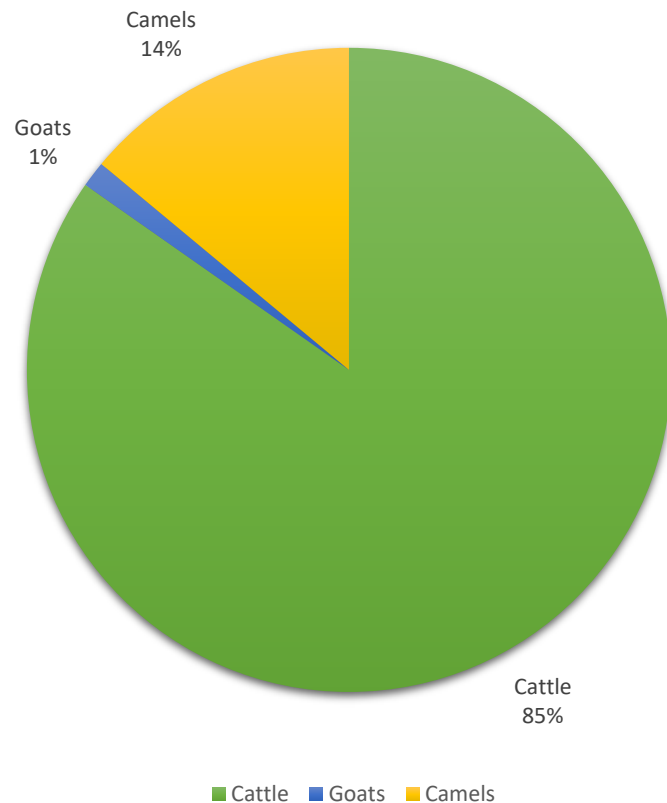


Photo by Workman House :  
<https://www.pexels.com>



This industry grows around 3% per year. It is important sector in Kenya, it accounts for around 4% of GDP, providing livelihood to around 1.8 million households, employing around 700.000 persons. Total milk production is estimated at 5.7 billion liters per year.

### Kenyan herd (around 21 million)



### DAIRY PRODUCTION AND DISTRIBUTION IN KENYA

The dairy sub-sector's growth and development is hindered by low productivity, informal trading and marketing systems. There is constant battle between formal and informal value chain. Marketing of raw milk and milk products through the informal marketing subsystem is permissible and tolerated in areas that have not been "zoned-off" by the Kenya Dairy Board. Hence the informal milk marketing subsystem is especially important in rural areas. However, it also operates in "zoned" (urban) areas, even though the parties involved know that the transactions are illegal. There are limited skills and knowledge and poor service delivery. Moreover, the sub-sector is a significant emitter of the greenhouse gases.

There are around 30 processors of milk in the country and three very large and powerful players on the market. Brookside Dairy Limited, the largest milk processor in Kenya with a market share around 40%. Brookside Dairies is majority-owned by the Kenyatta family, and French yoghurt maker Danone has 40% share in this company. New Kenya Cooperative Creameries Limited (New KCC) is the second largest milk processor in Kenya, with a market share of approximately 25%. Kenya Cooperative Creameries (KCC) has some kind of monopoly in the commercial processing and distribution of liquid milk. Important are



also, Sameer Agriculture and Livestock, Githunguri Dairy Farmers Cooperative, known for its 'Fresha' brand and Suiya Farm, leading dairy farm in Kiambu County.

Kenya boasts over 100 registered dairy cooperatives, yet only about 70% are operational. These cooperatives play a crucial role, collecting milk from members and either selling it locally or supplying it to processors like the Kenya Cooperative Creameries (KCC).

While the Rural Dairy Development Program (RDDP) provided milk coolers to 60 cooperatives, less than half remain functional. This limited cold storage restricts milk collection to morning hours.

Furthermore, Kenyan milk production exhibits seasonal fluctuations due to rainfall patterns and feed availability. Even the KCC, a major processor, faces challenges during peak milk production periods due to limited processing capacity.

The major products of the dairy processing enterprises in Kenya include:

- Pasteurised and UHT milk;
- Fermented milk;
- Yoghurt;
- Cream;
- Butter;
- Ghee;
- Ice-cream;
- Condensed Milk (both sweetened and not);
- Cheese;

Consumption Patterns: Urban consumers often prefer processed milk products like pasteurized milk, yogurt, and cheese, while rural consumers may consume more raw milk. Income levels significantly influence milk consumption patterns. Higher-income households tend to consume more dairy products and a wider variety of dairy-based foods. Cultural preferences and dietary habits also play a role in milk consumption.

Kenyan institutions and producers participated in Dar es Salaam international fair because they target Tanzania as very important market, especially UHT milk, fermented milk, butter and cheese.

## STRENGTHS AND WEAKNESSES OF THE SECTOR



### Key strengths:

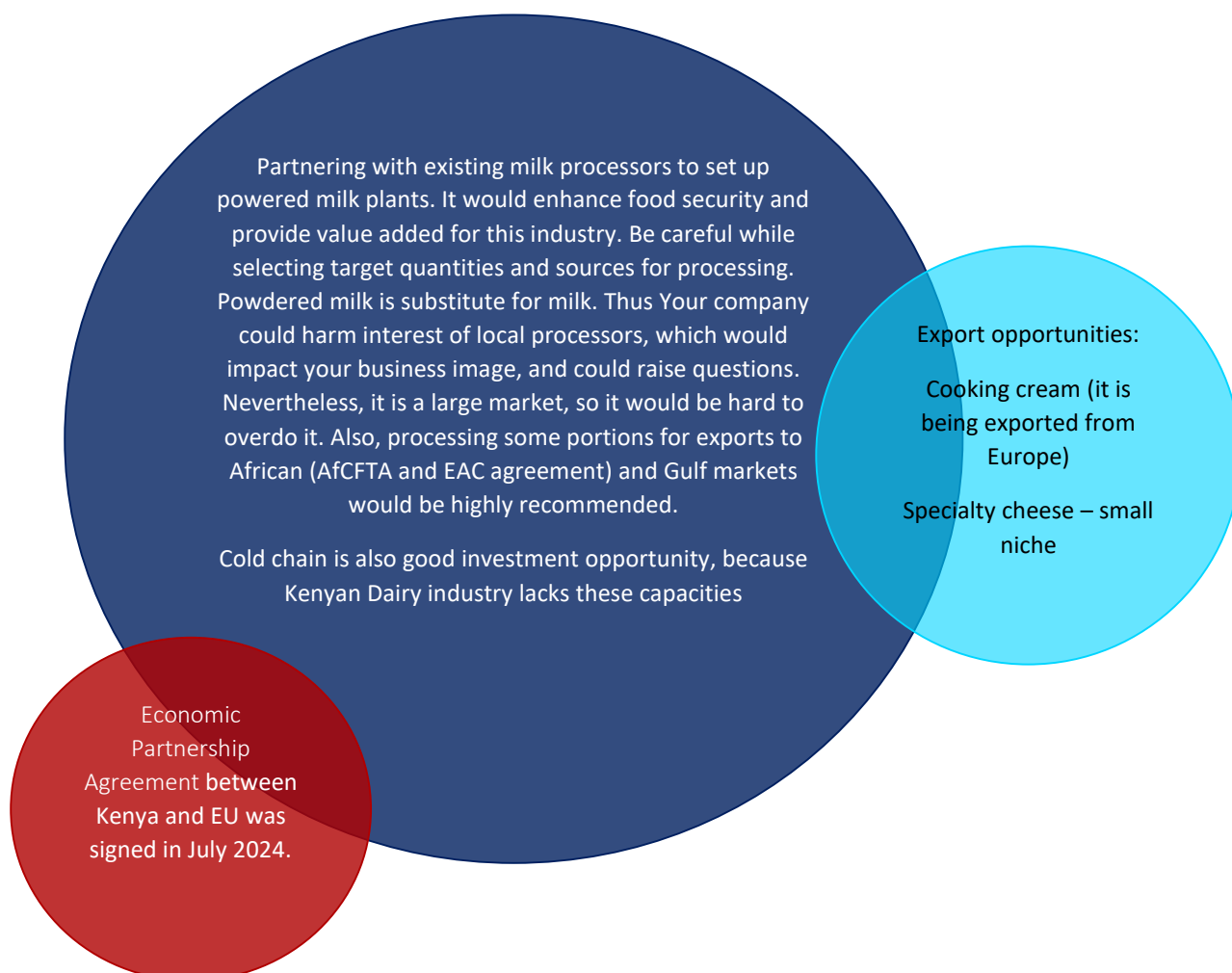
- Private sector-driven processing industry
- Large source basis, raw milk production
- Low risk because of the large number of small scale farmers
- High demand for different dairy products, especially in urban areas, consumption per capita is more than 110 liters per year.
- Protective government policies (for investors).



### Key weaknesses:

- Limited Farmer Knowledge: Farmers often lack the skills and knowledge necessary for efficient and profitable dairy production.
- Low Value Addition: Smallholders struggle to add value to their milk, limiting their income potential.
- High Production Costs: Seasonal variations in feed availability and inadequate infrastructure contribute to high and unpredictable production costs.
- Inefficient Supply Chain: Poor milk collection and transportation systems, coupled with a lack of cold storage, lead to significant post-harvest losses.
- Market Dominance: The processing industry is dominated by a few large players, leaving smallholders with limited bargaining power.
- Seasonal Production Fluctuations: Milk production is highly seasonal, impacting both farmers' incomes and the stability of the supply chain. It depends much from the available feed for animals.
- These challenges hinder the growth and development of the dairy sector and limit the profitability of dairy farmers.

### KEY OPPORTUNITIES





## PRICES

General prices for milk products in Kenya are: (at the time of the editing this text 1 United States Dollar equals 129.00 Kenyan Shilling)

Fresh Milk	UHT (Ultra-High Temperature) Milk	Flavoured Milk	Yogurt	Cheese
500ml: KES 45-60	500ml: KES 50-70	250ml: KES 30-40	125g cup: KES 20-30	Sliced Cheddar: KES 200-250 per kg
1L: KES 80-120	1L: KES 90-130	500ml: KES 60-80	500g tub: KES 80-100	Cottage Cheese: KES 150-200 per kg

There are 2 known local retail shops:

1. Jumia <https://www.jumia.co.ke/lato-milk-uht-whole-milk-500ml-18-pcs-86771980.html> and
2. Naivas <https://naivas.online/search?term=milk> where latest prices can be found.

## TRADE

In 2023, Kenya imported around 86 million US\$ of dairy products. Most of them were imported from Uganda, The Netherlands, Belgium and Ireland. Uganda has absolutely the largest share on the market, which is logical having in mind that Kenya and Uganda are neighbour countries, and that Uganda has no tariffs for these products on Kenyan market due to EAC agreement. Most of this import is milk and cream. Kenya currently exports only 8 million US\$. Main market is South Sudan and product is concentrated milk.

So, for the exports to Kenya, the potential exists mainly for cooking cream and for specialty cheese, something that isn't produced at a large scale in Kenya but is also durable so it can withstand long transports.

## PROCEDURES AND RELEVANT AUTHORITIES

**The Kenya Dairy Board (KDB)** is a State corporation under the Ministry of Agriculture & Livestock Development mandated to regulate milk & milk products standards in Kenya. Importers of milk & milk products, known as Dairy Business Operators (DBOs) are required to obtain a regulatory permit from KDB, prior to application for import permits for milk & milk products.

**The Kenya Trade Network Agency (KenTrade)** is a State Corporation mandated to establish, implement & manage the Trade Facilitation Platform (TFP), and to facilitate trade. The TFP is an online platform that serves as a single entry point for parties involved in international trade & transport logistics to lodge documents electronically, for processing, approvals and to make payments electronically for fees, levies, duties & taxes due to the Government, on imported or exported goods.





**Directorate of Veterinary Services** handles some certificates needed for dairy and meat industry.

**Kenya Revenue Authority** deals with taxes but also with customs and tariffs.

**KEBS** Kenya Bureau of Standards, deals with standardization, labels and such formal requirements needed for entering and selling products in Kenya.

**KNCCI** is a National Chamber of Commerce and Industry of Kenya

- ✓ Import Declaration Form (IDF) (Kenya Revenue Authority)
- ✓ Certificate of no objection for milk & milk products (VS12) (Directorate of Veterinary Services DVS)
- ✓ Import permit for milk & milk products (KDB – Kenya Dairy Board)
- ✓ Local Certificate of Conformity (CoC) (only applies to consignments that arrive without a CoC) (Kenya Bureau of Standards (KEBS))
- ✓ Import Standardization Mark (ISM) permit (only applies to consignments for sale in the local market) Kenya Bureau of Standards (KEBS)

## TARIFFS

### General tariffs

HS4	Name of the product	Tariff
0401	Milk and cream, not concentrated nor containing added sugar or other sweetening matter.	60
0402	Milk and cream, concentrated or containing added sugar or other sweetening matter.	60
0403	Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit, nuts or cocoa.	60
0404	Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included.	25
0405	Butter and other fats and oils derived from milk; dairy spreads.	35
0406	Cheese and curd.	60
0407	Birds' eggs, in shell, fresh, preserved or cooked.	25-35
0408	Birds' eggs, not in shell, and egg yolks, fresh, dried, cooked by steaming or by boiling in water, moulded, frozen or otherwise preserved, whether or not containing added sugar or other sweetening matter.	25
0409	Natural honey.	35
0410	Edible products of animal origin, not elsewhere specified or included.	25

Source: WTO

**Members of East African Community, EAC have no tariffs for all mentioned product**



## ROADMAP TO KENYAN DAIRY MARKET

Level of difficulty for doing business **1** (very easy) - **10** (extremely difficult)

Category	Level	Comment
Export	9	High tariffs, complicated procedures, competition
Investment in areas that are needed	3	Powdered milk, cold chain, capacities (partnerships)
Overall investment	6	Risk of takeovers due to powerful companies
Regulations	8	Due to health concerns it is highly regulated area
Foreign competition	5	From EAC countries, it is expected for EU companies to get a foothold because of the Economic Partnership Agreement, that has entered into force in July 2024.
Domestic competition	9	Large, domestic oligopolistic processors
Protected (sensitive) industry	9	Key employer of citizens, important for livelihoods, politically sensitive,



Key markers of success: Local partnership with processors (powdered milk)

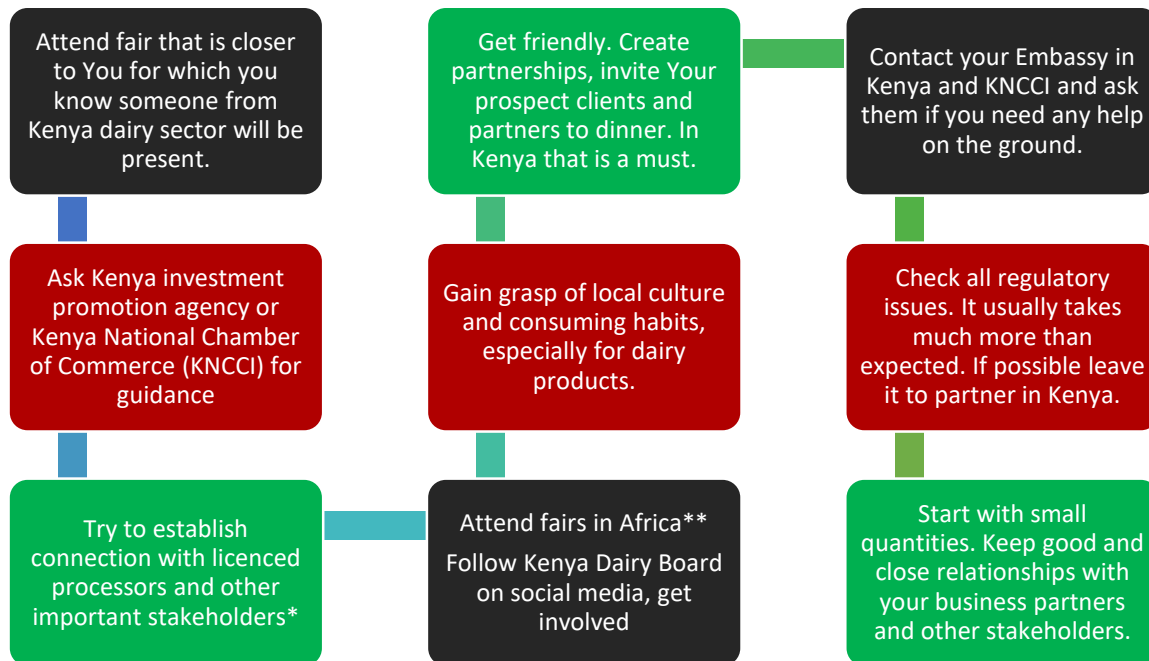


Key markers of success for export: Partnership with Carrefour or Shoprite or finding small niche retailers with specialty in cheese products.



Because of the sensitivity of the industry, communication with officials from Kenya is recommended. Investment Promotion Agency and Kenya National Chamber of Commerce offer a good start.





\*Licenced companies in dairy sector can be found on Kenya Dairy Board website:

<https://www.kdb.go.ke/index.php/licensed-premises/>

\* **Example of companies** that should be importing milk products and cheese in Kenya:

1. Happy Cow Farm: <https://happycowkenya.com/>

2. Bio Foods Ltd: <https://biofoods.co.ke/>

\*\*Recommended fairs:

1. Africa Agri Expo <https://africa-agriexpo.com/> , Kenya
2. Foodpack East Africa <https://www.mxmexhibitions.com/foodpackUganda/> , Uganda
3. MOROCCO SIEMA FOOD EXPO <https://siemamaroc.com/> , Morocco
4. DAR ES SALAAM INTERNATIONAL TRADE FAIR <https://www.tantrade.go.tz/exhibition/DITF+Overview+-+SABA+SABA> , Tanzania

Sources:

Ministry of Investments, Trade and Industry of Republic of Kenya <https://investmentpromotion.go.ke/>

FAO, [fao.org](http://fao.org)

Kenya Dairy Board <https://www.kdb.go.ke/> , Directorate of Veterinary Services,

Dairy News Today <https://dairynews.today/>