



Joint Statement on the Standards Levy Order, 2025

11th March 2026, Nairobi

The Government, through the Kenya Bureau of Standards (KEBS), gazetted the Standards (Standards Levy) Order, 2025 under Legal Notice No. 136 of 8th August 2025. The new Order requires all manufacturers to remit 0.2% of their monthly turnover, exclusive of VAT and discounts, subject to a capped amount. While the levy rate remains unchanged at 0.2% of monthly turnover, the 2025 Order introduces significant revisions to the maximum payable limits and applicable exemptions. The maximum levy payable is now set at KES 4 million per year for the first five years, rising to KES 6 million per year thereafter.

This represents a substantial increase from the previous cap of KES 400,000 per year under the 1990 Order - a tenfold rise in the financial obligation placed on manufacturers. At the maximum rate, businesses will effectively pay up to approximately KES 11,000 per day during the first five years, increasing to about KES 16,000 per day thereafter, inclusive of weekends and public holidays. The revised Standards Levy Order, 2025 is therefore expected to have a significant financial impact on manufacturers leading to negative social-economic impact to the country.

This sharp escalation places an unprecedented financial burden on Kenya's productive sector. While government revenue is vital for national development, such abrupt and disproportionate fiscal measures threaten business continuity, employment, and future investment. Such disruptions weaken the private sector's capacity to create jobs, generate wealth for citizens, and expand the government's own revenue base. These additional costs will ultimately be passed on to consumers, placing local enterprises at a competitive disadvantage, further exacerbating the already challenging business environment.

Moreover, the continued introduction of new levies, fees, and charges by regulatory agencies erodes Kenya's competitiveness both locally and globally. At a time when businesses are struggling to absorb existing operational costs, these measures undermine the country's ability to attract, grow, and retain much-needed investment.

Imports are not subjected to the Standards Levy Order. The charge is unique to Kenya and not applied in other East African Community (EAC) member states. This disparity undermines the regional competitiveness of Kenyan manufacturers and risks diverting investment to neighbouring economies. Even though KEBS infrastructure and institutional capacity have largely been developed through support from Kenya's manufacturing sector, quality assurance services and benefits extend to both locally produced and imported products. In effect, KEBS is tilting the playing field against local manufacturers, further limiting their ability to compete in global markets.

The classification of naturally grown commodities such as flowers as "manufactured goods" is a fundamental misclassification and a legal overreach. In the flower sector, growers are subject to mandatory and separately paid-for inspections, certifications, and licenses from other government agencies. Extending the Standards Levy to them constitutes double taxation and regulatory overreach. The application of the Standards Levy to extractive sectors such as mining and quarrying raises similar concerns. These sectors already operate under multiple regulatory regimes and pay numerous statutory levies and compliance fees to different agencies. Introducing an additional turnover-based levy risks creating overlapping regulatory charges that further increase the cost of production and undermine the competitiveness of Kenya's extractive sector.

The increase in the Standards Levy does not necessarily translate to enhanced service delivery. All KEBS services are offered at a cost, which has been increasing over the last 3 years. Companies are already paying significant amounts to KEBS in form of standard marks, inspections, diamond marks and testing services in the rates of millions and the 4 million cap subjects the companies to excesses of 8 million paid to a single regulator (KEBS) per year. In principle, a levy should be attached to a service and not used as a resource mobilization tool.

Manufacturing operations are largely sustained through credit facilities. As a result, businesses are likely to rely on additional borrowing to finance compliance with the Standards Levy at a time when many are already holding significant levels of unsold inventory. This means manufacturers will, in effect, be required to remit the levy on turnover that has not yet translated into actual sales or revenue.

Moreover, manufacturers rely on raw materials that may have already been subjected to levy-related obligations within the value chain. The imposition of the new Standards Levy Order therefore risks creating a cascading cost effect, with compounded charges passed through production stages. This is likely to generate a significant multiplier inflationary impact across the broader economy.

The matter concerning the Standards Levy Order is currently before the High Court, with hearing scheduled for 13th April 2026. While respecting the ongoing judicial process, we remain firmly committed to constructive dialogue and policy engagement to safeguard industry competitiveness,

protect jobs, and sustain Kenya's economic recovery, and consumer welfare. To this end, we call for the following:

1. Immediate suspension of the Standards Levy Order, 2025 and revert the Order back to stakeholder engagements to address the emerging issues, including the increasing cost of doing business, manufacturing competitiveness, and the tariff approach used to determine the Levy.
2. Independent review of KEBS's financing framework to ensure alignment with constitutional, fiscal, and service-based principles. Additionally, strengthen enforcement accountability and transparency in KEBS' use of funds through annual reporting and audits.
3. The establishment of a joint public-private working group comprising KEBS, the Ministry of Investments, Trade and Industry (MITI), other regulators, and the business community (through BMOs) to design sustainable, service-driven financing mechanisms.
4. Exempt industries that are not technically under KEBS obligations for instance players in horticulture, pharmaceutical and companies operating under special schemes, for instance, Exports Processing Zones (EPZs).
5. Harmonize the Levy's rates with the objective of improving service delivery and the World Trade Organization trade facilitation principles, which require that any fees or charges imposed by border or trade-related agencies correspond to the actual cost of the services rendered and are not used as instruments for revenue generation or taxation.

Note to Editors

This is a joint statement by Business Membership Associations (BMOs) that have united to advocate for a fair, predictable, and competitive policy and regulatory environment in Kenya. The Associations include Association of Kenya Suppliers (AKS), Cereal Millers Association (CMA), Fresh Produce Exporters Association of Kenya (FPEAK), Eastern Africa Grain Council (EAGC), Kenya Association of Manufacturers (KAM), Kenya Flower Council (KFC), Kenya Private Sector Alliance (KEPSA), Kenya Tea Growers Association (KTGA), Kenya Chamber of Mines (KCM), Retail Traders Association of Kenya (RETRAK) and Shippers Council of East Africa (SCEA).