LEGAL NOTICE NO……

THE DAIRY INDUSTRY ACT
(Cap. 336)

THE DAIRY INDUSTRY (RAW MILK SALES CONTRACT) REGULATIONS, 2020

ARRANGEMENT OF REGULATIONS

Regulation

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THE DAIRY INDUSTRY ACT
(Cap. 336)

IN EXERCISE of the powers conferred by section 19 (d) of the Dairy Industry Act, the Cabinet Secretary for Agriculture, Livestock and Fisheries on the advice of the Kenya Dairy Board makes the following Regulations —

DAIRY INDUSTRY (RAW MILK SALES CONTRACT) REGULATIONS, 2020

<table>
<thead>
<tr>
<th>Citation</th>
<th>1. These Regulations may be cited as the Dairy Industry (Raw Milk Sales Contract) Regulations, 2020.</th>
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</thead>
<tbody>
<tr>
<td>Interpretation</td>
<td>2. In these Regulations, unless the context otherwise requires-</td>
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<tr>
<td>Cap 336</td>
<td>“Act” means the Dairy Industry Act;</td>
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<td></td>
<td>“buyer” means a dairy business operator;</td>
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<td>“Cabinet Secretary” means the Cabinet Secretary for the time being responsible for matters relating to dairy industry;</td>
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<td>“contract” means a written agreement for sale of raw milk between a buyer and a seller;</td>
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<td>“dairy business operator” means a person who handles dairy produce for business but does not include primary producers;</td>
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<td>“primary producer” means a person who produces milk for sale but does not include persons employed by him for that purpose;</td>
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<td>“producer organization” means an entity who produces or aggregates raw milk for sale</td>
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<td>“sale” means the exchange of raw milk for agreed consideration;</td>
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<td>“seller” means a primary producer or primary producer organization;</td>
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<td>“security” means a tradeable asset which has sufficient financial value for the protection of seller’s interest in case of default for raw milk sold.</td>
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<td>Application</td>
<td>3. These Regulations shall apply in respect to sale of raw milk entered into between a buyer and a seller.</td>
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4. The objects of these Regulation are to:

- ensure fair trade in the sale of raw milk,
- protect the investment interests for both buyers and sellers of raw milk.

5. (1) All sale contracts of raw milk shall be entered into by way of a binding contract containing, at minimum, agreed-

- (a) details of parties to the contract
- (b) duties and responsibilities of parties
- (c) price per kilogram
- (d) quantities
- (e) oversupply or undersupply terms
- (f) quality specifications
- (g) testing and rejection terms
- (h) transfer of ownership
- (i) time of collection or delivery
- (j) frequency of collection or delivery
- (k) contractual period
- (l) terms of payment
- (m) confidentiality
- (n) waivers and amendment terms
- (o) terms of termination of contract
- (p) indemnification and insurance
- (q) sanctions for failure to honor contractual obligations
- (r) notices and demands
- (s) force majeure
- (t) dispute resolution mechanism

(2) the Board may from time to time inspect any contracts made between the supplier and the buyer as regards the sale of dairy produce to ascertain compliance to the requirement of this regulation.

6. In case of a dispute between parties, the dispute shall be referred to the Board in the first instance and when the dispute has not been resolved the parties may seek other dispute resolution mechanisms.

7. A person who contravenes any provisions of these Regulations commits an offence and shall be liable on conviction to a fine not exceeding ten thousand shillings or imprisonment for a term not exceeding two years or both.

Dated the ………………………………………………………………………………………………….2020

Peter Munya

*Cabinet Secretary for Agriculture, Livestock, Fisheries and Co-operatives*