

# ★ business

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## Spirit makers to sue over war on 'killer brews'

Photo/ GEORGE MUGO



**HIGH ALERT:** Lari deputy Administration Police commander Mwangi Ndung'u receives cartons of wines and spirits as the exercise to impound the illegal spirits took off.

BY LOLA OKULO

SPIRIT manufacturers will sue the government for destruction to property in the ongoing war on illicit brews saying several legitimate businesses have been destroyed.

Association of Spirit Manufacturers of Kenya chairman Francis Kiambi said yesterday the disorderly raid on premises selling and producing alcohol in parts of the country has turned into a witch-hunt likely to lead to major loan defaults after producers and distributors incurred heavy losses. The association plans to file a case in court today, it said.

Some of the major players whose products were destroyed in the raids include Kenya Breweries, London Distillers, Kenya Wine Agency Ltd, Africa Spirits and Keroche.

"The losses are in billions, I cannot give the exact estimate

now because we are still assessing but the losses are huge," Kiambi told the Star.

He said the president's directive did not mean property should be destroyed.

"Yesterday (Saturday) a bottle of Johnny Walker was going for Sh200 at some bars in Kayole. These are part of the stock that was looted from some of the bars that were raided," he said.

Over the weekend, there was widespread looting, burning of alcohol products and destruction of equipment in parts of the country especially Central Kenya after MPs embarked on the fight against alcoholism in their areas.

Kenya Breweries under which spirits manufacturer UDV falls said it incurred a loss of Sh3.4 million over the weekend after its truck carrying spirit liquor was vandalised in Othaya. KBL corporate affairs director Eric Kiniti said the firm's distributors

were the hardest hit suffering a loss of about Sh20 million this weekend in destroyed property, stolen stock and loss of business opportunity as they remained shut. Kiambi said insurance companies are unlikely to compensate them because the destruction was deliberate.

The Pubs, Entertainment and Restaurants Association of Kenya CEO Lillian Kalela said the government has subjected itself to law suits because state officers ignored legal channels.

Kalela said though Perak supports the fight, it was unfair to use mobs to storm private businesses which does not augur well for the country's investment climate.

"There is a KRA (Kenya Revenue Authority) department mandated to do that. The government is opening a door to being sued because there has been destruction of property without verification," she said.

## Kenya seeking Italian investors at Milan festival

BY STAR REPORTER

KENYA will focus on wooing Italian investors this month, in the ongoing six-month long Milan Expo being held in Italy.

Last month, Kenya concentrated on marketing the country as a tourism destination at the event.

"The month of July has been designated as the investment theme month and the

focus of this particular month will be the promotion of Kenya as a premier investment destination," Commerce and Tourism Cabinet secretary Phyllis Kandie said last week.

Kenya is eyeing foreign direct investment from the world's ninth largest economy, which is also a member of the European Union, a major trading bloc for the country.

Kenya plans to showcase at least 30 investment projects

and attract a minimum of 150 Italian investors.

During the investors, Kenya will seek to develop relationships with investment promotion intermediaries in Europe.

Last month's activities at the expo involved the Tourism ministry promoting the country as a pilgrimage destination following the beatification of Catholic nun Sister Irene Stefani who hailed from Italy.

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## GREECE REFERENDUM A DEFINING MOMENT IN EU

**T**he world is on tenterhooks as it awaits the result of the Greek referendum. The language has become seriously adversarial;

"What they're doing with Greece has a name - terrorism. What Brussels and the troika want is for the Yes (vote) to win so they could humiliate the Greeks" said Greek finance minister Yanis Varoufakis.

Greece represents just two per cent of the European economy.

Wolfgang Scheuble who is depicted as a vampire sucking Greek blood is reported to have said the following as per Tim Geithner's memoirs: "Letting Greece burn would make it easier to build a stronger Europe."

Paul Mason tweeted on July 3: "What's happening in Greece? Regime change using banks and TV stations as cluster bombs." MartinSchulz spelled it out: "EU overthrowing Syriza"

Either way, Yes or No, the European project is unravelling. It is highly unlikely that European firewalls around Greece can prevent a Greek wildfire leaping those firewalls. A big breakdown will be a catalyst for a further flight to quality (US treasuries, German bunds, Swiss franc and Japan yen) and a further sell-off in "peripheral" and riskier assets and potentially some serious contagion. Foreign investors have been downshifting sub Saharan Africa exposure and this is as plain as day and can be seen in the performance of our currencies which are performing abjectly.

Over in China, the bull market is now being mauled by the bears. The Shanghai Composite Index capped its steepest three-week decline since 1992 last Friday. Bloomberg reported that the benchmark equity measure fell 5.8 per cent to 3,686.92 at the close, extending losses to 29

per cent since the June 12 peak. Chinese shares have erased more than \$2.8 trillion of value in three weeks. The Shanghai gauge has tumbled more than twice as fast as any other index worldwide.

Now consider that there are more individual investors in the Chinese stock market than there are communist party members and you will appreciate that this stock market crash represents probably the biggest political risk to the "neo-totalitarian" [great description via Quartz] Xi Jinping.

Many years ago, when people sold Africa to investors, it was all about the lack of correlation between the frontier and the developed markets. I recall a quote by an African specialist who said: "If the FED puts up interest rates, it has very little cause and effect in Africa."

What is clear is that we live in a much more interconnected world, where events as far away as Athens and Shanghai can impact asset prices here.

Let me leave you with one further comment.

The Swiss ambassador Jacques Pitteloud is exiting and is to be the director general of the directorate for resources within the Federal Department of foreign affairs in Bern. The directorate for resources is responsible for securing and managing resources within the FDFA. The incoming DG will be in charge of a budget of 3.2b Swiss francs. Jacques said this at Mindspeak:

"Kenya should have GDP of 15 per cent it should be taking off like a rocket"

We have now decelerated five quarters on quarters. We are no longer going forwards we are now in reverse gear. The budget had an embedded seven per cent GDP expansion. We are below five per cent and missing our projections by a mile.

Shares go up and down and readers are advised that this column represents Mr Satchu's personal opinions.