



KENYA

What's happening in this economy

Kenya is a relatively diversified market economy with consistently strong growth rates.

Positive economic growth is expected to continue through the medium term, with recent discoveries of oil, gas and minerals.

The country has strong telecommunications infrastructure, a robust financial sector, a strong industrial base, and extensive aviation connections within Africa and to Europe and Asia.

Mombasa Port is the major trade gateway for much of East Africa.

Kenya continues to make improvements to its regulatory framework and improve its attractiveness as a destination for foreign direct investment. Foreign investors benefit from the same treatment as national investors. Multinational companies make up a large percentage of Kenya's industrial sector.

In 2017 the Kenyan president announced the Big 4 priorities for the next five years. These include:

- food security and agricultural productivity
- affordable housing
- universal health care, and
- increased manufacturing.

The investment required for these priorities is significant and an opportunity for Australian firms to invest.

Kenya made its first export of oil in August 2019 from Mombasa port. This was a key step towards meeting the country's goal of full-scale commercial oil production by 2022.

Kenya presently has a cap on commercial lending rates which has stifled bank lending. This has negatively impacted the economy by up to 4 per cent. There are moves to remove the cap.

Australia is a small-sized development actor in Kenya. Our development assistance program is limited to the Australia Awards, ANCP and DAP.

Key Facts and Figures

- Population: 48 million (2018)
- GDP growth: 6% (2018)
- GDP per capita: \$1,857 (2018)
- Political system: presidential republic
- Two-way trade: \$114m (2018)
 - AUD 17m Aust exports of wheat
 - AUD 32m Kenya exports of crude vegetable matter & coffee
- Aid relationship: Australia Awards eligible



TRADE, INVESTMENT, AND COMMERCIAL OPPORTUNITIES AND ACTIVITIES

- The sectors offering the most opportunities to investors are energy, agriculture, extractives, infrastructure, health care and fin-tech.
- Kenya's oil sector development creates opportunities for Australian companies:
 - for example by leveraging Australia's upstream petroleum expertise, and in related sectors including trucking, energy, security and logistics.
- Kenya's mineral subsector is expected to grow, and there are opportunities in the mining equipment technology and services sector.
- Kenya is very aware of the growing threat associated with global warming, including the effect of ongoing droughts. Despite significant rainfall, Kenya requires assistance in areas such as water management.
- Kenya has aspirations to move the country towards 100 per cent renewable energy by 2030. There are untapped opportunities in renewable energy, including in solar and geothermal.
- Investments in farming methods and seed research are available in light of the government's Big 4 commitment.
- We recommend sourcing good advice before entering the market. The cost of doing business can be high (for example, power costs) and work permits can be difficult to obtain.
- The annual Australia–Africa Week in Perth in September is a key opportunity to progress emerging commercial and economic interests.
- In 2016 ASIC and the Capital Markets Authority of Kenya signed a cooperative agreement to boost financial services technology for both countries:
 - this important agreement forms the basis for ongoing work in the fintech, banking payments and services industries, and
 - together with the growth in digital finance using smart-phone applications, these areas represent new business opportunities for Australian technology-based companies.

TRADE POLICY AND NEGOTIATIONS

Kenya is a member of the African Union, East Africa Community (EAC), and the Common Market for Eastern and Southern Africa (COMESA). It has ratified the African Continental Free Trade Agreement (AfCFTA), which came into force on 30 May 2019.

Kenya has bilateral trade agreements with 27 countries including China, India and South Korea, and is presently negotiating nine others.



connecting Australian business to the world

Kenya has bilateral investment treaties with 19 countries including France, Germany, Italy, Japan, Korea, Netherland, Switzerland and the United Kingdom.

Through a range of agreements (including AGOA and GSP) Kenyan manufactured products receive preferential treatment in the EU, US, Canada, Japan, NZ and Australia amongst others.

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