

## KENYA

### Business Conditions Snapshot

- Kenya is a relatively diversified market economy with consistently strong growth rates.
- The country has good 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.
- There are opportunities for Australian firms to invest in sectors that align with Kenya's Big 4 priorities, announced by the Kenyan President in 2017.
  - Food security and agricultural productivity.
  - Affordable housing.
  - Universal health care.
  - Increased manufacturing.
- Kenya has aspirations to move the country towards 100 per cent renewable energy by 2030. It also 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 2020 Kenya faced a dual challenge of a desert locust outbreak and COVID-19.
- COVID-19 has impacted doing business in Kenya. The hospitality and transport sectors in particular have been impacted negatively. Freight and cargo delays to imports have been reported.
- Sectors that have performed well during the pandemic include e-commerce, digital health and insure-tech.

#### Key facts and figures

- Population: 48 million (2018)
- GDP growth: 5.6 per cent (2019)
- GDP per capita: US\$1997.50
- Political system: presidential republic
- Two-way trade: A\$478 million (2018–2019)
- Key goods and services traded: wheat
- Two-way investment: A\$35m (2018)
- Aid relationship: Australian Volunteers, Australia Awards, recipient of Direct Aid Program and Australian NGO Cooperation Program.



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- The United States and Kenya launched negotiations for a free trade agreement in July 2020, while Kenya is also in the process of negotiating a free trade agreement with the United Kingdom.
- Australia is a small-sized development actor in Kenya. Our development assistance program includes Australia Awards scholarships, the Australian NGO Cooperation Program, the Direct Aid Program and the Business Partnership Platform.

## Trade and Investment Opportunities

- Australian businesses have pursued opportunities in Kenya's mining, renewable energy and water-management sectors.
- Noting Kenya's renewable energy ambitions, there are untapped opportunities in this sector, including in solar and geo-thermal.
- The largest mine in Kenya is run by Base Titanium Ltd, a subsidiary of ASX-listed Base Resources.
- There are opportunities for Australian businesses in the following sectors:
  - Agri-business.
  - Mining and METS.
  - Technology and services including medical and health technology, education, and Australian premium food and beverage.
- Kenya is Australia's largest market for student recruitment in Sub Saharan Africa.
- Kenya has a large uptake of mobile phone usage and mobile phones are frequently the preferred platform for banking and payments. Australian med-tech, agri-tech and insure-tech companies can capitalise on the increase in e-commerce platforms.
- 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.
- Governance and regulatory uncertainty also remain challenges for business in Kenya. Australia has funded an initiative on mining governance to help address this challenge in Kenya's extractives sector.
- Africa Down Under – held annually in Perth, and Mining Indaba – held in South Africa – are key forums for Australian extractives companies seeking to pursue opportunities in Africa, including in Kenya.
- The Australian Government has also partnered with businesses through the Business Partnerships Platform to develop innovations that have both commercial



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and social impact. Current Business Partnerships Platform projects in Kenya focus on the mango value chain and clean energy.

## Trade Policy Focus

- Kenya is a member of the African Union, East Africa Community (EAC), and the Common Market for Eastern and Southern Africa (COMESA).
- Kenya has ratified the African Continental Free Trade Agreement (AfCFTA), which came into force on 30 May 2019. Once fully implemented, AfCFTA will make market opportunities in Africa more accessible to Australian businesses by reducing regional tariffs, regulatory and technical trade barriers. Africa will be the largest free trade area in the world measured by the number of countries participating.
- Kenya has bilateral trade agreements and bilateral investment treaties with a number of countries, including bilateral trade agreements with China and India.
- Through a range of agreements (including the African Growth and Opportunity Act and the Generalised System of Preferences) Kenyan manufactured products receive preferential treatment in the EU, US, Canada, Japan, New Zealand and Australia amongst others.

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*Insight current as at December 2020.*



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