

Kenya

November 2017

Executive Summary

This country fact sheet provides key trade, investment and tourism related statistics for the Kenya. Specifically, it shows global trade and investment flows including an analysis of top markets and products for Kenya in relation to South Africa and the Western Cape, highlighting the largest and fastest growing products and subsectors. It also investigates tourism trends for Kenya. The key highlights in the fact sheet are provided below:

TRADE

- Kenya was a net importer of goods from 2007 to 2016. Global exports were valued at USD4.97bn in 2016, declining by 11.42%.
- Global imports into Kenya in 2014 were valued at USD16.23bn, increasing by 16.56%.
- Kenya is the 103rd largest global exporter and the 80th largest global importer.
- Transportation was the largest services export from Kenya valued at USD2.19bn 2014.
- South Africa is a net exporter to Kenya with exports valued at USD510m in 2016 and imports valued at USD19m.
- The Western Cape has had a positive trade balance with Kenya from 2007 to 2016. Western Cape exports reached USD170m in 2016 and imports were USD2.77m.

FDI

- The most attractive sectors for inward investment (projects) in Kenya were financial services (16%), communications (14%), and business services (11%).
- The largest markets for FDI into Kenya were the United States (16%), the United Kingdom (12%) and India (9%).
- Between January 2003 and May 2017 there was two FDI project from Kenya into South Africa. A project by Athi River Mining represented a total capital investment of USD160m and employed 342 people building a cement factory.
- Between January 2003 and May 2017 a total of 42 FDI projects were recorded from South Africa to Kenya. These projects represent a total capital investment of USD574.3m which is an average investment of USD13.7m per project.
- Between January 2003 and May 2017 a total of 912 FDI projects were recorded from the Western Cape to Kenya. These projects represent a total capital investment of USD149.7m.

TOURISM

- In 2015 Kenyan arrivals to South Africa reached 27 077, increasing by 9%.
- Kenyan arrivals to the Western Cape reached 4 220 in 2015, declining by 6.11% from 2014.

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1. Country Overview

Kenya is a country in East Africa that lies on the equator. With the Indian Ocean to its south-east, it is bordered by Tanzania to the south, Uganda to the west, South Sudan to the north-west, Ethiopia to the north and Somalia to the north-east. Kenya has a land area of 580,000km² and a population of over 47 million residents. The country is named after Mount Kenya, a significant landmark and second among Africa's highest mountain peaks. Its capital and largest city is Nairobi.



Kenya is a presidential representative democratic republic, whereby the President is both the head of state and head of government, and of a multi-party system. Executive power is exercised by the government.

GENERAL INFORMATION	
Population	47,615,739 (July 2017 est.)
Capital	Nairobi
Head of Government	President Uhuru kenyatta (since 9 April 2013)
Official Language(s)	English (official), Kiswahili (official), numerous indigenous languages
Ethnic groups	Kikuyu 22%, Luhya 14%, Luo 13%, Kalenjin 12%, Kamba 11%, Kisii 6%, Meru 6%, other African 15%, non-African (Asian, European, and Arab) 1%
Religion(s)	Christian 83% (Protestant 47.7%, Catholic 23.4%, other Christian 11.9%), Muslim 11.2%, Traditionalists 1.7%, other 1.6%, none 2.4%, unspecified 0.2% (2009 est.)
Life expectancy (2017 est.)	64.30%
Literacy rate	78.00%
HDI (2016)	0.55

Sources: CIA World Factbook, 2017, World Bank Data, 2017

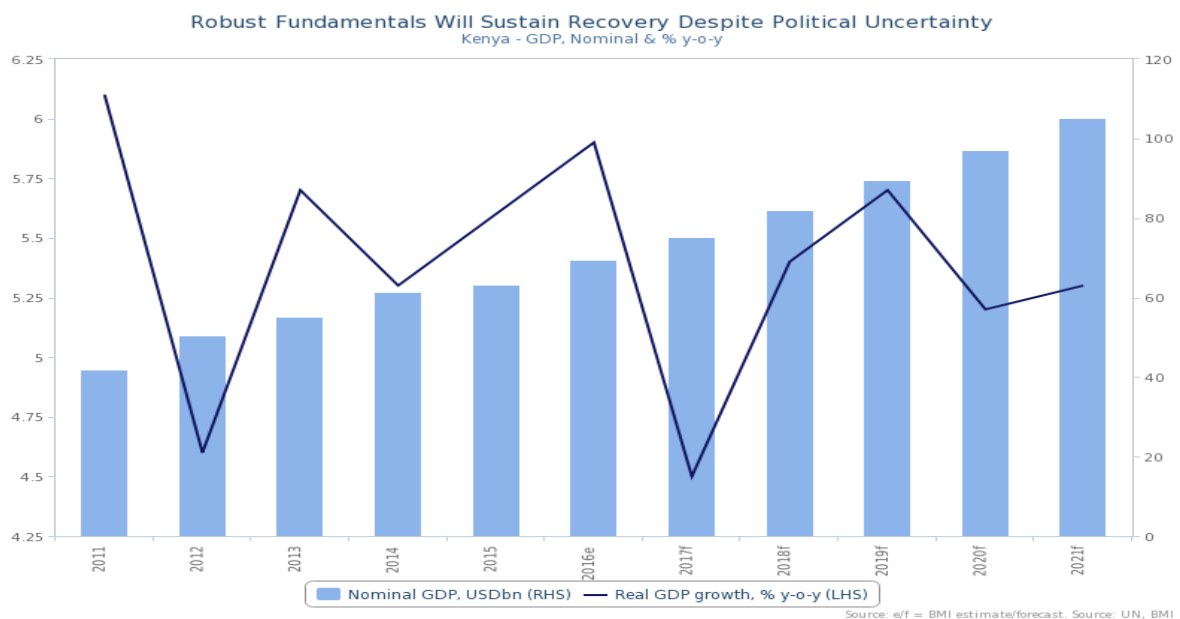
2. Economic Overview

Kenya dominates the East African Community trade bloc and enjoys a strategic shipping location in the region, and this is forecast to boost growth over the coming years. Investment in infrastructure should improve the power sector and reduce trade bottlenecks to further growth.

ECONOMIC INFORMATION	
GDP (PPP) (2016 est.)	USD152.9 billion
Real GDP growth (2016 est.)	5.80%
GDP per capita (2016 est.)	USD3,400
Inflation (2016 est.)	6.30%
Commercial bank Prime lending rate	16.50%
Unemployment rate (2016 est.)	40%
Cost of doing business in 2018	80/190
Exports (2016 est.)	USD5.747 billion
Imports (2016 est.)	USD13.64 billion
FDI Inflow (Dec 2016 est.)	USD5.317 billion
FDI Outflow	-

Source: CIA World Factbook, 2017

The figure below illustrates the GDP value and growth for Kenya's economy from 2011 to 2021f. According to BMI Research revised down their forecasts for real GDP growth in Kenya over 2017 and 2018, as political uncertainty following the annulled presidential election weighed on business sentiment. That being said, strong fundamentals will put the economy on a more robust trajectory from the second quarter 2018.

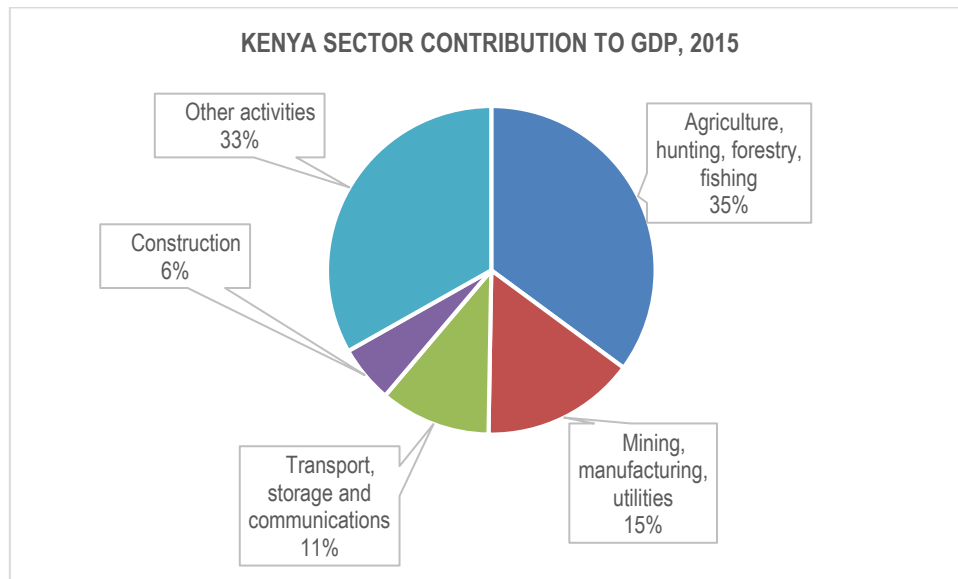


Source: BMI, 2017

The contributions of Kenya's economic sectors to GDP in 2015 are depicted in the figure below. The largest contributor is agriculture, hunting, forestry & fishing (35%) followed by mining, manufacturing and utilities sector, accounting for 15% of GDP.

Agriculture is one of the largest contributors to Kenya's GDP. Kenya's main agricultural produce includes horticulture, sugar cane, pyrethrum, coffee, tea and livestock products. Horticultural produce and tea are the main growth sectors and the two most valuable of Kenya's exports.

Industrial activity, concentrated around the three largest urban centers, Nairobi, Mombasa, and Kisumu, is dominated by food-processing industries such as grain milling, beer production, and sugar cane crushing, and the fabrication of consumer goods, e.g., vehicles from kits.



Source: UNCTAD, 2017

2.1 Major companies in Kenya

The London-based FTSE's partnership with the Nairobi Securities Exchange Kenya Index series is made up of the FTSE NSE Kenya 15 Index and the FTSE NSE Kenya 25 Index. The indices are calculated in accordance with the Industry Classification Benchmark (ICB), the global standard for sector analysis in order to attract foreign investment into Kenya. The table below gives the top 5 companies on the FTSE NSE Kenya 25 Index and the sectors within which they operate:

TOP 5 IN THE FTSE NSE KENYA 25 INDEX			
RANK	COMPANY	SECTOR	MARKET CAPITAL (M KES) 2014
1	East African Breweries Ltd Kenya Beverages	Food & Beverages	64,844
2	Barclays Bank of Kenya Ltd Kenya Banks	Banking and Finance	42,773
3	Kenya Commercial Bank Ltd Kenya Banks	Banking and Finance	36,487
4	Safaricom Ltd Kenya Mobile Telecommunications	Telecommunications	35,400
5	Equity Bank Kenya Banks	Banking and Finance	32,770
TOTAL			212,274

Source: The Nairobi Securities Exchange, 2014

2.2 Doing Business in Kenya

The table below shows Kenya's ease of doing business in 2018. According to the World Bank's *Doing Business 2018* report, Kenya is ranked 80th out of 190 countries in terms of the ease of doing business. Kenya's best ranking sub-categories were getting credit (29th), and protecting investors (62nd).

KENYA'S EASE OF DOING BUSINESS, 2018	
SELECTED INDICATORS	RANKING OUT OF 190 COUNTRIES, 2018
Starting a Business	117
Dealing with Construction Permits	124
Getting Electricity	71
Registering Property	125
Getting Credit	29
Protecting Investors	62
Paying Taxes	92
Trading Across Borders	106
Enforcing Contracts	90
Resolving Insolvency	95
Doing Business 2018	80

Source: Cost of Doing Business, 2017

Kenya has one of the most advanced and open economies in East Africa, and the country's financial market is one of the most developed in the Sub-Saharan Africa (SSA) region. This remains the most significant advantage for investors in Kenya, as credit is more readily available and the financial market is well regulated. Prior to 2015, Kenya's banking sector was observed as a vibrant, highly profitable sector, with industry ROE's averaging north of 20%. Sector loan book grew at an impressive CAGR of 16% between 2011 to 2015 on the back of high economic growth and low financial inclusion. Following the changes in Central Bank leadership mid-2015, the sector has seen 3 banks collapse which resulted to low consumer confidence in the sector and overall strength of the sector. This deteriorated further after the introduction of the interest rate cap in August 2016, which is expected to lower interest margins and result in slower credit growth. Non-performing loans have also increased across the sector from an industry average of 5.2% before 2015 to an average of 7.9% as at September 2016, mainly attributed to a challenging business environment and enhanced supervision by the Central Bank.

2.3 Kenya's Risk Ratings

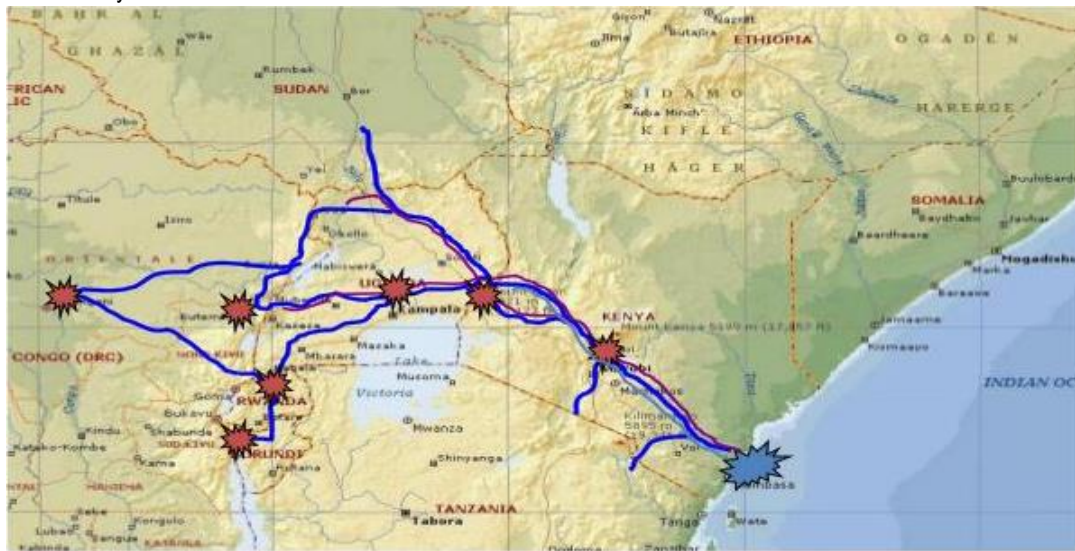
The table below shows Kenya's risk assessment in terms of export transactions and direct investments according to ONDD. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators. The political risk in Kenya is highest in the medium-long term. All categories of direct investment risk, i.e. war risk, risk of expropriation and government action and transfer risk are all above 4 indicating a high risk for direct investments.

KENYA'S RISK ASSESSMENT		
EXPORT TRANSACTIONS		
Political Risks	Short Term	4
	Medium-Long term	6
	Special Transactions	4
Commercial Risk	C	
DIRECT INVESTMENTS		
War risk	5	
Risk of expropriation and government action	4	
Transfer risk	6	

Source: ONDD

2.4 Logistics

There are two Trans-African highways running through Kenya, which form the main international transport routes and allow for smoother cross-border road transit. The first is the Cairo-Cape Town Highway (number 4), which runs north to south and connects the country to Ethiopia and Tanzania. This route is largely paved south of Tanzania, and is mostly used from Nairobi southwards. Northern sections in Kenya and Sudan are of poorer quality. The second is the Lagos-Mombasa Highway (number 8), which runs east to west and connects Kenya to Uganda and West Africa. The usage of this route remains limited beyond Uganda, however, as it is largely unpaved through the Democratic Republic of Congo. The road network in Kenya is still below the standard of more developed countries, and supply chains face serious risks of congestion, checkpoint bribes and armed robbery.



Legend:

	Road Network		Railways Networks
	Pipelines		Inland Waterways

Source: Northern Corridor Transit and Transport Coordination Authority, 2015

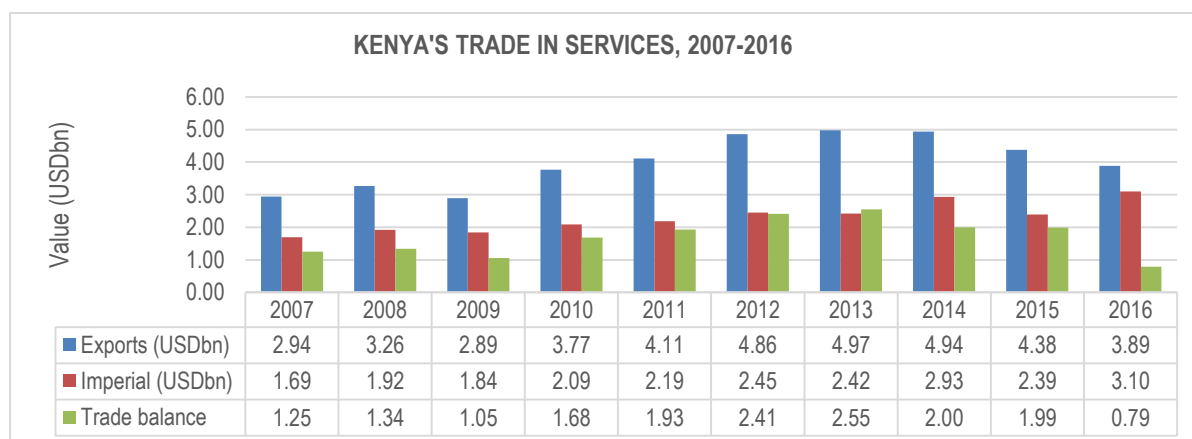
The Northern corridor, pictured above, is the transport corridor linking the land locked countries of Uganda, Rwanda and Burundi with Kenya's maritime port of Mombasa. Similarly, the Northern Corridor serves the eastern part of the Democratic Republic of Congo, southern Sudan and northern Tanzania. The Northern Corridor infrastructure connects all the five countries of the East African Community and links around 200 million people to global markets through the Mombasa port.

According to Business Day Africa the upgrades to the Mombasa port resulted in an increase in pre-tax profit hit Sh10.3 billion in 2016, up from Sh7.1 billion in the previous year. The port generated revenue of Sh40.5 billion, compared to Sh35.5 billion in the previous year, representing a 14.1 per cent increase. A new terminal is also being built on land reclaimed from the sea by Japan Ports Consultants, with the third phase expected to be completed in 2020. The new terminal will enable the country to handle larger vessels.

3. Trade

3.1 Trade in Services

Over the reviewed period in 2013 Kenya experienced the highest trade in services in terms of exports in the same year the country witnessed the highest trade balance. In 2016 the country's trade in services were valued at USD3.89bn which is an 11.29% decline from the previous year. In the same year imports were valued at USD3.10bn inclining by 29.62% from the previous year.



Source: TradeMap, 2017

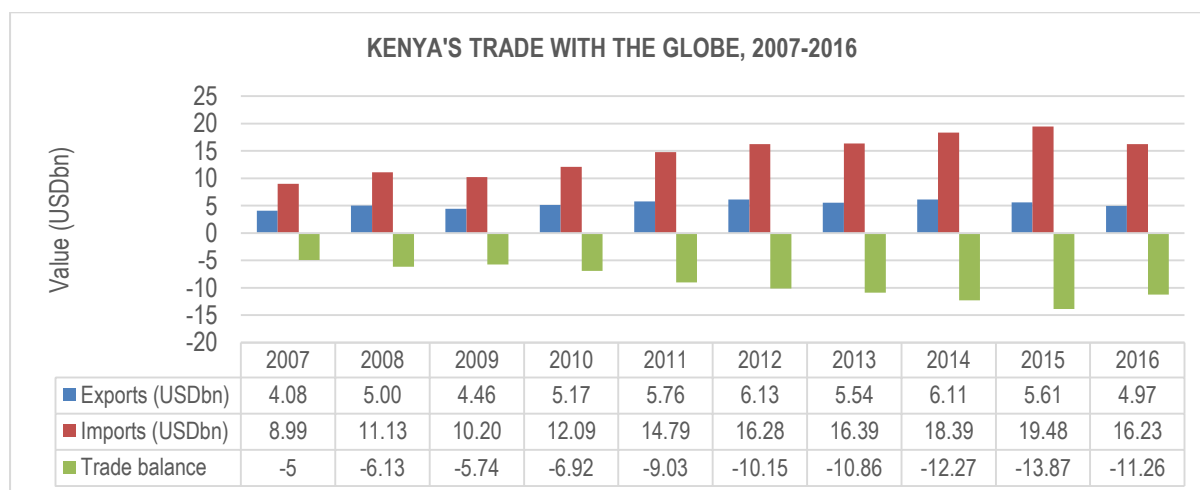
The table below shows Kenya's trade in services for 2014. Transportation was the largest services export and imported value with a net export of USD2.19bn. The second largest services export was travel (USD810m) followed by insurance and pension services (USD110m). Of the top 10 services the highest growth in the export of services over the 2 year period was for intellectual property with a growth of 42.95%. Of the top 10 services the largest growth for the import of services was for other business services (90.25%p.a.). This provides Western Cape companies in this sector with an opportunity to export their services to capitalise on this growth.

TOP SERVICES EXPORTED BY KENYA, 2014				TOP SERVICES IMPORTED BY KENYA, 2014			
CODE	SERVICE	VALUE 2014 (USDbn)	% GROWTH 2013-2014	CODE	SERVICE	VALUE 2014 (USDbn)	% GROWTH 2013-2014
3	Transport	2.19	-3.02%	3	Transport	1.52	21.11%
4	Travel	0.81	-7.94%	4	Travel	0.21	22.30%
6	Insurance and pension services	0.11	27.02%	6	Insurance and pension services	0.20	36.82%
7	Financial services	0.17	-25.21%	7	Financial services	0.08	-11.76%
8	Charges for the use of intellectual property n.i.e.	0.06	42.95%	8	Charges for the use of intellectual property	0.15	53.29%
9	Telecommunications, computer, and information services	0.65	26.40%	9	Telecommunications, computer, and information services	0.02	-16.61%
11	Personal, cultural, and recreational services	0.01	7.75%	10	Other business services	0.44	90.25%
12	Government goods and services	0.91	-2.56%	11	Personal, cultural, and recreational services	0.00	67.94%
245	Communications services	0.00	-	12	Government goods and services	0.24	-9.39%
2	Maintenance and repair services	0.02	12.16%	245	Communications services	0.00	-15.93%
				2	Maintenance and repair services	0.08	8.96%
TOTAL EXPORTS		4.94	-0.77%	TOTAL IMPORTS		2.93	21.11%

Source: TradeMap, 2017

3.2 Kenya's Global Trade in products

The figure below illustrates the trend in Kenya's global trade from 2007 to 2016. Kenya was a net importer of goods over the period. Global exports were valued USD4.97bn in 2016 compared to USD5.61bn in 2015, declining by 11.42%. Global imports were valued at USD16.23bn in 2016, declining by 16.56% from the previous year.



Source: TradeMap, 2017

Using mirror data the United States emerged as the leading destination market with a value of USD570.41m. Netherlands and Uganda rank second and third valued at USD471.69m and USD458.99m respectively. Uganda is a landlocked country and imports a diverse range of products from Kenya this is due to the location of the Mombasa port and the Northern corridor. Four of the top 10 destination countries are fellow African states.

TOP 10 DESTINATION COUNTRIES FOR KENYA'S EXPORTS, 2016			
RANK	COUNTRY	VALUE 2016 (USDm)	% GROWTH 2012-2016
1	United States	570.41	10
2	Netherlands	471.69	-1
3	Uganda	458.99	-5
4	Pakistan	403.46	15
5	United Kingdom	398.88	-4
6	Egypt	273.11	-3
7	Tanzania	267.74	-17
8	Germany	180.64	6
9	Rwanda	139.35	-1
10	Russian Federation	137.56	3
TOTAL EXPORTS		4 973.94	-1

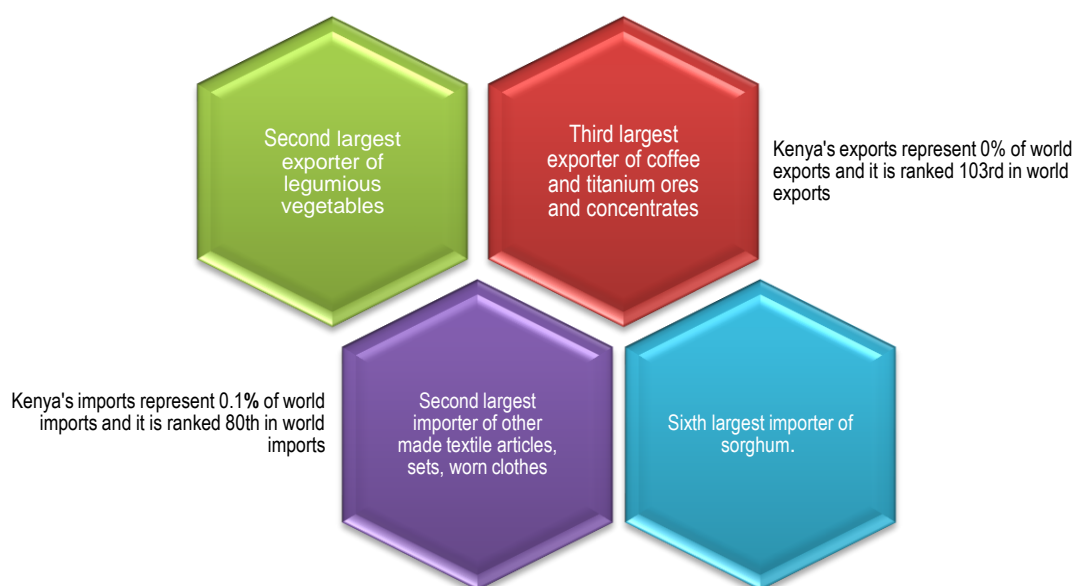
Source: TradeMap, 2017

The table below shows Kenya's global import markets for 2016. China was the leading source market, valued at USD5.6bn. India and Japan were ranked second and third valued at USD2.5bn and USD743.5m respectively. South Africa was the 5th largest exporter to Kenya, exporting goods to the value of USD556.6m in 2016.

TOP 10 SOURCE MARKETS FOR KENYA'S IMPORTS, 2016			
RANK	COUNTRY	VALUE 2016 (USDm)	% GROWTH 2012-2016
1	China	5 587.65	22
2	India	2 457.90	-10
3	Japan	743.51	3
4	United Arab Emirates	637.58	-16
5	South Africa	556.61	-8
6	United Kingdom	418.85	-10
7	Uganda	404.10	13
8	United States	396.92	-3
9	Germany	382.85	0
10	Tanzania	313.89	11
TOTAL IMPORTS		16 231.36	1

Source: TradeMap, 2017

The hexagons below show that Kenya is the 103rd largest global exporter and the 80th largest global importer. Kenya is ranked as the 2nd largest exporter of leguminous vegetables and the 3rd largest exporter of coffee and titanium ores and concentrates. In terms of imports, Kenya is the 2nd largest importer of other made textile articles, sets and worn clothes.



Source: TradeMap, 2017

The table below shows Kenya's top 10 traded products for 2016. Tea was the leading export product category, valued at USD1.14bn, a 2% decrease from 2015 figures. Cut flowers for bouquets and coffee ranked second and third valued at USD690m and USD230m respectively. Of the top 10 items men's and boy's suits, ensembles and jackets were the fastest growing export from Kenya in 2016, growing by 18%.

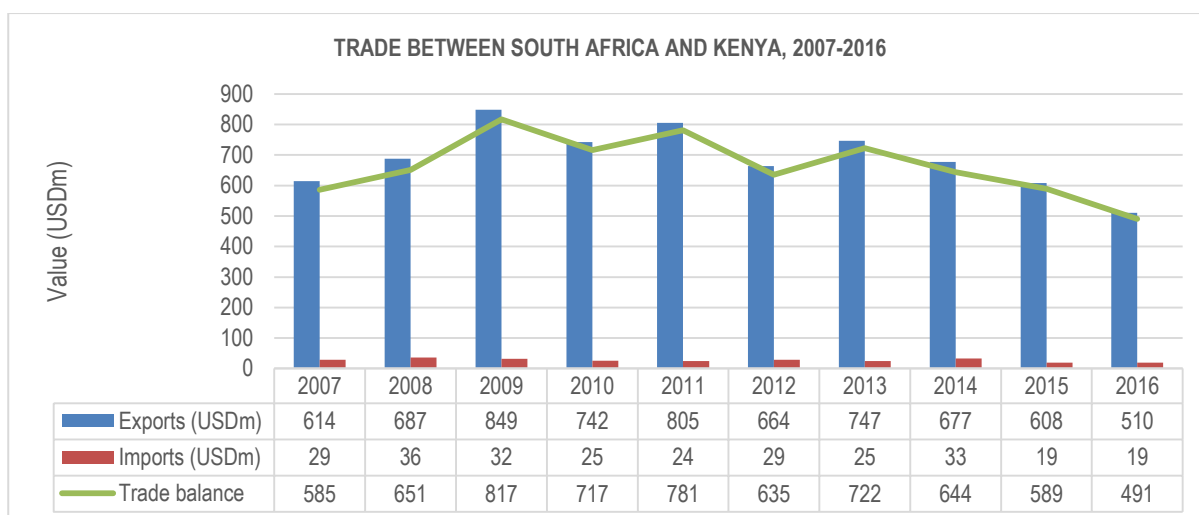
Refined petroleum oil was the leading imported product in Kenya, valued at USD1.28bn, with a negative growth of -20%. Medicaments and motor cars were ranked second and third at USD500m and USD440M respectively. Wheat and meslin as well as medicaments had the highest growth in 2016 of 6%.

TOP 10 PRODUCTS EXPORTED BY KENYA, 2016				TOP 10 PRODUCTS IMPORTED BY KENYA, 2016			
RANK	PRODUCT	VALUE 2016 (USDbn)	% GROWTH 2012-2016	RANK	PRODUCT	VALUE 2016 (USDbn)	% GROWTH 2012-2016
1	Tea	1.14	4	1	Refined petroleum oil	1.28	-20
2	Cut flowers and flower buds	0.69	3	2	Medicaments	0.50	6
3	Coffee	0.23	-4	3	Motor cars	0.44	-1
4	Leguminous vegetables	0.15	-6	4	Telephone sets	0.41	3
5	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens	0.12	18	5	Motor vehicles for the transport of goods	0.28	-2
6	Titanium ores and concentrates	0.12		6	Commodities not elsewhere specified	0.27	2
7	Men's or boys' suits, ensembles, jackets etc.	0.10	29	7	Wheat and meslin	0.25	6
8	Women's or girls' suits, ensembles, jackets etc.	0.09	2	8	Flat-rolled products of iron or non-alloy steel, of a width >= 600 mm	0.23	-9
9	Medicaments	0.08	4	9	Rice	0.23	4
10	Fruits, nuts and other edible parts of plants	0.08	9	10	Cane or beet sugar and chemically pure sucrose, in solid form	0.22	-4
TOTAL EXPORTS		4.97	-1	TOTAL IMPORTS		16.23	1

Source: TradeMap, 2017

3.3 Trade with South Africa

The figure below shows trade between South Africa and Kenya from 2006 to 2016. South Africa had a trade surplus with Kenya over the said period. South Africa exported goods to Kenya valued at USD510m in 2016 representing an decline of 16.04% from the previous year. Imported goods were valued at USD19m in 2016 which is a marginal increase (2.29%) from the 2015 figure.



Source: Trademap, 2017

The table below shows the top 10 exports and imports between South Africa and Kenya in 2016. The leading export product was flat-rolled products of iron and steel valued at USD121.89m. Flat-rolled steel is used in the construction industry, metal structures and heavy machinery and ships. Flat-rolled steel is also used as a raw material in the manufacture of cold-rolled and tubular steel products. Motor vehicles (USD32.35m) and coal (USD27.33m) were the second and third largest exports. These exports are indicative of the fast development occurring in Kenya as GDP growth lies between 5% and 8% (2014-2018).

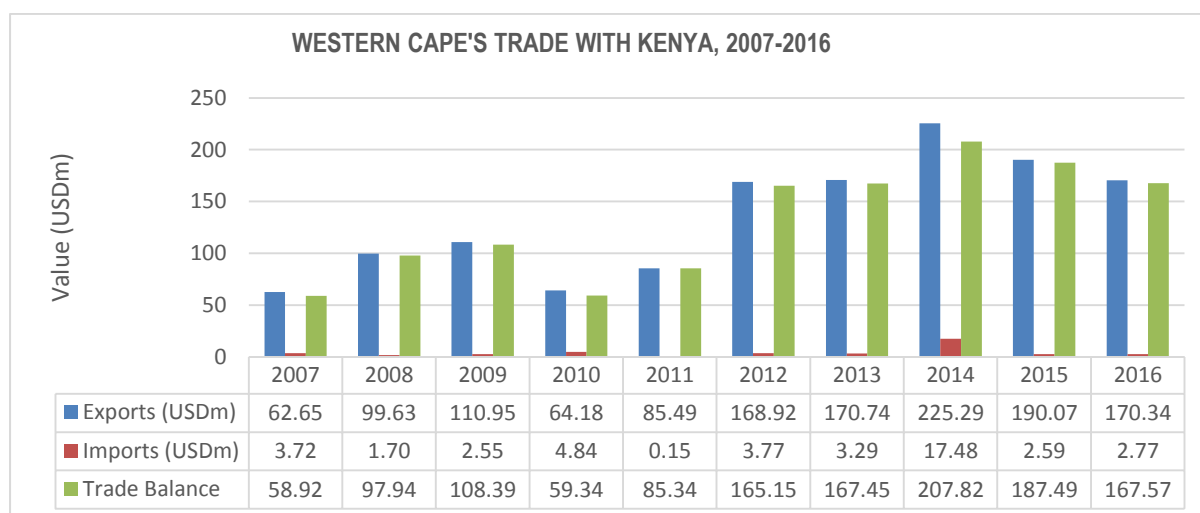
Most of the top ten imports from Kenya into South Africa are agricultural products, with the top import being carbonates (USD5.28m) and teas (USD2.28m)

TOP 10 SOUTH AFRICAN EXPORTS TO KENYA, 2016				TOP 10 SOUTH AFRICAN IMPORTS FROM KENYA, 2016			
RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016	RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016
1	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more	121.89	-9.37%	1	Carbonates	5.28	204.35%
2	Motor vehicles for the transport of goods	32.25	9.12%	2	Tea	2.28	4.65%
3	Coal	27.33	87.73%	3	Palm oil and its fractions	1.60	-
4	Polymers of propylene or of other olefins	20.64	142.27%	4	Cut flowers and flower buds	1.12	1.02%
5	Motor cars	14.18	26.77%	5	Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced	0.71	3.36%
6	Semi-finished products of iron or non-alloy steel	13.39	6.38%	6	Leguminous vegetables	0.60	-14.62%
7	Apples, pears and quinces, fresh	11.78	12.66%	7	Articles for the conveyance or packing of goods	0.60	18.03%
8	Unwrought aluminium	10.95	-3.78%	8	Other live plants	0.49	33.13%
9	Wine of fresh grapes	10.68	5.63%	9	Mineral or chemical fertilisers	0.47	40.87%
10	Medicaments	7.85	-2.62%	10	Parts of goods of balloons and dirigibles	0.41	40.28%
TOTAL EXPORTS		510.45	-8.13%	TOTAL IMPORTS		19.44	-0.33%

Source: Trademap, 2017

3.4 Trade with the Western Cape

The figure below shows trade between the Western Cape and Kenya from 2007 to 2016. The province exported goods to the value of USD170.34m in 2016, representing a decline of 10.38%, while imported goods were valued at USD2.77m in 2016, increasing by a large 7.04%. From 2007 the Western Cape has demonstrated a positive trade balance with Kenya.



Source: Quantec, 2017

Western Cape exports to Kenya were mainly metals and agricultural products in 2016. Flat-rolled iron or steel was the leading export, valued at USD111.12m. This product has not always been the top export, and in fact in 2010 and 2011 exports for this product was recorded as zero. This export was followed by apple, pears and quinces (USD10.28) this products experienced a decline from 2015. The third largest export was wine of fresh grapes (USD8.49m) experienced a growth of 23.53%. There was a large growth in the export of fruit (412.59%) as well as wine of fresh grapes (176%).

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In 2016 the Western Cape imported a mixed basket of goods from Kenya. The leading import products into the Western Cape from Kenya were cut flowers and flower buds worth USD0.63m, followed by plates, sheets, film, foil and strip, of plastics valued at USD0.49m and minerals or chemical fertilisers valued at USD0.46m.

TOP 10 WESTERN CAPE EXPORTS TO KENYA, 2016				TOP 10 WESTERN CAPE IMPORTS FROM KENYA, 2016			
RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016	RANK	PRODUCT	VALUE 2016 (USDm)	% GROWTH 2012-2016
1	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more	111.12	-	1	Cut flowers and flower buds	0.63	73.11%
2	Apples, pears and quinces	10.28	18.74%	2	Other plates, sheets, film, foil and strip, of plastics	0.49	1603.79%
3	Wine of fresh grapes	8.49	23.53%	3	Mineral or chemical fertilisers	0.46	24.14%
4	Undenatured ethyl alcohol	3.94	-	4	Articles for the conveyance or packing of goods	0.14	-11.70%
5	Aluminium foil	2.95	-	5	Leguminous vegetables	0.12	-
6	Coal	2.57	-	6	Colouring matter of vegetable or animal origin	0.10	-
7	Other fruit, fresh	2.03	412.59%	7	Antiques	0.08	-
8	Citrus fruit	1.85	-	8	Other plates, sheets, film, foil and strip, of plastics	0.08	-

9	Meat of bovine animals	1.20	-	9	Kaolin and other kaolinic clays	0.07	-
10	Rape, colza or mustard oil a	1.15	-	10	Structures and parts of structures (for example, bridges and bridge-sections etc.)	0.07	-
TOTAL EXPORTS		170.34	20.92%	TOTAL IMPORTS		2.77	559.40%

Source: Quantec, 2017

3.5 Trade Agreements

Currently there is no FTA between South Africa and Kenya.

In October 2008, SADC joined with the Common Market for Eastern and Southern Africa and the East African Community to form the African Free Trade Zone, including all members of each of the organizations including South Africa and Kenya. The African Free Trade Zone, consists of 26 countries with a GDP of an estimated USD624bn.

3.6 Trade regulations and standards

Standards

The Kenya Bureau of Standards (KEBS) is the government regulatory body under Kenya's Ministry of Trade mandated to develop and ensure compliance with the International Standards Organization (ISO) product standards. The National Environment Management Authority, under the Ministry of Environment and Natural Resources, the Department of Public Health, and the Ministry of Health are all government organisations that develop environmental and public health standards in partnership with KEBS.

The Kenya Plant Health Inspectorate Service (KEPHIS) deals with the certification of all imported plant materials as well as implementing sanitary & phytosanitary requirements. The importation of any form of plant material (seeds, cuttings, bud wood plantlets, fresh fruit, flowers, and timber) into Kenya is subject to strict conditions as outlined in the import permit issued by the Kenya Plant Health Inspectorate Service (KEPHIS) prior to shipment. Seed certification is mandatory before seeds can be sold locally. Seeds are the good most counterfeited in Kenya.

Non-tariff barriers include the requirement to obtain a Certificate of Conformity from a Kenya Bureau of Standards appointed pre-export verification of conformity (PVoC) partner and the obligation to obtain an Import Standards Mark (ISM) for a list of sensitive products imported into Kenya.

Labelling

Special labelling is required for certain goods including condensed milk, paints, varnishes, vegetables, and butter. In addition, imports of pre-packaged paints and related or similar products must be sold by metric weight or metric fluid measure. Weights and measure indicators must be in metric form or display both metric and imperial units. Manufacturers are required to indicate the date of manufacture and expiry on the labels of consumable products.

Labelling for pharmaceutical products must include

- therapeutically active substances,
- inactive ingredients,
- name and percentage of any bactericidal or bacteriostatic agent,
- expiry date,
- batch number,
- registration number of the product,
- warnings or precautions, and
- the name and business address of manufacturer.

3.7 Tariffs

Tariffs imposed on South African exports to Kenya for 2016 are listed below. The highest tariff of 72% was seen for the export of sugars and sugar confectionary.

TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS BY KENYA, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H01: Live animals	8	H33: Essential oils, perfumes, cosmetics, toiletries	18	H65: Headgear and parts thereof	18
H02: Meat and edible meat offal	25	H34: Soaps, lubricants, waxes, candles, modelling pastes	20	H66: Umbrellas, walking-sticks, seat-sticks, whips	24
H03: Fish, crustaceans, molluscs, aquatic invertebrates	25	H35: Albuminoids, modified starches, glues, enzymes	14	H67: Bird skin, feathers, artificial flowers, human hair	25
H04: Dairy products, eggs, honey, edible animal product	53	H36: Explosives, pyrotechnics, matches, pyrophorics	13	H68: Stone, plaster, cement, asbestos, mica, articles	23
H05: Products of animal origin	22	H37: Photographic or cinematographic goods	8	H69: Ceramic products	16
H06: Live trees, plants, bulbs, roots, cut flowers	8	H38: Miscellaneous chemical products	3	H70: Glass and glassware	18
H07: Edible vegetables and certain roots and tubers	25	H39: Plastics and articles thereof	9	H71: Pearls, precious stones, metals, coin	25
H08: Edible fruit, nuts, peel of citrus fruit, melons	25	H40: Rubber and articles thereof	13	H72: Iron and steel	11
H09: Coffee, tea, mate and spices	25	H41: Raw hides and skins (other than furskins) and leather	10	H73: Articles of iron or steel	16
H10: Cereals	23	H42: Articles of leather, animal gut, harness, travel goods	25	H74: Copper and articles thereof	4
H11: Milling products, malt, starches, inulin, wheat gluten	34	H43: Furskins and artificial fur, manufactures thereof	17	H75: Nickel and articles thereof	0
H12: Oil seed, oleagious fruits, grain, seed, fruit,	5	H44: Wood and articles of wood, wood charcoal	19	H76: Aluminium and articles thereof	15
H13: Lac, gums, resins, vegetable saps and extracts	0	H45: Cork and articles of cork	10	H78: Lead and articles thereof	4
H14: Vegetable plaiting materials, vegetable products	10	H46: Manufactures of plaiting material, basketwork, etc.	25	H79: Zinc and articles thereof	1
H15: Animal, vegetable fats and oils, cleavage products,	13	H47: Pulp of wood, fibrous cellulosic material, waste	0	H80: Tin and articles thereof	4
H16: Meat, fish and seafood food preparations	25	H48: Paper & paperboard, articles of pulp, paper and board	14	H81: Other base metals, cermets, articles thereof	0
H17: Sugars and sugar confectionery	72	H49: Printed books, newspapers, pictures	4	H82: Tools, implements, cutlery, of base metal	11
H18: Cocoa and cocoa preparations	12	H50: Silk	25	H83: Miscellaneous articles of base metal	16
H19: Cereal, flour, starch, milk preparations and products	21	H51: Wool, animal hair, horsehair yarn and fabric thereof	12	H84: Nuclear reactors, boilers, machinery	4
H20: Vegetable, fruit, nut food preparations	25	H52: Cotton	17	H85: Electrical, electronic equipment	8
H21: Miscellaneous edible preparations	15	H53: Vegetable textile fibres paper yarn, woven fabric	18	H86: Railway, tramway locomotives, rolling stock, equipment	0
H22: Beverages, spirits and vinegar	25	H54: Manmade filaments	20	H87: Vehicles other than railway, tramway	11
H23: Residues, wastes of food industry, animal fodder	9	H55: Manmade staple fibres	14	H88: Aircraft, spacecraft, and parts thereof	0
H24: Tobacco and manufactured tobacco substitutes	27	H56: Wadding, felt, nonwovens, yarns, twine, cordage	17	H89: Ships, boats and other floating structures	4
H25: Salt, sulphur, earth, stone, plaster, lime and cement	-	H57: Carpets and other textile floor coverings	25	H90: Optical, photo, technical, medical apparatus	1
H26: Ores, slag and ash	0	H58: Special woven or tufted fabric, lace, tapestry	25	H91: Clocks and watches and parts thereof	25

H27: Mineral fuels, oils, distillation products,	1	H59: Impregnated, coated or laminated textile fabric	10	H92: Musical instruments, parts and accessories	10
H28: Inorganic chemicals, precious metal compound, isotopes	1	H60: Knitted or crocheted fabric	25	H93: Arms and ammunition, parts and accessories thereof	23
H29: Organic chemicals	0	H61: Articles of apparel, accessories, knit or crochet	25	H94: Furniture, lighting, signs, prefabricated buildings	25
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	25	H95: Toys, games, sports requisites	17
H31: Fertilizers	0	H63: Other made textile articles, sets, worn clothing	28	H96: Miscellaneous manufactured articles	25
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	11	H64: Footwear, gaiters and the like, parts thereof	25	H97: Works of art, collectors pieces and antiques	-

Source: Trademap, 2017

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6.

3.8 Port-to-Port

The table below shows the distance and time it takes goods to travel from Cape Town Port terminal to Kenyan ports. The major ports in Kenya include Mombasa, Malindi, and Lamu on the Indian Ocean, and Kisumu on Lake Victoria. Mombasa port is the only international container seaport in Kenya, and it is one of the most important in the region, with supply chains reaching into the land-locked countries of Uganda, Ethiopia, Rwanda, and South Sudan. Mombasa port traditionally suffers from congestion, particularly during periods of union unrest and strikes, with the Dock Workers Union being one of the most powerful in Kenya.

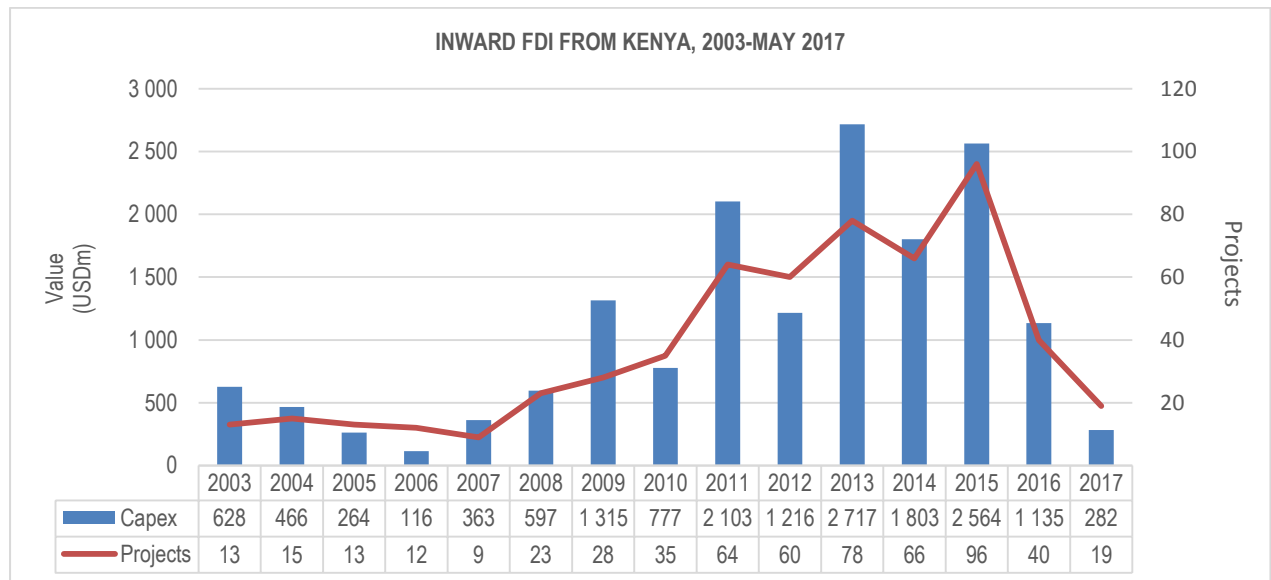
TRANSIT TIME FROM CAPE TOWN TERMINAL TO VARIOUS PORTS IN KENYA, 2016		
TERMINAL	DISTANCE	TRANSIT TIME
Mombasa	4 712.72 km	7 days 13 hours
Lamu	4 901.65km	7 days 21 hours
Malindi	4 798.77km	7 days 17 hours

Source: SeaRates, 2017

4 Foreign Direct Investment

4.1 Global FDI into Kenya

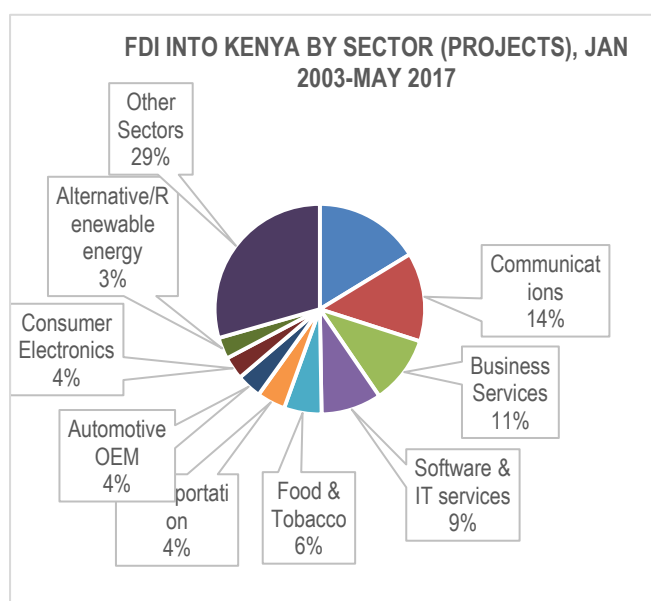
Between January 2003 and May 2017 a total of 571 FDI projects were recorded into Kenya. These projects represent a total capital investment of USD16.34bn which is an average investment of 28.6m per project. During the period, a total 58 063 jobs were created.



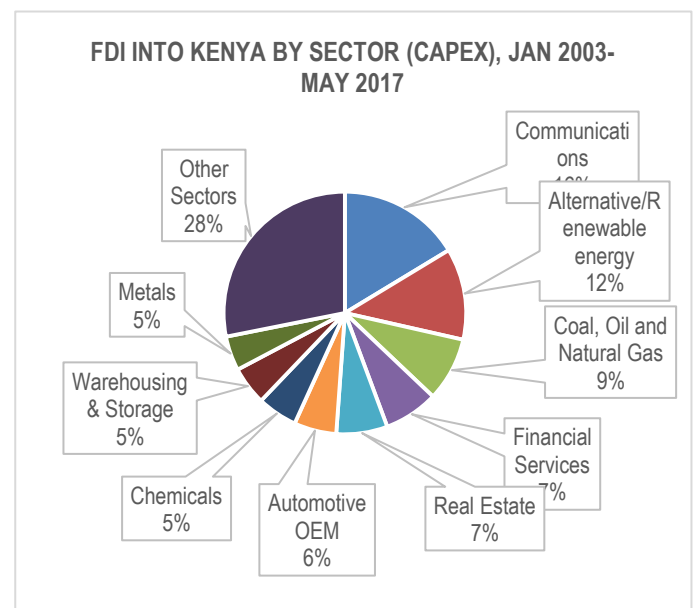
Source: FDI Intelligence, 2017

The figures below show global inward FDI into Kenya by sector, for the period January 2003 to May 2017 by number of projects and CAPEX.

The financial services and communications accounted for 16% and 14% of FDI projects respective. In terms of CAPEX, the communications sector held the highest percentage with 16%, followed by alternative and renewable energy 12%.



Source: FDI Intelligence, 2017



The United States was the largest source market for inward FDI into Kenya in terms of projects, with 92 investment projects, which accounted for 16% of projects. The United Kingdom and India are ranked second and third accounting for 12% and 9% respectively.

TOP 10 SOURCE MARKETS FOR FDI INTO KENYA, JAN 2003 – MAY 2017						
RANK	COUNTRY	PROJECTS	%PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
1	United States	92	16.11%	2 114.4	12.94%	75
2	United Kingdom	68	11.91%	1 439.7	8.81%	51
3	India	54	9.46%	2 145.7	13.13%	40
4	South Africa	41	7.18%	568.5	3.48%	39
5	Japan	28	4.90%	838.3	5.13%	23
6	China	24	4.20%	1 054.6	6.45%	20
7	Germany	23	4.03%	409.6	2.51%	20
8	UAE	23	4.03%	522.4	3.20%	20
9	France	15	2.63%	731.7	4.48%	11
10	South Korea	14	2.45%	230.9	1.41%	5
TOTAL		571	100.00%	16 341.70	100.00%	448

Source: FDI Intelligence, 2017

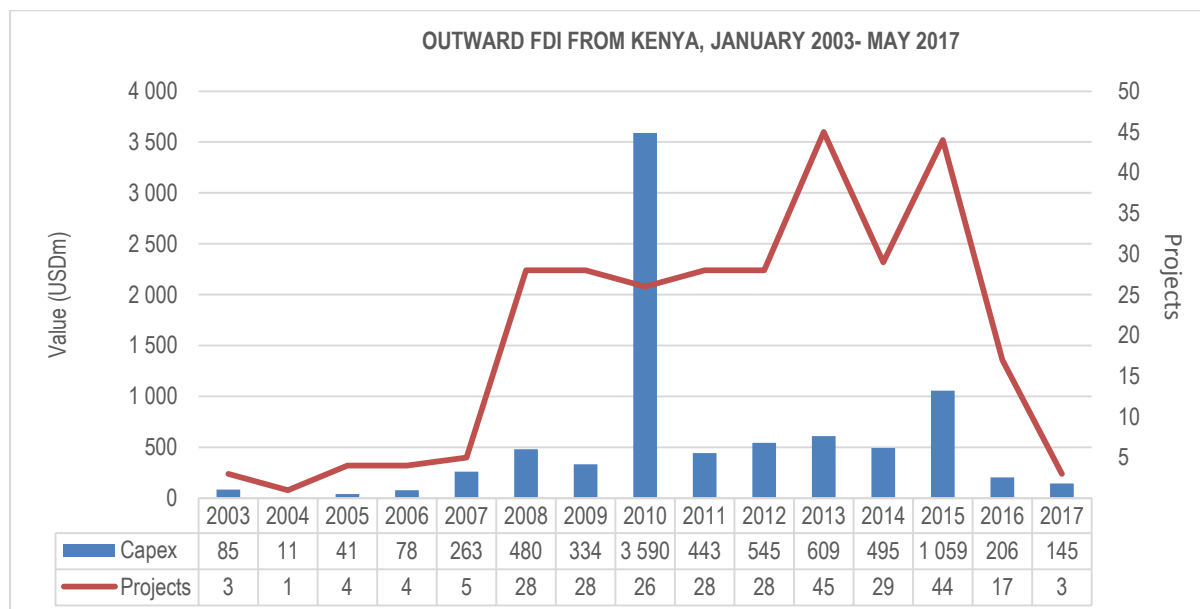
Airtel Kenya, Ecobank and Faulu Microfinance Bank were the largest source companies for inward FDI into Kenya in terms of projects, with 9, 8 and 8 projects respectively

TOP 10 COMPANIES FOR FDI INTO KENYA, JAN 2003 – MAY 2017				
RANK	COMPANY	SECTOR	PROJECTS	CAPEX (USDm)
1	Airtel Kenya	Communications	9	78.6
2	Ecobank Kenya	Financial Services	8	88.0
3	Faulu Microfinance Bank	Financial Services	8	88.0
4	Cummins Cogeneration Kenya	Alternative Energy	6	443.4
5	Coca-Cola	Beverages	5	146.5
6	LG Electronics	Consumer Electronics	5	28.7
7	Nokia	Communications	5	65.8
8	Orange Kenya	Communications	5	228.6
9	Standard Chartered Bank	Financial Services	5	80.1
10	Taaleritehdas	Real Estate	5	475.6
TOTAL			571	16 341.7

Source: FDI Intelligence, 2017

4.2 Global FDI from Kenya

Between January 2003 and May 2017 a total of 293 FDI projects were recorded from Kenya. These projects represent a total capital investment of USD8.4bn which is an average investment of USD28m per project. During the period, a total of 40 150 jobs were created.



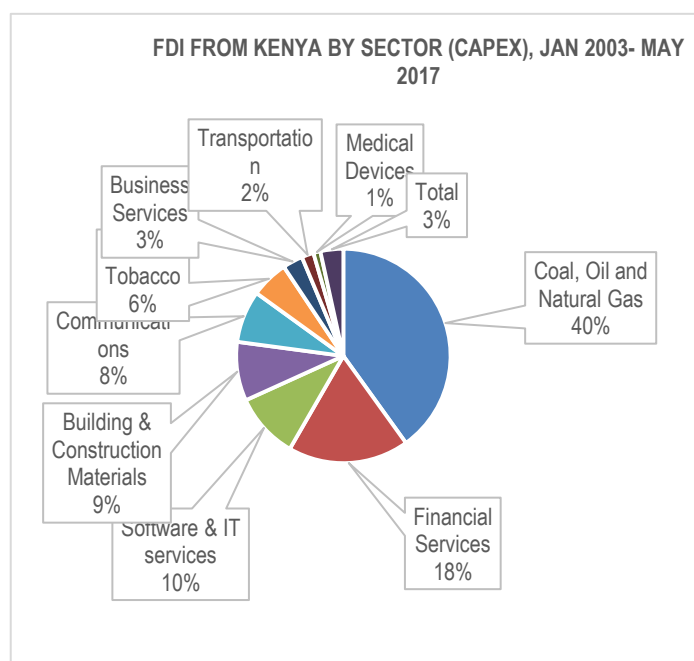
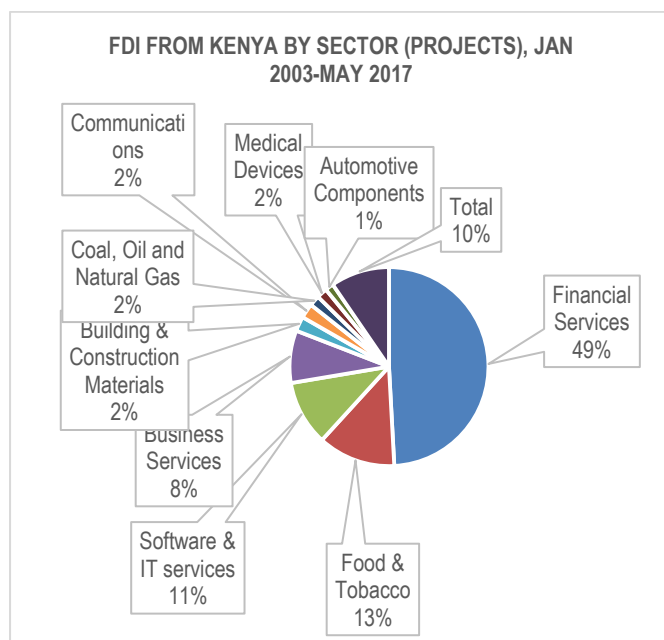
Source: FDI Intelligence, 2017

The table below shows the destination markets for outward FDI from Kenya from January 2003 to May 2017. Uganda was the largest destination market in terms of projects, with 66 investment projects, which accounted for 23% of all projects. Tanzania and South Sudan were ranked second and third accounting for 19% and 14% for projects respectively. Eight of the top ten destination markets are fellow African countries.

TOP 10 DESTINATION MARKETS FOR FDI OUT OF KENYA, 2003-MAY 2016						
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES
1	Uganda	66	23%	2 782.8	33.19%	34
2	Tanzania	55	19%	1 100.3	13.12%	29
3	South Sudan	41	14%	465.1	5.55%	15
4	Rwanda	37	13%	2 085.6	24.87%	23
5	Burundi	11	4%	130.6	1.56%	9
6	India	11	4%	569.2	6.79%	3
7	Nigeria	8	3%	120.8	1.44%	7
8	United States	8	3%	49.3	0.59%	6
9	Ethiopia	7	2%	64.4	0.77%	7
10	Ghana	3	1%	20.5	0.24%	3
TOTAL		293	100%	8 385.10	100.00%	85

Source: FDI Intelligence, 2017

The figures below show Kenya's global outward FDI by sector, for the period January 2003 to May 2017 by number of projects and CAPEX. Financial services received the largest share of FDI from Kenya in terms of projects accounting for 49%, followed by food and tobacco, and software and IT accounting for 13% and 11% respectively. Coal, oil and natural gas received the highest percentage of total CAPEX, accounting for 40%, followed by financial services and communications accounting for 18% and 10% respectively.



Source: FDI Intelligence, 2017

Kenya Commercial Bank was the largest company for outward FDI from Kenya in terms of projects, with 22 investment projects. Six of the top 10 investing companies six were in the financial services sector, mirroring the graph above.

TOP 10 COMPANIES FOR FDI FROM KENYA, JAN 2003 – MAY 2017				
RANK	COMPANY	SECTOR	PROJECTS	CAPEX (USDm)
1	Kenya Commercial Bank (KCB)	Financial Services	22	207.0
2	Equity Bank	Financial Services	20	216.3
3	UST Global	Software &IT Services	19	829.0
4	Nakumatt Holdings	Food and Tobacco	13	65.4
5	Sagaci Research	Business Services	12	90.6
6	Uchumi Supermarkets	Food and Tobacco	12	150.6
7	Co-operative Bank of South Sudan	Financial Services	11	121.0
8	Equity Bank Tanzania	Financial Services	11	121.0
9	Bridge International Academies	Business Services	10	137.1
10	Diamond Trust Bank	Financial Services	10	110.0
Total			293	8 385.1

Source: FDI Intelligence, 2017

4.3 FDI Relations between South Africa and Kenya

4.3.1 Inward FDI into South Africa

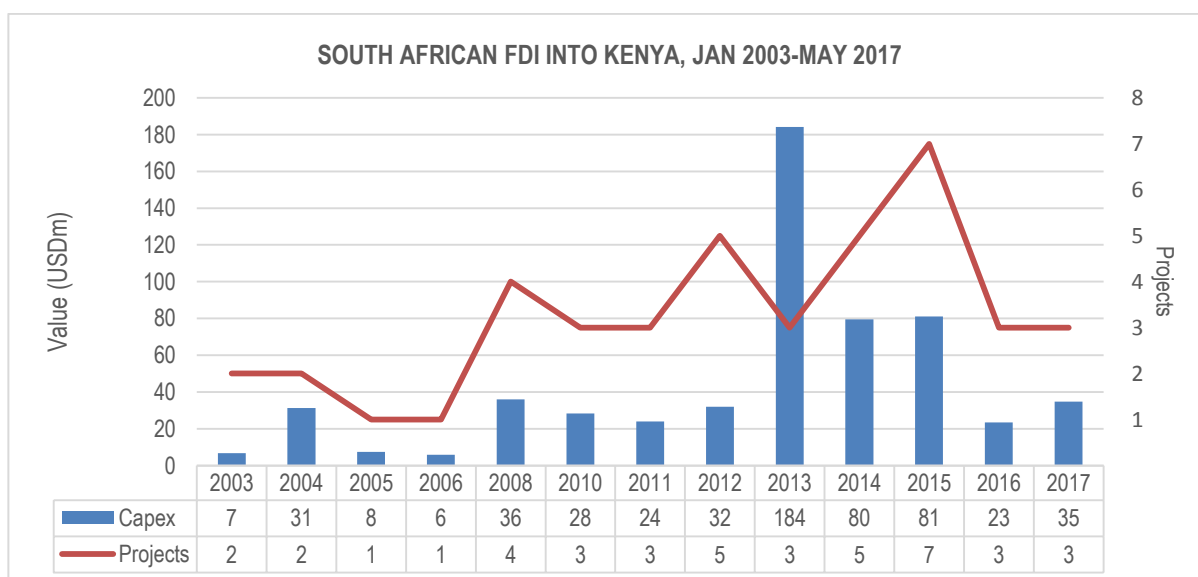
Between January 2003 and May 2017 there were 2 FDI project from Kenya into South Africa. This project represented a total capital investment of USD205.5m and employed 435 people. Kenya-based Athi River Mining, which engages in the manufacture and sale of building products and in chemical and mineral mining, opened a cement factory in South Africa.

KENYA'S FDI INTO SOUTH AFRICA, JAN 2003-MAY 2017							
PROJECT DATE	INVESTING COMPANY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (USDm)	JOB S
Jun 2016	Astral Aviation	Gauteng	Transportation	Air transportati on	Logistics, Distribution & Transportation	45.7	93
Aug 2011	ARM Cement (Athi River Mining)	Not Specified	Building & Construction Materials	Cement & concrete products	Manufacturing	159.8	342
TOTAL						205.5	435

Source: FDI Intelligence, 2017

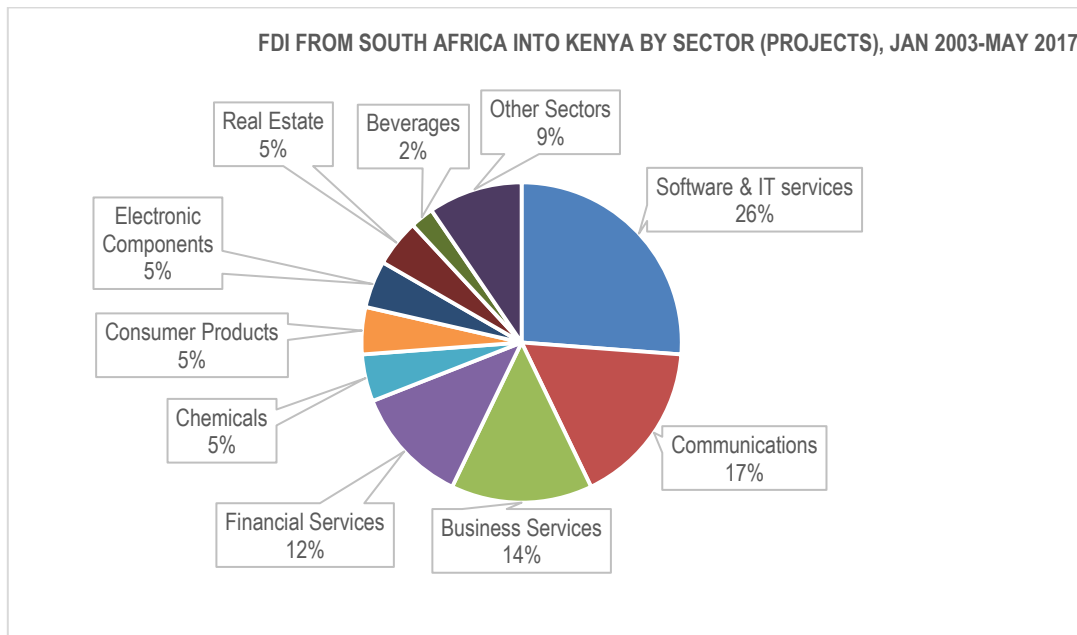
4.3.2 Outward FDI from South Africa

Between January 2003 and May 2017 a total of 42 FDI projects were recorded from South Africa to Kenya. These projects represent a total capital investment of USD574.3m which is an average investment of USD13.7m per project. During the period, a total of 1 744 jobs were created. Kenya received the most investment from South Africa in terms of capex in 2013, which was USD80m and in terms of projects in 2015 Kenya received the 7 projects from South Africa.



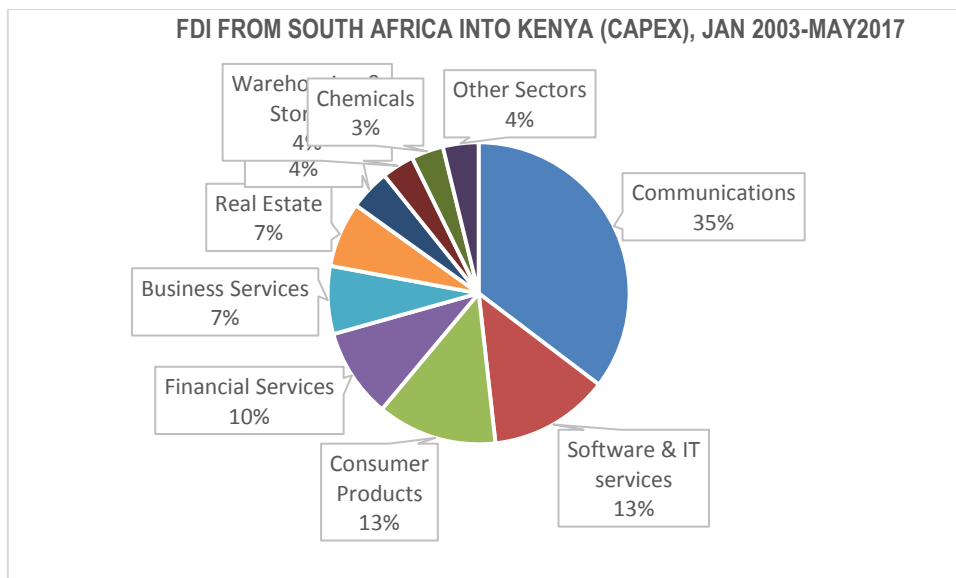
Source: FDI intelligence, 2017

The graphs below show a sector breakdown of the South African investment into Kenya. In the period analysed, South African companies invested in the mostly in projects which are in the software & IT services (26%), communications (17%), and business services (14%).



Source: FDI intelligence, 2017

In terms of capex, the communications (35%), financial services (13%) and consumer products (3%) sectors attracted the highest investments.



Source: FDI intelligence, 2017

The table below provides a list of the top investing companies from South Africa to Kenya. Of the top ten companies in terms of capex Business Connexion (USD150m) and the Broll Property Group (USD28.3m). Bowman Gilfillan and Cfc Stanbic Bank were the only companies to record more than one project into Kenya.

TOP 10 COMPANIES FROM SOUTH AFRICA INVESTING IN KENYA, JAN 2003- MAY 2017				
RANK	COMPANY	SECTOR	PROJECTS	CAPEX (USDm)
1	Bowmans (Bowman Gilfillan)	Business services	2	18.4
2	CfC Stanbic Bank	Financial Services	2	22.0
3	Ad Dynamo	Business services	1	6.8
4	Agilitude	Software & IT services	1	5.8
5	Altech Group	Communications	1	10.0
6	arivia.kom	Software & IT services	1	5.8
7	Broll Property Group	Real Estate	1	28.3
8	Business Connexion	Communications	1	150.0
9	Chryso	Chemicals	1	13.6
10	Coca-Cola Sabco	Beverages	1	25.0
TOTAL			42	574.30

Source: FDI intelligence, 2017

4.4 FDI relations between the Western Cape and Kenya

4.4.1 Outward FDI from the Western Cape

Between January 2003 and May 2017 a total of 12 FDI projects were recorded from the Western Cape to Kenya. These projects represent a total capital investment of USD149.7m. The table below shows FDI from the Western Cape into Kenya.

FDI FROM WESTERN CAPE INTO KENYA, JAN 2003 - MAY 2017					
PROJECT DATE	INVESTING COMPANY	DESTINATION CITY	INDUSTRY SECTOR	INDUSTRY ACTIVITY	CAPITAL (USDm)
Mar 2017	ShowMax	Nairobi Area	Software & IT services	Internet publishing & broadcasting & web search	16
Jun 2016	Snapplify	Nairobi Area	Software & IT services	Internet publishing & broadcasting & web search	5.8
Nov 2015	The Valuator Group	Not Specified	Business Services	Professional, scientific & technical services	6.8
Aug 2015	The Foschini Group	Not Specified	Consumer Products	General merchandise stores	36.9
May 2015	Networks Unlimited	Nairobi Area	Communications	Other telecommunications	7.5
Aug 2014	OLX	Nairobi Area	Software & IT services	Internet publishing & broadcasting & web search	5.8
Jun 2014	Emerging Markets Payments (EMP)	Nairobi Area	Software & IT services	Software publishers, except video games	5.8
Apr 2014	Woolworths (South Africa)	Not Specified	Consumer Products	Miscellaneous store retailers	36.9
Jan 2011	Ad Dynamo	Not Specified	Business Services	Advertising, PR, & related	6.8
Apr 2008	Tactile Technologies	Nairobi Area	Electronic Components	All other electrical equipment & components	2.9
Jan 2008	PIC Solutions	Nairobi Area	Financial Services	Corporate & investment banking	11
Jun 2005	Psitek East Africa	Nairobi Area	Communications	Wireless telecommunication carriers	7.5
TOTAL					149.7

Source: FDI Intelligence, 2017

Note: the capex values are sometimes estimated based on similar projects within the sector.

Some motives cited for investments into Kenya from the Western Cape include the following:

- Networks Unlimited opened a new office to support new and existing partners and distributors across east Africa.
- Tactile Technologies' managing director Mauro Mercuri, explained that "This [investment] is our first office outside of South Africa and it will open the way for more trading opportunities in the economic cluster of Kenya, Tanzania and Uganda, as well as surrounding countries." Mercuri anticipates a bullish growth in East Africa, the reason for opening a branch in Nairobi.
- PIC Solutions, the largest specialist credit risk management consultancy in the Africa Middle East region explained that "The rapid growth of retail lending by banks in East Africa, coupled with the increased demand for credit cards and the impending licensing of credit bureaux in Kenya, represent an opportunity for PIC Solutions to partner with the finance industry in the region."
- South Africa-based Emerging Markets Payments, an electronic payments processing company, has opened a new office in Nairobi, Kenya. The office functions as the firm's east Africa regional office and is the firm's seventh location in the Middle East and Africa. Representing part of its expansion plan.

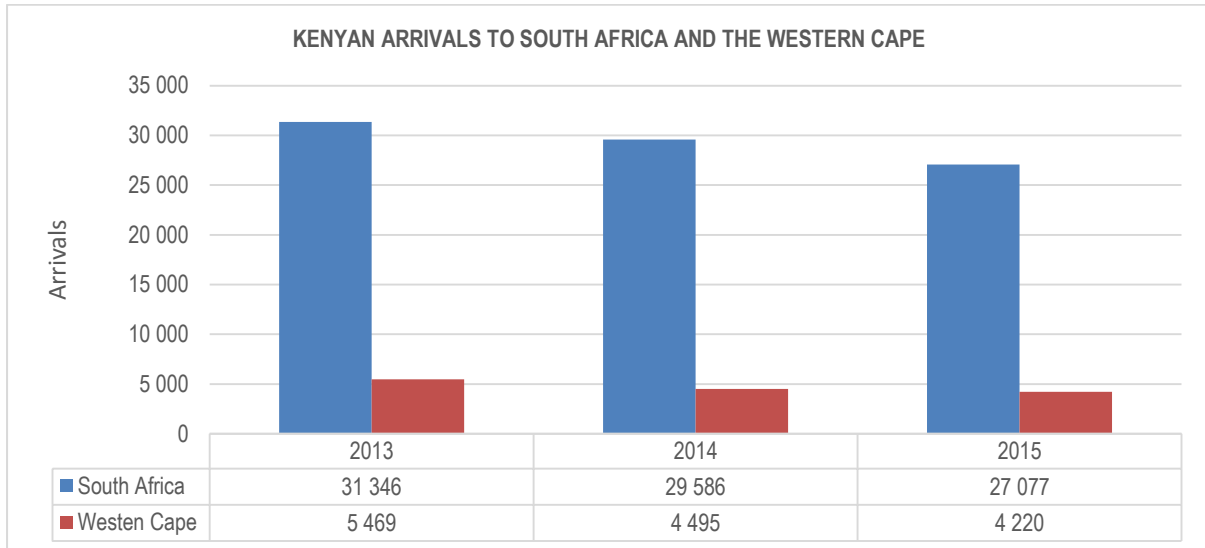
4.4.2 Inward FDI into the Western Cape

Kenya did not invest into any projects in the Western Cape.

5 Tourism

5.1 Kenya's Tourist Arrivals into South Africa and the Western Cape

The graph below shows the total tourist departures from Kenya into South Africa and the Western Cape in 2014 to 2015. Growth was positive in 2015 for both South Africa (9%) and the Western Cape witnessed a negative growth (6.11%). In 2015 Kenyan arrivals to South Africa reached 27 077 arrivals and in the Western Cape there were 4 220 arrivals.



Source: SATourism, 2017

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