

## Executive Summary

This country fact sheet provides key trade, investment and tourism related statistics for 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 is generally a net exporter of services. In 2019, Kenya's exports of services were valued at US\$5.39 billion whereas, imports of services stood at US\$3.74 billion.
- Personal travel services and sea transport were respectively the top categories of services exported from and imported to Kenya in 2017.
- The country imports more goods than its exports. The exports of goods increased by 3.4% to US\$6.03 billion in 2020, whereas imports declined by 13.6% to US\$15.44 in the same year.
- Tea was Kenya's top exported product in 2020, whereas refined petroleum oils were the leading imports.
- South Africa's exports to Kenya are significantly higher than its imports from the East African country. In 2020, South Africa exported US\$457.57 million worth of goods to Kenya, whereas imports from Kenya to South Africa were valued at US\$20.59.
- Kenya's exports to the Western Cape declined by 29% in 2020, whereas its imports decreased by 73%.

### FDI

- The sector that recorded the highest number of FDI projects into Kenya during the 2013-2020 period was retail (16%), followed by business services (12%) and wholesale (7%).
- The United States of America and the United Kingdom were the top two source markets for inward FDI into Kenya between 2013 and 2020 in terms of both the number of FDI projects and capex.
- Between 2013 and 2020, a total of 72 outward FDI projects were recorded from Kenya, which resulted in a capital expenditure of US\$803.75 million.
- Uganda and Tanzania were the top two destination markets for outward FDI from Kenya in terms of both the number of projects and capex.
- Kenya received a total of 29 FDI projects (valued at US\$402 million) from South Africa between 2013 and 2020. 12 of the 29 projects originated from the Western Cape.

### Consumer insights

- In 2019, food and non-alcoholic beverages accounted for 57% of total consumer expenditure in Kenya.
- Consumers in Kenya consider quality as the most important in their purchasing decisions, followed by brand and price.

### Tourism insights

- Leisure arrivals in Kenya declined by 36% in 2020 due to the negative effects of the coronavirus pandemic on the tourism sector across the global.
- The number of Kenyan visitors to South Africa increased by 3.9% to 30 329 in 2019.
- In 2020, there was a significant decline in the number of Kenyans arriving in Cape Town, particularly between April and September, due to the implementation of lockdown measures aimed at reducing the spread of Covid-19.

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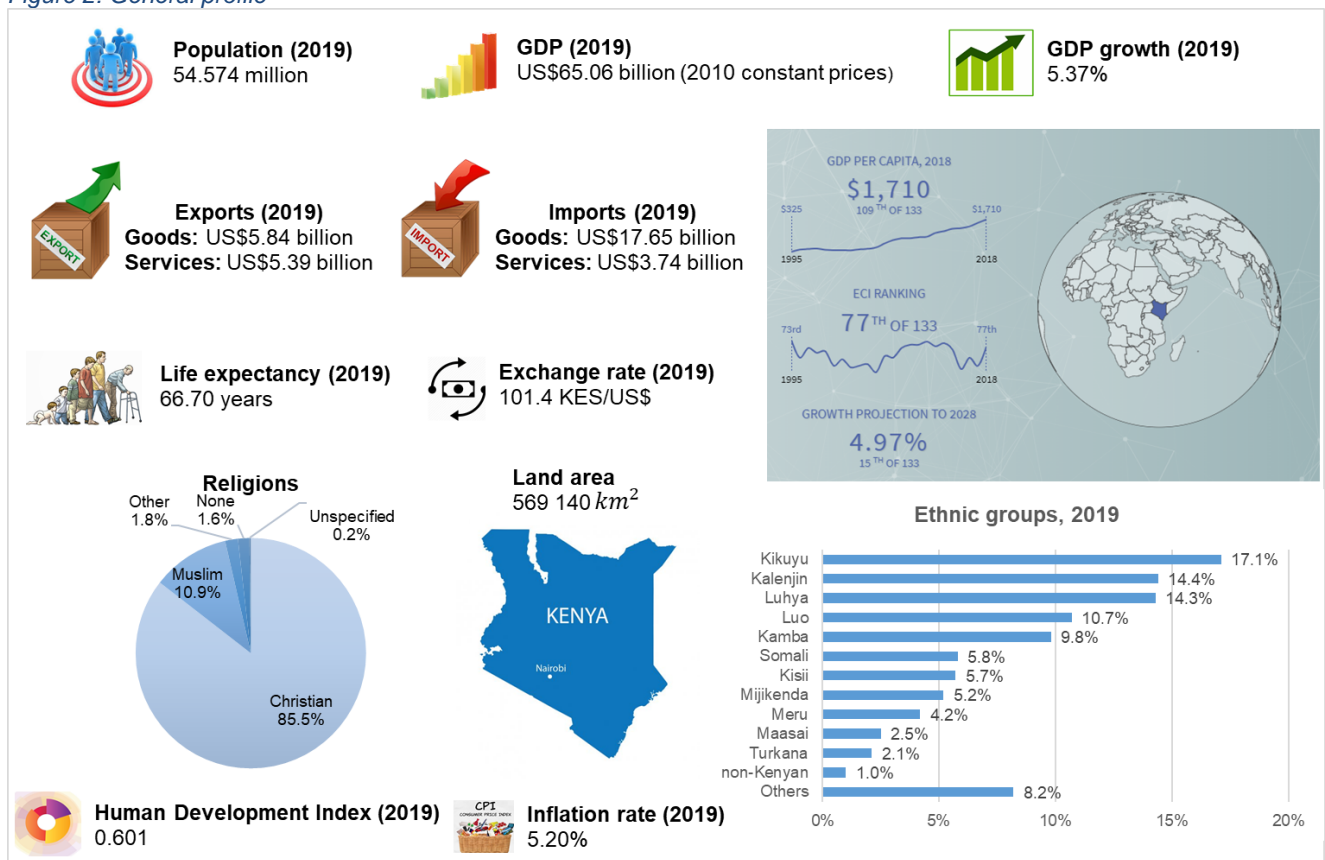
## 1. Country Overview

The Republic of Kenya is an East African country famed for its vast wildlife and scenic landscape. The country is bordered by the Indian Ocean to the southeast, Tanzania to the south, Uganda to the west, South Sudan to the northwest, Ethiopia to the north and Somalia to the northeast. Kenya covers an area of 580 000 km<sup>2</sup>, of which 569 140 km<sup>2</sup> constitute land area. About 86% of Kenya's 54.75 million inhabitants are Christians based on 2019 data. Nairobi is the nation's capital as well as its largest city. Kenya is a presidential republic with a multi-party system, where the President is both the head of state and head of government. The country is administratively divided into 47 counties, and has a mixed legal system comprising of English common law, Islamic law and customary law. Kenya is a lower-middle-income country and an economic hub of East Africa with a real gross domestic product (GDP) of US\$65.06 billion in 2019. In 2018, the country was ranked as the 77th most complex country out of 133 in the Economic Complexity Index (ECI), according to the Atlas of Economic Complexity (2021). Kenya was also ranked as the 95th most competitive country in the world out of 140 nations in the 2018 edition of the Global Competitiveness Report (World Economic Forum, 2018).

Figure 1: Map of Kenya



Figure 2: General profile



Sources: CIA World Factbook (2021); World Bank Data (2021); UNCTAD (2021); UNDP (2021); Atlas of Economic Complexity (2021)

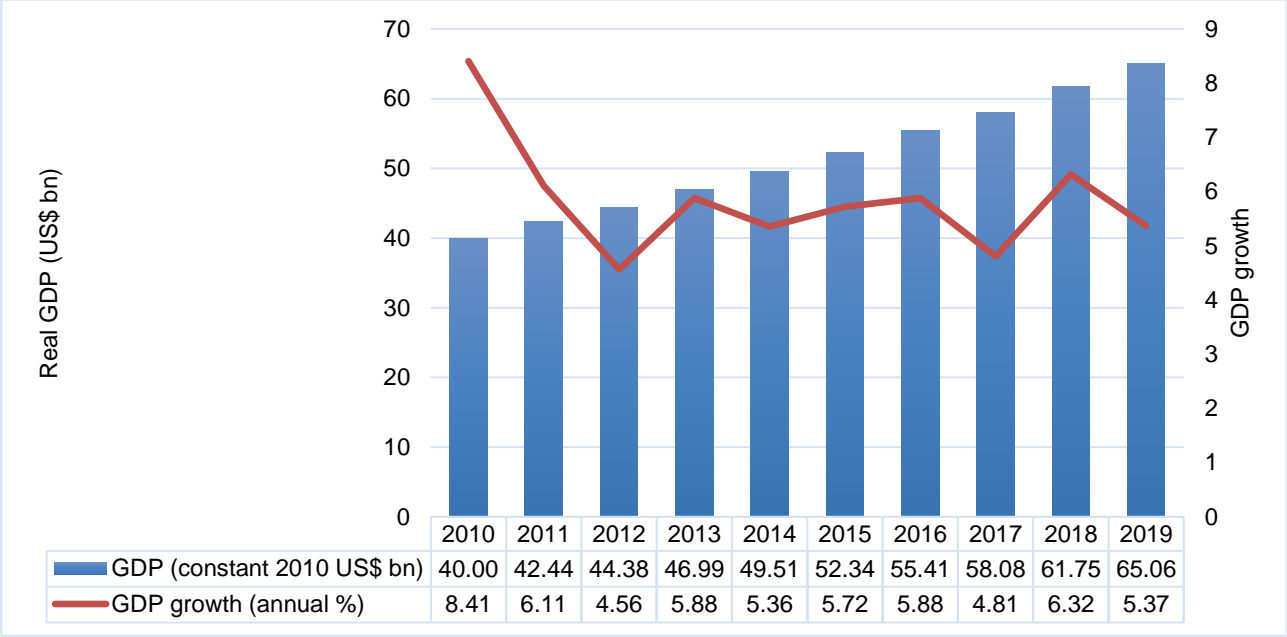
## 2. Economic Overview

Kenya is one of the fastest growing economies in Sub-Saharan Africa, with an average economic growth rate of approximately 5.6% between 2015 and 2019. The country dominates the East African Community trade bloc and enjoys a strategic shipping location in the region. Ranked as a lower-middle-income country, Kenya

is the financial, transport and economic hub of the East Africa sub-region. Agriculture is the backbone of the Kenyan economy, and significantly contributes to exports, GDP, and employment.

Figure 2 shows Kenya's real GDP and economic growth rates between 2010 and 2019. Kenya's economic growth rate has been above 5% since 2013, except in 2017 when the growth rate of GDP decreased to 4.8% as political uncertainty loomed due to the annulment of the presidential election in that year. The economy rebounded the following year, and in 2019, Kenya recorded a real GDP of US\$65.06 billion (representing a growth rate of 5.37% from the previous year).

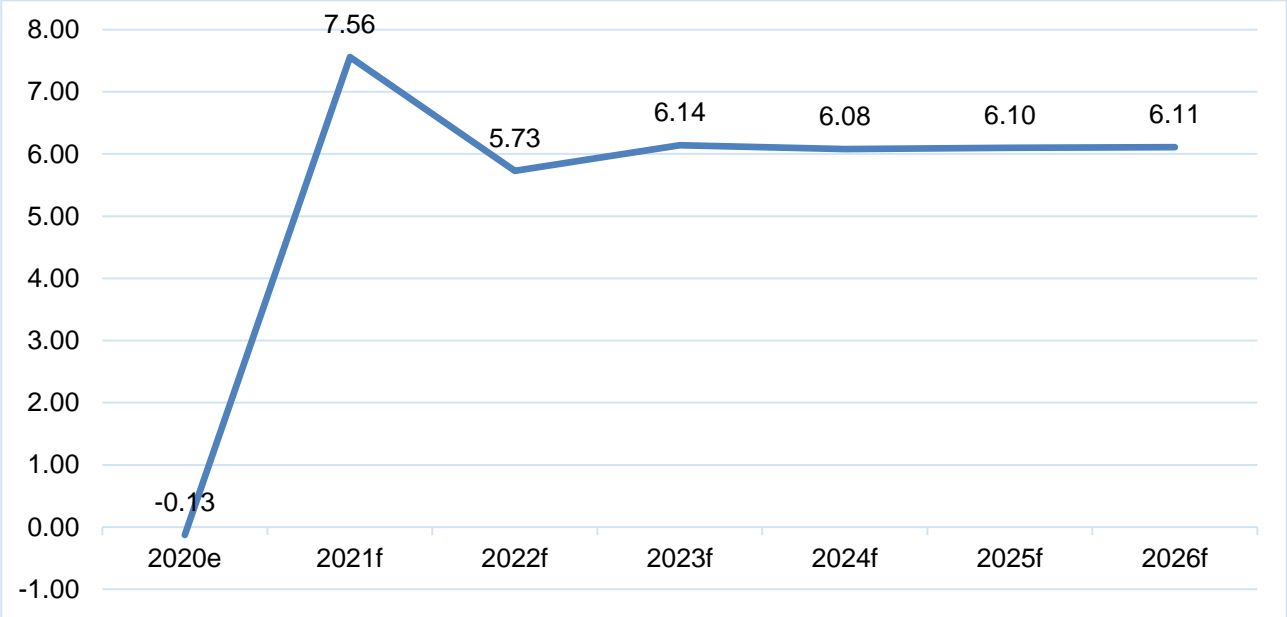
Figure 3: GDP and economic growth rate, 2010-2019



Source: World Bank (2021)

The COVID-19 pandemic has had an adverse effect on Kenya's economy, causing a slowdown in the level of economic activity. As shown in Figure 3, Kenya's real GDP is estimated to have contracted by 0.13% in 2020. Economic growth is projected to bounce back strongly in 2021 to 7.56%.

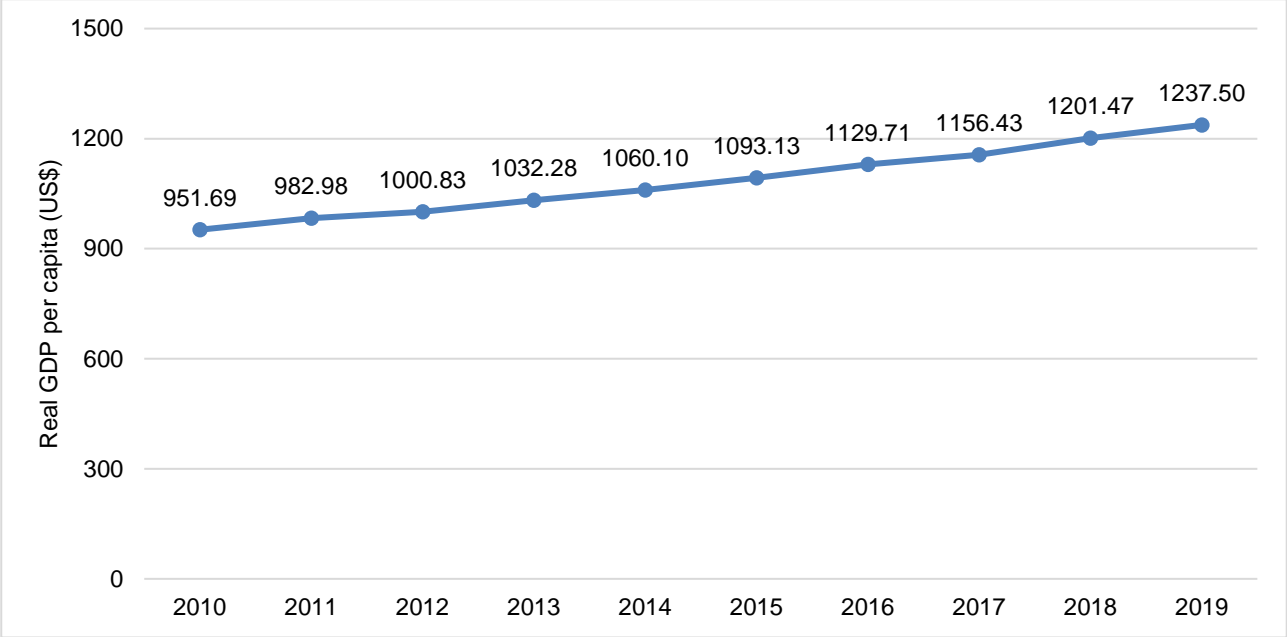
Figure 4: Real GDP growth projection, 2020-2026



Source: IMF (2021)

Kenya's real GDP per capita has averaged 3.2% over the past decade, slightly above that of the entire East African region. As shown in Figure 4, real GDP per capita increased by 3% 2019 to US\$1 237.50. This was lower than the real GDP per capita of Sub-Saharan Africa, which was US\$1 657.70 in 2019.

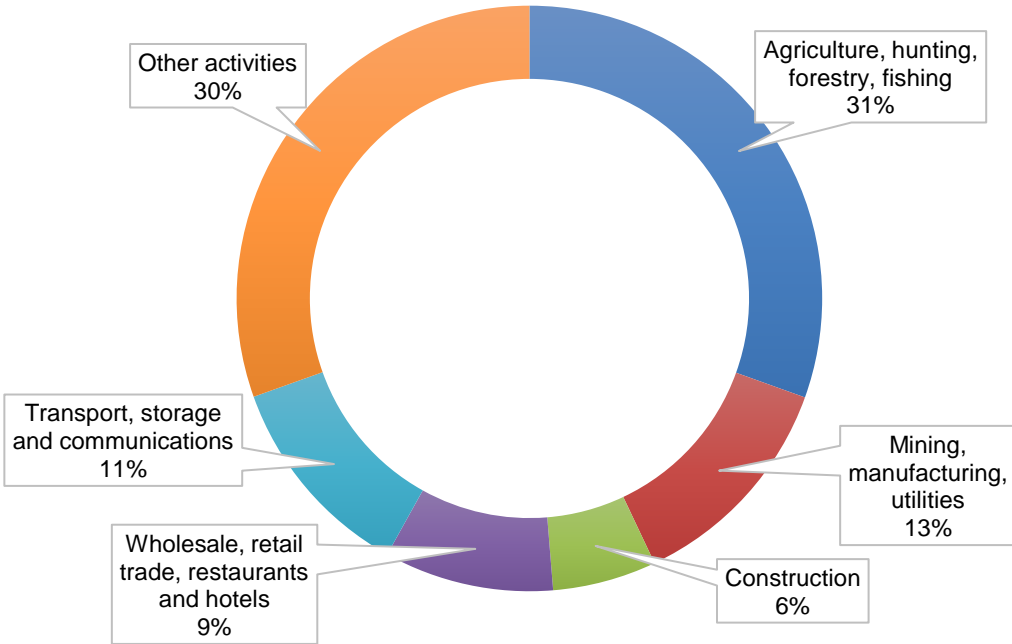
Figure 5: Real GDP per capita (constant 2010 prices), 2010-2019



Source: World Bank (2021)

The contributions of Kenya's economic sectors to GDP in 2019 are shown in Figure 5. Agriculture, hunting, forestry and fishing (31%) was the largest contributor to gross value added. Kenya's main agricultural produce includes tea, coffee, wheat, sugarcane, corn, horticulture and livestock products. Tea, coffee and cut flowers are the country's major agriculture exports.

Figure 6: Sector contribution to gross value added, 2019



Source: UNCTAD (2021)

## 2.1 Top companies in Kenya

The London-based FTSE's partnership with the Nairobi Securities Exchange Kenya (NSE) Index series is made up of the FTSE NSE Kenya 15 Index<sup>1</sup> and the FTSE NSE Kenya 25 Index<sup>2</sup>. The FTSE NSE Index Series is designed to represent the performance of Kenyan companies listed on the NSE. 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 15 Index.

Table 1: Top 5 constituents – FTSE NSE Kenya 15

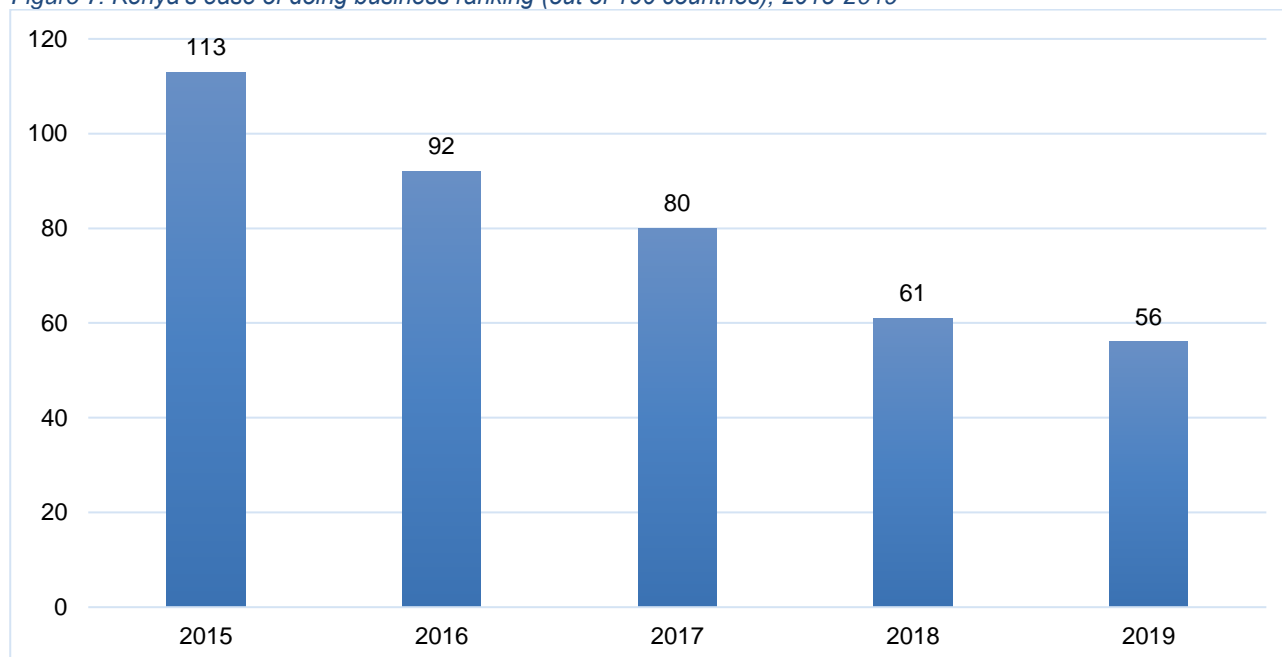
Rank	Constituent	ICB Sector	Net MCap (KESm)	Wgt %
1	Safaricom Ltd	Telecommunications Service Providers	72,449	21.02
2	Equity Bank	Banks	66,178	19.20
3	KCB Group Ltd	Banks	64,359	18.67
4	East African Breweries Ltd	Beverages	48,673	14.12
5	NCBA Group Plc	Banks	34,593	10.04
<b>TOTAL</b>			<b>286,253</b>	<b>83.05</b>

Source: FTSE Russell (April 2021)

## 2.2 Doing Business in Kenya

According to the World Bank's *Doing Business 2020* report, Kenya is ranked 56 among 190 countries in the ease of doing business (moving 5 places up compared to the previous year). With a score of 73.2, Kenya was the 3<sup>rd</sup> highest ranked country in Sub-Saharan Africa in 2019. The country was ranked 1<sup>st</sup> on protecting minority investors and 4<sup>th</sup> on getting credit.

Figure 7: Kenya's ease of doing business ranking (out of 190 countries), 2015-2019

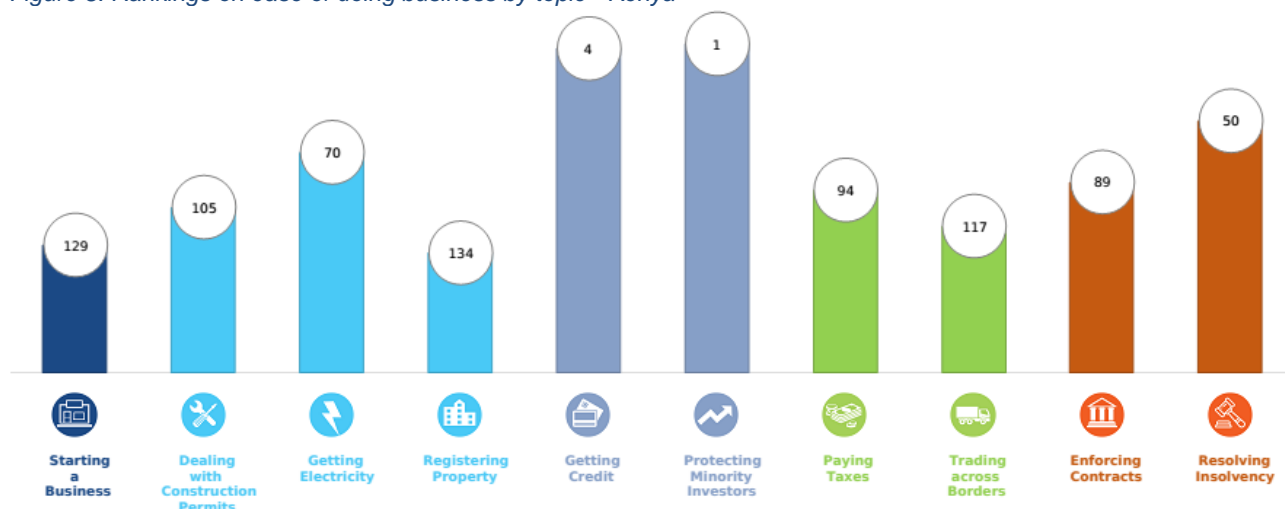


Source: World Bank (2020)

<sup>1</sup> Represents the performance of the largest 15 stocks trading on the NSE.

<sup>2</sup> Represents the performance of the 25 most liquid stocks trading on the NSE.

Figure 8: Rankings on ease of doing business by topic - Kenya



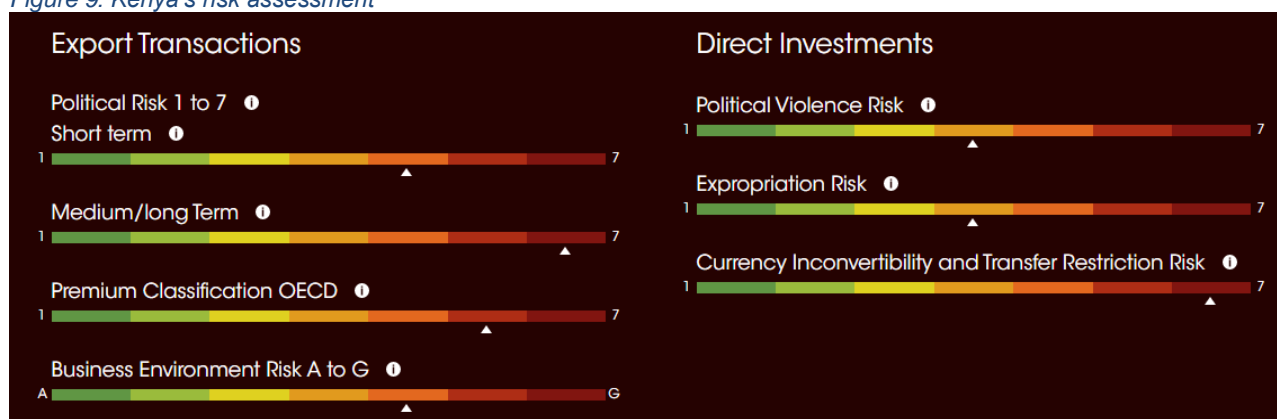
Source: World Bank (2020)

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. An interest rate cap was introduced in 2016 to increase access to credit and return on savings. The cap, however, led to a decline in lending, and was repealed in November 2019 to allow banks the freedom to determine the interest rate charged on credit (Asoko Insight, 2020). In 2019, about 83% of Kenya's population had access to formal financial services, which shows a high level of financial inclusion (Asoko Insight, 2020).

## 2.3 Kenya's Risk Ratings

The table below shows Kenya's risk assessment in terms of export transactions and direct investments as evaluated by Credendo (2021). The ratings are between 1 and 7, and between A and G. 1 and A indicates the lowest risk whereas 7 and G demonstrates the highest likelihood of risk. The political risk in Kenya is highest in the medium/long term. Furthermore, currency inconvertibility and transfer restriction risk is the highest under direct investments. According to a risk assessment<sup>3</sup> by Coface (2021), Kenya scored B for country risk assessment and A4 for business climate, which puts the country within the acceptable risk region. Figure contains some of Kenya's strengths and weaknesses.

Figure 9: Kenya's risk assessment



Source: Credendo (2021)

<sup>3</sup> The risk ranges between A1 (very low), A2, A3, A4, B, C, D, and E (very high).



Figure 10: Kenya's strengths and weaknesses

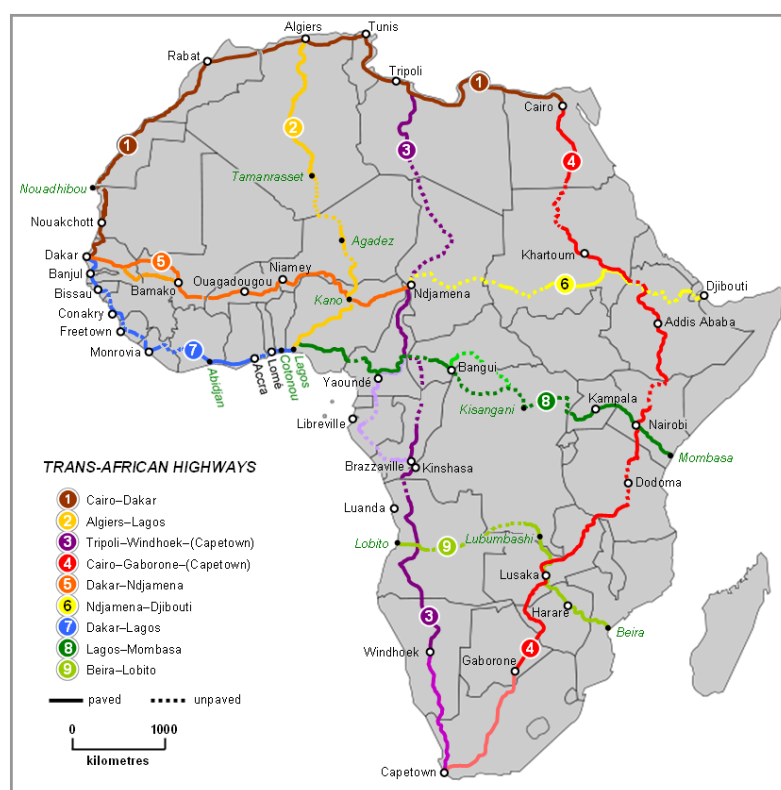
Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• The largest economy in East Africa in terms of the level of economic activity, and a regional economic hub.</li> <li>• Mombasa is the third largest port in Africa.</li> <li>• Large domestic market, with a population of over 54 million (2019).</li> <li>• Vibrant agriculture and tourism sectors.</li> <li>• The discovery of hydrocarbon deposits in Turkana.</li> <li>• Significant potential in the regional energy sector, with direct (exploitable reserves within Kenya's territory) and indirect (being a regional transport hub) benefits.</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate infrastructure and skills shortages.</li> <li>• Persistent corruption (ranked 124/180 in 2020 by Transparency International).</li> <li>• Sensitivity to drought and flooding due to the reliance on hydropower and rain-fed agriculture.</li> <li>• Risk of terrorism as well as uncertainty arising from political, social and ethnic divisions.</li> <li>• Lower-middle-income country with fiscal and current account deficits.</li> </ul>

Source: Coface (2021) and Euler Hermes (2021)

## 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-Gaborone-Cape Town Highway (number 4), which runs north to south and connects the country to Ethiopia and Tanzania. It serves as a key transport route for exports and imports the ports of South Africa and Namibia. 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. About 45% of the Kenyan part of Cairo-Gaborone Highway that passes through Kenya is paved. The second is the Lagos-Mombasa Highway (number 8), which runs east to west and connects Kenya to Uganda and West Africa. It connects the port of Mombasa to the ports of Nigeria and Cameroon. The Kenyan part of the Lagos-Mombasa Highway is paved. The usage of this route remains limited beyond Uganda, however, as it is largely unpaved through the Democratic Republic of Congo.

Figure 11: Trans-African Highway

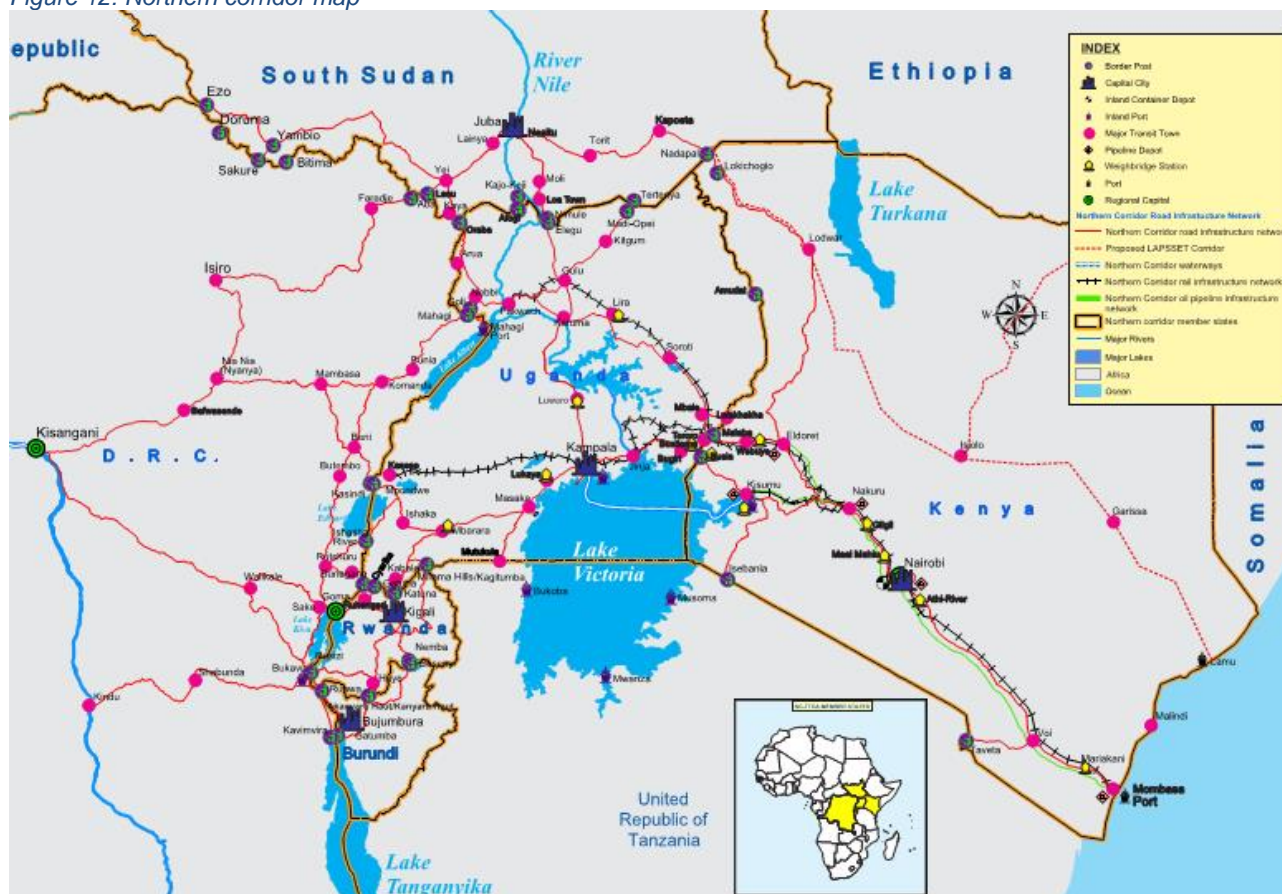


Source: Wikipedia (2021)

The Northern corridor, pictured below, 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.



Figure 12: Northern corridor map



Source: Northern Corridor Transit and Transport Coordination Authority (2018)

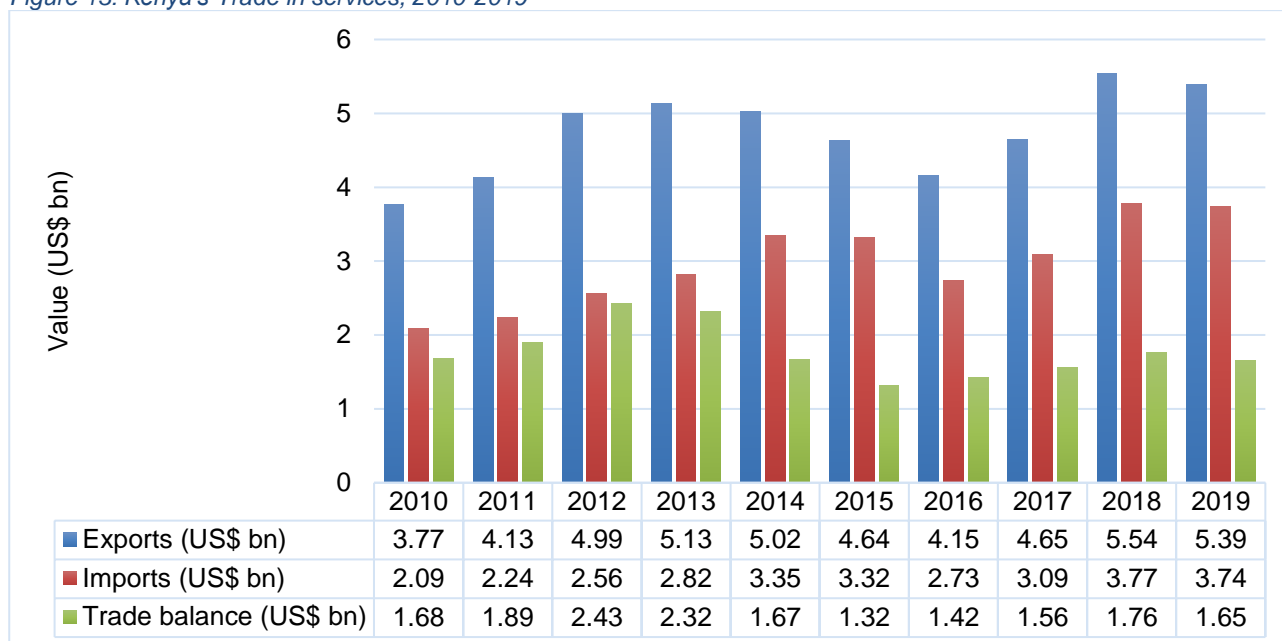
### 3. Trade

This section analyses Kenya's global trade trends as well as the country's trade with South Africa and the Western Cape.

#### 3.1 Trade in Services

Figure 13 shows Kenya's global trade in service between 2010 and 2019. The highest services exports for Kenya, during the period under review, was recorded in 2018. In 2019, the country's exports of services were valued at US\$5.39 billion, which represents a 2.69% decline from the previous year. In the same year, services imports declined by 1.02% to US\$3.74 billion. Kenya is a net exporter of services. In 2019, the country had a positive services trade balance of US\$1.65 billion.

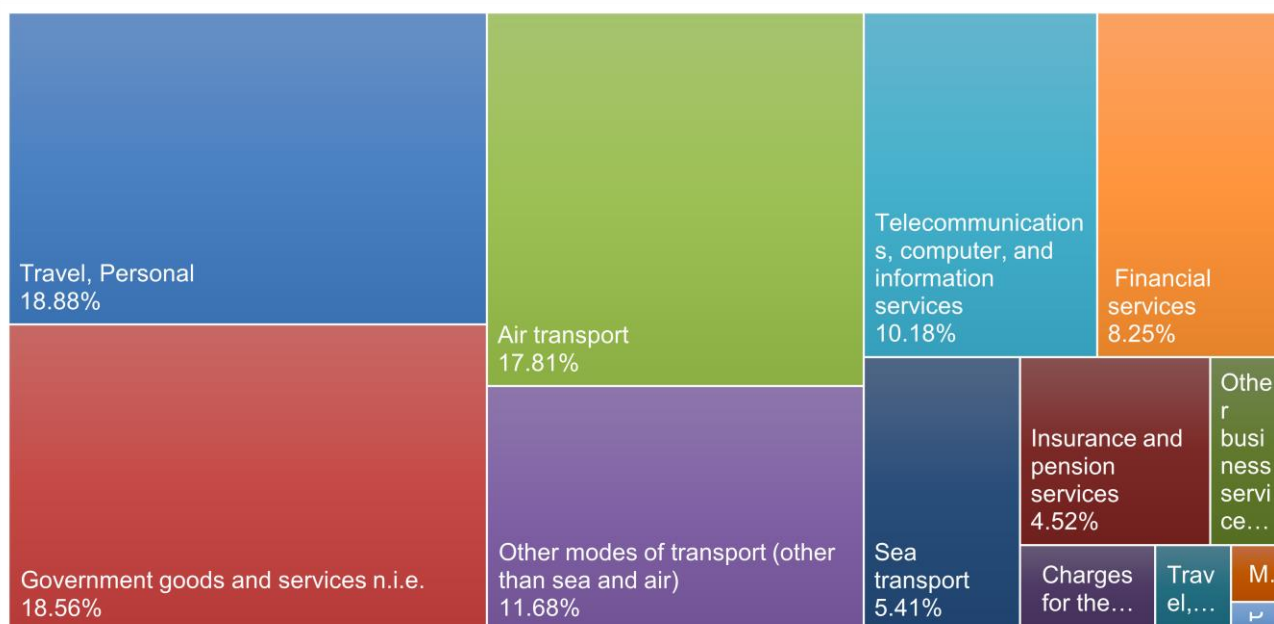
Figure 13: Kenya's Trade in services, 2010-2019



Source: UNCTAD (2021)

As shown in Figure 14, Personal travel was Kenya's top exported services in 2017<sup>4</sup>, accounting for 18.9% of total services exports. This was followed by government goods and services (18.6%) and air transport (17.8%).

Figure 14: Kenya's top exported services, 2017

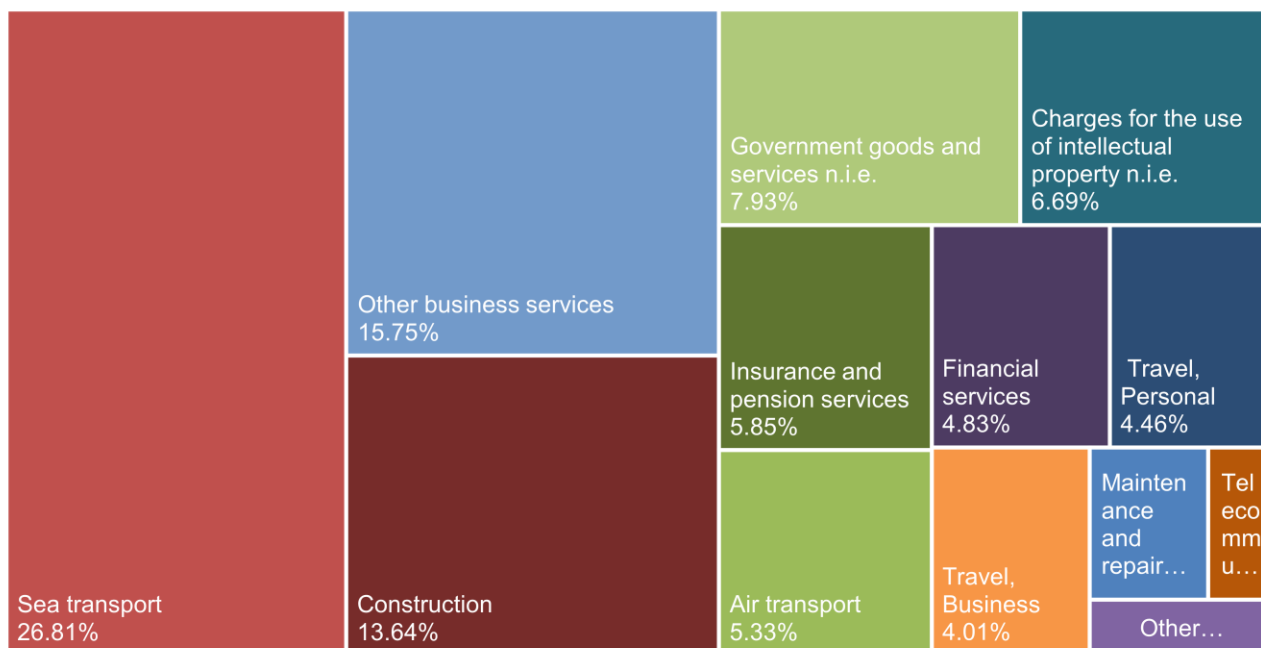


Source: UNCTAD (2021)

Kenya imported US\$828.86 million worth of sea transport in 2017. At 26.8%, sea transport was the highest category of services imported into the country. Other business services (15.8%) and construction (13.6%), respectively, constituted the second and third highest categories of imported services for Kenya.

<sup>4</sup> This was the most recent data available for the various categories of services trade at the time of writing.

Figure 15: Top imported services for Kenya, 2017

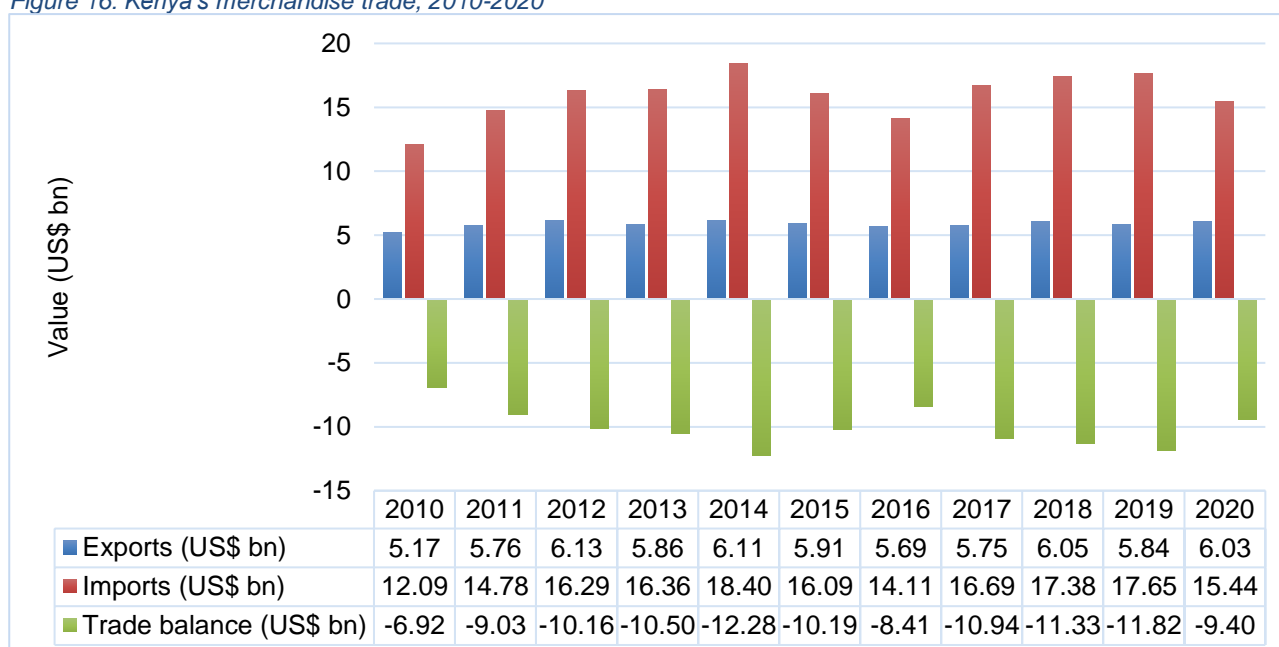


Source: UNCTAD (2021)

### 3.2 Trade in goods

Figure 16 shows the trend in Kenya's trade in goods with the rest of the world from 2010 to 2020. Kenya is a net importer of goods. The country exported US\$6.03 billion worth of goods in 2020 whereas its total import goods were valued at US\$15.44 billion in the same year. Compared to the previous year, the export of goods increased by 3.4% whereas the import of goods declined by 13.6% in 2020.

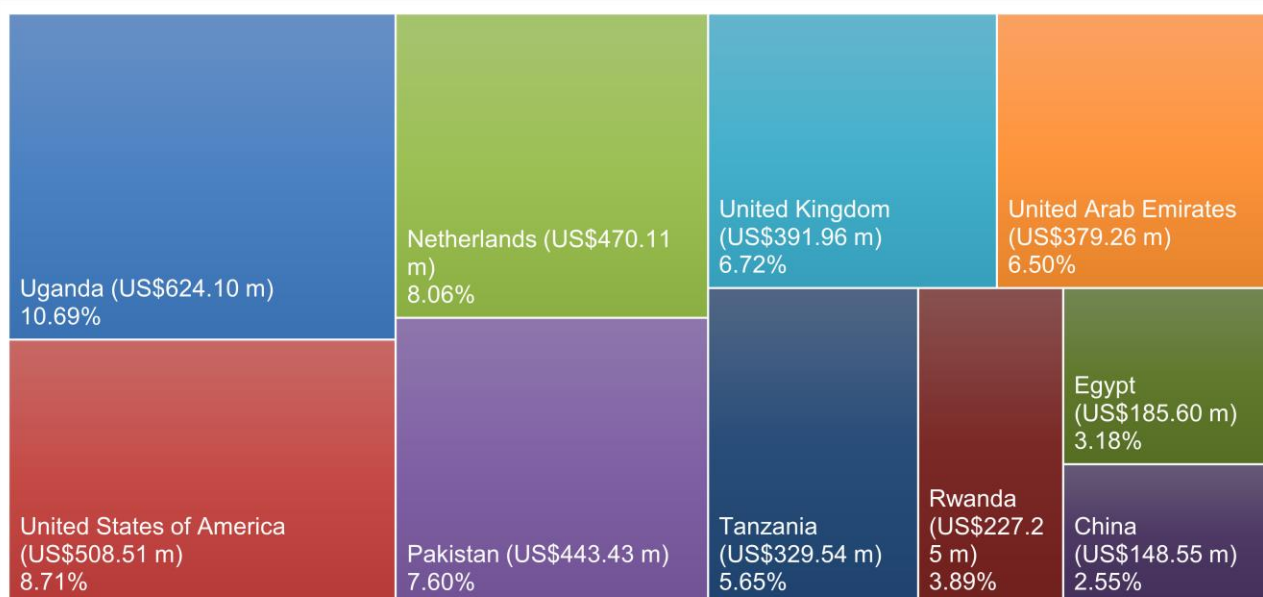
Figure 16: Kenya's merchandise trade, 2010-2020



Source: UNCTAD (2021)

Uganda was the top destination for Kenya's exports in 2019 as shown in Figure 17. 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. The United States of America (8.71%) and the Netherlands (8.06%) were, respectively, the second and third largest destination markets for Kenya's exports.

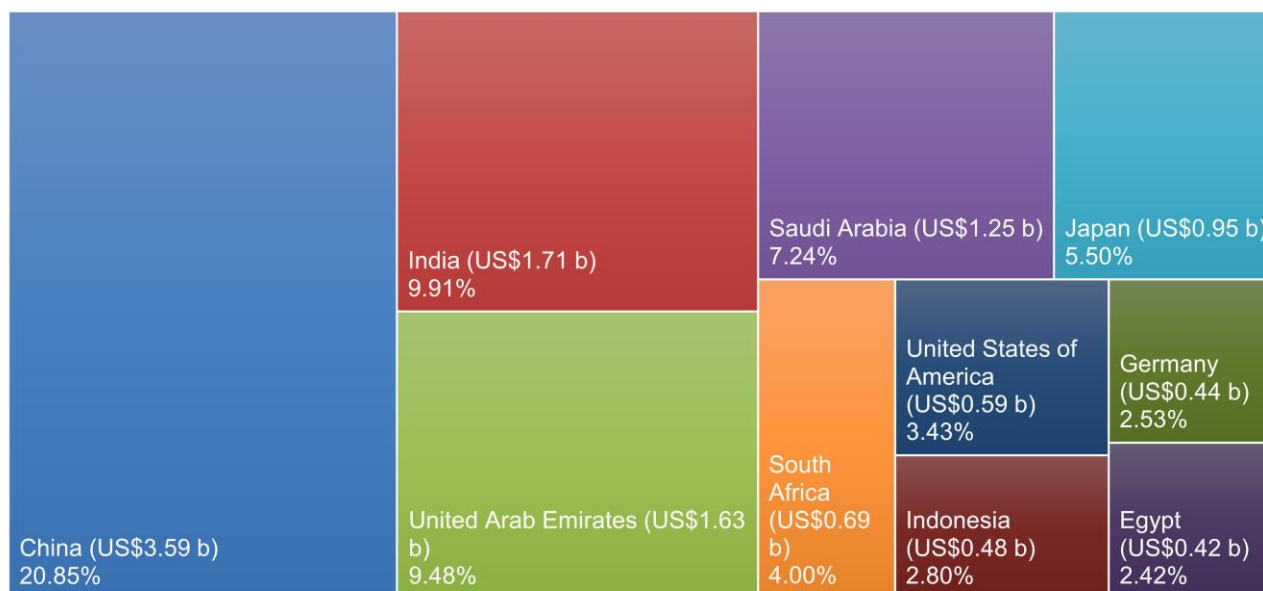
Figure 17: Top 10 destination markets for Kenya's export of goods, 2019



Source: Trade Map (2021)

Kenya imports most of its goods from Asia, China being its top import partner since 2013. The top three source markets for Kenya's imports in 2019 were China (20.85%), India (9.91%) and the United Arab Emirates (9.48%). South Africa, the leading source market from Africa, was the 6<sup>th</sup> largest source market for goods imported into Kenya in 2019.

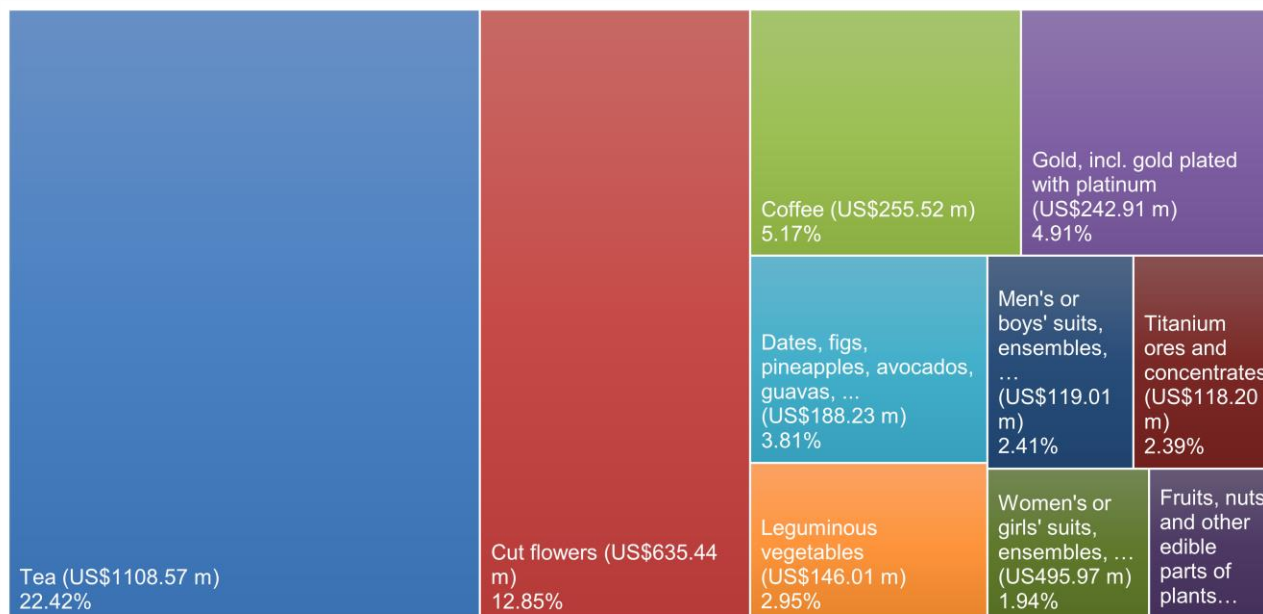
Figure 18: Top 10 sources markets for Kenya's import of goods, 2019



Source: Trade Map (2021)

With trade in services data not available, agriculture products dominated Kenya's exports in 2020 as Figure 19 depicts. In 2020, tea (which accounted for 22.42% of total goods exports) was Kenya's top exported product. This was followed by cut flowers (12.85%) and coffee (5.17%). In 2017, Transports services and information and communications technology (ICT) were Kenya's top two exports.

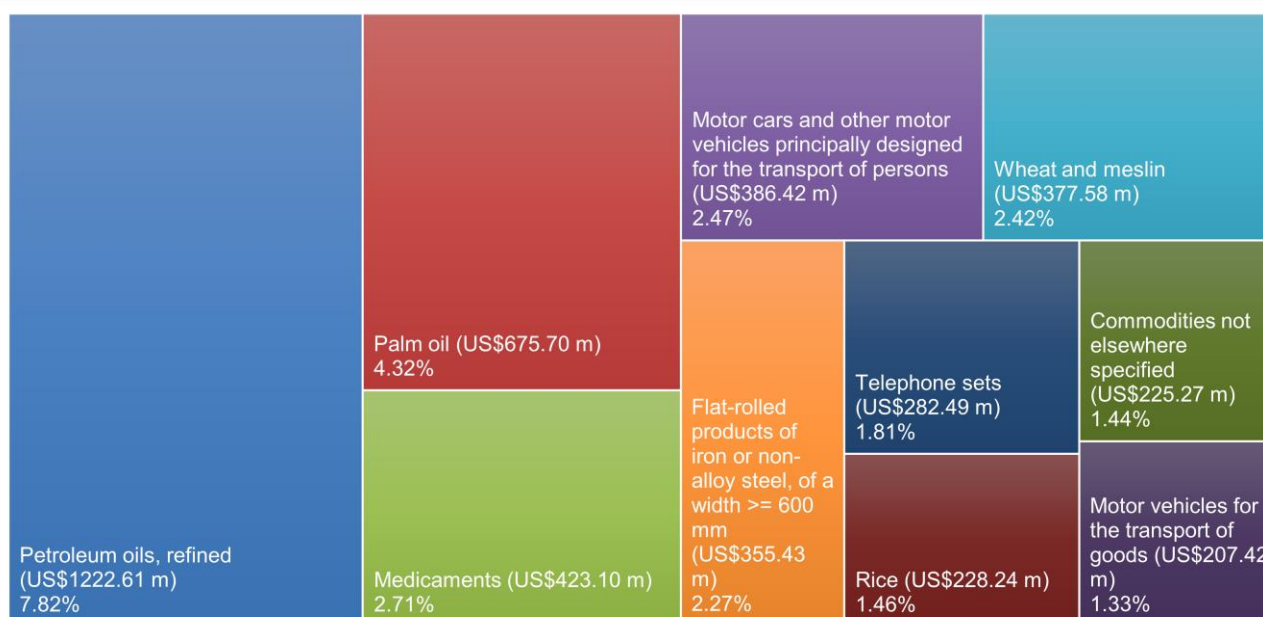
Figure 19: Top 10 products exported by Kenya, 2020



Source: Trade Map (2021)

Refined petroleum oils (with a share of 7.82%) was the leading imported product in Kenya in 2020 as shown in Figure 20. Palm oil (4.32%) and medicaments (2.71%) were ranked second and third respectively in the same year.

Figure 20: Top 10 products imported by Kenya, 2020



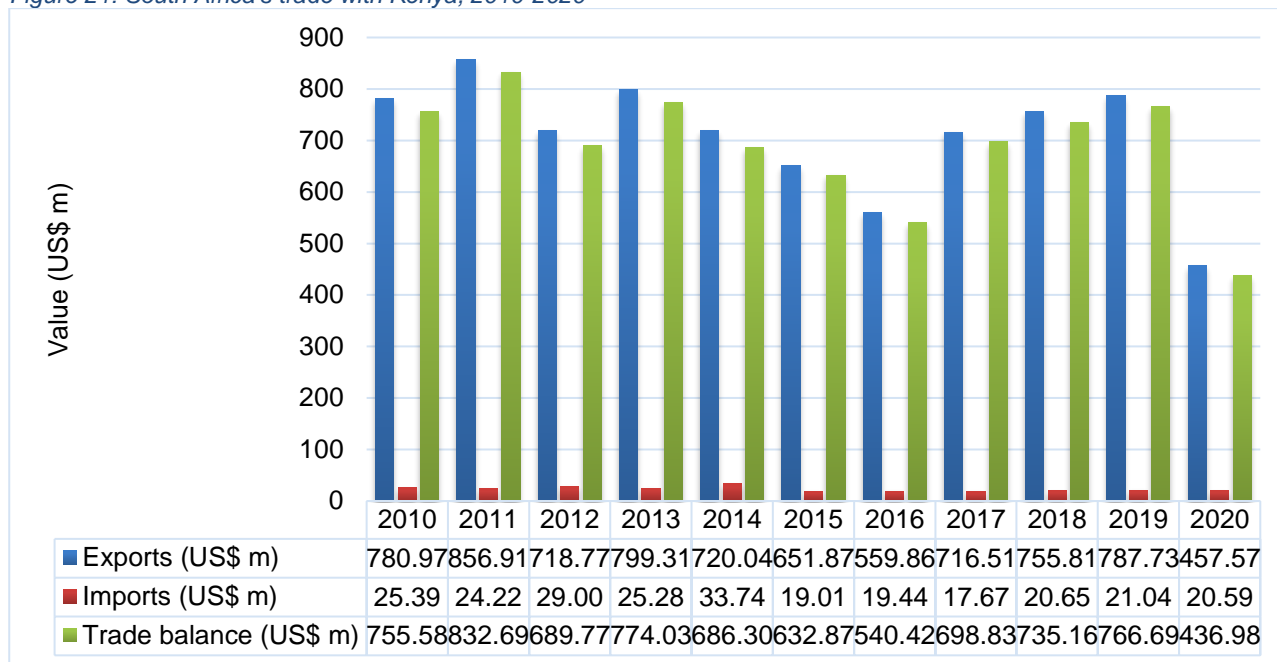
Source: Trade Map (2021)

### 3.3 Trade between Kenya and South Africa

Figure 21 shows trade between South Africa and Kenya from 2010 to 2020. South Africa's exports to Kenya are significantly higher than its imports from the East African country. In 2020, South Africa exported US\$457.57 million worth of goods to Kenya, whereas imports from Kenya to South Africa were valued at US\$20.59 million. As a result of the economic disruption caused by the coronavirus pandemic, South Africa's exports to Kenya declined by 41.9% in 2020 relative to 2019. South Africa also imported 1.9% less goods from Kenya in 2020 compared to the previous year.



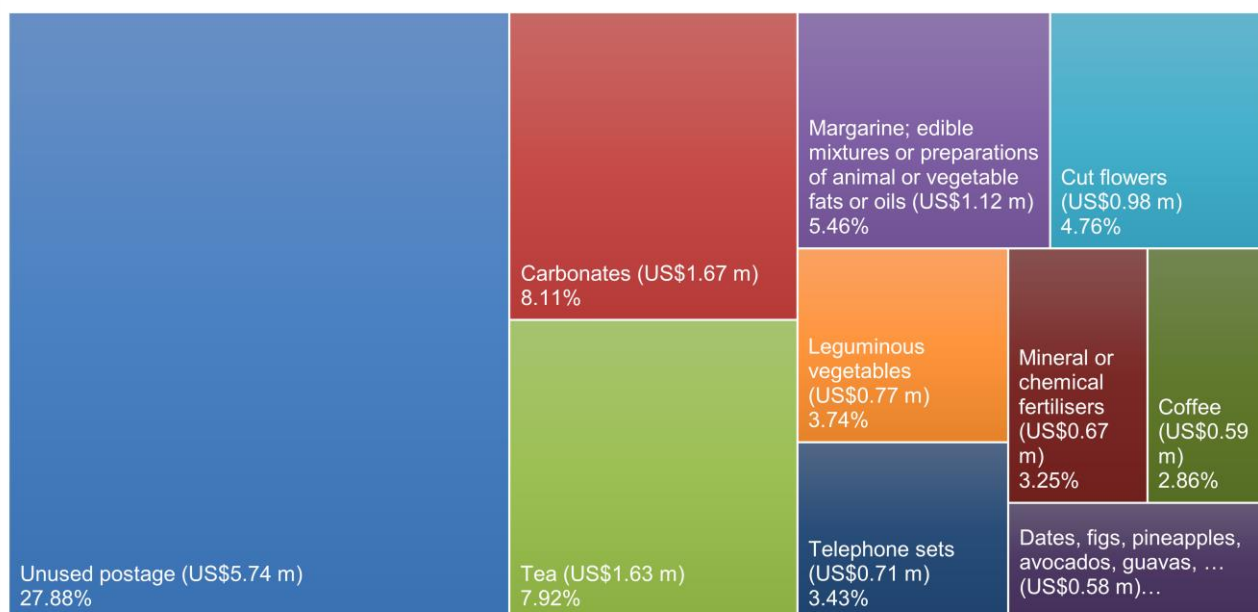
Figure 21: South Africa's trade with Kenya, 2010-2020



Source: Quantec (2021)

Unused postage has been Kenya's top exported to South Africa since 2018. The top three exports from Kenya to South Africa in 2020 were unused postage (27.88%), carbonates (8.11%) and tea (7.92%).

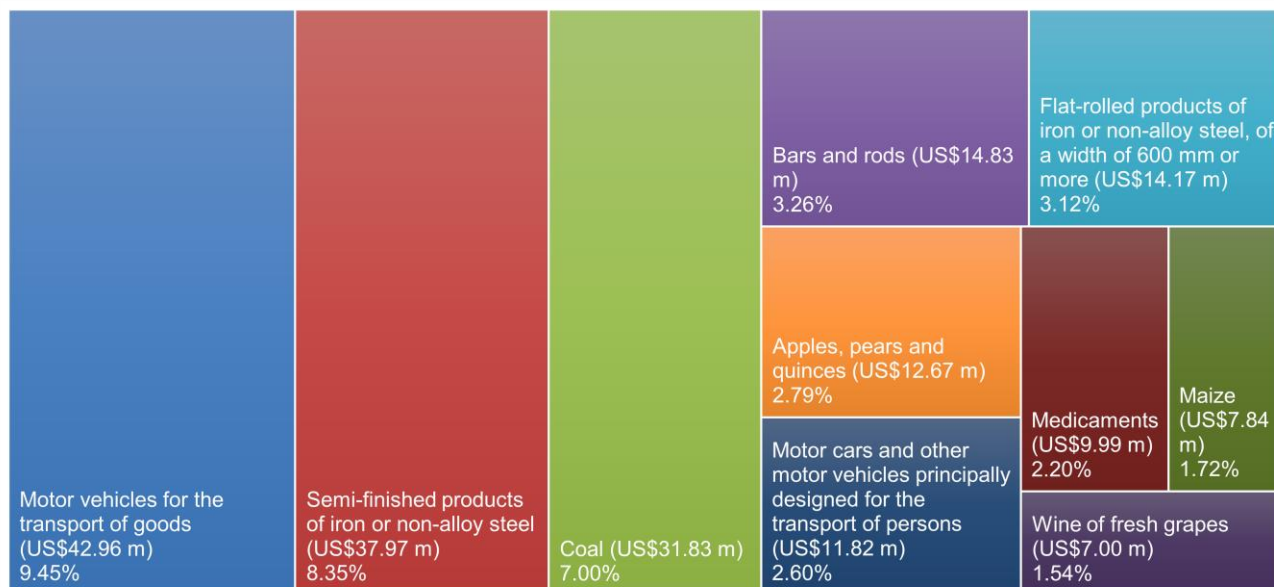
Figure 22: Kenya's top 10 exports to South Africa, 2020



Source: Quantec (2021)

Flat-rolled iron was Kenya's top import from South Africa between 2010 and 2019. However, in 2020, motor vehicles used in transporting goods was the top product exported to Kenya by South Africa as shown in Figure 23. Semifinished products of iron or nonalloy steel (8.35%) and coal (7%) completed the list of the top three products Kenya imported from South Africa in 2018.

Figure 23: Kenya's top 10 imports from South Africa, 2020

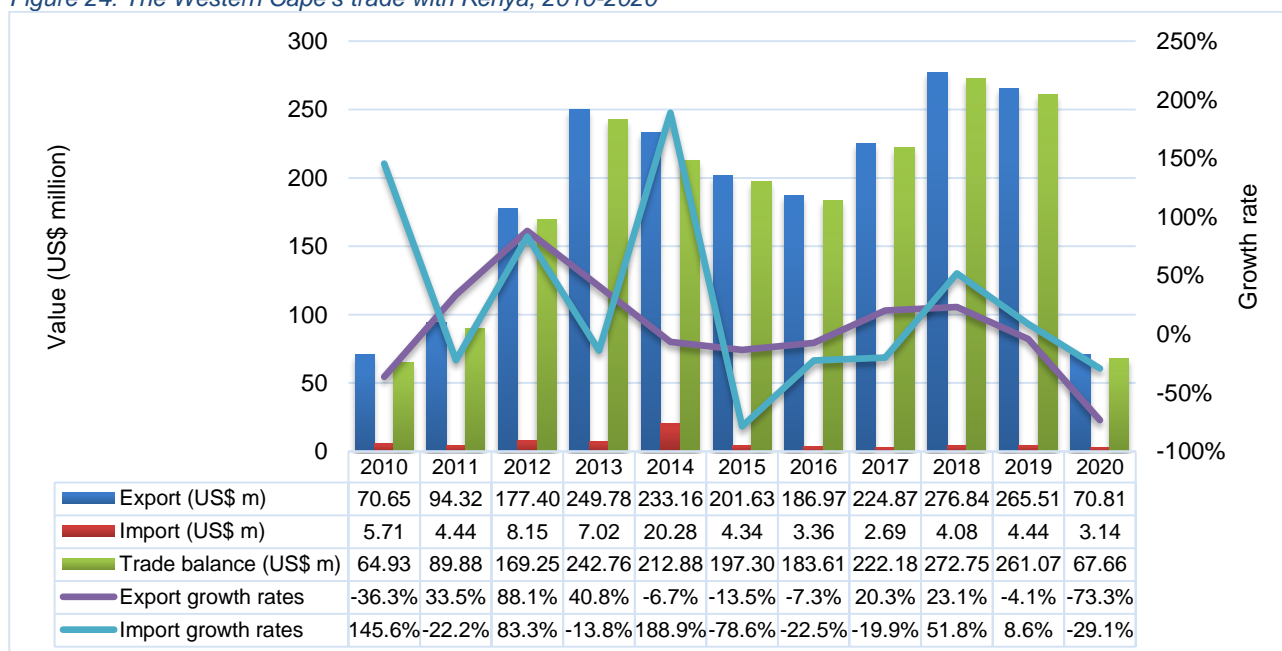


Source: Quantec (2021)

### 3.4 Trade between Kenya and the Western Cape

Figure 24 shows trade flows between the Western Cape and Kenya from 2010 to 2020. The province achieved a positive trade balance with Kenya throughout the period under consideration. Kenya's exports to the Western Cape declined by 29% in 2020, whereas its imports decreased by 73%.

Figure 24: The Western Cape's trade with Kenya, 2010-2020



Source: Quantec (2021)

Flat-rolled products of iron or non-alloy steel has been the Western Cape's leading exported product to Kenya over the past couple of years. It accounted for over 60% of the province's exports to Kenya in both 2018 and 2019. However, the Western Cape's export of flat-rolled products of iron and non-alloy steel declined by 92.3% in 2020, and as a result, fresh apples; pears; and quinces (with a share of 16.76%) were the top products exported by the Western Cape to Kenya in that year. Flat-rolled products of iron and non-alloy steel (15.95%) and wine of fresh grape (9.49%) were the second and third largest exports to Kenya.



Figure 25: Top 10 exported products from the Western Cape to Kenya, 2020

	Value (US\$ m)	Share (%)	% growth (2016-2020)
Apples, pears and quinces, fresh	11.87	16.76	8.96
Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated	11.29	15.95	-10.51
Wine of fresh grapes, including fortified wines; grape must	6.72	9.49	3.86
Semi-finished products of iron or non-alloy steel	4.25	6.01	299.77
Motor cars and other motor vehicles principally designed for the transport of persons, including station wagons and racing cars	3.44	4.85	337.49
Seeds, fruit and spores, of a kind used for sowing	2.33	3.29	18.8
Citrus fruit, fresh or dried	2.21	3.12	19
Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries	1.64	2.32	32.04
Grapes, fresh or dried	1.39	1.96	23.5
Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol.; spirits, liqueurs and other spirituous beverages	1.36	1.93	3.2

Source: Quantec (2021)

The top three imported products into the Western Cape from Kenya in 2020, as shown in Figure 26, were leguminous vegetables (20.9%); mineral or chemical fertilisers (20.8%); and unmanufactured tobacco (14.2%).

Figure 26: Top 10 products imported from Kenya to the Western Cape, 2020

	Value (US\$)	Share (%)	% growth (2016-2020)
Leguminous vegetables, shelled or unshelled, fresh or chilled	656,620.78	20.89	16.76
Mineral or chemical fertilisers containing two or three of the fertilising elements nitrogen, phosphorus and potassium; other fertilisers	654,563.68	20.82	29.99
Unmanufactured tobacco; tobacco refuse	445,426.6	14.17	23,099.02
Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes	315,827.66	10.05	120.12
Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas	162,531.79	5.17	123.85
Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics	127,835.91	4.07	17.01
Colouring matter of vegetable or animal origin; preparations as specified in Note 3 to this Chapter based on colouring matter of vegetable or animal origin	89,419.23	2.84	830.14
Coffee; coffee husks and skins; coffee substitutes containing coffee in any proportion	77,436.37	2.46	150.57
Video game consoles and machines, articles for funfair, table or parlour games	62,981.03	2	4.16
Other live plants (including their roots), cuttings and slips; mushroom spawn	62,520.73	1.99	21.46

Source: Quantec (2021)

### 3.5 Travel distance and time from Cape Town to the major ports in Kenya

Table 2 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.

Table 2: Transit time from Cape Town port to major ports in Kenya

Port	Distance	Days at sea
Mombasa	2 777 nm	11.6
Lamu	2 834 nm	11.8
Malindi	2 800 nm	11.7

Source: Ports.com (2021) **Note:** Speed = 10 knots

### 3.6 Trade Agreements between South Africa and Kenya

There are no bilateral trade agreements between South Africa and Kenya. The two countries are members of the tripartite free trade agreement comprising of the Common Market for East Africa and Southern Africa (COMESA), the Southern Africa Development Community (SADC) and the East African Community (EAC). Trade between the two countries are levied most-favoured-nation (MFN) tariff duties.

Tariffs imposed on South African exports to Kenya in 2020 are contained in Table 3 below. The highest tariff of 67% was imposed on sugars and sugar confectionary. 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.

### 3.7 Trade regulations and 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.

All products imported into Kenya are required to be labelled in English and/or Kiswahili. Batch numbers and date of expiry and/or date of production should be indicated on packaged goods. Goods such as condensed milk, paints, varnishes, vegetables, butter, and tobacco products require special labelling. Products with a limited shelf life are required to have more than three-quarters of their shelf life remaining when they arrive in the country. 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.

### 3.8 AfCFTA status

The Africa Continental Free Trade Agreement, which came into effect in 1 January 2021, has been signed by 54 member countries. Kenya is one of the 36 member countries that have ratified AfCFTA. The country started developing its national strategy in 2019. The strategy identifies key products, services, and markets to be prioritised. On March 5, 2021, Kenyan stakeholders concluded a national review of its strategy, and incorporated new topics:

- E-commerce
- Climate change
- Covid-19

Table 3: Equivalent ad valorem tariff applied by Kenya on imports from South Africa, 2020

Products	Tariff	Products	Tariff
Live animals	8	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, ...	4
Meat and edible meat offal	25	Silk	25
Fish and crustaceans, molluscs and other aquatic invertebrates	25	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	12
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	53	Cotton	17
Products of animal origin, not elsewhere specified or included	22	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	18
Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	8	Man-made filaments; strip and the like of man-made textile materials	20
Edible vegetables and certain roots and tubers	25	Man-made staple fibres	14
Edible fruit and nuts; peel of citrus fruit or melons	25	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	17
Coffee, tea, maté and spices	25	Carpets and other textile floor coverings	25
Cereals	23	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	25
Products of the milling industry; malt; starches; inulin; wheat gluten	34	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable ...	10
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	5	Knitted or crocheted fabrics	35
Lac; gums, resins and other vegetable saps and extracts	0	Articles of apparel and clothing accessories, knitted or crocheted	35
Vegetable plaiting materials; vegetable products not elsewhere specified or included	10	Articles of apparel and clothing accessories, not knitted or crocheted	25
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	21	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	31
Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	25	Footwear, gaiters and the like; parts of such articles	25
Sugars and sugar confectionery	67	Headgear and parts thereof	18
Cocoa and cocoa preparations	12	Umbrellas, sun umbrellas, walking sticks, seat-sticks, whips, riding-crops and parts thereof	24
Preparations of cereals, flour, starch or milk; pastrycooks' products	21	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles ...	25
Preparations of vegetables, fruit, nuts or other parts of plants	25	Articles of stone, plaster, cement, asbestos, mica or similar materials	23
Miscellaneous edible preparations	15	Ceramic products	16
Beverages, spirits and vinegar	25	Glass and glassware	18
Residues and waste from the food industries; prepared animal fodder	9	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	25
Tobacco and manufactured tobacco substitutes	27	Iron and steel	15
Salt; sulphur; earths and stone; plastering materials, lime and cement	17	Articles of iron or steel	21
Ores, slag and ash	0	Copper and articles thereof	4
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	1	Nickel and articles thereof	0
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	1	Aluminium and articles thereof	15
Organic chemicals	0	Lead and articles thereof	4
Pharmaceutical products	0	Zinc and articles thereof	1
Fertilisers	0	Tin and articles thereof	4
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	11	Other base metals; cermets; articles thereof	0
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	18	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	11
Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ...	20	Miscellaneous articles of base metal	17
Albuminoid substances; modified starches; glues; enzymes	14	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	4
Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	22	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	8
Photographic or cinematographic goods	8	Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures ...	0
Miscellaneous chemical products	2	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	15
Plastics and articles thereof	9	Aircraft, spacecraft, and parts thereof	0
Rubber and articles thereof	13	Ships, boats and floating structures	3
Raw hides and skins (other than furskins) and leather	10	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	1
Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles ...	25	Clocks and watches and parts thereof	25
Furskins and artificial fur; manufactures thereof	17	Musical instruments; parts and accessories of such articles	10
Wood and articles of wood; wood charcoal	19	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	26
Cork and articles of cork	10	Toys, games and sports requisites; parts and accessories thereof	25
Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	25	Miscellaneous manufactured articles	20
Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or ...	0	Works of art, collectors' pieces and antiques	25
Paper and paperboard; articles of paper pulp, of paper or of paperboard	16		

Source: Trade Map (2021)

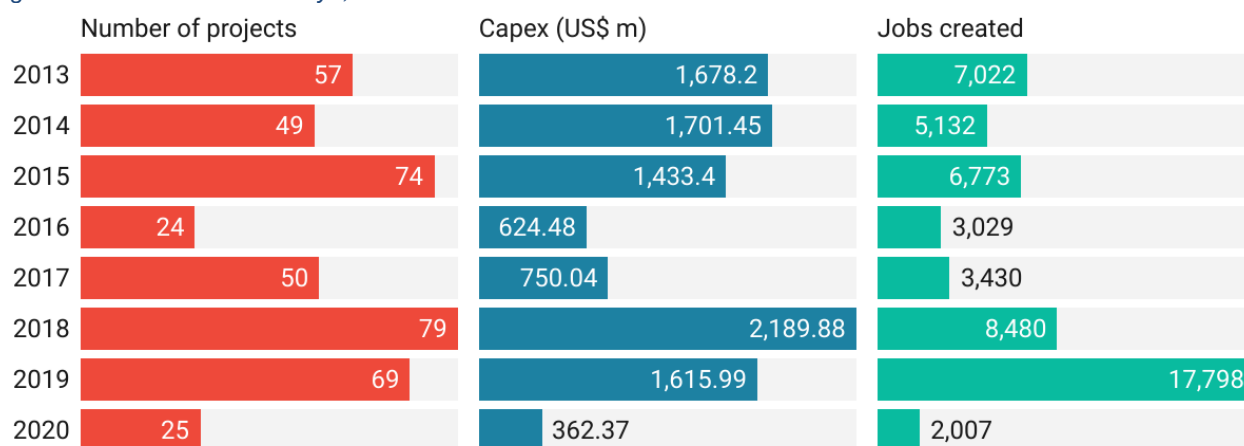
## 4. Foreign Direct Investment

This section highlights inward and outward foreign direct investment (FDI) flows to and from Kenya between 2013 and 2020.

### 4.1 Inward FDI into Kenya

A total of 427 inward FDI projects were recorded by Kenya between 2013 and 2020. These projects generated a total capital investment of US\$10.36 billion and created 53 671 jobs. Both highest number of projects and the largest amount of capex were recorded in 2018, whereas 2019 generated the highest number of jobs from FDI as shown in Figure 27.

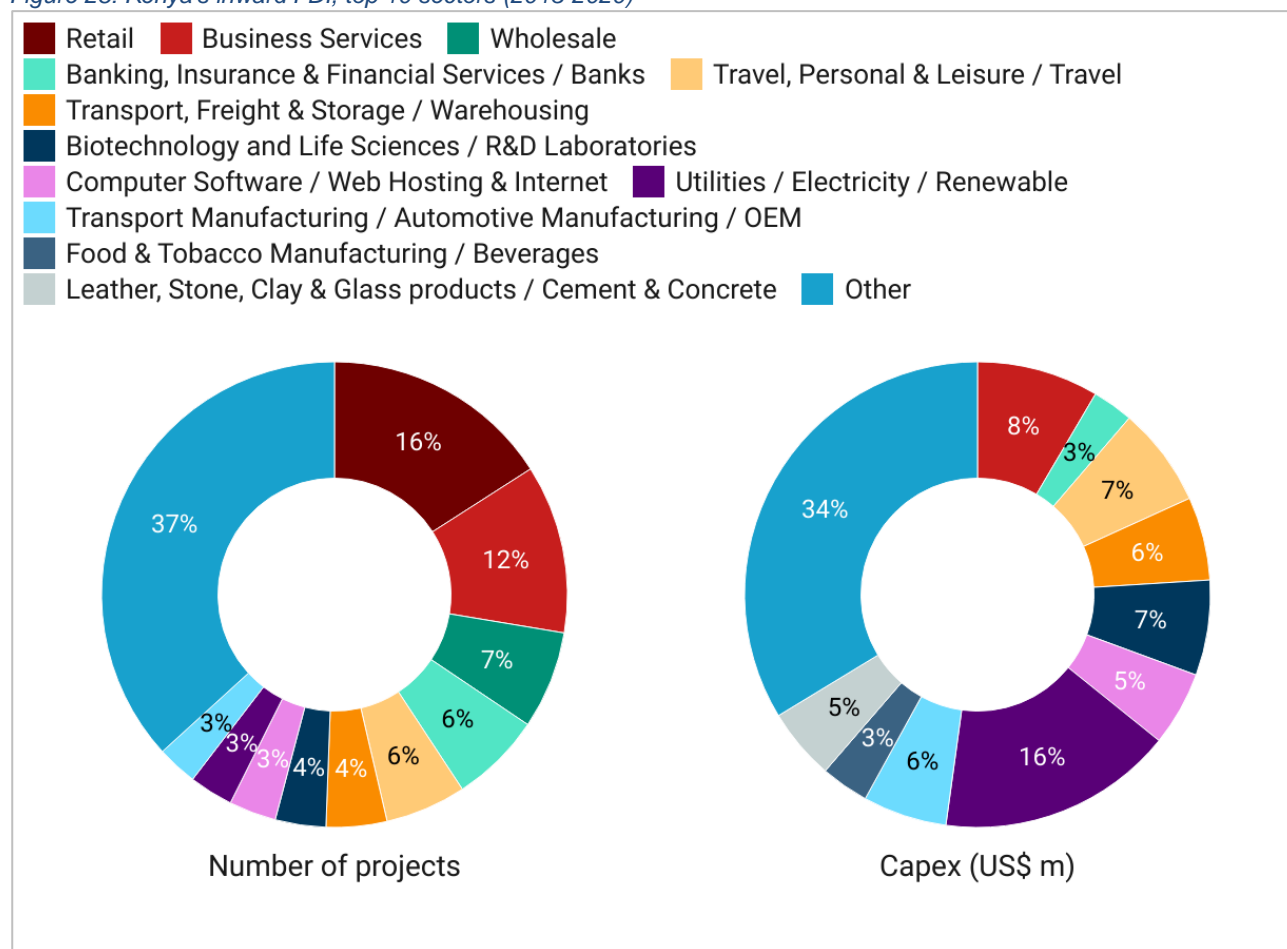
Figure 27: Inward FDI into Kenya, 2013-2020



Source: BVD (2021)

The sector that recorded the highest number of FDI projects into Kenya was retail (16%), followed by business services (12%), and wholesale (7%). Moreover, the top two sectors with the largest amount of capex were utilities, electricity, and renewables (16%); and business services.

Figure 28: Kenya's inward FDI, top 10 sectors (2013-2020)



Source: BVD (2021)

A significant proportion of Kenya's inward FDI originates from Western Europe as well as North America. The United States of America and the United Kingdom were the top two source markets for inward FDI into Kenya between 2013 and 2020 in terms of both the number of FDI projects and capex. South Africa, the only Africa country in the top ten ranking, was Kenya's third source market in terms of the number of FDI projects and eighth in relation to the amount of capex.

Table 4: Top 10 source markets for inward FDI into Kenya, 2013-2020

By project				By capex			
Rank	Country	Number of projects	Share	Rank	Country	Capex (US\$ m)	Share
1	United States of America	86	20.14%	1	United States of America	1898.42	18.33%
2	United Kingdom	44	10.30%	2	United Kingdom	1678.88	16.21%
3	South Africa	29	6.79%	3	Japan	897.22	8.66%
4	Germany	28	6.56%	4	China	672.45	6.49%
5	France	25	5.85%	5	France	620.46	5.99%
6	China	24	5.62%	6	Germany	512.78	4.95%
7	Japan	24	5.62%	7	Guernsey	509.91	4.92%
8	India	18	4.22%	8	South Africa	402.00	3.88%
9	United Arab Emirates	15	3.51%	9	Panama	400.00	3.86%
10	Switzerland	12	2.81%	10	Mauritius	378.19	3.65%
	Other	122	28.57%		Other	2385.51	23.04%
	<b>Total</b>	<b>427</b>	<b>100%</b>		<b>Total</b>	<b>10355.82</b>	<b>100%</b>

Source: BVD (2021)

Old Mutual plc (nine projects); Choppies Enterprises Ltd (six projects); and Ingredion Inc. (six projects) were the top three investing companies for Kenya between 2013 and 2020. A South African company, Shoprite Holdings Ltd, was ranked in the top ten.

Table 5: Top ten investors for Kenya, by project (2013-2020)

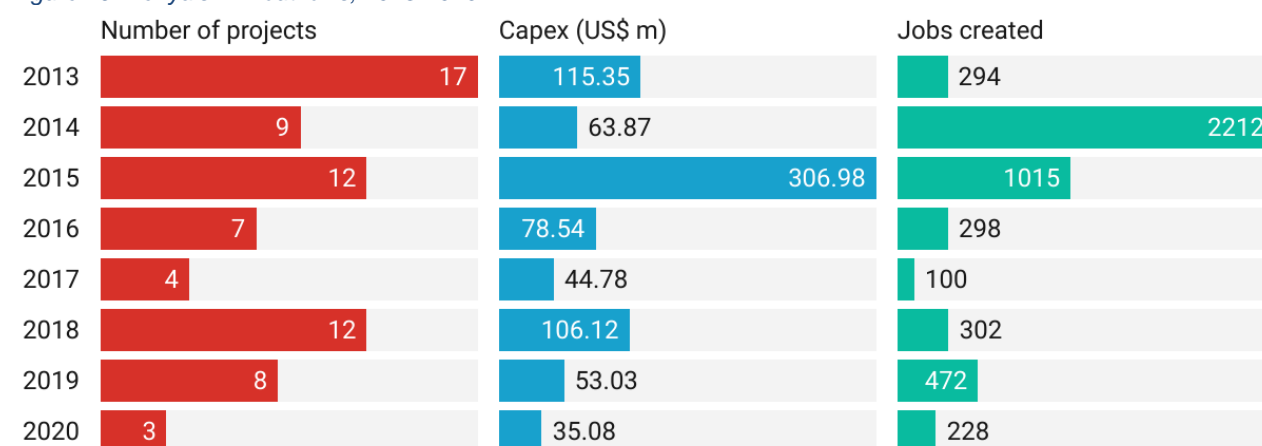
Rank	Company name	Country	Number of projects	Capex (US\$ m)	Jobs created
1	Old Mutual plc	United Kingdom	9	100.55	225
2	Choppies Enterprises Ltd	Botswana	6	37.15	300
3	Ingredion Inc.	United States of America	6	108.89	86
4	Accor SA	France	4	90.68	400
5	Beiqi Foton Motor Co., Ltd	China	4	76.06	758
6	Bharti Airtel Ltd	India	4	29.50	200
7	Glovoapp23 SL	Spain	4	66.95	126
8	Lc Waikiki Magazacilik Hizmetleri Tic AS	Turkey	4	5.25	54
9	Shoprite Holdings Ltd	South Africa	4	20.25	215
10	Radisson Hospitality Inc.	United States of America	3	23.53	150

Source: BVD (2021)

## 4.2 Outward FDI from Kenya to the rest of the world

Between 2013 and 2020, a total of 72 outward FDI projects were recorded from Kenya, which culminated in a capital expenditure of US\$803.75 million. The highest number of FDI projects, during the period under consideration, was recorded in 2017, whereas the largest amount of capital outflow, in a single year, was made in 2018.

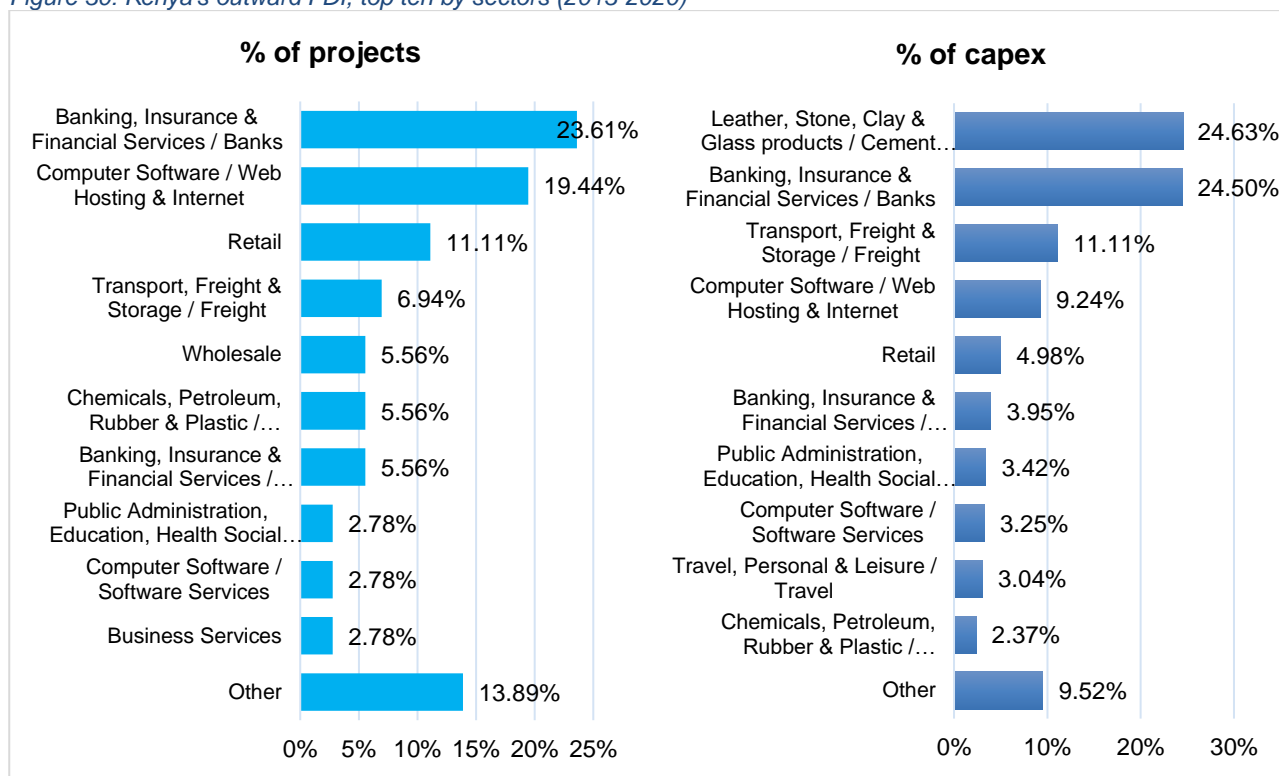
Figure 29: Kenya's FDI outflows, 2013-2020



Source: BVD (2021)

The sector with the highest percentage of Kenya's outward FDI projects was the banking, insurance, and financial services sector (23.6%), followed by computer software, web hosting and internet (19.4%). The top two sectors, in terms of capex, were leather, stone, clay and glass products, cement and concrete (24.6%), and banking, insurance and financial services (24.5%).

Figure 30: Kenya's outward FDI, top ten by sectors (2013-2020)



Source: BVD (2021)

Table 6 shows the destination markets for outward FDI from Kenya between 2013 and 2020. About 91.7% of outward FDI projects and 94.2% of capex from Kenya, during the period under review, were destined for Markets in Africa. Uganda and Tanzania were the top two destination markets for outward FDI from Kenya in terms of both the number of projects and capex.

Table 6: Top ten destination markets for outward FDI from Kenya, 2013-2020

By project				By capex			
Rank	Country	Number of projects	Share	Rank	Country	Capex (US\$ m)	Share
1	Uganda	15	20.83%	1	Uganda	331.04	41.19%
2	Tanzania, United Republic of	12	16.67%	2	Tanzania, United Republic of	111.57	13.88%
3	Rwanda	9	12.50%	3	South Sudan	82.48	10.26%
4	Nigeria	7	9.72%	4	Nigeria	59.47	7.40%
5	South Sudan	6	8.33%	5	Rwanda	49.15	6.11%
6	Ethiopia	3	4.17%	6	Ethiopia	32.44	4.04%
7	Kenya	3	4.17%	7	United States of America	28.45	3.54%
8	United States of America	3	4.17%	8	Kenya	27.39	3.41%
9	Burundi	2	2.78%	9	Congo, Democratic Republic of the	24.41	3.04%
10	Zambia	2	2.78%	10	Somalia	13.17	1.64%
	Other	10	13.89%		Other	44.19	5.50%
	Total	72			Total	803.75	100%

Source: BVD (2021)

As shown in Table 7, Africa's Talking Ltd (with five projects) was the Kenyan company with the highest number of outward FDI projects between 2013 and 2020. Africa's Talking Ltd is a mobile technology company founded in 2010 with its headquarters in Nairobi.



Table 7: Top 10 Kenyan companies investing abroad, by number of projects (2013-2020)

Rank	Company name	Number of projects	Capex (US\$ m)	Jobs created
1	Africa's Talking Ltd	5	10.59	60
2	Co-operative Bank of Kenya Ltd	4	54.26	100
3	Lori Systems Ltd	4	46.27	140
4	Uchumi Supermarkets Ltd	4	n.a.	n.a.
5	Bridge International Academies Ltd	3	40.47	165
6	CROWN PAINTS KENYA LIMITED	3	14.60	2115
7	National Bank of Kenya Ltd	3	39.50	75
8	Craft Silicon Ltd	2	6.80	24
9	East Africa Capital Partners	2	42.96	50
10	Nakumatt Holdings Ltd	2	9.36	100
<b>Total</b>		<b>32</b>	<b>264.80</b>	<b>2829</b>

Source: BVD (2021)

### 4.3 FDI flows between South Africa and Kenya

This sub-section focuses on FDI flows between Kenya and South Africa during the 2013-2020 period. It must be emphasised that there was no FDI recorded from Kenya to South Africa during the period under consideration. Kenya, on the other hand, received a total of 29 FDI projects from South Africa between 2013 and 2020 as shown in Figure 31. These projects generated a total capital expenditure of US\$402 million and created 1 793 jobs in Kenya.

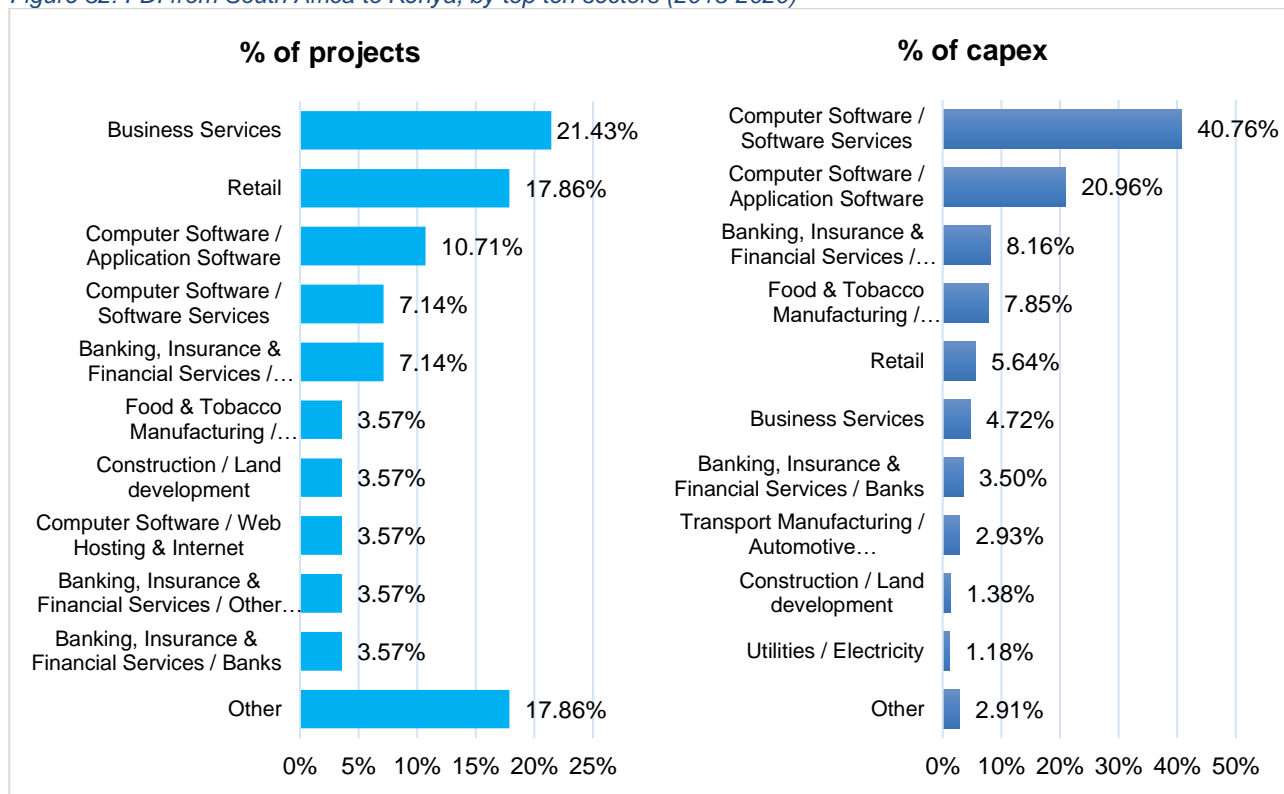
Figure 31: Inward FDI from South Africa to Kenya, 2013-2020

	Number of projects	Capex (US\$ m)	Jobs created
2013	2	158.98	225
2014	4	40.4	142
2015	5	13.06	69
2016	4	46.62	152
2017	4	77.19	236
2018	4	15.19	63
2019	5	47.28	894
2020	1	3.29	12

Source: BVD (2021)

The top three Kenyan sectors that received investment from South Africa between 2013 and 2020, based on the number of projects, were business services (21.4%); retail (17.9%); computer software and application (10.7%). Computer software, software services and application software together accounted for over three-fifths of capex as shown in Figure 32.

Figure 32: FDI from South Africa to Kenya, by top ten sectors (2013-2020)



Source: BVD (2021)

Table 8 contains the list of South African companies that invested in Kenya between 2013 and 2020, with Shoprite Holdings Ltd topping the list.

Table 8: Top 10 South Africa companies investing in Kenya, 2013-2020

Rank	Company name	Number of projects	Capex (US\$ m)	Jobs created
1	Shoprite Holdings Ltd	4	20.25	215
2	AdaptIT Holdings Ltd	1	4.90	1
3	Distell Group Ltd	1	30.00	705
4	Foschini Group Ltd, The	1	1.32	8
5	Imperial Holdings Ltd	1	20.00	84
6	King James Holdings (Pty) Ltd	1	3.29	12
7	Mahindra & Mahindra South Africa (Pty) Ltd	1	11.19	35
8	Naspers Ltd	1	5.36	25
9	PBT Group Ltd	1	1.65	8
10	Standard Bank Group Ltd	1	13.39	25
<b>Total</b>		<b>13</b>	<b>111.35</b>	<b>1118</b>

Source: BVD (2021)

#### 4.4 FDI flows between the Western Cape and Kenya

Between 2014 and 2020, a total of 12 FDI projects were recorded from the Western Cape to Kenya, with a corresponding capex of US\$111.35 million. The highest number of projects were recorded in 2015 and 2018, whereas the largest capital expenditure occurred in 2019 as shown in Figure 33. There is no record of FDI flows from Kenya to the Western Cape during the period under consideration.

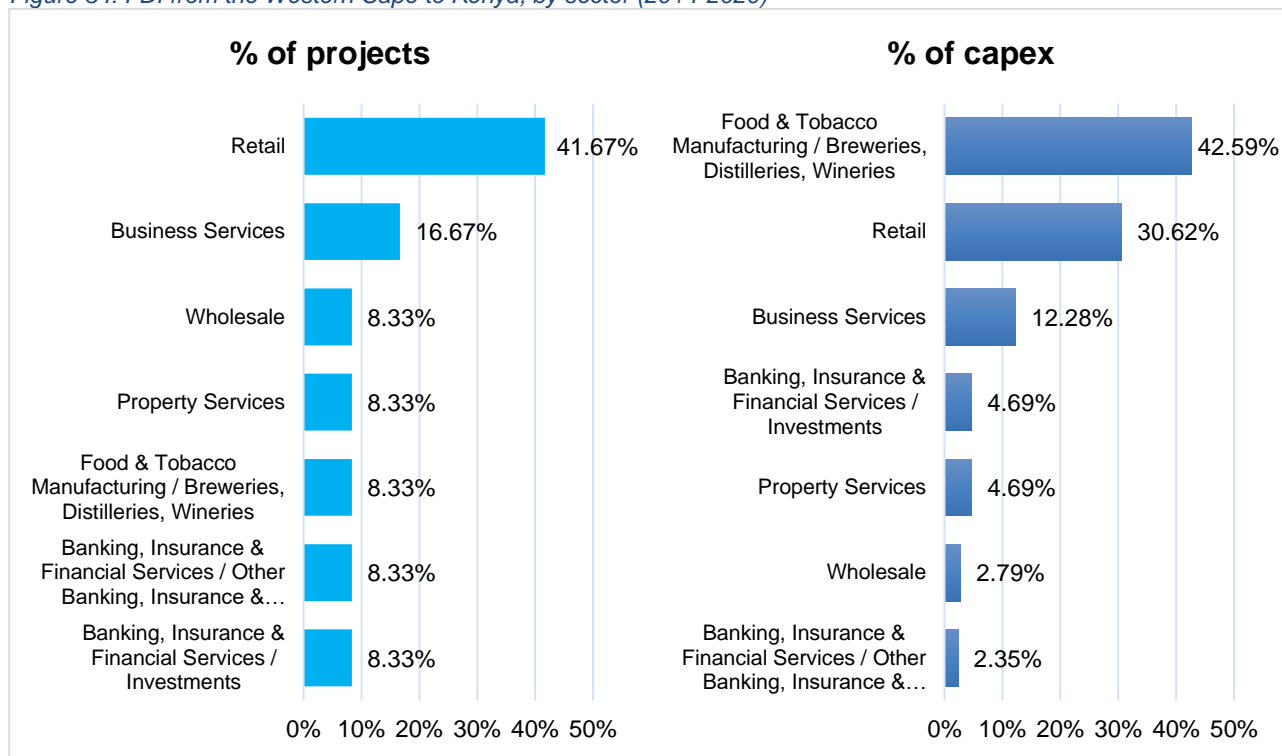
Figure 33: FDI from the Western Cape to Kenya, 2014-2020

	Number of projects	Capex (US\$ m)	Jobs created
2014	2	7.01	33
2015	3	6.58	32
2016	1	3.3	12
2018	2	6.87	50
2019	3	43.38	870
2020	1	3.29	12

Source: BVD (2021)

As shown in Figure 34, approximately 42% of FDI projects undertaken in Kenya by Western Cape companies, between 2014 and 2020, were in the retail sector. On the other hand, the largest amount of capital outflows from the Western Cape to Kenya occurred in the food and tobacco/breweries, distilleries, and wineries sector. The companies from the Western Cape that invested in Kenya during the 2014-2020 period are listed in Table 9.

Figure 34: FDI from the Western Cape to Kenya, by sector (2014-2020)



Source: BVD (2021)

Table 9: Western Cape companies investing in Kenya, 2014-2020

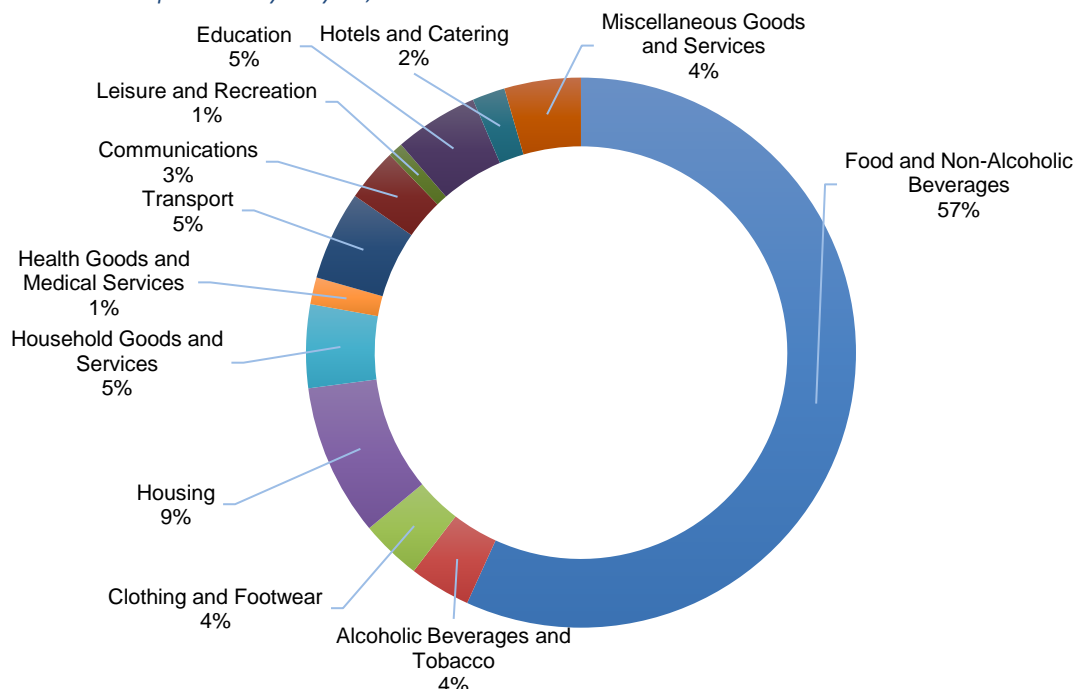
Company name	Number of projects	Capex (US\$ m)	Jobs created
Shoprite Holdings Ltd	4	20.25	215
Distell Group Ltd	1	30.00	705
Foschini Group Ltd, The	1	1.32	8
King James Holdings (Pty) Ltd	1	3.29	12
Naspers Ltd	1	5.36	25
PBT Group Ltd	1	1.65	8
<b>Total</b>	<b>9</b>	<b>61.87</b>	<b>973</b>

Source: BVD (2021)

## 5. Consumer insights

Consumer spending in Kenya increased by 4.4% in 2019 (Standard Bank, 2020). Consumer expenditure remains largely on low-value and high-volume items. In 2019, food and non-alcoholic beverages accounted for 57% of total consumer expenditure.

Table 10: Consumer expenditure by Kenyans, 2019



Source: Euromonitor (2021)

Table 11 contains the top five most purchased Fast-Moving Consumer Goods (FMCG) in Kenya across different age cohort based on a survey by GeoPoll in March 2020. Toothpaste is the top most purchased item across all age groups.

Table 11: Top five most purchased FMCG items in the last 30 days

Rating	Kenyan 15-24		Kenyan 15-24		Kenyan 15-24	
	FMCG Item	% purchased	FMCG Item	% purchased	FMCG Item	% purchased
1	Toothpaste	90%	Toothpaste	86%	Toothpaste	93%
2	Bread	77%	Bread	78%	Bread	81%
3	Body soap	66%	Laundry soap	74%	Laundry soap	81%
4	Laundry soap	66%	Body soap	71%	Body soap	72%
5	Meat	64%	Meat	64%	Meat	66%

Source: GeoPoll (2020)

Although Kenyan consumers are regarded as price-aware and brand loyal, their justification for paying higher prices is quality products (GeoPoll, 2020). As can be seen from Figure 35, quality is the factor that is most important to the Kenyan consumer, followed by brand and price. Except for beverages, quality is significantly more important to the consumer than price or brand.

Figure 35: The most important factor that influence purchases for FMCG product categories



Source: GeoPoll (2020)

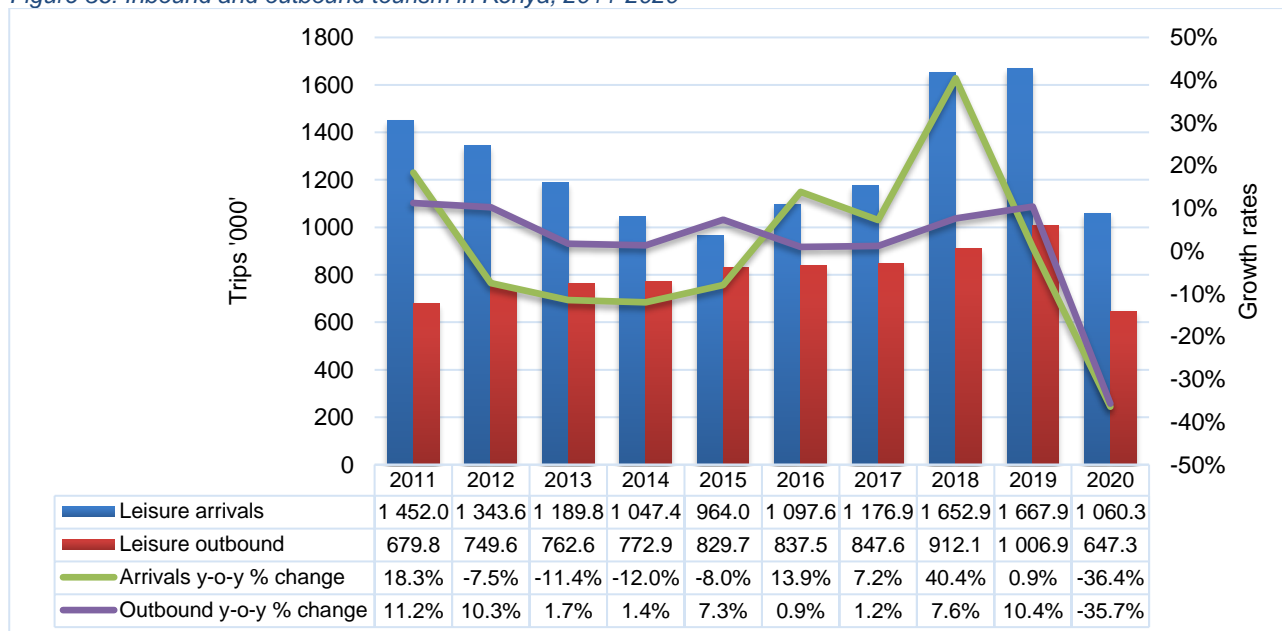
## 6. Tourism insights

This section provides tourism insights on Kenya by looking at leisure arrivals and leisure outbound in the country as well as Kenyan tourist arrivals in the Western Cape.

### 6.1 Tourism trends in Kenya

Leisure arrivals in Kenya witnessed a 40% increase in 2018. However, in 2019, leisure arrivals only increased by 0.9%. It declined by 36% in 2020 due to the impact of the coronavirus pandemic on the tourism sector across the global. Outbound tourism also decreased by approximately 36% in 2020.

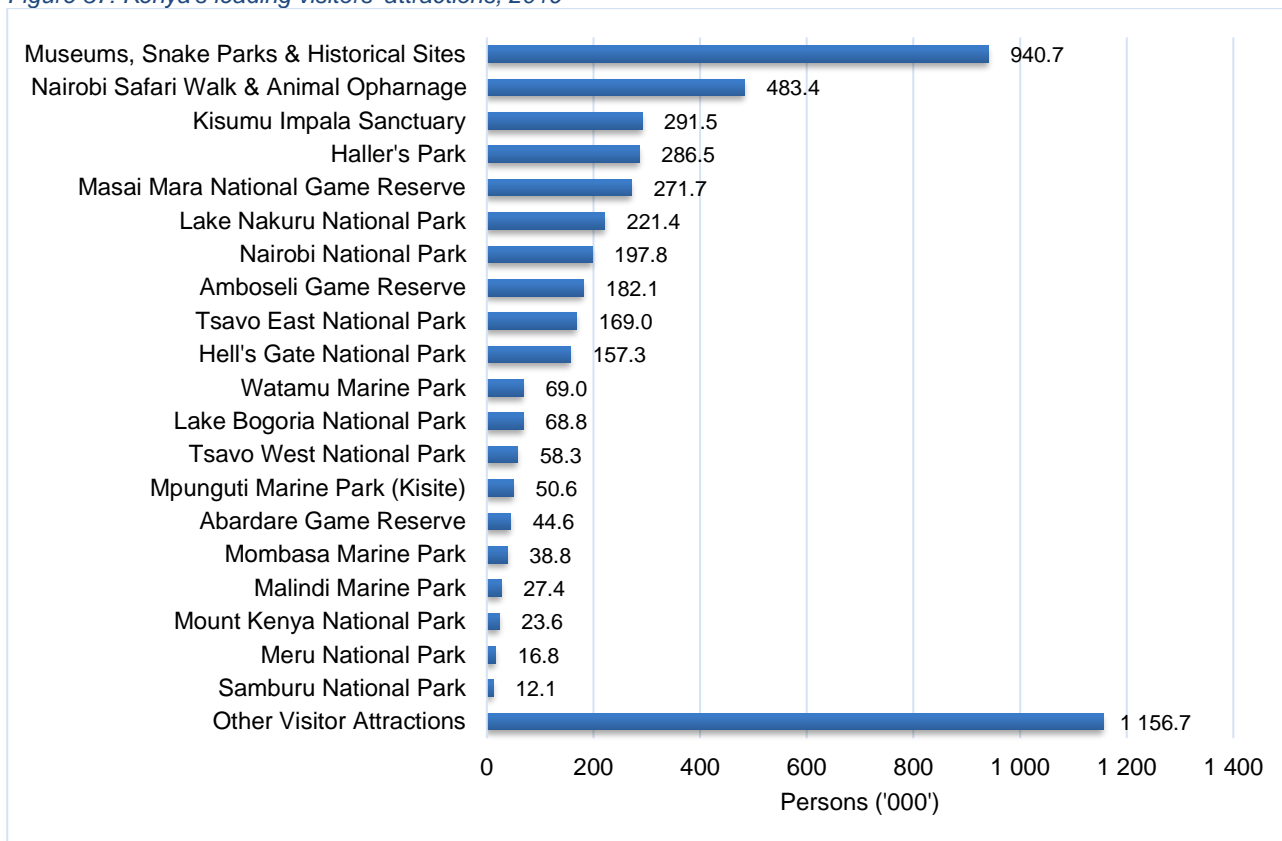
Figure 36: Inbound and outbound tourism in Kenya, 2011-2020



Source: Euromonitor (2021)

As shown in Figure 37, museums, snake parks and historical were the most patronised attractions by visitors to Kenya in 2019, followed by Nairobi Safari Walk and Animal Orphanage; Kisumu Impala Sanctuary; and Haller's Park.

Figure 37: Kenya's leading visitors' attractions, 2019

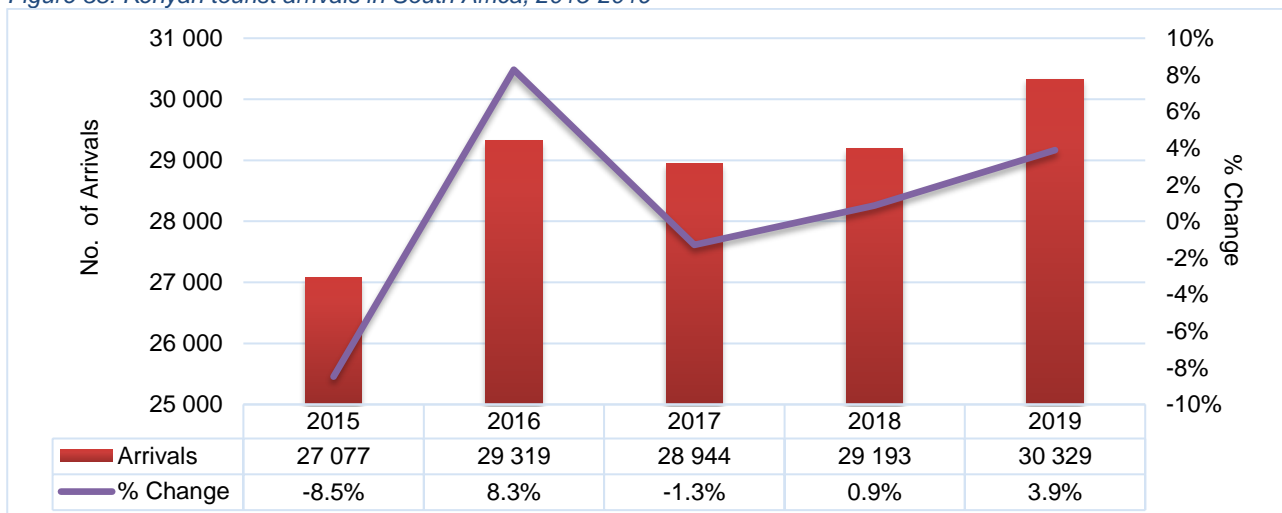


Source: Euromonitor (2021)

## 6.2 Kenyan tourist arrivals in South Africa and the Western Cape

After a 1.3% decline in 2017, the number of Kenyan visitors to South Africa increased by 3.9% to 30 329 in 2019 as shown in Figure 38. Most of them cited meetings, incentives, conference and events are the purpose for their visit.

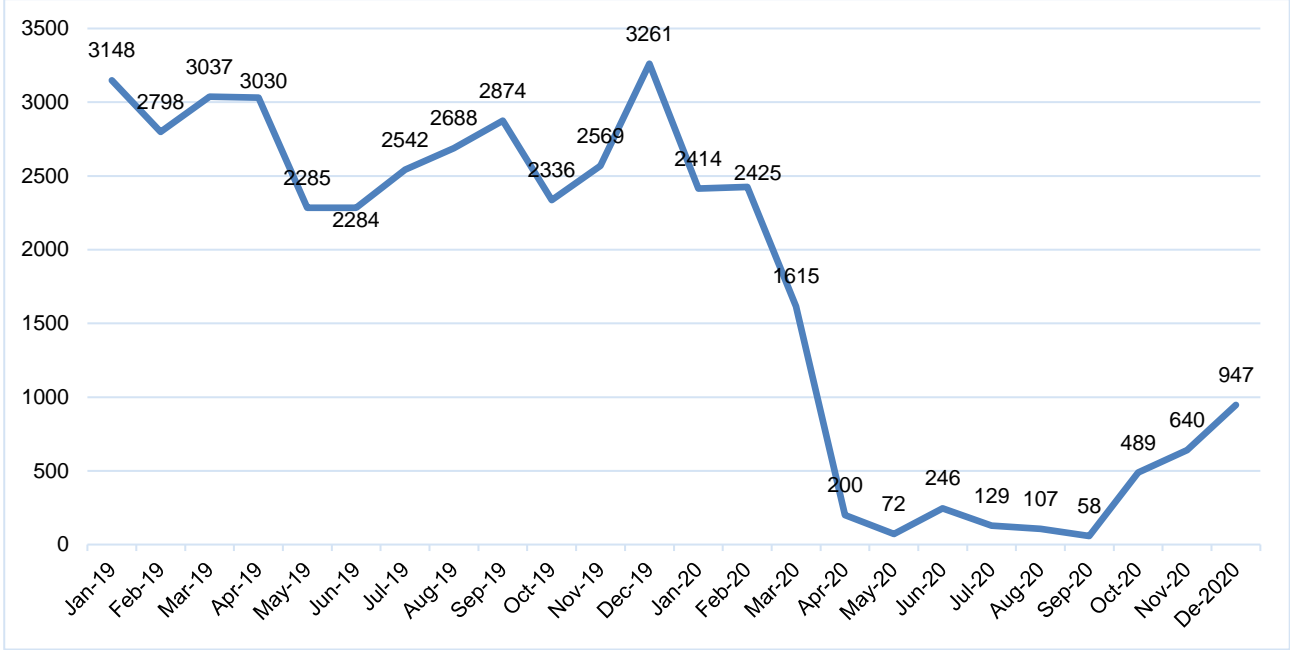
Figure 38: Kenyan tourist arrivals in South Africa, 2015-2019



Source: SATourism (2021)

Figure 39 shows the arrival of Kenyan passengers to Cape Town International Airport from January 2019 to December 2020. As expected, there was a significant decline in the number of Kenyans arriving in Cape Town in 2020, in particular between April and September, due to lockdown regulations aimed at reducing the spread of Covid-19.

Figure 39: Kenyan Passenger movement through Cape Town International Airport, Jan 2019-Dec 2020



Source: SATourism (2021)

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