PROMOTING JAPANESE INVESTMENTS TO KENYA

Presentation at UNIDO TICAD V Side Event: Investment and Technology Promotion in Africa: Case Studies

Dr. Moses Ikiara, PhD, MBS

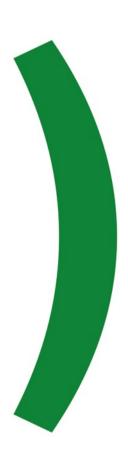
Managing Director

Kenya Investment Authority (KenInvest)

June 2, 2013, Yokohama, Japan

PRESENTATION STRUCTURE

- Japanese Investments in Kenya
- Why Kenya is Attracting Japanese Investments
- Investment Incentives
- Investment Guarantees
- Lessons Learned
- Useful Contacts



JAPANESE INVESTMENTS IN KENYA

TRADING

- Mitsubishi Corporation (1968)
- Marubeni Corporation (1961)
- Itochu Corporation (1961)
- Sumitomo Corporation (1970)
- Mitsui & Co. Europe Plc (2011)
- Toyota Tsusho Africa (2002)

Manufacturing

- Toyota Kenya (Toyota E A Ltd (1999)
- Honda Motors (2011)
- Honda Motorcycle Kenya Ltd (2013)
- JKUAT Nissin Foods Ltd (2013)

Sales

- Toyotsu Auto Mart Kenya Ltd (2010)
- Carview Corporation (2013)

Communication

NEC Africa (Pty) Ltd (2011)

Construction

- Komatsu Ltd (1980)
- Nippon Koei (1984)
- Konoike Construction Co. Ltd (1985)
- Zenitaka Corporation (1999)
- Tone Engineering Corporation (2008)
- Toyo Construction Co. Ltd (2011)
- Nippon Corporation (2011)
- Kitano Construction Corp (2012)

JAPANESE INVESTMENTS IN KENYA

Tourism

- H.I.S. Kenya Ltd (2012)
- DoDoWorld Kenya Ltd (1982)
- White Lion Safaris Ltd (1994)
- Mpata Investments Ltd (1990)

Others

- Organic Solutions Ltd (2005)
- Environment Technology Africa Ltd (2011)

New Investments under Consideration

 Pharmaceutical, Logistics, Sanitary Facilities, etc.

Key Investments

 Road Construction, Mombasa Port Expansion Project, Olkaria Geothermal Projects, Motor Vehicles/Motorcycles Assembling, etc.

WHY KENYA IS ATTRACTING JAPANESE INVESTMENTS

1. A regional powerhouse

- Strong fundamentals: high returns to investment in most sectors
- Commercial centre of the East African Community;
- A business and financial centre, transport hub and a regional base for investors;
- Nairobi is among the 25 African cities identified as growth frontiers by the 2013 report of the Economist Intelligence Unit;
- Kenya is the 2nd best performer in the MSCI frontier stock market index for 2013, behind United Arab Emirates;
- High rate of economic growth and thus growth in incomes and the size of the middle class.
- Supported by promising economic reforms.

WHY KENYA IS ATTRACTING JAPANESE INVESTMENTS

2. A welcoming environment

- Government views private sector as engine of growth;
- KenInvest to facilitate investors;
- Improving regulatory framework;
- Improved governance through a modern and a progressive Constitution (2010) that has devolved governance to 47 Counties; Unprecedented success in 2013 elections.
- A fully liberalized economy without exchange and price controls;
- The most developed stock market in the Eastern and Central African region i.e. the Nairobi Securities Exchange;
- Enactment of the Public Private Partnership Act 2013 that came into effect on 8th February 2013;and
- High human skills and a very innovative environment.

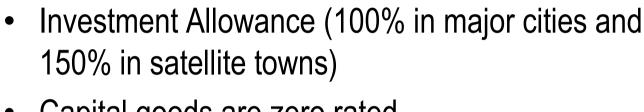


WHY KENYA IS ATTRACTING JAPANESE INVESTMENTS

3. Diversified opportunities

- Transformative Vision 2030 with many investment opportunities
- Investment opportunities in all sectors of the economy due to its diversified nature;
- Recent oil and mineral finds: 2 oil and 2 gas discoveries; great mining potential (titanium, coal, iron ore, gold, niobium, rare earths);
- Package of incentives offered to investors.
- Kenyans love Toyota! And many other Japanese products

Incentives



- Capital goods are zero rated
- Duty exemption and VAT waiver for machinery and equipment
- Export Processing Zones programme (Special Economic Zones)
 - -10 year tax holiday
 - -Withholding tax and stamp duty exemption
- Many more promised by the new government that has investment as a key priority

Guarantees...

- ■Kenya Constitution guarantees against expropriation of private property except for purposes of public use or security
- No exchange controls guarantees repatriation of capital, profits and interests.
- Member of the Multi-lateral Investment Guarantee Agency (MIGA), an affiliate of World Bank that insures foreign investments against non-commercial risks.
- Member of the International Centre for Settlement of Investment Disputes (ICSID) which arbitrates cases between foreign investors and host governments.
- Member of Africa Trade Insurance Agency, which insures investors against political and commercial risks.

LESSONS LEARNED

- Innovative ways of investors learning about the investment destination matters: Nissin Foods starting off on research partnership; KenInvest staffer training in Japan.
- Capacity building helps: understanding each other's way of doing business eg UNIDO supported SPX, ITPO Delegate Programs
- Inter-Governmental cooperation even during difficult transitions sends right signals to investors.
- Targeted ODA stimulates investment by helping to establish an attractive climate.

For More Information:

KENYA INVESTMENT AUTHORITY

P. O. Box 55704-00200, NAIROBI, KENYA

Tel: +254 20 221401-4

Mobile: +254 0722205 424

+254 0733601184

Fax: +254 20 243862

Email: info@investmentkenya.com

Website: www.investmentkenya.com