

**TALKING NOTES ON THE SIGNING OF THE AGREEMENT ON THE AVOIDANCE  
OF DOUBLE TAXATION BETWEEN KENYA AND PORTUGAL BY THE CABINET  
SECRETARY FOR THE NATIONAL TREASURY AND PLANNING**

**I. Introduction**

1. The Cabinet Secretary is expected to co-sign the ***Agreement on the Avoidance of Double Taxation (DTA)*** with Maria Centeno, Minister for Finance of Portugal on July 10, 2018 during the Eurafric Forum in Lisbon, Portugal.

2. The main objective of the Agreement on the Avoidance Double Taxation is to eliminate double taxation of income or gains arising in one country and paid to residents of the other country. This creates a conducive environment for investments and trade in goods and services between the countries by removing uncertainties on taxation occasioned by having two different jurisdictions at play. Other benefits include facilitation in tax administration through sharing of information by tax authorities of the two countries thus checking tax evasion.

3. The DTA was negotiated, concluded and initialled by technical officials from both countries July 28, 2017 in Lisbon, Portugal.

**II. Trade and Investments Between Kenya and Portugal**

5. In the year 2017, exports to Portugal were worth Kes.0.48 billion against imports worth Kes. 1.64 billion, representing a trade deficit of Kes.1.16 billion.

6. In 2017, the major exports to Portugal included fruits and nuts and fish while Kenya's major imports from Portugal were automated data processing machines among other products.

7. Kenya Investment Authority has registered and facilitated two investment projects from Portugal in 2018, these are the first companies to be

registered with the Authority, an indication that the Portuguese are looking to invest in Kenya. The proposed capital investment is worth Kes. 2.34 billion in the manufacturing of paint and assembly of motor vehicles.

### III. Kenya's Investment Climate

8. In spite of the challenges we are facing, the Kenyan economy remains one of the diversified and resilient on the Africa continent offering a wide range of lucrative investment opportunities.

9. Kenya's economy is ranked ninth in Africa with an estimated GDP of about 56 billion US Dollars. Over the last five years, Kenya has experienced an average growth rate of about 5.0 percent.

10. The growth is based on expansion in all our leading sectors, which offer lucrative returns to investors, namely agriculture and livestock, tourism, manufacturing, wholesale and retail trade, building and construction, finance, communication and the service sector.

11. The Government is also providing incentives for investments in the other three key areas of the **Agenda Four**, namely Universal Health Care, Affordable Housing and Food and Nutrition.

12. Kenya provides investors with an opportunity to access the East African Community market with a combined population of 143.5 million people and a GDP of 61 billion US Dollars.

13. Kenya is also a member to regional trading blocs of COMESA, as well as a beneficiary Country under the preferential trade enhancing schemes offered by the AGOA legislation of the USA and the ACP-EU Cooperation and various bilateral cooperation agreements.

### IV. Conclusion

I am confident that the signing and eventual implementation of the Agreement will promote and encourage greater flow of investments and trade for the benefit of the two Countries for many years to come.

14. I look forward to even stronger bilateral economic ties between our economies, and to the continued friendship between the people of Portugal and Kenya.

**THANK YOU.**