

REMARKS BY THE CABINET SECRETARY/THE NATIONAL TREASURY, REPUBLIC OF KENYA, MR HENRY K. ROTICH, ON THE OPENING CEREMONY OF KMI-TOTAL MOTOR SHOW 2015 AT THE KENYATTA INTERNATIONAL CONVENTION CENTRE ON SEPTEMBER 18TH 2015

Distinguished Guets

Ladies and Gentlemen

All Protocols observed;

1. It gives me great pleasure to join you this morning to officiate in this and prestigious motor exhibition for Kenya and the wider East Africa region. Allow me at the outset to thank the Kenya Motor Industry Association (KMI) and Total Kenya for extending an invitation to me to grace this occasion. I would also like to congratulate the exhibitors, the sponsors and the organizers of this event for a display that is undoubtedly of a very high standard.

2. At **The National Treasury**, we see the Motor vehicle industry as critical in supporting the growth and transformative agenda that we have been pursuing. This is because the efficiency and performance of road transport is fundamental to economic growth and development. In this regard, the Government is committed to encouraging motor vehicle assembly, support growth of related backward and forward industries, boost secondary market of vehicles and thereby generate additional employment opportunities.

Ladies and Gentlemen

3. Before I proceed further, allow me to briefly highlight some of the economic developments both at the continental level and in Kenya. In Africa, particularly Sub Saharan Africa, economic performance has been robust in recent years despite the adverse performance of the global economy. As you may recall, the continent remained resilient to the global financial crisis of 2008-2009, with a number of African countries registering steady growths in their per capita GDP, thus lifting a good proportion of their population out of poverty.

4. Today, Africa is viewed as a continent of opportunity - the last emerging investment frontier. We see this optimism in the number and diversity of businesses and countries positioning themselves to invest in the continent. It is an optimism based on improved economic management and strong economic growth. Increasingly, this growth is being reflected in economic diversification and investment in the bedrock of successful societies – in education, in health and vital infrastructure.

Ladies and Gentlemen,

5. For us in Kenya, the economy has continued to remain robust registering strong growth of over 5 per cent over the last two years. The strong economic performance in 2014 was achieved despite the incidences of insecurity and terrorism which have affected our tourism sector. This year, we project economic growth of between 6.5 - 7.0 percent, and this will be maintained over the

medium term. We will also continue to safeguard economic stability through sound fiscal and monetary policies and market oriented structural reforms.

6. In my National Budget Statement for the FY 2015/16, I did emphasize the Government's continued focus on implementing the six thematic areas on our Economic Transformation Agenda. These areas are not only critical to addressing the challenges that remain such as high incidence of poverty, unemployment, low agricultural and industrial productivity and insecurity; but will also drive our economy up the value chain to achieve the upper middle income status.

7. As you may be aware, industrialization is a key catalyst for moving agriculture up the value chain and diversifying and growing our export base for a sustained higher shared growth and jobs creation. The Ministry of Industrialization and Enterprise Development is taking the lead on industrial transformation strategy which will optimize the prospects for Kenya's industrialization by supporting local companies based on our comparative advantage and creating conditions for attracting foreign anchor investors. The later will help us secure global markets for our products and enhance technological transfer to help boost our competitiveness.

8. As part of the strategy, the Government will continue to prioritize and facilitate the establishment of industrial and recreational parks and special economic zones. Our industrialization strategy will give priority to assembly industries for motor vehicles, domestic appliances, computers and other parts where we have a comparative advantage.

Ladies and Gentlemen

9. Turning to the agenda of the day, I note with interest that the KMI-Total Motor show is the largest motor show in Sub-Saharan Africa outside South Africa and it is one of the largest events in Kenya. I have been informed that the event features more than 60 companies from the motor industry and allied companies with more than 120 stands, offering a wide range of products.

10. This includes some 400 different new vehicles ranging from motorcycles to huge trucks and including the latest cars and SUVs - insurance, finance, among others and targets a larger real customer audience than any other show of its kind.

11. As you may be aware, since the Kenyan economy was liberalized more than 20 years ago, the vehicle import policy has been driven by the need to redress some huge imbalances. This included the need to make more vehicles more abundantly available, and to make them more affordable, and to bring hitherto elitist mobility to whole new sections of society and small business, and indeed to make space for new entrants in the motor business itself.

12. While these measures have presented challenges to the established formal sector, the policy was intended to challenge entrenched positions and shake up that status quo of performance and value benchmarks. At the same time, I'm very pleased to see that the formal sector is still represented here, and looking very good indeed. That means you have met the challenge. It means you have adapted to the more competitive free market. It means you have improved because the formal motor sector of the "protectionist" years would most certainly not have been able to put on a show like this.

13. On the part of Government, let me say that we are making efforts to create conducive business environment in order to attract and stimulate foreign direct investment in the motor vehicle industry. A number of global automakers are slowly opening in Kenya with an ambition to establish an assembly plant as part of the target to serve the common market of the East African Community that will make it easier for dealers to capture a region of more than 150 million people.

14. In conclusion, you will note that the take-off of the motor vehicle industry went parallel with the relatively economic stability of Kenya which remains robust, supported by strong credit growth and a dynamic investment environment. The enterprise, effort and determination of this show give us confidence that you are well able to do that. The road ahead is, as you say, looking Bigger and Better.

Ladies and Gentlemen,

With these remarks, it is now my pleasant duty to declare this “KMI – Total Motor Show 2015,” officially opened and wish you all the best.

THANK YOU VERY MUCH

18TH SEPTEMBER 2015