



REPUBLIC OF KENYA

MINISTRY OF COOPERATIVES AND MSME DEVELOPMENT

SPEECH FOR HON. SIMON CHELUGUI, EGH, THE CABINET SECRETARY MINISTRY OF CO-OPERATIVES & MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) DEVELOPMENT ON THE OCCASION OF KENYA DAY CELEBRATIONS DURING THE 22ND EAC MSMEs TRADE FAIR.

Your Excellencies,

Secretary-General of the EAC Hon. Peter Mathuki

Distinguished dignitaries,

EAC MSMEs,

Ladies and Gentlemen,

1. It is my pleasure and privilege to join you all during this auspicious occasion of the Kenya Day celebrations during this 22nd EAC MSMEs Trade Fair.
2. I would like to acknowledge and congratulate this joint initiative by the East African Community partner states on supporting MSMEs access to markets. The EAC MSMEs Trade Fair year is a clear sign of efforts and progress made to scale the MSME sector over the last



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23 years.

3. I take this opportunity on behalf of the Government of Kenya to sincerely thank the Government and People of the Republic of Uganda for the invitation to participate in this noble annual event which seeks to strengthen our regional integration agenda and reaffirm EAC's ranking as the best integrated among the eight Regional Economic Communities in Africa across five criteria: free movement of people, trade, productive capacity, infrastructure, and macroeconomic.

4. Kenya's participation in this trade fair is a demonstration of the commitment of the Government of President H.E Dr. William Ruto to actualize the country's Bottom-up Economic Transformation Agenda through promoting and enhancing intra-regional trade within the East African Community (EAC) as well as through the vibrant African Continental Free Trade Area (AfCFTA) According to a world bank study in 2022, full implementation of the AfCFTA which entails the gradual dismantling of tariffs on 97% of intra-African trade over the



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next 13 years is forecasted to boost intra-African trade by as much as 52% to \$450 billion by 2035.

5. It is, therefore, necessary to harness and utilize the trade and investment opportunities available across the East African region and beyond in line with the theme of this year's fair, "*Buy East African to Build East Africa for Resilience and Sustainable Development*," which echoes our nation's efforts towards the realization of the socio-economic and political benefit of our people.
6. We are pleased to note that a wide range of Kenyan products will be exhibited by 361 Kenyan companies participating in this fair. The products being showcased range from manufacturing, agribusiness, trade and services sectors as services in standards, intellectual property rights, export and branding.

Distinguished guests,

7. Intra-EAC cumulative trade stood at US\$ 39.5 billion in September 2020 compared to US\$ 40.6 billion recorded in September 2019. This



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was attributed to the Covid-19 pandemic which adversely affected output, employment and incomes in both the trade and services sectors and particularly the tourism and hospitality sectors, given their importance in the EAC value chains and export trade basket. However, trade in the East African Community bloc is set to increase by 11% in 2022/23 owing to the recovery and rise of investments, operation and performance of businesses in the EAC bloc.

8. The further expansion of intra-EAC trade will require a sustained effort toward reducing and eventually eliminating the various institutional and regulatory barriers by streamlining customs clearance procedures, rules of origin, and standards and harmonizing information and communication technology programs.
9. It is in the spirit of integrating production into markets that, Kenya seeks to leverage this platform to present high-value goods and services into this market to gauge the receptibility of their offerings and seek to present more in other jurisdictions within the East



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African Community owing to closer proximity, similar tastes and preferences, and cultures.

10. Kenya also welcomes the Democratic Republic of the Congo into their first trade fair and also to the EAC Community. The expansion of the EAC from the Indian Ocean to the Atlantic Ocean has increased the region's combined GDP by 22% and geographical area by 79% with a market size (300 million people) and GDP of approximately US\$250 billion. This demonstrates the agility of the Community to go beyond its socio-cultural boundaries to new people and trade-centred partnerships and collaboration, thus increasing trade and investment opportunities for the citizens.

Ladies and gentlemen,

11. Although partner states have succeeded in eliminating some non-tariff barriers, it has had little impact on trade costs, a burden shouldered by the consumer. A lot needs to be done at a bilateral level to address these issues if the cost of trade is to be brought down. According to a recent study by Akademiya 2063 think tank,



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40% of the EAC region's trade costs are attributable to transport, high cost of electricity and gaps in trade facilitation.

12. Given these challenges, reducing trade time and costs will require the integration of the EAC's trade infrastructure, intermodal connectivity, One-Stop Border Posts (OSBPs), and trade systems. This will improve trade facilitation and enable formal and informal cross-border trade which accounts for 17% of trade along the region's transportation corridors.

13. Kenya, an economic powerhouse in the bloc with a GDP of \$100 billion has prioritized the Digital Superhighway and creative economy as key pillars in Bottom-Up Economic Transformation Agenda not only to create an empowered and digitized society, for competitiveness and sustainable development but also to remedy challenges related to information asymmetry in market access.

Ladies and gentlemen,

14. Meeting Micro, Small and medium-sized entrepreneurs across



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East Africa at this Trade Fair has filled me with admiration. Their innovation, commitment, perseverance and passion inspire me greatly.

15. To strengthen and sustain their global competitiveness and sustainability, we should focus on these strategic measures; competitiveness, product differentiation, exacting standards, and economies of scale which are of overriding importance in the increasingly complex global marketplace. MSMEs should also consider venturing into the green economy, a new field with a promising future. Concerns about climate change are causing governments, corporations, and consumers to place a greater emphasis on decreasing their carbon footprint and becoming more sustainable. This has created new growth opportunities for enterprises to broaden revenue streams, provide new products, and reach a larger consumer base.

16. The Kenyan Government for instance recognizes the need to change MSMEs from an individualistic mindset to one that



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understands the benefits to be gained from a more professional aggregated and organized approach to exports.

17. In conclusion, we will only achieve export-led growth both at national and regional levels by developing a coherent and multifaceted marketing coordination strategy amongst the various institutions, producers, exporters, and business associations and forging links with private sector firms internationally.

18. Let the outcome of this great event be a pointer to the future direction of trade in the region. I wish all the participants a successful trade fair and welcome you all to the Kenyan Pavilion to sample a variety of products on offer and share viable information and experiences with enterprises in furtherance of the economic aspirations of our two economies and the region at large.

Thank you very much.

Mungu ibariki jumuiya ya Afrika Mashariki