

Sub-Saharan Report

Sub-Saharan Africa is one of the focal regions of Global Challenge 2015.

These reports are by Mr. Kenshi Tsunemine, an expatriate employee working in Johannesburg with a view across the region.

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“Jambo!” This time, I am going to introduce you to Kenya.

When I was told that I would be moving to the Johannesburg Branch in South Africa from April of 2014, my first thought was, “What is Africa? Zebras, lions, Mount Kilimanjaro, the Maasai people?” This is because I had had little in the way of interaction with African countries.

When I started to live in Johannesburg though, I found that the indigenous populations and wild animals were actually quite far away and I realized that my view of Africa was very biased.

On the other hand, Kenya has more of the popular images that Japanese have about Africa, as the Nairobi National Park (safari park) is very close to Jomo Kenyatta International Airport, which is the port of entry to Kenya (note 1). In addition, it takes only 1 hour from that airport to the Maasai Mara district (pictures 1 and 2) where the Maasai people live (picture 3).



Mr. Kenshi Tsunemine
Johannesburg Branch
Marubeni Corporation

In order for the Marubeni Research Institute to acquire live information from the field and contribute to the Company's strategy, young Marubeni staff well-versed in economic and industry analysis have been posted to the region.



Pictures 1 and 2: Maasai Mara



Picture 3: Maasai people

Most people may know the phrase “Jambo” as an African greeting. It means “Hello” in Swahili, which is an official language (alongside English) in countries in eastern Africa such as Kenya, Tanzania, and Uganda (note 2).

Geographically, Kenya is an equatorial country located in East Africa. The capital city of Nairobi, however, is not tropical but rather temperate, because it is situated in Kenya’s highlands (1800m). Kenya has a population of around 42 million people and its nominal GDP is 55 billion USD. Its economic scale is large for an African country (table 1).

Table 1: Kenya Country Information

Basic Data (2013)	
Population	42 million
Land Area	587 thousand km ²
Nominal GDP	\$55 billion
Per Capital GDP	\$1,316
Official Language	English, Swahili

Source: IMF

Marubeni has a branch office in Nairobi with 6 Japanese and 11 Kenyans working together. The Nairobi Branch is located near the airport from which it takes 30 minutes to travel by car. If we run into a traffic jam, usually in the morning or evening, it may take more than 3 hours. This type of traffic congestion is characteristic of Kenya in general. The reason being that most roads are not surfaced, lack traffic lights, and so on (note 3) [picture 4].



Picture 4: Route to the parking for the Marubeni Nairobi Office (not surfaced)

Of course, when we imagine life in Africa, many of us also wonder what kind of food is being eaten there. One of the traditional African foods in Kenya is “Ugali” (picture 5).



Picture 5: Ugali is a staple part of the diet in Kenya

Ugali is a dish of maize flour cooked with water into a porridge- or dough-like consistency. It is common in East African countries, but goes by different names. When I tried it by itself, it was basically tasteless. So, it is hard to eat Ugali alone, however, people will usually eat it combined with tastier foods such as soups or Nyama Choma (Kenyan steak) (note 4) (picture 6).



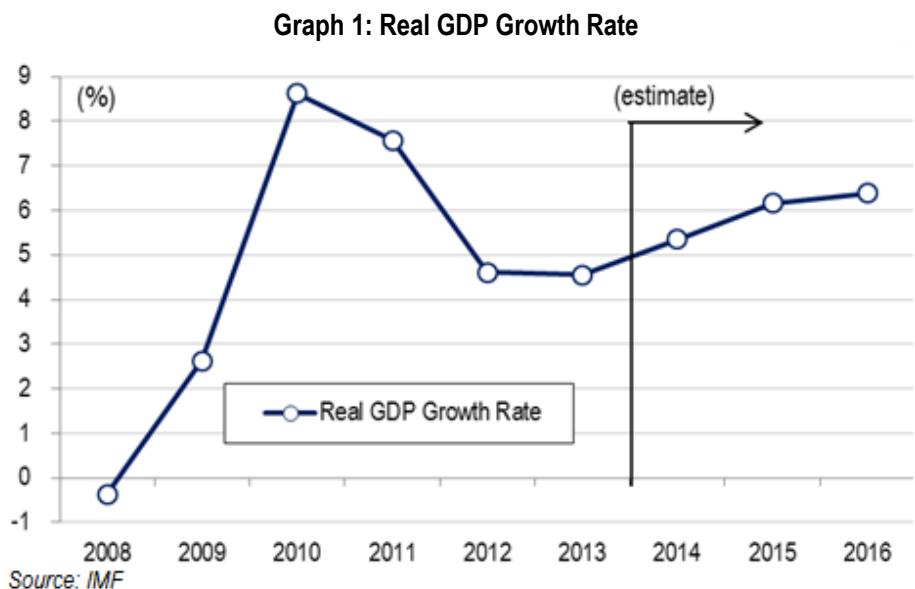
Picture 6: Nyama Choma

Historically, Kenya fell under British rule at the end of the 19th century and later become a colony in 1920. Kenya eventually gained its independence from Great Britain under the Kenya African National Union (KANU) in 1963 and became the Republic of Kenya in 1964 with Mr. Jomo Kenyatta as its first president. After his death in 1978, Daniel Arap Moi of KANU succeeded him and was reappointed to the post 4 times (one party state until early 1990s). Following Mr. Moi's retirement in 2002, Mwai Kibakii of the National Rainbow Coalition (NaRC) won the general election of 2002 and the government changed hands.

In the general election of 2007, Mr. Raila Odinga, a rival candidate (opposition party) to Mr. Kibaki, was seen to be leading, however, the result saw the reelection of Mr. Kibaki. This led to an armed ethnic-centered clash in which more than 1,200 people died. This conflict was eventually arbitrated by the United Nations with Mr. Kibaki and Mr. Odinga forming a coalition government. In the general election in 2013, there were fears that another armed confrontation would occur, however, due

to the long-term efforts by the government to address such issues as electoral reform and ethnic divisions (tribal), Mr. Uhuru Kenyatta (vice president at the time) defeated Mr. Odinga without any large-scale disruptions or conflict occurring (note 5).

In regards to the economic situation in Kenya, it averaged 4.6% in annual GDP growth from 2008 to 2013 and it is estimated



that Kenya will attain more than 5% growth in 2014 (graph 1).

Agriculture, which makes up as much as 20% of Kenya’s GDP and engages 60% of the workforce, is a major industry in Kenya. The country’s main export items are tea, horticultural crops (flowers, vegetables), and coffee (table 2).

Table 2: Main Export Items

Items	million Ksh	(%)
tea	104,648	23.0
horticultural crops	89,339	19.6
textiles, accessories	24,379	5.3
coffee beans	16,328	3.6
steel products	15,560	3.4
tobacco	13,790	3.0
essential oils	11,172	2.5
plastic products	10,263	2.3
phosphate	8,997	2.0
cement	8,292	1.8
fishery products	3,362	0.7
petroleum products	2,652	0.6
other products	146,988	32.3
Total	455,689	100.0

Source: Kenya National Bureau of Statistics

1Ksh = JPY1.18 (10/22)

Other than agriculture, Kenya is proceeding with a number of land and industry developments under its national plan, VISION 2030

There are some projects, such as the geothermal power plant in Olkaria and the expansion of the Mombasa container terminal, which are supported by the Japanese government, including JICA. In addition, there is the LAPSSET project, standing for the Lamu Port Southern Sudan-Ethiopia Transport Corridor project, currently being carried out with the Lamu Port in Kenya. In addition to this, onshore crude oil deposits have been discovered in the northern part of Kenya. Production is scheduled to start from either 2018 or 2019. Crude oil exports from this production are expected to help invigorate Kenya’s economy

There are many development projects underway or in the planning stage and Kenya’s growth potential is quite high. However, there is increased concern over worsening public security. The shopping mall attack in September 2013 may still be fresh in many people’s minds, and there are worries over the deteriorating security situation around the Lamu Port area and Mombasa. Due to this, tourism, one of Kenya’s main industries, has suffered. Also, Kenya has had some terrorist-related incidents as a result of the widening gap between rich and poor and the negative influence from Somalia, which is adjacent to Kenya, from the Somalian Islamic terrorist group al-Shabaab.

So, we must pay attention to public security in Kenya, but at the same time we should look at its attractive features as the gateway to East Africa, with progressing infrastructure development, strong crude oil potential, and promising tourism resources.

If you have the chance, please visit Kenya to get a sense of the real Africa and for the business opportunities it presents. I recommend you to visit in July or November when you can see the “Great Wildebeest (Gnu) Migration” in which millions of wildebeest (gnu) migrate to and from the Serengeti and Masai Mara areas (crossing the Mara River).

Note 1: “Safari” is Swahili for “long journey”. In English it has come to mean to “drive the game” (game means animals hunted for food).

Note 2: Swahili and English are the official and main languages spoken in Kenya. It is said Swahili is spoken the most in Tanzania.

Note 3: Although traffic signals have been installed on the main road, policemen still direct traffic, so the traffic signals still do not actually serve their function.

Note 4: Of course our expatriates in Kenya do not eat ugali every day, however, elementary schools in Kenya serve it for lunch.

Note 5: Although President Kenyatta’s rule has been stable, he is being prosecuted before the International Criminal Court on charges he was criminally responsible for the violence following the 2007 elections when he was vice president. He temporarily stepped down on October 7 in order to appear before the court and returned to the presidency two days later. Vice President Ruto was acting president during his absence. However, until a verdict is reached, an element of concern exists over operation of the government.

	Marubeni Research Institute	Telephone: 3282-7687 E-mail: ryan-p@marubeni.com
Address	2-7-1 Nihonbashi, Chuo-ku, Tokyo 103-6060, Nihombashi Tower 24 th Floor	
WEB	http://www.marubeni.co.jp/research/index.html	

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