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THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT-SECOND SESSION

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND
COOPERATIVES

REPORT ON THE INAUGURAL OF KENYA AIRWAYS DIRECT FLIGHT TO NEW
YORK FROM 27TH OCTOBER TO 6TH NOVEMBER, 2018

THE NATIONAL ASSEMBLY PAPERS LAID	
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Directorate of Committee Services
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NAIROBI

DECEMBER, 2018

Table of Contents

1.0 INTRODUCTION.....	3
1.1 Establishment of the Committee	3
1.2 Mandate of the Committee.....	3
1.3 Committee Membership.....	4
2.0 BACKGROUND.....	5
2.1 Composition of the delegation	5
3.0 INAUGURAL KENYA AIRWAYS DIRECT FLIGHT TO JFK, NEW YORK- USA	6
4.0 TRADE AND INVESTMENT	7
4.1 Meeting with Coffee Buyers – 29th October, 2018	7
4.2 Business Forum in New York City and Washington DC	7
4.3 Meeting with the United States Trade Representative Officials	10
4.4 KEPHIS/APHIS Meeting.....	11
5.0 OBSERVATIONS	13
6.0 RECOMMENDATIONS	14

1.0 INTRODUCTION

1.1 Establishment of the Committee

The Departmental Committee on Trade, Industry and Cooperatives is one of the fifteen Departmental Committees of the National Assembly established under Standing Order 216 whose mandates pursuant to the Standing Order 216 (5) are as follows:

- a) To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
- b) To study the programme and policy objectives of ministries and departments and the effectiveness of their implementation;
- c) To study and review all legislation referred to it;
- d) To study, access and analyze the relative success of the ministries and departments measured by the results obtained as compared with their stated objective;
- e) To investigate and inquire into all matters relating to the assigned ministries and departments as they may be deemed necessary, and as may be referred to the House;
- f) To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No.204 (Committee on appointments); and
- g) To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation.

1.2 Mandate of the Committee

In accordance with Second the Schedule of the Standing Orders, the Committee is mandated to oversee:-

Trade, securities exchange, consumer protection, pricing policies, commerce, industrialization including special economic zones, enterprise promotion and development including small and medium-size enterprises, intellectual property, industrial standards, anti-counterfeit policies and co-operatives development.

In executing its mandate, the Committee oversees the Ministry of Industry, Trade and Cooperatives.

1.3 Committee Membership

The Committee on Trade, Industry and Cooperatives was constituted by the House on Thursday 14th December, 2017 and comprises of the following Members:-

Chairperson	Hon. Kanini Kega, MP
Vice Chairperson	Hon. Cornelly Serem, MP
Members	Hon. Alexander Kimutai Kigen Kosgey, MP
	Hon. Alois Musa Lentoimaga, MP
	Hon. Anab Mohamed Gure, MP
	Hon. Andrew Mwadime, MP
	Hon. Bunyasi John Sakwa, MP
	Hon. Daniel Maanzo, MP
	Hon. Wanyonyi Ferdinand, MP
	Hon. James Mukwe, MP
	Hon. Jones Mlolwa, MP
	Hon. Kipruto Moi, MP
	Hon. Murungi Kathuri, MP
	Hon. Gichimu Robert, MP
	Hon. Kimani Patrick Wainaina Jungle, MP
	Hon. Korir Generali Nixon Kiprotich, MP
	Hon. Nduati Joseph Ngugi, MP
	Hon. Wachira Rahab Mukami, MP
	Hon. (Dr.) Wilberforce Oundo, Phd, MP

2.0 BACKGROUND

The Departmental Committee on Trade, Industry and Cooperatives was identified as key stakeholder for the purpose of popularizing the flight and stimulating tourism, trade and investment between the Kenya and the United States of America.

2.1 Composition of the delegation

A delegation of the Departmental Committee on Trade, Industry and Cooperatives accompanied by other Members from different Committees took part in the Kenya Airways Inaugural Flight.

The delegation comprised of the following Members:-

1. Hon. Kanini Kega, MP- Chairperson (**Leader of Delegation**)
2. Hon. Cornelly Serem, MP

Departmental Committees on Defense & Foreign Relations

1. Hon. Charles Kilonzo, MP
2. Hon. Beatrice Nyagah, MP
3. Hon. Ernest Kivai, MP

Departmental Committees on Transport, Public Works & Housing

1. Hon. David Kiaraho, MP
2. Hon. Johnson Naicca, MP
3. Hon. Kulow Hassan, MP

The parliamentary staff who accompanied the delegation was:-

1. Ms. Nuri Kitel Nataan-**Clerk Assistant/ Delegation Secretary**

3.0 INAUGURAL KENYA AIRWAYS DIRECT FLIGHT TO JFK, NEW YORK- USA

Kenya Airways marked a great milestone with the launch of a non-stop flight from Nairobi to New York. It became the first airline to offer a non-stop flight between East Africa and the United States of America. The airline already serves Africa, Europe, Middle-East, Indian sub-continent and Asia.

The flight departed from Jomo Kenyatta International Airport hub in Nairobi on the 28th October, 2018 at 2325 hours arriving at JFK airport in New York on 29th October, 2018 at 06:25. On its return trip, it departed New York on 29th October, 2018 at 12:25 landing at JKIA on 30th October, 2018 at 1055 hours.

The airline operated its state of the art Boeing 787 Dreamliner with a capacity of 234 passengers on the ultra-long-haul flight which was crewed by 4 Pilots and 12 Flight attendants as well as 85 tons of fuel each way, making it an exceptional operation.

With over 40 American multinationals located in Nairobi and many more across Africa, the launch of daily flights is expected to further spur trade between America and Africa. It is expected to offer its customers a unique travel experience between two great gateways being the fastest connection from East Africa to New York, with a 15 hours duration eastbound and 14 hours westbound.

This convenient schedule will allow connections to and from over 40 African destinations through Kenya Airways hub in Nairobi.

The opening of the US destination completes an essential piece for Kenya Airways' network, cementing its position as one of the leading African carriers.

The inaugural direct flights will see Kenya become the first East African country and the eighth in Africa to operate direct flights to the US. In Africa, only South Africa, Nigeria, Ghana, Cape Verde, Ethiopia, Senegal and Morocco make direct flights to US

4.0 TRADE AND INVESTMENT

In order to optimize the opportunity on trade and investment relations presented by the inaugural direct flight to the US, following events were organized namely:

- 1) Meeting with Coffee buyers and other Coffee Sector stakeholders in New York;
- 2) Business Forum in New York;
- 3) Trilateral Business Forum in Washington DC;
- 4) Meeting with United State Trade Representative (USTR) meeting and the State Department for Trade meeting; and,
- 5) Bilateral meeting by Kenya Plant Health Inspectorate Service (KEPHIS) with United States Government (USG) counterpart, America Plant Health Inspectorate Service (APHIS).

4.1 Meeting with Coffee Buyers – 29th October, 2018

At the request of the State Department of Trade, the Embassy organized a coffee buyers' meeting with the County Government of Kirinyaga, one of the coffee growing counties in Kenya. The meeting was attended by five coffee players in the North-East of the USA.

Governor Anne Waiguru led the delegation from Kirinyaga County. She made a presentation that marketed Coffee from Kenya and Kirinyaga in particular. The America coffee traders on the other hand shared their experience and identified certification and traceability issues as the focus of buyers in the US.

4.2 Business Forum in New York City and WASHINGTON DC

A Business Forum was jointly organized by the Corporate Council on Africa, Kenya National Chamber of Commerce and Industry and the American Chamber (AMCHAM). Another Business Forum was also organized in Washington DC by the US Chamber of Commerce (Africa Business Centre).

These two missions were a follow-up to the *AmCham Big 4 Economic Summit* held in June this year in Nairobi and was initially envisaged to cover four/five cities - New York, Washington DC, Chicago, California and Houston. However, due to unavoidable circumstances, this was reduced to two cities; namely, New York and Washington DC.

The Corporate Council on Africa (CCA), in partnership with the Government of Kenya, Kenya National Chamber of Commerce and Industry (KNCCI) and the American Chamber of Commerce Kenya hosted a Doing Business in Kenya Forum in New York City in honor of Kenya Airways' maiden non-stop flight to the United States.

Sponsored by Citibank, the forum brought together the Kenyan delegation and senior business leaders from Kenya and the United States. The delegation was led by Honorable Monica Juma, Cabinet Secretary in the Ministry of Foreign Affairs and included Dr. Chris Kiptoo, Principal Secretary in the State Department for International Trade; Betty Maina, Principal Secretary in the State Department of Investment and Industry, Dr. Kamau Thugge, Principal Secretary in the National Treasury; Prof. Hamadi Boga, Principal Secretary, Agricultural Research and Crops Development and other senior Kenyan government officials.

The forum began with welcome remarks from CCA President and CEO, Ms. Florizelle Liser, who discussed Kenya's importance to CCA and its members. In her remarks, Ms. Liser reiterated CCA's commitment to promoting business opportunities in Kenya and announced a number of activities CCA would organize with its partners, the Government of Kenya and KNCCI. Mr. Kiprono Kittony, KNCCI's National Chairman, offered some welcome remarks and welcomed the opportunity to further strengthen KNCCI's partnership with CCA through trade missions, roundtables and other platforms to encourage more business linkages between Kenyan and American businesses of all size. The opening session also included welcome remarks from Mr. Maxwell Okello, President of the American Chamber of Commerce Kenya and Ms. Carole Karuiki, CEO of Kenya Private Sector Alliance. Mr. Okello welcomed the delegation and talked about the number of American businesses already established in Kenya and the desire to have more American businesses set up a presence in Kenya to take part in new opportunities through President Kenyatta's Big Four Agenda.

Mr. Joel Szabat, Deputy Assistant Secretary (DAS) for Aviation and International Affairs, U.S. Department of Transportation offered welcome remarks on behalf of the U.S. Government. He emphasized the importance of the U.S.-Kenya relationship, noting the success of President Kenyatta's bilateral trip to the United States earlier in the year which resulted in \$900million of deals, as well as the PAC-DBIA trip to Kenya which resulted in \$100 million of deals. He commended Kenya and Kenya Airways for the commencement of the direct flight in line with the long established Safe Skies for Africa Program. He noted that this new direct flight has the potential to further elevate the U.S.-Kenya bilateral relationship to a strategic partnership.

As the keynote speaker, Honorable Monica Juma conveyed her gratitude to CCA for providing a platform for her and her delegates to discuss doing business in Kenya. Honorable Juma talked about how Kenya Airways' direct flight to the United States presents an excellent opportunity to transform the current Kenya-U.S economic relationship. Honorable Juma concluded her remarks by encouraging more U.S companies, including SMEs and startups, to harness Kenya's strengths as a gateway to Africa and to make their investment and trade with Kenya.

Following the keynote remarks, Principal Secretary in the State Department of Investment and Industry, Ms. Betty Maina, gave an extensive presentation on President Kenyatta's Big Four Agenda. In his last term, President Kenyatta and his administration will focus their time and

resources on a targeted transformative agenda based on four socio-economic pillars which are affordable housing, food security, universal health coverage and manufacturing.

The Big Four agenda seeks to address the most pressing concerns currently facing Kenyans while creating the best environment for achieving accelerated socio-economic transformation, increased job creation and improved quality of life.

The Forum included a question and answer session with government officials. Moderated by Mr. Maxwell Okello, the panel discussion included Dr. Chris Kiptoo, Principal Secretary in the State Department for International Trade; Prof. Hamadi Boga, Principal Secretary in the Ministry of Agriculture; Betty Maina, Principal Secretary in the State Department of Investment and Industry; and

Dr. Kamau Thugge, Principal Secretary in the National Treasury. Each speaker spoke briefly about how their ministries were reviewing policies to enhance visibility and investment in the Big Four Agenda.

The last session of the forum offered a private sector perspective on the business environment in Kenya. The panel was moderated by Michael Mutiga, Managing Director and Kenya Corporate Banking Head, Citibank. Other panelists included Peter Karenga, President, B360; Brenda Mbathi, Executive Director, GE; Mark Lippert, Vice President, Boeing International; and Rose Musau, President, Preferred Personnel Africa.

The Forum was concluded with closing remarks from H.E. Ndiritu Muriithi, Governor of Laikipia County who talked about investment opportunities in Laikipia County. His county government has aligned its priorities to the Big Four Agenda to attract businesses to set up manufacturing plants and state of the art health facilities in the Laikipia County. H.E. Anne Waiguru, Governor of Kirinyaga County echoed his sentiments and talked about her county government's approach to incentivizing Kenyan and American investors to consider Kirinyaga as a business destination, especially in the coffee, tea and horticulture sectors. As the principal secretary in charge of international trade, Dr. Kiptoo, closed the forum by inviting investors to Kenya, citing how Kenya was poised to doing better in this year's World Bank Ease of Doing Business Index report and availing himself and his colleagues at the ministry of Industry, Trade and Cooperatives to help local and international businesses interested in pursuing business opportunities in Kenya.

The main objective was to bridge the information gap and reshape the narrative on doing business in Kenya by showcasing business and investment opportunities. The missions offered a platform to draw attention to investment opportunities presented by the Big Four agenda and to drive U.S. business and investor interest towards bolstering U.S. trade and investment in Kenya. Specifically, it aimed at achieving the following:

- a) Showcase Kenya's business and investment opportunities under the Big Four Agenda.

- b) Identify and explore American solutions, technology and expertise to support the realization of the Big Four Agenda; and,
- c) Build momentum for the 2019 AmCham Economic Summit.

Specifically, the mission provided the following benefits to public and private sector participants, that is:-

a) U.S. Companies

- i. Opportunity to get credible, first-hand market information on Kenya as a business and investment destination - macro and micro factors and economic fundamentals, export procedures, business processes and culture etc.;
- ii. Exposure to current project and investment opportunities in Kenya under the Big Four Agenda;
- iii. Opportunity for U.S. businesses to establish or enhance relationships with prospective Kenyan partners;
- iv. Opportunity for U.S. businesses to showcase their products, services, processes and technologies to prospective Kenyan partners; and,
- v. Opportunity to hear directly and engage with American businesses already operating in Kenya.

b) Kenyan Delegation

- i. Opportunity to position Kenya as an exceptional investment destination;
- ii. Opportunity to observe the design, manufacture and operation of U.S. technology, products and services that could potentially support achievement of the Big Four Agenda;
- iii. Opportunity to create linkages and partnerships with U.S. companies; and,
- iv. Opportunity to explore alternative financing and partnership models for key projects.

4.3 Meeting with the United States Trade Representative Officials

The meeting with USTR dwelt mainly on exchange of notes regarding the recent visit to Nairobi by the USTR team led by Connie Florie, Assistant USTR. During this meeting, we discussed the confidentiality procedures, scope of engagement under the Working Group, and the terms of reference that had been considered during a meeting with the USTR team held at NSSF Towers Block A 17th floor boardroom on Monday 22nd October, 2018 (see attached minutes of Meeting chaired by CS Munya.

In principle, the follow up meeting in Washington with the USTR team again led by Connie Florie agreed to scale down the number of working groups from 18 to 9. We also agreed that we

await the response from the State Law Office on the issue of Confidentiality Agreement. The next meeting was tentatively agreed to take place in the second half of January 2019 in Washington DC.

Dr. Chris Kiptoo, Principal Secretary for Trade, led the Kenyan delegation in this meeting.

4.4 KEPHIS/APHIS Meeting

A meeting was held between the Kenya delegation at the offices of USDA, South building, Independent Avenue, and Washington. The Kenyan delegation included Principal Secretary Ministry of Agriculture, Livestock, Fisheries, Research and Irrigation, Prof Hamadi Boga, Dr. Esther Kimani, Managing Director, Kenya Plant Health Inspectorate Service (KEPHIS), and Mr. Antony Muriithi Director General AFA. The team from USDA consisted of Hesham Abuelnega, Plant Health Trade Director, Phytosanitary Issues Management, Plant Protection and Quarantine (PPQ), Animal and Plant Health Inspectorate Service (APHIS), USDA and Don Evans, Program Coordinator, Policy Coordination and Planning office of Capacity building development (OCPD), Foreign Agriculture Service (FAS), USDA. Other in the meeting included, George Galasso (APHIS), Jeff and Scott Golelman (APHIS), Mark Roseman (FAS) and Will L'Estrange (FAS).

The Kenyan Delegation was welcomed by Dons (FAS), who appreciated the collaboration Kenya and USA have had over the years on issues of plant health including capacity building for Kenyan Plant Health Inspectorate Service Officers. He emphasized that USDA is committed to continued collaboration in capacity building of Kenya National Plant Protection Organization and in the African region.

The PS, Prof. Hamadi Boga introduced the Kenyan team and the purpose of our visit, which was to discuss on how we can strengthen the relationship between the Kenyan (NPPO-KEPHIS) and APHIS-USDA, in addressing issues affecting access of Kenyan agricultural products to the USA market. He appreciated past collaboration that lead to the clearing of exports of some products such as flowers, French beans, runner beans babycorn, baby carrots, peas, nuts and various grain legumes.

He noted however, there are challenges in addressing issues of some products of fruits, herbs, propagation materials and some vegetables which business people wanted to trade in. Kenya had also requested that the Phytosanitary requirements set for French beans been reviewed since the customers preferred whole beans products. Feedback on the request was still pending.

After discussions, the following was agreed: -

- i. USA was committed to continually build capacity of Kenyan NPPO and collaborate in regional capacity building through the Centre of Phytosanitary Excellence (COPE). As a

follow up on the commitment, a website link for online training on Plant Health issues has been provided by USDA.

- ii. USA would prioritize PRA for the requested products starting with the less risky commodities such as avocado, herbs.
- iii. The two, APHIS and KEPHIS would work towards finalization of the PRAs that are almost concluded.
- iv. KEPHIS to conduct scientific studies to demonstrate that fruitflies infestation was not a risk in Kenyan French beans and provide reports to APHIS for evaluation. This will assist in decision making on whether the French beans can be cleared for export as whole beans.
- v. APHIS and KEPHIS agreed to work together to facilitate businesses between Kenya and USA by addressing Phytosanitary issues of concern.
- vi. USDA - APHIS was ready to avail high status materials or propagation of Potatoes. APHIS promised to inspect and assure compliance with Kenyan Phytosanitary requirements.
- vii. APHIS requested for the feedback from Kenya on the outcome of PRA conducted to facilitate imports of wheat from western part of USA. The document is going through approval process and Kenya will provide feedback as soon as the process is completed.

The USA and Kenyan NPPOs committed to improve communication and exchange of information to facilitate trade.

The meeting at APHIS was led by Principal Secretary, State Department for Crop Development, Prof. Hamadi Boga and was accompanied by Dr. Esther Kimani (MD KEPHIS), Abdirizak Musa (Commercial Counsellor) among others.

5.0 OBSERVATIONS

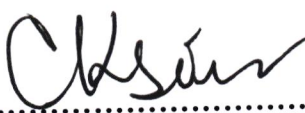

The delegation observed that:-


1. For the coffee meeting, this meeting as a first step in restoring the place of Kenya Coffee in the US market. Indeed, one of the participants has initiated discussions with the County Government of Kirinyaga on the setting up of outlets that will serve Kirinyaga/ Kenya coffee.
2. Other players like Starbucks, whilst expressing their regret in not making it to this meeting, are amenable to future engagement with the Governor.
3. At both the New York business forum and the DC trilateral forum, there were concerns regarding the provision of detailed bankable projects under the Big 4. Indeed, at bilateral meeting with the Department of Commerce, they were clear that for the Big 4 Road shows in various US cities to proceed, more details including whether funds have been allocated, the stage of the project cycle for each project need to be shared in order to attract US firms to the Big 4 projects.

6.0 RECOMMENDATIONS

The Committee recommends that:-

1. The momentum generated by the coffee meeting, in no small measure due to the passion and political commitment demonstrated by H.E. Governor Anne Waiguru, needs to be built upon. We intend to partner, through the Export Promotion Council and Kenya Investment Authority, with interested Country Governments in all forthcoming events in the US.
2. Exhibitions and Trade fairs not only provide platform for buyer to seller engagement, they also expose our private sector and trade/investment promotion agencies and the Embassy to contemporary policy questions and available solutions in the relevant sectors. For example, in coffee and other commodities, highlighting the expected commodity exchange will give comfort to buyers on the quality and reliability of the supply chain.
3. On the Big 4, the onus is on individual Kenya Government Departments tasked with the implementation of each of the four pillars to dig deeper into each project and make them investment ready.
4. On the forthcoming Trade and Investment Working Group (TIWG), we need to engage USTR in a structured manner. We will use the National Trade Negotiations Committee, domiciled in the State Department of Trade and adapt it to the requirements of the exploratory work envisaged in the TIWG.

SIGNED..........DATE..........

 HON. KANINI KEGA, M.P (CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVE