

MAKE IT KENYA

Facts About
THE GULF COOPERATION COUNCIL (GCC) REGION



The Gulf Cooperation Council (GCC), is a political and economic alliance of six countries from the Middle East—Saudi Arabia, the United Arab Emirates, Qatar, Bahrain, Kuwait, and Oman.



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MAKE IT KENYA

GCC REGION MAGAZINE

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Make it kenya

Magazine

REd Borders LLC
Designer: Architectura Editorial
www.redborders.com

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Hello Readers,

Welcome to our 3rd issue of the MAKE IT KENYA Magazine where our focus is on the Gulf Cooperation Council (GCC) region. This Publication takes an in-depth look at Kenya's exports and bilateral relations with each of the GCC countries namely Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman.

More than 70 per cent of Kenya's exports to the Middle East goes to the GCC countries, particularly the United Arab Emirates and Saudi Arabia in 2020. Kenya exported goods valued at Sh42.6 billion to the two countries, with UAE taking up over 80 per cent of the goods.

Kenya has already held bilateral talks with the Gulf Cooperation Council countries to remove logistical constraints and tariffs that hinder the increase in Export volumes to the region. Through the bilateral talks, Kenya seeks to export fresh flowers and other horticulture products to the market rich nations. Through the recently concluded Expo 2020 Dubai, Kenya conducted numerous business forums that aimed at attracting investors from the GCC region. To enhance the better understanding of trade relations within the region, the GCC issue will focus Kenya's trade and opportunities with each of the countries in the region.

Enjoy the read and keep choosing Kenya.

FACTS ABOUT GCC

The Gulf Cooperation Council (GCC), is a political and economic alliance of six countries from the Middle East—Saudi Arabia, the United Arab Emirates, Qatar, Bahrain, Kuwait, and Oman.

It was established in Riyadh, Saudi Arabia, in May 1981. The unified economic agreement between the countries of the Gulf Cooperation Council was signed in 1981 in Abu Dhabi, UAE. These countries are often referred to as Gulf countries/region. The GCC aims to achieve unity among its members based on their shared objectives and their similar political and cultural identities, which are rooted in Arab and Islamic cultures. The current member states are monarchies, comprising three constitutional monarchies (Qatar, Kuwait, and Bahrain), two absolute monarchies (Saudi Arabia and Oman), and one federal monarchy (the United Arab Emirates, it is composed of seven member states, each an absolute monarchy with its own emir). There have

been discussions regarding prospective membership of Jordan, Morocco, and Yemen.

CURRENCY

- The Saudi riyal (SR) is the currency of Saudi Arabia.
- The United Arab Emirates dirham (AED), also known as the Emirati dirham, is the currency of the United Arab Emirates.
- The Qatari riyal (QE) is the currency of the State of Qatar.
- The Omani rial (OMR) is the currency of Oman.
- The Kuwaiti dinar (KWD) is the currency of Kuwait.
- The Bahraini dinar (BD) is the currency of Bahrain.



SPORTS

GCC is a sporting powerhouse with the national football team of Saudi Arabia featuring in the world cup finals and have won. Soccer is well knit into the lives and cultures of the peoples of the GCC. It is by far the region's most popular sport. They also play basketball with Falconry, Camel Racing, Archery, Saluki Racing, Oil Wrestling being the most popular spots in the region. Rugby union in the region is a minor but growing sport, which has been played for several decades in the

Kingdom. Beaches, Amazing Islamic architecture, history museums such as Qatar's Al Zubarah Fort, UAE's Dubai's Burj Khalifa, Admire Abu

Dhabi's Sheikh Zayed Mosque, Oman's ancient aflaj oases irrigation system, terraced orchards (Jebel Akhdar), and Al Said, the world's third-largest yacht,

owned by the Sultan, Kuwait's Kuwait Towers, Sheikh Jaber Al-Ahmad Cultural Centre, Green Island, Bahrain's Manama City, Bahrain National Museum, Saudi Arabia's Mada'in Saleh - Ancient Nabatean city, The pristine islands Al Wahbah volcanic crater, The Edge of the World, Al-Masjid Al Nabawi - Al-Madīnah.



CULTURE

Arab and Islamic cultures. GCC - is made up of various ethnic groups; qatari- Arabs, Hadar, and Afro-Arab speaking, Oman is composed of Arabs, ethnic Balochis, ethnic Lurs, Swahilis, Hindus and Mehri. The Balochi are the largest non-Arab ethnicity. Official language of the GCC is Arab. Main dish/ staple food rice, grains, Meat, and fish.

National Dish

Kabsa is considered the national dish of the Emirates, Saudi Arabia, Oman, it is a fragrant mixture of basmati

rice, lamb or chicken, mixed vegetables, cardamom, cinnamon, saffron, nutmeg and bay leaves cooked in one pot.

Mutabbaq samak is a national dish in Kuwait.

Shuwa is the national dish of Oman. It is a celebratory Omani meal that is prepared on special occasions like Eid.

Chicken Machboos - Bahraini Spiced Chicken and Rice.

IMPORTS

Top imports of United Arab Emirates are Gold, Broadcasting Equipment, Jewelry, Refined Petroleum, and Diamonds

SA machinery, mechanical appliances, and electrical equipment, transport equipment and parts thereof, base metals, chemicals and related products and vegetables.

Oman are led by Cars, Refined Petroleum, Broadcasting Equipment, Gold, and Iron Ore

Kuwait are Cars, Broadcasting Equipment, Petroleum Gas, Packaged Medicaments, and Jewelry
Bahrain fuel, electrical equipment, chemical products, transport equipment, metals, and plastics.

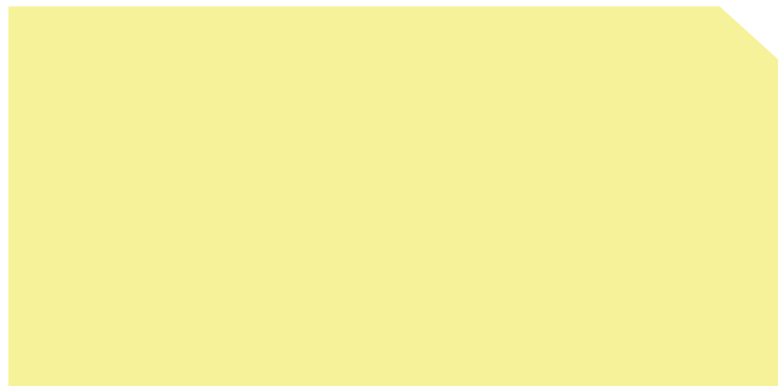
Qatar's main imports are transport equipment and parts, nuclear reactors, boilers, machinery and mechanical appliances and parts, base metals and articles thereof, and electrical machinery and equipment and parts.

KENYA- QATAR BILATERAL RELATIONS

Kenya and Qatar have a cordial relationship with both countries having the presence of embassies in each other's countries. The two nations are strategic partners in matters trade and security, which makes them ideal investment partners.

With direct passage between Doha and Kenya on both sea and water, the bilateral relations between Kenya and Qatar offers the gulf state as an ideal investment destination for Kenyan companies, Small and Medium Enterprises, tourism, transport and logistics, agricultural products and Kenya's rapidly growing Information and Communication Technology (ICT) and Banking and Fintech services. Qatar offers a direct entry into the GCC region which is a priority market region for Kenyan exports. This is even greater news for Kenya who can leverage on the opportunities that are created by regional cooperation frameworks such as the GCC in which Qatar is a member, regional supply chains hence amassing significant return on investments, a factor that will aid in the country's recovery and development in the Post Covid-19 era.

Kenya on the other hand offers the GCC countries an entry into

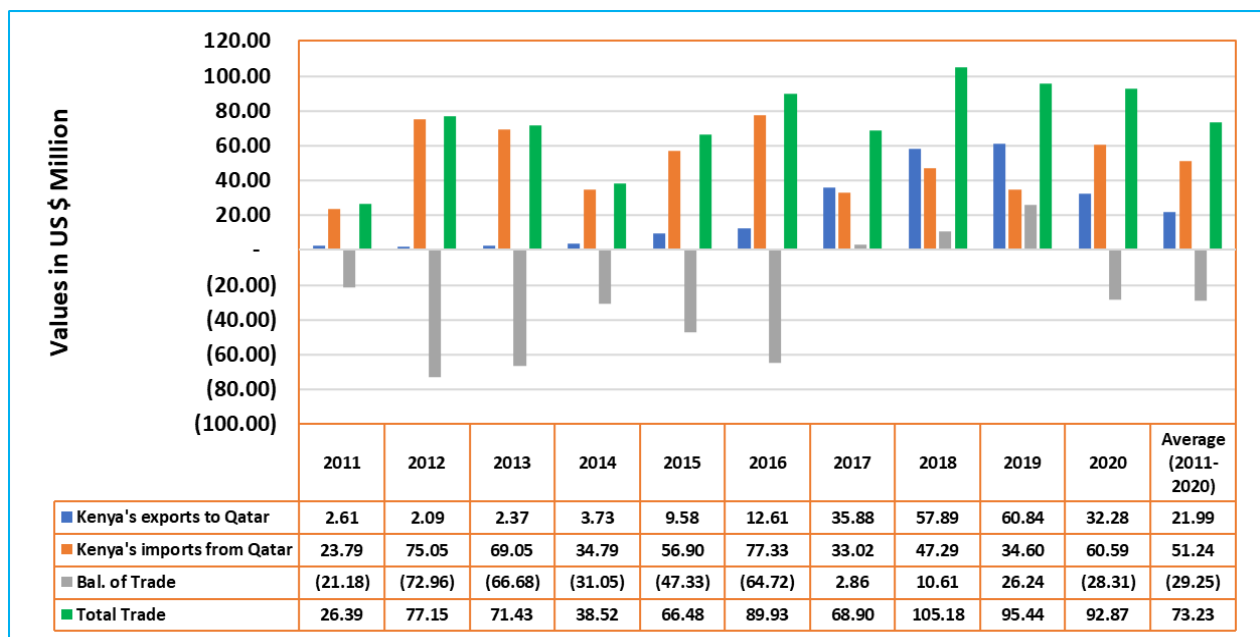


the East African Community (EAC) and optimizing the opportunities availed by regional cooperation frameworks such as the Africa Continental Free Trade Area (AfCFTA)). Kenya and Qatar have signed cooperation agreements in trade, industry, energy, communications, transport, construction, labour, tourism, and agriculture. Qatar was ranked 33rd amongst Kenya's export destination markets, absorbing US \$ 32.3 million worth of goods which accounted for 0.5% share of Kenya's total exports in 2020.

- The total bilateral trade between the two countries averaged USD 73.2 million over the years 2011 to 2020; and total trade was high in 2018 at USD 105.2 million.
- Kenya's export to Qatar has averaged USD 22.0 million over the same period 2011 to 2020; and exports were high in 2019 at USD 60.8 million.
- Kenya's imports from Qatar averaged USD 5.2 million; over the period 2011 to 2020 and the imports were high in 2014 at USD 77.3 million.

CHALLENGES FOR EXPORTING TO QATAR

- Communication/Language barrier.
- Stringent Islamic rules and Culture.
- Import Duties:
- Import Restrictions: Qatar has no import quotas. Non-tariff barriers, however, arise occasionally.
- Tariff barriers
- Kenya's products such tobacco attract very high ad valorem tariff




Source: Compiled by KEPROBA from International Trade Centre Database, 2021

KENYA-OMAN BILATERAL RELATIONS

The ties between Kenya and Oman dates to the 17th century when some of Kenya's coastal cities were under the occupation of the Sultanate of Oman. The Kenyan coastal strip was occupied by Oman for a period of 186 years.





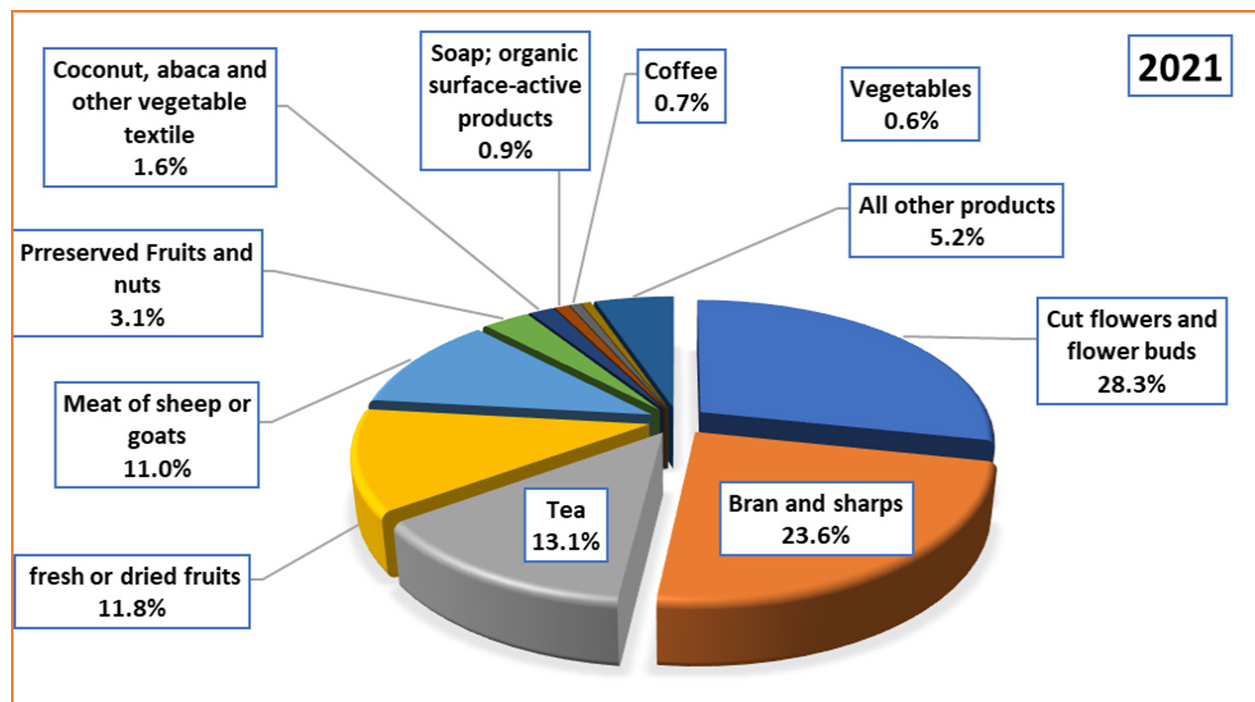
Ties between Oman and Kenya date back to the 17th century when Mombasa and other coastal cities were occupied by the Sultanate of Oman. Mombasa and other coastal cities were occupied between 1698 and 1728, after which Mombasa was occupied for one year by the Portuguese and 1729–1824 where Mombasa was conquered by Britain and again between 1826 and 1887 where the territory was conquered by Britain again. Kenya's coastal strip was occupied by Oman for a total of 186 years.

Kenya has recently began exporting livestock to Oman after a 16-year ban. Food security is a top agenda in the economic blueprint of the two countries, that is, Kenya's Vision 2030 and Oman's Big four agenda. Kenya intends to capitalize on the Lamu port for livestock and meat exports into the Middle

East. The Lamu port is ideal for its closeness to key animal production areas in Rift Valley, Eastern and Northeastern parts of the country.

Kenya-Oman trade statistics Kenya's main exports to Oman in 2021 Jan to Oct comprised of; cut flowers (28.3%), Bran, sharps and other residues (23.6%), Tea (13.1%), Pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried (11.8%) and Meat of sheep or goats, fresh, chilled or frozen (11.0%).

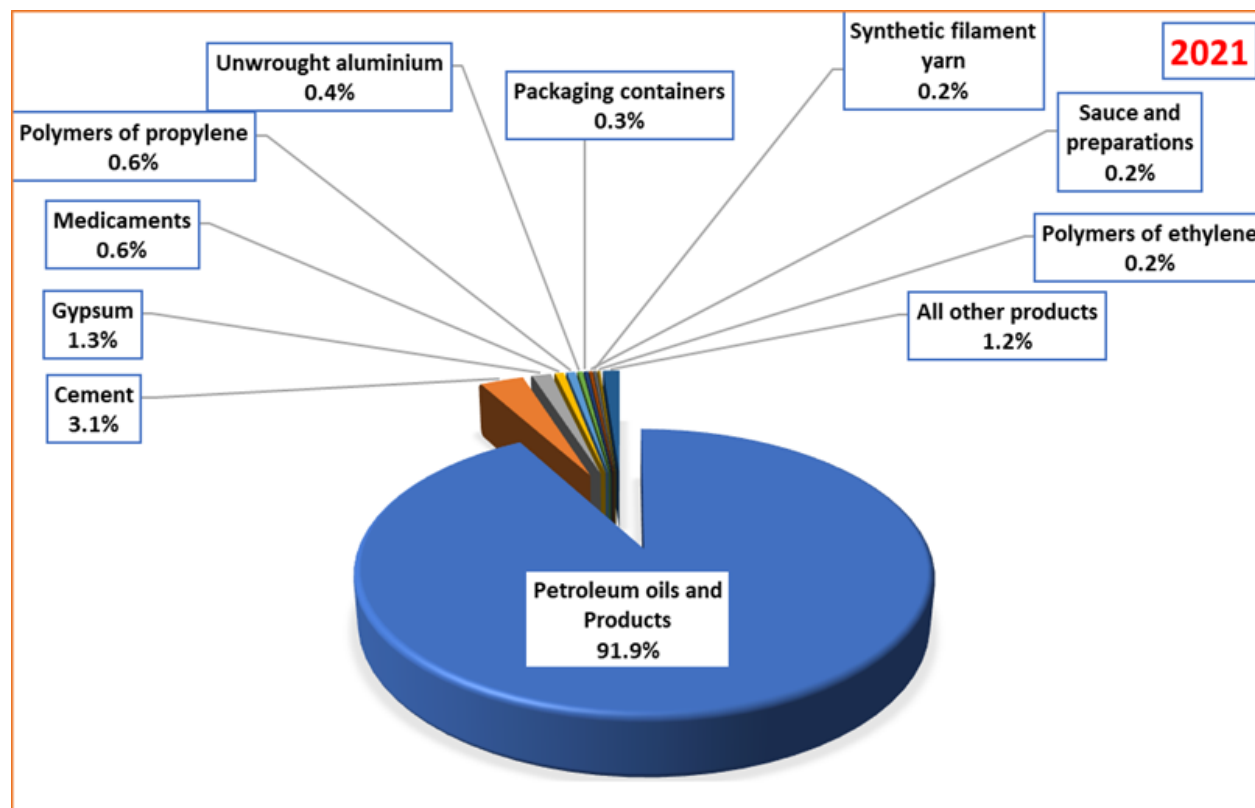
SHARE OF KENYA'S TOP EXPORT PRODUCTS TO OMAN IN JAN-OCT 2021



Source: Compiled by KEPROBA from KNBS Database, 2021

Kenya's top import products from Oman in 2021 Jan-Oct included; Petroleum oils (91.9%), Cement (3.1), Gypsum (1.3%), Medicaments (0.6%) and polymers (0.6%).

SHARE OF TOP IMPORT PRODUCTS FROM OMAN IN JAN-OCT 2021



Source: Compiled by KEPROBA from KNBS Database, 2021



The products with greatest export potential from Kenya to Oman are Goat meat, Cut flowers & buds, fresh and Black tea, packings >3kg. Kenya's best options for export diversification in Oman are Bananas, fresh or dried, Live goats and Milk powder. Milk powder is the product that faces the strongest demand potential in Oman.

CHALLENGES FOR EXPORTING TO OMAN



Communication and Language barrier.

Arabic language is often used as the first language in Oman. Documentation and packaging labels are in Arabic though English is also minimally used. This makes it difficult for non-Arabic speakers to communicate with the Arab buyers.

Stringent Islamic rules and Culture.

Islamic culture plays a crucial role in people's everyday lives, in the office and outside. Islamic customs should be observed and the effects of the Islamic religion on business interactions must be respected when doing business in Oman. Exporters of meat and meat products will be required to provide original Halal slaughter certificate to demonstrate conformity with the halal rules.

Lower prices.

Kenyan export products characterized by high export volumes and little export returns, attributable to limited value addition to the Kenya's export products.

Tariff barriers

Kenya's products such as meat and edible offal, edible animal or vegetable oils, sausages and other similar products of meat and fruits and nuts that have high export potential to the Sultanate of Oman attract high ad valorem tariff rates in Oman.



KENYA – SAUDI ARABIA BILATERAL RELATIONS

Saudi Arabia and Kenya enjoy long and historical relations. The bilateral ties between the two nations revolve around economic ties.

The relationship between Kenya and Saudi Arabia is bilateral, meaning that both nations strive to benefit from opportunities that are created by cordial diplomatic ties. Diplomatic ties between countries determine the bilateral trade that they engage in terms of economic, political, culture, environment, and technological relations.

The Kenya-Saudi Arabia cordial relations were strengthened by the visit to the Kingdom by Kenya's second President H.E Daniel T. Arap Moi in 1979 and 1983. The two governments have conducted exchange visits between high level government officials, businessmen, cultural and religious groups. Saudi Arabia and Kenya enjoy long and historical relations. The bilateral ties between the two nations revolve around economic ties.

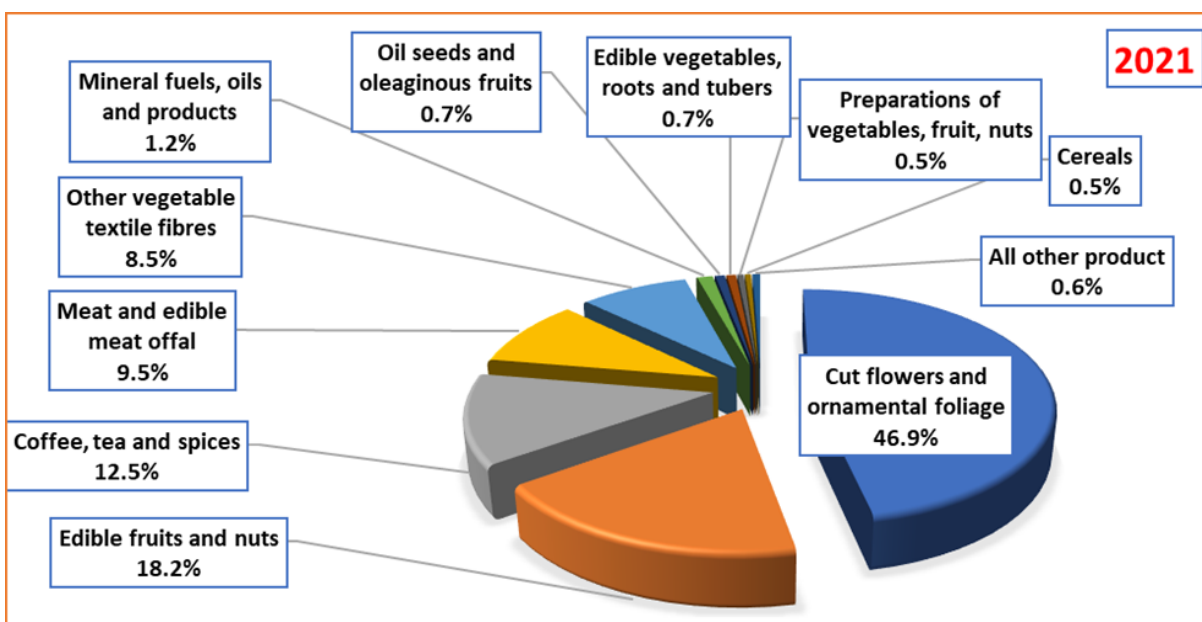


In the period between January to Oct 2021, bilateral trade between Kenya and Saudi Arabia remained in favour of Saudi Arabia with Kenyan exports to Saudi Arabia amounting to Kshs 6.4 billion against her imports worth Kshs 94.3 billion, thus

recording a negative balance of Kshs 87.9 billion. Kenya's main exports to Saudi Arabia are comprised of; Cut flowers and ornamental foliage, Edible fruits and nuts, Coffee, tea and spices, Meat and edible meat offal, other vegetable textile fibres, and Mineral fuels, oils and products.

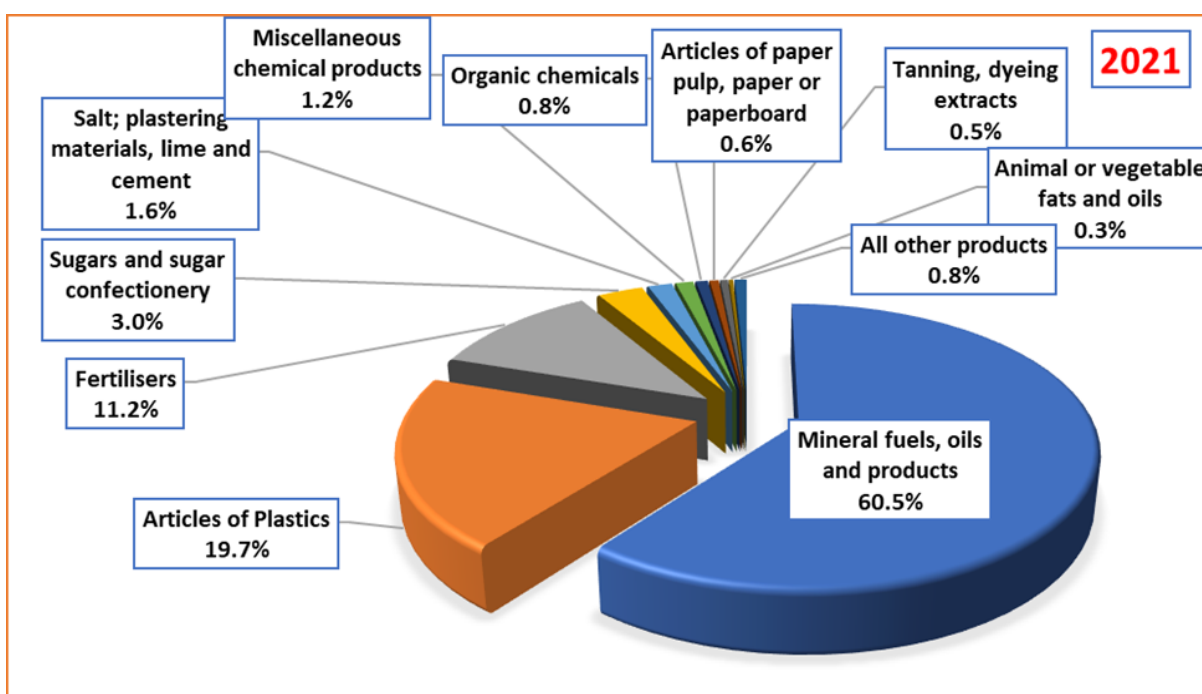
Export decrease in value was recorded in exports of Edible fruits and nuts, Coffee, tea and spices, Meat and edible meat offal, Mineral fuels, oils and products and Wadding, special yarns; twine, cordage, ropes, and cables in the top 20 category.

SHARE OF KENYA'S TOP EXPORTS TO SAUDI ARABIA IN JAN TO OCT 2021



The top ten import products in Jan to Oct 2021 included Mineral fuels, oils and products (60.5%), Articles of Plastics (19.7%), Fertilizers (11.2%), Sugars and sugar confectionery (3.0%), Salt and cement (1.6%), and miscellaneous chemical products (1.2%).

SHARE OF KENYA'S TOP IMPORTS FROM SAUDI ARABIA IN 2021 (JAN&OCT)



Source: KNBS database compiled by KEPROBA

MARKET OPPORTUNITY FOR KENYAN EXPORT PRODUCTS IN SAUDI ARABIA

- 1) The products with greatest export potential from Kenya to Saudi Arabia are Black tea, packings >3kg, cut flowers & buds, fresh and Coffee, not roasted, not decaffeinated.
- 2) Medicaments consisting of mixed or unmixed products, for retail sale is the product that faces the strongest demand potential in Saudi Arabia.
- 3) Kenya's best options for export diversification in Saudi Arabia are Bananas, fresh or dried, Cardamoms and Semi-milled or wholly milled rice.
- 4) Cashew nuts in shell portends good opportunity Kenya however in terms of value it is essential to focus on cleaned nuts.
- 5) Semi-milled or wholly milled rice is the product that faces the strongest demand potential in Saudi Arabia.

PROHIBITED AND RESTRICTED PRODUCTS

Importing the following products requires special approval by Saudi authorities:

- a) Agricultural seeds
- b) Live animals
- c) Books
- d) Periodicals
- e) Movies, and tapes
- f) Religious books and tapes
- g) Chemicals and harmful materials
- h) Pharmaceutical products
- i) Wireless equipment and radio-controlled model airplanes
- j) Horses
- k) Products containing alcohol (e.g., perfume)
- l) Natural asphalt
- m) Archaeological artifacts

SAUDI LAW PROHIBITS IMPORTATION OF THE FOLLOWING PRODUCTS:

- a) Weapons
- b) Alcohol
- c) Narcotics
- d) Pork and pork products
- e) Pornographic materials
- f) Distillery equipment
- g) Retreated or used tires
- h) Used clothing
- i) Certain sculptures

The market is the most lucrative in the middle East. Kenya has an opportunity to export agricultural product, fruits, vegetables, and meat products. The market has space for Kenyan manufactured agricultural products including Tea and Coffee.

Kenya will be participating at the Expo 2020 Dubai. It is recommended that this opportunity is maximized and to include promotion of Kenyan export products to the Gulf Cooperation Council States, where the Kingdom of Saudi Arabia happens to be among the leading markets.

KENYA-UNITED ARAB EMIRATES BILATERAL RELATIONS

The emirate of Dubai, whose economy is centred more on business than on oil, serves as a commercial and financial hub for the region and leads the country in economic diversification.



View of Abu
Dhabi skyline at
sunset, united arab
emirates



United Arab Emirates (UAE) is a federation of seven emirates in Western Asia located at the eastern end of the Arabian Peninsula. It borders Oman and Saudi Arabia and has maritime borders in the Persian Gulf with Qatar and Iran. The capital city is Abu Dhabi which is the largest of the seven emirates with more than three-fourths of the federation's total land area. The official language of UAE is Arabic. Several languages are spoken among the expatriate community, including various dialects of Pashto, Hindi, Balochi, and Persian. English is also widely spoken. About three-fifths of the population is Muslim, of which roughly four-fifths belong to the Sunni branch of Islam. There are also small but growing numbers of Christians and Hindus in the country. The emirate of Dubai, whose economy is centred more on business than on oil, serves as a commercial and financial hub for the region and leads the country in economic diversification.

KENYA'S TRADE STATISTICS IN THE UAE MARKET

The value of Kenya's exports to UAE stood at KSH 27.9 billion in 2021.

Kenya's lead export product to UAE in 2021 was petroleum oils and oils excluding crude, accounting for 32.3% of Kenya's exports to the country. Other key export products include tea (21.6%), meat of sheep or goats

(12.1%), dates, figs, pineapples, avocados, guavas, mangoes and mangosteens (8.9%) and cut flowers and flower buds (8.9%).

KENYA'S POTENTIAL EXPORTS TO UAE

The products with greatest export potential from Kenya to United Arab Emirates are Black tea, packings >3kg, Goat meat and Cut flowers & buds, fresh. Kenya has the highest supply capacity in Black tea, packings >3kg. Gold, semi-manufactured, for non-monetary purposes is the product that faces the strongest demand potential in United Arab Emirates.

MARKET ACCESS CHALLENGES

Tariffs & Non-Tariff Barriers

TARIFF ISSUES

From January 2018, the UAE introduced 5% value added tax, imposed throughout the Gulf Cooperation Council (GCC).

EMIRATIZATION - POLICY OF THE UAE

Federal Government
This favours domestic companies and sourcing and applies both to the public and private sector, and restrict foreign participation in such sectors for which guidelines are issued from time to time.

DOMINANCE OF THE DISTRIBUTION SYSTEMS

The distribution system is dominated by players from the Asiatic countries. The dominance has created a situation whereby, most of the goods in the market are from Asia and the Arab world.

LANGUAGE BARRIER

Arabic will often be the first language and documentation will be in Arabic - although English is recognized as the language of business. This makes

it difficult for non-Arabic speakers to communicate

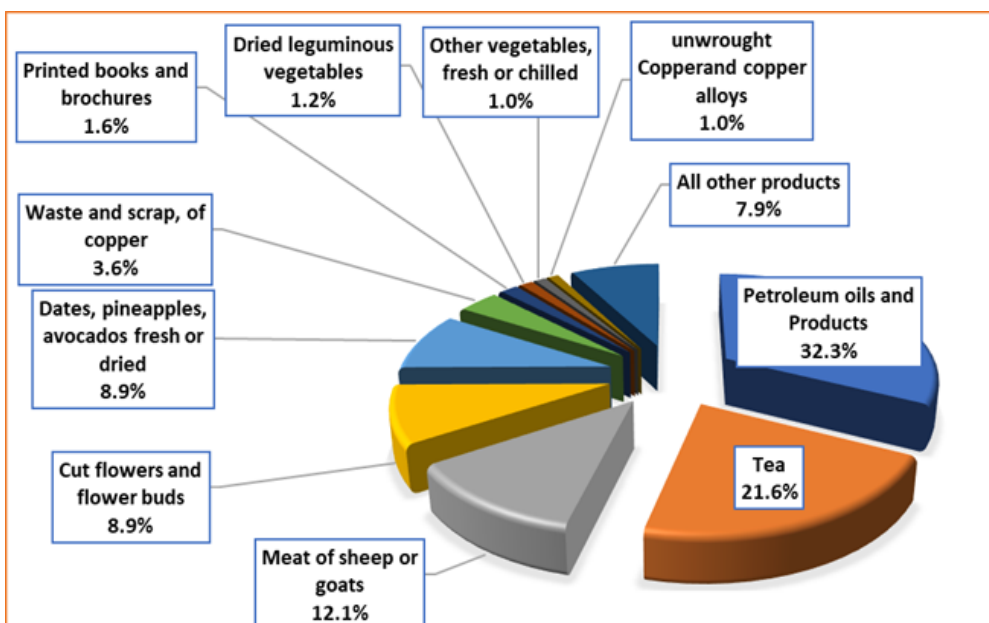
CONCLUSION

Kenya is having a competitive export

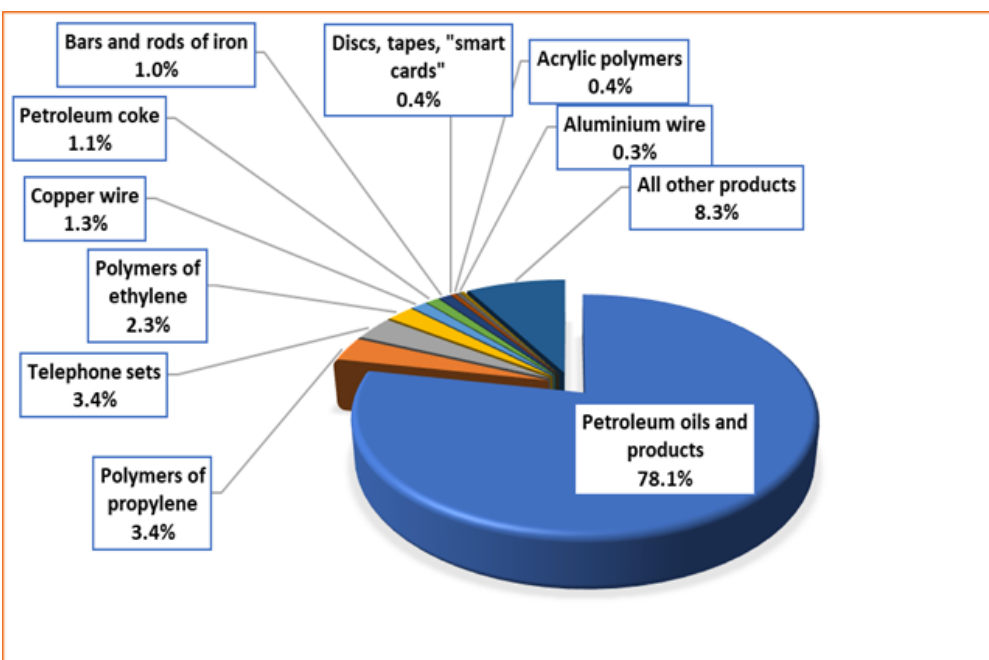
sector that can meet any opportunity arising in the world. The United Arab Emirates portends an opportunity to increase Kenyan exports of products that already have global comparative advantage, and hence competitiveness. UAE market is a significant market, considering its strategic location as a point of entry to the Gulf region and a distribution hub of goods and services to the entire world.



KENYA MARKET SHARE IN UAE IN 2021



KENYA'S IMPORT SHARE IN 2021



Kenya's imports from UAE were valued at KSH 142.1 billion in 2021 for the period Jan to Oct. Kenya's lead import products from UAE in 2021 included: petroleum oils and oils excluding crude (78.1%), polymers of propylene or of other olefins, in primary form (3.4%), telephone sets (3.4%), polymers of ethylene, in primary forms (2.3%) and Copper wire (1.3%).

Source: KNBS database compiled by KEPROBA

KENYA-KUWAIT BILATERAL RELATIONS

In 2012, Kenya and Kuwait signed a double tax avoidance agreement that aims at protection of investments agreement. They also signed a tourism promotion agreement and a joint commission cooperation.

The relationship between Kenya and Kuwait is cordial. In the bilateral and multilateral arena, the two nations have mutual agreements that are beneficial to their economic wellbeing. The importance of this relationship is underscored by key cooperation frameworks that have resulted in deepening and expansion of bilateral relation between Kenya and Kuwait.

Key areas for Kenya and Kuwaiti cooperation are:

- a) Infrastructure
- b) Health
- c) Education

The government of Kuwait has helped in funding of some projects in Kenya such as rehabilitation of Wajir Hospital, the Nuno-Modogashe Road, and schools in Borabu, Nyamira.

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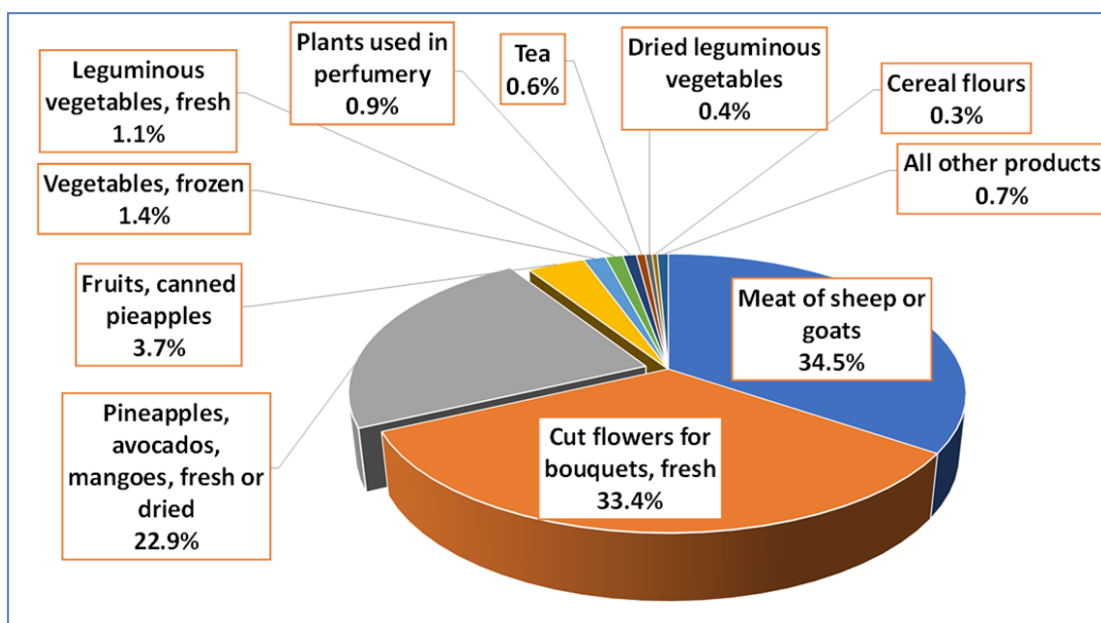
KENYA-KUWAIT BILATERAL TRADE TRENDS

Kenya's total exports were valued at US \$ 6.02 billion in 2020, 3% growth, from US \$ 5.84 billion in 2019. In the same 2020 period, Kuwait was ranked 61st Kenya's destination market, absorbing US \$ 8 million worth of goods which accounted for 0.13% share of Kenya's total exports in 2020. Kenyan exports to the market grew on an annual average by 1% between 2016 and 2020; and 3% between 2019 and 2020.

The total bilateral trade between the two countries averaged USD 42 million over the last decade (2011 to 2020); and total trade was high in 2012 at USD 205 million. Kenya's export to Kuwait has averaged USD 5.2 million over the same period 2011 to 2020; and exports were high in 2016 at USD 9.7 million;

and her imports from Kuwait averaged USD 36.6 million; and the imports were high in 2012 at USD 200 million. Therefore, the bilateral trade was in favour of Kuwait in the past decade (2011-2020), save for years 2015 to 2019.

SHARE OF KENYA'S TOP EXPORTS TO KUWAIT (2020)

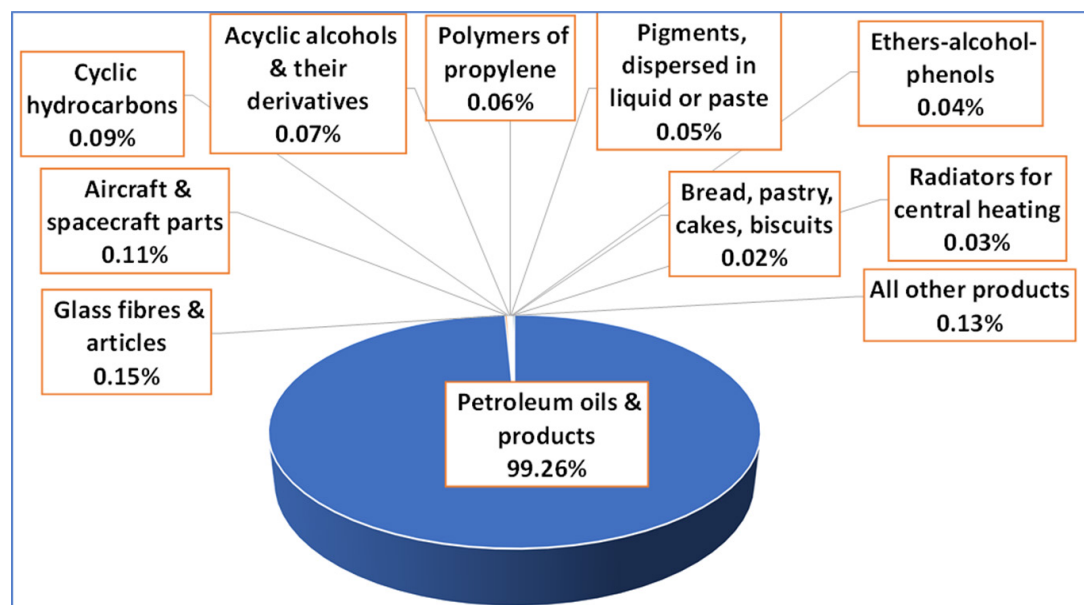


Kenya's main exports to Kuwait in 2020 were comprised of; sheep & goat meat, cut flowers and fruits (pineapple, avocados, mangoes), which accounted for 91% of total exports to Kuwait. Other export products were canned pineapples, preserved vegetables, leguminous vegetables, plants for perfumery, and tea, which accounted for the additional share of 7.7%.

Imports from Kuwait

Kenya's top import product from Kuwait in 2020 was petroleum oil & products, which accounted 99% of Kenya's total imports from Kuwait in 2020. Additional products were; glass fibres, aircraft parts, hydrocarbons, acyclic alcohol, and polymers.

SHARE OF KENYA'S TOP IMPORTS FROM KUWAIT (2020)



Source: International Trade Centre Database, 2021; Compiled by KEPROBA



OPPORTUNITY

The products with greatest export potential from Kenya to Kuwait are Cut flowers & buds, Black tea, packings >3kg and Coffee, not roasted, not decaffeinated. Medicaments consisting of mixed or unmixed products, for retail sale is the product that faces the strongest demand potential in Kuwait.

CHALLENGES FOR EXPORTING TO KUWAIT

a) Communication/ Language barrier.

Documentation and packaging labels must be in Arabic though English is also minimally used. This makes it difficult for non-Arabic speakers to communicate with the Arab buyers.

b) Stringent Islamic rules and Culture.

Islamic customs should be observed and the effects of the Islamic religion on business interactions must be respected when doing business in Middle East/ GCC states. Exporters of

meat and meat products will be required to provide original Halal slaughter certificate to demonstrate conformity with the halal rules.

C) TARIFF BARRIERS

Kenya's products to the Middle East/ GCC states attract tariffs, which makes them uncompetitive in the region.

