

AMCHAM BUSINESS SUMMIT

U.S. - EAST AFRICA TRADE & INVESTMENT FORUM

MANUFACTURING SECTOR PANEL

POSITIONING EAST AFRICA AS THE NEXT MANUFACTURING HUB

REPORT AND POLICY RECOMMENDATIONS

THE SUMMIT FOCUS

Building on the momentum of previous editions of the U.S. - East Africa trade and investment summit, our platform brings together influential decision makers, facilitates direct business-to-business engagement, and fosters constructive private-sector led dialogue with the public sector and development partners. Our unwavering focus is on expanding markets, catalyzing business growth, and driving job creation and economic prosperity across borders.

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POSITIONING

EAST AFRICA AS THE NEXT MANUFACTURING HUB

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Kenya's manufacturing sector remains a critical but underutilized engine of economic growth. Manufacturing currently contributes approximately 7–8% of GDP, below the government's longstanding 10% target. Yet the sector generated approximately Sh462 billion in tax revenue in the past year, 16.2% of total receipts, demonstrating its significant contribution to public revenues and its potential to generate more employment, investment and fiscal value through renewed growth.

At the AmCham Business Summit, industry leaders and policy experts identified competitiveness, regional market access, logistics, infrastructure and patient capital as the critical conditions for unlocking Kenya's next phase of industrialization. The discussion underscored that manufacturing competitiveness cannot be addressed within national borders alone: Kenya's industrial future is closely tied to the scale, integration and efficiency of the wider East African market.

TURNING REGIONAL INTEGRATION INTO REAL TRADE



Hitesh Mediratta
Board Chair,
Kenya Association of
Manufacturers (KAM)

The African Continental Free Trade Area (AfCFTA) presents a significant opportunity to expand the market available to East African manufacturers, but participants cautioned that implementation must move beyond commitments on paper to measurable increases in intra-African trade.

Hitesh Mediratta, Board Chair of the Kenya Association of Manufacturers (KAM), emphasized the importance of building a competitive domestic manufacturing base capable of serving regional markets. Quality employment, he argued, must ultimately translate into a broader and more sustainable tax base, making competitiveness a prerequisite for both industrial growth and fiscal resilience.

The panel identified delays in implementing tariff commitments, alongside persistent non-tariff barriers (NTBs), as significant impediments to regional trade. Allen Asiimwe, Deputy CEO of Trademark Africa, highlighted the continuing friction created by divergent standards, border procedures and other regulatory requirements. Harmonizing standards and reducing administrative barriers would allow businesses to move goods more efficiently and make regional market integration commercially meaningful.



MODERATOR

Allen Asiimwe
Deputy Chief Executive Officer,
TradeMark Africa

Logistics emerged as an equally significant constraint. High transport costs, port inefficiencies and lengthy transit times can erase the competitiveness gains created by tariff liberalization. The experience of AfCFTA trial shipments between Kenya and West Africa illustrated the scale of the challenge, reinforcing the need for investment in efficient trade corridors, ports and cross-border infrastructure.

The central message was that regional integration must become a sustained economic strategy rather than a response activated by periods of global disruption. As Mediratta put it, "Stop talking about the promise and measure real trade outcomes now."

BUILDING THE INFRASTRUCTURE FOR INDUSTRIAL SCALE

The panel also challenged misconceptions about industrial parks, positioning them as platforms for industrial clustering, shared infrastructure and greater productive capacity rather than competitors to established businesses.



George Olaka
CEO,
Arise IIP Kenya

George Olaka, CEO of Arise IIP Kenya, emphasized that industrial parks can help address some of the structural constraints facing manufacturers by concentrating infrastructure, logistics and supporting services in locations designed for industrial activity. However, their effectiveness ultimately depends on the wider business environment.

Policy predictability, affordable and reliable power, efficient logistics and ease of doing business were identified as fundamental considerations for investors evaluating manufacturing locations. High energy costs, in particular, can materially undermine the viability of industrial projects, making competitive power supply a prerequisite for scaling manufacturing and attracting new investment.

This points to the importance of an integrated industrial-development model in which energy, transport, logistics, industrial land and supporting services are developed in tandem rather than as separate policy priorities.

MOBILIZING PATIENT CAPITAL FOR INDUSTRIAL TRANSFORMATION

Access to long-term capital remains another critical constraint. Thomas Omondi, Acting CEO of Centum Investment, argued that Kenya must develop the scale and investment structures required to attract patient capital with investment horizons of 15–20 years. Such capital will be essential for sectors where industrial capacity, supply chains and supporting infrastructure require significant upfront investment before generating returns.

Achieving sufficient scale will also require manufacturers to look beyond the domestic market and build regional production and distribution networks.



Thomas Omondi
Acting CEO,
Centum Investment

A central priority is therefore to shift from an export model based on raw materials toward greater domestic processing, value addition and manufacturing. "We must dismantle the model of exporting raw materials and importing finished goods," Omondi said.

Investors, however, require more than market opportunity. Strong governance, ESG standards, transparency and credible pathways to exit are essential to attracting and retaining long-term capital. Patient capital is not permanent capital; investors need confidence that projects are commercially viable, well governed and capable of generating sustainable returns.

TARGETING HIGH-POTENTIAL MANUFACTURING OPPORTUNITIES

The discussion highlighted agro-processing, apparel, pharmaceuticals and packaging as sectors with significant potential to deepen domestic value addition and create employment at scale. These sectors also offer opportunities to build stronger linkages between agriculture, manufacturing and regional markets. Circular-economy models can further strengthen the investment case. The use of agricultural by-products, such as rice husks in packaging, illustrates how manufacturing can create additional value from locally available resources while supporting sustainability objectives and opening access to green financing. This approach aligns industrial policy with broader development priorities, including employment creation, poverty reduction, food security and environmental sustainability, while creating new opportunities for private investment and innovation.

FROM MANUFACTURING POTENTIAL TO INDUSTRIAL COMPETITIVENESS

The Summit discussion reinforced that Kenya's manufacturing challenge is not simply one of increasing production. It is about creating a competitive industrial ecosystem capable of attracting long-term investment, integrating into regional value chains, and producing goods that can compete in African and global markets. Achieving this will require sustained progress across several fronts: reducing the cost of doing business, improving energy reliability and affordability, modernizing logistics infrastructure, removing non-tariff barriers, harmonizing regional standards and creating conditions that support long-term capital.

Above all, participants emphasized the need for consistency. Economic integration and industrialization cannot advance only when external shocks create urgency. They require sustained implementation, institutional coordination, and measurable outcomes. For Kenya and the wider East African region, the opportunity is significant: to use regional integration as a platform for industrial scale, transform local resources into higher-value products, and build manufacturing ecosystems capable of generating quality employment, expanding the tax base and strengthening the region's position in global value chains.

KEY OUTCOMES AND STRATEGIC PRIORITIES

01 **Revitalize manufacturing competitiveness and investment**
Address the structural constraints keeping manufacturing at 7–8% of GDP by improving logistics, infrastructure, productivity and access to innovative financing.

02 **Position industrialization as a driver of quality employment and fiscal growth**
Prioritize manufacturing models that generate quality jobs, strengthen domestic value chains, expand the tax base and enhance Kenya's competitiveness in regional markets.

03 **Translate AfCFTA commitments into measurable trade outcomes**
Accelerate implementation of regional trade commitments and focus on tangible increases in intra-African trade, investment and cross-border industrial activity.

04 **Remove barriers to regional trade and strengthen market integration**
Reduce non-tariff barriers, harmonize standards and improve trade logistics to lower costs, shorten transit times and enable more efficient movement of goods across African markets.

05 **Build competitive industrial ecosystems through industrial parks**
Leverage industrial parks as platforms for scale, shared infrastructure and productive clustering, supported by affordable power, efficient logistics and predictable investment frameworks.

06 **Unlock patient capital for large-scale industrial investment**
Create conditions that attract long-term capital through cross-border scale, strong governance, ESG compliance, transparency and credible pathways to investor exit.

07 **Accelerate value addition and circular manufacturing**
Shift from the export of raw materials toward higher-value processing and manufacturing, while scaling circular-economy models that convert local resources and industrial by-products into new economic opportunities.

08 **Make regional integration and industrialization sustained economic priorities**
Institutionalize implementation and accountability so that regional integration and industrial development remain long-term commitments rather than temporary responses to economic or geopolitical disruptions.

POLICY RECOMMENDATIONS

01 **Establish a national manufacturing competitiveness agenda**
Implement a coordinated competitiveness strategy to reduce the structural costs of logistics, energy, and finance, while improving productivity and the overall investment environment for manufacturers.

02 **Accelerate implementation of the AfCFTA**
Translate regional trade commitments into commercially meaningful market access by harmonizing tariffs, standards and customs procedures and strengthening mechanisms that facilitate cross-border trade.

03 **Eliminate non-tariff barriers and modernize regional trade corridors**
Streamline border processes, address regulatory and administrative barriers, and invest in efficient transport and logistics infrastructure to reduce delays, lower transaction costs and strengthen regional supply chains.

04 **Scale integrated industrial parks and shared infrastructure**
Expand industrial parks as platforms for manufacturing clusters, supported by reliable and competitively priced power, shared infrastructure, efficient logistics and streamlined investment facilitation.

05 **Mobilize patient capital through stronger investment frameworks**
Develop transparent governance and ESG frameworks, alongside regional investment platforms and credible exit mechanisms, to attract long-term domestic and international capital for industrial development.

06 **Prioritize value addition and circular manufacturing**
Promote investment in higher-value processing and circular-economy models across agro-processing, apparel, pharmaceuticals and packaging to deepen domestic value chains, reduce import dependence and create new sources of industrial growth.

07 **Strengthen policy stability and investor protection**
Institutionalize predictable regulatory and investment frameworks, supported by effective investor protections, to provide businesses with the certainty required to make long-term industrial investments.

08 **Measure industrialization through tangible economic outcomes**
Establish clear performance indicators focused on manufacturing growth, quality job creation, investment, regional trade flows, productivity and value addition, ensuring that progress is measured by economic outcomes rather than policy commitments alone.

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