Press Release
Nairobi, 22nd April, 2020

AHK World Business Outlook Survey April 2020

The Delegation of German Industry and Commerce for Eastern Africa (AHK Eastern Africa) has released the results of the April 2020 AHK World Business Outlook Survey for Kenya, which has been conducted amongst the members of the German Business Association Kenya (GBA). The results reveal that the economic impacts of COVID19 are causing them to re-evaluate and modify their approach to doing business in the country. Travel restrictions (82.6%), low demand (65.2%), order cancellations (60.9%), liquidity shortage, supply chain and logistics challenges (47.8%) and event cancellations (39.1%) top the list of the anticipated business challenges expressed by the responding companies in the wake of COVID19. Furthermore, the companies expect their turnover to reduce by between 10% - 50% as the pandemic continues to ravage the global economy.

Snapshot of COVID19 Situation in Kenya

Kenya has more than 290 officially confirmed cases and has restricted movement in and out of the Nairobi Metropolitan Area, Kilifi, Mombasa and Kwale, in addition to a nationwide daily curfew beginning 7PM and ending 5AM. Meetings and public gatherings have also been banned, international travel has been stopped for several weeks already. These measures and the constant anxiety surrounding the virus have heavily affected industries including Tourism, Manufacturing, Services and Trade, the supply chain and movement of goods is heavily affected, labor force cannot go to work as usual, working hours have been reduced or home office introduced, government and public agencies have reduced their services and imports and exports suffer reductions.

Adapting to the Times

The Kenyan government has announced measures to assure some business continuity including special permissions for Essential Products and Services, as well tax and financing reliefs for businesses and staff. To better serve our partners and the Kenyan-German business community, AHK Eastern Africa, is adapting its services by utilizing digital resources to provide continued support.

“We are facing a ‘new normal’ of sorts and it is crucial for both AHK Eastern Africa and the Kenyan-German business community to evolve where possible to continue the successful bilateral trade relationships we have seen growing further in the past years,” said Mrs. Maren Diade-Schillischmidt, Delegate of German Industry for Eastern Africa.

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She went on to say that, “It is important to note that although the times are challenging, for now 60.9% of the responding companies indicate that they expect their company’s general situation to be stable. 60.8% also expect their employment situation to remain rather unchanged. A further 52.2% still maintain a positive outlook on business expectations in the next 12 months. But we need to also note that the survey was conducted at the beginning of the restrictions and thus their outlook might change in the coming weeks.”

“The virus has severely challenged the modalities of our economic cooperation. However, it is important to be steadfast. There will be a world after COVID19 where we will be able to build on our strong political, cultural and business ties built over decades,” said Thomas Wimmer, Deputy Ambassador and Head of Economic Affairs at the German Embassy in Nairobi. “All companies, subsidiaries, partner institutions and organizations in the country should come together during this time to ensure that we look back on this time as when our resolve to work together was tested and we passed this test.”

**Results from Eastern Africa**

AHK Eastern Africa, as stated, covers countries in the whole of Eastern Africa. COVID19 is playing a part in creating a similar trend of business downturn in Ethiopia, Rwanda, Uganda and Tanzania as well. In Ethiopia, 71.4% of the German companies on the ground have low business expectations for the next 12 months, 50% indicate the same in Uganda, 65% in Tanzania and 28.6% in Rwanda. This is largely attributed to the effects of COVID19 in the region with regard to travel restrictions, supply chain interruption, logistics and labor challenges.

- For an overview of data from all the Eastern Africa countries, [click here](#).
- For a comparison with the Autumn 2019 results, [click here](#).
Kenya Data – April 2020

AHK World Business Outlook April 2020 Survey Results - Kenya (data in percentage)

<table>
<thead>
<tr>
<th>Category</th>
<th>Better/higher</th>
<th>Constant</th>
<th>Worse/lower</th>
<th>No investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>69.6%</td>
<td>13.0%</td>
<td>21.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Investments</td>
<td>34.8%</td>
<td>21.7%</td>
<td>30.4%</td>
<td>13.0%</td>
</tr>
<tr>
<td>Economic Growth</td>
<td>17.4%</td>
<td>47.8%</td>
<td>39.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Business Expectations (coming 12 months)</td>
<td>60.9%</td>
<td>21.7%</td>
<td>17.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Companies’ current situation</td>
<td>17.4%</td>
<td>21.7%</td>
<td>34.8%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Kenya - What are the biggest risks to economic development in the next twelve months?

- Trade barriers / preference of local companies: 21.7%
- Infrastructure: 13.0%
- Economic framework conditions: 43.5%
- Legal certainty: 43.5%
- Energy and raw material prices: 21.7%
- Change rate: 30.4%
- Skills shortage: 17.4%
- Labor costs: 34.8%
- Financing: 69.6%
- Demand: 0.0%

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Which changes in the turnover do you expect as a consequence of the coronavirus pandemic in 2020?

- No assessment possible at the moment: 13.0%
- Higher turnover: 0.0%
- No changes: 4.3%
- Decline of more than 50%: 17.4%
- Decline between 25% and 50%: 26.1%
- Decline between 10% and 25%: 26.1%
- Decline up to 10%: 13.0%

Which consequences do you expect or do you already experience because of the coronavirus pandemic?

- Investments get postponed / cancelled: 4.3%
- Problems in the supply chain / with logistics: 43.5%
- Liquidity shortage: 47.8%
- Less demand for my products and services: 47.8%
- Travel restrictions: 65.2%
- Cancellation of fairs / events: 39.1%
- Cancellation of orders: 60.9%
- Own loss of production / sick leave: 8.7%
- Lacking goods / services: 30.4%
- Other: 4.3%

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