KEYNOTE SPEECH BY DIRECTOR-GENERAL, DAVID KEMEI, DURING THE LAUNCH OF THE PMR REPORT ON 24TH NOVEMBER, 2025 AT THE RADISSON BLU UPPERHILL, NAIROBI

Ladies and Gentlemen, Good Morning!

Over the past four decades, Kenya has made remarkable progress in promoting liberal markets by strengthening the competition framework. What began in the 1980s with small steps toward a free-market economy has grown into a robust system anchored by the establishment of the Competition Authority of Kenya in 2011. In its early years, the Authority worked hard to build capacity, raise awareness, and address anti-competitive business practices.

Economic theory and empirical studies show that regulations impairing effective market functioning adversely affect the economy, constraining productivity by constraining business operations. Over and above stunting growth, uncompetitive markets disenfranchise consumers, while lowering the number of created every year.

In 2015, the Authority and the World Bank jointly released the Product Market Report on *Dismantling Regulatory Obstacles to Competition*. One of the findings indicated that removal of restrictive regulations in Kenya's service sectors, such as professional services and electricity production and distribution, would result in an increase of GDP growth by at least 0.39 percentage points (equivalent to US$218 million in the first year). That report recommended urgent reforms to lower barriers to entry and rivalry by reviewing rules that create discriminatory conditions among market players and limit their business strategy options, and the importance of reducing Government intervention in business through State-Owned Enterprises (SOEs). Such reforms, the report posited, would encourage private sector participation, especially in the agriculture, telecommunication and energy sectors.

The Report we are launching this morning augments this position. It notes that while positive progress has been made to open up markets in Kenya, including through the Authority's interventions in various sectors, there is still latitude to do more.

For instance, The report posits that pro-competitive policy reforms across various sectors would boost value-added growth in the electricity and professional services sectors by 7.5%, or KES 77.7 billion in additional GDP in 2023. Further, available evidence suggests that reforms in the legal and structural architecture across various sectors would yield up to 1.4% in GDP growth annually, while increasing job creation by over 400,000 and labour compensation by over 7% compared to the current level. Overall, the report should be viewed positively. Whereas it is clear that there are various sectors that need various forms of interventions, Kenya's room for growth is quite high, even within the current fiscal realities. Allow me not to preempt the World Bank's presentation further.

Notably, in an effort to promote a level playing field, the Authority has steadily expanded its enforcement capability. It has created a strong institutional foundation while implementing its mandate of regulating mergers and acquisitions; investigating and sanctioning anti-competitive conduct; deterring abuse of buyer power; and enhancing consumer protection. We have also ventured into emerging but critical areas of enforcement, such as public procurement and digital markets. These efforts have enhanced consumer welfare, ensured the sustainability of SMEs, and improved the playing field for businesses in Kenyan markets.

Noting that trade is not just a domestic affair, the Authority coordinates closely with regional bodies under COMESA, the EACCA, and the AfCFTA to reduce compliance burdens for businesses and enable smoother cross-border trade.

Ladies and gentlemen, it is with these considerations in mind that we partnered with the World Bank Group to conduct a comprehensive study into the competitiveness of our economy, with a focus on sectors where, if reforms are instituted, would translate into more competitive, resilient, and opportunity-rich Kenyan economy. The report we are launching today recognizes the Authority's progress and equally underscores the gaps and opportunities that call for strengthened action and continuous improvement. More importantly, it acknowledges that true progress does not rest on the Authority solely – there is a need for a whole-of-government approach to unlocking economic potential that is clearly achievable.

Ladies and gentlemen, allow me to state a few positives and also acknowledge areas of improvement.

Over the last 14 years, the Authority's legal framework has evolved in line with emerging issues, and in order to create a transparent and predictable regulatory regime that has facilitated compliance with competition law ideals. These amendments have enhanced investigative powers and provided tools to regulate emerging challenges. The Competition Amendment Bill, 2025, which is currently before the National Assembly, seeks to modernize the competition enforcement powers by incorporating global best practices in competition regulation and addressing the regulatory gaps identified in the current law.

With regard to merger regulation, the Authority now incorporates public-interest considerations, such as job preservation and opportunities for SMEs, to ensure that our mandate delivery supports, rather than undermines, national development goals. Moreover, strengthening buyer-power enforcement has also enhanced protection of SMEs from unfair treatment by large retailers and distributors in the retail sector. Further, to enhance access to professional services by consumers, the Authority has consistently taken a firm stance on minimum fee-setting. The World Bank report reinforces this position by highlighting that removing such rigidities can stimulate market entry, enhance efficiency, and ultimately deliver better quality and more affordable services. It affirms that opening up this space is not only pro-competition, but also beneficial to the wider economy and consumers. Failure to do so increases costs for doing business, especially for MSMEs, and limits innovation.

Beyond enforcement, the Authority is expanding its focus to advocacy, working with regulators and county governments to entrench competition principles into policy design. Pro-competitive reforms have the power to unlock growth by removing unnecessary barriers and improving market access. Businesses already have enough hurdles to jump towards success; we collectively have a duty to reduce the legal and policy issues that increase their chances of failure, rather than success!

Across key sectors, the Authority has made significant interventions. In the agriculture sector, a recent inquiry into the animal feeds market revealed high concentration and input pricing issues that drive up feed costs. The recommendations called for addressing anti-competitive conduct, improving cross-border regulations, and easing county-level barriers to the movement of goods across counties within Kenya. It is instructive to note that the report being launched today also focuses on key agriculture sub-sectors such as sugar milling and the provision of subsidized fertilizer to farmers.

Allow me to finish by referencing last week's President H.E. William Ruto's State of the Nation Address, which reinforces a critical economic insight: Kenya's path to sustained growth depends on removing the structural and regulatory barriers that limit competition, productivity, and broad-based participation.

The emphasis on modernizing infrastructure, expanding irrigation, enhancing energy reliability, and digitalizing government services speaks to the urgent need to lower transaction costs and create markets that function efficiently and transparently. Equally, the commitment to eliminate cartels in agricultural inputs, streamline logistics, and strengthen institutional governance aligns with the broader objective of ensuring fair, contestable markets. These priorities underscore the necessity for continued legal and structural reforms—whether through updated regulatory frameworks, improved enforcement capacity, or greater coherence in sectoral policies—to ensure that markets reward innovation rather than entrench inefficiencies. Taken together, this agenda charts a decisive path toward a more competitive, resilient, and opportunity-rich Kenyan economy.

Ladies and Gentlemen, the opportunities presented to us all in this report are immense. H. Jackson Brown Jr. reminds us that "Nothing is more expensive than a missed opportunity." We will not let these opportunities pass us by.

As I sign off, I encourage each of us here present to take time and critically read this report. The recommendations support the Government's efforts under Vision 2030 blueprint by identifying opportunities to strengthen markets, reduce costs, and attract investment. As markets, governments, technology, and consumer demands change over time, policy and regulatory frameworks inevitably adapt as well. In order for Kenya to proceed to the next phase of reform, this report assists in identifying areas where what was appropriate in one time may need to be updated in another. These are areas of self-reflection, not criticism. At the end of the day, every Government wants to achieve lower prices, better services, more investments and jobs. The report is a lens into the areas that may need adaptation for more competitiveness.

Thank you!

Mr. David Kemei

Director-General, CAK