

**STATEMENT BY HIS EXCELLENCY HON. UHURU KENYATTA, C.G.H.,
PRESIDENT AND COMMANDER IN CHIEF OF THE DEFENCE FORCES OF
THE REPUBLIC OF KENYA ON THE TOURISM SECTOR, ISSUED AT STATE
HOUSE, NAIROBI, 23RD MAY, 2014**

Fellow Kenyans,

As Kenyans are aware, the Tourism sector plays an important role in our economic development, both directly and indirectly. Since last year, the sector has experienced some challenges, which have impacted negatively on its performance.

After growing strongly and steadily between 2001 and 2007, tourism sector suffered its worse when the international arrivals declined by 31 percent due to, among others, the election related challenges and impact of international economic and financial crises.

Last year, international arrivals dropped further due to security related challenges. With the recent advisories from some in our traditional source market that account for about 46 percent, tourism sector is likely to continue facing difficulties.

In view of the importance of the tourism sector in Kenya's economy, especially its multiplier effect on various sectors, the Government and stakeholders have agreed measures to get the numbers back into our hotels, and growing it on a sustained basis to at least 10 million visitors annually in a decade.

I now turn to the specific measures to stimulate tourism sector recovery

- *First*, under Tax measures, the Government, with effect from 12th June 2014, will allow all corporate and business entities to pay vacation trip expenses for their staff on annual leave in Kenya and deduct such expenditures in their taxes.
- Through this measure, we shall directly give at least 25,000 Kenyans a chance to go for a week's holiday every month at the expense of their employers, bringing to total over 300,000 additional Kenyan guests in our hotels throughout the country.

- *Second*, with effect from 29th May 2014, all air ticketing services supplied by travel agents shall be exempt under the VAT Act, 2013 so as to enhance our competitiveness in the region.
- *Third*, all outstanding income tax related refunds amounting owed to the tourism industry players will be paid out by Kenya Revenue Authority not later than next Thursday 29th May 2014. We expect this measure to improve sector liquidity and cash-flow;
- *Fourth*, to further encourage local guests in our National parks and attract both regional and international tourists, all park fees currently set at USD90 per non-resident and KShs.1,200 per resident guest shall be reduced to USD.80 and KShs.1,000, respectively, effective 12th June 2014.
- *Fifth*, to encourage both local and international flights into Moi International Airport and Malindi Airport, the Government has reduced, with immediate effect, the landing charges by 40 percent and 10 percent, respectively.
- *Sixth*, Government has, with immediate effect, revoked the National Treasury Circular restricting the public service from holding conferences and other meetings in private hotels. It will now be possible for the public sector to hold conferences and meetings in private hotels throughout the country as when the need arises;
- *Seventh*, the Government has allocated adequate resources to expand Malindi Airport to international standards to allow for larger commercial aircrafts to land. This will encourage growth of charter tourism.
- *Eighth*, all budgetary resources, at the National Government, earmarked for foreign travel will, in Supplementary II, be reallocated to domestic travel to further give impetus to tourism sector recovery. Similarly, we urge Parliament and the Judiciary to do the same.
- *Ninth*, the National Government urges the County Governments to reallocate all their foreign travels budgets to domestic travels in order to spur growth of domestic tourism and sustain employment.

In addition, the industry has identified a raft of measures, which will complement Government's initiatives. In particular:

- First, The industry will offer better vacation package to Kenyans compared to what they offer international package tours, estimated at about USD 60 daily per person on full board;
- Second, The Government and Industry will develop an interactive Kenya Tourism Portal, within a week, to promote and manage booking and distribution of domestic guests under the Tourism Stimulus Program
- Third, The Government and Industry will, within two weeks, develop a comprehensive promotional campaign program to popularize both international and domestic tourism.

And for the Medium to Long Term measures, the Government will shortly reconstitute a Task Force with a mandate of developing a strategy to address underlying challenges and positioning Kenya as the preferred destination for safari, commercial, educational and health, conferencing and professional services in Africa, attracting at least 5 million guests in the next 5 years.

Thank you and God bless you