AUTOMOTIVE PARTS MANUFACTURERS ASSOCIATION OF KENYA

DRIVING LOCAL PARTS MANUFACTURING FORWARD

Issue 03-2026

NEWSLETTER

July 6, 2026

In this issue;

MESSAGE FROM THE SECRETARIAT

Driving Competitiveness Through Partnership and Innovation

Greetings,

As we reach the midpoint of 2026, Kenya's automotive industry continues to demonstrate resilience and steady progress despite operating in an increasingly complex business environment. While manufacturers continue to contend with rising production costs, evolving market dynamics, and unfair competition from counterfeit and illicit products, there is growing confidence that the sector is moving in the right direction.

The Government's sustained commitment to industrialization and local manufacturing continues to create important opportunities for the automotive sector. Ongoing support for local vehicle assembly, including the national vehicle leasing program, has contributed to increased production by local assemblers and strengthened demand across the automotive value chain. This presents significant opportunities for Kenyan automotive parts manufacturers to deepen their participation as reliable local suppliers and expand the range of components produced domestically.

Equally encouraging is the performance of the motorcycle sub-sector, which continues to register steady growth. Increased motorcycle assembly has translated into stronger demand for locally manufactured parts and accessories, demonstrating the value of nurturing domestic suppliers and reinforcing the critical role that local manufacturing plays in supporting Kenya's industrialization agenda.

These positive developments, however, must not distract us from the structural challenges that continue to affect the competitiveness of our industry. Counterfeit and illicit automotive products remain a significant threat to legitimate manufacturers, eroding consumer confidence, compromising safety, and discouraging investment. At the same time, high energy costs, expensive production inputs, and logistics challenges continue to increase the cost of manufacturing, making it difficult for local firms to compete effectively against imported products.

Addressing these challenges requires sustained collaboration between the government and the private sector. APMA remains committed to championing policies that promote local value addition, strengthen standards enforcement, encourage investment in manufacturing, and create a predictable policy environment that supports long-term industrial growth. We will continue to engage policymakers and industry partners to ensure that the interests of automotive parts manufacturers remain central to national industrial development discussions.

On behalf of the APMA Secretariat, I sincerely thank our members, partners, and stakeholders for your continued trust, collaboration, and commitment to advancing Kenya's automotive parts manufacturing industry. Together, we are laying the foundation for a stronger, more competitive, and more resilient sector that will contribute meaningfully to Kenya's industrial transformation and economic prosperity.

I look forward to our continued partnership as we work collectively to unlock the full potential of Kenya's automotive manufacturing industry.

Alexander Alulu
APMA Secretariat
July 2026

POLICY AND INDUSTRY DEVELOPMENTS

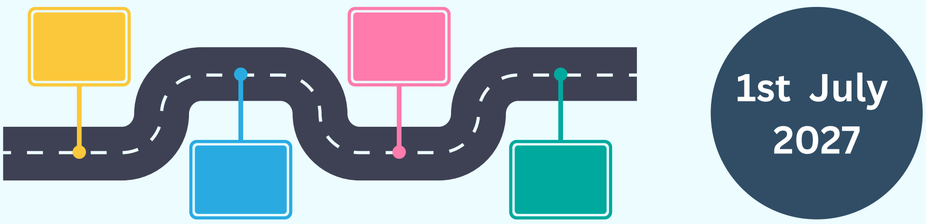
EAC Assembling and Manufacturing Regulations Deferred to July 2027

The East African Community Assembling and Manufacturing of Products Regulations were gazetted in 2025, with implementation set for 1st July 2026.

These Regulations set out the modalities governing the assembly and manufacture of products, including the definition and composition of Completely Knocked Down (CKD) kits at various levels, and were to supersede all existing national regulations relating to the manufacture and assembly of motor vehicles, motorcycles, and related components.

It is important to note that Kenya was already ahead in motor vehicle and motorcycle assembly and in developing local content compared to the other EAC partner states, except for Tanzania, which also boasts a sound assembly industry.

The EAC Sectoral Council on Trade, Industry, Finance, and Investment (SCTIFI) recently met in Arusha. The meeting noted with concern that only two Partner States (Kenya and Tanzania) were ready for implementation by the original deadline of 1st July 2026. The two partner states have also held stakeholder sensitization workshops.



INDUSTRY GRANTED ADDITIONAL TRANSITION PERIOD

SCTIFI is directed as follows

In view of the varying levels of preparedness among Partner States, implementation of the EAC Assembly and Manufacturing of Products Regulations, 2025 has been deferred to 1st July 2027.

Member States were further directed to submit recommendations to the EAC Secretariat on inputs and raw materials not available within the region, to support the development of a regional duty remission framework for manufacturers of motor vehicle and motorcycle parts. Submissions are due by 30th September 2026.

The local industry will work to review the list of Parts in Part III, Schedule I of the regulations and submit to the Ministry of Industry for onward submission to the EAC Council.

Consequently, the industry will continue using the local regulations, that is, **Legal Notice 84 (Unassembled Motor Vehicles and Trailers Regulations, 2019)** and **Legal Notice 112 (Unassembled Motorcycle Regulations, 2020)** and their subsequent amendments for a further one year.

APMA Participates in Review of Kenya's National Industrialization Policy

APMA recently participated in the **National Industrialization Policy (NIP) Review Report Validation Meeting** convened by the Ministry of Investments, Trade and Industry through the State Department for Industry. The engagement forms part of the Government's ongoing process to review and update Kenya's industrial policy framework to align with emerging economic realities, strengthen industrial competitiveness, and support long-term economic transformation.

The review process seeks to build a more responsive and coordinated industrial agenda that aligns with national priorities and regional and international frameworks, while addressing evolving technological and market developments. The validation meeting brought together representatives from government, industry associations, private sector institutions, development partners, and other stakeholders to review findings and provide recommendations to guide the next phase of policy development.

A key outcome of the meeting was the consensus among stakeholders that Kenya should develop a **new National Industrialization Policy**, rather than revise the previous framework in isolation. Stakeholders observed that the new policy presents an opportunity to address implementation challenges identified under the existing policy, eliminate overlaps, and harmonize the various industrial and manufacturing policies currently in place into a more coherent and effective national framework.

To support an inclusive and evidence-based process, stakeholder mapping was undertaken, and a series of **sector roundtable engagements** will now commence to collect views, priorities, and recommendations from industry players and other stakeholders. The process is expected to culminate in the completion of the new policy by **15th November 2026**, when it is targeted for submission to Cabinet for consideration.

As APMA, we are encouraged to have been included in these important stakeholder consultations and view this as a strategic opportunity to shape Kenya's industrial future. We will actively participate in the upcoming engagements and advocate for the **automotive sector to be recognised as a priority** sector under the new National Industrialization Policy.

A strengthened policy framework that supports vehicle assembly, local parts manufacturing, industrial competitiveness, skills development, and investment attraction will be critical in positioning Kenya as a regional automotive manufacturing hub and accelerating industrial growth.

APMA remains committed to supporting our members through sustained policy advocacy and constructive engagement with the government and industry stakeholders. Our participation in the National Industrialization Policy review process reflects our broader mandate to champion the formulation and implementation of policies that promote sustainable industrial growth, strengthen local manufacturing capabilities, and create an enabling environment for investment and innovation.

We will continue to advocate for the development of a competitive local automotive parts manufacturing ecosystem that is capable of meeting domestic demand while positioning Kenya to compete effectively within regional and continental markets.

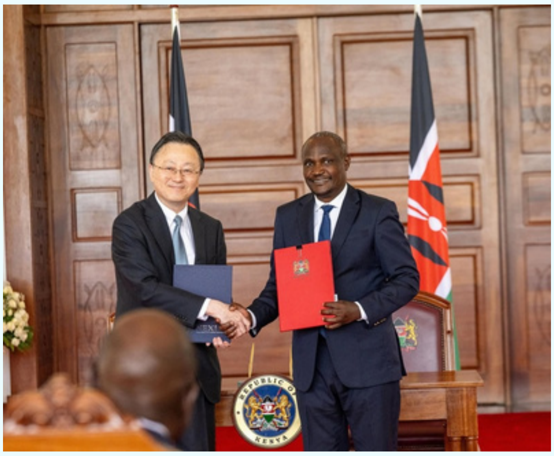
Kenya and Japan Strengthen Industrial Partnership Through Samurai Bond Facility

Kenya and Japan have entered a new phase of their longstanding partnership through the signing of the **Samurai Bond facility**, reinforcing a shared commitment to industrial transformation, sustainable economic growth, and economic resilience.

The signing ceremony, held at State House, marked a significant milestone in Kenya's industrial development agenda and highlighted the growing strategic cooperation between the two countries beyond traditional financing arrangements.

Speaking during the event, **H.E. Dr. William Samoei Ruto** emphasized that the Kenya–Japan relationship extends beyond financial support and is anchored on building long-term national capacity through technical cooperation, skills development, training, and technology transfer. These pillars are expected to play an important role in accelerating Kenya's industrialization agenda and strengthening local production capabilities.

The **KES 22.1 billion facility** will support priority national development initiatives, with a strong focus on advancing the implementation of Kenya's **National Automotive Policy** and catalyzing industrial growth.



In his remarks, the Cabinet Secretary for the Ministry of Investments, Trade and Industry, **Hon. Lee Kinyanjui,** observed that access to affordable and long-term capital remains one of the major constraints limiting the growth and expansion of Kenya's automotive sector. The Samurai Bond financing is therefore expected to unlock investment and provide additional momentum for industry growth.

The Cabinet Secretary further noted that policy certainty and regulatory stability remain essential in attracting long-term investment into the automotive ecosystem. In this regard, the forthcoming **National Automotive Bill** was highlighted as a key intervention to create a predictable and competitive operating environment for investors and manufacturers.

Of particular significance to the local automotive industry, the facility is expected to support **automotive parts and component manufacturers** in expanding production capacity and increasing local content levels to at least **40 percent.** This is expected to strengthen Kenya's competitiveness within both the **East African Community (EAC)** and the **African Continental Free Trade Area (AfCFTA)** by promoting domestic value addition, reducing reliance on imports, and advancing sustainable industrial development.

Beyond automotive manufacturing, the initiative also allocates **KES 5 billion** toward reducing energy losses across Kenya's power network. Improved energy efficiency and reliability are expected to contribute to lower production costs, enhance industrial competitiveness, and support broader economic growth.

For the automotive industry, the Samurai Bond presents an important opportunity to accelerate localization, deepen industrial capabilities, and strengthen Kenya's position as a regional manufacturing hub.

APMA Member Engagement Visit: Strengthening Industry Through Collaboration

As part of APMA's continued commitment to strengthening engagement with its members and supporting the growth of Kenya's automotive manufacturing ecosystem, the Secretariat recently conducted a member visit to **Springtech Kenya Ltd** and **Sarazo Limited** in Mombasa.

The visit provided an opportunity to gain deeper insights into the operations of the two companies and better understand their contributions to local manufacturing and the automotive value chain.

Springtech Kenya Ltd specializes in the manufacture of **leaf springs, U-bolts, and centre bolts,** supplying critical suspension and fastening components that support the automotive and transport sectors. **Sarazo Limited**, on the other hand, focuses on the production of **bolts and nuts,** playing an important role in strengthening local industrial supply chains and reducing reliance on imported components.

During the visit, APMA engaged with the leadership team to discuss current operations, growth opportunities, and the challenges affecting local manufacturers. It was encouraging to witness the level of investment, technical capability, and commitment demonstrated by both companies in advancing local production.

The discussions also highlighted several constraints affecting competitiveness and expansion, reaffirming the importance of continuous dialogue between industry and stakeholders. These engagements are critical in ensuring that emerging challenges are identified early and addressed through coordinated advocacy and practical interventions.

At APMA, member engagement remains a key pillar of our work. Through regular visits and direct interactions, we seek to gain a deeper understanding of member needs, strengthen industry collaboration, and champion solutions that promote a more competitive and resilient automotive manufacturing sector in Kenya.

APMA Participates in the 27th Edition of the AUTOEXPO AFRICA 2026

The Automotive Parts Manufacturers Association of Kenya (APMA) proudly participated in the 27th **AUTOEXPO AFRICA**, held at the Carnivore Grounds in Nairobi, from 3rd to 5th June 2026.

The exhibition provided an excellent platform for APMA members to showcase locally manufactured automotive parts and components to both local and international visitors. Through engagements with industry stakeholders, distributors, buyers, and investors, the event showcased Kenya's automotive manufacturing capabilities and reinforced confidence in the quality, reliability, and competitiveness of Kenyan-made automotive products.

We are pleased to recognize the following APMA member companies that participated and showcased their products during the exhibition:

- **Mutsimoto Motor Co. Ltd**
- **Rubber Products Ltd**
- **Numerical Machining Complex Ltd**
- **SAI RAJ Ltd**
- **Associated Battery Manufacturers (Chloride Exide Ltd)**
- **Auto Ancillaries Ltd**

Their participation demonstrated the innovation, technical expertise, and manufacturing capacity that continue to drive the growth of Kenya's automotive supply chain.

APMA also extends its sincere appreciation to **EXPOGROUP** for the opportunity to partner in this year's exhibition for a second year running. The collaboration has significantly enhanced the visibility of both the Association and its members, creating valuable opportunities for business linkages, market access, and industry growth. We look forward to strengthening this partnership in future editions of **AUTOEXPO AFRICA**.

At APMA, one of our core objectives is to **expand market access opportunities** for our members and strengthen the visibility of locally manufactured automotive products. We pursue this through continuous promotion of member capabilities and products across multiple platforms, including participation in trade fairs and exhibitions, profiling members on the APMA website and social media channels, and distributing print materials that showcase member companies and their offerings.

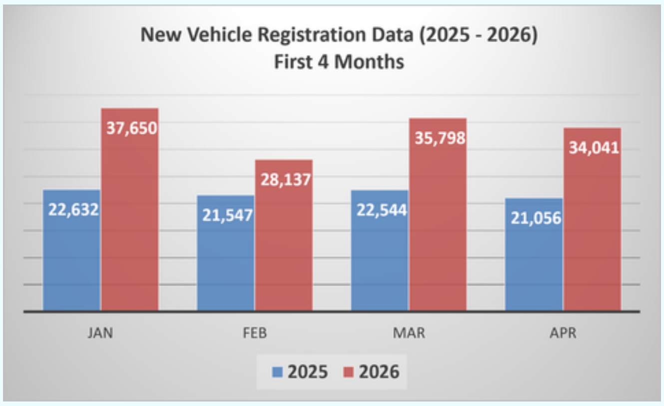
Through these initiatives, APMA seeks to create commercial opportunities, strengthen industry linkages, and support the growth and competitiveness of Kenya's local automotive parts manufacturing ecosystem.

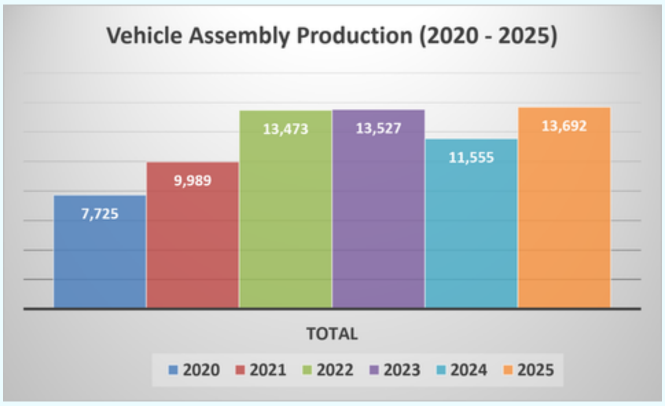
Vehicle Registration Data

New Motor Vehicle Registrations Show Strong Growth in 2026

New motor vehicle registrations continued to strengthen during the first four months of 2026, signalling sustained recovery in Kenya's automotive sector. Registrations increased across all four months compared to the same period in 2025, with cumulative registrations rising from 87,779 to approximately 135,600 units, an increase of about 54%

The positive outlook is equally evident in local vehicle assembly. Production rose from 7,725 units in 2020 to 13,692 units in 2025, representing an overall increase of nearly 77% over the six-year period. Although production moderated in 2024, the industry rebounded in 2025 to record its highest output during the period under review, underscoring the resilience of Kenya's vehicle assembly sector.





Data Source: Kenya National Bureau of Statistics, Leading Economic Indicators.

Together, these trends present significant opportunities for automotive parts manufacturers, vehicle assemblers, distributors, and the wider industry. The renewal of the Government's Vehicle Leasing Programme is expected to stimulate demand for locally assembled vehicles further, reinforcing the upward trajectory in domestic vehicle production. Coupled with the sustained growth in new vehicle registrations, this is expected to strengthen the local automotive value chain, increase demand for locally manufactured components, attract new investment, create skilled employment, and enhance Kenya's position as a regional automotive manufacturing hub. Continued policy support and stronger collaboration between government and industry will be essential to sustaining this momentum.

Economic Outlook

Kenya's macroeconomic environment remained relatively resilient during the first half of 2026, providing a supportive backdrop for industrial and automotive sector growth. According to the Kenya National Bureau of Statistics (KNBS), annual inflation rose from **4.4%** in January to a peak of **6.7%** in May, before easing slightly to **6.4%** in June. The increase in inflation during the second quarter was largely driven by higher food, transport, and energy prices, exacerbated by geopolitical tensions that disrupted global supply chains and contributed to elevated fuel and commodity prices. The slight decline in June, however, suggests that inflationary pressures may be beginning to moderate. Looking ahead, sustaining macroeconomic stability, predictable policy interventions, and a conducive business environment will be critical to supporting investment, strengthening local manufacturing, and maintaining the positive momentum currently being witnessed across Kenya's automotive industry.

Automotive Parts Manufacturers Association of Kenya- APMA
Automotive Parts Manufacturers Association of Kenya
@ApmaKenya
@apmakenya
apma.kenya@gmail.com
www.apma.co.ke