

RPTB1

TRADE AND INVESTMENT PROMOTION PLANNING SYSTEM

90/91 TRADE AND ECONOMIC OVERVIEW

Mission: NAIROBI

Country: KENYA

The Kenyan economy has been growing at an annual average rate of over 5%, despite difficult conditions on the international scene. In 1988, Kenya undertook a 3 year major stabilization and adjustment program supported by IDA and IMF. The Government's policies since that date demonstrate its commitment to the program and the measures adopted are having a gradual impact on economic structure and performance over the medium term. Broadly speaking, the policy framework stresses the role of the private sector in revitalizing the economy. Kenya has expressed renewed commitment to attracting foreign investment and is taking steps to streamline some of the procedures. Plans for the establishment of export processing zones and licencing for manufacturing in bond are also proceeding in order to reduce the heavy dependance on traditional exports.

The external account situation in the medium term will require careful management. Recent deterioration in the balance of payments is attributed to lower export receipts, particularly coffee, an increase in the price of petroleum imports and acceleration of the import liberalization strategy. With the Government's determination to avoid recourse to debt rescheduling, Kenya also appears to be taking seriously the need to limit non-concessional debt over the medium term.

The curtailment of EDC Canada Account concessional financing over the next several years, together with the reduction in the CIDA budget, call for certain shifts in our trade development strategy. We will need to strengthen our efforts in promoting and supporting Canadian firms in projects financed by the World Bank, the African Development Bank and the UNDP. Opportunities for consulting services contracts in particular will be targeted. We will also seek to identify areas of complementarity with CIDA programs, specifically through the INC program mechanisms, e.g. CPPF, project support, joint venture promotion, etc. Opportunities for EDC traditional export financing will continue to arise for high priority items (as in the case of the recent Dash 8 sale to the Ministry of Defence) and we will continue to aggressively pursue these.

Support to visiting trade missions, selected high profile visits to Canada by private sector and government players as well as strengthened public affairs activities will be undertaken to heighten Canada's profile as a trading partner and as an increasingly important source of expertise in management and high technology.

Sectors offering highest potential are advanced technology products/telecommunications, petroleum/oil and gas equipment and svcs, defence products, and transportation. There are good opportunities, as yet largely untapped in agricultural technology and services. Longer term prospects can be expected to emerge in the power and energy sector, in railways, and in forest-related equipment and services.

Export promotion activities will be undertaken on a selective basis in the other countries in the territory for which we are responsible: Uganda, Tanzania, Mauritius, Madagascar, Somalia, Seychelles, Comoros, and Reunion where most opportunities are linked to aid financed projects, however there are non-aid opportunities, notably in joint ventures and investment.