

Export and Investment Promotion Planning System

88/89 Trade and Economic Overview

Mission: 303 NAIROBI

Country: 279 KENYA

IN RECENT MONTHS THE DETERIORATING BALANCE OF PAYMENTS SITUATION DUE TO DECLINING TEA AND COFFEE PRICES AND RISING OIL PRICES, AND A CORRESPONDING SHORTAGE OF FOREIGN EXCHANGE GENERALLY RESTRICTED IMPORTS AND OPPORTUNITIES FOR CANADIAN EXPORTERS. THE POST CONTINUES TO RECEIVE INDICATIONS OF INTEREST BY POTENTIAL KENYAN IMPORTERS IN A CANADIAN FACILITY TO PROVIDE FOREIGN EXCHANGE, SUCH AS A DEVELOPMENT LINE OF CREDIT. IF A CIDA DEV'T LINE OF CREDIT IS APPROVED DEA SHOULD COORDINATE WITH CIDA TO SEND A MISSION OF CDN EXPORTERS TO KENYA TO IDENTIFY OPPORTUNITIES UNDER THE DLOC AT THAT TIME. IN ADDITION AN ADVERTISING SUPPLEMENT IN A REGIONAL TRADE PERIODICAL TO PROMOTE CDN CAPABILITIES WOULD BE TIMELY. CONSULTING SERVICES COMPRISES OUR MOST ACTIVE SECTOR BUT IS SPREAD OVER A NUMBER OF SPECIFIC SECTORS IDENTIFIED BELOW. MADAGASCAR CONTINUES TO SUFFER FROM SHORTAGE OF FOREX. AT PRESENT TIME, AUTHORITIES ARE MAKING USA DLRS 7.5 MILLION AVAILABLE PER MONTH FOR IMPORTS: USA 5 MILLION FOR ESSENTIAL COMMODITIES AND SUA 2.5 MILLION FOR CONSUMER PRODUCTS. MAD HAS RECENTLY REACHED AGMT WITH IMF AND AS RESULT WORLD BANK HAS INCREASED ITS PROGRAM SUBSTANTIALLY TO LEVEL OF USA DLRS 100 MILLION PRIMARILY FOR AGRIC SECTOR ADJUSTMENT CREDIT, OTHER AGRIC PROJECTS, PORTS, RAILWAYS POWER SECTOR. AFRICAN DEVELOPMENT BANK ALSO HAS LIMITED INVOLVEMENT IN AGRIC SECTOR. THERE HAS BEEN SUBSTANTIAL ACTIVITY IN RECENT YEARS IN OIL AND GAS EXPLORATION INCLUDING PCIAAC AND BAWDEN DRILLING, BUT NO SIGNIFICANT SHOWS IDENTIFIED. NEVERTHELESS OPTIMISM REMAINS. CDN COYS WITH FRENCH SPEAKING PERSONNEL ARE WELL RECEIVED HOWEVER DESPITE OFFSTATED DESIRE ON PART OF MALGACHE AUTHORITIES TO DIVERSIFY SOURCES, FRENCH SUPPLIERS REMAIN FIRMLY ENTRENCHED IN ADDITION GENEROUS FRENCH FINANCING TERMS AND POLITICAL CLOUT MAKE COMPETITION VERY STIFF.

SOMALIA IS EXPERIENCING SERIOUS STRUCTURAL DIFFICULTIES IN ITS ECONOMY AND, AS A RESULT, THE OPPORTUNITIES FOR CDN COMMERCIAL EXPORTS ARE QUITE LIMITED. THE MOST LIKELY OPPORTUNITIES FOR BUSINESS WILL BE THROUGH MULTILATERAL PROJECTS IN AGRICULTURE, PUBLIC WORKS AND TELECOMMUNICATIONS. ITALY IS THE TRADITIONAL SOURCE OF SUPPLY FOR MUCH OF SOMALIA'S NEEDS. FOR THIS COMPARATIVELY ISOLATED MARKET CDN COMPANIES MUST BE PREPARED TO MAKE FREQUENT VISITS AND TO CULTIVATE CONTACTS. EXPORT PROMOTION IN THE REGION IS COORDINATED BY THE TRADE COMMISSIONER RESIDENT IN NAIROBI.