

Table 6.2.6 Measures to Improve or Develop the Metalworking Industry

Existing Export Items		Short-Term (1-2 years)	Mid-Term (3-5 years)	Long-Term (more than 5 years)	Remarks
<ul style="list-style-type: none"> · Corrugated sheets · Window frames · Reinforcing bars · Crown corks · Metal containers etc. 	System	<ul style="list-style-type: none"> · Export financing · Prompt issuing I/L for materials 			Industrial association should be established
	Marketing	<ul style="list-style-type: none"> · Foreign market information (especially PTA) 	<ul style="list-style-type: none"> · Development of new market for new products 		
	Production	<ul style="list-style-type: none"> · Quality improvement · Introduction of Press, drawing & heat treatment technology · Standardization 	<ul style="list-style-type: none"> · Enforcement of standardisation · Energy savings 	<ul style="list-style-type: none"> · Enforcement of standardisation · Establishment of integrated steel industry 	Construction of EPZ
New Export Items			<ul style="list-style-type: none"> · Auto parts; · Agricultural tools; · Metal construction materials; · Cutlery & kitchenwares; · Keys & padlocks etc. 	<ul style="list-style-type: none"> · Auto parts; · Agricultural machinery parts; · Metal construction materials 	

6.2.3 Export Promotion through the Development of Small- and Medium-Scale Firms

Many export products manufactured by the industries mentioned in Item 6.2.2 can be produced and exported by small- and medium-scale firms. For example, there are products in the agro-based, leather, ceramic, garment and textile, and metalworking industries suitable for exportation.

Kenya's existing ceramics technology can support development of small- and medium-scale firms. Further development would effectively foster expansion by local entrepreneurs, have considerable impact on rural industrialisation and promote regional development.

6.3 Development of New Core Industries

6.3.1 Measures for Development of New Core Industries

The Study Team finally selected the six industries as new core industries*) compiled from the sixth National Development Plan and from KNCC&I and KAM's choice of core industries.

New core industries

- (1) Agro-based and marine processing industry
- (2) Textile and garment industry
- (3) Chemical industry
- (4) Metallurgical industry
- (5) Metalworking industry
- (6) Electric and electronics industry

Main measures for the development of new core industries are described below:

(1) Agro-based and Marine Processing Industry

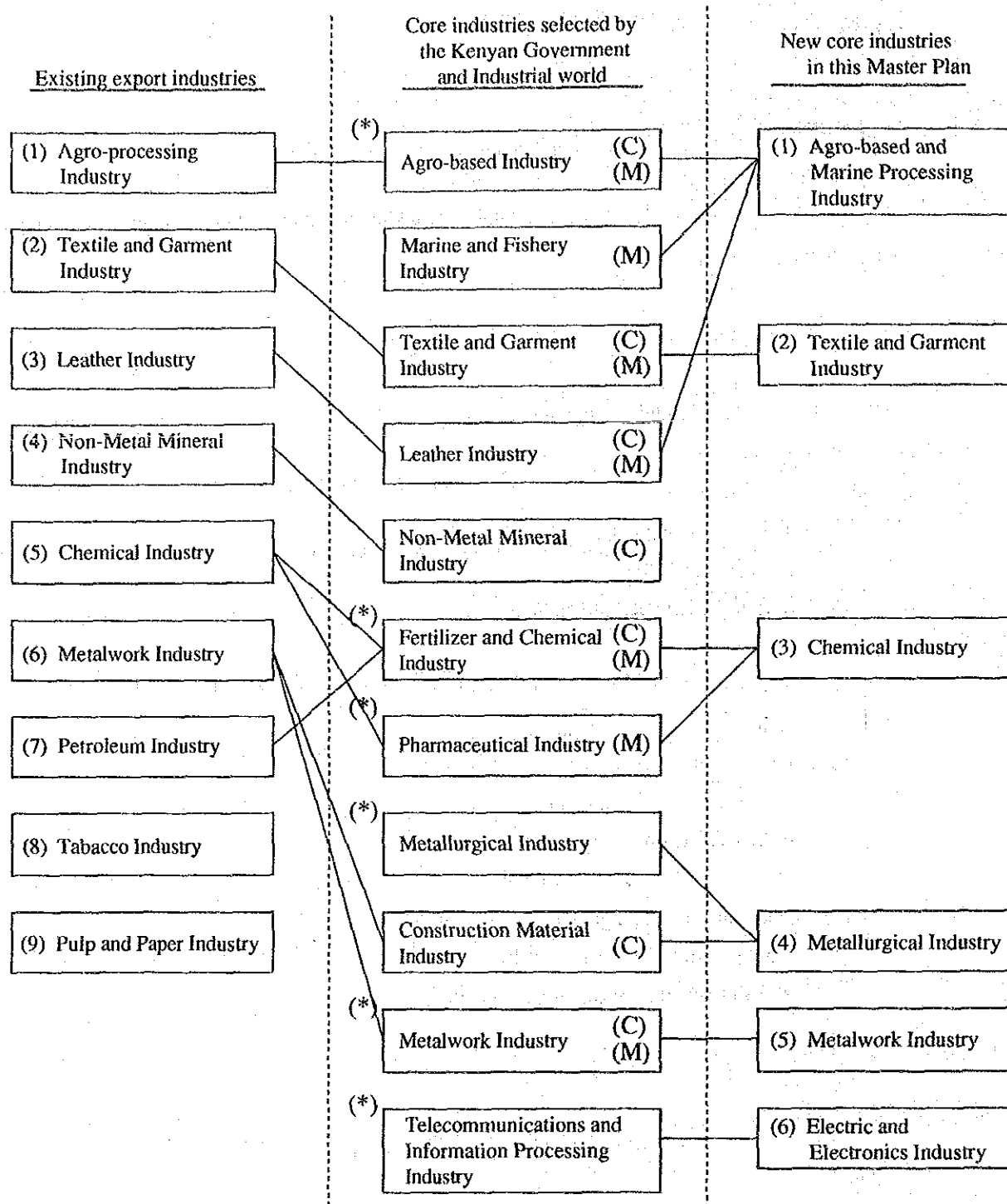
1) Agro-based products

The potential of agro-based products to lead exports should be improved by the measures listed in Table 6.2.1. The maximum use of natural resources and the discovery of other uses for plants.

2) Leather

- Improved quality and secure, stable supplies of hides and skins.
- Diversification of leather products.
- Replacement of leather processing facilities.

*) The Study Team call them new core industries in order to distinguish them from the core industries designated in the National Development Plan..



(*) The Industries which are regarded as core industries by national policy

C: Core industries selected by KNCC&I

M: Core industries selected by KAM

Fig. 6.3.1 Relations between Existing Export Industries and New Core Industries

3) Fishery products

- Rich fishery resources are located in the Indian Ocean and the lakes of Kenya (such as Victoria Lake). The annual fish catch in the ocean (7,600 t/y) was smaller than that of fish caught in lakes and rivers (130,000 t/y) in 1988.
- Marine fisheries should be promoted. Developing a pelagic fishery would require substantial investments in large fishing boats, docking facilities and large-sized cold storage facilities. The study team recommends as a less expensive alternative, the development of an off-shore fishery for catching shrimp, octopus and shark.
- The problem of over fishing is directly related to the resources available in Victoria Lake; about 60% of Kenya's fishery products are from catches of Nile perch and tilapia. Because Kenya's territorial water in Victoria Lake is only 5.8%, it is recommended that the feasibility of aqua-culture and fish-farming in other lakes be examined.
- The Government should provide financial assistance at favourable terms for installation of cold storage and transportation facilities.

(2) Textile and Garment Industry

1) Textile industry

- State-owned textile factories with modern facilities should be privatised to vitalize the textile industry.
- Financial support for investment in the installation of new production facilities should be provided to improve productivity in small- and medium-scale firms.
- Linkage among manufacturers should be developed from the standpoint of economic efficiency and technical development can be established through industrial estates. Proper anti-pollution measures such as the use of joint wastewater disposal facilities should be introduced in the industrial estates.

- Feasibility studies should be conducted in order to develop the synthetic fibres industry.

2) Garment

- Cooperative associations should be organised so as to receive financial support from the government.
- Model factories should be designated in order to widely circulate management and production technology to other small- and medium-scale firms.
- Firms should be encouraged to set up factories as MUBs or in EPZs.

3) Other considerations for the textile and garment industry

- KIE should be vitalized to effectively develop the textile and garment industry.

(3) Chemical Industry

- Chemical industry processing petrochemical intermediate products should be developed as a core industry.
- Factories manufacturing products such as dyestuffs and pigments used in textile papers, plastics, paints, etc. should be established.
- Medical products should be developed from agro-based products and plants.
- Because this industry is mostly capital-intensive, foreign firms should be invited to the EPZs.
- Development and improvement of the packing and packaging should be for export promotion of processed foods.
- Model factories should be designated to establish a base for the improvement of technology.

(4) Metallurgical Industry

- Imports of steel materials increase year by year. The metallurgical industry should be developed to increase foreign currency savings.
- The metallurgical industry is a key industry supporting the metalworking industry; it should be developed as a concern of national interest.
- The electric furnace capacity of Kenya is about 100,000 tonnes per year, while steel production is 35,000 to 40,000 tonnes per year. A scrap-collecting system should be established for effective utilization of the present facilities and equipment.
- For a stable supply of steel scrap, the establishment of a ship breaking business in Mombasa should be considered.

(5) Metalworking Industry

- The metalworking industry is one of the key industry in the production of manufacturing facilities, equipment and spare parts.
- This industry consists of two categories according to the use of products: steel processing and metalworking. Steel processing produces finished goods such as hand tools, nails, screws, cans and crown corks. And metalworking produces bearings, gears, springs and other parts for machines. Both categories can be improved and expanded to meet domestic demand and markets in neighboring countries. A feasibility study of such expansion should be conducted immediately.
- In addition to improving and expanding the present industrial activities, the central workshops of the Kenya Railways Corporation should be open to private industries as the country's technical centers. Essential functions such as quality control, manufacturing technology and manpower development should be taught in the centre.

- The shipyards in Mombasa should provide technical centres for the transfer of technology (i.e., engine reproduction, welding, plating, etc.) to small- and medium-scale firms.
- A metalworking association should be established to strengthen private firms in this industry.

(6) Electric and Electronics Industry

- In general, it is difficult to develop this industry on a short term basis compared with other existing industries. But repairing and reproduction techniques should be improved based on the experience gained from import-substitute production.

6.3.2 Selection of Leading Industries

Leading industries^{*)} in Kenya should be selected from the foregoing new core industries in order to accelerate export promotion.

(1) Consideration of the Number of Firms and Employees, and Output Trends

The Team used the "STATISTICAL ABSTRACTS 1990" to compare the number of firms, the number of employees, and the output from 1984 to 1988 to analyse the present scales and trends. The results of the analysis are as follows:

- 1) The output of the nominated industries was calculated to be about 75% of total manufacturing output in 1988.
- 2) The number of firms, the number of employees and the output increased. The rate of increase is remarkable for the textile and garment and metallurgical and metalworking industry.
- 3) The agro-based and marine processing industry continues to be the top ranked industry in terms of number of firms, employees and output.

*) The leading industries represent specific sectors of the new core industries.

- 4) The output per firm and per employee in the chemical industry is more than other industries. The chemical industry is the most capital-intensive industry. Conversely, the textile and garment industry is the most labour-intensive and has the most firms among the five new core industries.

(2) Consideration of Import and Export Trends

Trends of import and export by industry are summarized below. Figures are calculated according to constant 1984 prices. The annual real rate of increase in total imports is about 8%, while the annual real rate of increase in total exports is as low as 1%.

- 1) Chemical and metal products are the items imported in the largest amounts, and whose increase rates are also high. It appears that these industries have not been well developed as import substitution industries.
- 2) The agro-based and marine processing industry is the largest export industry.
- 3) There are few exports of electric and electronic products.
- 4) Metal, textile and garment products are those exported in less quantities, but the rate of increase is the largest.

(3) Consideration from Market Outlook and Technical Level of Production

- (a) There is an external market primarily in the EC and PTA countries. If Kenya develops industries that can compete with products imported from the EC to PTA countries, these industries could be developed as export-oriented industries.
- (b) Basic technology is established at the five new core industries excluding electric and electronics industry. Since the chemical industry is a capital-intensive industry, foreign firms will continue to lead this industry.
- (c) The metallurgical and metalworking industry and electric and electronics industry are not meeting domestic demand, and, therefore, should be developed and strengthened as soon as possible.

- (d) The textile and garment industry, and metallurgical and metalworking industry have basic industrial technology. Stable production of quality products should be promoted in these industries.
- (e) The chemical industry, and electric and electronics industry are the subsectors which are the most difficult to develop with only Kenya-based technology and capital.

(4) Core Industries Selected by Kenya's Industries

KNCC&I and KAM selected the subsectors shown in Fig. 6.3.1.

(5) Overall Evaluation for Leading Industries

Table 6.3.2 shows the results of the above evaluation for the five subsectors. The evaluation level is divided into "A", "B", and "C"; a "+" mark is added for a higher evaluation, while a "-" mark is added for a lower evaluation. For example, an item evaluated with a "+" designation is closer to the next higher ranking than one designated with a "-".

The overall evaluation indicates that the agro-based and marine processing industry, the textile and garment industry, and the metallurgical and metalworking industry are ranked as "B (+)" or higher. However, the agro-based and marine processing industry is already Kenya's leading industry.

The textile and garment industry and metallurgical and metalworking industry have been selected by the Team as leading industries.

Characteristics of the two sectors are as follows:

1) Textile and garment industry

The creation of employment opportunities is a major task of the Government. Most enterprises in this industry are small- and medium-scale, labor-intensive firms. Because only small amounts of investment in equipment and facilities is required, and the period of the investment recovery is short, this industry is suitable to Kenya. Judging from the

experience of the Asian NIEs, this industry can be successfully promoted as an export-oriented industry.

2) Metallurgical and metalworking industry

This is a typical capital goods industry that is marked for intensive development as outlined in the sixth National Development Plan. The metallurgical and metalworking industry supplies the necessary parts and spare parts to a country's manufacturing industries, and those basic materials necessary for the development of a country's social infrastructure. Simply stated, if this industry is not developed, the national economy will not develop.

The Study Team found that steel consumption per capita closely correlates with income per capita. For example, steel consumption per capita by country in 1989 was: 754 kg for Japan, 576 kg for West Germany, 412 kg for the U.S.A., 304 kg for Britain, 25 kg for India, 23 kg for Zimbabwe, 8 kg for Kenya. (source: Steel Statistical Yearbook 1990.)

Further study revealed that steel consumption per capita in other PTA countries in 1989 was 0.5 to 2 kg, and most of the countries in the PTA lag behind in the development of this industry compared to Kenya. If Kenya's industry is developed, economic and social advantages gained from export promotions will be realized.

Table 6.3.2 Evaluation Results of Leading Industries

Item	Evaluation Criteria	Agro-based	Textile and Garment	Chemical	Metallurgical & Metalworking	Electric & Electronics
Firms	The number of firms	A	B (+)	B (-)	B	C
	Increasing tendency	B	B	B (-)	B (+)	C
Employees	The number of employees	A	B (+)	B (-)	B	C
	Increasing tendency	B	B	B	B	C
Output	Output	A	B (-)	B (+)	B	C
	Increasing tendency	B	B	B (+)	B	B
Imports	Imports	C	C	A	B	B
	Decreasing tendency	A	A	C	C	C
Exports	Exports	A	C (+)	B	C (+)	C
	Increasing tendency	A	A	B	A	C
Technical Level of Production	Current level of development	A	A	B	B	B
	Linkage effect to other industries	B	B	B	A	C
Market outlook	Domestic	B	B	A	A	B
	Foreign	A	B	B	B	C
Expectation in Kenya's Industry		A	A	A	A	B
Overall evaluation		A	B (+)	B (-)	B (+)	C

A: Good B: Fair C: Passable

(+) : a (+) designation is closer to the next higher ranking.

(-) : a (-) designation is closer to the next lower ranking.

CHAPTER 7 COMMON FACTORS FOR IMPROVEMENT OF INDUSTRIAL TECHNOLOGY

It is imperative that firms manufacture products that meet market expectations in terms of type, performance, price and quantity. To this end, companies need equipment and factories to manufacture products based on adequate domestic and overseas market surveys.

- (a) Improvement of industrial information services
- (b) Enforcement of standardisation
- (c) Introduction and promotion of quality control
- (d) Introduction of new technology

7.1 Improvement of Industrial Information Services

Generally, manufacturers base production and business strategies, such as modification of product designs or types of products, on reliable and valid market information.

At present, however, industrial information is not efficiently obtained by Kenyan manufacturers.

In principle, the systems of providing industrial information should be designed in conformity to the situational needs of individual countries, such as business locations. For this purpose, the following steps should be taken.

7.2 Enforcement of Standardisation

Economical production should conform to standardisation in order to facilitate: 1) exchange of industrial information among manufacturers; 2) establishment of production goals and confirmation of the result; 3) confirmation and indication of quality for the procurement of materials; and 4) product sales. If standardisation is enforced in Kenya, then the following results could be expected from the country's industries and manufacturers:

- 1) Standardisation of work drawings
- 2) Measurement technology
- 3) Development of standard parts
- 4) Standardisation of quality indication

The indication of quality based on the standardisation of products facilitates commercial transactions at the materials procurement and product sales stages. Such indication of quality enables consumers to use the products in proper manner.

7.3 Introduction and Promotion of Quality Control

Seeking stabilisation and improvement of product quality requires improvement not only in the production process, but in management as well. Therefore, this needs to be taken into consideration when KBS and industrial associations provide guidance to the manufacturers regarding how to introduce QC.

7.4 Introduction of New Technology

The following technology should be introduced to respond to market needs.

(1) Material Processing Technology

- 1) Casting
- 2) Forging

(2) Heat treatment

(3) Metal press (drawing processing)

7.5 Integration of Industrial Technology and Management Methodology

Improvement of the four factors: 1) quality control, 2) enforcement of standardisation, 3) introduction of new technology and 4) improvement of industrial information services will stimulate industry in Kenya, and will lead to becoming more internationally competitive. These factors are strongly associated, and must be implemented together. Figure 7.4.1 demonstrates the relationship of these factors.

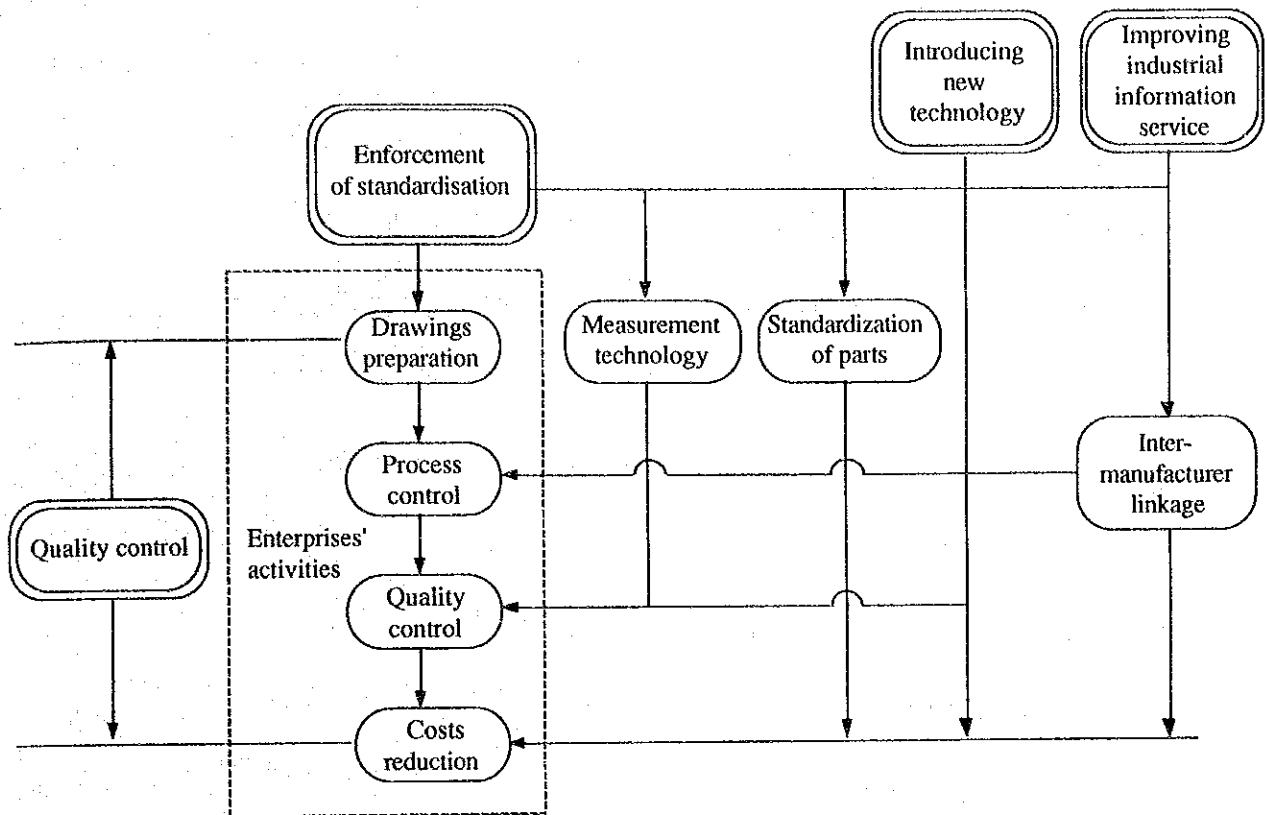


Fig. 7.4.1 Relationship of Industrial Technology and Quality Control

PART III

ACTION PROGRAMMES

CHAPTER 1 ACTION PROGRAMMES FOR DEVELOPMENT OR IMPROVEMENT OF THE EXPORT PROMOTION SYSTEM

1.1 Structural Problems in the Exporting System and Possible Solutions

Building mutual trust requires a concerted effort by the government. Generally, the first contact that private individuals and companies have with the government is at a government licensing office.

- (1) Clear Guidelines for Approval of Applications
- (2) Quick Processing of Documentation
 - 1) Set time limits for processing by the government
 - 2) Explain reasons if there is a delay
 - 3) Clarify government responsibility

1.2 Export Finance and Export Insurance System

1.2.1 Export Finance

The government of Kenya has established a bill rediscounting scheme, under the authority of the central bank, to meet the needs of pre-and post-shipment finance.

The central bank subrogates the credit from the commercial bank which was extended to the exporter as the export financing. This scheme has been a direct, effective measure for providing export financing.

Once the export insurance scheme comes into force, it is expected that the role of the bill rediscount scheme will gradually be taken over by the export insurance scheme.

1.2.2 Export Insurance

An export insurance scheme must be established as soon as possible to allow banks to finance exporters and to adequately cover risks to the exporters. The government must fully understand export insurance, investigate the financial status of foreign customers, rate customers, and set up a government organisation (such as a department or agency)

responsible for the administration of the insurance scheme. It is estimated that about three years will be required for the establishment of the export insurance scheme.

- (1) General Export Insurance - (Coverage for Exporters)
- (2) Export Bill Insurance - (Coverage for Banks)
- (3) Export Finance Insurance - (Coverage for Banks)

1.2.3 Implementation of the Export Insurance Scheme

The export insurance scheme should be implemented in three stages.

- (1) Stage I (first and second year): Establishment of an Export Insurance Commission (provisional name)

An Export Insurance Commission must be established as the government organisation (department or agency responsible for the scheme) with representatives from pertinent organisations including the MOF, MOC and Central Bank. The commission will plan and develop the export insurance scheme, and after establishing the scheme it will serve as a monitoring body. The following requirements are necessary for the establishment of this scheme.

- 1) Preparation of legislation bills
- 2) Creation of a fund for the establishment of the scheme
- 3) Selecting and training officials
- 4) Formulation of administration policies
- 5) Establishing the organisation

- (2) Stage II (second to fourth year): Implementation of Export Insurance Scheme

Export insurance is used to cover losses from political or commercial risks arising in the destination country. It also offers assurances to banks that have extended export financing to exporters and manufacturers.

- (3) Stage III (fifth year onward): Expansion of the Scheme

As the amount and types of exports increase, the scheme should be extended to cope with the increase. Possible changes include expanding the types of exports

covered, creating new forms of insurance and collecting more information and data.

1.3 Expansion of the Coverage of Export Promotion System to MUB and Trading Houses

(1) Manufacturing Under Bond (MUB)

Purchases of domestic materials by MUB manufacturers should be allowed the same privileges as for export processing zones (EPZs). This change should be done as soon as possible.

(2) Trading Houses

The current duty-exemption scheme provides benefits mainly to manufacturers. In line with the goal of promoting exports, the export promotion system should be extended to all exporters, including trading houses, unless there is a conflict with national objectives.

1.4 Encouragement of Trading Houses

Trading houses play a substantial role in fostering trade. Encouraging the development of trading houses will increase exports.

1.5 Small- and Medium-Scale Firms Finance

1.5.1 Forming Manufacturing Groups of Small- and Medium-Scale Firms

Although the promotion of small- and medium-scale firms is significant for industrial development, it is difficult to provide export incentives (e.g. financing, technical assistance) to individual companies because of the differences in the kind of business, credit worthiness and technical capabilities of each.

1.5.2 Implementation

(1) Study and Preparation Stage (first to third years)

- 1) Study of industry aimed at formations of groups
- 2) Organisation of a joint investigation team
- 3) Establishment of a government body and preparation of financing

(2) Implementation Stage (third to fifth years)

- 1) Granting of corporate status to groups
- 2) Invitation of experts
- 3) Creating model groups
- 4) Implementing group financing
- 5) Expanding eligibility
- 6) Expanding group activities

1.5.3 Positive Effects of Group Formation

- (1) Financial capacity.
- (2) Joint purchases and sales reduces overall costs to groups is increased overall.
- (3) Standardisation of products helps achieve uniform quality and strengthens market position.
- (4) Group marketing efforts improves an industry's ability to meet the demands of export markets.
- (5) A subcontracting system will ultimately be promoted within the group, which, in turn, helps establish more advanced specialisation.
- (6) Dissemination and expansion of business groups leads to the overall improvement of the status and technical capability of small- and medium-sized firms, and establishes closer business links among firms.

1.6 Foreign Exchange Retention Scheme for Exporters

This system provides exporters with benefits as mentioned below:

- (1) Exporters can make more business trips abroad.
- (2) Foreign currency held by exporters can finance capital improvement and allow repayment of medium-term loans regardless of domestic inflation.
- (3) Foreign currency may be used for other trade benefits that generate additional profits and lead to increased export activities.

1.7 Streamlined Customs Procedures

In order to promote fair and consistent enforcement of the laws and regulations governing imports and exports, customs must be carefully supervised. The procedures for clearing customs should be simplified, and export processing handled smoothly. This requires improved technology and strict controls.

1.8 Implementation Schedule for Improvement and Development of the Export Promotion System

Suggestions concerning actions for improvement and development of the export promotion system are listed in Fig. 1.9.1.

Item	Objective	Method	Support from Foreign Countries	Stage I Urgent (1st and 2nd year)	Stage II (3rd to 5th year)	Stage III (5th year onward)	Remarks
1. Structural problem	Build mutual trust between the Government and the private sector to improve the efficiency of system application.	Improvement of permit and approval window operation. Establishment of permit and approval restriction.		○	○	○	Partially executed and urgently needs to be expanded.
2. Export financing and insurance	Implementation of financing before and after shipment.	Rediscount system of central bank.		○	○	○	Partially executed. Improvement and expansion needed in the future.
	Stabilisation of export transaction.	Establishment of three export insurances.	Dispatch of investigation team. Invitation of experts.	○	○	○	Preparation for dispatching investigation groups needs to start immediately, aiming for establishment within two or three years.
3. Expansion of subjects of the promotion system	Export promotion for all industries	Generalisation of incentive application.			○	○	Needs to be realised immediately.
4. Trading house	Encouragement for trading house	Provide export incentives and Abolish preferential trade		○	○	○	
5. Small- and medium-firms financing	Fostering of medium- and small-firms	Corporate grouping	Dispatch of investigation team. Invitation of experts. Request for two-step loan.		○	○	Investigation groups shall be dispatched immediately aiming for realisation within two to three years. (industry organisations and MOI).
6. Foreign exchange retention	Expansion of incentives for export	Retention of a part of export earnings.			○	○	Target set on two to three years from now.
7. Improvement of customs efficiency	Precision and speed in trade operation	Promotion of computerisation	Support of funds, technology and materials	○	○	○	Needs to be realised immediately.

Fig. 1.9.1 Action Program Schedule for Improvement and Development of the System

CHAPTER 2 ACTION PROGRAMMES FOR DEVELOPMENT OF TRADE PROMOTION ORGANISATION AND FUNCTIONS

2.1 First Stage: Supreme Trade Council and Preparatory Secretariat Office

- (1) Strengthening the Export Promotion Functions of KETA, KIBT, KNCC&I, KAM, etc.

When strengthening these functions, efforts should be made for each organisation to specialise in certain functions as much as possible, as in the example below:

KETA	Collecting, analysing and providing information Handling trade inquiries Participating in exhibitions abroad
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KNCC&I	Holding exhibitions in Kenya Handling trade inquiries Marketing
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KAM	Holding seminars and business talks
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KIBT	Operating training courses on trade
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During this initial period, cooperation between each organisation should be maintained as a means to establish the Trade Promotion Organisation.

- (2) Establishment of Supreme Trade Council

The policies and systems for export promotion should be drawn up, deliberated and decided accordingly on the premises of the cooperation between public and private sectors and the economic democratization. It is suggested that the Supreme Trade Council (STC) be established under the cooperation between the government officials and the top leaders of private sector, as a supreme advisory organ to the government.

- 1) STC should formulate the strategy and the major policy for export promotion.

- 2) Immediately practicable decisions should be put into practice by the relevant ministries and governmental organisations.
- 3) Since policy deliberations need sufficient data and information, the STC Secretariat should be under the council's direct jurisdiction.

There is the Joint Industrial and Commercial Consultative Committee (JICC) as a committee having a similar member structure. The JICC serves as the moderator where government officials and the top leaders of private companies can discuss possible objections to changing conditions in the industry and economy. The STC's activities are different from the JICC's activities. However, the transitory measure allows that members are added in the JICC, and the JICC is then operated with the same activities as the STC.

The members of the Supreme Trade Council would be as follows:

- Vice President
- Minister of Finance
- Minister of Agriculture
- Minister of Commerce
- Minister of Industry
- Minister of Planning and National Development
- Chairman of the Central Bank
- Heads of Various Boards
- Chairman of Trade Promotion Organisation
- Chairman of KNCC&I
- Chairman of KAM
- Appointed experts and academics

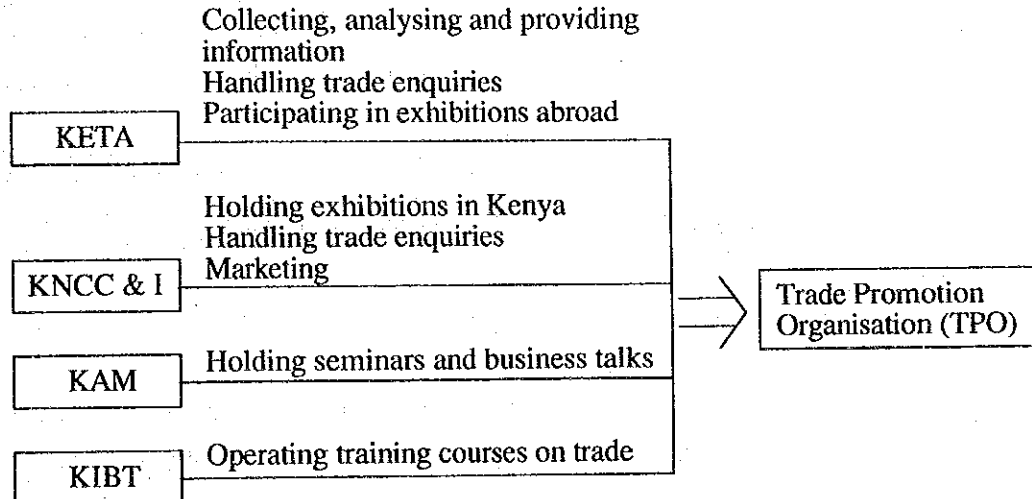
- (3) Setting up a preparatory secretariat office for the establishment of the Trade Promotion Organisation

The proposed secretariat should make preparations for the establishment of the Trade Promotion Organisation.

2.2 Second Stage: The Trade Promotion Organisation (TPO)

(1) Establishment of the Trade Promotion Organisation

The trade promotion functions of KETA, KIBT, KNCC&I, KAM, etc. should be taken over by the Trade Promotion Organisation.



- 1) Cost of administrating and implementing activities would be financed by the government, interest from the Trade Promotion Organisation Fund and contributions from beneficiaries of the various services of the Trade Promotion Organisation.

The fund would be established with contributions from the government, private sector institutions and private companies.

A steering committee would be set up to advise on managing policies and plans.

- 2) It is desirable for the committee to be composed of people with a deep knowledge of the economy and trade from trade related ministries, government agencies and the private sector including KNCC&I and KAM.
- 3) Establishment of overseas offices would be considered in the future.
- 4) An influential person from the private sector who has sufficient knowledge of trade and international business would be appointed the chairman of the Trade Promotion Organisation.

- 5) Organisational chart (Refer to Fig. 2.3.4) applies to the inaugural period of the Trade Promotion Organisation. As the organisation expands its activities, more people would be employed accordingly.
- 6) Activities of the organisation would include all the export promotion activities stated in Chapters three and four.
- 7) Although the organisation is a not-for-profit organisation, principle of payment by beneficiaries would be introduced.
- 8) The Supreme Trade Council Secretariat could move into the Trade Promotion Organisation. Refer to Plan B in Fig. 2.3.1.

(2) Establishment of a Network

A domestic network would be set up to develop broad-based support for promotion activities. A network with various organisations abroad would be expanded step by step to consolidate relations with them. Refer to Fig. 2.3.3.

2.3 Third Stage: Establishment of Trade Promotion Centre (TPC)

- (1) Facilities to house the Trade Promotion Organisation should be set up. Provisionally called the TPC (Trade Promotion Centre), the facilities should be equipped with an economic and trade information centre, offices for handling trade inquiries and counselling on trade, a showroom and an event hall. The TPC would be useful for both exporters in Kenya and importers from foreign countries. Also, this, would give Kenya its first permanent exhibition hall where Kenyan export products could be displayed. Such an exhibition hall would be of use to importers from other countries and would create business opportunities for Kenyan exporters. Meanwhile, the Ministry of Finance, Ministry of Commerce, Central Bank, Customs House, etc., can set up branch offices in the TPC, to help accelerate the enhancement and coordination of export procedures.
- (2) Once the above facilities are in place, Trade Promotion Organisation will move the entire operations into the TPC.

(Plan A)

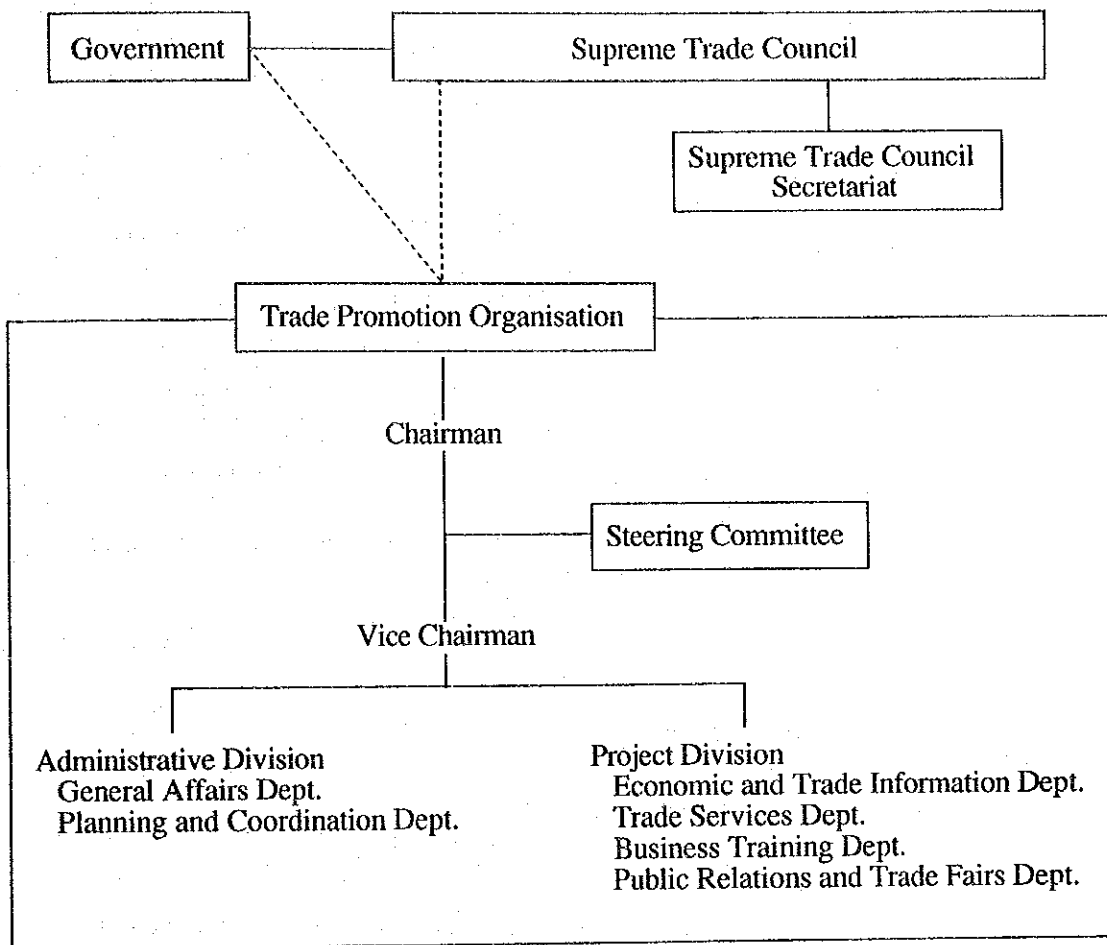


Fig. 2.3.1 Supreme Trade Council and Trade Promotion Organisation (Plan A)

(Plan B)

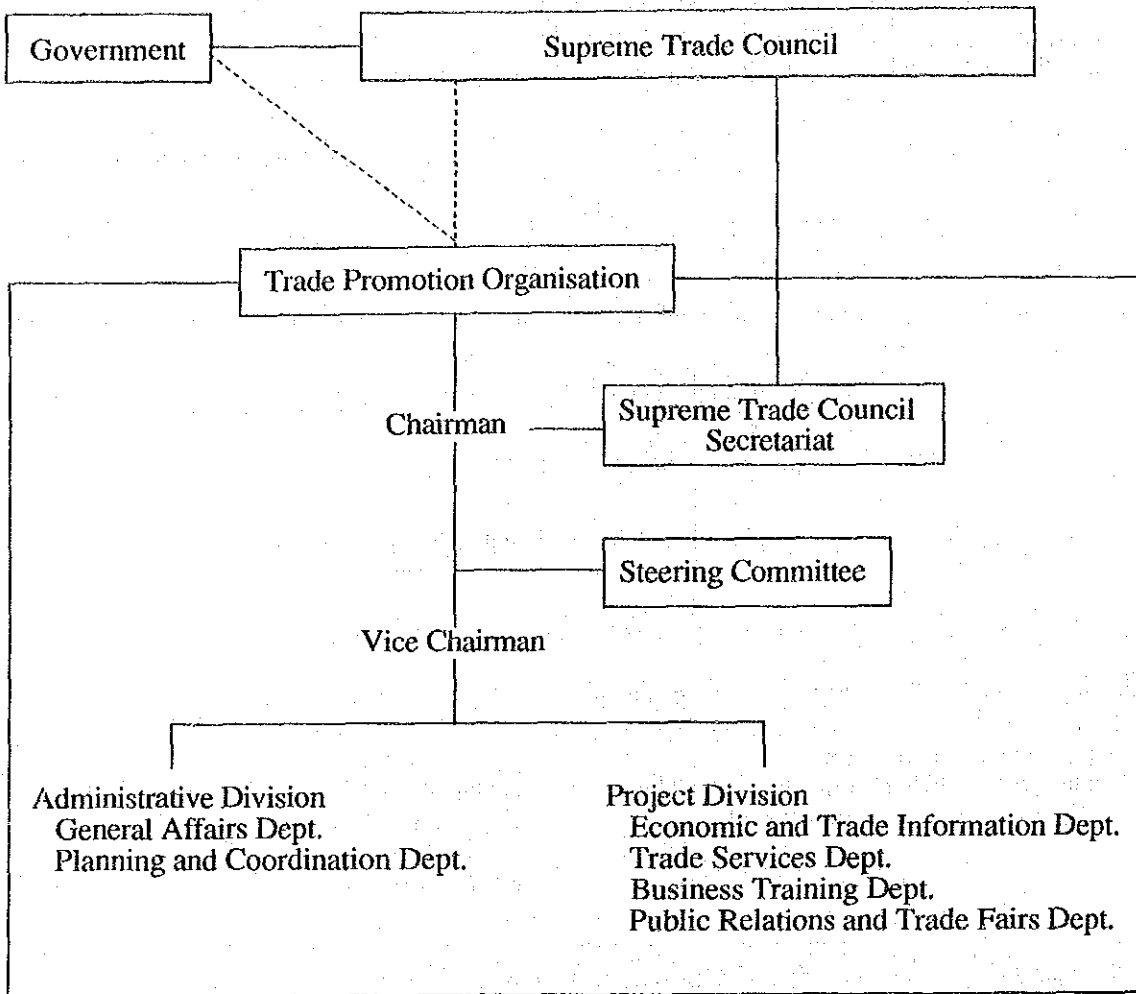


Fig. 2.3.2 Supreme Trade Council and Trade Promotion Organisation (Plan B)

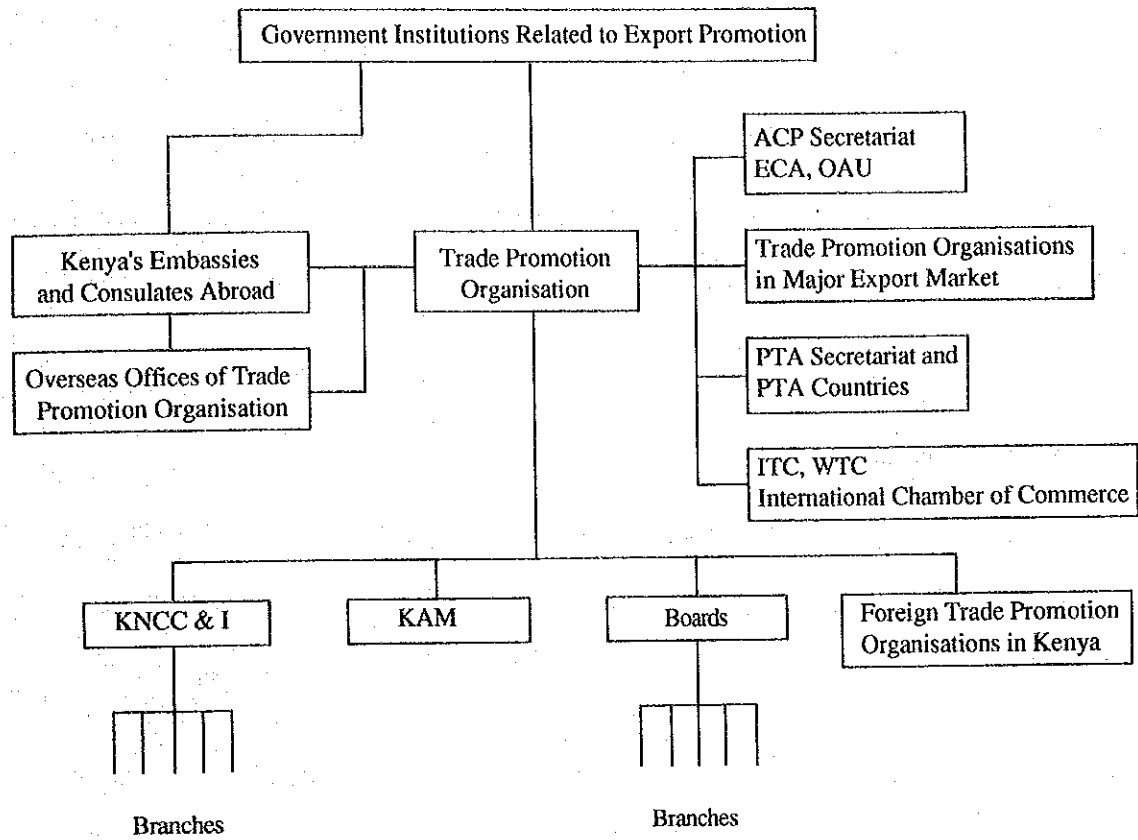


Fig. 2.3.3 Network for Trade Promotion

Departments	Function	Number of personnel
General Affairs Dept.	General affairs and personnel	2 persons
	Budget and accounting	2 persons
	Miscellaneous	2 persons
Planning and Coordination Dept.	Planning and Steering	3 persons
	Committee secretariat	
Economic and Trade Information Dept.	Data management	10 persons
	Research and analysis	20 persons
	Information service	5 persons
	Publications	10 persons
Trade Services Dept.	Improvement of export products	6 persons
	Trade enquiry	5 persons
	Trade counselling	4 persons
	Dispatch of missions	3 persons
Business Training Dept.	Export practices	8 persons
	Staff training	2 persons
	Export product improvement	3 persons
Public Relations and Trade Fairs Dept.	Public relations	7 persons
	Overseas exhibitions	5 persons
	Domestic exhibitions	6 persons
	Total	103 persons

Fig. 2.3.4 Trade Promotion Organisation Personnel

Action Programme	First stage (in 1-2 years)	2nd stage (3-5 years)	3rd stage (more than 5 years)
Strengthening export promotion functions of KETA, KIBT, KNCC&I, KAM, etc.	○ →		
Setting up Supreme Trade Council	○ →	→	→
Setting up Preparatory Secretariat Office	○ →		
Establishment of the Trade Promotion Organisation		○ →	→
Establishment of Network		○ →	→

Fig. 2.3.5 Action Programme for Development of Trade Promotion Organisation

2.4 Establishment and Operation of TPC

2.4.1 Outline of TPC

In order to run TPC in an effective and smooth manner the following management and administration related spaces are required.

(1) Building Facilities

- 1) Management and Administration : 660 ~ 885 m²
- 2) Information : 930 ~ 1,050 m²
- 3) Trade Enquiries : 90 ~ 120 m²
- 4) Public Relation and Exhibition : 3,225 ~ 3,650 m²
- 5) Trade Training : 430 ~ 550 m²

- 6) Others : 1,160 ~ 1,590 m²
- Total : 8,115 ~ 9,805 m²

(2) Outdoor Facilities

- 1) Outdoor Exhibition: 800 m² - 1,000 m²
- 2) Parking Area: 12,000 m² - 18,000 m²
- 3) Required Land Area

Necessary area for the facilities stated above, depending on structural type, and in addition, taking into consideration garden space, etc., is between 2.5 ha and 3.5 ha.

2.4.2 Construction Condition

At present there are four candidate sites for TPC. Site No. 1 is on the way to Jomo Kenyatta airport, and the other three sites are located within the city of Nairobi.

Location of the other three sites are:

Site No. 2	Westlands
Site No. 3	Nairobi South 'C'
Site No. 4	Hurlingham

2.4.3 Estimate of Construction Cost

The minimum estimate of the total construction cost is approx. Ksh 292 million based on the required minimum area of facilities multiplied by the above unit cost, however a budget of approx. Ksh 353 millions is recommended taking into consideration an area larger than the minimum.

2.4.4 Estimate of Trade Activity Expenditure for TPO and Operation Cost for TPC

Trade activity expenditure and operation cost for TPC are separately estimated after and before completion of TPC based on the constant price at the year 1991.

(1) Estimate of Annual Expenditure and Revenue

Annual revenue and expenditure for TPO and TPC is estimated on the basis of the preconditions stated above and KETA annual budget (Development and Recurrent Net Budget for FY 1990/91) to be appropriated as up to now (Refer to Table 2.4.2).

As a conclusion of the estimate, the balance of revenue and expenditure is to be approx. Ksh 28.3 million in the stage of TPO and approx. Ksh 27.2 million in the stage of TPC as shortage of budget.

(2) Study of Operational Fund Resources

Possible measures to overcome annual shortage are assumed as follows.

1) National Budget

Required annual expense equivalent to shortage will be borne by national treasury

2) Establishment of Trade Promotion Fund

Trade promotion fund contributed from public and private sectors is to be established and TPO and TPC will be constantly operated by the bank interest of the deposits.

2.4.5 Implementation Schedule of TPC

The implementation schedule of TPC is shown in Table 2.4.3.

Table 2.4.2 Estimates of Annual Expenditures and Revenues for TPO and TPC
(Constant Price at 1991)

(Unit: Ksh 000)

Items	TPO	TPC	Remarks
A. Expenditures	51,457	53,385	
1) Salaries and Wages	15,240	15,840	
a) Offices	3,120	3,120	
b) Assistants officers	5,400	6,000	
c) Secretaries, etc.	6,720	6,720	
2) Expenditures for information system	4,135	4,135	
a) Collection of data	400	400	
b) Economic and Trade Research	2,840	2,840	
c) Information Services	895	895	
3) Expenditures for Trade Activities	29,690	29,690	
a) Enquiry Information Service	2,030	2,030	
b) Trade Consultation Service	7,500	7,500	
c) Improvement of Quality for Export products	1,350	1,350	
d) Trade Training Activities	1,700	1,700	
e) Participation in Overseas Exhibitions and Trade Fairs	9,080	9,080	
f) Holding Domestic Trade Fairs	2,340	2,340	
g) Public Relations	5,690	5,690	
4) Operating Expenditure	2,392	3,720	
a) Management and Administration Expenses	1,920	1,920	
b) Utilities Expenses	200	200	
c) Maintenance and Repairs Expenses	272	1,600	
B. Revenues	1,952	5,000	
a) Trade Training Activities	600	600	
b) Overseas Trade Fair	900	900	
c) Lectures, etc.	72	72	
d) Publications, Sales, etc.	380	380	
e) Permanent Exhibition	-	500	
f) Domestic Trade Fair	-	2,250	
g) Others (conference hall, tenant, etc.)	-	298	
C. Total (B - A)	-49,505	-48,385	
D. KETA Budget	21,159	21,159	Net budget
E. Ground Total	-28,346	-27,226	

Table 2.4.3 Action Programme for TPC

	1st Stage	2nd Stage	3rd Stage	4th Stage	5th Stage
	Preparation	Basic Planning	Detailed Design	Construction	Administration Operation
1. Implementing Organisation	T.P.O. (KETA)	T.P.O. (KETA)	T.P.O. (KETA)	T.P.O. (KETA)	T.P.C
2. Time (Period) of Implementation	(Approx. 1 year) 1st year	(Approx. 1 year) 2nd year	(Approx. 1 year) 3rd year	(Approx. 2 years) 4th & 5th year	
3. Location	Nairobi	Nairobi	Nairobi	Nairobi	Nairobi
4. Financial Resource	Government of Kenya (GOK)	GOK, Foreign or International Organisation, if necessary	GOK, Foreign or International Organisation, if necessary	GOK, Foreign or International Organisation, if necessary	TPC or Supporting Organisation, if necessary
5. Activities	1) Selection and Acquired Land for T.P.C.	1) Selection of Consultant 2) Preparation of Basic Planning	1) Preparation of Detailed Design 2) Tendering for Construction 3) Selection of Construction Company	1) Construction of T.P.C. Facility 2) Completion of Operating Organisation	1) Management and Administration 2) Collection and Service of Information 3) Training 4) Exhibition
6. Action Required	1) Establish General Concept for T.P.C. Construction 2) Take necessary Actions	1) Employ Foreign Consultant, if necessary	1) Employ Foreign Consultant, if necessary	1) Construct T.P.C. Facility by Contractor 2) Establish Operational Fund for T.P.C. and Selection of Staff	1) Operation of T.P.C. in cooperation with Foreign Experts, if necessary

CHAPTER 3 ACTION PROGRAMMES FOR INFORMATION SYSTEM

3.1 Systematisation of Data and Information Collection

To strengthen the collection and servicing system, a systematised data section should be set up in the new TPO to implement the following measures:

3.1.1 Establishment and Management of Data Collection Committee (Tentative Name)

A data collection committee composed of people actually engaged in trade, trade and economic policy-makers and experts in Kenya and, if possible, specialists related to trade promotion in foreign countries should be organised to draw up a policy on the collection of data and information to satisfy needs.

- (1) In the first stage, the basic policy should be formulated. In drawing up the basic policy, emphasis should be placed on the development of coordinated collection activities in the short, medium and long term, classified by market and subject.
- (2) In the second stage, basic data should be collected. In the collection of basic data, emphasis should be placed on the collection of directories and data related to trade, production and marketing directly useful for the promotion of exports to main customer countries.
- (3) In a collection plan for each fiscal year, consideration should be paid that all of the traditional export products, new export products and potential export products are covered.

3.1.2 Organisations, Regions and Countries Targeted for Collection

- (1) **International Organisations:** Emphasis should be placed on systems, laws, statutes, treaties & agreement, statistics and annual reports.

- 1) United Nations
 - 2) Specialised Agencies of the United Nations
 - 3) Regional Organisations
 - Lome Convention; European Community (EC) --- the African, Caribbean and Pacific (ACP)
 - United Nations Economic Commission on Africa (ECA), etc.
- (2) Regions and Countries: Emphasis should be placed on systems, laws, statutes, treaties & agreements, directories, tariff schedules, statistics, marketing reports and economic reports.
- 1) Africa
 - 2) Asia and Oceania
 - 3) Middle East
 - 4) Europe
 - 5) North and South America
 - 6) Soviet Union and Eastern Europe

3.1.3 Data and Information to be Collected and Classified by Subjects

(1) General Information

- 1) General: Laws, Statutes, Treaties and Agreements, International Situation, Foreign Trade Practices, Procedures
- 2) Economy: Economic Conditions, Economic Policy and Economic Development, Finance, Prices and Wages
- 3) Industry: Production of Individual Types of Industry, Location of Industry, Industrial Standards, etc.
- 4) Infrastructure: Transport and Communications, Construction, Energy, etc.
- 5) Foreign Trade: Foreign Trade Structure, Foreign Trade Policies, Foreign Trade Promotion Measures, Foreign Trends in International Commodities,

Customs Duty and Tariff Schedules, Free Trade Zones, Foreign Trade Procedures, etc.

- 6) Commerce and Marketing: Industrial Marketing, Market Research Reports, Distribution System, Quality Control, Design, Packaging

(2) Specific Information

- 1) Directories, Facsimile and Telephone Directories: Classified by Countries and Industries
- 2) Product Information: Periodicals Classified According to Type of Industry and Product, Catalogues and Price Lists
- 3) Company Information: Annual Reports and Company Profiles
- 4) Trade Enquiries: Classified According to Type of Industry, Product, Country and Company

3.1.4 Method of Collection

(1) Foreign Data and Information

- 1) Collection within the Country: Requests for the most up-dated data catalogue should be made to embassies and trade promotion organisations of foreign countries in Nairobi. At the same time, requests should be made for the donation of necessary economic and trade data.

As for pay publications, orders should be placed after consideration by the data collection committee.

- 2) Collection outside the Country: Kenya's diplomatic representation should collect important statistical data, government publications and data on legislation.

(2) Domestic Data and Information

- 1) General Information: Basic data and information about Kenya's economy, industry, and trade distribution should be collected and up-dated every year.
- 2) Specific Information: All the directories published in Kenya should be collected.

In particular, catalogues carrying product names, uses, raw materials and prices should be collected as the latest product information.

3.1.5 Classification and Management of Data and Information

- (1) A library specialising in economy and trade should appropriately classify (make a card catalogue), arrange and file the collected data. Specialist librarians should be hired for the smooth and quick furnishing of materials.
- (2) Priority should be given to increase the number of personnel in accordance with an increase in data.
- (3) With regard to specific information, the offices of the trade services department should manage the data and information to provide to foreign buyers.

3.2 Expansion and Improvement of Research Function

Research on overseas markets for export expansion should be strengthened simultaneously.

As a means of expanding and improving research, it can be suggested that the researchers work in a same room rather than in their own rooms.

3.2.1 Expansion and Improvement of Economic and Trade Research Sector

An economic and trade research sector should be made up of experts who have studied the trends of foreign markets and products. A market section and industry and commodity section should be set up within the division, with the former following mainly the internationalisation of the economy and the trends in export markets, and the

latter specialising in the analysis of demand and supply and the upgrading of products. Both sections should work to make available to exporters the results of their research.

(1) Main Subjects and Methods of the Market Research Section

1) Subjects of Research

(a) Analysis of international economy and foreign trade trends

(b) Analysis of markets in Africa and the Middle East

- Current situation and future outlook regarding industrialisation through import substitution in Kenya's neighboring countries and export-oriented industrialisation
- Economic situation of individual countries
- Foreign trade situation of individual countries

(c) Analysis of markets in Asia and Oceania

- Current situation and future outlook regarding common trade policies of ASEAN and Asian NIEs
- Economic situation of individual countries
- Foreign trade situation of individual countries

(d) Analysis of markets in Europe and America

- The Lome Convention and its implementation
- Progress of EC market integration and its effects on Kenya
- Economic situation of individual countries
- Foreign trade situation of individual countries

(e) Analysis of markets in the Soviet Union and Eastern Europe

- Effects of structural changes in the Soviet Union and Eastern Europe on African and Kenya's economy
- Economic and foreign trade situation of foreign countries

2) Methods of Research

(a) It is necessary to analyse the news obtained from newspapers, magazines, TV and various kinds of reports.

(b) International Organisations: Analysis of original materials.

(c) Regional and country-by-country trends:

- Desk surveys should be carried out on a daily basis based on materials and information
- Information should be obtained from foreign embassies and foreign trade promotion organisations located in Nairobi
- Local on-the-spot surveys should be conducted as necessary by the supervisors of the market research section

(2) Main Subjects and Methods of the Industry and Commodity Research Section

1) Subjects of Research

(a) Analysis of trends of traditional export products

- Trends in international commodity markets
- Situation regarding competition with Kenya's products
- Potential for creating new markets for Kenya's strategic products

(b) Analysis of trends of non-traditional export products

· Marketing research into promising export products

2) Methods of Research

(a) Experts in the specified product area, and supervisors should analyse information published by the ITC and industry associations throughout the world.

(b) Information obtained from foreign embassies and foreign trade promotion organisations in Nairobi should be analysed.

(c) When necessary, third-party market research organisations and companies should be hired to conduct surveys.

3.3 Expansion and Strengthening of Information Service

It is important for export promotion that information be supplied accurately and promptly to Kenya's enterprises. It is also important to provide appropriate data and information. The first-stage task should be the laying of foundations for enabling the smooth execution of two tasks --- 1) the provision of data; and 2) the publication of magazines and books related to the economy and trade. The provision of information will involve not only the research section, but also its linkage with the public relations and trade fairs department and the trade services department.

3.3.1 Provision of Data and Information

(1) Reference Service

1) Provision of data and information concerning the economy and foreign trade classified by markets: Initially, the service should start with a staff of two persons, one in charge of the markets of advanced countries and the other in charge of the markets of developing countries. It is desirable to add five more reference staff members within two years, one each in charge of international organisations; Africa and the Middle East, Asia and Oceania, Europe and America, and the Soviet Union and Eastern Europe, respectively.

- 2) Provision of data and information classified by commodity: Initially, the service should start with two reference staff members, or one each for traditional and non-traditional export products, respectively. Staff numbers should be increased.

(2) Library Service

- 1) Service for general users: A corner should be set up for reading in the library.

Copying service is necessary. Library should charge the reasonable amount to the users of copying service.

- 2) Utilization by government officials and TPO's staff: A material lending system should be set up for the effective utilization of the collected data.

The maximum lending period should be fixed according to the categories of the materials. An appropriate system for lending materials should be established to facilitate prompt responses to requests for data by users.

(3) Selective Dissemination of Information

- 1) Open seminars for commodities and markets: Results of trend analysis by the research section should be made public on a regular basis.
- 2) Seminars on the overseas situation: Trade missions or diplomats (ambassadors, councilors, commercial attaches, etc.) dispatched overseas should actively report on the situation in the foreign countries upon return home.

3.3.2 Strengthening of Publication Activities

(1) Regular publications

- 1) Publication of "Trade News": This Trade News carries enquiry information sent from various foreign countries. It should be issued bi-weekly at the initial stage, and subsequently should be issued weekly, and then daily.

- 2) "Kenya Export News": Results of analyses made by the research section, and reports on trade and other business for export promotion should be published in "Kenya Export News" immediately.
 - 3) Yearly up-dating of directories: Up-dating of currently issued directories should be speeded up. Efforts should be made to carry out yearly up-dating at an early stage.
-
- (2) Marketing Reports: Marketing research reports classified by product item should be published.
 - (3) Catalogues: Product catalogues should be issued for exhibitions, trade fairs and permanent exhibition hall. In the future, mail order catalogues should be sent to foreign buyers.

Outline of the activities	Detailed activities	First stage (1-2 years)	Second stage (3-5 years)	Third stage (5-years)
<p>[Collection and management of data and information] Expansion and strengthening of existing organisations Systematization of data collection and management</p> <p>Establishment (within TPO) of economic and trade data and information centre</p> <p>Operation of the economic and trade data and information centre</p>	<p>Expansion and improvement of library in KETA Establishment and operation of data collection committee</p> <p>Expansion and improvement of economic and trade data and information</p> <p>Establishment of data and information centre</p> <p>Transferring KETA's materials to the above centre</p> <p>Collection and management of data at the above centre</p>	<p>○</p> <p>○</p> <p>○</p>	<p>○</p> <p>○</p>	<p>○</p> <p>○</p>
<p>[Expansion and strengthening of research function] Preparation for economic and trade research Strengthening research classified by regions and countries</p> <p>Strengthening research of export products</p>	<p>Establishment of economic and trade research department</p> <p>Trend research of international economy and trade</p> <p>Trend research of economy and trade classified by regions and countries</p> <p>Case study of countries successful in export promotion</p> <p>Trend research of traditional export products</p> <p>Trend research of nontraditional export products</p>	<p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p>		
<p>[Expanding and strengthening of information service] Expanding information service system Providing data and information</p> <p>Strengthening publishing activities</p>	<p>Establishing lending system of materials</p> <p>Reference service</p> <p>Library service</p> <p>Selective dissemination of information</p> <p>Expansion and improvement of regular publications</p> <p>Publishing of marketing reports</p> <p>Publishing of catalogue</p>	<p>○</p> <p>○</p>	<p>○</p> <p>○</p>	<p>○</p> <p>○</p>

Fig. 3.3.1 Development of Action Programme of Information System

CHAPTER 4 ACTION PROGRAMMEMES FOR TRADE CONSULTATION, TRADE TRAINING AND PUBLIC RELATIONS AND EXHIBITION ACTIVITIES

4.1 Trade Consultation

The exporter registration system should be introduced so that information on exporters and export products can be available to the foreign companies interested in Kenya's products.

The commercial attaches posted abroad should be much more involved in looking for and obtaining prospective trade enquiries. Trade enquiry services by the commercial attaches should be strengthened.

Businessmen with much experience in international trade should be appointed to the post of commercial attache in future so as to offer support for export business.

Meanwhile, communication network should be set up in order to develop support for trade promotion activities. This communication network will create a trade enquiry processing system.

Trade consultation corner should be set up in order to offer advices to exporters.

Trade missions will be dispatched in conjunction with participating in exhibitions overseas, in order to develop export markets. To encourage Kenya's exporters to participate in the trade missions, TPO should consider assisting a portion of participants' travel expenses.

In order to improve the quality of export products and increase their export competitiveness, the following trade consultation should be carried out: holding seminars by designers and products experts, providing on-the-spot consultation to the factories by foreign experts in cooperation with foreign aid organisations.

4.2 Trade Training Activities

Four training courses on trade should be offered and approximately 300 trainees will be trained annually.

- (1) Basic course for those who are or will be engaged in export business. Duration of the course is five days. The objective of this course will be to teach the participants the basic knowledge of export business.

The course content will include:

- (a) overview of export business
- (b) terms and conditions for export transactions
- (c) rules and regulations for export

- (2) Advanced Course for Middle Management Class

The objective of this course will be to teach the participants the broad knowledges needed for export business.

The course content will include:

- (a) export contract
- (b) shipment
- (c) receiving payment
- (d) terms, conditions and pricing
- (e) quality of export products
- (f) commercial claims and settlement

- (3) Export Marketing Management Courses for Managers Engaged in Export Business

The content of the course for export marketing will include:

- (a) export marketing management
- (b) exhibiting at the overseas trade fairs
- (c) export sales strategies and sales management
- (d) export marketing survey method
- (e) planning export promotion plan

(4) Export Product Improvement Course

It is recommended that training course on export product development be run for managers of export product development, in order to improve the quality of export products and increase their competitiveness at world market.

The course content will include:

- (a) export product development and design
- (b) design management
- (c) export packaging and labelling
- (d) export transactions and the quality of export products

4.3 Public Relations and Exhibition Activities

Participating in about six overseas trade fairs annually should be planned. Initially traditional products and other exportable products such as horticulture products, foodstuff and clothing should be displayed at the major international trade fairs in Europe and USA. Light industry products should be displayed at international trade fairs in the PTA region and neighbouring countries.

At the time of participating in overseas exhibitions, it will be necessary to carry out comprehensive export promotion activities such as:

- (a) inviting prospective importers to Kenya's booth
- (b) dispatching trade missions to develop new markets
- (c) holding business meetings
- (d) conducting sales campaign
- (e) collecting high-quality product samples

The staff of the Trade Promotion Organisation will play essential and vital roles in carrying out the above programmes. It is necessary to expand and strengthen the export functions of existing trade fairs in Kenya such as Nairobi International Show and New Kenya trade Exhibition. Every effort should be paid to invite influential importers from foreign countries.

Trade fairs for specific industries and PTA Trade Fair, Nairobi should be created. These fairs will be held in Nairobi. The PTA Trade Fair, Nairobi will be held every odd year when existing PTA Trade Fair is not held.

After a permanent exhibition hall is established within TPC, exportable products should be displayed. Exhibition fees should be charged annually. The exhibition hall should have 60 to 100 booths initially. Products with good design will be displayed at the good design corner to be set up in the exhibition hall. Public relations activities should be done actively so as to attract importers who are visiting Kenya to the exhibition hall.

Overseas public relations activities should be carried out vigorously in cooperation with commercial attaches posted abroad, the overseas offices of the Ministry of Tourism and Wildlife and sales offices of Kenya Airways. Press release should be sent to business journals for them to write articles about Kenya's products. Advertisement should also be placed. It will be very effective if public relations activities are conducted at the time of participating trade fairs abroad and dispatching trade missions.

Outline of the activities	Detailed activities	First stage (1-2 years)	Second stage (3-5 years)	Third stage (5-years)
<p>[Trade Consultation Services] Expansion and strengthening of offices on trade enquiry</p> <p>Strengthening of consultation and guidance</p> <p>Strengthening of export product improvement</p>	<p>Filing export-related data Publishing trade news Setting up communications network Introducing computer system Expansion and improvement of functions of commercial attaches Introduction of system for credit standing investigation Entry into overseas information network</p> <p>Setting up trade consultation corner Trade consultation by outside expert Sponsoring trade seminars Dispatch of trade missions</p> <p>Collection of good product samples overseas Introduction of export inspection system</p>	<p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p>	<p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p>	<p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p> <p>○</p>
<p>[Trade Training] Expansion and strengthening of function of existing organisations Drawing up of comprehensive training system Implementation of comprehensive training</p>	<p>Training on practical trade business and training of staff members and commercial attaches</p> <p>Expansion of training on practical trade business and training of TPO's staff & commercial attaches Training on export product improvement Setting up international business school</p>	<p>○</p> <p>○</p> <p>○</p>	<p>○</p> <p>○</p> <p>○</p>	<p>○</p> <p>○</p> <p>○</p>
<p>[Public Relations and Exhibition] Participation in overseas trade fairs Holding and participating in domestic trade fairs Establishment of permanent exhibition hall Publicity activities</p>	<p>Participation in overseas trade fairs Expansion and improvement of existing trade fairs Holding business meetings and trade fairs</p> <p>Public relations activities for individual types of industry</p>	<p>○</p> <p>○</p> <p>○</p>	<p>○</p> <p>○</p> <p>○</p> <p>○</p>	<p>○</p> <p>○</p> <p>○</p> <p>○</p>

Fig. 4.3.1 Development of Action Programme for Trade Consultation Services, Trade Training and Public Relations and Exhibition Activities

CHAPTER 5 ACTION PROGRAMMES FOR IMPROVEMENT AND EXPANSION OF EXISTING EXPORT INDUSTRIES

5.1 Key Subjects for Action Programmes

The general directions for improving and expanding the six subsectors of existing export industries are given in the master plan presented in Part II. After a comprehensive investigation, the Study Team selected specific subjects for action programmes. These key subjects were selected because they are comparatively easily accomplished, and have an impact on Kenya's export industry.

The reasons for selection of key subjects by industry are shown in Table 5.2. Measures to improve or develop the key subjects for individual industry are shown in Table 5.2.1 ~ 5.2.6 respectively.

Table 5.2 Selection of the Subjects and Action Programmes for the Existing Export Industries (Master Table)

Subsectors	Agro-based industry	Textile and garment industry	Leather industry	Chemical industry	Metalwork industry	Non-metal mineral industry
Action Programme	Improvement packing and packaging	Forming Garment Manufacturing Groups	Improvements in the hides and skins quality	Development of medical supplies (infusion solutions)	Diversification of metal construction materials	Development of ceramic products
Master Plan in Part II	Table 6.2.1 in Part II	Table 6.2.2 in Part II	Table 6.2.3 in Part II	Table 6.2.5 in Part II	Table 6.2.6 in Part II	Table 6.2.4 in Part II
Reasons for Selection of Key Subjects	<ol style="list-style-type: none"> 1. Background 2. Possibilities for small- and medium-scale firms 3. Adding value to the products 4. Expected effects 	<ol style="list-style-type: none"> 1. Easiness in technological improvement 2. Flexibility in securing raw materials 3. Potential for growth envisaged in forming manufacturing groups 4. Potential for growth expected by linking with foreign firms 	<ol style="list-style-type: none"> 1. Possibilities for improvements 2. Marketability 	<ol style="list-style-type: none"> 1. Marketability 2. Availability of raw materials 3. Economy of scale 4. Availability of technology 5. Health benefits 	<ol style="list-style-type: none"> 1. Marketability 2. Existing technology 3. Potential benefits 	<ol style="list-style-type: none"> 1. Availability of raw materials 2. Low capital requirements 3. Availability of technology 4. Marketability 5. Export possibilities for small- and medium-scale firms
Measures	<ol style="list-style-type: none"> 1. Targets for improvements 2. Formation of industrial associations 3. Cooperation in research and development 4. Development of new products 5. Commercial development 6. Marketing and sales promotion 	<ol style="list-style-type: none"> 1. Preparation stage 2. Boosting exports 3. Developing and increasing groups 4. Licensed production of famous brands 5. Entry into the international fashion market 	<ol style="list-style-type: none"> 1. Educating breeders 2. Improvement of skinning techniques 3. Improvement in collection system 4. Improvement of tanning technology and methods 5. Export by quality grades 6. Marketing promotion 	<ol style="list-style-type: none"> 1. Review of current situation 2. Feasibility study on infusion solutions 3. Pilot plant 4. Commercial production 	<ol style="list-style-type: none"> 1. Analysis and evaluation of the metal construction materials industry 2. Strengthening of manufacturing associations 3. Feasibility study 4. Establishing specialized workshops and centres 5. Development of new products 6. Marketing and sales promotion 7. Renovation of facilities 	<ol style="list-style-type: none"> 1. Feasibility study 2. Model factory 3. Marketing 4. Development of high-grade products
Implementation Schedule	Refer to Table 5.2.1 in Part III	Refer to Table 5.2.2 in Part III	Refer to Table 5.2.3 in Part III	Refer to Table 5.2.4 in Part III	Refer to Table 5.2.5 in Part III	Refer to Table 5.2.6 in Part III

Table 5.2.1 Action Programme for the Agro-based Industry

Improvements in Packing and Packaging

	Short Term (Research and preparation stage)	Medium Term (Guidance and trial stage)	Long Term (Commercial stage)
Organisations, firms	Agro-processing manufactures under the guidance of KAM and MOI	MOI, KIRDI, private manufacturers and the new associations	Private manufacturers and the new associations
Measures	<ol style="list-style-type: none"> 1) Target for improvements 2) Formation of industrial associations 	<ol style="list-style-type: none"> 1) Cooperation in research and development 2) Development of new products 	<ol style="list-style-type: none"> 1) Commercial development 2) Marketing and sales promotion
Supporting organisations	<ol style="list-style-type: none"> 1) KETA, KNCC & I: Provide international information 	<ol style="list-style-type: none"> 1) TPO, KNCC & I, KAM: Provide international information and guidance for sales promotion 	<ol style="list-style-type: none"> 1) IPC, KNCC & I, KAM: Marketing and sales promotion
Locations	Nairobi and Mombasa areas	Nairobi and Mombasa areas and manufacturers	Nairobi and Mombasa areas and manufacturers
Essential points and requirements: Kenya	<ol style="list-style-type: none"> 1) Establish packing and packaging industrial associations. 2) Gather and analyze information about packing and packaging from around the world. 3) Plan improvements for packing materials, production technology and designs. 	<ol style="list-style-type: none"> 1) Give guidance for the improvement of materials, technology and design based on research and marketing studies. 2) Development and diversification new products cooperation with private manufacturers and associations. 	<ol style="list-style-type: none"> 1) Effectively use developed technology and designs. 2) Upgrade the image of Kenya's brands through sales promotions.
Essential points and requirements: Foreign aid	Guidance for the action programme	Guideline for the programme and technical guidance for materials and products	Guideline for the programme and technical guidance for materials and products

Table 5.2.2 Action Programme for the Textile and Garment Industry
Forming Garment Manufacturing Groups

	Short Term (Study and preparation stage)	Medium Term (Implementation stage)	Long Term (Propagation and development stage)
Organisations, firms	Groups of garment manufactures under leadership of KAM	Garment manufacturers	Garment manufacturers
Measures	1) Preparation stage a) Cooperation of public and private sectors b) Formation and support for model groups c) Government incentives and financial support	1) Boosting exports	1) Developing and increasing groups 2) Licensed production of famous brands 3) Entry into the international fashion market
Supporting organisations	1) MOI, MOF: Guidance for laws and regulations a) Existing cooperative manufacturing law or write a new law b) Legislation for funding scheme 2) MOCD: Guidelines for finance 3) ICDC, KIE: Study of financing	1) MOI, MOF: Guidance on legislation 2) ICDC, KIE: Financing 3) TPO: Market data and sales promotion	1) TPO: Market information. 2) KNCC & I, KAM: Promotion in international markets
Locations	Nairobi and Mombasa	Garment manufacturers	Garment manufacturers and EPZ
Essential points and requirements: Kenya	1) Under leadership of KAM, MUB manufacturers should consult and study model groups. 2) Study application of cooperative manufacturing law or legislation of a new foreign trade manufacturing group law. 3) Prepare specific programme for financing by develop- ment banks.	1) Give corporate status to the groups 2) Start joint purchasing and joint sales 3) Give groups all export incentives 4) Promote joint facilities for groups a) Cutting b) Finish processing	1) Strengthen relationship with EPZ manufacturers 2) Promote entry into EPZs by groups 3) Set up of voluntary inspection and development facilities within groups 4) Reinforce linkage with international markets for improving designs
Essential points and requirements: Foreign aid	Advisors and study missions	Specialists in cooperative group management.	Joint ventures

Table 5.2.3 Action Programme for the Leather Industry
Improvements in the Hides and Skins Quality

	Short Term (Improvement promotion stage)	Medium Term (Development)	Long Term (Development and expansion stage)
Organisations, firms	Private groups under leadership of KAM and MOI	Private Manufacturers	Private Manufacturers; KNCC & I affiliated trading firms
Measures	<ol style="list-style-type: none"> 1) Educating breeders 2) Improvement of skinning techniques 3) Improvement in collection system 	<ol style="list-style-type: none"> 1) Improvement of tanning technology and methods 2) Export by quality grades 	<ol style="list-style-type: none"> 1) Improvement of tanning technology and methods 2) Marketing promotion
Supporting organisations	<ol style="list-style-type: none"> 1) MOLD: Guidance to livestock breeders 2) KNCC&I: Public relations on the value of leather 	<ol style="list-style-type: none"> 1) TPO, KNCC & I, KAM: Marketing and sales promotion 2) MOI: Guidance for prevention of pollution 	<ol style="list-style-type: none"> 1) TPC, KNCC & I, KAM: Marketing and sales promotion
Locations	Nationwide	Nationwide	Kenya and international market
Essential points and require- ments: Kenya	<ol style="list-style-type: none"> 1) Have livestock breeders understand the value of leather as a by-product, encourage them to use slaughterhouses. 2) Assure good quality of hides and skins by improving skinning techniques. 3) Establish industry associations and collecting system. 	<ol style="list-style-type: none"> 1) Have tanners understand that improving technology and methods increases value of leather. 2) Increase value of goods by ranking by quality. 	<ol style="list-style-type: none"> 1) Expand export market by upgrading quality.
Essential points and require- ments: Foreign aid	Guidance in skinning and primary processing	Guidance in leather tanning techniques. Technical and financial cooperation for pollution protection facilities.	

Table 5.2.4 Action Programme for the Chemical Industry

Development of Medical Supplies (starting with infusion solutions)

	Short Term (Study and preparation stage)	Medium Term (Designing and implementation stage)	Long Term (Commercial production stage)
Organisations, firms	MOI, MOH and private Manufacturers	Private Manufacturers	Private Manufacturers
Measures	1) Review of current situation 2) Feasibility study on infusion solutions	1) Pilot plant	1) Commercial production
Supporting Organisations	1) KETA, KNCC & I, KAM: Export market research	1) IPC: Foreign technology and capital 2) TPO, KNCC & I, KAM: Marketing	1) TPC, KNCC & I, KAM: Market development
Locations	Mainly Nairobi	Depends on result of F/S	Same as the left
Essential points and require- ments: Kenya	1) Feasibility study: a) Internal and external demand. b) Production system and scale c) Suitable location for production	1) Detailed implementation programme design and implementation on the basis of feasibility study (utilizing EPZs). 2) Linkage with foreign manufacturers	1) Development of related materials
Essential and requirements Foreign aid	Technical cooperation	Corporate linkage	Corporate linkage

Table 5.2.5 Action Programme for the Metalworking Industry
Diversification of Metal Construction Materials

	Short Term (Study and preparation stage)	Medium Term (Design and development stage)	Long Term (Implementation stage)
Organisations, firms	Metal construction material manufacturing associations under leadership of KAM	Private manufacturers and manufacturing associations	Private manufacturers and manufacturing associations
Measures	<ol style="list-style-type: none"> 1) Analysis and evaluation of of the metal construction materials industry 2) Strengthening of manufac- turing associations 3) Feasibility study 	<ol style="list-style-type: none"> 1) Establishing specialized workshops and centres 2) Development of new products 3) Marketing and sales promotion 	<ol style="list-style-type: none"> 1) Renovation of facilities
Supporting Organisations	<ol style="list-style-type: none"> 1) MOC: Guidance on procurement of raw material 2) MOI: Domestic market data and guidance on industrial standards 3) KETA, KNCC & I: Foreign market data 	<ol style="list-style-type: none"> 1) MOF: Financial support 2) MOI: Production guidance 3) TPO, KNCC & I, KAM: Marketing and sales promotion 	<ol style="list-style-type: none"> 1) MOF: Financial support 2) MOI: Production guidance 3) TPO, KNCC & I, KAM: Marketing and sales promotion
Locations	Around Nairobi and Mombasa	Around Nairobi and Mombasa and locations of manufacturers	Around Nairobi and Mombasa and locations of manufacturers
Essential points and require- ments: Kenya	<ol style="list-style-type: none"> 1) Item-by-item evaluation of <i>metal construction material</i> exports 2) Analysis and evaluation of production technology for metal construction material 3) Evaluation of existing scrap metal recycling system 4) <i>Feasibility study based on</i> above point concerning new technology 	<ol style="list-style-type: none"> 1) Marketing in PTA countries based on market research to expand market 2) Introduce quality control, rationalization for cost reduction, from design to finished products 3) Rationalization and renovation of facilities 4) Development of new varieties of construction material by manufacturer linkage 	<ol style="list-style-type: none"> 1) Government financial support to periodically renovate facilities 2) Promote quality improvement, product diversification and cost reduction through manufacturer linkage
Essential points and require- ments: Foreign aid	Technical cooperation	Capital and technical cooperation	Capital and technical cooperation

Table 5.2.6 Action Programme for the Non-Metal Mineral Industry
Development of Ceramic Products

	Short Term (Study and preparation stage)	Medium Term (Trial stage)	Long Term (Commercial production stage)
Organisations, firms	ICDC, MOI	ICDC, KIE	Private Manufacturers
Measures	1) Feasibility study a) Mineral survey for raw materials b) Revitalisation of CIL	1) Model factory	1) Marketing 2) Development of high-grade products
Supporting Organisations	1) MOF: Support for research 2) MOENR: Re-evaluation of existing plants	1) MOI: Plant construction plans	1) TPC: Market development 2) Development of high-grade products
Locations	Nationwide	Nationwide	Nationwide
Essential points and requirements: Kenya	1) Confirm clay for ceramics 2) Market research both at home and abroad 3) Revitalisation CIL 4) Evaluate ceramics products	1) Design plants 2) Build plants 3) Renew operations at CIL 4) Train technical instructors	1) Expansion of market internationally 2) Linkage with foreign manufacturers, production of high-grade ceramics
Essential points and requirements: Foreign aid	Technical cooperation in underground resource survey	Plant planning, aid in construction capital (Plant construction, renovation of existing plants)	

CHAPTER 6 ACTION PROGRAMMES FOR DEVELOPMENT OF LEADING INDUSTRIES

6.1 Process of Selection

In the previous chapter, action programmes for existing industries were proposed to improve and expand specific areas in each industry. In this chapter, action programmes for the leading industries are proposed to develop new core industries for improvement of the trade balance based on the cooperation of the public and private sectors.

As shown in the master plan, the selection of leading industries is a means of developing new core industries as a long-term perspective. The textile and garment industry and the metallurgical and metalworking industry were selected in the master plan as the best candidates as leading industries.

6.2 Development Measures for the Leading Industries

6.2.1 Textile and Garment Industry

This industry is burdened with the remnants of the import substitution policy, and as the production system is driven by domestic demand, it is not internationally competitive in price and quality. These common problems can also be seen in the textile industry whether it is natural or synthetic fibres.

In summary, Kenya's textile and garment industry faces difficult economic growth under present structural and economic conditions. Reliance on individual manufacturers without firm national policy that enable changes will not succeed.

(Recommendations)

Immediate enforcement of industrial restructuring and the initiation of a fact-finding survey of industrial circles is required. This action can lead to the proper scaling of production factories, streamlining of equipment specialisation and foster closer linkage among various enterprises. In addition, cost reduction and quality improvement can increase the industry's international competitiveness.

Implementation schedule of the action programme is given in Table 6.2.1.

Table 6.2.1 Action Programme for the Development of the Textile and Garment Industry

	Short to Medium Term	Medium to Long Term
Organisations, firms	Manufacturing groups under leadership of MOI and KAM	Same as the left
Measures	<ol style="list-style-type: none"> 1) Subsector study <ol style="list-style-type: none"> a) Review and reform of industrial structure b) Promoting anti-pollution measures 2) Cooperation of public and private sectors 3) Forming a textile manufacturers' group 	<ol style="list-style-type: none"> 1) Streamlining production system 2) Utilization of EPZ and MUB 3) Restructuring
Supporting organisations	<ol style="list-style-type: none"> 1) MOF: government financing (various incentives) 2) MOI: Study of and guidance for legal aspects 3) MOC: Guidance in exporting and importing raw materials, resources and products 4) MOCD: Preparation of financial guideline 5) KNCC & I: Provision of market information 	<ol style="list-style-type: none"> 1) ICDC, KIE: Low-interest loans for capital investment 2) TPC: Marketing in foreign markets and sales promotion
Locations	Nation-wide	Same as the left
Essential points and requirements: Kenya	<ol style="list-style-type: none"> 1) Establishment of joint committee for improvement and implementation of subsector study 2) Clarification of problems relating to the industrial structure for cost reduction and improvement of quality 3) Clarification of capacity, quality, cost and anti-pollution measures for each production process 4) Planning of support measures by the government (legal and monetary) 5) Strengthening the textile manufacturers' group 	<ol style="list-style-type: none"> 1) Equipment recombination and new company establishment by the industrial circles 2) Establishment of legal system 3) Low-interest loans 4) Provision of anti-pollution preventing system 5) Establishment of joint institution for research and testing development 6) Promotion of marketing by TPC and other institutions
Essential points and requirements: Foreign aid	Technical cooperation for survey	<p>Dispatching of study mission on industrial restructuring</p> <p>Technical cooperation through TPC</p>

6.2.2 Metallurgical and Metalworking Industry

(1) Cooperation of Public and Private Sectors towards Development of a Leading Industry

The metallurgical and metalworking industry is specified as a core industry under the national policy and must be developed. In order to do this, public and private sectors should cooperate under a common strategy considering the following key points:

- (a) Fostering the capital goods industry is an important goal of industrialization. The metallurgical and metalworking industry is a key capital goods industry.
- (b) The steel industry is indispensable for building and maintaining infrastructures, and necessary for economic development.
- (c) Recycling of scrap metal in Kenya is important from an economic perspective due to limited resources of iron and steel.
- (d) The steel industry is closely linked to the manufacturing industries but requires large-scale capital investments.

The action programme is given in Table 6.2.3.

Table 6.2.3 Action Programme for the Development of the Metallurgical and Metalworking Industry

	Short to medium term	Medium to long term
Organisations, firms	Grouping of Metal industries under leadership of MOI and KAM	1) Same as the left 2) Foreign enterprises
Measures	1) Cooperation of public and private sectors towards development of a leading industry 2) Implementation of subsector study a) Review of industrial structure b) Preventive measures to control environmental pollution 3) Implementation of F/S on the construction of special EPZ for the metallurgical and metalworking industry. 4) Consolidation of associations among related manufacturers	1) Streamlining of production facilities 2) Construction of EPZ for metallurgical and metalworking industry
Supporting organisations	1) MOF: Financial support 2) MOI: Legal guidance, industrial standards and production 3) MOE, MOPW, MOTC: Support for EPZ-related infrastructures (water, power, communication, ect.)	1) Same as the left 2) Same as the left 3) Same as the left 4) IPC: Introduction of foreign capital
Locations	Nairobi and Mombasa	Nairobi and Mombasa (EPZ)
Essential points and requirements: Kenya	1) Subsector study related to import substitute and export-oriented industries a) Scale of domestic demand and PTA market b) Operating situations of existing plants c) Study of methods of raw material procurement (including ship scrapping) 2) Study of production scale of new factories in EPZ 3) Reinforcement of tie-up relations among metal material-related enterprises centered around electric furnace 4) Consolidation of tie-up among metal processing enterprises 5) Implementation of F/S for EPZ 6) Cooperation of public and private sectors	1) Financial aid for streamlining production facilities 2) Implementation of measures against environmental pollution 3) Consolidation of consensus for EPZ construction and operation 4) Establishment of this industry compatible with national policy
Essential points and requirements: Foreign aid	1) Financial and technical cooperation for subsector study 2) Financial and technical cooperation for F/S	1) Financial and technical cooperation with streamlining of production facilities 2) Financial and technical cooperation with metal EPZ 3) Participation of foreign capital-affiliated enterprises

CHAPTER 7 ACTION PROGRAMMES FOR ENFORCEMENT OF STANDARDISATION AND PROMOTION OF QUALITY CONTROL

7.1 Improvement in Common Factors in Industry

The technology and methods of Kenya's industries can be improved by the following measures.

- 1) Improvement of the process technology and methods of promising export products. (This can upgrade the quality of products so that they can become internationally competitive.)
- 2) Development of new export products by combining existing technology and methods (inter-manufacturers linkage).
- 3) Production of new goods by introducing new technology and methods from advanced countries.

The first step is to make use of available technology and methods to manufacture quality products in each factory. For the second step, manufacturers should cooperate and share specialised technology and methods; this will improve over-all technology and reduce costs for each manufacturer. Finally, new technology and methods should be imported to raise the industrial level to that of industrialised countries.

It would be difficult to effectively execute these measures without first implementing the following four common factors of improvement discussed in Part II, Chapter 7. The next section discusses the Study Team's recommendations for action programmes specifically related to the second and third factors.

- 1) Improvement of industrial information services
- 2) Enforcement of standardisation
- 3) Introduction and promotion of quality control
- 4) Introduction of new technology

7.2 Action Programmes

7.2.1 Enforcement of Standardisation

The implementation schedule for the action programme is given in Table 7.2.1.

Table 7.2.1 Action Programme for Enforcement of Standardisation

	Short and medium term	Medium and long term
Organisations, firms	KBS, KIRDI	KBS, KIRDI and manufacturers
Measures	<ol style="list-style-type: none"> 1) Guidance for standardisation 2) Establishment of industrial standards 3) Education and technical advisory services on standardisation 	<ol style="list-style-type: none"> 1) Education and technical advisory services on standardisation 2) Application of standardisation 3) Evaluation and feedback
Supporting organisations	<ol style="list-style-type: none"> 1) MOI: Guidance for legal aspects 2) MOE: Promotion of standardisation through school education 3) MOTTAT: Promotion of standardisation through training 4) KNCC&I, KAM, KIBT: Promotion of standardisation through training 	<ol style="list-style-type: none"> 1) MOI: Guidance for legal aspects 2) MOE: Promotion of standardisation through school education 3) TPC: Technical information on export products
Locations	Major towns	Nationwide
Essential points and requirements: Kenya	<ol style="list-style-type: none"> 1) Decide role for and give resources to KBS 2) Prepare concrete measures for enforcement of standardisation 3) Promote manufacturer linkage 	<ol style="list-style-type: none"> 1) Curriculum related to standardisation should be provided for different levels of schools. 2) Educational training based on standardisation should be done at technical training centres. 3) Curriculum related to standardisation should be prepared for different types of businesses. 4) Technical instructions to firms should be made mainly by KBS and KIRDI.
Essential points and requirements: Foreign aid	<ol style="list-style-type: none"> 1) Overseas training of leaders 2) Financial and technical cooperation 	<ol style="list-style-type: none"> 1) Overseas training of leaders 2) Financial and technical cooperation

7.2.2 Introduction and Promotion of Quality Control

Table 7.2.2 Action Programme for Introduction and Promotion of Quality Control

	Short and medium term	Medium and long term
Organisations, firms	KIRDI, KIBT, KBS	Guidance institutions and private enterprises
Measures	<ol style="list-style-type: none"> 1) Guidance for quality control 2) Establishing a coordination organisation 3) Quality control manual 	<ol style="list-style-type: none"> 1) Teaching and encouraging quality control <ol style="list-style-type: none"> a) Training of personnel from private firms b) Designation of model firms
Supporting organisations	<ol style="list-style-type: none"> 1) MOI, MOTTAT, KNCC&I, KAM: Guidance and support for quality control 2) TPO: Relevant technical information 	<ol style="list-style-type: none"> 1) MOI, MOTTAT, KNCC&I, KAM: Guidance and support for quality control 2) MOE: School education 3) TPC: Support for quality control
Locations	Major towns	Nationwide
Essential points and requirements: Kenya	<ol style="list-style-type: none"> 1) Help manufacturers recognize the need for quality control 2) Prepare manuals such as drawing control, inspection standards, quality indication 3) Propose measures for introducing quality control to firms for different types of businesses 	<ol style="list-style-type: none"> 1) Teach quality control education in schools 2) Issue technical approval certificates to persons completing study courses 3) Select model firms in different regions and different types of business 4) Provide technical guidance (by each firm)
Essential points and requirements: Foreign aid	Provision of technical cooperation (dispatching experts to Kenya and Acceptance of trainees)	

PART IV

CONCLUSION AND RECOMMENDATIONS

CONCLUSION AND RECOMMENDATIONS

In submitting this final report, the Study Team proposes major premises, a philosophy and the outlook, of trade promotion.

1.1 Major Premises for Trade Promotion

The Study Team proposes the following as major premises for trade promotion in Kenya.

- (1) Kenya must strengthen the development of import-substitute industries and develop export-oriented industries to sustain stable GDP growth and improve the national balance of trade.
- (2) Public and private sectors must cooperate in the promotion of exports and the development of export-oriented industries.
- (3) For the promotion of exports and for the development of export-oriented industries, international competitiveness must be sought.
- (4) A change of awareness is required both in production and marketing. Specifically, the orientation toward local markets must be changed and the industries must become internationally competitive.
- (5) Kenyan firms should be given the maximum incentives possible for the development of export-oriented industries.
- (6) Kenya must promote "economic democratization" based on free-market principles to achieve economic independence and vitalization.

1.2 Philosophy of Trade Promotion and Implementation of Action Programmes

Public and private sectors need to agree the following philosophy for trade promotion and implement action programmes based on that philosophy.

- (1) The structure and responsibilities of government departments in charge of trade should be reviewed and reorganised to simplify the import and export procedures. The authorities of the departments should be clarified to avoid overlapping or lack of responsibility. The procedures must be enforced strictly, but fairly in all cases.
- (2) To effectively promote trade, an unified trade promotion organisation (TPO) must be established with the participation from public and private sectors.
- (3) The TPO must have qualified personnel who can make and implement adequate plans for export promotion. The TPO must also have the function to develop expertise of trade promotion.
- (4) Trade promotion is best accomplished through close cooperation of public and private sectors. A trade promotion centre (TPC) will facilitate such cooperation. Establishment of the TPC should be studied.
- (5) Promotion of the export oriented manufacturing sector should be carefully planned and implemented making effective use of the available incentives and exemptions.
- (6) Current exports and import substitutes must be improved for short-term growth of trade.
- (7) The public and private sectors should study the development of new core industries and promote the development of the industries selected through the study.

1.3 Outlook for Export Promotion

The outlook of export promotion will be as follows if action programmes recommended in this study are implemented:

(1) Improvement of Export Promotion System

The export promotion system is most effective when all schemes in action programmes are implemented together. Most of the schemes are being carried out, but the financing scheme for small- and medium-scale firms need to be established, which will make the other schemes more effective.

(2) Improvement of Organisations Relevant to Export Promotion

Given the responsibilities for export trade functions such as collection and supply of trade information, trade training and promotion, public relations and exhibitions to one organisation, the TPO, will help improve the capability of the public sector to promote exports.

(3) Establishment of TPC

If TPC is established as the driving force for trade promotion, complicated trade procedures can be simplified and streamlined and trade can be effectively promoted.

(4) Development of Industries

The existing export industries will be further developed thereby improving Kenya's ability of earning foreign exchange in the short- and medium-term range. Leading industries can greatly reduce the trade deficit in the long term. Developing leading industries according to the action programmes will greatly strengthen Kenya's economy. Also, standardisation must be enforced and quality control must be promoted for Kenya's industries to compete in the international market.

