

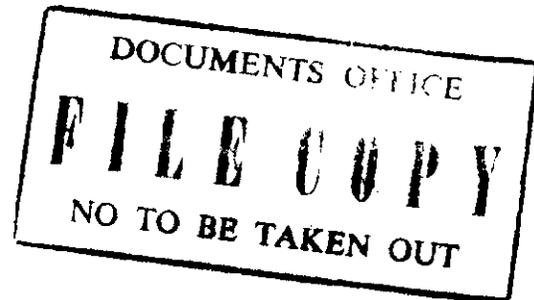
UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



Distr.
LIMITED
E/CN.14/L.276
16 February 1965
ENGLISH only



ECONOMIC COMMISSION FOR AFRICA
Seventh session
Nairobi, 9 - 23 February 1965
Item 5 of the agenda



STATEMENT BY DR. J. G. KIANO, HEAD OF THE KENYA DELEGATION
AT THE SEVENTH SESSION OF THE ECONOMIC COMMISSION FOR AFRICA

Summary of main points in the Kenya statement
to the Economic Commission for Africa session

1. The Kenya Economy 1964. Steady though not dramatic progress--gross domestic product increased between 4 per cent and 5 per cent-- exports expanded by about 5 per cent.
2. Inter African Trade. Trade with Tanzania and Uganda most buoyant of all with imports and exports both increasing by about 20 per cent --in order to preserve East African common market Kenya has made some sacrifices. Trade with African countries has been expanding faster than our trade as a whole-- since 1958 total overseas trade has expanded by 32 per cent but trade with African countries excluding South Africa has risen by 84 per cent.
3. The Pattern of Trade. Growth in inter African trade indicative of new trade patterns arising --Kenya welcomes trade with all countries in world which recognize human dignity and freedom, and we hope to see growing trade not only with African countries but countries of Asia and South America-- pleased to see that Mexico has an observer at the conference.

4. Trade with South Africa. Trade completely cut off with adverse effect on Kenya exports --soda ash cut 40 per cent-- no compromise however on principles of freedom and human dignity.
5. UN Conference on Trade and Development. A little disappointed at the results achieved by the Conference --we support the view of the OAU Economic Commission that African countries must
 - (a) ensure speedy implementation of the positive recommendations of the Geneva Conference, and
 - (b) plan a common strategy for problems that remain unsolved.
6. Unemployment. The decline in employment was halted by the tripartite agreement between Government Trade Unions and employers and employment expanded by about 5 per cent without any increase in the level of prices --the tripartite agreement may be of interest of other African countries as a technique.
7. Population. The employment problem a facet of the continuing race between rising population and efforts to increase gross domestic products --Kenya population increasing by at least 3 per cent per annum-- economy must increase by at least 3 per cent to improve per capita living standards --present per capita income only \$28 per annum --present population rate of growth will mean that at the end of the century we have to find an additional 230,000 jobs annually and a similar number of additional school places --children at present 51 per cent of total population --consequent rapid growth of towns and housing needs --need to stimulate agricultural development and back to the land movement to relieve unemployment and correct drift to the towns --population trends also require breakdown on provincial basis with consequent need for correlation of physical and economic planning at sub-national levels.
8. ECA Programmes. In light of population and unemployment problems we welcome ECA programmes in housing, physical planning and linked social fields --but problems can only be solved if economic growth out-paces population growth --we therefore welcome particularly ECA programmes on communications and industrial planning -- in our view

inadequate communications present a greater barrier to more trade than institutional factors such as payment unions --in industrial co-operation the East African countries have set an example in signing the Kampala Agreement --industrial development and investment in Africa can only flourish in most cases on the basis of larger economic units than are afforded by present national boundaries.

9. External Investment and Aid. Investment policy can only flourish against a background of properly co-ordinated external aid programmes --external aid is an impenetrable jungle through which non-aligned countries have to tread a difficult unnecessarily laborious path because the major nations of the world are too pre-occupied in pursuing their own ends --whether these be trade, cold warfare or political and economic penetration --ECA could with advantage help in dissemination of information about aid and acting as a broker in creating new aid groupings where existing groupings are clearly inadequate.

10. Planning. Kenya welcomes the deliberations of the Conference of African Planners and the recommendation to set up sub-regional planning co-ordination committees. Even in the absence of political federations or unions a great deal can be done to improve international co-ordination in planning, particularly in such fields as tourism, industrial development, research and communications.

Statement by the Kenya Delegation

Mr. Chairman, Distinguished Delegates, Esteemed Observers,
Ladies and Gentlemen,

As spokesman for my country's delegation I should like to associate myself with the welcome which was given by our beloved President, Mzee Jomo Kenyatta to all our delegates in his opening address. I should also like to thank the Commission for honouring my country by choosing Nairobi as the venue for this session. Let me assure the delegates that we shall do our best to make the Session a successful one and the stay of our guests in Nairobi a memorable one.

2. It is too early in the year as yet to be able to determine precisely how the Kenya economy fared in 1964 as a whole but it would seem that it was generally a year of steady though not necessarily dramatic progress, in which the economy did not expand as rapidly as we would have wished, but in which important achievements were made, particularly in reversing the trend apparent in recent years of declining employment. Present indications suggest that monetary gross domestic product rose by 4 or 5 per cent which, though much in line with what we expected this time last year, is quite insufficient to fulfil the natural expectations of our people for an improved standard of life.

3. The full year's trade figures for 1964 are not yet available but from statistics covering the first three quarters of the year it would appear that we were successful in expanding exports by about 5 per cent while maintaining imports at approximately their previous year's level. We had, in fact, hoped to have increased the monetary value of our exports to a greater extent than was actually achieved but, as so often happens, an adverse movement of a commodity price cuts back the value of an important export. The price of sisal in 1964 is a case in point. We hope that we shall be able to improve upon this very shortly.

4. Once again my Government is pleased to report to the Conference that our trade with Tanzania and Uganda has been the most buoyant of all. We increased our imports from our two neighbours by about 20 per cent while the value of our exports to them increased by a similar percentage.
 5. Mr. Chairman, we regard our neighbours as our most important trading partners. Indeed the close economic ties that have been created between us afford the most stable section of our international trade. Perhaps the most important factor in preserving our continued unity is the ensuring that the benefits of the East African Common Market are evenly distributed among us. With this objective in view we maintain close co-ordination in our development efforts. Kenya, for instance, has been prepared to make some sacrifices in limiting the expansion of trade with its neighbours in order that the essential unity between us shall not be jeopardized by a maldistribution of benefits and also to give an opportunity to the neighbours to build up their own industrial sectors.
 6. As you already know, Mr. Chairman, Kenya has cut off all her trade with South Africa, and Metropolitan Portugal. As a result of this a number of our exports have been very adversely affected. The most outstanding example is soda ash whose exports have been cut down by 40 per cent. Nevertheless we are convinced that if we are to be true to our principles of upholding freedom and human dignity to all mankind, we cannot compromise on a matter of such fundamental importance as this, even if there are serious adverse effects on our economy. It is our sincere hope that this example will be emulated by all African countries as part of their positive contribution towards the emancipation of our brothers and sisters in South Africa and in Portuguese colonial possessions.
-

7. Trade with South Africa apart, however, the value of our trade with African countries, although still a small proportion of the total, has been expanding faster than our trade as a whole. Since 1958 our total overseas trade has expanded by 32 per cent while our trade with African countries excluding South Africa has risen by 84 per cent.

8. Agricultural production in 1964 continued to move forward. The value of cash production increased by about 8 per cent and record crops were registered for coffee, tea and wheat. Perhaps the most outstanding achievement in the agricultural field has been the re-settlement of some 16,000 African farmers onto land previously farmed by immigrant farmers who wished to leave the country after independence. The demarcation of the new farms and the planning of farm programmes has involved the Government in a considerable effort but the new settlers are now firmly established and the rate of progress in the settlement of other new farmers is going forward at an even faster pace. We hope that during your stay in Nairobi you will be able to see some of our settlement schemes which are, I believe, unique in Africa.

9. Mention has already been made of the fact that we were able to halt the decline of recent years in the level of employment. This reversal was due, in large, to an agreement between the Government, the trade unions and the employers, that no employee would be dismissed without good reason and additional employees would be recruited both in firms and in Government in order to reduce the level of unemployment. In order to facilitate this recruitment of additional employees, the Trade Unions agreed not to press wage demands during the past twelve months. The success of what in Kenya is known as the Tripartite Agreement can be measured by an expansion in the level of employment of perhaps 5 per cent, while no increase has been registered in the level of prices.

10. The principal disappointment in 1964 was that there was no marked recovery in the level of capital formation. New capital projects have, however, been initiated both in the industrial and agricultural fields.

A major scheme involving a series of projects on the Tana River is about to commence but we had hoped that 1964 would have seen a more marked upswing in capital expenditures which, as far as the private sector is concerned, for the last few years have been reduced to a low level, although in the last year important hotel and sugar expansion schemes have gone ahead. Every encouragement is given to new private investment for we believe that Kenya cannot afford to turn away any investment which will lead to an expansion in over-all wealth and employment opportunities. We do, however, expect that the public sector will be responsible for an increasing share of total capital formation, and assistance from friendly countries in all parts of the world is already enabling my Government to push up development expenditures to record levels. Road improvement projects are being accelerated and a scheme for an increase in the Nairobi water supply is now going ahead.

11. An event of particular significance in 1964 was the publication of our Development Plan covering the period 1964- 1970. The Plan aims to raise monetary GDP from the 1962 total of £180 to £280 million by 1970 - a cumulative growth rate of 5.7 per cent per annum. A total capital expenditure of £317 million over the six-year period is involved, of which £129 million is represented by expenditure in the public sector. Kenya has now embarked upon this Plan although it is actively considering ways in which it can be improved and we hope to publish a revised version of the Plan in the coming months.

12. Our Development Plan represents the blue-print for lifting the living standards of our people. We know and appreciate that sacrifices will have to be made if its targets are to be achieved, for although we look for help from friendly countries overseas much of the total resources required to finance the Plan will have to be generated internally. Achievement of the Plan targets will depend to a considerable extent upon our success in generating domestic savings.

13. At the same time, however, we cannot ignore the fact that however successful we may be in implementing the proposals contained in our Development Plan this success may be seized from our grasp as a result of drastic changes in the terms on which we trade with other countries and can be placed in serious jeopardy by sudden changes in the financing policies of the major trading powers. We in Kenya were rather disappointed by the fact that little was achieved at the Trade and Development Conference. The issues raised by the developing countries and the unanimity of their stand at this Conference should have convinced the major powers that the developing world was prepared to countenance no longer a situation in which they were always the victims of fluctuation in prices and policies in the determination of which they have no voice. We support the views of the OAU Economic Commission that we must from now on (a) ensure the speedy implementation of the positive recommendations of the Geneva Conference and (b) plan a common strategy for problems that remained unsolved.

14. The outlook for 1965 must at this stage, inevitably be described as uncertain. Africa will have made a major stride forward in its economic development when this uncertainty with regard to short term prospects is removed. However, at present, prospects are quite promising. The production of our principal crops should go ahead further and prices will, we hope, be maintained at about the present levels. As our new Development Plan gets under way new projects will be initiated more rapidly to provide immediate impetus to growth. Manufacturing should continue to go ahead and a renewed expansion of tourism is expected.

15. Our experiences and planning problems during our first year of Independence have given us much food for thought; and we have studied with increasing interest the draft programme of the work of the Commission.

16. Our problems, Mr. Chairman, arise to a significant extent from the irresistible nature of the demographic statistics which give rise to a continuing race between on the one hand the population figures rising at an ever increasing rate and on the other hand the increasing gross domestic product. In Kenya the population is increasing by 3 per cent per annum at the present time and there are indications that this rate of increase may itself be rising. We have, therefore, to expand our economy by at least 3 per cent per annum before any additional wealth is available to improve the low living standards of the average family in the country. For the information of the distinguished delegates the per capita income in this country is about £28 per annum. If the population of Kenya continues to expand as now we shall by the end of the century have to find an additional 230,000 jobs annually and a similar number of additional school places.

17. The visible consequences of this high rate of population growth are to be seen in the level of unemployment in the proportion of children in relation to the total population (51 per cent) and in the rapid growth of the towns and the vast housing needs to which this gives rise. Our problems, however, are not unique and are shared by other countries. We hope that during the coming year the Commission will put emphasis on statistical and sociological work which will clarify the dimensions and the nature of these problems and on social and economic programmes which will assist in solving the human problems of unemployment, education and housing.

18. We in Kenya feel that a growing emphasis must be placed on a "Back to the Land" movement to establish the agricultural basis for industrialization. To succeed in such a campaign we must stimulate economic growth in the countryside and try to correct the sociological imbalances which cause an excessive drift to the towns. The Commission can be of great help to such a campaign by directing its programme towards measures for land reform, towards problems which inhibit the direction of capital and investment into rural areas, towards problems of economic organization in the countryside and to the sociological problems which cause the drift to the towns.

19. In this connexion we welcome particularly the programmes of the Commission in the fields of housing, housing research and of physical planning. The workshop of the Commission which took place in Accra last year was in our view an extremely valuable contribution on this subject, and it has certainly given us much to think about in our own organization and on the relationship between economic, physical and social planning. Indeed, I hope that developments which we are contemplating in Kenya in the next year or so will be of help to other countries in solving their problems, particularly in the housing field.

20. Our human problems cannot, however, be solved by social measures alone. In the race to which I referred just now we can only win if economic growth outpaces the population growth. In the economic field I should like to welcome particularly the Commission's programmes on Communications Development and Industrial Planning and Organization on a sub-regional basis. Without better communications we shall not get very far in developing intra-African trade or tourism, and it is our view that inadequate communications are at present a greater barrier to more trade than institutional factors such as payments unions. We therefore welcome all measures which the Commission is taking to improve communications and particularly telecommunications, air transport and the road network.

21. In the industrial field the East African countries have, I believe, shown the way to closer co operation and integration of industrial planning by signing the Kampala Agreement. When we signed the Agreement we in Kenya took a long view, since we are convinced that industrial development and investment in Africa will only flourish on the basis of larger economic units than are afforded within present national boundaries. We have deliberately foregone some short term advantages in the interest of the sound long-term development of East Africa as a whole. It is with the same long-term approach that we welcomed the ECA sub-regional Industrial Mission and we hope that the continuing programme of the Commission will in due course enable the work of the Mission to bear fruit.

22. Sound economic growth cannot, however, take place without a sound investment policy, or an incomes policy which in turn must be related to employment policy. I have already mentioned the Tripartite Agreement which was concluded in Kenya last year between the Government, the Unions and the Employers and which I sincerely believe offers a model which might be of help in other countries with similar short term unemployment crisis. In these matters a Government's position is extremely delicate. If wages are set too high new investment will be deterred and where there is considerable unemployment, the employed will benefit mainly at the expense of the unemployed. It is however a problem which any responsible Government must face and techniques and economic know-how in this field are, I think, something to which the Commission could usefully give more attention.

23. I referred just now to a sound investment policy and I should like to say a few words about external investment and finance and aid programmes. This subject is almost an impenetrable jungle through which small countries like my own, which are non-aligned in our external affairs policy, have to tread a difficult and unnecessarily laborious path because the major nations of the world are too preoccupied in pursuing their own ends --whether these be trade, cold warfare or political and economic penetration. The Commission should, I am convinced, consider further ways to help the countries of Africa as a group to plan a more effective role in the UN Trade and Development discussions, and in providing information and background for use in individual negotiations which we have to conduct on aid, trade and investment matters with countries and organizations both of the West and the East. The number and diversity of these negotiations which have to be conducted by African countries today impose great strains on our limited staffs and I think there is scope for a non-aligned organization like the Commission to play a more active role in the external aid and investment field and in disseminating information of help to African Governments in such negotiations. The Commission could also help as a broker in bringing about new aid groupings in cases where existing bilateral arrangements are clearly inadequate.

24. Finally, I should like to express the appreciation of my Government for the work which the Commission has done in nurturing the African Development Bank, and also in convening the Conference of African Planners in Dakar last November. Now that the midwife has delivered a vigorous and bouncing baby there is little more I need say about the Bank, except to assure the President that he has the full support of my Government, and that we wish him a successful and active tenure of office.

25. The full significance of the Conference of African Planners will not become apparent for some time. My Government has however followed the deliberations of the Conference with the greatest interest and I should like to welcome warmly the recommendations of the Conference that Sub-Regional Planning Co-ordination Committees should be set up; I do not think that in the absence of political federations or unions, common planning organizations can be established. But there is a very great deal that could be done to improve international co-ordination in the planning field, short of a common planning organization and co-ordinating committees of the kind recommended by the Planners Conference could play a very important role in bringing countries together. I would hope that such a committee would in particular make a valuable contribution in its early years to the planning of tourism, industrial development, research co-ordination, communications and other matters.

26. It remains to me only, Mr. Chairman, to express again my country's appreciation of the honour which the Commission has bestowed on Kenya in holding this session in Nairobi and to wish all our distinguished visitors a pleasant and enjoyable visit.