
EMBARGO:

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**KENYA'S BOLD TRADE LIBERALIZATION MEASURES NEED SUPPORT FROM A
SUCCESSFUL URUGUAY ROUND - SAYS GATT**

Corrigendum

Replace page 17 with the attached.

MORE

Trade and industrial policies in Kenya have evolved over time, beginning with the inward looking import substitution policy régime to the existing one whose primary objective of trade policies is the promotion of exports of consumer and intermediate goods while at the same time laying the base for eventual production of capital goods for both domestic and export markets. This is expected to lead not only to rapid and diversified industrial development, but also to higher earning of foreign exchange. This will in turn help reduce the balance of trade and unemployment problems.

The Government has, as a result, put into place various incentives such as (a) the export compensation scheme under which 10 per cent of f.o.b. value is paid with respect to qualifying exports, (b) the duty and VAT remission, (c) manufacturing under bond scheme, (d) the export processing zones, (e) the green channel scheme and (f) pursuance of flexible and realistic exchange rate that promotes exports.

It is noted therefore that the government's specific aims in the current framework are to attain output growth of over 5 per cent, reduce inflation to the level forecast for Kenya's trading partners (about 5 per cent) compared with 10 per cent in 1989; and reduce the external current account deficit to a sustainable level of 3.6 per cent by 1993. To achieve these objectives the Government intends to:

- (a) reduce the budget deficit to levels that can be sustained by foreign and non-inflationary domestic financing and do not crowd out the private sector;
- (b) limit the use of new non-concessional sources of external financing;
- (c) pursue an exchange rate policy that, in addition to complementing liberalization in the trade régime, promotes sustained export-led growth;
- (d) reorient trade and industrial incentives to reduce anti-export bias, encourage efficiency, promote the growth of non-traditional exports and encourage domestic and foreign investment;
- (e) rationalize the budget by limiting public sector employment and improving the quality and implementation of the public sector investment programme; and
- (f) further improve farmer incentives, agricultural inputs supply and agricultural services, particularly for small-holders.

END