

# Partner of choice for Chinese investors

## Kenya-China ties strengthened on the road to 'Vision 2030'

The jewel in Africa's crown, Kenya is one of the continent's most beautiful countries and the region's leading trade, finance and investment hub.

The ambitious nation is currently striving to achieve the many socioeconomic goals set out in its groundbreaking Vision 2030 development plan, with government and trade officials actively pursuing foreign investors and offering them a range of financial incentives.

Strategically positioned on the continent's east coast and with a liberalized and diversified market economy, Kenya has for many centuries been an important trade route between Africa, the Middle East, and Asia, and is one of sub-Saharan Africa's five largest economies.

From this July, the country of 39 million people will benefit from the East African Community (EAC) common market protocol in a move expected to bring a wave of new investments. This breakthrough is sure to be embraced by Kenyans who are entrepreneurial, well educated, and multi-lingual.

Further afield, Kenya enjoys excellent connectivity to major hubs around the world, with its bustling capital, Nairobi, East Africa's transport hub, and the shipping city of Mombasa home to the region's most important deep-water port.

Famous for its magnificent landscapes and precious wildlife that roam the savannahs, Kenya has successfully combined its wealth of natural resources with a modern approach to business and commerce.

This positive and progressive attitude has been encouraged by Kenya's leader. Since coming to power in 2002, President Mwai Kibaki has overseen solid and consistent growth in an economy that displays impressive strength in a range of industries and areas, in particular in the agriculture, manufacturing, and service sectors.

This enviable reputation has been bolstered by the investment-friendly nation's excellent bilateral relations with global economic powerhouses

such as the People's Republic of China. Through high-level exchange visits, discussions, and negotiations, the two countries enjoy stable and reciprocal cooperation in a broad range of fields. They first established diplomatic ties in 1963 and now enjoy impressive annual bilateral trade of around \$1 billion.

Trade and political issues will be on the agenda when President Kibaki visits Beijing in early May. The trip is expected to lay the foundations for fresh Chinese investment in Kenya as the pair look to expand their cooperation in areas such as agriculture and infrastructure.

Closer cooperation with China and other major industrialized countries is one of the aims of Kenya's Vision 2030 long-term development project, which covers three pillars: economic, social and political.

**Kenya Vision 2030 is a vehicle for accelerating the transformation of our country into a rapidly industrializing middle income nation by 2030."**

MWAI KIBAKI  
PRESIDENT OF KENYA

The economic pillar aims to improve prosperity levels to an annual average GDP growth rate of 10 percent per year by 2012 that will be sustained until 2030.

In order to achieve the flagship projects in the six economic sectors covered by the economic pillar, the government and private sector are investing a staggering \$6.5 billion through a combination of joint ventures and Public Private Partnerships (PPPs).

The social pillar seeks to build a fair and cohesive society with social equity in a clean and secure

environment, while the political pillar will strengthen the nation's democratic system, and focus on issue-based politics that respect the rule of law and protect the rights and freedoms of all citizens.

"Kenya Vision 2030 is a vehicle for accelerating the transformation of our country into a rapidly industrializing middle-income nation by the year 2030," said President Kibaki. "The journey to 2030 will require sacrifice, hard work, self-discipline, and determination. I am confident that Kenyans will meet these challenges in order to make our country globally competitive and prosperous, where every person will enjoy a high quality of life.

"Vision 2030 will be implemented through five year, medium-term rolling plans, starting with the first one covering the period up to 2012. Thus, the performance of the government should in future be gauged on the basis of these medium-term benchmarks."

Spearheading governmental efforts as Kenya looks to achieve its Vision 2030 targets is Prime Minister, Raila Odinga. He believes Kenya needs to continue to diversify its fully liberalized economy and start adding value to the many goods produced there.

"We must move away from over-dependence on one commodity and focus on processing," he said. "In addition, we are looking forward to making Kenya the regional information and communications technology (ICT) hub for the region and have rolled out a fiber optic network across the country.

"We see Nairobi as a major transport hub, so Jomo Kenyatta International Airport is being expanded as we look to transform the facility into a major transit point for the East African region."

With infrastructure projects planned throughout Kenya, Prime Minister Odinga regards China as an important development partner as the two nations look to benefit from the many foreign direct investment (FDI) opportunities in Kenya and build on previous cooperation in trade, education, health, energy, transport, and agriculture.

"We are investing heavily in infrastructure as it is a clear way of creating employment for Kenyans and opening the country up to investment," he said.



President Mwai Kibaki with Prime Minister Raila Odinga during a press conference in Nairobi.

Revealing some of the factors behind the success of Sino-Kenya relations and why Kenya is so keen to partner with the Asian giant, Prime Minister Odinga said:

"Kenya wants to move on quickly. Chinese companies are easy to deal with and they do not take a long time to process things.

"Over the years, the Chinese government has made available to us funds for many important projects. As we are keen to exploit our raw materials such as coal, iron ore and oil, there is a lot of scope for cooperation with China."

Highlighting political and social stability as one of Kenya's best assets, Prime Minister Odinga said the government is fully committed to creating good governance structures and a conducive environment for PPPs and joint ventures.

"I want to reassure investors — local and foreign — that Kenya welcomes them and is a safe place for their investments. The government will do everything necessary to ensure they reap maximum

returns from their investments — Kenya is an ideal destination for investments, trade and tourism.

Prime Minister Odinga believes Chinese investors have a lot to gain from focusing on Kenya, while his country has much to gain from the transfer of skills, knowledge, experience, and technology.

**I want to reassure investors — local and foreign — that Kenya welcomes them, and is a safe place for their investments."**

RAILA ODINGA  
PRIME MINISTER OF KENYA

"China is a large country with industrious people. I would like to encourage Chinese investors to

invest in Kenya but not just export finished products, as we need to create employment opportunities for our citizens," he said.

"Kenya is the hub to East and Central Africa; it allows investors to access a market that has 200 million people."

With such strong links to Asia's economic heavyweight, Kenya is well placed to cash in on China's growing presence on the world stage, both in trade and political terms.

Chinese President Hu Jintao has repeatedly expressed his satisfaction with Kenya and recently proposed that the two countries enhance this relationship through the sharing and exchange of innovative ideas and valuable skills.

So, as a new decade begins, one of the world's most promising nations is modernizing its economic, political, and social landscape, and moving forward at speed towards its proud portfolio of dynamic and rewarding Vision 2030 development goals.

## Strategy that shines a light on Kenya's future

Kenya's Vision 2030 development blueprint was officially launched by President Kibaki and Prime Minister Odinga at a special ceremony in June 2008.

The comprehensive socioeconomic plan has already overcome a number of challenges caused by the global economic crisis, and having weathered the financial maelstrom, the country has emerged stronger, leaner, and more determined to achieve all of its goals.

In short, the plan aims to create a fair and prosperous society that offers people better access to quality health and education facilities and services, as well as decent housing and jobs.

Vision 2030 aims to ensure the necessary infrastructure is in place in order to fuel economic growth. New power stations, energy grids, roads, railways, ports, schools, hospitals, and communications networks will be among the foundations on which the country's future is built.

Investment opportunities are available right across the Kenyan economy and government ministers and trade officials are actively

pursuing foreign investors and offering them a range of financial incentives such as tax breaks, tax holidays, and streamlined planning application processes.

The government is particularly keen to hear from Chinese investors eager to exploit the investment openings in key sectors and fields such as infrastructure, construction, energy, ICT, agriculture, financial services, and tourism.

The government expects such projects to be developed through PPPs like joint ventures. According to Wycliffe Oparanya, minister of state for Planning, National Development, and Vision 2030, Kenya needs Chinese expertise and finance in order to reach the many goals contained in the blueprint.

"The Kenyan government has come up with strategies to ensure that the economy is revived and one of the strategies is ensuring that there is more money set aside for infrastructure," Minister Oparanya said.

"I am happy that the Chinese government has been able to help us to the extent that it has. Apart from supporting us in infrastruc-



Wycliffe Oparanya, Minister of State for Planning, National Development and Vision 2030

ture development we want to encourage the Chinese to invest in Kenya so that technology can be transferred to our people in areas that are critical to our economy."

Minister Oparanya, who has a wealth of private sector experience, says his predominantly rural country is especially keen to attract FDI in the agricultural sector as officials look to boost levels of self-sustainability.

"The agriculture sector is important because unless we have sufficient food for ourselves, then it will be difficult to progress," he said.

"With regards to our agricultural industry, coffee, tea and horticulture have all been doing very well, and Kenya is also one of the leading exporters of flowers and pyrethrum. We need to encourage



Graphic depiction of 'Vision 2030' strategic plan.

the private sector to invest in these areas since the government is not experienced enough to develop them by itself."

Home to the region's leading financial services sector and with more than 40 commercial banks in operation, Kenya offers a wealth of excellent investment openings across the banking and financial services industry.

Another sector that has traditionally been a large revenue

generator is tourism. With some of the most spectacular scenery in the world within its borders, Kenya is a leading holiday destination as visitors from the four corners of the world flock to enjoy its magnificent animals, genuine safari adventures, and pristine beaches lapped by the Indian Ocean.

While China's share of the tourism market remains relatively small, tourism chiefs are confident the numbers will grow, with

the sector among those showcased later this year at the high-profile international business event of the Shanghai Expo 2010.

The massive six-month long event, on which China has placed as much importance as the 2008 Beijing Olympic Games, is expected to attract tens of millions of visitors, with Kenya sharing its colorful tradition, history, culture, hospitality, and beauty in the Pan-African Pavilion.