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TNCs and the Removal of Textiles and Clothing Quotas
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This study argues that the removal of import quotas on clothing and textiles is likely to lead to greater dominance by transnational corporations (TNCs) relying on economies of scale and consolidating production in larger factories in countries where economic fundamentals are sound. In numerous developing countries, clothing and textile production is already dominated by East Asian TNCs that operate factories. It is noted that the dismantling of quotas on 1 January 2005, following the expiration of the WTO Agreement on Textiles and Clothing, is expected to increase competition for the foreign direct investment (FDI) that drives production and exports in the clothing and textile sectors. Furthermore, it predicts that the end of the quotas will lead to tougher requirements on countries that aspire to be export bases for such products.

An Investment Guide to Kenya
UNCTAD/ITE/IIA/2005/2

Kenya is the leading economy in East Africa. Its strategic location and its well-developed business infrastructure make it a natural choice for investors and many international firms have made it their regional hub. Investing in Kenya now also provides access to the larger regional market of the East African Community, which was formed by its three partner states (Kenya, Tanzania and Uganda) in 2000 and which has 93 million consumers. The EAC customs Union came into effect in January 2005 and the EAC is expected to form a political federation by 2013. As a member of the Common Market for Eastern and Southern Africa (COMESA), Kenya also gives investors access to a further 385 million consumers.

But Kenya has much more to offer than its membership of regional trading blocs. Foreign investors routinely refer to people as Kenya's greatest asset: its workers are among the best educated and most enterprising and hard-working in Africa. The climate and soil in many parts offer ideal conditions for agriculture, as demonstrated by the success story of horticulture and, in particular, floriculture. Kenya also has significant natural assets for attracting tourism, such as the Maasai Mara and the Mombasa coast. Other investment opportunities can be found in manufacturing and infrastructure.

Kenya also offers some serious obstacles to investors. The transport infrastructure is the major obstacle, especially roads, which are in bad shape even by regional standards. Governance and security are other important issues, although the Government has adopted various measures for fighting corruption and controlling crime.

An Investment Guide to Tanzania
UNCTAD/ITE/IIA/2005/3

The United Republic of Tanzania, formed in 1964 by the union of the newly independent Tanganyka and Zanzibar, is a model of successful democratization and steady growth in Africa. For almost half a century, Tanzania has enjoyed political stability, including ten years of multi-party democracy. The rule of law is also well-established in Tanzania and the level of security is notably higher than in its neighbouring countries.

Tanzania's membership in regional trading blocs, along with its geographic location, makes the country a strategic destination for investment. Tanzania offers a domestic market of 36 million consumers. Investors in the country also enjoy access to the 93 million consumers of the East African Community (EAC) – which Tanzania founded in 2000 with Kenya and Uganda – and to the 215 million consumers of the Southern African Development Community (SADC). Besides its 1,400 kms of coastline on the Indian Ocean, Tanzania is also blessed with other exceptional natural assets, making the country one of the finest tourist destinations in Africa. Twenty five per cent of Tanzania's total area is set aside as national parks and game reserves (which include the famous Mt Kilimanjaro and the Serengeti plains). Mining is a field attracting a number of foreign investors, with Tanzania the third largest gold producer in Africa. There are opportunities as well in agriculture and infrastructure.

Difficulties facing investors in Tanzania include the transport infrastructure, limited labour skills and bureaucracy. But Tanzania's prospects are bright. At the domestic level, it has a steadily growing economy and foreign direct investment is a success story. At the regional level, investors can expect further integration of the EAC, which established a Customs Union in January 2005 and is expected to form a political federation by 2013.

An Investment Guide to the East African Community (EAC)
UNCTAD/ITE/IIA/2005/4

The East African Community (EAC), composed of Kenya, Tanzania and Uganda, came into existence in July 2000, upon ratification of the EAC Treaty by the three partner States.

The EAC covers a total area of 1,768,812 sq. kms and is inhabited by 93 million people. Located below the Horn of Africa and blessed with a coastline of 2,104 kms on the Indian Ocean, the region is endowed with some remarkable physical features. It contains, for example, Lake Victoria, the largest lake in Africa and the source of the river Nile. The climate and soil in much of the region are ideal for agriculture, while the wildlife in its forests and savannahs is an enormous asset for tourism. The EAC is also richly endowed with a variety of natural resources like gold, oil and gas.

Constraints on investment include poor infrastructure, especially in transport and power, weak administration and persistent corruption. Against these, however, should be set the strong advantages, which include a skilled and enterprising workforce in Kenya, one of the most liberal African economies in Uganda and political stability in all three countries.

The basic objective of the Community is to move towards full integration. The first step of the integration process was achieved with the establishment of the Customs Union in January 2005. The EAC Fast-tracking Committee has recommended a road map which would lead to Political Federation by 2013. At their most recent Summit in May 2005, the Presidents of Kenya, Tanzania and Uganda confirmed their commitment to fast-tracking the integration process.

Press materials on FDI issued in March 2005 to July 2005

(Please visit http://www.unctad.org/press for details)

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UNCTAD/ICSID WORKSHOP ON THE SETTLEMENT OF INVESTMENT DISPUTES	06/07/05	UNCTAD/PRESS/IN/2005/024
TRANSNATIONAL CORPORATIONS EXPECTED TO INCREASE DOMINANCE OF CLOTHING AND TEXTILE SECTORS, SAYS UNCTAD	13/06/05	UNCTAD/PRESS/PR/2005/019
UNCTAD'S 9th AFRICAN OIL TRADE & FINANCE CONFERENCE OPENS IN MOZAMBIQUE	31/05/05	(UNCTAD/PRESS/IN/2005/019
FIRMS IN DEVELOPING COUNTRIES RAPIDLY EXPANDING FOREIGN INVESTMENT, TRANSNATIONAL ACTIVITIES	30/05/05	UNCTAD/PRESS/PR/2005/018
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EGYPTIAN REFORMS COULD HERALD MORE FOREIGN INVESTMENT, SAYS UNCTAD	10/03/05	UNCTAD/PRESS/IN/2005/009
WAIPA AND UNCTAD AWARD INVESTMENT PROMOTION AGENCIES FOR BEST USE OF WEBSITE	10/03/05	UNCTAD/PRESS/IN/2005/010
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CHINA IS NOT CROWDING OUT FDI FROM THE REST OF EAST ASIA, EXPERTS SAY	07/03/05	UNCTAD/PRESS/IN/2005/007

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