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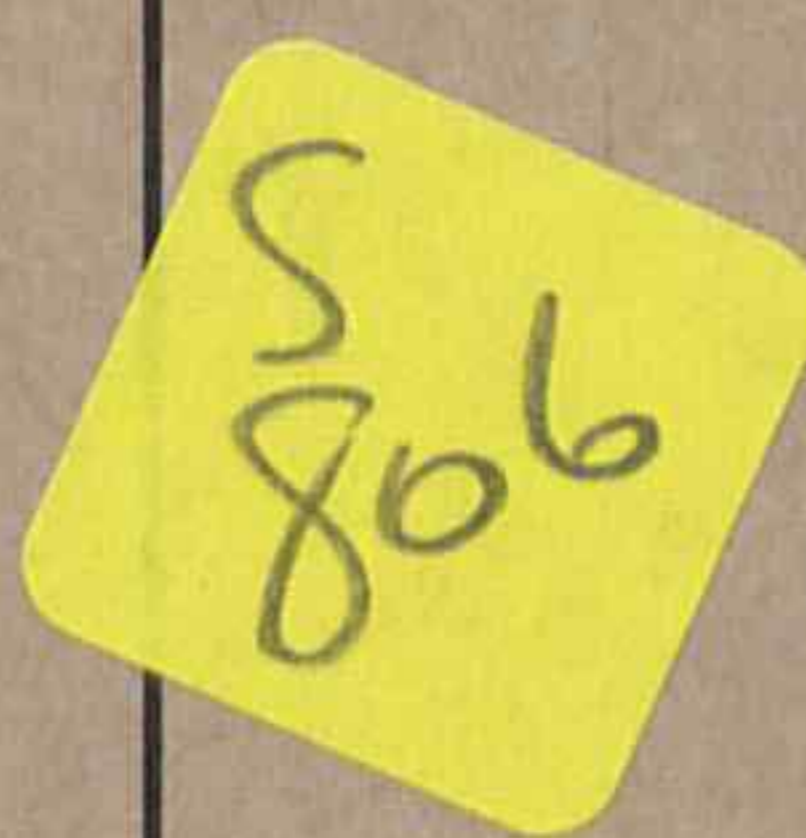
Visit of Dr Robert Ouko,
Kenyan Foreign Minister

KENYA

APRIL 1981



Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
28-4-81							
19-5-81							
20-5-81							
22-5-81							
PREM 19/513							



SUBJECT.



Ji B.

Kenya

10 DOWNING STREET

From the Private Secretary

22 May 1981

As you know, Dr. Ouko, the Kenyan Foreign Minister, called on the Prime Minister at 4.30 pm last Thursday, 21 May. The Kenyan High Commissioner, the Kenyan Ambassador Elect to Paris, and Mr. Luce were also present.

The meeting started with some discussion on the present situation in Kenya. Dr. Ouko explained that heavy rain had ended the drought of the last two years, and he expected a good harvest. This would help reduce political tension in Kenya. Payments for oil imports however continued to be a heavy burden on the Kenyan economy. Kenya would be hosting the forthcoming UN Conference on Renewable Sources of Energy. He hoped this Conference would help find solutions to the energy problem. Saudi Arabia had been helpful in trying to ease Kenya's oil import problem. The setting up of the Kenyan Oil Corporation had also helped, though it had caused some unease amongst the oil majors.

At the Prime Minister's request, Dr. Ouko then reported on developments in Uganda. He said that Tanzania had been pulling out its troops, largely for reasons of cost. In these circumstances, President Obote might feel unable to contain the situation. Everything should be done to ensure that he did not seek support from Gaddafi or the Soviet Union. The Kenyan Government had done what it could to stifle the Ugandan refugees in Kenya agitating against Obote. They had taken action against a group of dissidents who had been seeking arms and finance from Colonel Gaddafi and who had been intending to infiltrate Uganda through Eastern Zaire.

There was then some discussion of the destabilising influence of the Libyan presence in Chad, and the attempts of the OAU to find solutions to this problem. The meeting then moved on to discuss Namibia. Dr. Ouko said that he recognised that sanctions were not the solution to this problem, and agreed that it was unfortunate that the sanctions resolution had come before the United Nations. He did not expect any early military

/ confrontation

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confrontation in Namibia and likewise saw no early possibility of an election. However, too long a delay would play into the hands of the Soviet Union, and he felt that one country could usefully take the lead in seeking a solution to the Namibian problem; the group of five were perhaps unable to act sufficiently quickly or decisively. Given the UK's success in settling the Rhodesian question, he asked whether the UK would be willing to take the lead. The Prime Minister said that she felt sure President Reagan would want the United States to keep the initiative. The UK would of course give its support to President Reagan.

Dr. Ouko then asked the Prime Minister whether she had any comments on the North/South dialogue. The Prime Minister said that she had discussed the Agenda of the forthcoming North/South Summit with the Mexican Foreign Minister. He had said that he hoped the meeting would be a frank discussion of the problems but he did not necessarily see it reaching any conclusions. The world Press would, however, be expecting something positive to emerge from this meeting, and from the Foreign Ministers' meeting in August. There were no global solutions to North/South problems; only a step-by-step approach offered any hope. There were four areas in which progress could be made. The first was the international system of aid based on the World Bank and the IMF. Second, there were the bilateral agreements on aid. Third, there was the promotion of international trade. And fourthly, there was the possibility of further private investment in the Third World. On this last point, perhaps one of the biggest obstacles was the fear of private investors that their investment might be nationalised. Suitable bilateral agreements were one way of overcoming this problem. The Prime Minister suggested that all these areas of possible improvement might usefully be pursued at the North/South Summit.

W. F. S. RICKETT

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER

Kenya

Mr. Ouko's call is essentially a courtesy one. The letter below from the FCO reports on his discussions at the FCO. Flag A is a speaking note on the main issues likely to arise.

If you have time, you might like to glance at the longer steering brief for his visit which is at Flag B, the statistical material at Flag C and the brief on internal politics at Flag D.

WJH

20 May 1981

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Foreign and Commonwealth Office

London SW1A 2AH

20 May 1981

Dear Mike,

Kenyan Foreign Minister

In addition to the background briefing already provided under cover of my letter to you of 19 May, I attach, as requested, Speaking Notes for the Prime Minister's meeting with Dr Ouko, the Kenyan Foreign Minister, at 4.30 p.m. on Thursday 21 May.

This will be essentially a courtesy call. We have few bilateral problems and those not already dealt with in talks in the FCO will be covered in other appointments in Dr Ouko's programme. Because Kenya is about to assume the Chairmanship of the OAU, the Speaking Notes concentrate on the main African problems.

The main topics raised in the meetings with Lord Carrington and Mr Luce were Uganda and Namibia. It was agreed that neither the economic nor security problems in Uganda could be eased until there was some measure of accommodation or at least self-restraint between the political parties. One person in a position to speak frankly to both sides is the Commonwealth Secretary-General. Dr Ouko will be seeing Mr Ramphal tomorrow before the call on the Prime Minister. Dr Ouko was personally understanding of the reasons for the Security Council vetoes on the Namibia resolution, but urged us to maintain pressure on South Africa.

Yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

Mike Pattison Esq
10 Downing Street
LONDON
SW1

A

PRIME MINISTER'S MEETING WITH DR OUKO, KENYAN FOREIGN MINISTER:

THURSDAY, 21 MAY, 1981

POINTS TO MAKE

BILATERAL

1. UK attaches great importance to close and friendly relations with Kenya as a force for moderation in Africa. Particularly welcomed Kenya's participation in Commonwealth Monitoring Force in Zimbabwe. Hope that our good relations can be maintained and strengthened particularly at a time when Kenya is taking Chair of OAU.

2. Welcome the appointment, just announced, of Mr Kiplagat as Kenyan High Commissioner in London.

GENERAL AFRICAN ISSUES

3. Namibia/South Africa: Regret confrontation at UN but Five will not be diverted from their efforts to achieve settlement. Vetoes do not signify we are taking sides with South Africa against black Africa, and will keep in touch with, and hope for cooperation of, Front Line States.

4. Chad: We support OAU attempts to find solution. Continuing Libyan presence in Chad is destabilizing factor. How do Kenyans see OAU proceeding?

5. Western Sahara: Our position neutral. We accept neither Moroccan claims nor those of the Polisario or SADR. Worried by increasing Libyan involvement. How do Kenyans see prospects for settlement?

6. East/West Relations: Concerned about Soviet policies in Africa. Recognise need for more concerted Western action to counter Soviet expansion. Determined to stand by our friends in Africa and the Gulf. Welcome Kenyan decision to make facilities available for Rapid Deployment Force. We are expanding facilities in Diego Garcia. Do not, however, think that this poses threat to Indian Ocean States.

7. East Africa - Regional Affairs: Situation in Uganda politically and economically damaging to Kenya and West as a whole. If Obote was driven against the wall, would he look to others (e.g. Cubans, Libyans) for help? In our interest to try to bring Ugandans together. Important that Obote should be

/encouraged

encouraged to adopt policy of reconciliation. Also important not to encourage guerrilla groups. Who can most effectively speak to each side?

8. Tanzania: In the light of the Kampala Summit of 17 January and Tanzanian withdrawal from Uganda, is there any prospect of Tanzanians reopening Kenya/Tanzania border?

9. Somalia: Understand sensitivities involved in Kenya/Somalia relations. If Siad Barre attends OAU summit, would meeting meeting with Moi help to reduce tension?

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Foreign and Commonwealth Office

London SW1A 2AH

19 May 1981

Dear Muki,

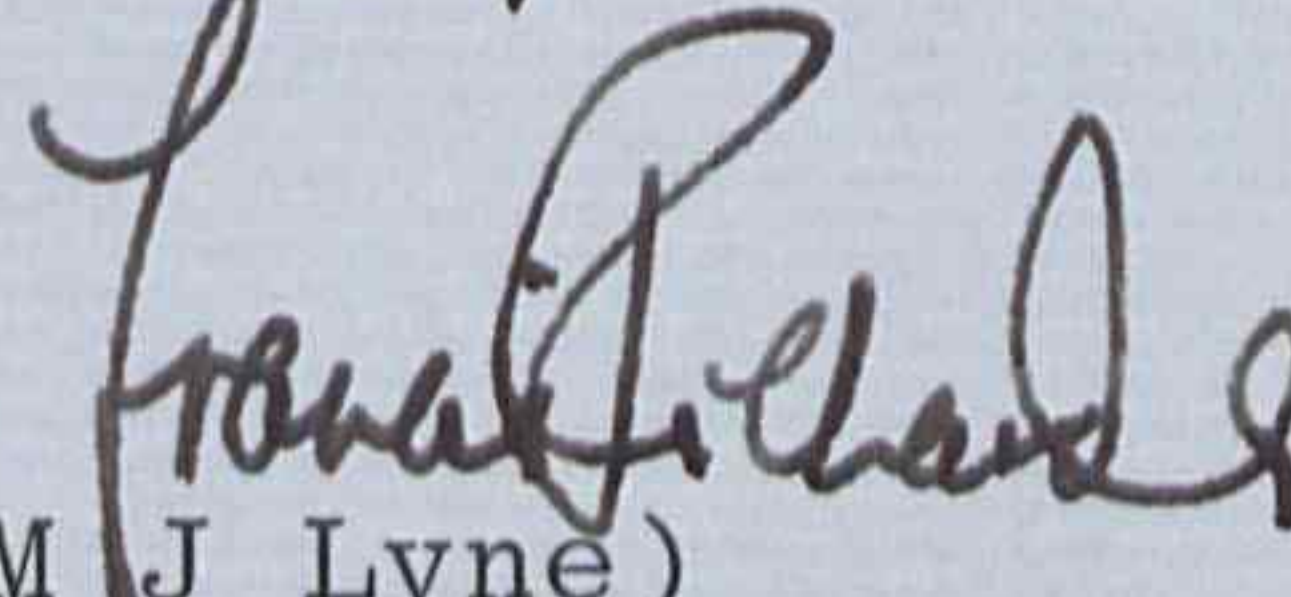
Kenyan Foreign Minister

/ I attach briefing for Dr Ouko's courtesy call on the Prime Minister on Thursday, 21 May at 4.00 pm.

/ The background to the visit and our main objectives are set out in the Steering Brief. Background briefs on the political and economic situation in Kenya, and on bilateral relations, are also enclosed. Dr Robert Ouko will have separate talks with Lord Carrington and Mr Luce on the previous day, which should provide an opportunity to cover the main points. But the Kenyans are of additional importance to us over the coming year because of the Chairmanship of the OAU which they are about to take over from Sierra Leone. Apart from expressing satisfaction that our bilateral relations are in good heart, the Prime Minister may, therefore, wish to discuss general African questions, including Namibia. As Chairman of the Committee of Foreign Ministers, Dr Ouko will have to lead for the OAU on the various regional disputes with which the Organisation is concerned including Chad, the Western Sahara and The Horn. We shall also be seeking Kenyan views on ways in which the divisions between the parties in Uganda might be bridged.

Mr Luce will attend the call.

Yours ever,

for 
(R M J Lyne)
Private Secretary

M Pattison Esq
10 Downing St

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VISIT OF DR OUKO, KENYAN FOREIGN MINISTER: 19-22 MAY, 1981

STEERING BRIEF

BRIEF NO 1

PROGRAMME

1. When Dr Ouko saw the Secretary of State in December (in the course of a short visit occasioned by the sudden death of the Kenyan High Commissioner) Lord Carrington invited him to make an early official visit for a fuller exchange of views. Dr Ouko will be heavily engaged from mid-June, when Kenya takes over the Chairmanship of the OAU, and our Presidency of the Community prevents the Secretary of State from taking up President's Moi's outstanding invitation to make an unofficial visit to Kenya, at least until the end of the year. The timing of the visit is, therefore, convenient for both parties and enables us to discuss general African questions at a moment when Kenya is taking on additional responsibilities.

--- 2. The programme (attached) includes calls on the Prime Minister, the Secretary of State for Foreign and Commonwealth Affairs, Mr Luce, Parliamentary Under-Secretary of State in the Foreign and Commonwealth Office, and Mr Parkinson, Minister of State in the Department of Trade. Dr Ouko will be accompanied by Mr Isaac Salat, Assistant Minister in the President's Office, and two officials.

/3. The

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3. The main talks with Mr Luce and the Secretary of State follow successively on the morning of Wednesday, 20 May. Our relations with Kenya are good and there are no serious disagreements between us. Mr Luce will no doubt wish to discuss regional matters, especially Uganda (Brief No. 23) The Horn (Brief No. 18) and Kenya's relations with Tanzania and Somalia (Brief No. 3). There are also a number of bilateral matters which Mr Luce (or the Kenyans) may wish to raise, including aid (Brief No. 8) and related matters such as the British Council and student fees (Briefs Nos. 10 and 11). Mr Marten will be out of the country, but Mr Lynch from the ODA will be in attendance. Dr Ouko will probably raise the Nationality Bill (Brief No. 13). When the High Commissioner in Nairobi raised the question of defence cooperation, Dr Ouko said that he would prefer not to call on a Defence Minister but would be ready to talk about this in the FCO. We have substantial defence sales and training interests in Kenya, which have produced some problems (Brief No. 9). Mr Jeffs of MOD Sales will attend. We have a minor problem over certain visa services we provide for Kenya (Brief No. 12).

4. The one current bilateral difference of substance concerns air services (Brief No. 14). This will be covered with other general commercial matters by Mr Parkinson.

5. If Mr Luce covers bilateral and the more detailed regional questions, the Secretary of State would be free for a more general exchange on African problems, including Namibia and Southern Africa, Chad and Western Sahara (which will preoccupy Dr Ouko in his OAU capacity), and East-West relations. But

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the Secretary of State will no doubt also wish to discuss Uganda. In a very difficult situation, Kenya seems to be one of the few parties who could help to restrain both Obote's militants and the dissident opposition, and we should urge them to more positive action.

OBJECTIVES

6. The main UK objectives are:

- (a) to strengthen the existing friendly relationship in Kenya as a force for moderation in Africa;
- (b) to seek support for British policies in Africa and elsewhere, particularly in view of Kenya's forthcoming Chairmanship of the OAU;
- (c) to protect British trading and other interests in Kenya and to seek to maintain the UK's share of the Kenyan market by encouraging her to take a more favourable attitude to British exporters, particularly in the granting of import licences;
- (d) to encourage an improvement in Kenya's relations with her neighbouring countries, particularly Tanzania and Somalia and to seek Kenyan views on ways of restoring a measure of stability in Uganda.

7. Dr Ouko is more likely to have concerns and interests rather than specific objectives; and these related to the problems which will confront Kenya in the OAU. He will therefore also wish to discuss Southern Africa/Namibia and the African regional disputes. But he may also wish to explore our views on wider international issues, particularly the rapid deployment force (Brief No. 21) and the Indian Ocean Peace Zone (Brief No. 19).

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/Bi-lateral

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Bi-lateral concerns are the effect of the Nationality Bill (Brief No. 13), the decline in our supplementation programme (Brief No. 8) and possibly the current disagreement over air services (Brief No. 14). At the back of his mind, though not necessarily for discussion, will be Kenya's economic and budgetary difficulties.

BACKGROUND

8. Kenya remains a relatively stable and prosperous country in an area of political and economic instability. Her healthy economic growth rate throughout the last two decades and her basically pro-Western outlook has created a favourable climate for UK commercial and other interests. Kenya is the second largest market for UK goods in black Africa - UK exports in 1980 amounted to £259 m. or a 22.8% share of the market.

9. But Kenya's economy is under increasing signs of strain. Primarily agricultural, with few mineral resources, Kenya has been seriously affected by rising oil costs, the fall in world coffee and tea prices, and drought. Her economic difficulties have been exacerbated by one of the highest population growth rates in the world (nearly 4%). Her attempts to rectify her balance of payments problems have led to the imposition of import restrictions, a small devaluation of the Kenyan Shilling and a drawing on IMF funds. Food queues are now a common sight. All this has affected the British share of the market, which has in any case been coming under increasing attack from other Western countries (West Germany, Japan and France).

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10. These signs of strain have also been reflected in the political arena. Whilst still comparatively stable and politically mature, Kenya has begun to suffer from the traditional African problems of corruption, inefficiency and political in-fighting. The Presidential and Parliamentary elections in 1984 may provide a focus for discontent. There could be a serious challenge to a second term for President Moi.

11. Externally, Kenya has always pursued moderate, generally pro-Western policies. She supported the Western position on Afghanistan and the Moscow Olympics; she has granted the US military facilities at Mombasa and supports the concept of a rapid deployment force; she provided a contingent for the Commonwealth monitoring force in Zimbabwe. Kenya is, therefore, our best, though not most influential, ally in Africa. But she is not a Western puppet and as the next Chairman of the OAU, she may be forced to adopt a more non-aligned posture. Her Chairmanship may also force her out of the introspective attitude which has characterised Kenyan foreign policy in the past (notwithstanding President Moi's active programme of foreign visits).

EAST AFRICAN DEPARTMENT
FOREIGN AND COMMONWEALTH OFFICE

15 May, 1981

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VISIT OF DR OUKO, KENYAN FOREIGN MINISTER: 19-22 MAY 1981

KENYA: BASIC STATISTICS

1. Population and Land Area

(a) Land Area	582,646 km ²
(b) Population (1980)	15,9 mill
(c) Population growth rate (1970-1980)	3.7%p.a.

2. Economic

(i) <u>Gross National Product</u>	1979
(a) Total	5281 US \$ m
(b) Growth Rate (real GDP)	3.1 % p.a.
(c) Position in Total GNP League Table	73 (of 176)
(d) Per Capita	347 US \$
(e) Position in Per Capita League Table	= 138 (of 176)

(ii) <u>Balance of Payments</u>	1976	1977	1978	1979	US \$ million
Exports	838.5	1267.5	986.7	1023.1	
Imports	-1098.5	-1440.4	-1947.4	-1796.6	
Invisibles and Transfers (net)	166.4	237.9	279.5	278.2	
Current account	-93.6	65.0	-681.2	-495.3	
Capital account	191.1	243.1	460.2	685.1	
Balancing Item	-2.6	-5.2	-11.7	3.9	
Overall Balance	94.9	302.9	-209.3	193.7	

(iii) <u>International Reserves</u>	1975	1976	1977	1978	US \$ million
Total	174.3	275.5	522.4	352.6	
Months of Imports covered	1.6	2.6	3.9	2.0	

International reserves December 1979 US \$ 624.9 m

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3. <u>Foreign Trade</u>		<u>1973</u>	<u>1978</u>	<u>1979</u>
(a) <u>Main Exports</u>				
Commodities:	Coffee	21.4	33.7	28.7
	Tea	10.1	17.1	16.3
	Petroleum Products	9.7	16.3	17.7
(b) <u>Main Export Markets</u>		<u>1973</u>	<u>1978</u>	<u>1979</u>
	UK	12.3	14.5	14.2
	FR Germany	8.1	14.4	14.8
	Tanzania	10.2	(0.7)	1.0
	Uganda	13.4	9.7	9.1
(c) <u>Major Imports</u>	%	<u>1975</u>	<u>1978</u>	<u>1979</u>
	Food and beverages	4.8	4.4	3.7
	Mineral fuels	27.4	18.0	23.8
	Raw materials	4.6	4.6	4.6
	Chemicals	10.9	10.5	11.6
	Machinery and transport goods	29.4	40.4	34.2
	Other manufactured goods	22.8	22.2	22.1
(d) <u>Major Sources of Imports</u>		<u>1973</u>	<u>1978</u>	<u>1979</u>
	UK	23.5	22.1	22.8
	FR Germany	9.4	13.3	11.1
	Japan	12.0	10.3	8.1
	USA	7.8	6.2	5.6
	Iran	7.0	6.8	N/A
(e) <u>UK Trade with Kenya</u>		<u>1974</u>	<u>1979</u>	<u>1980</u>
	Total Value of Exports	79.3	170.3	259.1 £m
	Real Growth of Exports (five years ending)	-	0.3	8.7 % p.a.
	Position in UK's Export League Table	-	40	(of 150)

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4.	<u>Development Aid</u>	<u>1977</u>	<u>1978</u>	US \$ m	
	(a) <u>Reported Aid Receipts</u>				
	From (i) DAC countries on a bilateral basis (of which UK)	124.8 (18.0)	184.2 (38.4)		
	(ii) Multilateral organisations	37.3	58.3		
	[1979 figures not yet available]				
	(b) <u>Aid Per Head</u>	<u>1977</u>	<u>1978</u>	US \$	
	(i)	11.3	16.3		
	(ii) All LDC's	7.3	N/A		
5.	<u>Inflation</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u> % p.a.
	(a) Average of Consumer Price Indices	8.7	16.1	10.0	10.8
6.	<u>Overseas Debt</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u> %
	(a) Debt Service Ratio	4.0	3.4	7.9	9.8
	(b) Overseas Debt to Exports Ratio	59.4	51.8	69.0	129.6
	(c) Overseas Debt to GNP Ratio	19.4	19.1	21.9	25.0

Economic Service

Foreign and Commonwealth Office

14 May 1981

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VISIT OF DR OUKO, KENYAN FOREIGN MINISTER: 19-22 MAY 1981
BRIEF NO.5: ECONOMIC

ESSENTIAL FACTS

Since 1978, the economy has been seriously affected by a combination of the decline in the world market prices of coffee and tea (which account for 60% of Kenya's total merchandise export receipts), the rising cost of oil imports (which absorbed an estimated 65% of merchandise export receipts in 1980) and drought. Real GDP growth declined from 6.6% in 1978 to 3.1% in 1979, and is unlikely to have exceeded 4% in 1980; with an annual population growth rate of 4%, per capita income has either fallen or remained static during the last two years. Official external reserves, which totalled \$450 mn (10 weeks' imports' cover) at end-March 1980, have been underpinned by the phased drawdown of a \$200 mn Eurodollar loan, signed in 1979, and by a two-year Fund standby arrangement agreed last October worth a maximum SDR 242 mn (\$300). The continuing depressed level of soft commodity prices suggests that the current account deficit in 1981 will, at about \$800 mn, be similar to that recorded last year, when it was equivalent to 14% of GDP. In order to stimulate Kenya's exporting industries and to restrain import demand, the Kenyan Shilling was devalued by 4.8% in February. Kenya's public external disbursed debt has risen rapidly since 1976 and totalled \$1.3 bn at end-1979, during which year debt service was equivalent to 14.7% of merchandise export receipts.

£1 = K Sh 18.12

KENYA: ECONOMY

Kenya, for a long time regarded by the west as a showcase mixed developing economy, has been seriously affected by the fall in coffee prices since 1978, the rise in oil prices and a drought in 1979. Real growth of GDP slowed to 3.1% in 1979 compared with 6.6% in 1978 and is not expected to have exceeded 4% in 1980. The half-yearly report from the Economic Planning Ministry suggests a fall in per capita GDP for 1981 (at 3.9%, Kenya has one of the highest population growth rates in the world).

There was recently some evidence of substantial budgetary slippage. The 1980-81 budget deficit was estimated at K Sh 2,118 (equivalent to 4.6% of GDP) but there will be a further charge on the Exchequer of K Sh 1,000 mn to meet salary increases awarded to the civil service. Nevertheless, the authorities hope to contain gross domestic borrowing to K Sh 1,789 mn and the recent devaluation will mean that the impact of external financing \sqrt{K} Sh 1,278 mn (\$156 mn) for 1980/81 $\bar{7}$ will be enhanced in domestic currency terms.

The CPI is expected to show a 15% rise in 1980 compared with 9% for 1979, compounding criticism of the government at a time when there is widespread unease about corruption. Meanwhile Finance Minister Mwai Kibaki has warned of an impending change in government policy from "soft" to "hard" policy options. This would mean future use of marginal semi-arid land to meet land hunger, whereas in the past, former white-owned farms had been redistributed. In industry, the easy path of import substitution backed by higher tariff barriers and quantitative restrictions had come to an end and the sector would have to look for export markets.

There was an overall external surplus in 1979 reflecting, inter alia, the intensification of import restrictions. However following the easing of these restrictions in November 1979, and as a result of deteriorating terms of trade, the value of imports rose by 27% in 1980. Oil imports increased to \$685 mn (equal to 65% of

merchandise exports) in 1980, or more than double the figure estimated by the authorities at the beginning of the year. The external situation was aggravated by adverse developments in the agricultural sector brought about by a combination of poor rains, smuggling to neighbouring countries, panic buying, hoarding and, in the case of maize, inadequate producer prices. Food queues are now a common sight in the main towns. The problem has lasted over a year and following substantial cereal imports in 1980, at least \$70 mn will have to be spent on food imports in 1981, despite the recent deal with the US to provide 70,000 tons of maize on highly concessional terms.

Although coffee production (29% of export earnings) has increased from 75,000 tonnes in 1979 to an estimated 89,500 tonnes in 1980, the world market price at the end of the year was 32% lower than the level at end-1979. Although officials fear that, because of adverse weather, the 1981 crop might be as low as 65,000 tonnes, with the return of international coffee export quotas there is nevertheless a danger that stocks may accumulate, wiping out any profits that farmers might otherwise have expected.

In 1980, the estimated current account deficit of around \$800 mn (an increase of almost 2/3rds over the equivalent 1979 outturn) has induced the authorities fully to draw down the \$200 mn Eurodollar loan agreed in May 1979, despite an earlier reluctance to do so because of the non-concessionary commercial rate (1% above LIBOR). The projected 1981 current account deficit is likely to be of the same order as the 1980 figure.

Given the slight price advantage afforded by the 4.8% devaluation of the Kenyan Shilling in February, it is uncertain whether manufactured or processed goods can compete successfully in the markets of the Middle East, for example, given high transport and manufacturing costs. Prospects nearer home have been clouded by the mutual antagonism with Tanzania and economic chaos in Uganda, while a significant expansion of trade with either Ethiopia or with Sudan is inhibited by the lack of communications. However the summit meeting held in Kampala on 17 January offers a glimmer of

hope, at least so far as developing trade with Uganda is concerned. Whether Kenya will also be able to benefit from the proposed "Preferential Trade Area" encompassing sixteen States of Eastern and Southern Africa remains to be seen.

Although President Moi has recently castigated the Central Bank and the Commerce Ministry for delays in issuing import licences it would appear that measures to conserve reserves have met with some success. Foreign exchange reserves (which reached a 1980 low of \$452 mn in September) were also bolstered by the drawdown of \$54 mn from the SDR 241.5 mn two-year standby arrangement in October and stood at a level of \$450 mn in March (equal to about 10 weeks of current imports), a fall of 22% since January 1980. Under the terms of the standby, up to SDR 120 mn (\$150 mn) will be made available in the period up to end-August 1981.

Debt service payments increased by 33% in 1979 to US\$162 mn, which was equivalent to 14.7% of merchandise exports in that year. Public external disbursed debt has risen rapidly since 1976 and totalled \$1.3 bn at end-1979.

VISIT OF DR OUKO, KENYAN FOREIGN MINISTER: 19-22 MAY 1981

BRIEF NO 4 : POLITICAL INTERNAL

ESSENTIAL FACTS

1. Independent since 1963 and a republic since 1964, Kenya has maintained a high reputation for political stability, economic prosperity and an essentially pro-Western outlook. Though a one-party state, Kenya has a lively Parliament and KANU (Kenya Africa National Union) is sufficiently broadly based to allow a wide spectrum of views and for elections to be actively contested. There are no political prisoners and no serious racial antagonism despite a sizeable Asian and European community. Kenya therefore is a politically mature and comparatively liberal society. None of this, however, is immutable and we should not be complacent about Kenya's future.
2. Moi's succession to the presidency following Kenyatta's death in 1978, was accomplished peacefully and according to the constitution, President Moi then set out to consolidate his position - he belongs to the minority Kalenjin tribe - by emphasizing national unity and multi-tribal stability, soliciting grass roots support and travelling widely throughout the country. His authority was confirmed by the successful outcome of the general elections in November 1979 and by his Cabinet re-shuffle in June 1980.
3. Notwithstanding this, however, there are signs of strain under Kenya's still fairly calm surface. After a long period of economic growth since independence, Kenya is now beginning to suffer the economic difficulties common to non-oil producing third world countries; for a second year, Kenyans have suffered from serious food shortages. Standards of administration have perceptibly declined and there is a growing belief that President Moi does not have a grip on the Government machine and that Government policy lacks coherence. Corruption has become more widespread and reaches to the highest levels.
4. Politically too, there are tensions which, whilst under control at the moment, may come to a head in the run-up to the presidential and general elections in 1984, particularly if the economy continues on its down turn. Moi's presidency rests on an

/uneasy

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uneasy relationship with the predominant Kikuyu tribe. The Kikuyu, used to power under Kenyatta, are suspicious of Moi's longer term policies, but for the time being are assuaged by the fact that Moi has not allowed their loss of direct access to the centre of power to erode their political and commercial position. President Moi has been helped too by the political rivalries within the Kikuyu tribe, particularly between Njonjo and Kibaki.

5. Hitherto an astute manager of tribal and regional interests, Moi has sought to balance the Kikuyu's traditional domination of Kenyan politics by placing his own supporters in strategic positions within the Government machine and by seeking to re-integrate the Luo, Kenya's second largest tribe and long estranged from political respectability, into positions of political influence. It was widely expected that Moi's rapprochement with the Luo leader Oginga Odinga would lead to Odinga's return to Parliament and to a ministerial appointment. But Odinga put paid to his rehabilitation in April this year when he publicly criticised Kenyatta and made disparaging remarks about his relationship with the President. Odinga has now lost all hope for the moment of a return to Parliament and the Luo are confused and demoralised. (Dr Ouko is a prominent Luo but lacks a power base).

6. Kenyan politics are also marred by the rivalry between the two major Kikuyu political heavyweights, Kibaki (Vice President and Financial Minister) and Njonjo (Minister for Home and Constitutional Affairs). Njonjo lacks a real power base outside of his close relationship with Moi. Kibaki, whilst not so close to the President, nevertheless has the support of the important factions among the Kikuyu. Their rivalry has made it easier, and perhaps necessary, for Moi to build up the powers of the President's office, cutting across the responsibilities of departmental ministers. But this has served only to instil jealousies and weaken the integrity of Government policy. It may therefore be that these tensions and rivalries will come more out into the open in 1984 when the elections are to be held. Certainly, Moi's assurance of a second term as President is less secure than it was.

7. Nairobi's latest assessment of recent political events is attached.

SUBJECT: YOUR TELELETTER JEK 014/1 OF 23 APRIL KENYA: INTERNAL POLITICAL

1. THE INTERNAL SCENE HAS INDEED BECOME MORE COMPLICATED TO FOLLOW RECENTLY . FOR THE MOST PART THE INDICATIONS ARE OF A SHARPENING OF EXISTING STRAINS AND RIVALRIES. THE ONE SURPRISING DEVELOPMENT HAS BEEN ODINGA'S FALL FROM GRACE AS A RESULT OF SOME ILL-CHOSEN REMARKS MADE IN PUBLIC.
2. I WILL TAKE THE MOST SIGNIFICANT RECENT EVENTS IN CHRONOLOGICAL ORDER AND SHOW HOW THEY ARE ALL IN SOME WAY LINKED TO AND REFLECT THE NJONJO/KIBAKI RIVALRY.
3. THE SWEEPING CHANGES IN HEADS OF PARASTATALS ANNOUNCED ON 27 FEBRUARY WAS INSPIRED BY NJONJO AND DESIGNED MAINLY TO DEMOTE THOSE LOYAL TO KIBAKI AND TO MOVE NJONJO'S FOLLOWERS INTO POSITIONS OF GREATER POWER. THE MOST CONTROVERSIAL MOVE WAS THAT OF THE DEPUTY DIRECTOR OF INTELLIGENCE, MURIITHI (A NYERI KIKUYU) TO BE CHIEF EXECUTIVE OF THE UPLANDS BACON FACTORY. MURIITHI HAS SINCE BROUGHT AN UNSUCCESSFUL LEGAL ACTION AGAINST THE GOVERNMENT OVER HIS DISMISSAL FROM THE POLICE . THE OVERALL EFFECT OF THESE CHANGES WAS TO STRENGTHEN NJONJO'S POSITION AT THE EXPENSE OF KIBAKI.
4. THE "COUP PLOT" WAS BROUGHT INTO THE PUBLIC EYE BY THOSE WHO WISHED TO DISCREDIT NJONJO AND THE MOVE WAS CONTRIVED BY KARUGU, THE ATTORNEY GENERAL, AND MURIITHI (PRESUMABLY WITH THE CONNIVANCE OF KIBAKI) WHEN NJONJO WAS AWAY WITH MOI IN INDIA. NJONJO WOULD NOT IN PRESENT CIRCUMSTANCES CONTEMPLATE AN UNCONSTITUTIONAL MOVE TO OUST MOI AND WOULD NEVER GET INVOLVED IN SUCH HAREBRAINED PLANNING. THE WHOLE THING IS IN FACT NOT SO MUCH A COUP PLOT AS A SMALL-SCALE ARMS RACKET CARRIED OUT BY A KIKUYU BUSINESSMAN WHO IS SLIGHTLY UNBALANCED. NJONJO AFFECTS A FRIVOLOUS VIEW OF IT BUT THERE IS NO DOUBT THAT HE HAS BEEN WOUNDED BY THE WAY IN WHICH HIS RELATIONSHIP WITH MUTHEMBA WAS PLAYED UP IN THE NATION. THE EFFECT HAS BEEN SOME LOSS OF PUBLIC SUPPORT FOR NJONJO AND TO SET UP SOME PSYCHOLOGICAL STRAINS WHICH TEND TO MAKE HIS POLITICAL JUDGEMENT EVEN MORE UNSURE AND PROMPT HIM TO STEP UP ATTACKS ON HIS ENEMIES.
5. THE SERIES OF FORTHRIGHT ATTACKS ON KIBAKI'S ECONOMIC POLICIES SET OUT IN THE STANDARD MUST HAVE ENJOYED NJONJO'S APPROVAL. THIS WAS THE FIRST TIME THAT A NEWSPAPER HAS ATTACKED THE VICE-PRESIDENT BY NAME. KIBAKI IS VULNERABLE TO THE CHARGES MADE. THE ECONOMIC SITUATION CONTINUES TO DETERIORATE, BUSINESS CIRCLES ARE DESPONDENT AND THERE IS NO SIGN OF FIRM GOVERNMENT DIRECTION OR DECISION-TAKING.

6. ODINGA'S GAFFE IN A SPEECH AT MOMBASA (WHEN HE SAID THAT HE FULLY SUPPORTED MOI BECAUSE MOI WAS WORKING FOR THE ORDINARY PEOPLE AND WAS NOT A LAND-GRABBER LIKE KENYATA AND THAT MOI CALLED HIM BY THE APPELLATION OF "BABA") GAVE NJONJO A CHANCE TO USE HIS INFLUENCE OVER MOI TO NAIL ODINGA TOO. KENYATTA WAS OF COURSE A NOTORIOUS LAND-GRABBER AND I HAVE LITTLE DOUBT THAT MOI HAS ON OCCASION ADDRESSED ODINGA AS "BABA", A TERM OF RESPECT USED FROM A YOUNGER TO AN OLDER MAN. BUT THAT DOES NOT EXCUSE ODINGA'S AMAZING BLUNDER JUST AS HE WAS ABOUT TO BE ADMITTED TO THE PARLIAMENTARY FOLD. MOI WAS GENUINELY ANGRY. HE WOULD ALSO HAVE BEEN WORRIED ABOUT THE KIKUYU REACTION BECAUSE ODINGA'S REMARKS HELD OUT ONLY TOO CLEARLY THE PROSPECT OF AN EMERGING KALENJIN/LUO ACCORD AT KIKUYU EXPENSE. AS IT HAPPENED A SPOKESMAN FOR THE KENYATTA FAMILY "FORGAVE" ODINGA AND ODINGA APOLOGISED. THE AFFAIR COULD THEREFORE HAVE BEEN PLAYED DOWN. BUT ODINGA AND NJONJO ARE IMPLACABLE ENEMIES AND NJONJO MIGHT WELL HAVE BEEN THRUST DOWN A PLACE IN THE HIERARCHY IF ODINGA RE-ENTERED PARLIAMENT. TO MAKE MATTERS WORSE FROM NJONJO'S POINT OF VIEW, THE NYERI KIKUYUS LED BY KIBAKI ARE RATHER MORE RELAXED ABOUT ODINGA THAN THE OTHER KIKUYU GROUPINGS. SO NJONJO SET OUT TO CONVINCe MOI THAT ODINGA'S REMARKS WERE JUST A FORETASTE OF TROUBLE TO COME IF ODINGA WAS ALLOWED INTO PARLIAMENT. AND HE SUCCEEDED IN TRANSLATING MOI'S ANGER AND MOI'S GENERAL TENDENCY TO OVERREACT INTO A DECISION TO BAN ODINGA FROM THE BORDO BYE-ELECTION. THE DECISION WAS ENTIRELY THAT OF MOI ADVISED BY NJONJO AND NOTHING TO DO WITH KANU ORGANIZATION WHICH CARRIED FORMAL RESPONSIBILITY FOR IT. IN FACT THE CHAIRMAN OF KANU - OMOLO OKERO WHO IS A LUO OPPOSED TO ODINGA - ERUPTED INTO MY OFFICE AT THE HEIGHT OF THE CRISIS FULL OF MISGIVINGS AT THE PRESSURES TO WHICH HE WAS BEING SUBJECTED AND APPARENTLY GENUINELY TRYING TO ASCERTAIN THE DIRECTION IN WHICH OBJECTIVITY AND COMMONSENSE POINTED.

THE CONCLUSIVE EFFECT OF THESE EVENTS HAS BEEN TO WEAKEN THE
THE COUNTRY OF KENYA. THE FREEDOM OF THE PRESS AND THE INDEPENDENCE OF THE
JUDICIARY HAVE ALL BEEN WEAKENED. SPECIFICALLY:-

MOI HAS DIVIDED LUOS ONCE AGAIN AND DEPRIVED HIMSELF OF THE
SUPPORT OF THE SOLID SUPPORT UNDER ODINGA OF KENYA'S SECOND
LARGEST TRIBE. HIS GRAND STRATEGY OF USING THE LUOS AS A BALANCE
TO THE KIKUYU AND TO ENLARGE HIS OWN POWER BASE HAS COLLAPSED.

II) MOI'S LONGTERM PROSPECTS FOR RETAINING THE PRESIDENCY HAVE
PROBABLY DIMINISHED. THERE IS NO GROUP OF PEOPLE CAPABLE OF
WRESTING POWER FROM HIM AS THINGS ARE. BUT THE ODDS AGAINST HIS
RE-ELECTION IN 1984 ARE SHORTENING.

III) THE WHOLE TONE OF POLITICS IN KENYA HAS BECOME UNHAPPIER.
EVERY POLITICIAN FROM MOI DOWNWARDS LASHES OUT AT UNAMED TROUBLE-
MAKERS, DISLOYAL ELEMENTS AND 'ANTI NYAYO' MEN. THE CABINET IS
UNITED ONLY BY LIPSERVICE TO MOI AND THE REWARDS OF OFFICE.

IV) THE FREEDOM OF THE PRESS HAS BEEN FURTHER CONSTRAINED BY THE
GOVERNMENT'S ATTACKS ON THE NATION AFTER THAT PAPER HAD PUBLISHED
A VERY REASONABLE CASE FOR ODINGA'S ELECTORAL CANDIDATURE TO BE
RE - CONSIDERED.

V) QUESTIONS ARE BEING RAISED IN PEOPLE'S MINDS ABOUT THE INDEPEN-
DENCE OF THE (BRITISH) JUDICIARY FOLLOWING THE WAY IN WHICH THE
LEGAL ISSUES ARISING FROM RECENT EVENTS HAVE BEEN HANDLED IN THE
COURTS.

8. ONLY NJONJO APPEARS TO EMERGE FROM ALL THIS AS A WINNER. BUT
MOI MAY IN TIME COME TO FEEL THAT HE HAS PUT TOO MUCH FAITH IN
NJONJO'S ADVICE. AND IF I AM RIGHT IN THINKING THAT MOI'S LONGTERM
CHANCES HAVE DIMINISHED SO HAVE THOSE OF NJONJO, WHOSE STRENGTH
DERIVES TO SUCH A GREAT EXTENT FROM HIS ATTACHMENT TO MOI.

9. I HOPE THAT THERE ARE NOT TOO MANY TREES IN ALL THIS TO SPOIL
THE VIEW OF THE WOOD. WHAT IS MISSING TO ENABLE US TO REACH FURTHER
CONCLUSIONS IS AN ASSESSMENT OF ODINGA'S INFLUENCE AFTER HIS FALL.
HE HAS NOT SAID A WORD SINCE. BUT FEW PEOPLE BELIEVE THAT HE IS A
BROKEN MAN AND SOME OF OUR LUC FRIENDS FEAR THE EFFECTS OF HIS
INFLUENCE MORE IF HE IS GOING TO REMAIN AN EMBITTERED MAN OUTSIDE
PARLIAMENT.

10. YOU ASK ABOUT OUKO'S POSITION. WHILE HE WAS PRO-MOI IN THE
DAYS WHEN MOI WAS ANTI-ODINGA HE HAS NEVER BEEN ON BAD TERMS WITH
ODINGA HIMSELF AND WAS QUITE PREPARED TO GIVE UP HIS LEADERSHIP
OF THE LUO/KURIA PARLIAMENTARY GROUP IN ODINGA'S FAVOUR. HE HAS
NOW BEEN MADE TO LOOK RATHER INCONSEQUENTIAL AND THE LUO/KURIA
GROUP, ALONG WITH OTHERS, HAS BEEN DISBANDED. BUT MANY BESIDES OUKO
HAVE BEEN DISCOMFORTED BY MOI'S SUDDEN ABOUT-TURN. A CABINET RE-
SHUFFLE IS IN THE OFFING. MY NOT ENTIRELY CONFIDENT BET IS THAT
OUKO WILL KEEP HIS PRESENT POST.

11. ON THE EXCHANGE CONTROL BUSINESS YOU WILL NOW HAVE HEARD
THAT EXPATRIATE FEARS HAVE BEEN VERY LARGELY LAID TO REST. I DID
IN FACT DECIDE TO MAKE REPRESENTATIONS AGAINST GAZETTE NOTICE
NO 866 BECAUSE AN AMENDMENT SEEMED LIKELY AND I DID NOT WANT TO
ARGUE FOR YET ANOTHER CHANGE.

SIGNED..... J R WILLIAMS.

NNNN

Ref 21/5

28 April 1981

Official visit of Kenyan Foreign Minister

The Prime Minister would be very happy to meet Dr. Robert Ouko and I can confirm 1630 on Thursday 21 May.

Could the brief please reach us by close of play on Wednesday 20 May?

CAROLINE STEPHENS

2

Chris Jebb, Esq.,
Foreign and Commonwealth Office.

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Yes
Mr. Alexander



ok if P.M. agrees?

Foreign and Commonwealth Office

cf. 21/4

London SW1A 2AH

Prime Minister

agrees to see Kenyan
Foreign Minister?

21 April 1981

cf. 27/4

Yes not

Dear Caroline,

Official Visit of Kenyan Foreign Minister

The Kenyan Foreign Minister, Dr Robert Ouko, has accepted an invitation from the Foreign and Commonwealth Secretary to pay an official visit to London from 19-22 May. Dr Ouko will be accompanied by his wife, an Assistant Minister in the President's Office and two MFA officials.

I should be grateful to know whether the Prime Minister would be prepared to see Dr Ouko for a courtesy call during the visit; I understand that 4.30 pm on Thursday 21 May might be a suitable time. By then, Dr Ouko would have had talks with Lord Carrington and FCO Ministers and with Mr Parkinson.

Kenya is important to us both politically and commercially (British exports in 1980: £259m). In June, Kenya will take over Chairmanship of the OAU for a year and will, therefore, be in a more influential, but also more exposed, position in African affairs than in the recent past. The visit, therefore, provides an opportunity to explain our African policies to an able and sympathetic politician who will be playing an enhanced role in African affairs in the coming months.

A call on the Prime Minister would be highly appreciated by Dr Ouko and would be seen as reciprocating the readiness of President Moi to see Ministerial and other senior British visitors.

Yours ever
Chris Jell.

(C Q G Jebb)
Assistant Private Secretary

Ms Caroline Stephens
10 Downing Street

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