



Current and emerging trade issues for Kenya

20 March 2019

Hilton Hotel, Nairobi

Presented by tralac and Export Promotion Council, Kenya

tralac and the Export Promotion Council co-hosted a workshop in Nairobi on 20 March 2019 in Nairobi. 85 people attended the workshop, with participants representing various Ministries, the Kenyan Manufacturers Association, the Export Promotion Council, the private sector, academia, civil society organisations and the media.

Peter Biwott of the Export Promotion Council opened the half-day workshop encouraging participants to engage on the issues to be discussed, including the US' African Growth and Opportunity Act (AGOA), climate change and regional integration.

Eckart Naumann, tralac Associate, provided an overview of Kenya's trade relationship with the United States and the impact of AGOA. This included a review of the direction and structure of Kenya's international trade, focusing on trade with the United States, and illustrating the extent of market preferences that Kenya enjoys when exporting to the US. Mr Naumann noted several of Kenya's success stories under the AGOA regime, led by exports of apparel, and agricultural products (mainly nuts), where Kenya enjoys a large share of the total US import market. Exports of lesser-known but interesting goods such as artificial flies (used in the sport of fly-fishing) have seen Kenya carve out a significant export market to the US thanks largely to AGOA. The future of Africa-US trade post-AGOA was addressed in terms of the trade policy direction of the US since AGOA's renewal, and reflections on the Trump Administration's recently published Africa Strategy. Mr Naumann also launched the [AGOA Business Connector](#) – a new online platform to connect African traders, producers, importers, legal advisors, logistics services and other trade professionals across Africa and with the US. During the discussion, participants sought clarification on the details of the traded goods and noted the value of understanding the US market and creating local supply chains.

Henry Mutai and Gerhard Erasmus, tralac Associates, discussed the impact and uncertainties of Brexit. Professor Erasmus and Dr Mutai noted that the current arrangement under the East Africa Community (EAC) and European Union (EU) Economic Partnership Agreement (EPA) was provisional as Kenya is the only EAC country to have signed and ratified. As such, a continuity agreement with the United Kingdom (UK) will depend on the political will of the UK government. The presenters also noted that continuity agreements will only be the first phase, with further agreements in the future – which will come with their own complexities.

Patrick Low, Visiting Professor at the University of Hong Kong, gave a compelling presentation on the importance of climate change, updating the participants on the science, economics, ethics and state of play at the global political level. Professor Low conveyed a strong message that governments, especially those most significant emitters, including the US, China and the EU must do something. He noted that the voluntary approach pioneered at the Paris COP21 seemed to be more successful as a tool of international cooperation – the peer pressure model was working. With respect to trade, Professor Low fears the potential of a border adjustment tax, and suggested that the best way to prevent this would be a uniform carbon price.

Participants raised issues about the apparent conflict between the ambitions for African countries to industrialise and the challenges of addressing climate change. Noting that Kenya was currently only responsible for 0.1% of emissions, Professor Low conceded that we would never reach no emissions and that technology could help. This is where the balance of obligations and allocation of responsibilities was important to consider. Participants also discussed the importance of the collective impact of individual action, including protest.

Trudi Hartzenberg, tralac Executive Director, and Gerhard Erasmus wrapped up the workshop with a discussion of regional integration initiatives: the Tripartite Free Trade Area (TFTA) and the Continental Free Trade Area (AfCFTA). The presenters gave an overview of the agreements, and discussed some of the problems, in particular, the issues with ratifying incomplete agreements and the failure of the agreements to mitigate the challenges of overlapping membership. Concluding, the presenters emphasised the continuing importance of regional economic communities, and while hoping for these new trade areas to be effective, advocating for a sober assessment of the realities and a close look at what has actually been committed.