

The Kenya-US Trade Negotiations: Which Way for Kenya?

By

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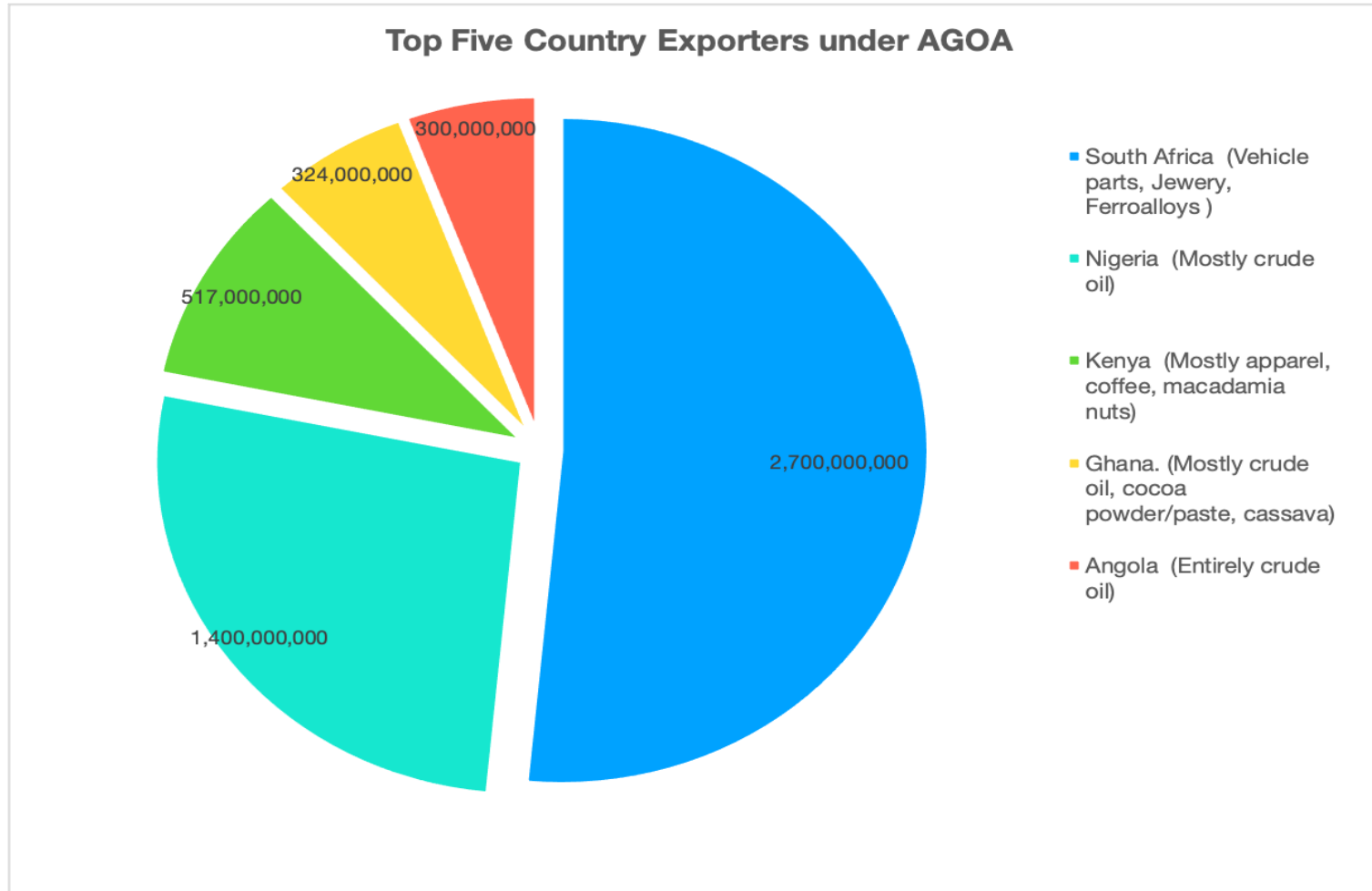
Outline

- Introduction
- Kenya –US Trade Statistics
- Timeline of Negotiation Process
- Strategic Trade and Investment Partnership (STIP) Highlights
- Why Now?

Introduction

- The US and Kenya have had a diplomatic relationship since 1964 when Kenya became a Republic.
- Kenya's status as East Africa's business , financial ,and transportation hub has generated a lot of interest from US corporations
- The Africa Growth and Opportunity Act (AGOA) has been Kenya's main trading channel with the US since its inception in 2000.
- The AGOA is a unilateral trade preference programme that provides duty free access for over 1,800 products exported from SSA countries that meet eligibility requirements.

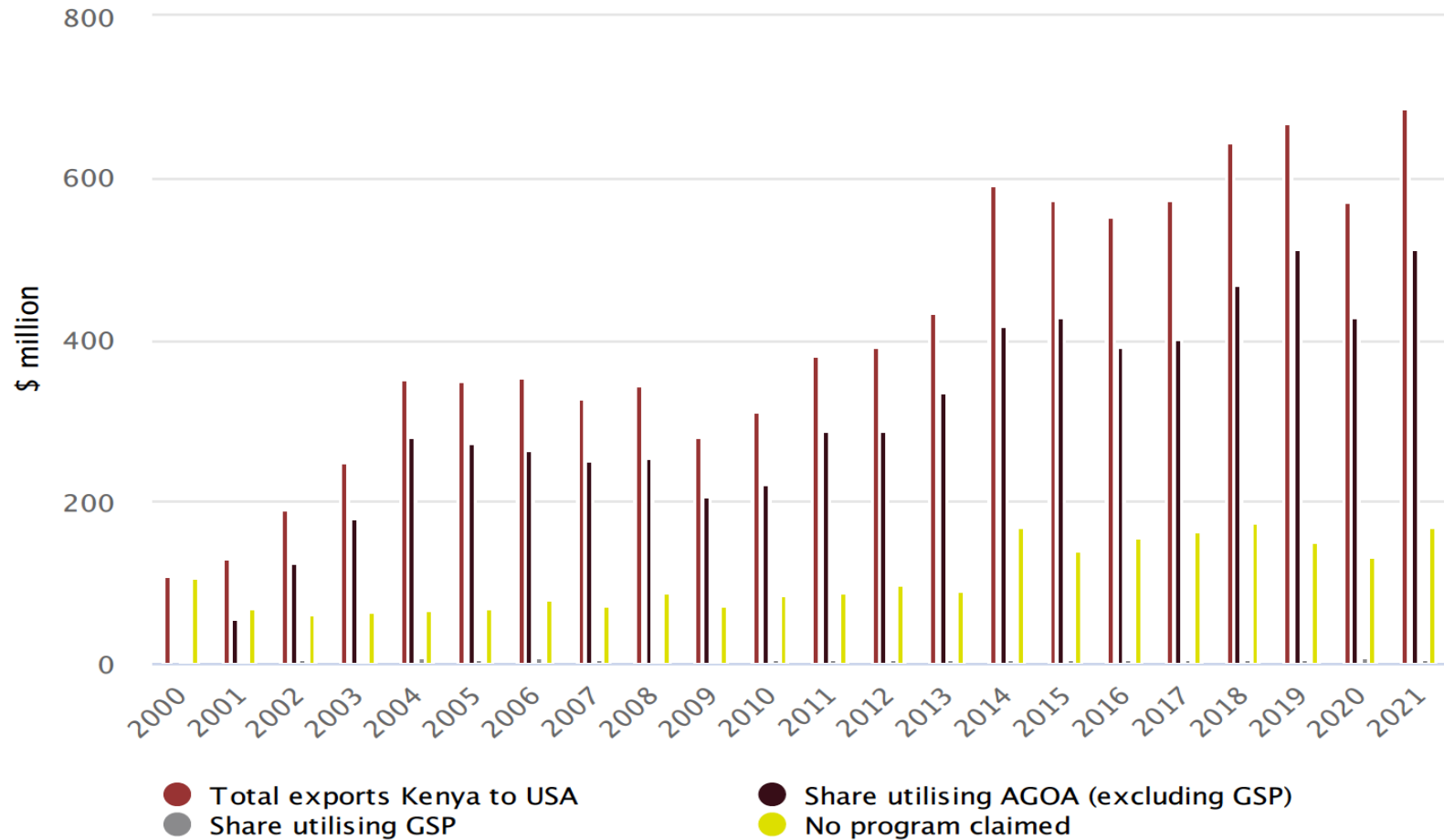
Kenya is a leading non-oil exporter to the US under AGOA



Source : US Census Data, AGOA Implementation Report 2022

Exports of Goods from Kenya by Programme

Exports of goods from Kenya to USA by programme



agoa.info

Source: agoa.info

Kenya –US Trade Statistics

Top Export Destinations (USD Millions)

Country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Uganda	798.32	758.96	691.11	698.03	625.50	613.42	618.31	628.55	678.19	835.72	694.61
USA	312.52	347.61	435.36	414.55	427.13	457.20	467.38	509.09	463.70	543.11	437.76
Pakistan	282.74	378.29	461.79	427.94	428.50	424.53	457.75	470.68	457.68	562.29	435.22
Netherlands	367.57	280.19	250.39	358.82	396.59	619.57	586.31	443.57	513.26	484.84	430.11
United Kingdom	480.89	436.75	407.82	413.97	370.26	372.89	396.80	393.00	468.79	450.44	419.16
Tanzania	544.87	470.23	485.79	342.66	351.60	283.06	295.90	332.04	298.94	415.43	382.05
United Arab Emirates	338.60	291.96	229.65	297.63	305.17	255.05	345.63	379.30	323.37	315.12	308.15
Egypt	254.04	156.76	164.20	182.72	172.41	165.63	176.15	227.23	236.75	278.29	201.42
Rwanda	191.16	197.41	199.08	205.27	203.14	183.82	198.69	185.58	178.26	193.08	193.55
Democratic R of Congo	218.10	214.08	239.36	210.43	197.39	182.60	149.84	132.03	134.27	222.98	190.11

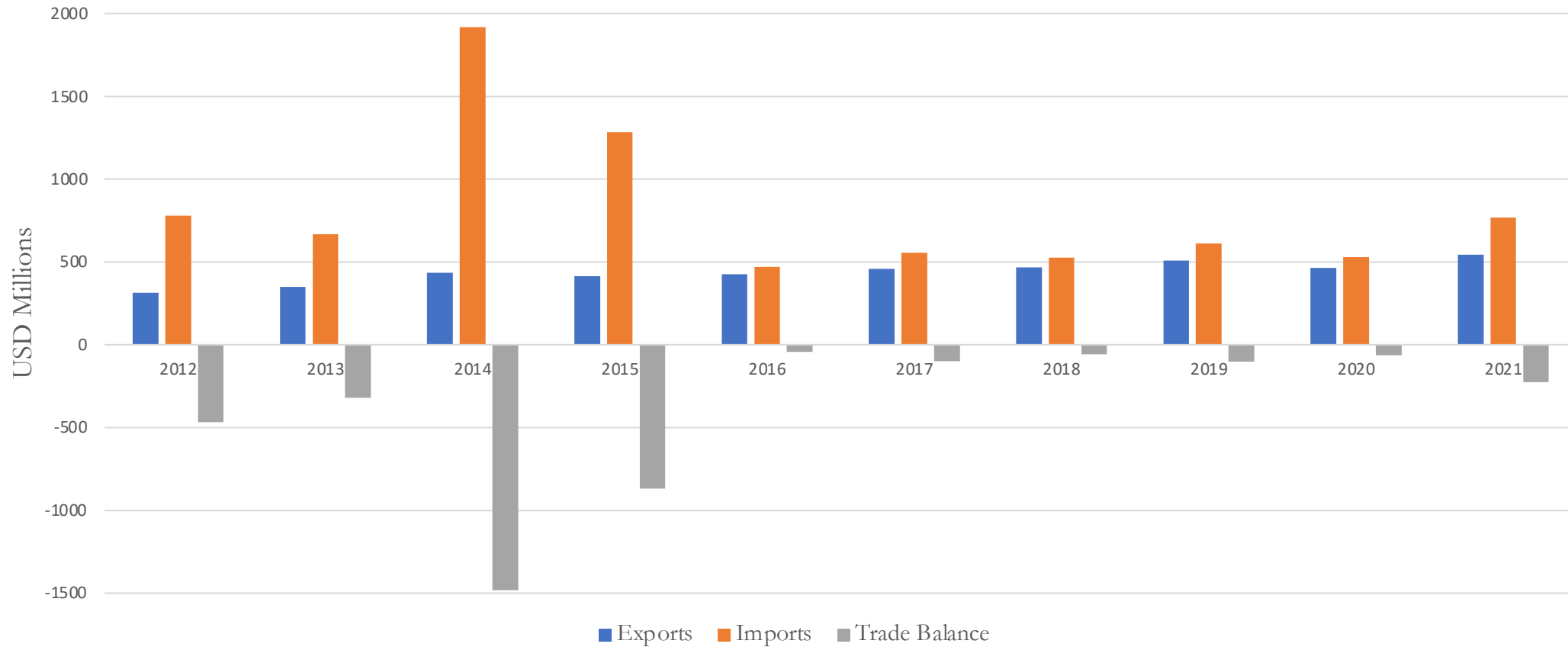
Data Source: KNBS Economic Surveys

Top Import Destinations (USD Millions)

	Country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
1	China	1,979.00	2,117.46	2,827.15	3,265.64	3,324.63	3,778.14	3,661.04	3,693.75	3,393.43	4,024.48	3,206.47
2	India	2,310.69	2,998.49	3,007.80	2,570.47	2,024.62	1,648.23	1,828.93	1,753.83	1,770.95	2,106.10	2,202.01
3	United Arab Emirates	1,773.93	1,362.75	1,174.02	921.96	901.30	1,338.23	1,455.39	1,646.01	866.59	1,627.93	1,306.81
4	Saudi Arabia	791.11	480.99	643.15	562.97	682.36	1,108.49	1,705.04	1,246.84	647.97	1,045.67	891.46
5	Japan	747.25	972.13	984.13	898.20	811.92	789.85	985.51	974.93	822.56	892.01	887.85
6	USA	780.76	666.65	1,918.36	1,282.99	471.12	554.96	525.67	610.57	528.75	768.18	810.80
7	South Africa	733.27	821.23	726.47	624.09	491.20	598.51	639.09	725.96	429.89	401.92	619.16
8	Indonesia	653.82	523.00	552.56	467.62	447.02	549.97	455.17	496.43	588.72	404.99	513.93
9	Germany	490.87	435.30	539.04	482.30	427.13	415.79	460.06	455.33	377.56	366.61	445.00
10	Uganda	181.36	186.79	199.53	226.83	250.39	490.63	519.17	377.28	243.22	311.44	298.66

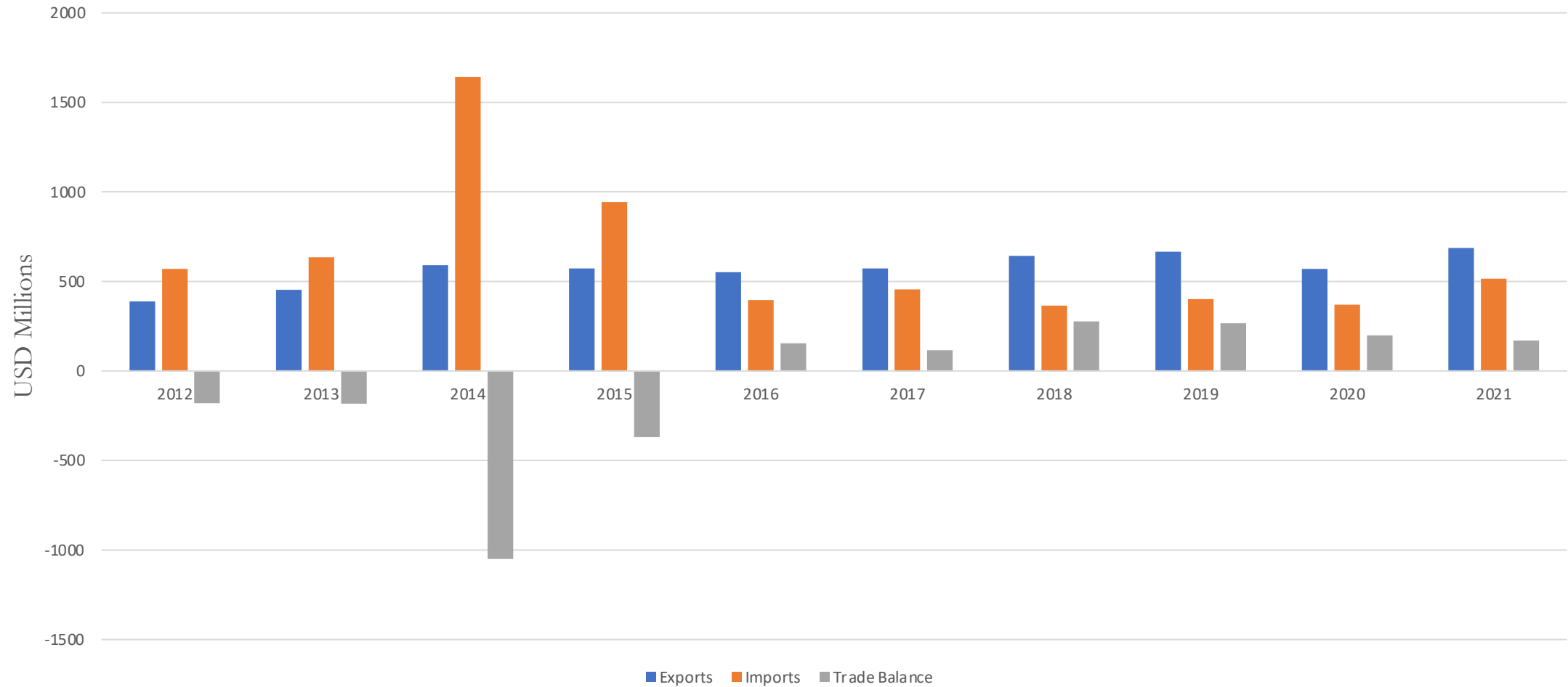
Data Source: KNBS Economic Surveys

Kenya – US Nature of Trade



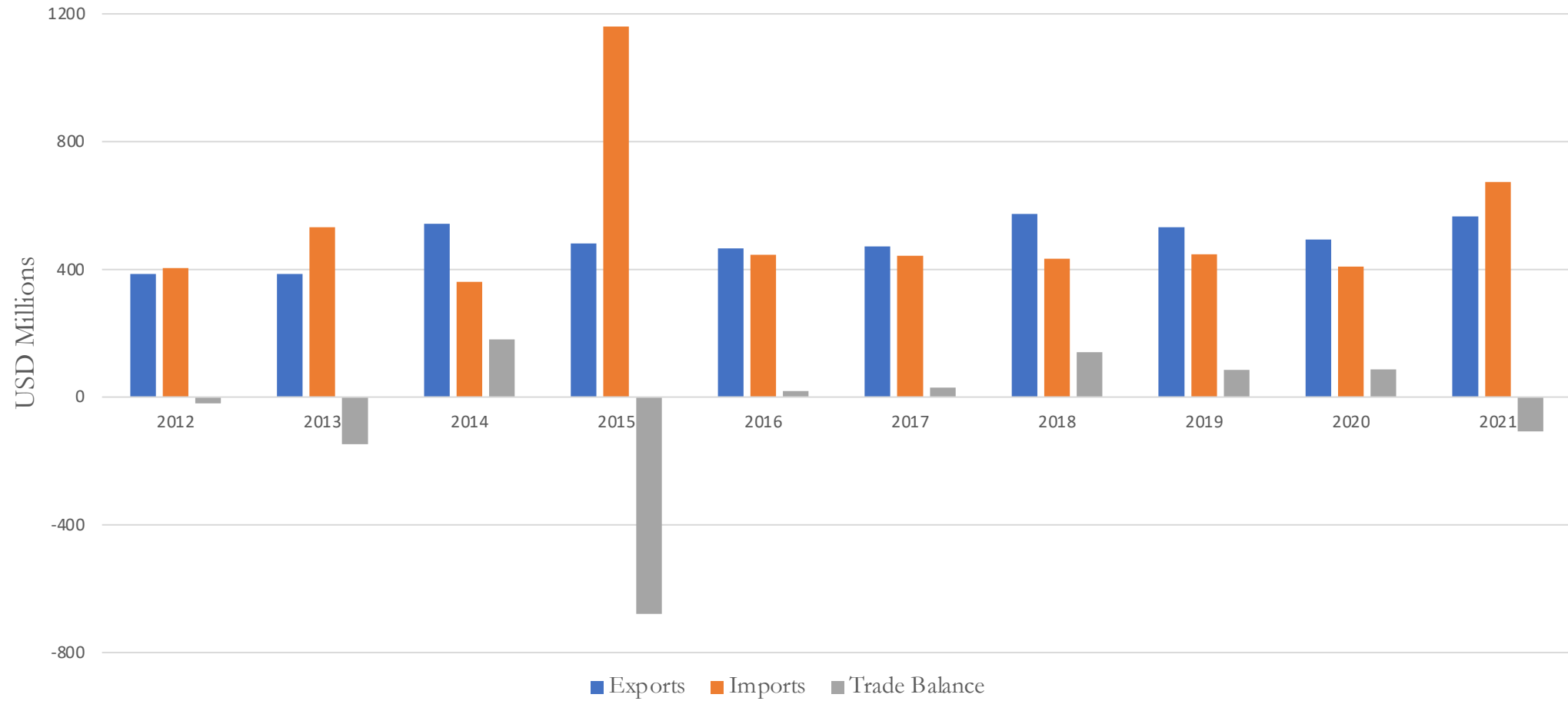
Source: Author's computation based on KNBS data

Kenya – US Nature of Trade



Source: Author's Computation based on AGOA data

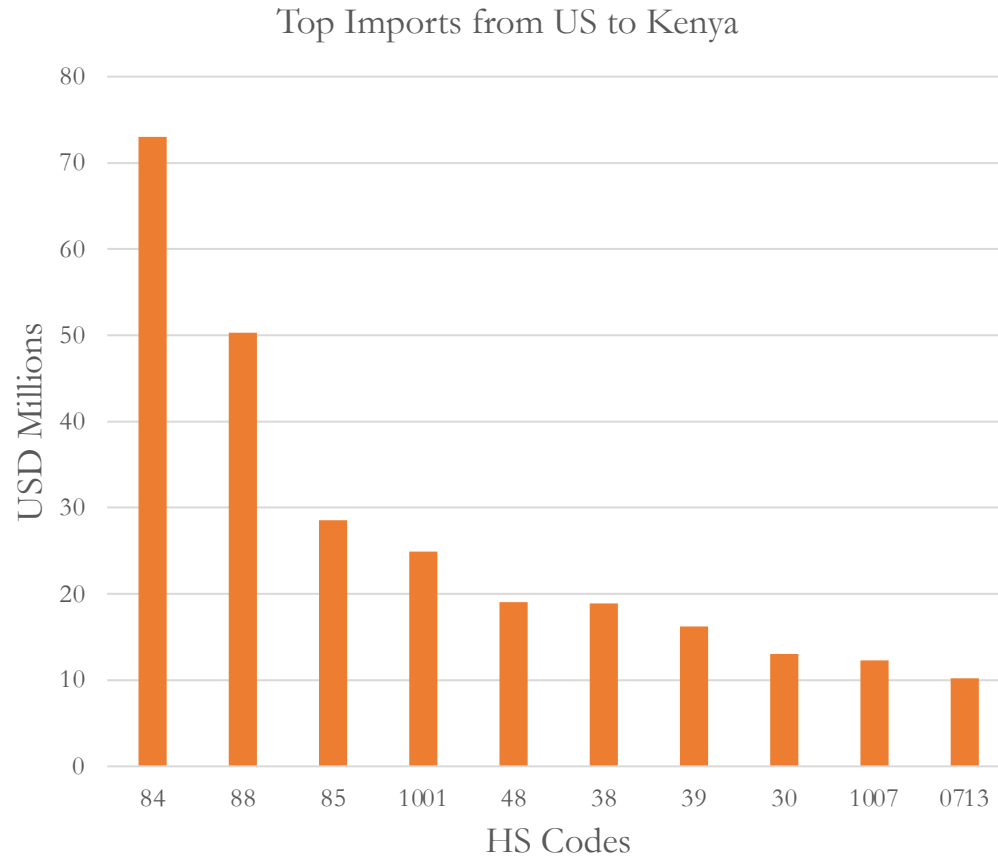
Kenya – US Nature of Trade



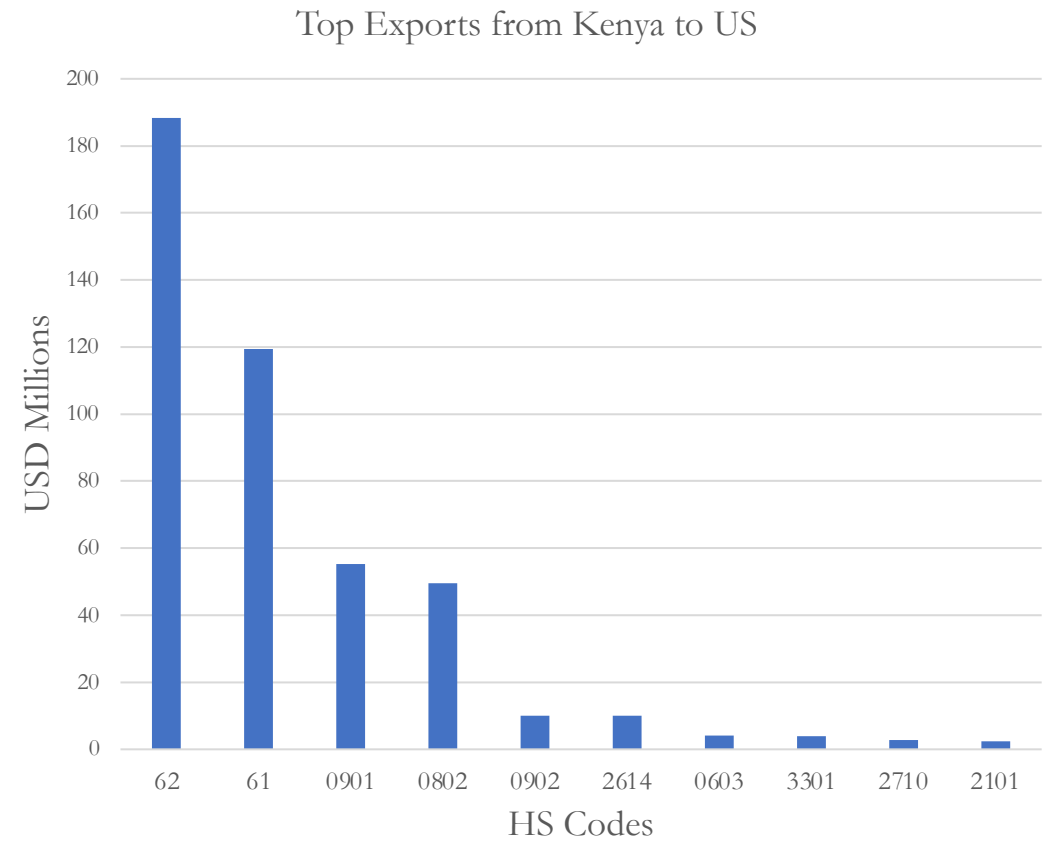
Source: Author's Computation based on OECD data

Kenya- US Trade Statistics; 2017

Total Value of Imports from US to Kenya: \$ 442 M

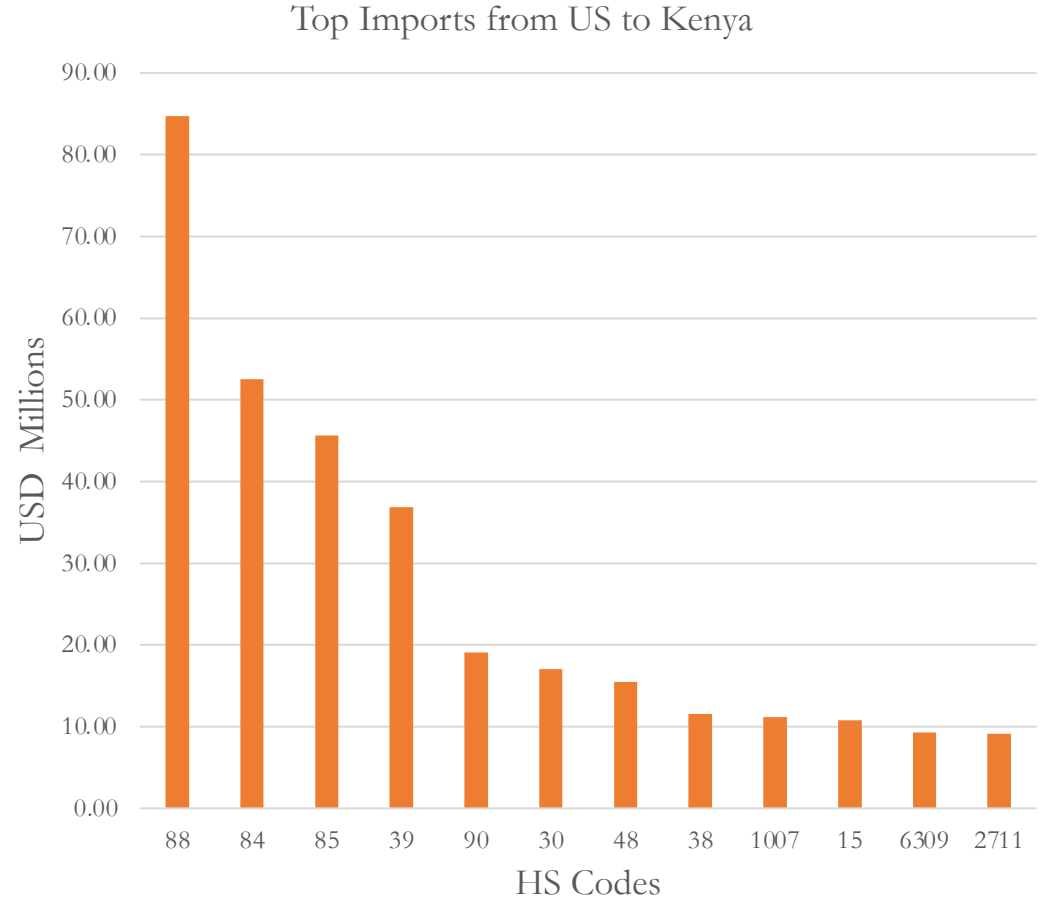


Total Value of Exports from Kenya to US: \$ 471

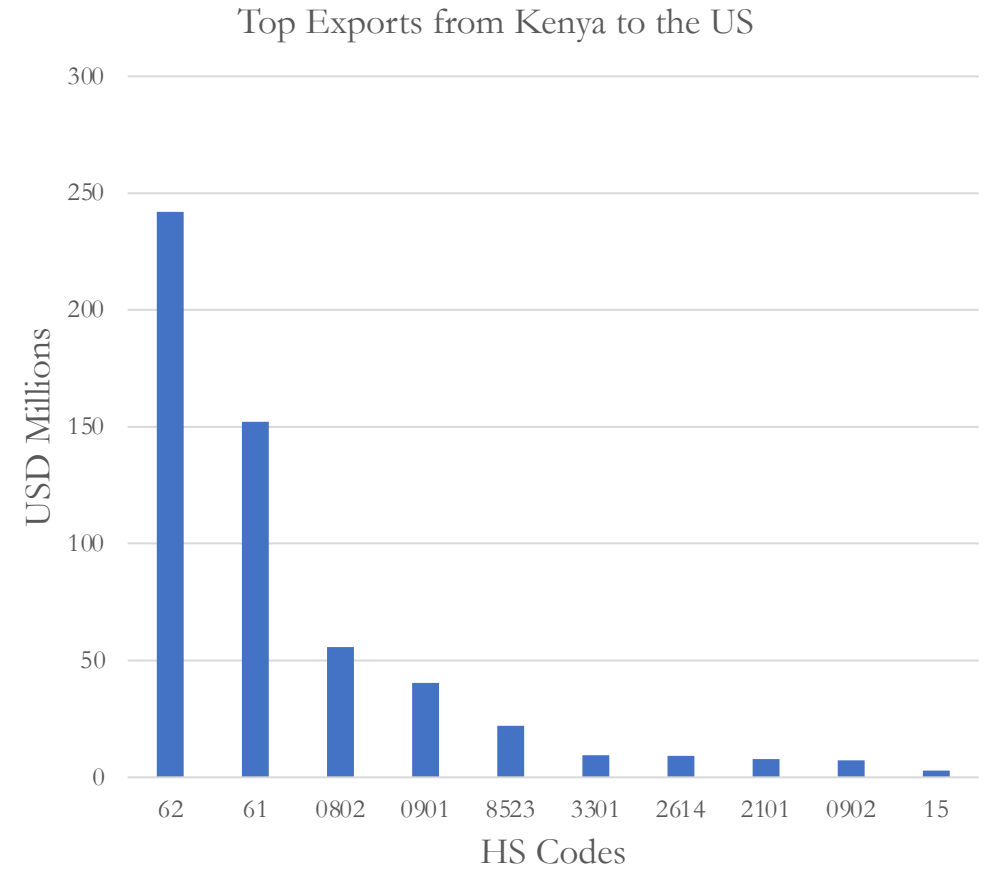


Kenya- US Trade Statistics; 2018

Total Value of Imports from US to Kenya: \$ 433 M

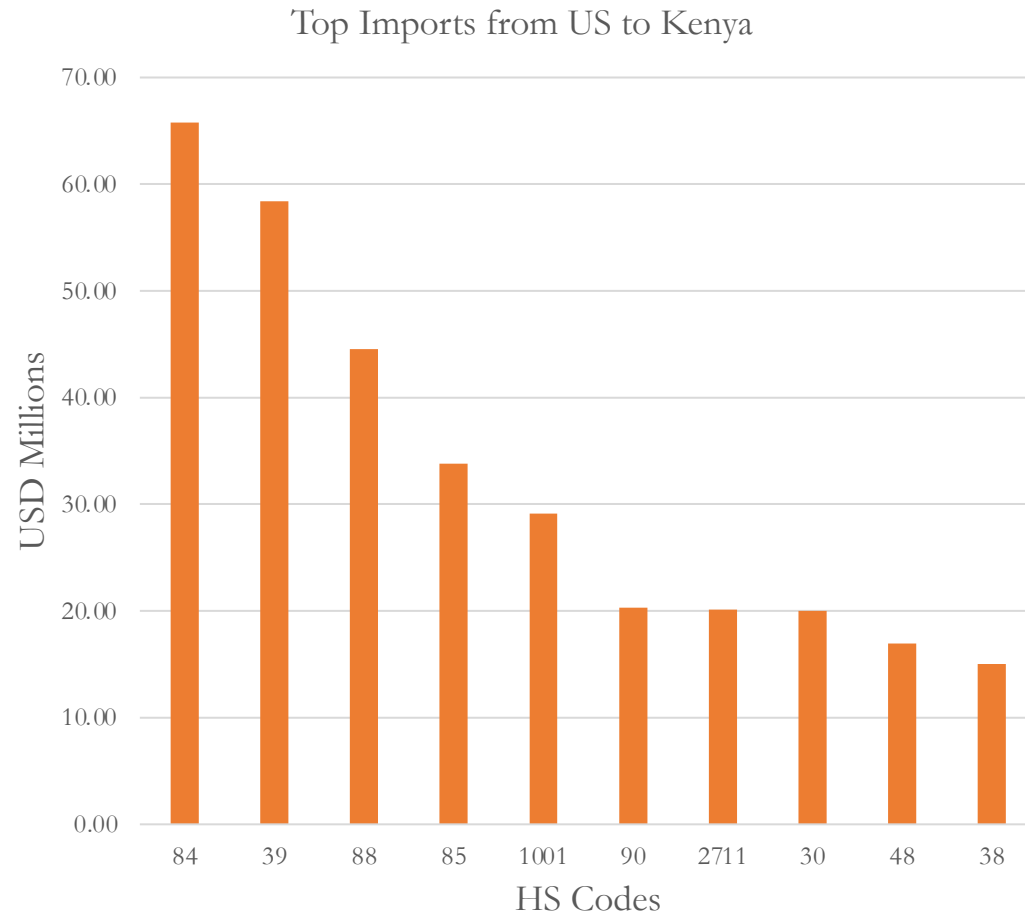


Total Value of Exports from Kenya to US: \$ 574M

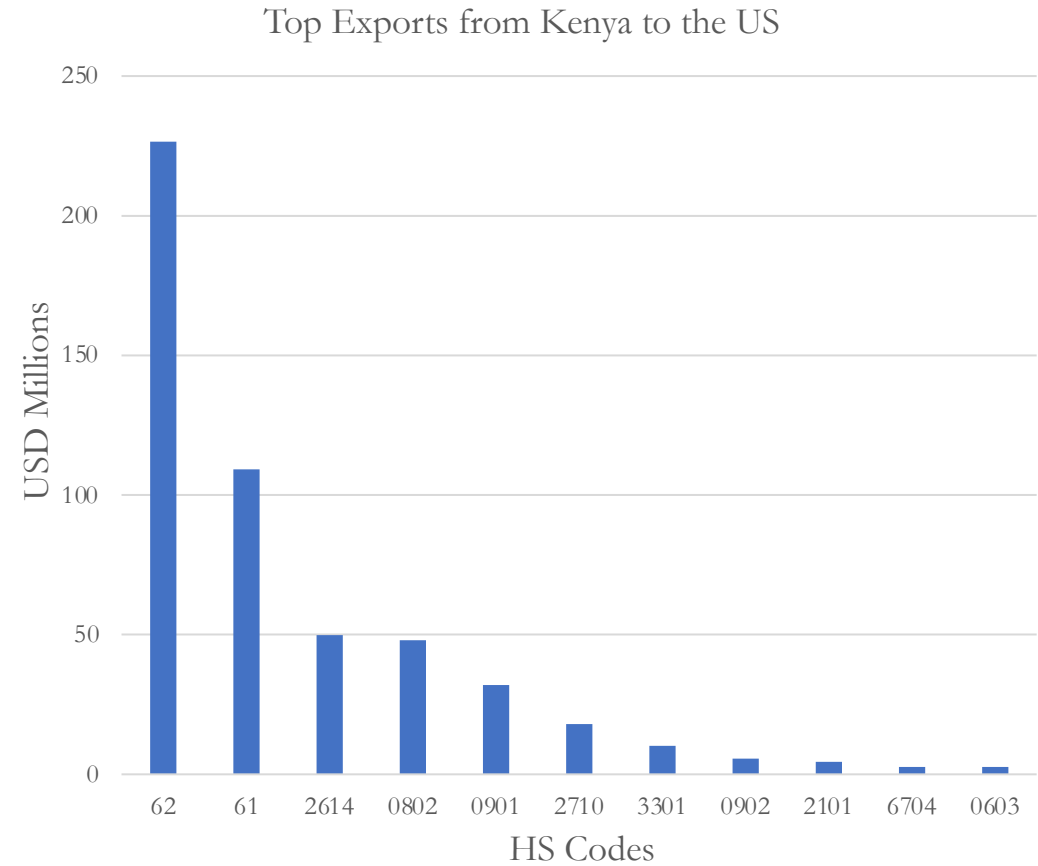


Kenya- US Trade Statistics; 2019

Total Value of Imports from US to Kenya: \$ 447 M

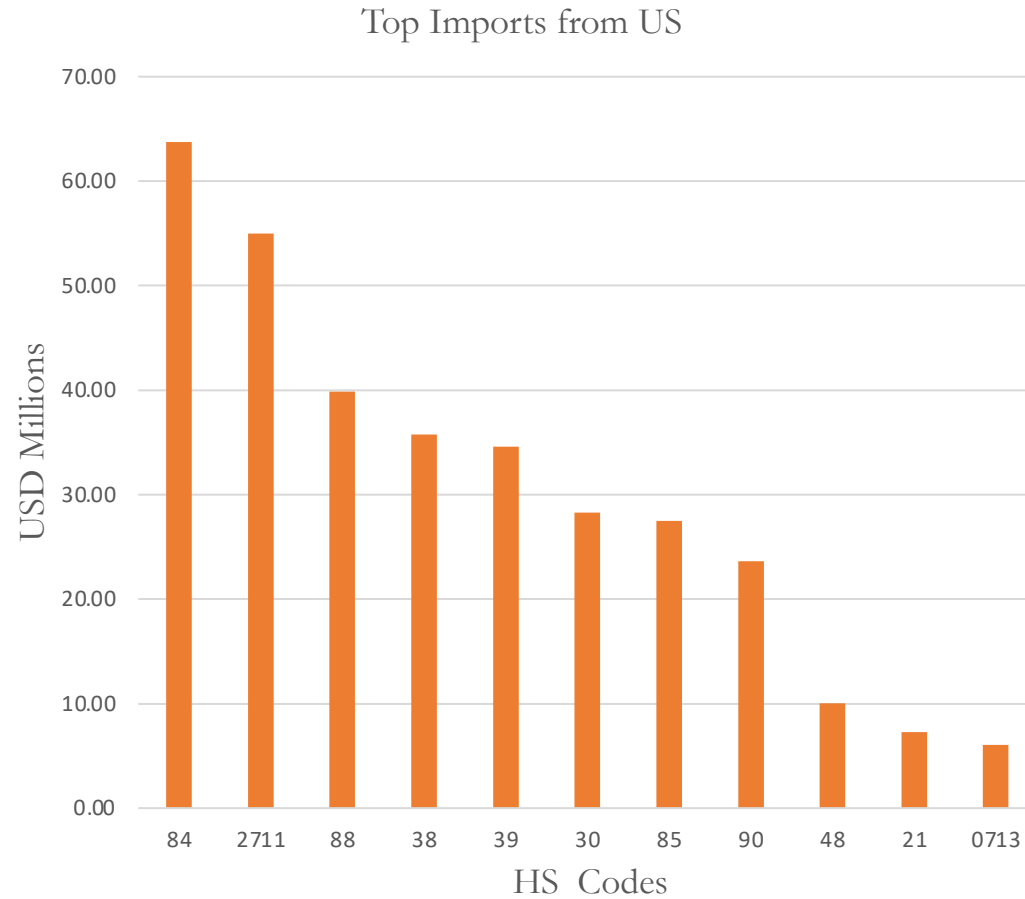


Total Value of Exports from Kenya to the US: \$ 532 M

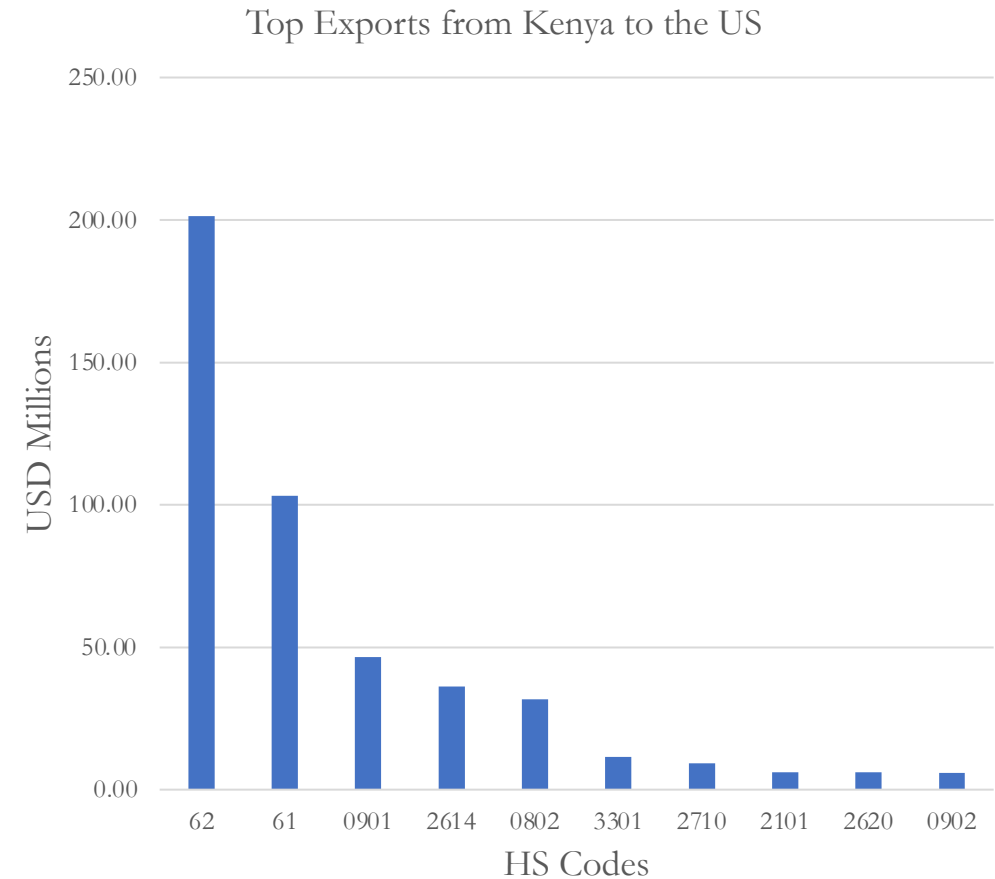


Kenya- US Trade Statistics; 2020

Total Value of Imports from US to Kenya: \$ 408 M

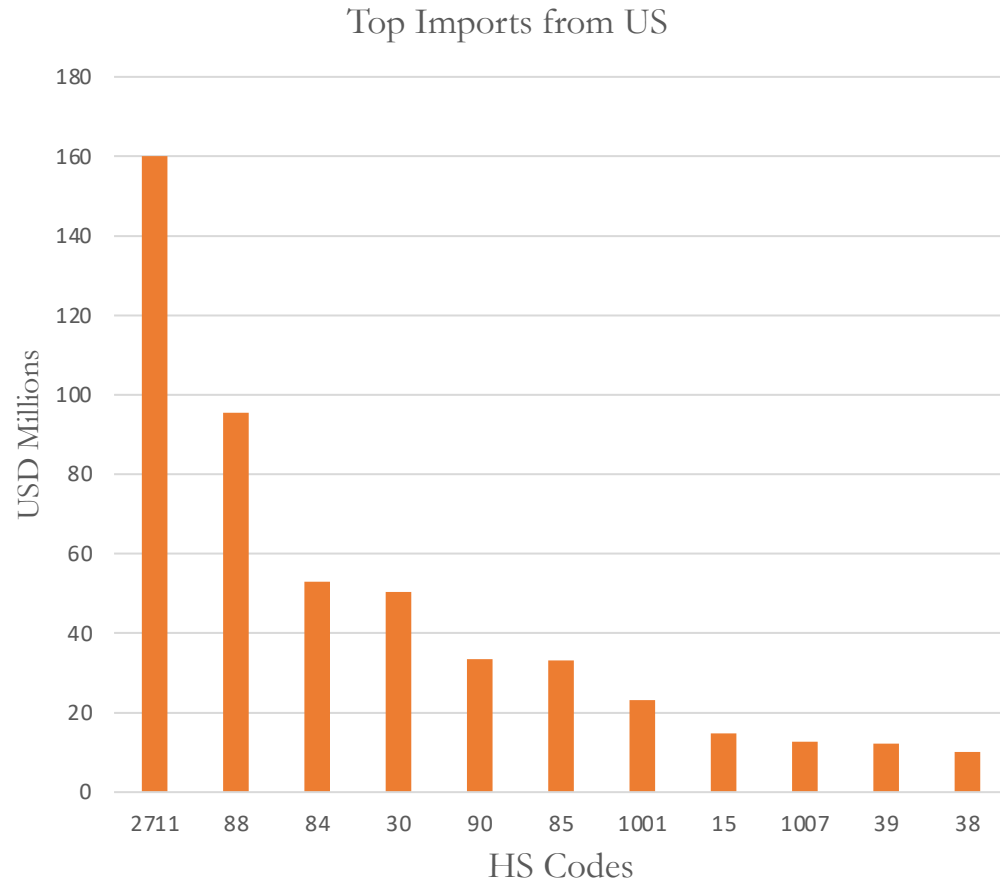


Total Value of Exports from Kenya to US: \$ 494 M

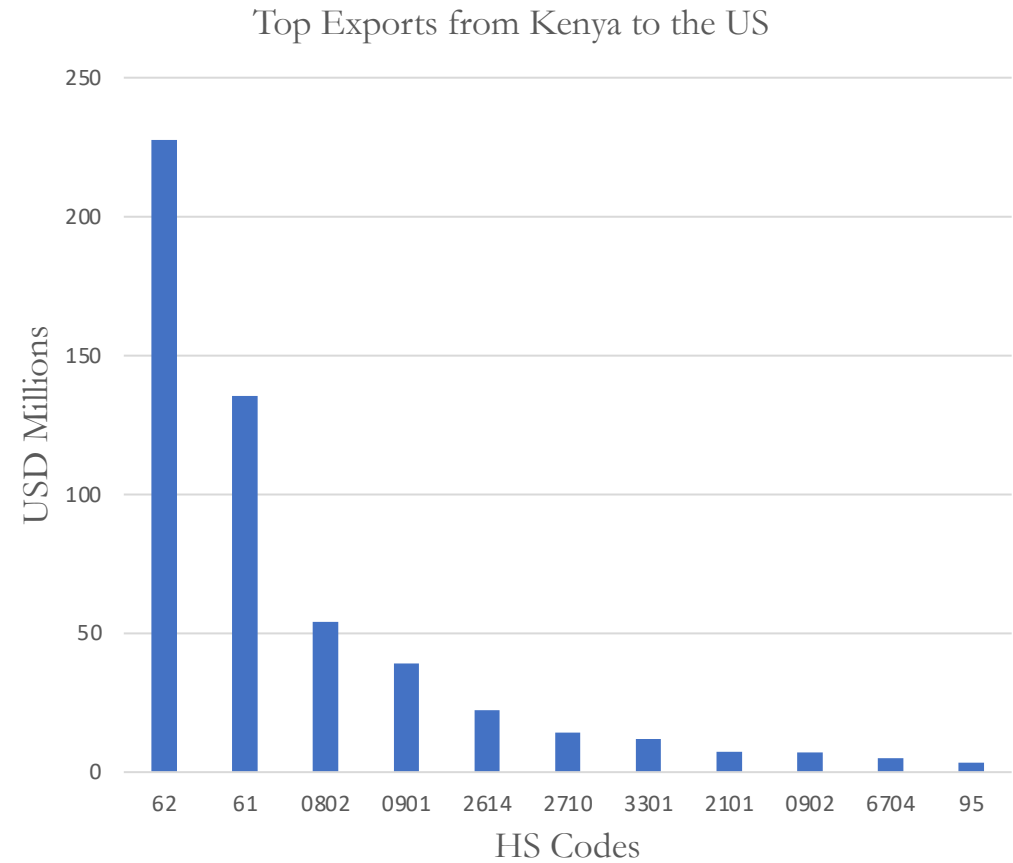


Kenya- US Trade Statistics; 2021

Total Value of Imports from US to Kenya: \$ 674 M



Total Value of Exports from Kenya to US: \$ 566 M



Timeline of Negotiation Process

- 6th February 2020 – Formal announcement made to negotiate and conclude a FTA
- 17th March 2020 Office of USTR submits formal notification to the US congress
- May 2020 , Office of the USTR issues a summary of negotiating objectives
- June 2020 Kenya issues its own summary of negotiating objectives
- 8th July 2020- First round of negotiations between Kenyan and US officials (virtual)

Timeline of Negotiation Process



Strategic Trade and Investment Partnership Highlights

- The Strategic Trade and Investment Partnership (STIP) is an initiative that would lead the US and Kenya governments to pursue enhanced engagement leading to a high standard commitment in a wide range of areas.
- The goal of the partnership is to increase investment; promote sustainable and inclusive economic growth; benefit workers, consumers, and businesses (including micro-, small-, and medium-sized enterprises); and support African regional economic integration.
- The bilateral interests outlined in STIP, where Kenya and the US will develop an ambitious roadmap for enhanced cooperation are as follows:

1. Agriculture
2. Anti-corruption
3. Digital Trade
4. Environment and Climate Change Action
5. Good Regulatory Practices
6. Micro, Small and Medium Enterprises (MSMEs)
7. Promoting Workers' Rights and Protections
8. Supporting Participation of Women, Youth and Others in Trade
9. Standards Collaboration
10. Trade Facilitation and customs Procedures

Why Now?

- AGOA which has been Kenya's main channel for trade is set to expire on 30th September 2025 with no official indication of extension .