



**State Department for Trade**

# **Kenya-US Trade Relations**

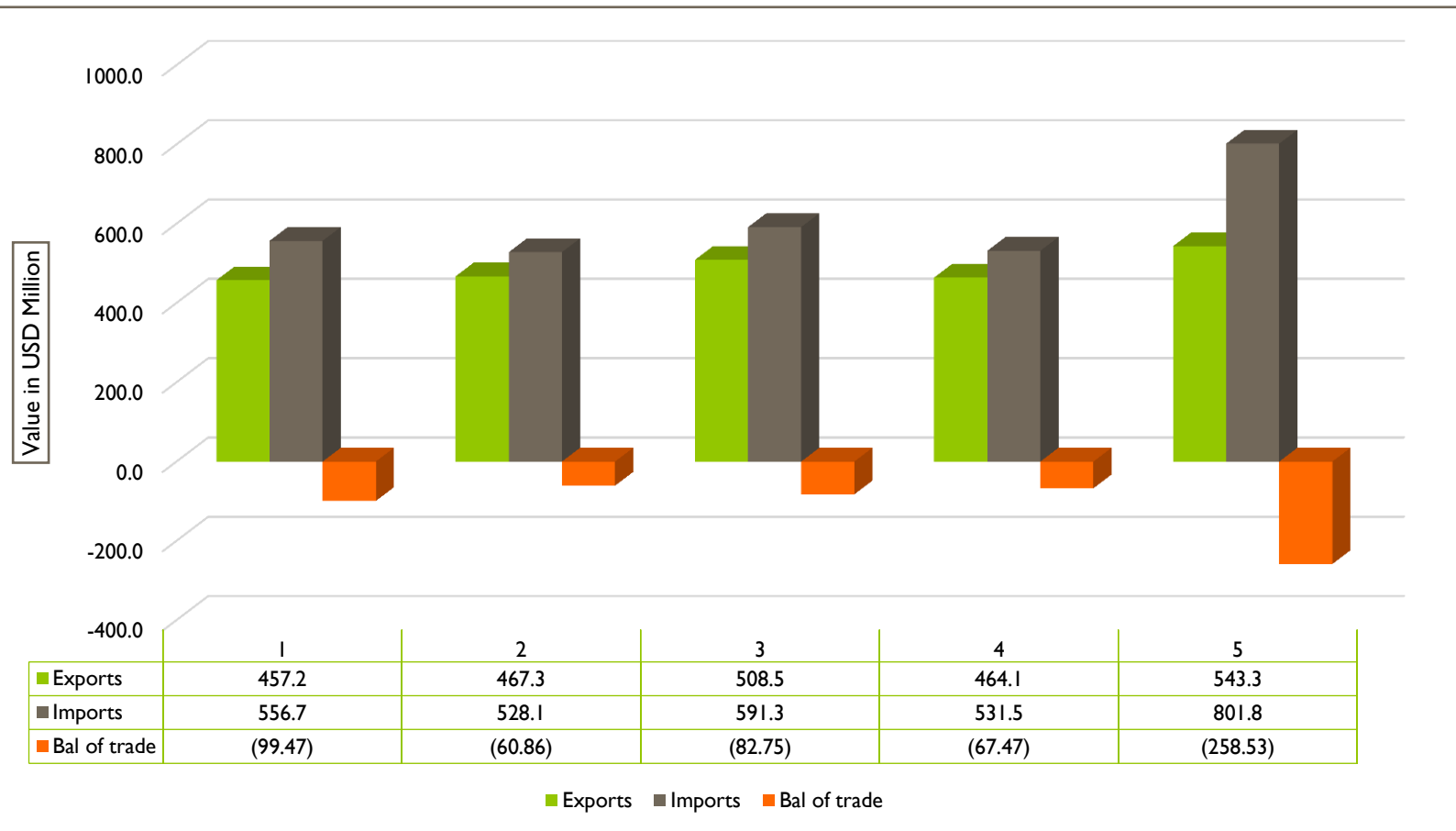


# SCOPE

**1. Kenyan Government's Interventions on Improving trade relations with the US**

**2. Status of the Kenya-US STIP Negotiations**

# Trade Flows



# Exports & Trade Balance

- Exports to USA have been fluctuating ; USD 450 million to USD 545 million for the past five years
- In 2021, Kenya marked all-time high export of USD 543.3 million
- Kenya for the entire last five years
- Highest unfavourable imbalance in 2021 where the deficit; to USD 258.5 million

# Top exports

- Clothes and apparel
- Nuts (fresh and dried)
- Coffee
- Tea
- Essential oils
- Live plants
- Wigs, false beard, eye brows and eye lashes

# Market access to the US

- The US is the **World's 2<sup>nd</sup> largest** agricultural importer after the EU
- U.S. account for less than **5 percent** of Kenya's agric' exports
- 2/3 total U.S. agricultural imports consist of horticulture and tropical products
- Regulatory systems divergence i.e. **Compliance with sanitary and phytosanitary requirements** has been a key challenge
- Complex system of approvals and requirements for the importation of agricultural products; can be hard to navigate for most exporters.
- Production side constraints; volumes
- Trade logistics related challenges

# **Interventions on Improving trade relations**

- Kenya has Commercial Representation office in DC that provides us with market intelligence issues, information on regulatory systems and the political economy issues
- Dedicated agency that helps businesses to brand and exhibit abroad (KEPROBA)
- Close working relationship and engagement with the American Chamber of Commerce, AMCHARM Kenya and the US Embassy in Nairobi, especially the USDA-FAS
- The Government supported the implementation of AGOA through amongst other incentives, the provision of EPZs
- Negotiations on Strategic Trade & Investments Partnership agreement to cement the trade relations and address the prevailing bottlenecks

# General Market access challenges

- Huge differences in economic sizes and strengths of the countries
- Production side & value chain constraints
- Market information asymmetries
- Cost of trade & Competition from other countries; trade logistics
- Divergence on regulatory approaches affecting implementation of the WTO agreements on TBT, SPS and Trade Facilitation



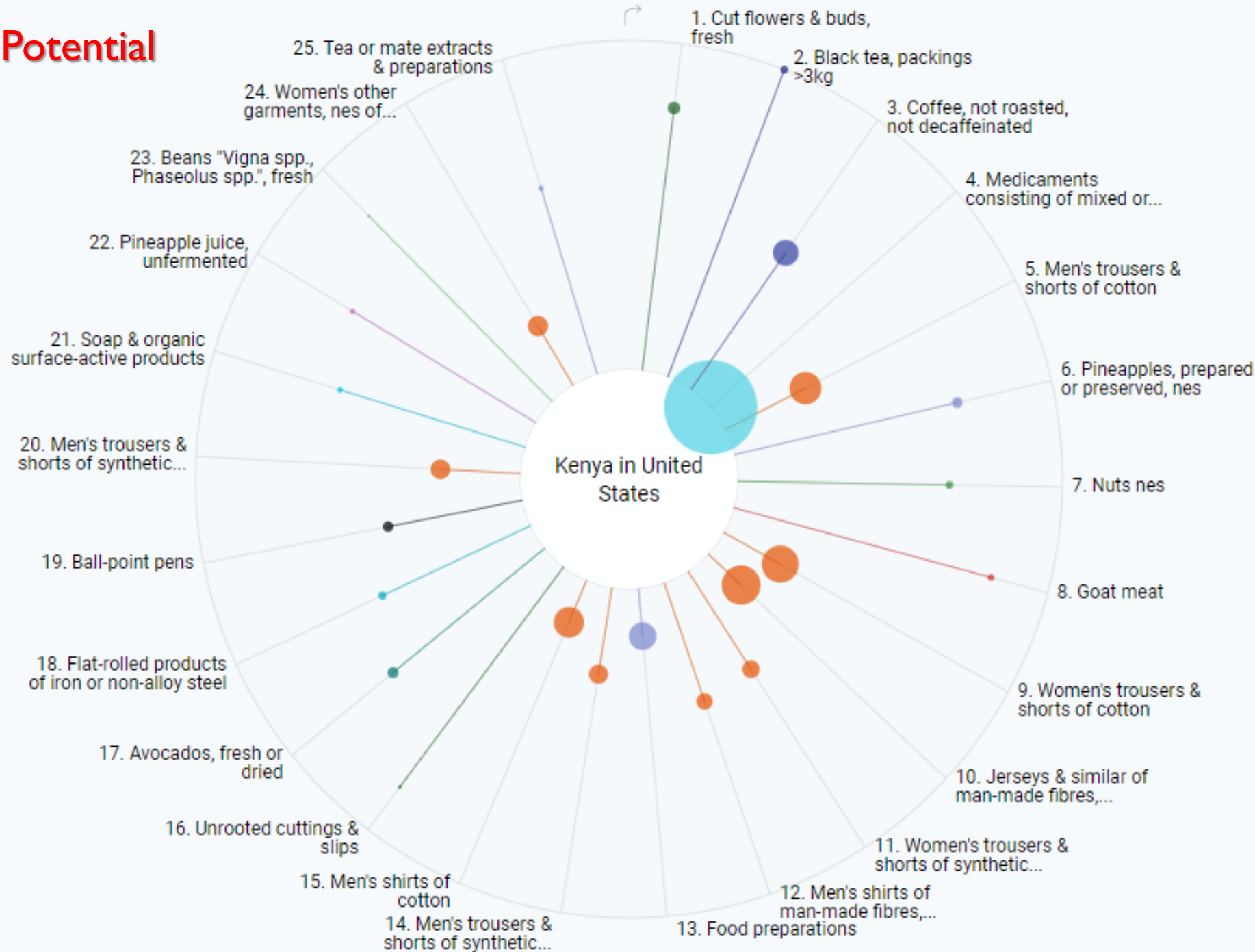
# **PRA<sub>s</sub>**


- Fruits and vegetables: lengthy process of phytosanitary risk assessment
- A commodity can be approved for importation into the US, but not allowed: field inspections, pest surveys, packing facilities, inspections and certifications, crop treatments, etc.
- Opportunities: Avocados, Green beans, Macadamia nuts.
- Concerns: Pesticide residues

# On going interventions

- Underway: A study to analyze the Tariffs, SPS & TBT Related market access requirements to countries of interest within the AfCFTA
- **Investments Charm offensive**; seeking to increase FDI and Diaspora remittances
- Development of industrial parks and county aggregations
- 47 County aggregation and industrial parks; aggregation of agricultural goods promote sale to markets; network of global logistical firms

# Potential





**KE-US**

**STIP**

# STIP

- Kenya & US July 14, 2022 announce that the two governments would **pursue enhanced engagement leading to high standard commitments** in a wide range of areas
- Goal: To increase **investment**; promote **sustainable and inclusive economic growth**; benefit workers, consumers, and businesses; MSMEs; and support African Regional Economic Integration

# Strategic Trade and Investment Partnership (STIP); Opening Round concluded in DC in February 2023

The following areas were discussed:

- Agriculture
- Digital Trade
- Environment and Climate Change Action
- Good Regulatory Practices
- Micro, Small, and Medium Size Enterprises (MSMEs)
- Protecting worker's rights and protections
- Services Domestic Regulation
- Supporting participation of women, youth and others in trade
- Standards Collaboration
- Trade Facilitation and Customs Procedures

# Next Steps

- April 17-20<sup>th</sup> 2023: 1<sup>st</sup> Round of Negotiations to be held in Nairobi.
- Agriculture and sanitary and phytosanitary measures are likely to form key part of the discussions
- Also the element of sustainability, environment and addressing climate change could be key.
- VSS like Global gap are like to be enablers in the sustainable Agric' production and trade



**Q&A**