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BEEN SUBMITTED IN ANY OTHER UNIVERSITY FOR EXAMINATION.

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EXPORTING TO THE PTA:

CONSTRAINTS THAT KENYAN FIRMS FACE //

by

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of the Requirements for the Degree of Masters Of Business and
Administration**

July, 1993.

DECLARATION

I DECLARE THAT THIS RESEARCH PAPER IS MY ORIGINAL WORK AND HAS NOT BEEN PRESENTED IN ANY OTHER UNIVERSITY FOR EXAMINATION.

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ABSTRACT

The Lagos Plan of Action (LPA) of 1980 demonstrated the Commitment of African Heads of States to reverse Africa's economic decline through collective self-reliance.

The PTA for Eastern and Southern African States is one of the economic integrations in Africa that resulted from that commitment. It was expected that with the inception of the PTA, trade between the Eastern and Southern African States would increase. This has not been the case.

Kenya's volume of exports to the PTA sub-region is not significantly different from what it was before the PTA became operational.

It was the aim of this study therefore to find out the problems that face Kenyan firms exporting to the PTA market, thereby making it difficult for them to increase their exports to the sub-region.

The study found that the problems the exporters are facing are beyond their control. Some of the problems are under the control of the government, while there are others which even the government cannot do much about.

Those that are under the control of the government are; cumbersome documentation procedures, inadequate or delayed export compensation, foreign exchange availability and exchange rate fluctuations, and inadequate travel allowance.

Those that are beyond the government's control are; transport and communications problems within the sub-region, lack of communication by fellow member states and buyers' inability to obtain import licenses and foreign exchange from their governments.

The study shows that there is a lot that can be done by relevant authorities in the country to assist Kenyan firms to increase their exports to the PTA sub-region.

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UNF - United Nations Framework

KATA - Kenya Trade Authority

LEA - Lagos Export Agency

MIB - Manufacturing Index Board

MILPOM - Multinational Programming and Operational Centre

OAU - Organisation of African Unity

PTA - Preferential Trade Area for Eastern and Southern Africa

SAC - Southern African Air Coordinating Conference

SAD - Southern African Development Community

SADCAF - Southern African Development Community Conference

SACU - Southern African Customs Union

UNEP - United Nations Environment Programme

UN - United Nations

V.A.T - Value Added Tax

LIST OF ABBREVIATIONS

- COMESA - Common Market for Eastern and Southern Africa
- EAC - East African Community
- ECA - Economic Commission for Africa
- EPZ - Export Processing Zone
- FCCI - Federation of Chambers of Commerce and Industry
- GDP - Gross Domestic Product
- GNP - Gross National Product
- KETA - Kenya External Trade Authority
- LPA - Lagos Plan of Action
- MUB - Manufacturing Under Bond
- MULPOC - Multinational Programming and Operational Centre
- OAU - Organization of African Unity
- PTA - Preferential Trade Area for Eastern and Southern African States
- SAAC - Southern African Aid Coordination Conference
- SADC - Southern African Development Community
- SADCC - Southern Africa Development Coordination Conference
- SACU - Southern Africa Customs Union
- UAPTA - Unit of Account of the PTA
- UN - United Nations
- V.A.T - Value Added Tax

CHAPTER 1

INTRODUCTION

1.1: Background to the Study

Exporting supplies customers with products manufactured in another country. Exports have become increasingly important in the world economy as countries become more involved in supplying and servicing markets outside their national boundaries (Keegan 1989:525).

Exports play a vital role in Kenya's economic development (Sessional paper No. of 1986 on Economic Management for Renewed Growth). Earnings from exports increase the supply of foreign exchange which is needed to sustain the import bill and to service the foreign debt. While recognising the importance of exports, the Kenya government has taken various steps aimed at export promotion. These measures include; Manufacturing Under Bond (MUB) and Export Processing Zone (EPZ) programmes. Other measure include the establishment of bodies specifically charged with the responsibility of promoting exports. These are; the Kenya External Authority (KETA), the Export Promotion council, and Export Promotion Office in the Ministry of Planning and National Development. Kenyan exporters are also accorded financial and consultancy assistance under the Kenya Export Development Support Programme (KEDS) and the Kenya Export Assistance Scheme (KEAS). Kenya has also joined the Preferential Trade Area (PTA for Southern African States. To promote regional trade, PTA member countries, Kenya included, have reduced tariffs for items on the common list.

Even before the PTA became operational in 1984, there was trade between Kenya and the PTA countries. The volume of imports to the PTA countries from 1970 is shown in **Appendix 2**. Kenya's imports from the PTA sub-region as a percentage of total imports was 1.7% and 1.2% in 1970 and 1990 respectively. On the other hand, Kenya's exports to the PTA was 38% of her total exports in 1970 and 21% in 1990 (See **Appendix 3**)

Kenya's exports to the PTA sub-region include food, Agricultural raw materials, Non-agricultural raw materials intermediate goods, Consumer goods and Capital goods. Kenya's major export markets in the PTA in 1990 were Uganda, Tanzania, Somalia, Sudan, Rwanda, Zimbabwe and Ethiopia. Kenya's major export markets in the PTA in her total exports were 29.2%, 14.7%, 10.7%, 9.2%, 8.3%, 5.7% and 5.4% respectively (see Appendix 3).

Despite steps taken by the government to increase exports, Kenyan exporters still face various problems. Musoke (1980) found out that lack of pertinent information contributed to the mediocre performance of many exporting firms while Duggal (1982) summarised problems facing Kenya exporters to the Middle East as:

- Lack of adequate shipping links with the markets,
- High freight rates on the routes,
- Delays in securing export compensation,
- Complicated documentation,
- Lack of proper airlinks,
- Arab's slowness in communicating
- Preference given to goods from Islamic countries,
- The buyers were poor paymasters
- Long procedure for the export of foodstuffs.

Having also interviewed KETA officials, Duggal concluded that there was no unanimity in the problems as given by the exporters and the KETA official.

Asiko (1990), found out that despite problems in the export market, Kenyan earnings from exports to the PTA region grew significantly between 1984 and 1987. This was particularly true of exports involving food, live animals, alcoholic beverages, tobacco, petroleum products and related minerals, and animal and vegetable oils. However, earnings from raw materials, chemicals, machinery and transport equipment, and other manufactured goods were significantly lower than the projected earnings.

1.2: Statement of the Problem

The PTA aims at promoting economic cooperation among member

states in the fields of trade, customs, and money. It also seeks to strengthen cooperation in the area of transport and communications, agriculture, industry and natural resources (**The PTA Treaty, 1992:4**). Thus the main objective of the PTA is to pursue economic integration and sustainable growth through regional cooperation between the member states. Such measures include, tariff reductions and eventual elimination of customs duties, elimination of non-tariff barriers to trade, determination of commodities eligible for preferential treatment, and simplification of customs procedures and documents.

It was thus expected that with the introduction of the PTA, trade between the PTA members states would increase. However, since 1984 intra-PTA trade has not been significant comprising only 6% of PTA trade (**PTA Authority Meeting Report, 1992:93**).

Kenya's volume of trade within the PTA has not been impressive. For instance, her imports from the PTA as a percentage of total imports was 1.1% in 1984, while in 1990, it was 1.2% (**see Appendix 2**). In fact the pre-PTA era trade figures are even higher than the 1990 one. For instance, in 1981 and 1982 Kenya's imports from the countries now forming the PTA as a percentage of total imports was 1.7% and 3.3% respectively.

Kenya's export to the PTA as a percentage of global exports declined from 21.1% in 1986 to 17.2% in 1990 (**see table 1**).

Table 1: Kenya's Exports 1986 to 1990

KENYAN EXPORTS (Millions US\$)	1986	1987	1988	1989	1990
TO PTA	199.5	190.3	212.5	158.6	131.0
TOTAL EXPORTS	945.0	912.0	986.8	941.1	1003.1

Source: **Department of External Trade**

It is therefore apparent that there are certain factors that hinder intra-PTA trade. Although both importers and exporters might experience common problems, there are problems which are unique to each group of traders. This study aims at finding out

the constraints that Kenyan exporters encounter in their attempts to export to the PTA sub-region.

1.3: Objectives of the Study

The main objectives of this study are to find out:

- i) from the Kenyan firms the problems that make their exporting to the PTA difficult,
- ii) what the exporters think should be done to ease the problems,
- iii) from the KETA officer in charge of PTA what he considers to be the problems the exporters face and what he thinks should be done to solve the problems.

1.4: Importance of the Study

Countries join regional trading blocks in order to maximize economic benefits of international trade. These are given in chapter 2. To benefit from intra-PTA trade, Kenya has to improve her volume of trade within the sub-region. To increase the intra-region trade, the inhibiting factors have to be looked into. This study highlights the problems of exporters. It should thus be of help to organizations charged with the responsibility of facilitating Kenyan exports. It is also hoped that this study will induce further research into other aspects of the PTA, thereby contribute towards attempts to improve intra-PTA trade.

1.5: Overview of the Report

The rest of this report is presented in three chapters. Chapter 2 provides a review of the literature on economic integration. This chapter starts by defining economic integration, then discusses the rationale, theories of, and forms of economic integration. The rest of the chapter is devoted to the various attempts at economic cooperation in Eastern and Southern Africa. Discussed here are; the defunct EAC, SADCC and PTA.

In Chapter 3, the research design is presented and then the data is analysed and interpreted.

Chapter 4 presents the summary and recommendations of the study. It starts by giving a summary of the findings and then presents recommendations. The chapter ends by giving limitations of the study and then suggesting areas for further research.

The first part deals with the concept of economic integration. Covered in this part are the rationale, benefits, and forms of economic integration. The second part looks at various attempts at economic cooperation in Eastern and Southern Africa. It covers the East African Community, the Southern African Development Coordination Conference and the Interregional Trade Area for Southern and Southern African States.

1. Economic Integration

Economic integration refers to the removal of economic restriction barriers within a geographical area and often includes cooperation in the provision of common services and regional economic planning (Shaw, 1974:12).

Economic Cooperation has become an international byword since the conclusion of World War II (Cassidy, 1967:300). Encouraged by the success of the European Community, many countries have banded together in various ways, hoping that this will help improve their economic performance (Kaagan 1984, 144).

2. Rationale for Economic Integration

The world has become a more integrated and growing interdependence is increasing. Nations have been adversely affected by the political and social factors. While they have been able to overcome the pressures brought about by these factors, they have done so collectively as a group (Shaw, 1974:69). The removal of economic integration can be defined as the process of removing trade barriers (Shaw, 1974:12).

The world has a great development potential. The world can be enlarged through integration. Apart from

CHAPTER 2

LITERATURE REVIEW

This chapter reviews literature on economic integration as a strategy for development. The first part deals with the concept of economic integration. Covered in this part are the rationale, theories, and forms of economic integration. The second part looks at various attempts at economic cooperation in Eastern and Southern Africa. It covers the defunct East African Community, the southern Africa Development Coordination Conference and the Preferential Trade area for Eastern and Southern African States.

2.1: Economic Integration

Economic integration refers to the removal of economic protection barriers within a geographical area and often includes cooperation in the provision of common services and regional industrial planning (Shaw, 1992:22).

Economic Cooperation has become an international byword since the conclusion of World War II (Cateora, 1987:300). Encouraged by the success of the European Community, many countries have banded together into groups, hoping that this will help improve their economic performance (Keegan 1984, :143).

2.1.1: Rationale for Economic Integration

There are various reasons for the growing interest in economic integration all over the world. Nations have been adversely affected by economic, political and social factors. While they cannot individually overcome the pressures brought about by these factors, they can do so collectively as a group (Robson, 1968:69). The factors supporting economic integration can be divided broadly into economic and political factors.

Economic Reasons:

- i) Small states possess limited development potential. The markets can be enlarged through integration. Apart from

leading to capacity utilization, wide markets make it possible to attract foreign capital thereby increasing employment through multinational corporations (Cateora and Hess, 1979:302). Moreover, with large markets, modern mass production capacity can be successfully employed.

- (ii) Integration should lead to a more efficient division of labour among member states especially if free movement of people is allowed.
- (iii) With integration, consumers are bound to have a wider variety of high quality goods selling at competitive prices. This is partly because of the gains in productivity resulting from increased competition (Asiko, 1989:20).
- (iv) Integrated countries can also benefit from coordinated planning in the fields of research and communications.

Political Reasons

Even though economic considerations provide the basic catalyst facilitating the formation of regional economic groupings, political factors are also important. For instance, integration of Europe which began after the second World War was motivated by both economic and political factors (The Courier, No. 134 July/August, 1992:76).

Regional bargaining is stronger than national bargaining in international negotiations. Furthermore, regional cooperation can help build confidence among neighbouring countries and hence prevent the development of animosities.

Reasons specific to Africa

Apart from the reasons given above, there are others which are specific to Africa. These factors make it necessary for African nation to enhance economic cooperation among themselves. These include:

- i) There is a declining importance of Africa's commodity exports in international trade. This has led to reduced foreign exchange earnings for African countries. Savings on foreign

- exchange can be achieved through intra-regional trade especially if the integrations have clearing facilities. Through such facilities, trade can be conducted using local currencies.
- ii) The current geo-political shifts between the developed Western nations and the centralised economies of Eastern Europe will adversely affect Africa's external trade links. Improving intra-Africa trade through integration should assist in reducing Africa's heavy dependence on the developed countries.
 - iii) Internationally, African countries are not taken seriously either in global discussions or in bilateral dealings with large developed economies. This is because of their economic and political weaknesses (Ndegwa, 1983:42). These weaknesses can be reduced through integration. Ndegwa asserts that developing Africa is a responsibility of the Africans themselves, and that international aid cannot be a sufficient condition for Africa's recovery and renewed development. Thus African states need to combine national measures with collective measures to ensure economic survival.

2.1.2: Theories of Economic Integration

There are two major approaches to integration namely, the neo-classical approach and the production-directed approach.

(a) The neo-classical approach to integration

This approach focuses on the integration of markets through the elimination of barriers to trade. It estimates the benefits that would accrue to contracting parties that have allowed competition, so that market forces determine their commercial relations (Saasa, 1991:9).

In this theory, considerations of trade diversion and trade creation are important. Trade creation occurs when there is a shift of trade from high cost producers within the country to low cost producers within the region. Trade diversion occurs when there is a shift of purchases from low cost producers outside the

region to high cost producers within the region.

Trade creation leads to increased efficiency and resource allocation, while trade diversion leads to losses and inefficiencies in resource use for the world as a whole (**Economic Bulletin for Africa: 1977**)..

... industrial growth.

Criticisms of the Neo-classical approach

Various criticisms have been leveled at this approach to show that it is not appropriate as far as cooperation between developing countries is concerned. Some of these criticisms are that:

- i) The approach is based on assumptions about levels of development and volume of trade prior to cooperation, that are not true for developing countries. The assumptions are:
 - That the member states are involved in a considerable volume of trade prior to integration.
 - That there is a substantial level of political, infrastructural, economic and industrial development of the integrating member states.
- ii) The approach is silent on the distributional considerations of economic integration. Instead, it asserts that development and income disparities between the integrating countries would be reduced and eventually eliminated through the market mechanism.
- iii) By concentrating on trade effects, the neo-classical approach does not give adequate attention to the benefits of economies of scale that may arise from coordinated development of basic infrastructural facilities (**Ndegwa, 1983:44**).
- iv) Trade diversion is regarded as an unqualified cost. This should not be the case. Some trade diversion is inevitable in promoting development through economic cooperation. This is because there is low industrialization in Africa, with many industries having high excess capacity. Furthermore, it is unrealistic to expect production efficiency in Africa to be as high as that in developed countries.

(b) The production-directed Approach to integration

According to this approach, economic integration should be perceived to involve first and foremost, the planned direction of expanded industrial ability. Effective planning and overall industrial development programmes within the regions are necessary for achieving industrial growth.

The production-directed approach states that adequate trade flows among developing countries can be achieved by industrial production through specialization, exploitation of economies of scale, external economies, coordinated programming and development of infrastructure.

A UNIDO report sums up the virtues of the production-directed approach as follows:

"Sectoral industrial cooperation may be regarded as a promising alternative for industrialising economies. Trade liberalization is a result rather than a cause of sectoral cooperation.....There would be little use in establishing free areas, customs union etc, if no steps were taken to develop interdependencies within the region. There can be no certainty that the present market forces alone will lead to optimum investment decisions in less developed countries. If trade liberalization programmes are not accompanied by effective coordination of development policies, under consumption, increasing unemployment, market deterioration and social degradation are more or less inevitable." (UNIDO, 1962:12 -13).

The implication is that developing countries should not concentrate only on liberalising trade with each other. They should direct more efforts towards deliberate measures that aim at providing expanded and coordinated industrial and agricultural production.

2.1.3: Forms of Economic Integration

Economic integration may take slightly different forms according to the extent of surrender of national sovereignty by member states. There are five forms of economic integration. These are given below:

(a) Free Trade Area

A Free Trade Area is a group of countries that have agreed to abolish internal barriers to trade among themselves. Member states of a Free Trade Area can and do maintain independent trade policies vis-a-vis third countries (Keegan, 1989:144). A Free Trade is a modest form of economic integration. Such areas are sometimes referred to as Preferential Trade Areas.

The preferences granted in such arrangements may be comprehensive thereby giving rise to a Free Trade Area, or they may be partial. The preferential Trade Area for Eastern and Southern Africa (PTA) is an example of a Free Trade Area.

(b) Customs Union

The Customs Union is the logical evolution of a Free Trade Area. In addition to eliminating the internal barriers to trade, members of a Customs Union agree to the establishment of common external trade barriers.

The most important Customs Union in Africa is the South African Customs Union (SACU). Its member states are South Africa, Lesotho, Swaziland, Botswana and Namibia.

(c) Common Market

A Customs Union becomes a Common Market when all restrictions to the movement of factors of production such as capital and labour have been removed. In January 1992, at the PTA Heads of States Authority meeting, it was resolved that the PTA and the Southern Africa Development Community (SADC) be merged to form a Common Market for Eastern and Southern Africa - COMESA- (Kenya Times, February 17th, 1993:12)

(d) Economic Community

This is the final stage in real economic integration and involves a full integration of member economies with supranational authorities responsible for economic policy making. It involves the harmonisation of economic policies, requiring a single fiscal

system and a common foreign economic policy. The European Community is working towards transforming itself into an Economic Community.

(e) Political Union

A Political Union involves the unification of political institutions of member states. Such unification can be through the use of force, as the former USSR, or voluntary, as in the USA.

However, strong forces of a nationalistic nature often oppose moves towards a Political Union. For instance, attempts at an Economic African Federation in the early 1960's between Kenya, Uganda and Tanganyika foundered due to nationalistic and ideological differences (Manundu, 1992:2).

2.2: The East African Community (EAC)

The East African Community was formed in 1967 and collapsed in 1977. During its existence, it was the most advanced regional body in Africa (The Courier, Nov./Dec. 1988:47). Its members included Kenya, Tanzania and Uganda (See Map 1).

The EAC Treaty dealt with all fields of economic cooperation between the member states (Hazlewood, 1979:170). These included:-

- a) Establishment and maintenance of a common customs tariff and a common excise tariff,
- b) Abolition of restrictions on trade between member states,
- c) Introduction of a common agricultural policy
- d) Establishment of the East African Development Bank,
- e) Retention of freedom of current accounts payments between the partner states, and freedom of capital accounts payments necessary to further the aims of the community,
- f) Operation of services common to the partner states.
- g) Harmonization of the monetary policies of the partner states and in particular consultation in case of any disequilibrium in the balance of payments of the partner states,
- h) Coordination of economic planning,
- i) Such other activities designed to further the aims of the

community as the partner states may from time to time decide to undertake in common.

2.2.1: Achievements of the EAC

At the time of its collapse, the EAC had achieved a lot in terms of regional cooperation. No where in the world has there been so wide a range of activities with so highly organized a system as the EAC (Hazlewood, 1979:1973). The achievements included:

- i) A wide range of institutions with highly organized systems. Examples are the East African Railways and Harbours and the East African Airways which were both smooth running profitable ventures. There was also cooperation in areas of research, education and social services.
- ii) A considerable volume of intra-regional trade between the three countries. After the collapse of the EAC, trade between the three countries was greatly reduced (see Appendices 2 and 3). For instance, while Kenya imported from Tanzania goods worth 30.2 million US \$ in 1976, in 1978, Kenya's imports from that country were only worth 0.9 million US \$.
- iii) A high degree of harmonization with respect to tariffs and fiscal policies.
- iv) Labour mobility among the three countries.

2.2.2 Causes of Failure

The reasons which led to collapse of EAC can be classified into political, economic and administrative factors.

Political Factors

Each country after independence adopted its own political philosophy with Tanzania going socialist and Kenya capitalist. This increased the perception gap between the two countries (Mwaza, 1979:34).

The military coup in Uganda in 1971 accentuated the problem. Apart from crippling the Ugandan economy thereby making it an

insignificant partner, the earlier mediatory status of that country in the Kenya-Tanzania conflict was destroyed (Saasa, 1991:11).

Economic Reasons

The economic reasons that led to the failure of the EAC included:

- i) Unfair distribution of benefits: Tanzania and Uganda believed that the EAC arrangements were favouring Kenya as it was the most industrially developed among them. The headquarters of the various common services were established in Kenya. This gave rise to the belief that the employment and income benefits were accruing to Kenya (Hazlewood, 1979:189).
- ii) Strict controls on the exchange rates led to grossly over-valued currencies. This acted as a serious non-tariff barrier to trade in the region.
- iii) Infrastructure: Issues concerning transport especially as related to tourism caused tension between Kenya and Tanzania. The Kenyan tourist industry benefitted from access to the game parks of Northern Tanzania. These parks were included in a circuit for Nairobi based tourists using Kenyan vehicles. Although payments were made for the use of Tanzania's hotels and services, it was felt that she received only minor benefits from the service (Tibarazwa: 1979).

Substantial road traffic developed between Kenya and land locked Zambia. The benefits of the trade accrued to Kenya whereas it imposed costs on Tanzania as the heavy vehicles damaged Tanzanian roads. There was a feeling that the growth of the road transport in Kenya was to the benefit of private business in Kenya at the expense of the jointly owned railway (Mwaza, 1979:25). Tanzania eventually closed its border to Kenya's heavy vehicle even before the general border closure.

Administrative Reasons

The Treaty established a complicated institutional structure to administer and control the community. Ultimate control rested

with the authority composed of the heads of States. Too much responsibility, some of it important for day to day management was given to the authority (Ndegwa, 1983:46). When it was not possible to hold frequent meetings, important matters were kept pending. The accumulation of such matters contributed to the decision making process becoming unworkable.

Furthermore, the Authority seemed to deprive lower levels in the administration of the community of initiative and willingness to seek solutions to issues through compromise. (Hazelwood, 1979:99).

2.2.3: Effects of collapse of the EAC on Kenya

After the EAC collapsed, Kenya's trade with Tanzania and Uganda reduced drastically. In 1971, these two countries were absorbing 30% of Kenya's total imports. Following the collapse, these proportions dropped, with the exports being reduced to 10% in 1978, and imports to 0.4% in the same year (see Appendices 2 & 3). These proportions have not significantly responded to the establishment of PTA.

However, since 1991 there have been signs that the former members of the EAC would like to revive the former EAC. There have been meetings between the Heads of States and the foreign Ministers to map out strategies to reactivate cooperation among the three countries (Weekly Review, March 13th, 1992:29).

2.3: The Southern Africa Development Coordination Conference (SADCC)

SADC began as the Southern African Aid Coordination Conference (SAAC) in 1978 (Mandaza, 1990:149). The idea was initiated by a Mr. David Anderson. SAAC began operating in 1978 from an office in London.

The leaders of the Front line States then took up the idea. They emphasised the need for cooperation in various aspects of trade development at the Lusaka meeting of 1980, during which they came up with the Lusaka declaration. This meeting saw the

formation of SADCC. The name of this economic integration was changed to Southern Africa Development Community (SADC) in 1992. SADC has 10 member states (see map 1). These are Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe. Table 2.1 shows the economic characteristics of these countries. Half of the SADCC member states (Mozambique, Tanzania, Malawi, Zambia and Lesotho) are in the World Bank category of Low income economies, with per capita income below US\$ 600 in 1990. Botswana is the only exception with per capita GNP of US\$ of 2,040 in 1990.

Table 2.1: Economic characteristics of SADCC 1990/91

Country	Population Mid-1990 (Millions)	GDP 1991 in Millions US\$ (at Constant 1980 prices)	GNP per Capita, 1990
Mozambique	16.1	2216	80
Tanzania	27.6	6884	110
Malawi	9.1	1698	200
Zambia	8.4	4283	420
Lesotho	1.8	613	530
Zimbabwe	10.1	8727	640
Swaziland	0.8	848	810
Botswana	1.4	2583	2040
Angola	10.3	9666	n/a
Namibia	1.8	2253	n/a
Total	87.4	39771	*

Source: African Development Bank, 1992

All SADCC states are primary producers, and several depend on one or two principal export commodities which makes them vulnerable to fluctuations of prices in the world market.

2.3.1 Objectives of SADCC

According to the basic statement of aims agreed upon by the Lusaka summit, the following were the main objectives of SADCC:

- a) The reduction of economic dependence particularly but not only on South Africa,
- b) The forging of links to create a genuine and equitable regional integration,
- c) The mobilisation of resources to promote the implementation of national, inter-state and regional policies,
- d) Concerted action to secure international cooperation within the framework of the strategy for economic liberalization.

According to SADCC, increased intra-regional trade is not an end in itself, but a means to achieve other goals such as increased employment and incomes (SADCC, 1986:4)

2.3.2: Achievements of SADCC

SADCC has its headquarters in Gaborone and has made progress in the following aspects:

- a) As a political grouping, the Front line States have assisted in the liberalization of Zimbabwe and Namibia. They have also contributed to the protracted struggle against the apartheid regime of South Africa.
- b) SADCC has also accomplished much in its efforts towards regional cooperation. According to Jaycox (Vice President Africa, The World Bank), SADCC is a functioning example of how a regional cooperation should work (Jaycox, 1992:67-71). According to this assessment, SADCC has achieved success in the following areas:
 - 1) SADCC has made progress in implementing its programme of action which includes some 500 important projects. These projects are helping to improve the supply of goods and services in the region.
 - 2) SADCC has demonstrated ability to garner international donor support. Donors such as the World Bank and the Nordic countries, among others, have given aid to various SADC

- projects.
- 3) SADCC is fostering cooperation with the private sector. This is in recognition of the fact that the private sector plays a major role in the process of fostering self-sustaining economic growth and development.
 - 4) SADCC has been successful in the nurturing of a regional identity. Jaycox notes that more and more people in the region talk about "Tanzania and SADCC" or "Botswana and SADCC". The faith and trust in the member states has made cooperation possible in areas such as agricultural research as well as training and education.

2.3.3 Constraints facing SADCC

Like all other economic integrations, SADCC has been experiencing some problems. Some of these are mentioned below. The first problem is that destabilisation has nullified many of SADCC's efforts. There have been political, military and economic threats from South Africa. Apart from backing rebels to damage the road and rail network in Mozambique, South Africa has also attacked member states like Zambia and Zimbabwe.

Another problem is the inadequacy of regional resources and difficulties in securing sufficient aid to finance development projects. Reduction of foreign economic dependence has not been realized. As of August 1987, the level of foreign finance constituted 85.26% of the total SADCC requirements (Saasa, 1991:78). The extent of foreign dependence is exemplified by the fact that regional projects which fail to attract foreign funding lag behind or are abandoned. Moreover, the BLS states (Botswana, Lesotho, Swaziland), find it difficult to protect their industries from superior South African competitors. Their dependence on South African inputs therefore remains high.

There is a problem of relative overvaluation of the national currencies. This makes exports of some member countries uncompetitive (Lyakurwa, 1991:89). There has been a weakness in SADCC's structure (Mandaza, 1990:154). This is evidenced by the

small secretariat and the absence of a strong supranational coordinating body. This situation has exposed SADCC members to the machinations of donors. In many cases donors are able to exercise direct or indirect control on members states' economies.

2.3.4: Kenya's Trade with the SADCC region

Generally, trade between non-SADCC PTA states and non-PTA SADCC states is marginal. In 1982, it accounted for only 1% of both exports and imports of SADCC (SADCC, 1986:6).

Kenya does not trade much with the SADCC region. In 1987, her exports to the SADCC nations was worth US\$ 38.4 million and imports were US \$ 18.2 million (Direction of trade Statistics, IMF, 1988). This represents a mere 1.8% of the country's global trade. Only Tanzania, Zimbabwe, Mozambique and Zambia are significant trading partners of Kenya in the SADCC region.

2.4: The preferential Trade Area for Eastern and Southern Africa (PTA)

2.4.1 Historical Background

The creation of the PTA grew out of a long-term UN/ECA strategy to create two sub-regional groupings, one in Eastern Africa, and the other in Southern Africa (Martin, 1990:159). The collapse of the EAC was also an influencing factor.

The Economic Commission for Africa, in March 1977 set up five sub-regional centres known as Multinational Programming and operational Centres (MULPOCS). The PTA project was initiated in 1977 within the Lusaka based MULPOC.

Negotiations on the PTA Treaty began at the first extraordinary conference of ministers of Trade, Finance and Planning held in Lusaka, Zambia in March 1978. The participants of this conference signed the "Declaration of Intent and Commitment to the Establishment of a Preferential Trade Area for Eastern and Southern African States".

At the OAU Heads of States meeting held in Nigeria in 1980, a firm commitment to set up an African Economic Community was made.

The objective was to ensure that economical, social and cultural integration of the African Continent was achieved.

Following long and protracted negotiations, the Heads of States signed the PTA Treaty in Lusaka in December 1981. The initial ten signatories were Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Somali, Swaziland, Uganda, Zambia and Zimbabwe.

Despite the initial uncertainties, the PTA came into force in September 1983 and became fully operational on July 1st 1984. Currently the PTA members are 18 (**see map 1**). These are: Angola, Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Rwanda, Somali, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. Zaire has applied to join the PTA and Egypt has also shown interest in joining, although it has not submitted a formal application.

2.4.2 Objectives of the PTA

The PTA Treaty has 14 protocols annexed to it. According to the Treaty and it's protocols, the objectives of the PTA are (**PTA Treaty, 1992:1-2**):

- i) to promote cooperation and integration covering all the fields of economic activities, particularly trade, customs, industry, transport, communications, agriculture, natural resources and monetary affairs,
- ii) to raise the standard of living of the people by fostering closer relations among it's members states,
- iii) to create a common market by the year 2000 in order to allow the free movement of goods, capital and labour within the sub-region,
- iv) to contribute to the progress and development of the other African states.

2.4.3 Economic Characteristics of the PTA

The PTA is a potentially vast market comprising about 228 million people in 1991 (**see table 2.2**). However, PTA states are generally poor. Out of the 18 members, only three; Mauritius,

Swaziland and Zimbabwe are classified as lower-middle income economies by the World Bank. They had GNP of above US \$ 600 in 1990. The members had a combined GDP of US \$ 66.9 billion in 1991. Kenya had the highest GDP (17% of the region's) in 1990, followed by Angola (14%) and Zimbabwe (13%). Mauritius, though a very small country, has the highest GNP per capita (2250 US\$).

		US\$ 1991	
	10.2	2500	0/0
	6.8	1442	110
	0.3	173	480
	0.4	117	0/0
	12.8	4824	120
	23.7	11310	370
	1.8	613	530
	7.1	1874	200
	1.2	1849	2250
	24.1	2216	80
	2.4	1617	110
	8.4	777	120
	29.3	2378	0/0
	0.8	348	010
	27.6	2284	110
	18.0	2491	120
	8.4	4181	470
	10.1	2721	240
	227.6	6694	*

World Development Bank, 1992

2.2. Objectives of the PTA

The objectives of the PTA as set out in the Treaty are: the authority is the supreme organ and is composed of the heads of state of the member countries. It considers matters of general policy and also controls the performance of

Table 2.2 Economic Characteristics of the PTA Countries

Country	Population (Millions) mid-1991	GDP at constant 1980 prices (millions US\$) 1991	GNP per capita (US\$) 1990
Angola	10.3	9666	n/a
Burundi	5.6	1440	210
Comoros	0.5	178	480
Djibouti	0.4	345	n/a
Ethiopia	52.8	4628	120
Kenya	25.3	11310	370
Lesotho	1.8	613	530
Malawi	9.1	1698	200
Mauritius	1.1	1849	2250
Mozambique	16.1	2216	80
Rwanda	7.4	1417	310
Somalia	6.4	777	120
Sudan	25.9	7578	n/a
Swaziland	0.8	848	810
Tanzania	27.6	6884	110
Uganda	18.0	2491	220
Zambia	8.4	4283	420
Zimbabwe	10.1	8727	640
Total	227.6	66948	*

Source: African Development Bank, 1992

2.4.4 Institutions of the PTA

The institutions of the PTA as set out in the Treaty are:

- a) The Authority is the supreme organ and is composed of the Heads of States of the member countries. It considers matters of general policy and also controls the performance of

executive functions of the PTA.

- b) The Council of Ministers - This is composed of such Ministers as may be designated by each member state. It is responsible for the monitoring, functioning and development of the PTA and makes recommendations to PTA on matters of general policy. The Council meets twice a year and its decisions are binding on all other subordinate institutions of the PTA.
 - c) The Secretariat - This is the permanent organ of the PTA and is based in Lusaka, Zambia. It is headed by a Secretary General who is appointed by the Authority. Being the organization's chief executive, the Secretary General must:
 - i) service and assist the other institutions of the PTA in the performance of their functions;
 - ii) report on the activities of the PTA to all meetings of the Authority and the Council;
 - iii) be responsible for the administration of finances of the PTA and all its institutions and act as Secretary to the authority and the Council;
 - iv) Keep the functioning of the PTA under continuous review and act on any particular matter which appears to merit examination;
 - v) Undertake work and studies, and perform services either on his own initiative or upon instruction of the authority or the Council;
 - vi) collect information and verify matters of fact relating to the functioning of the PTA.
- Apart from the Secretary General, the Secretariat has a permanent staff of 70, including 26 medium and high level experts and administrators (Martin, 1990; 164).
- d) The Tribunal is the judicial organ of the PTA responsible for the proper application or interpretation of the provisions of the Treaty, and for adjudicating possible disputes.
 - e) The intergovernmental Commission of experts (ICE) - This is responsible for the actual implementation of the PTA programmes and projects. With the assistance of various

technical committees, the ICE deals with customs and trade, clearing and payments, agricultural and industrial cooperation, and transport and communications.

2.4.5 Achievements of the PTA

Apart from the secretariat, the PTA has four other fully operational organs. These are:

- a) The Central Bank's Clearing House based in Harare, Zimbabwe,
- b) The Trade and Development Bank based in Bujumbura, Burundi,
- c) The Re-insurance company, Zep Re, based in Nairobi, Kenya.
- d) The Federation of Chambers of Commerce and Industry.

The PTA Clearing House

The Clearing House started operating in Harare, Zimbabwe. The Reserve Bank of Zimbabwe provisionally performed the functions of Executive Secretary of the Clearing House until January 1992, when it became fully autonomous (**Report of the 14th meeting of the Council of Ministers, 1989:39-40**). The basic objective of the Clearing House is to encourage the use of national currencies in the settlement of intra-PTA transactions, in order to minimize the use of foreign exchange in such transactions (PTA Trade Fair Catalogue: 1986). Another function of the Clearing House is the settling of UAPTA Travellers' cheques.

Under the Multilateral Clearing facility of the Clearing House, member countries can use national currencies in the settlement of payments during a transactions period of two calendar months. Net balances at the end of this period are settled in convertible currencies.

Since 1984 when it started operating, the use of the Clearing House has experienced tremendous growth. Intra-PTA Trade passing through the Clearing House increased from 9% in 1984 to 20% in 1987 (PTA, 1990:7). By the end of 1992, the total amount of business that was handled through the Clearing House topped US\$ 1 billion compared to US\$ 59 in 1986 (**Daily Nation, 27th March, 1993:9**).

The PTA Trade and Development Bank

The Trade and Development Bank is provided for in chapter 9 of the Treaty. It started operations in 1986. According to the Treaty and its charter, the objectives of the Bank are to:

- i) provide financial and technical assistance to promote the economic and social development of trade among member states.
- ii) promote the development of trade among member states,
- iii) finance projects designed to make the economies of the member states increasingly complimentary to each other,
- iv) supplement the activities of national development agencies of member states (**PTA Treaty, chapter 9; charter of the Trade and Development Bank, Article 4**).

The Bank has an authorised capital stock of UAPTA 400 million. As of 31st March 1992, shares worth UAPTA 196.2 million had been subscribed to by the member states (**PTA Bank, Report, April, 1992:4**). Thus the Bank's capital position has been greatly enhanced enabling it to finance various projects within the sub-region. In 1991, the Bank earned a total of UAPTA 4,725,292 as income (**PTA Bank: 1991**).

The PTA Re-insurance company (Zep-Re)

The Re-insurance company is the latest PTA organ, having been launched in August 1992 (**Weekly Review, August 28th:1992**). Its authorised stock capital is UAPTA 20 million. With the launching of Zep Re, the PTA moved closer to fully consolidating its operations by closing an avenue of foreign exchange outflows.

Over the years, the huge outflows in external reinsurance business have impeded trade expansion among member states. This has eroded the capacity of individual reinsurance companies to build their risk taking capacities. Zep Re is expected to stop the loss of foreign exchange through reinsurance premiums. It should also strengthen the negotiating power of insurance firms within the PTA vis-a-vis international reinsurance companies.

The PTA Federation of chambers of Commerce and Industry (FCCI)

The Creation of the Federation is in compliance with paragraph 4 (b) of Article 3 of the PTA Treaty, which provides for the establishment of direct contacts among PTA commercial organizations. Such organizations include Chambers of Commerce and Industry, associations of businessmen, export promotion and marketing organizations among others.

The FCCI came into being upon the ratification of it's charter by member states in Lusaka, Zambia in 1984. The federation provides a forum for the PTA public and private sectors to interact with each other directly. It has already organized four trade fairs. The latest one was held in Tanzania in 1992. These fairs provide a fora for various PTA companies to exhibit their products.

Attempts at improving Transport and Communications

Programmes for rehabilitation and upgrading of sub-standard inter-state roads and railway systems, and for the construction of new links were adopted in 1985. A "Road Transit Declaration Document" was introduced to harmonize the customs control transit system in order to facilitate uninhibited cross-border transit by vehicles in the PTA (Martin, 1990:167). In addition, a PTA "Motor Vehicle Insurance Scheme" (The Yellow Card) came into force in 1987. It was intended to eliminate the costly and cumbersome practice of taking out an insurance cover for every cross-border transit operation.

2.4.6 Problems facing the PTA

Although the PTA has been operational since 1984, intra-PTA trade has been very low comprising only 6% of the total PTA trade (PTA Authority meeting Report, 1992:93). This is not significantly different from the corresponding figure between 1980 and 1984 when the PTA had not become operational (The Courier, July/August:1992).

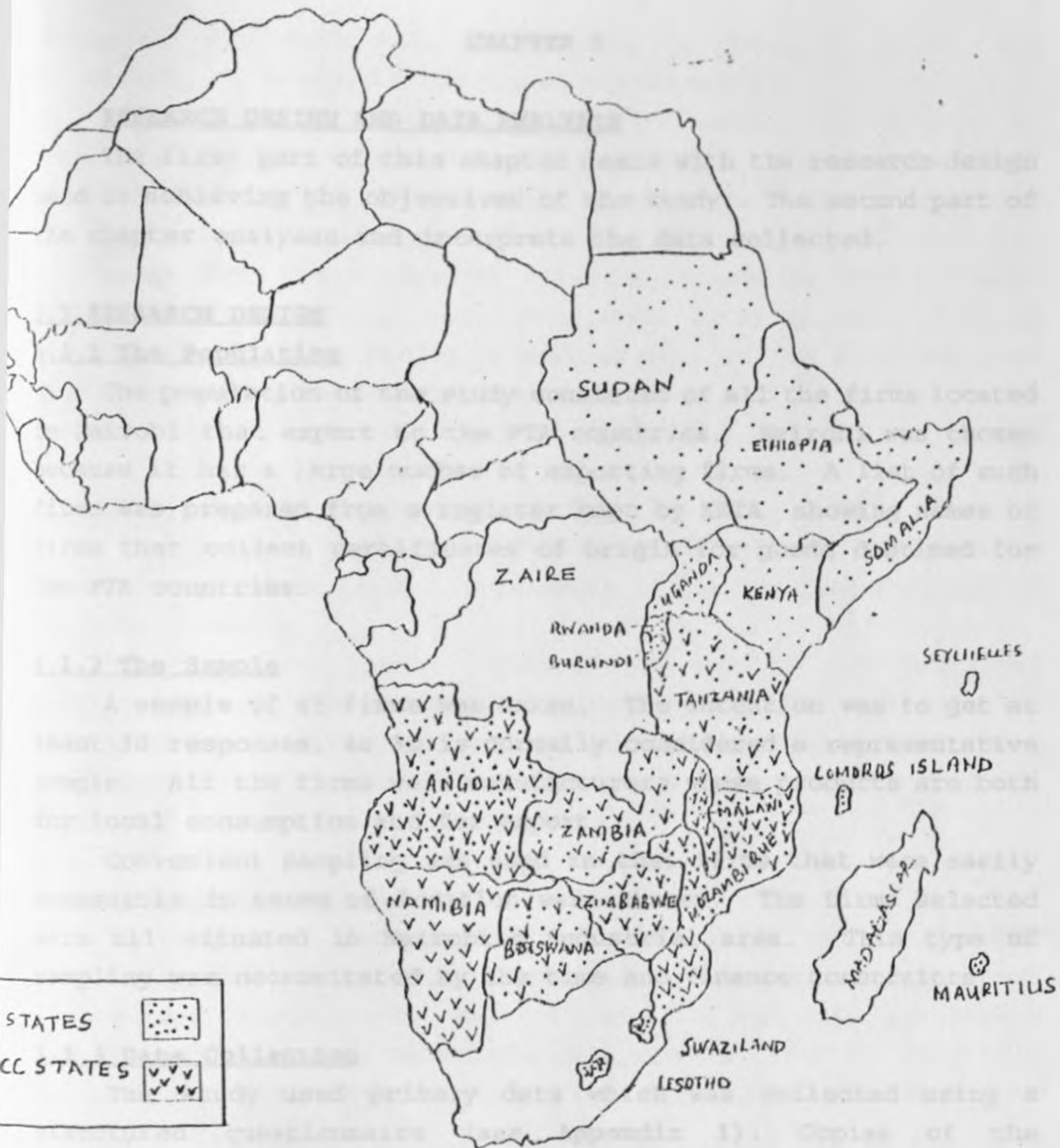
Various reasons have been given as an explanation for the disappointing volume of intra-PTA trade. Manundu (1992), gave the following reasons:

- a) The underdeveloped state of the PTA countries. This means that the countries lack sufficient surplus for export to each other. It also means that the member states have low production capacities such that they are unable to take advantage of expanding trade opportunities.
- b) The economic structures shaped by previous powers. For instance, Comoros and Djibouti took time before joining the PTA because of the trade preferences they were enjoying as former French possessions.
- c) Poor transport and communications in the sub-region. In Tanzania for example, road links are near impassable. Road links between Kenya and Sudan are also poor. Port and shipping facilities in the region are inadequate, making transport costly. Even air travel between the countries is not smooth. Moreover, frequent border closures add to the communication problem. Telecommunications facilities linking PTA member states are also insufficient. It is difficult to telephone from Kenya to countries such as Rwanda and Burundi. In some cases, one has to call a neighbouring country through London or Paris.
- d) The rules of origin intended to encourage the indigenization of production and trade in manufactures. This combined with the common list, have meant that many commodities do not qualify for preferential treatment, thereby limiting trade in the region.
- e) Some member states still drag their feet with regard to the reduction of tariffs required by agreements among PTA states. Some have even unilaterally imposed surcharges on imports from partner states.
- f) The economic crises in several of the PTA countries. This has led to the imposition of trade barriers in order to arrest the balance of payments deterioration.
- g) Various non-tariff barriers hinder trade expansion in the region. These include import licensing, quantitative restrictions, and so on.

- h) Civil strife in some countries makes them inactive trading partners. Countries affected include Ethiopia, Sudan, Rwanda, Angola, Mozambique and Sudan.
- i) Many countries do not know what others are producing due to inadequate marketing. This makes it difficult to switch the sourcing of imports in favour of the PTA.



PTA AND SADC STATES



MAP 1: PTA AND SADCC STATES

RESEARCH DESIGN AND DATA ANALYSIS

The first part of this chapter deals with the research design used in achieving the objectives of the study. The second part of the chapter analyses and interprets the data collected.

3.1 RESEARCH DESIGN

3.1.1 The Population

The population of the study consisted of all the firms located in Nairobi that export to the PTA countries. Nairobi was chosen because it has a large number of exporting firms. A list of such firms was prepared from a register kept by KETA showing names of firms that collect certificates of origin for goods destined for the PTA countries.

3.1.2 The Sample

A sample of 45 firms was taken. The intention was to get at least 30 responses, as 30 is normally considered a representative sample. All the firms were manufacturers whose products are both for local consumption and for export.

Convenient sampling was used in that firms that were easily accessible in terms of location were chosen. The firms selected were all situated in Nairobi's industrial area. This type of sampling was necessitated by the time and finance constraints.

3.1.3 Data Collection

The study used primary data which was collected using a structured questionnaire (see Appendix 1). Copies of the questionnaire were distributed to the selected firms and then collected later. The respondents were the officers in charge of exports.

The exporters provided information on the countries they export to, the items they export, and for how long they have been exporting to the PTA sub-region. Other data provided was on the

source of raw materials as well as on competition in, and reliability of demand in the importing countries.

Information on export trade institutional problems such as documentation and transportation, among others, was also recorded. Other information provided was on the use of the Clearing House and the PTA Travellers' cheques.

Apart from the exporters, a senior officer of KETA was also interviewed. He stated what he thought were the main problems Kenyan exporters were facing in dealing with the PTA countries. He also gave suggestions on how the problems should be handled. The data was collected in the month of May 1993.

3.2 DATA ANALYSIS AND INTERPRETATION

Use was made of percentages and content analysis to determine agreements and disagreements on the Key issues raised in the questionnaire.

Although the author intended to analyse at least 30 questionnaires, she ended up analysing only 22. Of the 45 questionnaires distributed, only 25 were filled and returned. 3 of these were not adequately filled and therefore were not used in the analysis.

Introductory Information

The exporters interviewed have been exporting to the PTA market for quite some time. Their years of exporting range from six to over twenty years. Most of the firms started exporting to the PTA countries even before the inception of the PTA. Only four of the firms began exporting to the sub-region after the PTA became operational.

Out of the eighteen PTA member states, those mentioned as destinations of the exports were only nine (**See table 3.1**).

Table 3.1: The PTA Countries that Kenyan firms export to.

Name of Country	Number of firms exporting to	% of Total
Burundi	15	68
Ethiopia	6	27
Malawi	4	18
Mauritius	6	27
Rwanda	15	68
Tanzania	17	77
Uganda	17	77
Zambia	7	32
Zimbabwe	13	59
Somalia	3	13

Source: **Field Survey**

The products exported by the firms surveyed fall under the categories of hardware, sports equipment, polythene products, pharmaceuticals, diaries and gift products, chemicals, detergents, insecticides, carbon paper and ribbons, packaging material, wire, threads and cooking oil.

Raw materials

Only one firm reported that it does not use imported raw materials. This was a textile firm. All other firms use both imported and local raw materials in their production process. As the firms considered the source of raw material reliable, they were not happy with the prices. 47% of the firms indicated that the prices of raw materials were high while 13% indicated that they were fair. The high raw material prices were attributed to high import duties and V.A.T.

Products from the Asian countries of China, Singapore, Taiwan, Hong Kong, India and Pakistan were mentioned as giving stiff competition to Kenyan products in the PTA market. Firms in these countries were said to be producing relatively low quality products

According to the study, the most common destinations for Kenyan products are Tanzania, Uganda, Rwanda, Burundi and Zimbabwe. It is easier to trade with countries which are within easy reach than those which are far off. Since both Tanzania and Uganda border Kenya, transportation of goods to them is relatively easy and is mostly done by road. Furthermore Kenyan goods reach these countries through border trade thereby gaining popularity there. This stimulates demand for the goods.

Rwanda and Burundi can also be reached by road from Kenya. Though Sudan also neighbours Kenya, the country has been devastated by prolonged civil war and therefore it is not a reliable destination. The firms which export to Mauritius are happy with that market because the consumers are interested more in high quality products than in low prices. This is because Mauritius has a high per capital income (2250 US\$).

The products exported by the firms surveyed fall under the categories of hardwares, sports equipment, polythene products, pharmaceuticals, diaries and gift products, cosmetics, detergents, insecticides, carbon papers and ribbons, packaging material, paints, threads and cooking oils.

Raw materials

Only one firm reported that it does not use imported raw materials. This was a textile firm. All other firms use both imported and local raw materials in their production process. While the firms considered the sources of raw material reliable, they were not happy with the prices. 87% of the firms indicated that the prices of raw materials were high, while 13% indicated that they were fair. The high raw material prices were attributed to high import duties and V.A.T.

Competition.

Products from the Asian countries of China, Singapore, Taiwan, Hong Kong, India and Pakistan were mentioned as giving stiff competition to Kenyan products in the PTA market. Firms in these countries were said to be producing relatively low quality products

thereby charging low prices. Competition is also faced from products coming from Europe, USA and Japan.

The mentality of citizens in PTA countries aggravates the problem. They believe that products from outside Africa are better than those produced in fellow African states. Tanzania was cited as an example of a country flooded with products from the Far East.

The major form of competition is price-cutting followed by product quality. 67% of the firms said that competition in their line of export business is mainly through price-cutting while 47% said it is through product quality. The figures for advertising and lobbying government authorities were 40% and 27% respectively.

Product Quality.

67% of the firms reported that their products were of higher quality than those of their competitors, while 33% said their products were not much different from those of their competitors. None of the firms described their products as being of lower quality. While those responses could be partly attributed to self pride, it should be noted that a good number of these firms are branches of multinational corporations and so have to conform to certain standards. The good quality of the products has made them acceptable to the buyers. This can be seen from the fact that the exporters consider consumer response to their products as favourable. As is shown in table 3.2, more than half of the respondents (64%) said consumer response to their products was either excellent or good.

Table 3.2: Consumer Response to Kenya Products.

Response	No. of times reported	% of the total
Excellent	7	32
Good	7	32
Fair	8	36
Total	22	100

Source: Field Survey

Prices of Products

High product prices is one of the factors limiting Kenyan exports to the PTA sub-region. 60% of the firms said that their product prices were higher than those of their competitors in the PTA market, while 13% said that their prices were lower. The rest stated that their prices were not significantly different from those of their competitors. The higher prices were attributed to the following reasons:

- a) High material and labour costs.
- b) Requirement to conform to high quality standards as set by the parent company. This applies to multinational companies. Apart from the multinationals, there are locally incorporated firms which believe in maintaining high quality standards.
- c) High duties and taxes on raw material.
- d) Inadequate or no export compensations.
- e) High transport costs.

The firms suggested that they could be assisted to reduce their prices and thus become more competitive in the PTA market if the government, reduced duty on imported raw materials, reduced or waived taxes on local components, introduced preferential interest rate for export finance.

Export Marketing Arrangements

Most of the exporters are happy with the export marketing arrangements between them and the importing countries. 73% of the firms said the arrangements are satisfactory, while the rest said they are excellent. Some of the firms export their products through agents, while the others do it on a contractual basis.

Export Trade Institutional Problems

The responses for export trade institutional problems are summarised in the table below.

Table 3.3: Export Trade Institutional Problems.

Problems	No. of Firms Reporting	% of the Total
Export Licensing Procedures	2	7
Other Documentation Procedures	3	13
Transport and Communications	17	77
Foreign Exchange Rate Fluctuations	22	100
Government Processing of Export Compensation	15	67
Ease of Obtaining Foreign Exchange	15	67

Source: Field Survey

Most of the firms did not find licensing and other documentation a problem. Only 20% were of the opinion that these were problematic. They mentioned that a lot of time is taken completing documents not only because some documentation processes are long but also because government officers are difficult to deal with. The delays in processing of documents leads to delays in delivery of goods. Even those who did not find documentation a problem, said they managed to get round the problem because they have been in export business for a long time and thus have established friendly relationships with the relevant government officers. Some of the firms suggested that customs documentation procedures should be shortened.

Inadequate transport and communications within the PTA was found to be a major constraint to the exporters. 77% of the firms indicated that it was a problem. Problems mentioned under this included:

- i) Delays in obtaining transportation - This is because there is not enough transport within the sub-region. Getting transportation for small consignments is especially difficult

- and takes a long time. For example lorry owners cannot transport small consignments which do not fill the lorry. So the exporter of a small consignment has to wait for the lorry to get enough cargo which is then transported with his consignment.
- ii) Requirements that toll fees be paid for in convertible currencies, for example, US \$ 200 per lorry at the Ugandan, Rwandan and Tanzanian borders.
 - iii) Political instability in some countries such as Rwanda, Ethiopia and Somalia causes insecurity to the transporters. The problem is enhanced by the inadequate police escort.
 - iv) Underdeveloped communications systems in the sub-region which is exemplified by poor telephone, telex and facsimile systems.
 - v) Inadequate railway network in the sub-region and expensive air transport services.
 - vi) Inadequate and poorly maintained shipping links

As mentioned earlier, most of the firms use imported raw materials. To be able to import, they need foreign exchange. Before liberalization took place, an import license and allocation of foreign exchange were required for any importation. 67% of the firms reported that they were not always able to obtain foreign exchange allocation on time. This led to delays in importing the required raw materials thus resulting in stockouts and hence delays in meeting orders. However, retention accounts have been introduced. These enable importers to retain the foreign exchange they earn from exports. They are therefore able to use proceeds from their exports to finance their raw material importations. Moreover, if an exporter does not have enough foreign exchange in his account, he can buy it from the commercial banks. Even import licensing has been abolished except for a few items. Due to the above developments, the problems of import licensing and foreign exchange allocation have been eliminated.

Another problem related to foreign exchange is the fluctuations in the exchange rate. These fluctuations have been very significant during this year. All the 22 firms stated that

foreign exchange rate fluctuations affect their export business.

They said that it affects their prices in that these have to be adjusted to reflect the increased prices of raw materials resulting from the deterioration of the Kenya shilling. For instance, one firm said that within a period of two months, it had increased the price of an item it is exporting to Zimbabwe from Kshs 27 to Kshs 47. The buyers get fed up with the frequent price increases and they sometimes switch to other suppliers. Furthermore, the PTA countries generally have low incomes (see table 2.2) and so if items become expensive, they lose market.

Instability of exchange rates also hinders long term planning in that exporters shy away from making long term commitments for fear of making losses. If a contract for the supply of goods has been made quoting a given price, sometimes it is not possible to alter this price when circumstances change. In such a case, the exporter has either to supply the goods at a loss or lose the contract.

The exporters showed that they were not happy with the way export compensation was being handled. 67% of the respondents were not satisfied with the processing of the export compensation. They said that the payments were delayed and a lot of time had to be spent chasing them. The delay or non payment of export compensation makes it difficult for a firm to reduce the price of it's exports in order to improve it's competitiveness in the PTA market.

The exporters suggested that not only should the processing of export compensation be fastened, but the quantity should also be increased. They also suggested that more items should be included in the list of eligible goods. These suggestions however have been overtaken by events, as the export compensation has now been abolished.

Availability of Export Information

The responses to the question on availability of export market information were as shown in table 3.4.

Table 3.4: Availability of Export Market Information on the PTA

Response	Number of firms Reporting	Percentage of the Total
Excellent	0	0
Adequate	4	20
Inadequate	12	53
Poor	6	27
Total	22	100

Source: **Field Survey**

As shown in the table above, availability of export market information is a major limiting factor to Kenyan firms exporting to the PTA. 53% of the firms reported that availability of information is inadequate, while 27% reported that it is poor. The respondents said that in order to get useful information about a particular country they have to go there. They also said that attempts to obtain information from the PTA embassies in Kenya do not yield much, as these embassies do not have adequate information. Even Kenyan embassies in the PTA region are not useful in providing information. These Kenyan embassies were said to be slow in relaying information. For example, if there is a request for tenders to supply certain items, the commercial attache posts details of the tender to the relevant firms. These take very long to reach the firms and in most cases they are not able to submit their tenders in time. Most of these embassies do not have facsimile machines through which they could pass such information instantly. One exporter observed that it is easier to communicate with Kenyan embassies outside Africa than with those in Africa.

The exporters suggested that in order to increase availability of information on the PTA market, the embassies should endeavour to have comprehensive information about their country demands and contacts. They also suggested that the Kenya government should give the commercial attaches the necessary facilities to enable them perform their duties effectively.

Reliability of demand in the Importing Market

On reliability of demand in the importing market, the response was as shown in table 3.5.

Table 3.5: Reliability of demand in the Importing Market

Response	Number of firms Reporting	Percentage of the Total
Excellent	9	40
Seasonal	7	33
Unreliable	6	27
Total	22	100

Source: Field Survey

Although the firms gave different responses to the question on reliability of demand for their products in the importing countries, they all, except those which use the Clearing House for all their transactions, said that the ability of the importers to buy depends on the allocation of foreign exchange to them (importers) by their governments, as well as on import restrictions. Thus the adverse economic conditions in the PTA countries is an inhibiting factor. A government with an unfavourable balance of payments situation will not easily allocate foreign exchange to finance imports.

Transacting business in local currency (that is, payment through the Clearing House) is one way of getting round the problem of foreign exchange. However, the study found that the use of the Clearing House is not widespread among the exporters. Only 3 firms mentioned that they transact most of their business (above 70%) through the Clearing House. The other 4 that also use the Clearing House transact between 10% and 30% of their business through it. Some of the exporters had never even tried that mode of receiving payment. The exporters complained that exports proceeds through the Clearing House are delayed and too much documentation is involved.

Lack of Commitment by PTA member States

This was cited as a drawback to exporting by 20% of the firms. The lack of commitment is exemplified by the failure of most member states to reduce their intra-PTA tariffs. Although the tariff reduction process should have been completed in 1992, by June 1989, only seven member states had published the initial PTA tariffs and only six had published the first further reduction (Martin, 1990;168). Due to the slow response by member states, the deadline for the complete elimination of tariffs was postponed to the year 2000 (Report of the 14th meeting of the PTA Council of ministers, 1989:23).

Moreover, some countries employ protectionist measures against fellow member states. For example, Rwanda and Uganda charge a surtax on Kenyan goods, thereby increasing the tariffs.

Inadequate travel allowance

Inadequate travel allowance was mentioned as a problem by 5% of the respondents. They stated that air travel and accommodation is paid for in hard currency, yet the government allocates them very little foreign exchange for their business trips. The travel allowance was increased in May 1993, but given the devaluation of the Kenya shilling, it is still inadequate.

On being asked if they use PTA Travellers' cheques when travelling to the PTA region, 60% of the respondents said they did not use them. The reasons they gave for not using them were that the cheques are not widely accepted in the PTA countries and that they saw no advantage in using them. Thus there is a need to market the travellers' cheques more in order to increase their acceptability.

Information from KETA

The other source of information was a senior KETA officer, who was interviewed. He gave the services offered by his organization as:

- i) Undertaking marketing studies in an effort to find out what

- products are required for export and in what quantities. This service is intended to give Kenyan producers an opportunity to explore, establish and sustain themselves in foreign markets.
- ii) Organization of Kenya's participation in various fairs and exhibitions, as well as staging solo fairs. Solo fairs feature only products by Kenyan firms.
 - iii) Training and information service - **KETA** conducts seminars and workshops for the business community. In addition, it has a library which is open to all. **KETA** also has a computer information system called **TINET** which has business information on all PTA countries. It also periodically publishes information gathered from the PTA countries and distributes to those exporters on its mailing list. The publication is known as telex **KETA**.
 - iv) Issuing of certificates of origin for goods destined for the PTA countries. In addition, it issues Euro 1 certificates for goods going to some European countries and GSP certificates to some other countries which give preferential treatment to certain Kenyan products.
 - v) Technical service pertaining to product adaptation, design and packaging is offered to exporters to help improve efficiency and quality of export products.
 - vi) Appointing Commercial Attaches whose duties include promoting Kenyan products in the countries they are posted to.
- According to the **KETA** officer, the main problem facing Kenyan exporters targeting the PTA market are:
- i) Refusal by the respective governments to grant import licenses to the buyers.
 - ii) Inadequate information on trade opportunities in the sub-region.
 - iii) Lack of business contacts.
 - iv) Lack of marketing skills.
 - v) Transport related problems such as;
 - Inadequate transport infrastructure.
 - Delays in clearing vehicles at the border posts.

- Too many check points
- Requirement for other documents in addition to the Road Customs Transit Declaration Document.

vi) Donor support funds being tied to the products, projects and sources.

The **KETA** officer gave various suggestions on what needs to be done in order to increase intra-PTA trade. The first one was that the relevant authorities in the PTA member states should speed the liberalization of import licensing and foreign exchange allocation for commodities traded among the states.

The second suggestion was that firms whose inputs are available within the sub-region should be encouraged to give preference to importing from the sub-region, so long as the products are acceptable in terms of quality and price.

Thirdly, he suggested that in member countries where exporters have retention accounts, those whose proceeds are channeled through the Clearing House should be given foreign currency worth the value of their exports by the Central Bank.

The aim of this is to encourage exporters to continue using the Clearing House. Although this is a very good suggestion it would be difficult to implement because most PTA countries are foreign exchange starved.

His fourth suggestion was that the PTA secretariat should expand and intensify the trade information services, market surveys and buyer/seller contact promotional meetings in order to provide the business community with information on the potential of intra-PTA trade. He also called for the intensification of training for businessmen at all levels to enable them handle well their export business.

The officer noted that political commitment to the implementation of the PTA objectives is of paramount importance, as without it, all other efforts aimed at increasing trade will achieve minimum success.

SUMMARY AND RECOMMENDATIONS4.1 SUMMARY

The PTA is one of the economic integrations in Eastern and Southern Africa. It was set up with the aim of achieving certain objectives. These are mentioned in chapter 1 of this study. There are also other benefits of economic integration as shown in chapter 2. Increased intra-PTA trade contributes towards the achievement of the said aims and benefits.

Having realized that Kenya's exports to the PTA have not increased significantly since the inception of the PTA, this study was undertaken to find out the factors that make it difficult for Kenyan firms to expand their export market within the PTA sub-region.

Apart from getting responses from export officers of various firms, the views of a senior **KETA** officer were also recorded. The only problem raised by the officer that the exporters did not mention is lack of marketing skills by the exporters. This could be attributed to the fact that the firms selected were large ones most of which have been in the export business for a long time. Such a problem is most likely to be experienced by small firms which are just getting into the export business, or by occasional exporters.

From the results, it can be said that the major problems experienced by the exporters are those that are beyond their control. Hence issues such as product quality and source of finance were not considered as problems hampering exports. Even the export marketing arrangements were considered adequate.

The problems can be divided into those that can be solved by the government and those that are out of the government's control.

Those that are within the government's control include:

- i) Cumbersome documentation procedures.
- ii) Inadequate or delayed export compensation.
- iii) Inadequate information availability.
- iv) High prices of raw materials.

- v) Unavailability of foreign exchange and foreign exchange rate fluctuations.
- vi) Inadequate travel allowance - The need for travel is increased by the fact that to get adequate information pertaining to a particular country, one has to travel there.

Problems that are beyond the government's control are; lack of commitment by fellow member states, transport and communications problems within the sub-region, delays in payments effected through the Clearing House, the tying of donor funds to source of supply and refusal to grant import licenses and foreign exchange to buyers.

The study also revealed that Kenyan goods are exported to only a few of the PTA countries. The firms from whom responses were received export to Burundi, Ethiopia, Malawi, Mauritius, Rwanda, Somalia, Tanzania, Uganda, Zambia and Zimbabwe. Tanzania and Uganda are the most common destinations of the firms' goods.

Thus there is need for the firms to widen their markets within the PTA by venturing into other countries they are not exporting to such as Comoros, Swaziland and Lesotho. Lesotho and Swaziland would be difficult to penetrate because of their proximity to South Africa from where they are able to get their supplies.

It is the duty of the government to do all it can to make it easier for Kenyan firms to penetrate the PTA market more than they are doing at present.

At this point it is appropriate to mention that during the period the study was being carried out, the Structural Adjustment Programme was being implemented in the country. Thus certain changes were made that have a direct bearing on exporters. One of these was the liberalization of imports. This involved the abolition of import licenses and relaxation of controls on foreign exchange. The difficulties of importing raw material resulting from import licensing and foreign exchange allocation have thus been eliminated.

Other changes were introduced in the 1993 budget. One change was on the import duty rate structure. The top two rates of 60%

and 50% were lowered to 40%. 40% and 35% were lowered to 30% and 30% lowered to 25%. Also reduced was the V.A.T rate with the highest rate being lowered from 75% to 40% (**Daily Nation June 11th:1993**). It is hoped that with the reduction of import duties and V.A.T, prices of raw materials will go down. Another change which was introduced in the budget is the abolition of export compensation. It was felt that with the reduction of import duties and V.A.T, as well as the devaluation of the Kenya shilling, the exporters would not need export compensation.

The exporters also have a role to play in increasing exports to the PTA. It is hoped that apart from maintaining high product quality standards, they will be more aggressive in their export promotion activities so that they can not only maintain the current export market but also venture into new ones.

4.2 RECOMMENDATIONS

Although the government has already taken some steps aimed at promoting exports, it should not be complacent. There is need to continuously monitor the situation to find out if the measures are effective, with a view to making further improvements.

In view of the fact that there has been some erraticism in policy-making, the study recommends that decisions affecting the business community be made after careful consideration, so that they do not take a trial and error form. A case in point is the introduction of retention accounts, their abolition and re-introduction within a period of less than a year.

Government institutions that are involved in export promotion were mentioned in the introduction to the study. Some of the roles of these institutions overlap. It is not clear for example why the Export Promotion Council was re-introduced, while **KETA** which evolved from the original Export Promotion Council is still functioning. The justification for the establishment of an Export Promotion Office in the Ministry of Planning and National Development is also not apparent. It is therefore recommended that export promotion activities should be harmonized and a clear cut

distinction made on the role of each organization to avoid unnecessary duplication.

Another recommendation is that the export promotion bodies should avail adequate information about themselves so that the exporters can be aware of the services they offer. For example, since lack of information is a major problem, all exporters should know that they can get information from **KETA's TINET** at not cost.

In order to improve it's function as a source of information, **KETA** should be publishing the information it receives regularly in the local dailies. This is because the information losses time value if it is kept for some time and then released later. In addition, Commercial Attaches posted by **KETA** to PTA countries should be given adequate facilities so that they can effectively assist in promoting Kenyan exports to those countries.

4.3 Limitations to the Study

The major limitations to this study included:

- 1) The respondents were export officers of the selected firms. Such officers by nature of their jobs travel a lot. So it was difficult to get hold of them to fill the questionnaires. Some export officers of the selected firms were away for the entire period the study was being carried out.
- 2) The data collection period was not enough. The problem was enhanced by the fact that long periods of time were spent waiting to see the respective officers, some of whom were rather uncooperative.
- 3) Due to the budget and time constraints, the sample included only firms in Nairobi.

4.4 Suggestions for further Research

Further research in this area is necessary and should focus on the following aspects:

- 1) For the results to be more significant, the population of the study should be composed of all firms in the country.

- 2) Since there might be constraints related to size, there is need to carry out a study on problems experienced by small upcoming exporters.
- 3) Firms which started exporting to the PTA and then gave up might have more to tell in terms of problems and so should be included in the population of a further study.

Which countries do you export to?

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2. _____

3. _____

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100. _____

APPENDIX 1

QUESTIONNAIRE

(A) INTRODUCTION

- 1. Name of Company
- 2. When was your firm incorporated?
- 3. For how long have you been exporting to the PTA?
- 4. Which countries do you export to?
 - 1. 4.
 - 2. 5.
 - 3. 6.
 - Others.
- 5. Which products do you export to these countries?
 - 1. 4.
 - 2. 5.
 - 3. 6.
 - Others

(B) SOURCE OF RAW MATERIALS

- 1. Where do you obtain your raw materials?
 - From local suppliers ()
 - Imported products ()
- 2. Is your source of raw materials reliable?
 - Yes () No ()
- 3. If the answer to (2) above is No, does this adversely affect your export business?
 - Yes () No ()
- 4. How would you rate the cost of your raw materials?
 - High ()
 - Fair ()
 - Low ()
- 5. Is the cost of raw materials a limiting factor in your export business operations?
 - Yes () No ()

(C) **COMPETITION**

1. Who are your main competitors in the PTA market? (Foreign and local ones)

- | | |
|---------|---------|
| 1. | 4. |
| 2. | 5. |
| 3. | 6. |

2. (a) Your prices as compared with those of your competitors are:

- Cheaper ()
- More expensive ()
- Not much different ()

(b) If your prices are more expensive, why?
.....
.....

(c) What should be done to enable you to lower your prices in the PTA market?
.....
.....

3. (a) Your products as compared to those of your competitors are:

- Of higher quality ()
- Of lower quality ()
- Not much different ()

(b) If your quality is lower why?
.....
.....

(c) What should be done to enable you to improve the quality of your product in the PTA market?
.....
.....

4. What form does competition take in your line of export business?

- Price cutting ()
- Advertising ()
- Product quality ()

Lobbying Government authorities ()

Lobbying Special interest groups ()

5. Is competition a major inhibiting factor in your export business?

Yes () No ()

If Yes, explain

(D) EXPORT MARKETING ARRANGEMENTS

1. How do you market your product(s) in the importing country?

Agency always ()

Contractual ()

Bilateral ()

Other () Specify

2. How would you describe marketing arrangements between you and your counterparts (according to (1) above in the importing market?

Excellent () Satisfactory () Not so good ()

3. If your answer to (2) above is 'Not so good', comment on how adversely this affects your business activities ...

.....

(E) EXPORT TRADE INSTITUTIONAL PROBLEMS

Indicate if the following business aspects adversely affect your business activities.

(1) Export licensing procedures: Yes () No ()

If Yes, explain

.....

(2) Other documentation procedures: Yes ()

No ()

If Yes, explain

.....

(3) Freight space availability: Yes () No ()

If Yes, explain

.....

(4) Efficiency of transport/freight services:

Yes () No ()

- If Yes, explain
-
- STATUS OF THE IMPORTING COUNTRIES (MARKETS)
- (5) Foreign exchange rate fluctuations and stability:
 Yes () No ()
 If Yes, explain
-
- (6) Government processing of the export compensation scheme:
 Yes () No ()
- (7) Are you always able to obtain foreign exchange allocation
 (for financing your export activities) in time?
 Yes () No ()
 If No, explain how this affects your export operations

-
- (8) How would you describe availability of export market
 information in Kenya?
 Excellent () Adequate ()
 Inadequate () Poor ()
- (9) What do you suggest should be done to improve these
 services?
- (i) Export licensing procedures
-
- (ii) Freight space availability
-
- (iii) Efficiency of transport
-
- (iv) Foreign exchange rate fluctuations
-
- (v) Government processing of the export compensation
-
- (vi) Foreign exchange allocation
-
- (vii) Export information availability
-

viii) Documentation procedures

(F) STATUS OF THE IMPORTING COUNTRIES (MARKETS)

Give your firm's assessment of the following aspects:

(1) Reliability of the importing market

Excellent ()

Seasonal ()

Unreliable ()

Explain.....

(2) Do stringent standard specifications exclude your firm from venturing into some PTA countries?

Yes () No ()

(3) What is consumer response to your products in the importing countries?

Excellent () Good ()

Fair () Poor ()

(F) PTA CLEARING HOUSE AND TRAVELLERS' CHEQUES

(1) Do you conduct any of your export business in the PTA through the Clearing House?

Yes () No ()

(a) If No, why not?

(b) If Yes, what proportion of this business is conducted through the Clearing House?

(c) Have you encountered any problems in the use of the Clearing House? Yes () No ()

If Yes, explain

(d) What should be done to ease these problems?

(2) Have you ever used PTA Travellers' Cheques?

Yes () No ()

(a) If No, why not?

(b) If Yes, have you encountered any problems in their use? Yes () No ()

(c) What should be done to ease the problems?

.....
(H) Please mention any other problems you encounter in your export operations.

I am a graduate student in the faculty of Commerce, University of Nairobi. As a partial fulfillment of the degree of Master of Business and Administration, I am carrying out a study on the various that Kenyan firms face when exporting to the PIA region.

As one of the active firms in the PIA region, your company has been within my scope. I am kindly requesting you to provide the information sought for in the questionnaire. Your response will be treated in strict confidence and in no way will your name or that of your organization appear in the report.

Yours faithfully,
[Signature]

[Name],
Department of Business Administration.

APPENDIX 1B

LETTER TO THE RESPONDENT

Dear Respondent,

I am a graduate student in the faculty of Commerce, University of Nairobi. As a partial fulfillment of the degree of Master of Business and Administration, I am carrying out a study on the problems that Kenyan firms face when exporting to the PTA countries.

As one of the active firms in the PTA region, your company has fallen within my sample. I am kindly requesting you to provide the information sought for in the questionnaire. Your response will be treated in strict confidence and in no way will your name or that of your organization appear in the report.

Dorcas Kerre
MBA Student

Supervisor,
Mr. T. Mutugu
Senior Lecturer, Department of Business Administration.

APPENDIX 2

Kenya's Imports from the PTA (US \$ Millions)

COUNTRY	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Angola	-	-	-	-	0.1	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Burundi	-	-	-	-	-	-	-	-	-	3.1	0.3	0.6	-	-	-	2.2	2	-	-	-	-
Comoros	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Djibouti	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethiopia	0.3	0.5	0.5	0.5	0.4	0.3	0.1	0.6	1.4	6	6.9	9.4	25	6.7	5.2	0.5	0.5	0.6	6.6	7.4	8
Lesotho	0.3	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Malawi	-	-	-	-	-	-	-	0.3	0.6	0.6	1.5	1.3	-	-	-	0.1	-	0.1	0.1	-	-
Mauritius	-	-	-	-	-	-	-	-	0.4	-	0.4	0.4	-	-	-	0.4	0.2	0.3	-	-	-
Mozambique	1.1	1.2	0.4	-	-	0.1	-	1.2	2.7	1.4	5.2	5.6	18.7	-	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Rwanda	0.3	1	-	-	0.8	0.2	1.8	3	6.3	8.8	7.2	8.2	4.1	5.1	3.1	3.3	4.1	4.5	4.1	4.5	4.6
Somalia	-	0.1	0.1	0.3	0.7	-	0.2	0.3	-	0.2	0.1	0.1	-	-	-	0.1	0.1	0.1	-	-	-
Sudan	0.1	0	-	-	-	0.3	0.1	2.8	-	0.6	-	-	-	-	-	-	-	-	-	-	-
Swaziland	0.3	0.6	0.6	-	1.2	-	0.7	1.2	0.2	2.8	0.7	2.5	-	-	-	-	-	-	-	-	-
Tanzania	16.6	22.2	16.5	0.8	27	1.3	30.2	3.9	0.9	0.3	0.8	0.8	1.5	1.5	4.2	1.1	1.2	1.3	5.5	6	6.5
Uganda	28.1	22.5	21.2	22	10.6	26.1	1.8	1	5.5	2.2	3.3	1.8	2.5	1.3	1.3	1.4	1.4	1.6	1.7	1.9	2
Zambia	0.4	0.6	1.1	13.7	5.3	7.3	2	2.5	4.1	3.3	4.1	3.5	2.4	1.6	2.5	3.1	3.2	3.5	3.3	3.6	3.9
Zimbabwe	-	-	-	1.6	-	1.3	-	-	-	-	-	1.9	-	-	-	3.6	9.1	13	18.7	-	-
TOTAL PTA	47.5	48.9	40.4	39.1	46.6	37	38	16.8	22.1	29.4	30.5	35.9	54.2	16.2	16.5	16	22	25.3	38.5	23.7	25.5
TOTAL WORLD	442.3	573.1	535.1	618.6	102.5	938.3	972.9	1284.	710.3	1666.	2332.	2075	1662.	1356.	1522	1462.	1649.	1755.	1974.	2147.	2124.
%PTA TO WORLD	10.7	8.5	7.5	6.3	45.5	3.9	3.9	1.3	1.3	1.8	1.3	1.7	3.3	1.2	1.1	1.1	1.3	1.4	1.9	1.1	1.2

Source: Direction of Trade Statistics (various issues)

APPENDIX 3

Kenya's Exports to the PTA (US \$ Millions)

COUNTRY	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Angola	-	-	-	-	-	-	-	-	-	1	0	0	0	0	-	-	-	-	-	-	-
Burundi	1	1	1	1	2	2	3	5	8	12	20	29	23	21	21	5	5	6	20	19	20
Comoros	-	-	-	-	-	-	-	-	-	4	6	5	3	1	3	3	3	3	3	2	3
Djibouti	-	-	-	-	-	-	-	-	-	5	18	23	8	4	3	3	3	3	3	3	3
Ethiopia	3	3	3	5	6	3	4	5	6	6	6	4	4	5	4	4	4	-	4	4	4
Lesotho	-	-	-	-	-	-	-	-	-	0	0	0	0	-	-	-	-	4	-	-	-
Malawi	1	1	1	1	1	1	1	1	1	1	1	1	0	-	-	1	1	1	1	-	-
Mauritius	2	2	2	3	3	4	6	3	7	13	10	12	7	4	5	3	4	5	5	5	15
Mozambique	1	1	1	1	0	1	1	1	1	1	2	23	1	10	0	6	7	7	5	5	6
Rwanda	3	3	4	4	8	13	15	14	17	23	34	49	38	35	37	53	56	61	37	33	35
Somalia	2	2	3	4	4	8	6	6	8	7	13	4	7	4	4	10	10	11	4	4	4
Sudan	1	1	2	3	3	5	10	12	17	20	27	37	32	37	29	31	32	36	29	26	28
Swaziland	1	1	0	0	1	0	1	1	1	2	2	0	0	-	-	-	-	-	-	-	-
Tanzania	41	41	46	48	54	57	80	24	7	11	14	14	12	9	14	18	19	21	13	12	13
Uganda	47	54	46	64	77	74	79	126	95	102	179	116	101	103	94	99	104	114	93	84	89
Zambia	12	15	14	20	31	22	22	17	15	16	13	4	3	3	1	3	3	4	1	1	1
Zimbabwe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	2	6	8	-	-
TOTAL PTA	115	125	123	154	190	190	226	220	183	224	340	312	239	236	221	240	253	282	227	198	221
TOTAL WORLD	306	312	369	477	503	601	790	1195	1023	1100	1401	1193	1047	979	1068	997	1217	961	1054	970	1038
%PTA TO WORLD	38	40	34	32	32	32	29	18	18	20	24	26	23	24	20	24	21	29	22	20	21

Source: Direction of Trade Statistics (various issues)

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