Africa and the world trading system: the case of Kenya

Abstract:

There is a consensus in the economic literature that the performance of Kenya's export sector has been quite poor and exports have grown more slowly than the economy as a whole. While the trend real GDP grew at an average rate of 4.7% in the first three decades of independence (1964-1993), the trend growth in the volume of exports was only 1.6% (Mwega, 1995). More recently, as Table 1 shows, the export performance declined significantly in 1989-1991 (average 14.5% of GDP), before rebounding in 1993-1996 (average 23.3% of GDP). Kenya's exports can be divided into traditional and non-traditional (NT) exports. The World Bank (World Development Indicators, 1997) defines traditional exports to include the top 10 three-digit export items in a base year, unless they total less than 75% of exports, in which case more items are added until 75% is reached. Based on this definition, Kenya's traditional exports (taking 1980 as the base year) comprise the following ten products accounting for 83.3% of total exports: petroleum products (33.3% of total exports); coffee (22.2%); tea and mate (11.9%); crude vegetable materials n.e.s (3.2%); sugar and honey (2.7%); other crude minerals (2.3%); preserved fruit and fruit preparations (2.2%); lime cement and fabricated construction materials (2.1%); raw hides and skins (except fur skins, 2.0%); and fruit and nuts (not oil nuts), fresh or dried (1.4%). We utilize a narrower definition (Blackhurst and Lyakurwa, 1997) that includes as traditional exports items that account for more than 3% of total exports in the base year. Traditional merchandise exports therefore include petroleum products (SITC 334), coffee (SITC 071), tea and mate (SITC 074) and crude vegetable materials n.e.s (SITC 292). This leaves many of the horticultural products apart from crude vegetables among NT exports. The first three products are therefore by far the dominant traditional commodity exports, although the contribution of petroleum products to forex earnings is small as the country mainly re-exports imports after processing.