Kenya's Economic Diplomacy in East Africa

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DECLARATION

I, the undersigned declare that this project is my original work and has not been presented to any university for academic award.

Signed…………………………… Date…………………………………

Linah Mukolla

This research project has been submitted for examination with my approval as the University Supervisor:

Signed…………………………… Date…………………………………

Patrick Maluki

DEDICATION

This project is specially dedicated to the memory of my late dad Mr. James Mukolla, who played a significant role in my life in the choice of this program and saw to it that I had enrolled for my classes but unfortunately passed away before I started attending the classes. To my mum Grace Mukolla for her constant support and prayers to see to it that I completed successfully.

To my siblings; Caleb, Ben, Moses, Sophie, Lorna, Bella and Alvin including my niece Angel and my nephew Ryan.

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LIST OF ACRONYMS AND ABBREVIATIONS

AGOA	Africa Growth Opportunities Act
AU	African Union
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECOWAS	Economic Community of West African States
EU	European Union
FDI	Foreign Direct Investments
GDP	Gross Domestic Product
MNCs	Multi-National Corporations
NEPAD	New Partnership for Africa’s Development
SACU	Southern African Customs Union
SADC	Southern African Development Community
TEP	Transatlantic Economic Partnership
TFEU	Treaty of the Functioning of European Union
UN	United Nations
WTO	World Trade Organisation

ABSTRACT

Economic Diplomacy has been an area of interest in developing countries lately. Several countries have realized the importance of this tool to pursue their economic interests. The study was focused on Kenya's economic diplomacy in East Africa. Kenya is East Africa's economic hub and has embarked on using this tool to pursue its economic interests in the region. The newly-elected government of Kenya in March, 2013 headed by President Uhuru Kenyata has paid special attention to this important tool of diplomacy as demonstrated in its premier assignments and the study was specifically interested in this field to explore how the country is using it around East Africa, to find out any challenges faced and suggest ways of improving the use of this important device of diplomacy. The research problem was to dig out ways in which Kenya has managed to maintain individualized trade relations with countries in East Africa. The main objective of this research was to analyze the trend and use of economic diplomacy as a modern tool of diplomacy used to market Kenya as a country. It also focused on establishing the interconnection between Kenya's economy and that of the other countries in East Africa. More specifically, the research was directed towards finding out how Kenya uses economic diplomacy to influence her relations, the motivating factors behind this new dispensation and establishing any challenges faced by the country in achieving its objectives. The theoretical framework established during the research was the theory of Interdependence Liberalism whereby countries depend on each other on various issues including but not limited to trade relations, security and for political reasons. The research design was descriptive research where data was collected through both primary and secondary sources. The primary data collection methods used was questionnaires administered to respondents and interview questions too. The respondents were diplomats from the East African countries; Uganda, Tanzania, Rwanda and Burundi who in one way or another are in charge Trade Affairs in their embassies, and also civil servants from the ministries of Trade, East African Integration and Foreign Affairs. Secondary data was obtained from internal government reports and existing newsletters to support the primary data. The study established that there was a close link between Kenya's economy and that of the other countries in East Africa. It also established that the motivating factors behind Kenya's realization of economic diplomacy are export promotion, investment promotion and involving other stakeholders in the implementation of economic policies. The challenges highlighted by the study were poor governance and corruption, lack of strong economic policies, poor infrastructure and fear of domination from other countries. The researcher recommended that there is need to streamline policy implementation strategies in Kenya and to eliminate trade barriers within East African borders to enhance trade in the region.

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Kenya's strategic location in East Africa has enabled it to have economic relations with countries in the region like Uganda, Tanzania, Rwanda and Burundi. With the changing trends of globalization, Kenya has embraced regionalism and geared towards regional integration in the quest to realize her national interests. This is clearly stated in Kenya's foreign policy which is guided by six basic norms which are; respect for sovereignty and territorial integrity of other states and preservation of national security, good neighborliness and peaceful co-existence, peaceful settlement of disputes, non-interference in the internal affairs of other states, non-alignment and national self-interest and adherence to the Charters of the UN and AU (Ministry of Foreign Affairs, 2009, Foreign Policy Framework). Therefore, the country has realized that it needs the other countries in East Africa for it to grow economically.

Kenya intensified its need for regional integration with the coming up of Grand Coalition government in 2008 after the 2007/2008 post-election violence. The coalition government came up with the Ministry of East African community which was set up to cater for the growing and expanding need for regional integration. The coalition government realized the great need for an expanded regional market growth if the country was to meet its objectives for vision 2030.

Kenya together with Uganda and Tanzania were the pioneer countries that revived the East African community by signing the treaty for the re-establishment of East African

Community in 1999. Rwanda and Burundi joined in 2007 (Ministry of EAC, Strategic Plan 2008-2012).

The EAC has enabled Kenya to benefit from her participation by bringing up an important linkage between the government, private sector, stakeholders and the general public. Kenya has taken a forefront through the Ministry of EAC to ensure that Kenyans benefit through emerging unions, markets and trade and investment opportunities within East Africa. Kenyan interests in East Africa started way back as early as 1900 with the establishment of a customs union that operated between Kenya and Uganda. The country has ever since held an active participation and formed economic policies that are pro-market, pro-private sector and pro-liberalization.

Kenya’s GDP has been fluctuating over time; sometimes rising and other times stagnating or going lower. For instance between the year 1997 to 2002, the country experienced a growth rate of 1.5% which was below its economic potential but with the coming up of a new regime of president Kibaki in 2003, the economic growth was at 4.3% in 2004, 5.8% in 2005, 6.1% in 2006, 7.0% in 2007 (Economic Survey,2012). However the post-election violence in 2007/2008 brought the growth rate down to 1.9% in 2008 but a steady improvement was noted through 2009 to 2.6% and 5.1% in 2010 (Economic Survey, 2012). Economic expansion has since been based on improving the private sector. Nairobi which is Kenya’s capital city is East Africa’s primary communication and financial hub with the best transportation and communication linkages. Finally the country has been pursuing regional economic integration to increase its economic growth in East Africa. Having joined the EAC customs Union and Common External Tariff established in January 2005, the country also has adopted the COMESA customs union established in 2008. EAC, COMESA and South African Development community are working towards developing one customs union which will see 26 countries in East and Southern Africa join under the Tripartite Free Trade Area (CIA world Fact book, May, 2012).

It is clear that Kenya as the East Africa's hub reaps a lot from the smaller economies. Increased trading has been seen between Kenya and individual East African states especially Uganda and Tanzania and thus the 'bigger market' in East Africa, with Kenya in this case attracting more investors both locally and internationally.

Therefore Kenya's economic diplomacy is conducted through integration and cooperation within East Africa (Wanyama, 2013). It is the pillar of foreign engagement through Foreign Direct Investment and engagement in other economic activities like tourism. Kenya is ranked as the fifth biggest Foreign Direct Investor in Africa with a compound annual growth of 77.8 percent from 2007 to 2012 (Business Daily, 6th May, 2013).

1.2 Statement of the Research Problem

Kenya's economic diplomacy is a tool that the government has embraced in the recent years. It has used this tool in the past to boost bilateral relations with the countries in East Africa. In Uganda, Kenya has a long-time trade relationship with the Port of Mombasa being the highlight of this relationship and the Kenya-Uganda railway constructed in the colonial times, connecting these two countries. In Tanzania, Kenya has used economic diplomacy to persuade the country to let go of protectionist policies to enable free movement of goods and harmonization of policies between the two countries. Bilateral agreements have been signed between the two countries ranging from agreement to control illegal immigrants, to reviewing bilateral air service agreements for easier air travel.

Kenya is therefore East Africa's economic power house and has managed to stay as the only country in the region which is rapidly rising into a middle-income country from low-income country. What has the country done to maintain a steady economic growth and rise beyond the rest of the countries in East Africa? Just what is the country's main tactic that is deployed to ensure that it maintains individualized beneficial trade relations with the countries within East Africa? Despite the success of the country in its economic relations in East Africa, it has great potential of rising above and maintaining a steady economic growth in the region. What are the factors that hinder and challenge Kenya's economic diplomacy in East Africa? The study will bring out these challenges and suggest ways in which the country can improve to maintain a steady economic growth within the region. The study will also establish various ways in which Kenya can venture into to improve its economic diplomacy and use it effectively as a powerful tool for economic development.

1.3 Objectives of the study

1.3.1 Main objective of the study

To analyze the trend and use of economic diplomacy as a modern tool of diplomacy used to market Kenya as a country and find out any challenges faced in its quest for economic diplomacy in East Africa.

1.3.2 Specific objectives of the study

i). To establish the interconnection between Kenya’s economy and those of the other countries in East Africa.

ii). To find out how Kenya uses economic diplomacy to influence her relations with the other countries in East Africa.

iii). To examine the motivating factors behind Kenya’s utilization of economic diplomacy to achieve the national interests.

iv). To find out any challenges faced by the country in its use of economic diplomacy in East Africa and suggest possible solutions to these challenges.

1.4 Hypotheses

i). The potential of Kenya’s economy increases as the country intensifies its economic diplomacy with its immediate neighbors.

ii). Kenya’s strategic location in East Africa is directly linked to its economic success in the region.

iii). The country’s overdependence on primary agricultural goods impends its realization of full economic potential in East Africa.

1.5 Justification of the Study

Little has been studied about economic diplomacy especially in Africa. The study is focused on exploring the new diplomacy that is being explored by countries and is the focus of Kenya’s new government under the leadership of President Uhuru Kenyatta. Most scholars have not written much on this as diplomacy was initially focused on political and cultural subjects.

When completed, the findings of this study will be significant to both academicians and policy makers. To academicians it will add to already existing knowledge of the researchers in this field and to policy makers it will serve as a guide. The study will come up with tactics and methods which Kenya has been using to dominate economic development in East Africa despite facing stiff competition from South Africa and Nigeria.

In conclusion, the study will serve as a great guideline to the new Kenyan government and in the new cabinet docket for East Africa Affairs, and will assist policy makers on ways of enhancing economic diplomacy in East Africa. The study will also recommend ways in which the government can use to improve its practice of economic diplomacy within East Africa.

1.6 Definition of Key terms

Economic diplomacy: This is a decision making and negotiation process in international economic relations of a country which entails interaction of economic policies with the international political and social concerns.

Interdependence Liberalism theory: a theory that states that two or more countries depend on each other for necessary goods and services and whenever they need them, that no country can survive without depending on another because the world has become a global village.

1.7 Limitations of the Study

The major limitation to this research was time, owing to the short period the research is supposed to be carried out. The study covers an intensive research that requires the researcher to travel through East Africa and obtain data but this was not possible. The researcher counter reacted to the issue of time by resorting to interview diplomats from those countries.

Language barrier may be was problem that arose during the research especially for francophone countries like Rwanda and Burundi. The researcher sought the help of an interpreter to obtain conclusive results.

The researcher also experienced problems to secure permission to interview key government officials. There was the requirement of security checks and setting up appointments owing to the tight schedules of some of the officials. This was resolved by making a personal presentation to the key officials and assuring them that the research is only for academic purposes.

1.8 Chapter Outline

Chapter one introduces the topic and gives out the outline of the study, it also describes the aim of the study, the objectives and that which the researcher is researching on.

Chapter two is the literature review, which gives general background information on economic diplomacy and looks at what other scholars have done in this sector, and since the study is on East Africa, it also looks at other parts of Africa which have used economic diplomacy for economic development.

Chapter three looks at the research methodology which includes the research site, the population and sample, the ways in which data was be collected, both primary and secondary.

Chapter four looks at methods of data presentation and analysis. The data collected was analysed and linked to the hypotheses and the theoretical framework.

Finally **Chapter 5** gives summary, conclusions, recommendations, and suggestions of further areas of study in this field.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Literature review in this research focuses on diplomacy in general and the different types of diplomacy, then mainly focuses on economic diplomacy and review of how it has been used globally, regionally and locally with case studies of the European Union, China and a general view of Africa. The chapter then provides a special focus on East Africa's economic relations looking at trade, industry, investment, labor, education and training issues in East Africa. Economic diplomacy in Kenya is finally highlighted with a focus on Kenya's economic development and the relations with the rest of the East African countries; Uganda, Tanzania, Rwanda and Burundi.

2.2 What is Diplomacy?

The concept of diplomacy developed in the early medieval times with simple structures as sending messengers to negotiate in other states. This later developed to countries having embassies in other countries. Diplomacy as defined by Barston is the conduct through representation organs and by peaceful means of the external relations of a given subject of international law (Barston, 2006). It is a powerful political activity whose main purpose is to enable states achieve the objectives in their foreign policies through negotiation (Berridge, 2002). Different scholars have defined the term 'diplomacy' in various ways but the bottom line is that diplomacy is a way or means of dialogue or negotiation which states use within the international system conduct their relations, be they political, cultural or economic.

Nicolson, (1950) sees diplomacy as a means of peace where two parties have come to a deadlock. Therefore diplomacy is employed in situations where states or non-state actors are in disagreement. This is clearly indicated in Chapter 6 of the United Nations Charter on Peaceful means to solve disputes. Article 33.1 states that "*the parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security, shall first of all seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice*. "The acts of diplomacy began in the very early times with Italian Peninsula in the late fifteenth century, spreading through Italy, France, Egypt, and America and later throughout the world. The first fully functional diplomatic method was developed by the French systems which went through modification with time to develop the current world diplomatic system.

To sum it up two significant developments can be drawn from the whole process of evolution of diplomacy; one is that diplomacy has been changing with the changing nature of the global system (Barston, 2006). It has also changed with the global increase of population. This has led to different needs of different states hence making diplomacy even more complicated. The state is being overtaken by private and humanitarian organizations and has ceased to be a main actor in international relations. This is because of the weak state structures in a world with large numbers of private organizations. Thus diplomacy is moving from bilateral and multilateral diplomacy to poly lateral diplomacy of private organizations and the state working together.

Poly lateralism emerged in Post-Cold War diplomacy whereby transnational actors and forces conduct international affairs; and the growth of a greater interaction between the state and non-state actions. Relationships in today's international relations range from international organizations, multinational corporations, special economic zones and even prominent individuals. This new dimension calls for the need of corporation among the actors in their quest for global interests.

According to Wiseman, (2004), the Post-Cold War era was characterized by four key factors: First, the rise of non-state actors, then the deregulating of international environment followed by a shift from inter-state to internal forms of conflict then lastly the impact of new information and communication technologies. This has seen diplomacy taking a totally different direction with time, from first track and second track diplomacy to multi layered and poly lateral layered diplomacy thus the birth of other forms of diplomacy.

2.3 Economic Diplomacy

Economic diplomacy developed in early 1400 BC in Egypt as countries traded products with each other, in those days Egypt was trading with West Asia (Cohen, &Westbrook, 2000, P.35). Trade was the major reason for interstate interactions and this provided a platform for the development of economic diplomacy. In those days, there were external exchanges of products with each other with documentary records as signed agreements. The Amarna Archives of Egypt are evidence of trade relations between Egypt and Asia (Rana & Chatterjee, 2011). More evidence of exchanges of the early people is the Silk Routes of India-China and China-Europe that indicate that people were involved in exchange of goods, religious artifacts and manuscripts.

Finally, trade was the major driving force of explorers like Vasco Da Gama and Christopher Colombus (Rana & Chatterjee, 2011).

Economic diplomacy as defined by Yakop, & Bergeijik, (2011 p. 3) is the diplomacy that is used to acquire goals through trade and commerce. It focuses on trade relations as opposed to political or cultural relations. States send out economic diplomats to focus on economic matters in receiving countries and to realize their countries' economic goals through engaging in trade relations. In this case the states are not the only actors in this form of diplomacy as it involves non-state actors like NGO's, MNCs and Trade organizations. These diplomats are tasked with ways of promoting trade and investments in their country.

Bayne, & Woolcock, (2007), define economic diplomacy as a decision making and negotiation process in international economic relations. It is carried out by various actors all geared towards economic development. In earlier diplomatic practice, ministries of Foreign Affairs, Trade and Finance conducted economic diplomacy but in recent time other institutions are also involved including and not limited to Multi-national corporations, non-governmental organizations, and sub-central government departments. With the changing global patterns, economic and trade related issues have become important hence the growing nature of economic diplomacy. In today's multi polar world system the state has ceased being the core actor in international relations hence the need for more parties involved in trade negotiations.

According to Rana, (2004), economic diplomacy is the process through which countries tackle the outside world to maximize national prosperity in all fields of activity which include trade, investment and economic exchanges. The foundations of economic diplomacy lie deeply in globalization. Globalization has greatly improved relationships among states especially economically and these economic relations are carried out using economic diplomacy. Rana, (2004) continues to state that the main factors that lead to a successful economic diplomacy is that; it should involve all the business units of the country as opposed to only the ministry of foreign affairs. This is to mean that non-state actions should be actively involved.

Secondly, successful economic diplomacy depends on the structures of foreign affairs and external economic management. This will ensure that the external economic work is handled by the Ministry of Foreign Affairs. It also ensures that countries engage easier in bilateral economic issues especially with World Trade Organization. It is also a better way for states to exploit their foreign trade and investments through development of a diplomatic network

Thirdly, successful economic diplomacy leads to promotion of export services and foreign investments. Economic diplomacy will enable a state market its internal enterprises to the foreign markets, carry out market studies and help traders participate in international trade fairs in anticipation of marketing their products. By this a country gains Foreign Direct Investments by attracting foreign investors to invest in the countries. Fourth, successful economic diplomacy should involve countries networking through their embassies and consulates with the support of ministries of Foreign Affairs and that of Trade (Rana, 2004).

Rana, & Chatterjee, (2011) have categorized economic diplomacy into three phases; the first being the economic salesmanship which involves building new economic connections, second phase is the economic networking and advocacy phase, that involves coordination with other entities which deal with international economic issues and the final phase is the regulatory management and resource mobilization phase, which includes the negotiation process and requires high competency in order to advance economic interests.

2.4 Global Perspective of Economic Diplomacy

Economic diplomacy on a wider scope has been used by developed countries as a strategy to advance their national economic interests. Through this tool, developed countries have been able to secure multi-million deals through trade agreements and partnerships. The focus is specifically on the European Union and China as they employ this tool in trading with each other.

2.4.1 The European Union Economic Diplomacy

European Union is the strongest economic integration unit in Europe with 27 member states. It emerged as a participator in international scene in the 1990s though it had been in operation for a while. It was greatly involved in international trade and this is when economic diplomacy took centre stage in its international economic negotiations. The role of the European Union (EU) in the economic diplomacy is spelled out in the treaty of Lisbon (Treaty on the Functioning of European Union-TFEU) which was signed in December, 2007 by the twenty seven member countries and entered into force in December, 2009. Its greatest aim upon its establishment was concerned with Foreign Direct Investments as a regional bloc as opposed to individual member states (Woolcock, 2012). The treaty highlighted new policies that the region would focus on, and these were the energy, trade and security policies. Under energy, the treaty lays out strategy on combating with global warming, under security; it postulates that any member who becomes a victim of terrorist attacks will be assisted by the member states. Trade policy on the other hand aims at ensuring that there is fair competition within internal markets for its proper functioning and economic stability.

Another provision that the treaty lays out is its structure and institutions, its voting systems and general guidelines that will be considered in its implementation. The institutions are a key area as they project at ensuring that the member states are well represented in the international arena and these include the European Council, the European Parliament and the European Commission. The impact of the treaty to the region has been significant. The EU now has more external policies which are centered on matters of diplomacy, defence, development and trade including eradication of restrictions of international trade (Ashiagbor, Countouris, & Lianos, 2012).

In this perspective, the European Union's economic diplomacy entails decision making and how member states and other EU institutions reach common objectives and how it promotes its registration with third parties. The Economic diplomacy of EU is shaped by its various institutions that deal with policy making and negotiating processes: - these institutions include the council, the commission and the European Parliament. It is carried out through the external trade policy conducted by the European Commission which takes part in international negotiations but these does not include international financial negotiations with institutions like IMF which the member states prefer to conduct individually. The international negotiations evolve over time in terms of the manner which they are conducted. The EU member states have developed an internal integration process to respond to the ever changing global issues.

The EU Economic Diplomacy greatly functions through an extensive policy making process which is affected by differing decisions made by the member states and variation between *de jure* competence and *de facto* practice through the different policy areas which include trade and investment, finance, environment and development (Woolcock, 2012). The adoption of the Treaty of the Functioning of the European Union, TFEU, has ensured that there is coordination of the three pillars of the European Union namely the European Community, Common Foreign and Security Policy and Justice and Home Affairs.

According to Romain, (1999), the relations between states are no more led by relative power but by interdependence. The EU represents 28 per cent of the world's GDP. The EU is committed to multilateral trade liberalization and in May 2012, the European Parliament adopted a resolution to propose measures that will assist in the monitoring of foreign investment especially investments from China. This is because it had been noted that China was producing substandard goods to export to the EU and called for China to adopt international standards for goods and services to promote increased trade between the two (www.europarl.europa.eu). EU and China's trade relationship intensified in 2004 when it replaced the United States to be China's biggest trading partner. This has been discussed further under "China's Economic Diplomacy" below.

The European Union's Economic diplomacy is also well displayed in its longstanding bilateral relations with United States of America since the early 1950s. The EU is the US's largest trading partner while the US is EU's second largest trading partner. In 2011, the trade in goods of the EU to the US was at 17.6 percent and the US trade in goods with the EU was at 13.9 percent (www.trade.ec.europa.eu). They are the great global economic super powers and are competitors too in the global market. The enhancement of Euro-American relations was made when the Transatlantic Declaration was adopted in 1990 to handle the economic, education, science and culture. The Transatlantic Declaration laid a foundation in the bilateral relationship between the two sides by setting up common goals between the two. The goals included:

i). Support for democracy and promotion of prosperity worldwide.

ii). Promoting international security and safeguarding peace through reinforcement of the role of United Nations and other International Organizations.

iii). Pursuing policies aimed at achieving a high-level world economy growth.

iv). Promoting market principles and multilateral trading systems.

In 1995, The New Transatlantic Agenda was launched at the Madrid Summit which carried forward the objectives that had been set in the Transatlantic Declaration. A Joint Action Plan between the two was then formulated to ensure that measures were in place for the bilateral relationship. Consequently, in 1998, during the London

Summit the two parties came up with Transatlantic Economic Partnership (TEP) which handles both bilateral and multilateral trade. It ensures that various types of obstacles to trade are addressed and works towards establishing agreements on mutual recognition in the areas of goods and services. It also focuses on trade liberalization within the WTO so as to strengthen world trade.

The areas of interest integrated into its work are the business sector, the environment and the consumers (Guay, 2000). These relations have seen the establishment of Transatlantic Economic Council set up in 2007, which incorporates a wide range of ongoing economic cooperation activities in issues of mutual interest and provides for a platform to give political guidance and direction to this work. The Transatlantic Economic Council also provides a political forum for discussing strategic global economic questions (Kotzias, & Liacouras, 2008). The two partners are also looking into establishing Transatlantic Free Trade Area which is currently being discussed under the Transatlantic Free Trade Agreement (TAFTA) and whose main objective is to create the world's largest free trade area with free movement of goods between the two regions, and elimination of unnecessary barriers to enhance trade.

2.4.2 China's Economic Diplomacy

Economic diplomacy in China, unlike their European and American counterparts, is a new 21st century order as part of its diplomacy. This is attributed to an increase in globalization and generally China's economic power in the recent past. China's economic diplomacy dates back to August 2004 through a meeting held by the Chinese premier and third world country representatives. The country is currently pursuing an independent foreign policy of peace whose objectives are to safeguard

China's independence, sovereignty and territorial integrity, promote friendly exchanges and cooperation with other countries, work for a better international and peripheral environment for the country's reform, opening up and modernization drive, maintain world peace, and promoting common development (Wen, 2005).

The rising economic power in China has enabled it increase the influence of its economic diplomacy. The Chinese foreign policy greatly emphasizes on respect for sovereignty and emotional integrity and mutual non-interference thus its attachment to home stability has given it a good foundation for regime stability. The Chinese government has placed particular emphasis on its external relationship with its border countries by setting aside its disagreements and non-interference with internal affairs, it is also focusing on measures to strengthen the relationships, in addition, it is greatly involved in economic integration and multilateral cooperation. This new dimension by China is centered on economic prosperity as it works to compete with the United States as the world’s economic power house (Wen, 2005).

Economic diplomacy in China took a new direction when its government in 2005, stated that it would strengthen its economic diplomacy in order to promote the Chinese national interest (Shang, Wen, Huizhong 2002). During this time economic diplomacy was defined in two ways, the first was in cases where the state uses economic means to reach specific political objectives and the external environment. Shang, Wen and Huizhong, (2002) denote that China’s economic diplomacy emerged through two stages; one being the fact that the economy promoted diplomacy and another being that diplomacy is actually the force behind economic prosperity. Today however the two are deemed as being in mutual co-existence. This implies that economic diplomacy aims at promoting the national economic interest and the political interest as well. The second definition was more of a political affiliation through economic means.

Chinas' interest in economic diplomacy is closely linked to its economic rivalry with the West particularly USA. It is determined to take over dominance from the USA in the international arena therefore it is using economic diplomacy to develop relationships across the world. For instance, it has developed economic relations with the European Union. It has equally formulated its foreign economic policy to one that has a cultural dimension to make it easier to co-operate with other countries. China has also an interesting role it plays as a member of the BRICS countries, which include Brazil, Russia, India, China and South Africa. In its quest to economically conquer the US, China is coming up with a multipolar order and promotes the fact that there need not be a single super power as this is dangerous to vulnerable countries as the case of the US invasion on Iraq in which the United Nations could not even intervene. Currently, China stands as the strongest economic power in BRICS and the most influential in its economic and financial agenda (Cassiolato, & Vitorino, 2009).

China's economic diplomacy is well portrayed in its bilateral relations with the European Union which has been in existence for decades now; China is EU's largest trading partner. The diplomatic relations between the two sides was established in 1975 before which the two had been kept at logger heads due to ideological differences. To ensure good relations are maintained, two fundamental agreements were reached; one being the bilateral trade agreement and the other one based on trade and economic relations. This resulted in a turn of events where China took

Switzerland’s place by becoming the European Union second largest trader after America. About twenty cooperation programs and sectoral dialogue programs were set up to further bilateral communications and exchange.

Since then China has engaged in trade relations with the EU which saw bilateral trade reach $100 billion in 2003 (Wen J. B. 2005). A strategic partnership was equally established in 2003 which saw exchange of visits by top leaders from both sides to enhance trade relations. The partnership was to be long-term and stable with each of the parties differences kept at bay. This would later face challenges with China’s economy doing very well with a GDP of over 9% as opposed to their EU counterparts which grew at 0.8% in 2003. Despite this the EU, in recognition of the EU-China relations, emphasize on the mutual responsibility by the two parties to promote global peace and stability for both good economic and political relations (Shang-Jin, Wen, & Huizhong, 2002).

The relationship has also been strengthened through increased trade and economic dialogues including trade policy, customs co-operations, regulatory and individual policy. In 2008, they formed the EU-China High level Economic and Trade Dialogue which was to deal with the rising problem of imbalanced trade between the two where China seemed to be on the winning side.

The European Union has however in the recent past urged China to be a bit fairer in its trade dealings with regard to opening up its markets and production of counterfeits and copyright products. In a bid to this resolution there has been an expansion of both economic and trade dialogues between the two fronts key issues being review of completion policy, textile trade, trade policy among others.

Today, this relationship still exists as the two continuously engage in an economic partnership and trade. However it should be noted that China uses the economic relations to also further its national interests in the line of the textile dispute of 2005 that resulted from China's rapid growth of textile exports but was resolved by the EUs demand to reduce its imports by imposing limitations to it. Also an example of yet another dispute is China's emission of the trading systems in the European Union multilateral agreement. The two sides however find solutions to their differences through a well-developed and established system of economic diplomacy adopted by both (Wen, 2005).

Apart from the European Union, China has taken interest in conducting economic diplomacy in Africa. China's activity in Africa is evident and is increasing at a high rate. Currently, China is Africa's third most important trading partner after the United States and France. The relations have an interesting twist in the international scene as China continues to compete with the West in Africa. In 1999, the value of China's trade with Africa was $2 billion; and this grew to $29.6 billion in 2004 to $39.7 billion.

China's major drive lies in obtaining sources of raw materials and energy for its economic growth and export markets. Alden, (2007), is of the opinion that Africa can say no to China's invasion and should demand more equitable economic relations with China by demanding technological transfers in exchange of raw materials. To

China, Africa is a source of coal and oil, and for the African states China is an ideal commercial partner because its policies are not based on special political conditions upon its suppliers, and apart from that it offers diplomatic backing. China seems to drift away from the humanitarian strategy used by the United States and tends to have an interest in Africa's oil.

It has developed a framework called "resources for development" that mobilizes the state's financial resources to invest in infrastructure projects in Africa. Through these projects it has benefited tremendously from African countries to an extend some countries are offering it political favours on foreign policy issues (Thompson, 2005). However, China's "generosity" to Africa is questionable. Yun Sun (2011), states that the short term benefit China provides Africa is intrinsically flawed and has long term negative effect. Inasmuch as it is involved in a "no strings attached" funding unlike the West, it does not offer long-term sustainable development programs.

It is evident that China's interest in Africa lies in the continent's oil resource. It has in the past signed agreement dealing with oil supplies in countries like Algeria, Congo, Nigeria and most recently South Sudan. On the other hand Africa has also offered China market for its manufacturing goods thereby offering it an opportunity to test its industrial products (Thompson, 2005). This has resulted to China being one of the leading overseas investors investing mainly in raw materials deposits and increasing its trade partnerships.

Interestingly, China has had good economic relations with the US in the past, despite being each other's biggest competitors. The US leads as the world's largest economy, closely followed by China. According to the World Bank Report (2012), the US nominal GDP was at $15.68 trillion and China was at $ 8.227 trillion. Another issue that the US raises with China in their bilateral relations is China's currency policy. China's currency is referred to as "renminbi" (RMB) meaning "people's money". It has a significantly low value, and the US feels that a stronger currency will combat inflation. The low currency value is causing a dent in the foreign exchange rate market by making China's exports to the world artificially cheap and China's imports from the rest of the world, including the United States, artificially expensive for Chinese consumers.

From the above issues, it is clear that the United States in its relations with China is struggling with how to persuade the country to address its economic policies including balancing of trade between the two, cyber espionage, and China's lack of protection for intellectual property rights. It will be of great interest to the world to see the direction in which this relationship will take in a few years' time.

2.5 Economic Diplomacy in Africa

There has been a notable economic recovery in Africa following a rise in the world prices of the continent's mineral exports. In 2008, Angola had the highest annual growth rate in the world at 23 percent. This came after its recovery in civil war and also due to higher oil prices. Africa's economy is notably heavily dependent on agriculture and economic growth can only be enhanced if African economies commit into the production of export crops (Padayachee, 2010).

The growing trend of globalization calls for African economies to diversify their economies and venture into other sectors for future economic growth. There is need to invest into the ICT sector with the current world trends. South Africa and Nigeria are already Africa's biggest players when it comes to the ICT sector and the rest of Africa need to follow suit.

Economic diplomacy in Africa is not new to the continent as the countries have long been engaging in trade relations especially within the regional blocs like EAC, ECOWAS, SADC, and COMESA among others.

2.5.1 South Africa's Economic Relations in Africa

South Africa is one African country that has used economic diplomacy all over Africa to realize its national interests. It has a growing economic presence in the continent. It owns a wider range of multinational companies across Africa. Its economic relations within Africa began with its readmission in the international community when it gained independence in 1994. It took advantage of the new liberal economic model and started exploring business opportunities in Africa (Alden, & Soko, 2003). South Africa's economic diplomacy has been centered on the country's focus on investment and taking a forefront in the organization known as New Partnership for Africa's Development (NEPAD) which was created by African leaders to eliminate poor governance, promote private investment and reduce trade barriers by the western countries. The country's trade policy has also centered on political stability, good governance and sustainable development across African region (Alden, 2003).

The economic dominance of South Africa is also seen in its participation in the regional customs union referred to as Southern African Customs Union and contains other states i.e. Botswana, Lesotho, Namibia and Swaziland. However South Africa dominates these states in terms of imports and exports. Even in the revenue sharing; South Africa gets the largest share due to its major contribution compared to the rest of the countries in SACU. The country's investments in Africa include: mining, construction, manufacturing, financial and telecommunications. An example is their financial institution Stanbic which carries out its operations in Kenya, Uganda, Nigeria, Cote d`Ivoire and Ghana.

In the broad African perspective, South Africa has held economic relations power house in Africa. The growth of its exports in the region is greatly linked to the effect of its bilateral relations in the region. The dominance of the regional exports has led to both domination of local businesses and has equally put pressure on local manufacturing capacity.

One of South Africa's biggest trade partners is Mozambique. The bilateral trade relations between the two countries have existed for many decades now. They are majorly shaped by four factors, which are: the regional strength of the South Africa economy; the weaknesses and public policy options of the Mozambican economy; the international weakness of the South African economy; and the dominant role of the minerals-energy structure of South Africa (Castel-Branco, 2002).

Bilateral trade relations between the two countries have existed way back since 1992 with South Africa having the largest gains. For instance, the exports from South

Africa to Mozambique from the period of 1992 to 2002 rose from a low value of R899.5 million to R6, 419 billion recording a 730 percentage increase. Consequently, the imports from Mozambique to South Africa from the period of 1992 to 2002 rose from R46.8 million to R403 million recording a 760 percentage increase (Alden, & Soko, 2003).

Therefore South Africa is one of the countries that have discovered economic diplomacy as playing an integral part in the country's economy. In 2007, the country decided to train its diplomats in this field. The Cabinet instructed the diplomatic Academy of the Department of International Relations and Co-operation to develop a curriculum on Economic Diplomacy.

2.5.2 Nigeria's Economic Relations in Africa

Nigeria's economy is heavily built on its oil sector. The strong dependence on oil has had its advantages and disadvantages. In the 1970s the country boasted of an economic boom that was caused by increase in the world oil prices of crude oil in the export market (Olukoshi, 1993). However, this came to a halt in the '80s putting the country into an economic crisis. During this period there were two implications of this crisis; the first being that the level of local value added was very low despite the manufacturing activities that were growing by that time and secondly the fact that very few backward and forward linkages were established as a result of local manufacturing activities.

The extreme result of this was that when the world oil market collapsed in the 1980's there was an instant shortfall on the country's revenue. This was a great lesson to the country and opened it up to explore other sectors of its economy like agriculture. Nigeria has several trade relations with various countries in Africa, being the second economic super power in Africa after South Africa. Taking the example of Nigeria and Kenya relations; the two countries have recently signed three bilateral agreements that will see Kenya exporting goods into the Western and Northern Africa. The aim of these trade relations is to promote intra-Africa trade and investment in their respective countries including in the areas of agriculture, tourism, minerals exploitation, financial services, education and energy (Business Daily, 17^{th} July,2013). The bilateral Agreement referred to as Agreement for the Establishment of a Joint Commission for Cooperation was signed on 16^{th} July, 2013 (Business Daily, 17^{th} July, 2013) by President Uhuru Kenyatta of Kenya and his Nigerian counterpart Goodluck Jonathan. The two presidents agreed to pay a visit to each other's countries that will see investors and entrepreneurs from both countries interacting and this will enhance trade relations between them and establish profitable joint ventures for the benefit of the Nigerian and Kenyan economies.

Nigeria is a major economic power in the ECOWAS region. It amounts to about 33 percent of the ECOWAS annual budget. It has a great influence over the West African countries due to its economic prowess (Anadi, 2005). The hegemonic influence in the region is due to the fact that Nigeria has a great advantage because of its size which makes it have a large market drive; human resources are also available and have played a big part together with African Union in conflict resolution in the region in countries like Chad, Liberia, and Sierra Leone. The country adopted the Common External Tariff (CET) within ECOWAS in 2005. This was to facilitate lower tariffs on goods and services within the region and this step was to enhance trade relations within the region and its major trading partners in the continent which are South Africa, Cote d'Ivoire and Ghana. Within the ECOWAS trade bloc, the country has managed to put barriers on its agricultural products to protect its agricultural industry.

Nigeria has worked on harmonizing its tariffs to advance its interests in regional integration. By adopting the common external tariff it shows its commitment to deepen the economic integration process in the region. As one of the major oil exporters in Africa, it stands to thrive under the Africa Growth Opportunities Act (AGOA).

2.6 East Africa's economic relations

The relations in East Africa have been strengthened by the establishment of the East African Community which is a regional intergovernmental organization comprising of five countries; Burundi, Kenya, Rwanda, Uganda and Tanzania. It was founded as a regional bloc toward increased economic, political, social, and cultural integration among member states.

2.6.1 Industry in East Africa

Kenya's industrial sector has been a major focus over the years with concentration on manufacturing. It is the most industrialized country in East and Central Africa. Its potential for growth and wealth generation has been a major target for creation of employment and reduction of Kenya's high poverty levels.

Currently the manufacturing sector employs 254,000 people approximately representing 13 percent of Kenya's overall employment. The sector is responsible to 25 percent of Kenya's overall exports though it does not have a major dominance in the regional market with only 7 percent of the US $11 billion regional mark (Economic Survey, 2012). However, this possesses an opportunity for future growth if the setbacks are tackled. The major drawbacks to the growth of the manufacturing sector include; over reliance on outdated technology, low capital injection and a non-developed institutional framework among others. The government, with the introduction of the Economic Recovery Strategy resulted in a steady growth in the sector from 2003-2007 recording an annual growth rate of 5.5 percent (Economic Survey, 2012).

Uganda's economic growth plan of Vision 2025 calls for the development of a vibrant and competitive economy in which industry has a significant role in diversifying production patterns and in producing high quality goods for export (Ministry of Tourism, Trade and Industry, Government Report, 2007). It is equally an agricultural economy constituting of industries mainly in sugar, tobacco, brewing, cement and steel production.

Other industrial sectors are mining, oil and gas and telecommunications. The oil industry was discovered in 2006 with new discovery of oil wells and up to now, a total of 18 fields and there are hopes of more discoveries in future with the key players in this industry being companies like Tullow Uganda, Total, Dominion and Neptune (Economy Watch, 9th April, 2010). Some of the factors hindering industrial growth in Uganda include; intermittent power supply, increased cost of electricity which results in high cost of production, strong competition from imported products from immediate neighbours like Kenya and relatively high poverty levels that directly impact on the purchasing power of the locally available market

Tanzania, just like its counterparts in East Africa has a relatively small manufacturing sector. The basis of its industrial are concentrated on products like tobacco, textiles, furniture, foods and beverages. The sector has been noted to improve progressively recording an input of 8 percent over the past decade to the country's GDP (http://www.tanzaniainvest.com/industry-trade). Currently industrial development is Tanzania's main focus and the government has established a Sustainable Industrial Development Policy that by 2025 the country should be semi-industrialized to account for 40 percent of the country's GDP.

The industry sector in both Rwanda and Burundi are on their bare minimal as most of their population practice agriculture in rural areas. Industry in Rwanda for instance only constitutes 7 percent of the economy while in Burundi it constitutes 21.3 percent. The governments in both countries are initiating industrial growth through privatization of several companies to increase output (EAC Trade Report, 2012).

2.6.2 Trade and Investment in East Africa

Trade in East Africa has been strengthened by the regional trade bloc; East African Community in which all the five East African states are members. It is a vibrant economic community that concentrates on trading within itself and this has caused it to be one of the fastest growing economic integration groups in the world. The EAC partner states export more within the EAC than to other regions. In 2011, Rwanda recorded the highest economic growth rate of 8.6 percent followed by Tanzania and Uganda with 6.4 and 5.9 percent respectively. Kenya and Burundi were almost at par with growth rates of 4.4 and 4.2 percent respectively. Kenya had the highest per capita income of USD 862.4 while Burundi recorded the lowest at USD 264 (EAC

Facts and Figures, 2012). Trade within the EAC is set to improve further with both the EAC Customs Union and the EAC Common Market, working on reducing trade barriers, allowing freer movement of goods between member countries.

Investment opportunities in East Africa are available in all the sectors of the economy; agriculture, mining, tourism, energy among others. Chapter 12: article 79 and 80 of the EAC Treaty cover the agreement on investment issues within the EAC partner states. Article 80(1f) states:

For purposes of Article 79 of this Treaty, the Partner States shall take measures to:harmonise and rationalise investment incentives including those relating to taxation of industries particularly those that use local materials and labour with a view to promoting the Community as a single investment area (EAC Treaty).

2.6.3 Education, Training and labor movement in East Africa

East African countries have educational institutions ranging from pre-school to post graduate levels. In the past, a common curriculum was shared that integrated the whole educational system into one unit but currently every member states have their own system. EAC is currently working to re-establish the common curricula and have the region's education system integrated into one so as to facilitate the regional integration process with a focus on the free movement of human resources. Among the best performing universities in the region are the University of Nairobi in Kenya, University of Dar-es-Salaam in Tanzania, Makerere University in Uganda, National University of Rwanda and University of Burundi.

Finally, labor movement in East Africa has been made possible by the adoption of the Common Market Protocol in 2010, whose main objective is to widen and deepen cooperation among the Partner States in the economic and social fields for the benefit of the member states and their citizens. This meant that there were no restrictions regarding movement of all the factors of production between the member countries thus increasing productivity.

2.6.4 Kenya’s economic relations in East Africa

The main instrument of economic diplomacy is trade policy because it involves formulation of policies that handle regional integration and bilateral trade agreements. Kenya’s trade policy making process has changed over time since independence. After independence, there was emphasis on import substitution policies. This was done in an effort to develop industries; the main objectives were centered on rapid growth of trade, ease of balance of payment pressure, domestic control of employment and generation of employment (Manyara, 2010).

In the 1980s there was the introduction of Structural Adjustment Policies where the main objective was to liberalize trade and create a shift from a highly protected domestic market to a more competitive environment. This boosted trade in the country through promotion of non-traditional exports market liberalization and reform of international trade regulation (Manyara, 2010).In the 1990s the focus was on export oriented policies which were formulated to provide a strategy for export growth. It is through this that the national export credit Guarantee Corporation was formed. The export oriented policies aimed at providing incentive to provide for exports.

Finally the current trade policy was formulated in 2004 and an economic growth plan dabbed “Vision 2030” and the National trade policy that aims at making Kenya a globally competitive and prosperous nation with high and improved quality of life (Kenya Ministry of Planning and Development, Vision 2030, 2010). The realization of the Vision 2030 objectives has been strategized to be done through promotion of decent, protected and recognized informed trade expansion of exports and transformation of the country into a regional economic hub; to beat the current competitors in the line of Nigeria and South Africa. As the result of above policies, Kenya’s economic policy mainly centre’s on the East African Community tracing its roots towards the end of cold war in an aid to promote and maintain peaceful co-existence with its neighbors. The country has the most industrialized economy in East Africa with Agriculture being the backbone of Kenya’s economy especially the horticulture industry and is considered an economic hub. It cooperates viably with neighboring states to come up with one strong economic bloc with an example of opening up its markets and establishing a Free Trade Area within East Africa. Manufacturing industries are equally picking up as the country walks away from agricultural dependent economy to an industrialized economy with a major concentration on to manufactured products.

Mining industry is also an area to watch with the discovery of oil in the Northern part of the country in 2012 and the exploration has already kicked off by a British petroleum Company called Tullow (Sambu, 2012, October 30). This expected to take off with the newly created Ministry of Mining by the new government in 2013 headed by Cabinet Secretary Najib Balala. The ministry was created to build diversity in the economy that is mainly based on agriculture and service industries. This is also towards the attempt by Kenya to develop its energy sector because it has gone down in record as a nation, in comparison with its East African neighbors, with the most expensive energy sector. Priority is also placed on increased market access and improved up-to-date technology. East Africa's economic development is now greatly dependent on reviving secondary industries to enable the region export manufactured goods (Vincent, 1997 p.47) thus shifting dependence on Agricultural products. In advancing its business interests Kenya tries to maintain a good relationship with its neighbors. It avoids interference in internal affairs and this has earned it good diplomatic rating encouraging investors to venture into the economy. It has also played host to major peace keeping missions especially with Sudan. Kenya has adopted foreign policy pragmatism and foreign policies in response to globalization that is quickly shaping the world. This places it a better position in East African trade and even on international levels.

The country has greatly worked on improving its economy as seen with the coming up, by the government, with the vision 2030 which is a long-term development project for the country. The vision is divided into three pillars; economic, social and political. The main focus is on the economic pillar for the country to achieve an economic growth rate of 10 percent every year. The country has identified key areas to focus on namely tourism, agriculture, manufacturing, wholesale and retail trade, business outsourcing and financial services (Kenya Sessional paper, 2012).

2.7 Theoretical Framework

The works of this research are based on the Interdependence Liberalism theory, which argues that states co-relate with each other leading to greater co-operation among states. The modern world is characterized with increased technology and communication and other aspects of globalization, thus interdependence arises as states cannot cope on their own. This is to mean that several issues are going beyond the national boundaries like trade, and other rising issues like terrorism, environmental and health issues therefore states depend on each other and non-state actors as well to co-exist. Relations between states are no more led by relative power but by interdependence that international institutions are willing to control (Romain, 1999).

One of the proponents of this theory is Dale C. Copeland (1996) who states that economic interdependence lowers the levels of war and increases the value of trading among states. He further states that the dependent state should avoid war and foster trade relations because trade is more beneficial than war therefore trading states can do better through internal economic development sustained by a worldwide market for their goods than engaging in war. The supporters of this theory also argue that there is an increased interaction with the international community through states interdependence. Barbeiri, & Levy, (1999) support this theory by stating that conflict between two states cannot affect trade, the conflict cannot end lasting trade relations between two states. Keohane & Nye (1989) for instance, argue that world politics is not a homogenous state of war and that cooperation varies among issues and over time. His central idea is cooperation. He states that cooperation between states is facilitated by establishment of international regimes like WTO, IMF among others.

According to Keohane & Nye (1989), international regimes can increase probability of cooperation by providing information about the behavior of others through monitoring the behavior of members and reporting on compliance this ensures that some states are not exploited by other members of the regime and minimizes the chances for conflict. Keohane & Nye (1989) refer to this as complex interdependence theory whereby there is an increasing complex transnational connection and interdependence between states and societies while the use of military force is decreasing.

They came up with three characteristics of this theory, first being the existence of multiple channels between government and non-government elites, secondly, the absence of hierarchy of issues meaning the lack of military domination, thirdly was the non-use of military force by government toward other government in the region. Therefore, this theory is relevant to this research in the sense that Kenya as a country in East Africa, economically depends on the other countries in the region that is Uganda, Tanzania, Rwanda and Burundi and largely avoids getting into conflicts so that it can increase trade relations among the countries and as a result has maintained great relations and manages to stay ahead of the rest.

Looking at the example of the Migingo Island conflict between Kenya and Uganda, Kenya has avoided taking a firm stand on the country since Uganda is our major trading partner, with the highest trading exports (Economic Survey 2012). Kenya's Exports to Uganda in 2011 were at USD 491Million. Kenya's foreign policy clearly states the need for the country to protect its national borders and ensure protection of its citizens, the Grand Strategy even has the Military as the main paradigm of provision in terms of security provision, and with a strong military base surely Kenya is able to handle the Migingo issue with Uganda. But why is the country reluctant? This is because it does not want to lose a trading partner; therefore it would rather enhance the trade relations with Uganda rather than engage in war. In relation to this theory Kenya has used economic diplomacy to pursue peaceful cooperation without being influence by powerful countries or a group of nations. It has been able to trade with both the East and the West under the regime of the World Trade Organization and has not experienced any difficulty. The country takes a neutral stand with the international community yet pursues its economic interests.

At the same time, the relations between Kenya and Tanzania have been steady for a long time as they were the co-founders of East African Community. The two countries have established diplomatic relations between them and Kenyan Embassy was opened in Tanzania in 1983. The two countries have come to an agreement whereby they no longer charge import duty to each other. Initially, Kenyan manufacturers importing inputs through the preferential duty remission scheme and exporting final goods to Tanzania were being charged the common external tariff. The Tax Remission for Exports Office (TREO) is a scheme used by the Kenyan government to encourage local manufacturers to export their products. This implies that business people who engage in activities such that involve assembling, packing, bottling, repacking, mixing, blending, grinding, cutting, bending, twisting will not be charged VAT. Some of the goods traded between the two countries include industrial sugar used to bake bread and biscuits and complete knock-down kits (CKDs).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that was used to conduct the research. The study was conducted through scientific method of research. According to Manoharan, (2009), scientific method of analysis is defined as the formal, systematic and intensive process of carrying out data analysis while Nachmias, & Nachmias, (1996) define it as a system of explicit rules upon which research is based and analysis made.

The chapter describes the research design, research site, the population and sample used and how this sample was determined. It provides the data collection procedure used and the way in which the data was measured in terms of validity and reliability.

3.2 Research Design

The study was conducted through a descriptive research design focusing on Kenya's economic diplomacy within East African countries; Uganda, Tanzania, Rwanda and Burundi from the period of 2008 to 2012. According to Mason, & Bramble, (1989), a descriptive research involves gathering data that best describes a situation, tabulating the data and describing the data collection methods; the use of charts and graphs best assist in understanding the data distribution.

The method of primary data collection was done through self-administering of questionnaires. The questionnaires had semi-structured questions, this implies that the questions had both structured and open-ended, Mugenda, & Mugenda, (1999, p.86).

The researcher opted to self-administer the questionnaires and not to mail them because it was more convenient and time saving since the respondents were all available in Nairobi which was the research site. Self-administration of the questionnaires also assisted the researcher to enhance respondent participation and minimize distortion of respondent's answers (Saunders et al. 2003).

The questionnaires had two sections; Part 1, which provided personal information of the respondent and this, assisted the researcher to group the respondents according to age, gender and nationality as this questionnaire was administered to the respondents from the five countries in East Africa. Part 2, had questions in relation to the East Africa's economic relations, more specifically the respondents gave their views and comments on the different aspects of economic relations in East Africa depending on the country they were representing.

The respondents included civil servants from Kenya, officials from the High Commissions of Uganda, Tanzania, Rwanda and Burundi, another and selected Kenyan business people who engage in trading activities within East Africa.

3.3 Research Site

The study was carried out in Nairobi which is the capital city of Kenya and is the city that has the headquarters of all the government ministries, since some of the questionnaires will be administered to civil servants who are involved in policy-making and implementation in the newly-formed Ministries of Foreign Affairs and Commerce and Tourism. The High Commissions of the Uganda, Tanzania, Rwanda and Burundi are also all located in Nairobi. Most businesses also have running activities in Nairobi and the Small Medium Enterprises (SMEs) business people whose headquarters are in Nairobi and are actively involved in trading activities within East Africa were chosen.

3.4 Target Population and Sample Size

The target population was civil servants working with the newly-formed government ministries of Foreign Affairs and East African Affairs, Commerce and Tourism (the former Ministry of Trade), diplomats from the East African countries who are involved in the trade relations between Kenya and their countries and Small-Medium Enterprises business people. The researcher chose to have civil servants from the said ministries because they handle matters of foreign relations and trade between Kenya and other countries.

The sample size of the population was determined through purposive or judgmental sampling. Manoharan (2009 p. 26) describes purposive sampling as one where the researcher decides to draw the entire sample from one representative. Simple random sampling was used to select more samples from the clusters obtained through judgmental sampling.

The researcher established the sample size of 10-30 % as representative of the total population. According to Mugenda & Mugenda (1999), a sample size of 10-30% is a representative of the total population if the sample is objectively selected. Since the population was very small, the researcher employed this method to determine the sample size. 30 % of the population from each category as earlier explained by the researcher was employed.

Table 3.1 below shows the target population that was used to conduct the research.

Table 3.1: Target population and Sample size

Subject	Population	Sample size
Ministry of Foreign Affairs officials	20	5
Ministry of East African Affairs and Commerce officials	20	5
Diplomats from Uganda	7	2
Diplomats from Tanzania	7	2
Diplomats from Rwanda	7	2
Diplomats from Burundi	7	2
Kenyan business people	32	10
TOTAL	**100**	**28**

Source: Field Data (2013)

3.5 Data Collection methods

The primary data was collected through self-administering questionnaires. The researcher set the questions in areas of interest to the research; the questionnaires were then distributed to the respondents. The respondents were given a time period of one hour to respond to the questions and thereafter the questionnaires were collected.

The researcher assisted some of the respondents whenever necessary to answer the questions by either explaining further a question that the respondent has not understood and also assisted in responding to any questions regarding the research that the respondent had.

These questionnaires had both open-ended and close-ended questions to enable the researcher collect both qualitative and quantitative data. To get the required information and the researcher had to set the questions in a way that began with the general questions, on matters that are general to the research problem then ventured into the specifications of the study.

3.6 Reliability and Validity of data collection instruments

Data reliability is the tendency towards consistency in a research, while data validity is the degree to which a test measures what it is supposed to measure. The data reliability of this research will be done through retest method which implies that the same test will be given to the same respondents after a period of time. If same results are obtained then it means that the data obtained was highly reliable. Data validity of the questionnaire was conducted through content validity. Mason & Bramble (1989) define it as an approach that measures the degree to which the test items represent the domain being measured. The researcher sought expert opinion to test validity of the data collected from the respondents. Two experts with extensive knowledge on the subject of this research were consulted.

3.7 Data Analysis

Data analysis is the process whereby the researcher interprets the data collected. The data had been collected through questionnaires and the researcher ensured that all the questions had been answered and that there were no gaps. It was then compiled through data editing, data coding and data tabulation. Quantitative method was used to analyse the data so as to describe the distribution of scores.

3.8 Ethical Considerations

The researcher faced difficulty to gain access to the government ministries. There were a few instances where some authorities wanted to be bribed so as to gain entry, but the researcher presented the research identification materials and obtained written documentation from authorities and managed to gain entry. Accessing the High Commissions too was a big problem but the researcher had earlier set appointments with the respondents and managed to gain entry and administer questionnaires to the respondents.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

The main objective of this research was to analyze the trend and use of economic diplomacy as a modern tool of diplomacy used to market Kenya as a country and find out any challenges faced in its quest for economic diplomacy in East Africa. The findings were based on the specific objectives of the study which sought to establish the interconnection between Kenya's economy and those of the other countries in East Africa; to find out how Kenya uses economic diplomacy to influence her relations with the other countries in East Africa; to examine the motivating factors behind Kenya's utilization of economic diplomacy to achieve the national interests and to find out any challenges faced by the country in its use of economic diplomacy in East Africa and suggest possible solutions to these challenges.

This chapter presents and discusses the study findings based on the specific research objectives. It has based its analysis on the research instrument used which was a semi-structured questionnaire. It provides feedback of the questionnaire return rate, the demographic characteristics of the respondents and analyses their views and opinions on the research topic through data presentation and interpretation.

4.2. Questionnaire Return Rate

The researcher managed to administer questionnaires to all the 28 respondents earlier anticipated to be interviewed and got a 100 percent questionnaire return rate since the questionnaires were administered in-person and were picked immediately after the respondents had filled them.

4.3 Demographic Information of respondents

4.3.1 Age of Respondents

Table 4.2 below shows the age of the respondents. The study established that the mean age of all the respondents was at 44 years while most of the respondents falling into the age category of 41-44years at 28 percent. This indicated that most of the respondents had years of experience in this field and had served for a long time thus more expertise.

Table 4.2: Age of Respondents

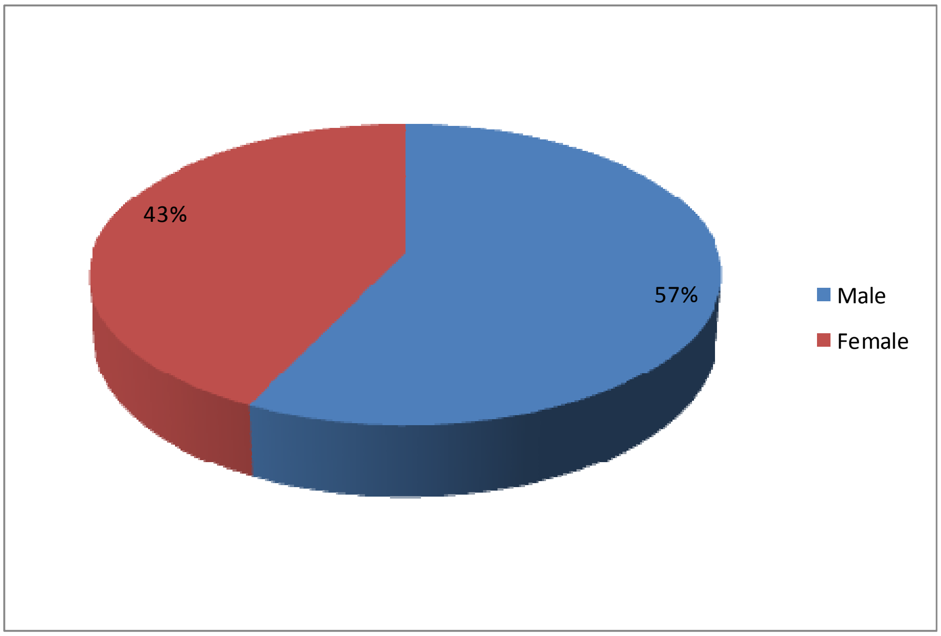
Age Interval	Frequency	Percentage (%)
30-35	4	14
36-40	5	18
41-45	8	28
46-50	5	18
51-55	3	11
56-60	3	11
Total	**28**	**100**

Source: Field Data (2013)

4.3.2. Gender of Respondents

The study established that 57 percent of the respondents were male while 43 percent were female. This was closely balanced and there were no concerns in this area. Figure 4.1 below shows the distribution.

Figure 4.1: Gender of Respondents in percentage



Source: Field Data (2013)

4.3.3 Highest Level of Education of Respondents

The study established that out of the respondents, 21.5 percent highest level of education was diploma level, 53.5 percent undergraduate level and 25 percent Post-Graduate level. This indicated that the respondents had the specialized skills in their areas of operation and that it was easier for the researcher to obtain the information.

Table 4.3: Highest Level of Education

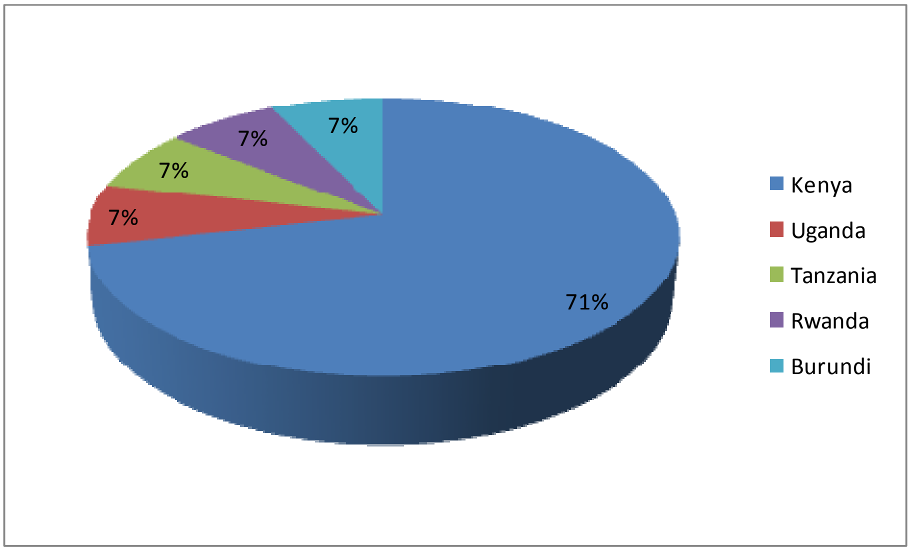
Highest Level of Education	**Frequency**	**Percentage**
Diploma	6	21.5
Undergraduate	15	53.5
Post-Graduate	7	25
Total	**28**	**100**

Source: Field Data (2013)

4.3.4. Nationality of Respondents

The topic of this study research is Kenya's economic diplomacy in East Africa. The study was carried out on respondents from all the countries in East Africa but with the biggest percentage coming from Kenya – the epitome of the research. 71 percent of the respondents were of Kenyan nationality while Uganda, Tanzania, Rwanda and Burundi were all evenly distributed at 7 percent each. Figure 2 below illustrates this distribution

Figure 4.2: Nationality of Respondents



Source: Field Data (2013)

4.4 Kenya's Economic Diplomacy in East Africa

The respondents were asked to provide their opinion concerning Kenya's economic relations in East Africa, 93 percent felt that Kenya had positive relations while 3 percent of the respondents of Tanzanian nationality felt that there were a few negative hitches in Kenya's relations in East Africa. They noted that Kenyan goods tended to dominate the market.

The 93 percent of the respondents noted that there are mutual trading activities between Kenya and the other countries in East Africa, Uganda, Rwanda and Burundi are landlocked countries and greatly depend on Kenya's Port of Mombasa for transportation of their goods. Consequently, it was established that the customs union within the East African Community has increased openness for trade within the region by increasing Kenya's imports from other countries in the region with Uganda being established as Kenya's greatest trading partner.

4.4.1 Interconnection between Kenya's Economy and those of the other countries in East Africa

All the respondents noted that there is a link that exists in one way or another between Kenya's economy and those of the other countries in the region. All the countries were established to be members of the East African Community and through this there is a link that connects all of them. The respondents noted that the EAC partner states export more within the trading bloc making it one of the fastest growing in the world. However, Kenya was noted to be country with the largest economy in the region followed by Tanzania, Uganda, Rwanda and Burundi respectively.

4.5 How Kenya uses Economic Diplomacy to influence relations within the East African Region

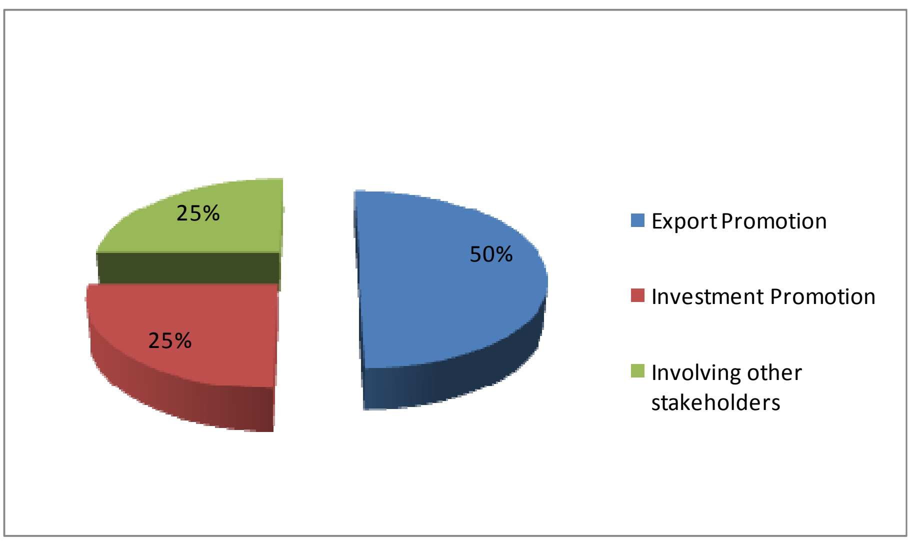
The study found out three ways in which the respondents felt are Kenya's main ways of using economic diplomacy in the region to influence here relations with the other countries. As illustrated in table 4.4 and figure 4.3 below.

Table 4.4: Tactics of Kenya's Economic diplomacy

Tactic of Economic Diplomacy	Frequency	Percentage
Export Promotion	14	50
Investment Promotion	7	25
Involving other stakeholders	7	25
Total	**28**	**100**

Source: Field Data (2013)

Figure 4.3 Tactics of Kenya's economic diplomacy



Source: Field Data (2013)

50 percent were of the view that Kenya has taken centre stage in promoting its exports in the region. They noted that Kenya has promoted its agricultural products, manufacturing products like soaps, paper fertilizers, crude vegetable oil, paper, cement and plastics. They noted that export promotion was being conducted through creation of the Export Promotion Council (EPC), an agency whose main mandate is to spearhead export promotion activities in the country and the East African region at large. It is also tasked with informing business people of areas in the region that face stiff competition so that they may improve the quality of their goods to have a better bargain in the region.

25 percent of the respondents felt that Kenya's economic diplomacy in the region was being promoted through investment promotion. They noted the existence of Kenyan-based companies in the East African countries. There was special mention of Banking and Retail services namely, Nakumatt Holdings Company Limited which a Kenyan-based chain of supermarkets that now has branches in Uganda, Rwanda and Tanzania, Kenya Commercial Bank, Equity Bank and NIC Banks also were also noted to have branches in Uganda, Rwanda and Tanzania. Easy Coach Company Limited; a Kenyan transportation company was also noted to have established branches in Kampala – Uganda.

25 percent of the respondents some of them being Kenyan civil servants and business people established that the government had involved other stakeholders in the promotion of economic diplomacy in the region. The other stakeholders in this case were noted to be state agencies and private organizations which were working closely with the Ministry of Foreign Affairs and East African Affairs to improve management

of the economy. Some of the private sector organizations were noted to assist in promoting economic diplomacy in the region and these are; the Kenya Association of Manufacturers and the Kenya Private Sector Alliance, the Kenya National Trading corporation and the Export Processing Zones. The government was noted to assist the private sector by providing information about available opportunities in the region for investment.

By investment promotion , the 25 percent of the respondents who had established this as Kenya's tactic in promoting economic diplomacy postulated that the government was working through the National investment promotion Agency – the Kenya Investment Authority, to assist Kenyan investors in obtaining licenses and permits and also by issuing invest certificate to facilitate investment in the region. Ten respondents from the other countries in East Africa also mentioned that their governments were working closely with the East African Community in ensuring that East Africa is attractive to foreign investment. They acknowledged that investment promotion has had a positive effect on Foreign Direct Investments in their countries.

4.5.1 Perception of quality of Kenyan goods and services in comparison to those of the other countries in East Africa

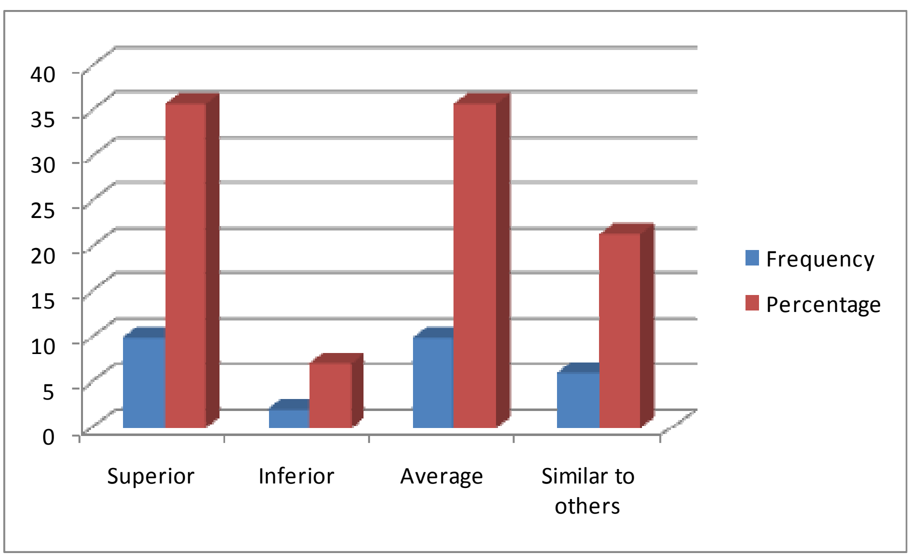
The respondents were asked to give their opinion on the quality of Kenyan goods and services in comparison to those of the other countries in East Africa. 10 of the respondents which was same as 35.7 percent of the respondents responded that the quality of Kenyan goods and services was superior to those of other countries, a similar percentage of 35.7, 10 of the respondents felt that they quality was average, 2 of the respondents however felt that the quality was inferior, 6 of the respondents felt it was similar to those of the other countries. It was established that one of the main reasons why Kenyan goods were doing good in the East African market was because they were of good quality and that Kenya had the most manufacturing companies in the region and produced more manufactured goods compared to the other countries. The respondents also observed that Kenyan goods contained the required international standards of health and safety. Table 4.5 and Figure 4.4 below show the illustration of these responses

Table 4.5: Quality of Kenyan goods and Services in comparison to those of East African countries

Quality	Frequency	Percentage
Superior	10	35.7
Inferior	2	7
Average	10	35.7
Similar to others	6	21.4
Total	**28**	**100**

Source: Field Data (2013)

Figure 4.4: Quality of Kenyan goods and Services in comparison to those of East African countries



Source: Field Data (2013)

Figure 4.4 above indicates the frequency and the percentage of how respondents reacted to quality of Kenyan goods circulating in East Africa in comparison to other goods in the region. 10 of the respondents at 35.7 percent felt that the goods had both superior and average standing compared to other goods in the region only 2 respondents at 7 percent felt the goods were inferior.

4.5.2 Reliability of Kenya's service sectors

The respondents were asked to provide their opinions on the reliability of Kenya's service sectors. The study found out that the most reliable service sector was the provision of port services with 24 of the respondents or 85.7 percent feeling that the services offered were good. It was established that the Port of Mombasa was very important for landlocked countries in the region; Rwanda, Uganda and Burundi who relied on it in transportation of their goods. The least reliable services were banking and communication services owing to great competition from the region and respondents felt that the service providers had a great task to improve on the quality of providing these services and also that these service industries were still growing and establishing themselves in the region. The respondents provided examples of existing communication industries in the region as MTN in Uganda, Safaricom and Airtel.

Border point clearance was a major point of concern where by 35.7 percent of the respondents felt that the services provided were poor and it took long for goods being transported across the region to be cleared at the border points. They noted that there was too much paperwork at the border points and some traders with large trucks would stay for as long as 6 hours to get cleared. The respondents were also concerned about Non-Tariff barriers which seemed to be implemented at the border points. It was established that some traders from other countries could not gain access to the Kenyan market for various reasons. Of particular interest were Ugandan tea farmers who were noted to face difficulty penetrating into the Kenyan market and transporting their tea because the certificates offered to them by their government were not recognized by the Kenyan government. The Kenya-Uganda border was also noted to be of concern as the respondents established that maize farmers from Uganda experienced administrative delays at the Malaba and Busia borders from the Kenyan side.

Table 4.6 summarizes this information as provided by the respondents.

Table 4.6: Reliability of Kenya's Service Sectors

Service	**Very Poor**	**Poor**	**Average**	**Good**	**Excellent**	**Total**
Banking	0	2	4	20	2	28
		7%	14%	71.40%	7%	100
Transport	0	8	12	8	0	28
		28.50%	42.80%	28.50%		100
Port Services	0	0	2	24	2	28
			7%	85.70%	7%	100
Border Point Clearance	0	10	10	8	0	28
		35.70%	35.70%	28.50%		100
Retail e.g. Supermarkets	0	2	4	20	2	28
		7%	14%	71.40%	7%	100
Communication	0	6	10	10	2	28
		21.40%	35.70%	35.70%	7%	100

Source: Field Data (2013)

4.6 Motivating factors behind Kenya's utilization of Economic Diplomacy

The respondents were asked to rank push factors established by the researcher as the ones that motivate Kenya's trade relations in East Africa. 27 of the respondents which was equivalent to 96 percent of the respondents ranked the factors as illustrated in table 4.7 below. Only 1 person placed peaceful political environment at number one, and it was established this was a business person who had earlier been affected by the 2007/2008 Kenya's post-election violence and had based his ranking purely on that one incident where he lost property while transporting his goods to Uganda and was caught in the mayhem.

Geo location and ready market were established as the two main motivating factors when it came to Kenya's pursuance of economic diplomacy in the region. Kenya is strategically located in East Africa with a major port and surrounded by three landlocked countries Uganda, Burundi and Rwanda. The respondents also noted that Kenya had taken advantage of the locally available market citing Uganda as its immediate customer and this coincides with the World Economic and Social Survey Report (2012) that stated that Uganda is Kenya's top export market.

Market liberalization closely followed, being ranked at number three as one other motivating factor. The respondents felt that with the establishment of the East African Community Common Market Protocol there were fewer barriers towards traders marketing their goods within the region. Availability of resources and improved infrastructure were ranked at position four and five respectively. The respondents felt that Kenya had the available resources though majorly produced agricultural products which were also being produced by the other countries making it difficult to be a sole provider of goods of agricultural nature. Improved infrastructure was note to be another main point. Kenya’s road transport system was noted to be facing an improvement through the upgrading of roads linking the country to other areas in the region. An example of the Kenya-Tanzania road project was provided; a project that would see Kenya linking with Tanzania and funding had recently been provided by the African Development Bank to improve this further in a quest to see the Port of Mombasa being linked with the other landlocked countries in the region.

Lastly peaceful political environment was the least motivating factor. With the exception of 2007 /2008 Post-Election violence, Kenya was a peaceful nation and unlikely to go into political duress again. The respondents felt that there was little to be concerned about peaceful political environment and that there was close to nil possibility of Kenya going back to the 2007/2008 political unrest and they even gave an example of the just-concluded 2013 general elections which were peaceful.

Table 4.7: Order of ranking of Kenya’s motivating factors of economic diplomacy in East Africa

Rank	Factor
1	Geo location
2	Ready Market
3	Market liberalization in East Africa
4	Availability of resources
5	Improved infrastructure
6	Peaceful political environment

Source: Field Data (2013)

Rank 1 was given to geo location meaning that it was the most motivating factor that respondents felt was behind Kenya's economic diplomacy in East Africa. Closely followed by ready market ranked 2nd by respondents, market liberalization in East Africa came at third position, availability of resources, improved infrastructure, peaceful political environment came at fourth, fifth and sixth in that order.

4.7. Challenges faced by Kenya in its use of economic diplomacy

The respondents were asked to provide their opinion of Kenya's greatest challenge in pursuing its economic diplomacy. 43 percent of the respondents felt that corruption and poor governance were the main reasons why Kenya was not performing well in the region. The border point clearance points were noted to be the most notorious with corrupt immigration officials. Lack of skilled economic diplomats was also noted by 21 percent of the respondents as a challenge. The country lacked enough specialized policy makers in this area and hoped that the new government would look into this since they seemed to major their strategy around this area.

14 percent of the respondents felt that the country was disadvantaged because of the repercussions it got from other countries in the region who felt that Kenya was dominating over them economically. As the economic powerhouse in East Africa, some of the respondents expressed fears that Kenya would became autonomous in the region ruling over the other states economically. Nationals of Tanzania were especially concerned and were not comfortable to trade with Kenya.14 percent felt that the country had a poor infrastructure that it needed to improve to facilitate transportation of goods within the region. They stated the need to improve the railway system in the region and stop over reliance on road transport.

4.7.1 Corruption and Poor governance

43 percent of the respondents felt that corruption and poor governance among Kenyan officials greatly contributed to the slow growth of economic diplomacy in the region. The areas of concern that were mainly identified by the respondents as greatly affected by corruption were the immigration procedures, during issuance of licenses and permits and in the police checks and roadblocks. Under immigration procedures it was established that it was difficult for Kenyan citizens to obtain passports on time and sometimes the officials need to be bribed for faster processing of the passports. Temporary travel documents were equally difficult to obtain on time.

Concerning issuance of licenses, the respondents noted that there were requirements to obtain business permits, road transportation licenses and municipal council licenses. The process of obtaining all these was lengthy and tiring with officials demanding to be paid extra money to hasten the processes. It was also established that there were several police checks and roadblocks for the long-distance truck drivers transporting goods through Kenya to Uganda, Rwanda and Burundi and that these drivers experienced a hard time on the roads with the Kenyan traffic police. The existence of weighbridges along the way was identified to be one area where many truck drivers spent a lot of time just to get cleared. Respondents noted some officials demanded bribe in order to skip queues.

The long queues were noted to be a great challenge and the respondents wondered if the government was aware and wanted action to be taken on the corrupt officials. It was also established the countries in East Africa had not harmonized the gross vehicle mass to allow ease of transport within the region. The region's non-harmonisation of their trade documentation causes delays and respondents wanted the respective governments to act swiftly on harmonization of all documentation concerning trade to avoid duplicative goods' inspections

The respondents also denoted that the EAC countries require large numbers of trade documents and inspection compared to other countries. This was noted to make processing times for imports and exports longer thus hindering trade in the region.

4.7.2 Lack of strong economic policies and economic diplomats

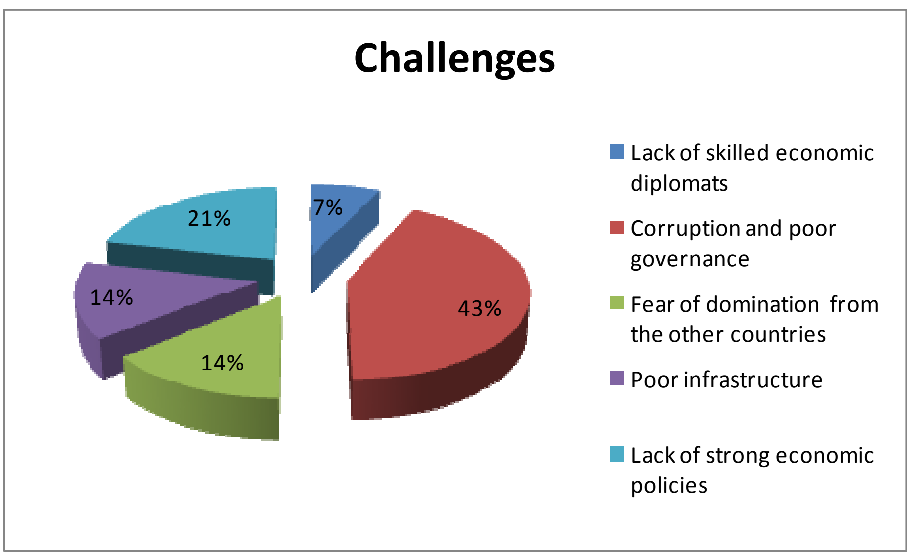
21 percent of the respondents established that Kenya lacked strong economic policies to govern economic diplomacy in the country. Trade policy was established to be the main instrument of economic diplomacy. Previously Kenya's trade policy did not pay key attention to this important tool of diplomacy. The respondents however acknowledged that the government had put in place trade policies concerning import and export management, licensing and registration, investment and privatisation incentives among others. The respondents felt that the government needed to establish stronger trade policies that will deal with regional trade relations with other countries especially in East Africa. There was also concern for lack of skilled economic diplomats who would advise the government on economic policies. The respondents felt that it would be a good thing if the government established specialized institutions to train economic diplomats.

4.7.3 Fear of domination from other countries

Surprisingly, 14 percent of the respondents denoted that there was fear of Kenya dominating over the rest of the countries in East Africa. The researcher was particularly interested to find out the core reason behind this thinking and established that the diplomats from Tanzania expressed fears that some of their citizens were not comfortable trading with Kenyan traders as they tended to dominate the market in their own country. Some of the respondents provided instances whereby Kenyan traders had been denied entry to Tanzania to carry out trading activities. They also established that Kenya has a stronger economy than all the countries in East Africa and they did not want to support it for further growth. One of them who opted to remain anonymous stated that Tanzania would rather interact more with the Southern African countries that the East African countries.

Figure 4.5 shows the demonstration of this analysis in a pie chart.

Figure 4.5: Challenges faced by Kenya in pursuing economic diplomacy



Source: Field Data (2013)

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study set out to explore Kenya's economic diplomacy in East Africa. Specifically looking at the interconnection between Kenya's economy and those of the other countries in East Africa, how Kenya uses economic diplomacy to influence her relations with the other countries in East Africa, the motivating factors behind Kenya's utilization of economic diplomacy to achieve the national interests and finally it sought to find out if there are any challenges faced by the country in its use of economic diplomacy in East Africa and suggest possible solutions to these challenges.

This chapter therefore gives a summary of the findings, the conclusions as postulated by the researcher, the recommendations and suggestions for further areas of study.

5.2 Summary of Study Findings

5.2.1 Interconnection between Kenya's Economy and those of the other countries in East Africa

The study established that Kenya's economy is closely linked to the economy of the rest of the countries in East Africa. Uganda is Kenya's major trading partner and Kenya exports most of the manufactured products to Uganda. The interconnection is also made possible through the regional integration trading bloc; the East African Community whereby the member countries trade within themselves. This establishment was in line with the study objectives earlier anticipated.

5.2.2 How Kenya uses Economic Diplomacy to influence relations within the East African Region

On the economic diplomacy tactics used by Kenya in influencing economic relations in East Africa, the study established that there were three main methods employed by the country; the first one is export promotion. It was established that the country focuses on promoting its exports within the region and Uganda is Kenya's largest export destination country in the region, the second one was through investment promotion in the region and a number of Kenyan-based companies were noted to have set footing in the region and also widening their scope within the region, third and final tactic was through the engagement of other stakeholders in the country in economic diplomacy. It was established that the government liaises with other organizations like Kenya Private Alliance and Kenya Association of Manufacturers to engage them more in economic relations within the region. The quality of Kenyan goods was established to be fairly good and the reliability of Kenya's service sectors was noted to be average with 85 percent of the respondents feeling that port services was Kenya's main and best service provided in the region.

5.2.3 Factors motivating Kenya's realization of economic diplomacy

The study established the main motivating factors behind Kenya's pursuance of economic diplomacy in East Africa as geo location and availability of ready market. Most of the respondents felt that Kenya's Port of Mombasa connected it to the landlocked countries in the region; Uganda, Rwanda and Burundi thus easing trade within the countries. Other factors included market liberalization in East Africa through the East African Community Common Market Protocol established in 2010, availability of resources, improved infrastructure and finally a peaceful political environment.

5.2.4 Challenges facing Kenya's economic diplomacy in East Africa

The key challenges established by the study were poor governance and corruption. It was established that the government institutions which deal with licensing, border point checks and other protocol areas were not streamlined and trade was being affected by corrupt officials. Other challenges that respondents felt were a setback to Kenya's economic diplomacy were; lack of enough skilled economic diplomats, poor infrastructure, lack of strong economic policies and expressed fears of domination from the other countries.

5.3 Conclusion

Based on the findings of this study, the following can be deducted. First and foremost, that economic diplomacy is an engine that any developing country should employ to drive its economy. Kenya is maximizing on the availability of the regional market for trade and through this the country has become a regional hub. Economic diplomacy has become the centre stage of its African affairs and by this move, the country is expected too grow drastically in the next five years. It can be argued that taking an economic front and keeping it low on political affairs will help the country advance its economic interests in the region.

It can also be concluded from the study that there is a rising need of Kenya to expand its manufacturing industry to continue having an upper hand in the region. Kenya's closest competition in the region is Tanzania which is rising in its industrial products and even has a 2025 strategy to be semi-industrialised, Uganda is doing the same in its trade policy of Vision 2015. In this case, Kenya ought to be on the forefront in improving and increasing its manufactured products and improve the quality of its products that circulate in East Africa.

Lastly, the researcher also concluded that the involvement of other stakeholders in Kenya's pursuance of economic diplomacy is an effective strategy adopted by the government in promoting its economic diplomacy. Economic diplomacy in itself cannot be conducted by the government alone. For its full effectiveness involving third parties ensures that the country is achieving its full potential in the regional and global market. The researcher therefore observed that, the ministries of Foreign Affairs and that of East African Affairs, Commerce and Tourism, are working hard in coordinating with the private sector to enhance strong economic relations in the region.

5.4 Recommendations

Based on the findings of this study the researcher recommends the following:

There is need for streamlining the Kenyan policy implementation strategies to curb corruption and improve on governance. The country may have excellent trade policies put in place but when it lacks implementers, the whole process is flawed. The government needs to establish anti-corruption monitoring devices and conduct strict disciplinary action against those found guilty of corruption.

Concerning the trade barriers in the EAC region the researcher recommends that the governments from the five countries need to streamline customs clearance procedures and come up with standard procedures to cater for the whole region and not country by country. There is a great need to improve border policies and procedures. For instance, if goods are cleared at the Port of Mombasa by Kenyan officials, the officials from Uganda should not be involved in the clearing of the goods again. The harmonization of customs procedures in the region will see to it that goods travel faster to their destination countries and cut down on delays.

Finally, the researcher recommends that Kenya needs to mend her relationship with Tanzania in order to change the perception of most of the Tanzanians on the issue of economic dominance. The main reason for this is because, two of the respondents from Tanzania had expressed fears that Kenya would dominate over the Tanzanian economy which would see Tanzania backing off from trading with Kenya. This is an issue the researcher foresees will tamper with Tanzania's full participation in the regional bloc: EAC which will have adverse effects in the region as Tanzania will now start looking more on its counterparts in SADC.

5.4.1 Recommendations for further areas of Study

Given that the study was carried out only on the representatives of the four countries in East Africa; the diplomats in the High Commissions, apart from the respondents from Kenya, this study recommends the need for a comparative study conducted on the ground in the four countries with special concern on the imports and exports pattern within the region to find out trade flows in East Africa while consulting the private stakeholders in the countries within East Africa and their governments. The researcher feels this will ensure a comparative view of the rest of the stakeholders and bring out a wholesome concept of economic diplomacy in East Africa.

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APPENDIX I:

INTERVIEW QUESTIONNAIRE

This interview questionnaire is aimed at assisting me, Linah Mukolla, a student at University of Nairobi, Kenya, Institute of Diplomacy and International Studies, in pursuing my MA International Studies Degree, under the topic Kenya's Economic Diplomacy in East Africa.

Thank you for taking part in this research. The information provided will be treated with utmost confidentiality and only be used for academic purposes. Your participation is highly appreciated.

PART 1:

Personal Information

Age:

[ ] 30-35 [ ] 36-40 [ ] 41-45 [ ] 46-50 [ ] 51-55 [ ] 56-60

Sex:

[ ] Male [ ] Female

Highest level of education:

…………………………………………………………………………………………

…………………………………………………………………………………………

Occupation:

……………………………………………………………………………………………

…………………………………………………………………………………………..

Nationality:

[ ] Kenyan [ ] Ugandan [ ] Tanzanian [ ] Rwandan [ ] Burundian

PART TWO:

East Africa's Economic Relations

1. a) In your own opinion, do you think Kenya has positive economic relations within East Africa?

   [ ] Yes [ ] No [ ] N/A

   b) If your answer above is **NO**, please explain.

   ……………………………………………………………………………………

   ……………………………………………………………………………………

   ……………………………………………………………………………………

   …………………………………………………………………………………..

2. (a) In your own opinion, do you think there is a link between Kenya's economy and your country's economy?

   (Only nationals of Uganda, Tanzania, Rwanda and Burundi should answer this question.)

   Yes [ ] No [ ]

(b) Please explain why.

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3. Economic diplomacy is defined as the diplomacy that is used by a state to acquire goals through trade and commerce. With this definition, in what ways do you think Kenya uses this concept of economic diplomacy to influence her interaction within East Africa.

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4. a) Which sectors of Kenya’s economy do you think the country has promoted in East Africa?

   [ ] Agriculture [ ] Mining [ ] Tourism [ ] Manufacturing [ ] Providing Port services

   b) Please explain your answer above.

   ………………………………………………………………………………………

   ………………………………………………………………………………………

   ………………………………………………………………………………………

5. In order of priority, please rank the following push factors in Kenya's trade relations in East Africa.

   i. Geo location [ ]

   ii. Ready Market [ ]

   iii. Peaceful political environment [ ]

   iv. Market liberalization in East Africa [ ]

   v. Availability of resources [ ]

   vi. Improved infrastructure [ ]

   vii. Other (please specify)………………………………………………..

6. Please explain your response in question (5) above.

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7. How do you think Kenya can improve its economic relations within East Africa?

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8. i) What do you think is Kenya's greatest challenge in pursuing economic diplomacy in East Africa?

   a) Lack of skilled economic diplomats

b) Corruption

c) Fear of dominating over the other countries

d) Poor infrastructure

e) Poor governance

f) Lack of strong economic policies

g) Other………………………..(Please specify)

ii) Please explain your response above.

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9. In your opinion what do you think is Kenya’s best way of pursuing its economic diplomacy in East Africa?

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10. What do you think are the motivating factors behind Kenya’s pursuance of economic diplomacy in East Africa?

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11. In your own words, please suggest any ways in which Kenya can improve its economic relations in East Africa.

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12. Please state some of the trade policies that govern Kenya's economic relations with your country.

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b) How do you think the above- mentioned policies have influenced Kenya's relations with your country?

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13. How has Kenya's participation in economic integration enhanced its economic relations within East Africa?

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14. How would you describe Kenyan goods and services in comparison to goods and services of your country?

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15. a) What do you think are some of the factors that slow down the flow of goods at Kenyan border points towards Uganda, Tanzania, Rwanda and Burundi?

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b) Please suggest ways in which the Kenyan government can adopt to solve the issues raised in (a) above.

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16. In terms of reliability, how would you rate the following service sectors of Kenya’s economy in East Africa?

1= very poor 2= Poor 3= Average 4= Good 5= Excellent

	Very Poor	Poor	Average	Good	Excellent
Banking					
Transport					
Port Services					
Border Point Clearance					

Retail e.gSupermakets					
Communication					

17. Do you feel that Kenyan goods and services can be said to be superior over those of the other countries in East Africa?

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18. In your own opinion, there would be an improvement in Kenya's economic diplomacy if the government improved on policy implementation? …………………………………………………………………………………………

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19. Please explain your response in (18) above.

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20. a) From your own general perspective, how do you view the quality of Kenyan goods and services in East Africa?

i. Superior [ ]

ii. Inferior [ ]

iii. Average [ ]

iv. Similar to others [ ]

b) Please explain your response

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APPENDIX II:

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