



AN ASSESSMENT OF STRATEGIC NATIONAL INTEREST ON AFRICAN
CONTINENTAL FREE TRADE AREA: A CASE STUDY OF KENYA.

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DECLARATION

I, the undersigned declare that this proposal is my original work and that to the best of my knowledge, it has not been presented for the award of a degree in any other University

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8th November, 2021

Signature

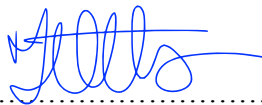
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This research project proposal has been submitted for examination with my approval as research supervisor.

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Date:

9TH November 2021

DEDICATION

This research project is dedicated to the University of Nairobi fraternity, for exceptional leadership so that I could pursue this dream. Thank you for setting me on shining path and pointing me in the right direction of excellence and never doubting I could manage.

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I wish to express sincere appreciation for expertise, work ethic, mentorship and commitment to excellence throughout my Master's Program to the distinguished Professor Maria Nzomo, who has sought the best for me, as she holds high expectations for productive use of my education to offer solutions and advance the cause of humanity in the fast globalizing world. I am so lucky to have had your encouragement, invaluable career advice and immense broadening of my intellectual horizons. Thanks to my supervisor Dr. John Lekuton for the encouragement and guidance through the entire process. I also extend special gratitude to the Masters International Studies Class, for inspiration, unconditional financial support and giving me a golden opportunity to complete this research project. Thank you to my family who supported me throughout the entire Master of Arts program. You're all much appreciated.

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ABSTRACT

This research assesses Kenya's Strategic National Interest and preparedness in the Africa Continental Free Trade Area in line with the country development agenda in the context of the existing policy framework. The research project, uses Kenya as a case study in terms of preparedness, by identifying specific key areas cutting across from infrastructure, human capital and other relevant technical expertise. Kenya's development strategies which are tied around sectoral reforms and the Vision 2030 are instrumental in the justification of economic growth and development through the promotion of improved economic policies and resource. Specific scholars and conceptual framework has been considered in the analysis and assessment of the Countries readiness to tap into the African Continental Free Trade Area economic prospects. This study adopted descriptive survey because it targets both qualitative and quantitative statistics. Both primary and secondary data was used. This study targeted a mix number of respondents, which includes respondents from Ministry of Industrialization Trade and Enterprise Development, Ministry of Foreign Affairs, Kenya National Chambers of Commerce and Industry, Business Community and the Public. The sample size of the study was 51 respondents chosen using the stratified random sampling. Questionnaires were utilized for this study. The data collected was processed to make it clean and suitable for analysis. The processed records were then analysed using descriptive statistical analysis (degree of important tendencies) through Microsoft Excel and SPSS version 23. The analysed data was presented using graphs and pie charts. The study found that the respondents were aware of the operationalization process of AFCFTA. The study also found that although the government had preparation measures in place in implementing its interest in AFCFTA these initiatives were unknown to a majority of the respondents both in private and public domain, hence these measures cannot be utilized fully. The study concludes that more people in the public domain could explore the opportunities presented by AFCFTA in their business undertakings, if they have all the information required to participate in AFCFTA. As a result, this study suggests that governments should negotiate a wide variety of complicated regulations and underlying public policy issues controlling market access and regulating service supply, particularly in areas where negotiation and liberalization are prioritized. In most nations, there is no one entity in charge of all policies controlling trade in services; instead, the task is divided among many ministries and agencies.

DEFINITION OF TERMS

Free Trade Agreement	A region in which a collection of nation's has signed a free trade agreement that encourages them to keep trade barriers to a minimum.
Tariffs	A tariff is a charge levied by one nation on goods and services imported from another country in order to limit the flow of products and services into the imposing country.
Quotas	A quota is a coalition trade restriction that restricts the number or monetary worth of products a nation can import or export in a certain period.
Trade Barriers	Barriers refers to any action of event or policy which is established by a country to discourage international trade with another country

ABBREVIATIONS

AFCFTA	African Continental Free Trade Area
FTA	Free Trade Area/Agreement
NAFTA	American Free Trade Agreement
T-TIP	Transatlantic Trade and Investment Partnership
DRCAFTA	Dominican Republic-Central American Free Trade Area
USMCA	United States-Mexico-Canada Agreement
EU	European Union
EEA	European Economic Area
ECOWAS	Economic Community of West African States
BIAT	Boosting Intra-Africa Trade
FDI	Foreign direct investment

CHAPTER ONE: INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

This section introduces the study background and the research problem. Research questions and Study objectives are mentioned in addition to study justification, theoretical and conceptual framework. The section concludes by summarising the methodology that will be applied in the study.

1.2 Background to the Research

A trade area in context, is an identified economic region where a group of countries sign free trade agreements to promote trade. Unfastened economic area is established through trade agreement and policies with a purpose to engage in exchange of goods and services with global specialization and division of labour. ¹ The ultimate goal of free trade area is to remove or maintain a very limited trade barrier which includes tariffs or quotas between the states which get into the free exchange agreement. Unfastened trade areas are governed by specific guidelines that are set and agreeable to all the trading partners. The rules revolve around the customs that each actor need to comply with, the associated costs, resolution of exchange disputes, transportation of products and safety of intellectual property rights which implies that policies need to be collaboratively established.²

Free trade area has many benefits to member states. These advantages includes: the leisure of an extensive variety of first-class services and products through the residents, better likelihood

¹ Auer, R., & Fischer, A. M. (2010). The effect of low-wage import competition on US inflationary pressure. *Journal of Monetary Economics*, 57(4), 491-503

² Ibid

of decrease expenses from competition and reduced tariffs, bigger available markets for potential clients while promoting coexistence between member states.³

1.2.1 Free Trade Areas Globally

In various regions of the world, established free trade zones have been instrumental playing a significant role in the global trade. The United States of America has a long history of free trade agreements with its trading partners.⁴ In the sub-Saharan Africa, the United States through congress ratified the African Growth and Opportunity Act (AGOA) which enhances the market access for the African Countries to the United States markets. Europe for instance, through European Union has negotiated Economic Partnership Agreements with African, Caribbean and Pacific (ACP) countries which are operational. European Union is a political and monetary union bringing collectively 27 member states in Europe worth an estimated population of 447 million. The EU context, has installed internal marketplace through a standardised device of laws and regulations which promotes and protects free movement of goods, services, humans, and capital. Further, the EU enacted and enacts regulation in home affairs and justice as preserve common place regulations on commerce, fisheries, agriculture and nearby improvement.

On account of its status quo, the European Union has had widespread effects on the GDP of the member states. Facts from an assessment of the member states from 1973 to 2004 imply that, in step with capita earnings could be 10% decrease than what it would, if it were within the first ten years of joining European.⁵ Moreover, the European economic integration comes

³Auer, R., & Fischer, A. M. (2010). The effect of low-wage import competition on US inflationary pressure. *Journal of Monetary Economics*, 57(4), 491-503

⁴Bartels, L. (2013). Human rights and sustainable development obligations in EU free trade agreements. *Legal Issues of Economic Integration*, 40(4).

⁵ Bartels, L. (2013). Human rights and sustainable development obligations in EU free trade agreements. *Legal Issues of Economic Integration*, 40(4).

out as one of the finest contributor to the large peace in Europe, the spread of democracy through advocating for democratic reforms.

European Economic Area consist of the European free trade affiliation which delivers together Iceland, Norway, Liechtenstein and Switzerland. Set up in 1960 through the Stockholm conference which has remained energetic to this point. Its focus is to encourage positive change among the membership and influence agreements on the ECU economic location (brings collectively all of the member states of the EU and three member states of EFTA - Norway, Iceland and Liechtenstein⁶. Although EFTA brings collectively four international locations, it's far the ninth largest trader inside the global products trade and third in maximum critical buying and selling associate in goods for the European and second based totally on services. European Economic Area (EEA) itself is unfastened trade region which was installed January 1 1994. It brings together the complete ECU participants and three contributors of the EFTA (Iceland, Liechtenstein and Norway).

As a result of the European community context, citizens and commercial institutions in the EEA enjoy comparable rights and duties inside the economic area. It permits ECU law to be applied toward the basic liberties of goods, services, people, and capital movement within the 30 EEA member states. The pact also involves coordination in policies, which include research and development activities, institutional arrangements, the climate, consumer rights, commerce, and entertainment. In the economic area, the agreement ensures that residents and financial operators in the EEA have the same rights and duties. However, there haven't been many unconstrained alternative agreements throughout Africa.⁷

⁶ Chizhande, M. (2019). A critical analysis of the compatibility of statutory instrument (si) 122 of 2017 with The African Continental Free Trade Area (AfCFTA) law.

⁷Hundt, D. (2015). Free trade agreements and US foreign policy. *Pacific Focus*, 30(2), 151-172.

1.2.2 Free Trade Areas in Africa

The Africa continent, has witnessed emerging economic integrations over the last few decades. Taking into consideration an integral role played by the African Union to establish a sustainable economic integration among the member states. For instance, the Economic Community of West Africa, has created a large buying and selling bloc through monetary cooperation among the member states⁸. Incorporated financial activities as envisioned within the region revolving around enterprise, power, agriculture, shipping, telecommunications, trade, herbal sources, monetary solutions, and socio cultural subjects. The economic integration has created buying and selling platform where the population enjoys free movement, and get admission to green schooling and fitness structures and have interaction in economic and industrial activities whilst residing in dignity in the surrounding context of peaceful coexistence and protection.

Historically, there had never been a path parallel to the status quo for free alternative trade area in Africa before to 2012. The 18th regular consultation of the African Union's assembly of heads of state and government, held in Addis Ababa, Ethiopia in January 2012 was a significant defining moment , which approved the decision to establish a continental unfastened trade zone (CFTA) by the year 2017.⁹ The summit also approved the BIAT movement plan, which identifies seven clusters: alternate policy, change facilitation, productive capability, and trade finance, as well as exchange-related infrastructure, exchange records, and factor market integration. The CFTA brings together 54 African nations with a combined population of more than 1 billion people and a gross domestic product of more than \$3.4 trillion dollars.

⁸ Estevadeordal, A. (2003). The Impact of Free Trade Agreements on the Pattern of Trade. *Integration, Trade, and Hemispheric Issues Division, Integration and Regional Programs Department, Inter-American Development Bank, Washington, DC*, 29-30.

⁹ Habtamu, F. (2020). African Continental Free Trade Area (AfCFTA): A Corner Stone for Pan-Africanism and Dispute Settlement Mechanisms. *Available at SSRN 3625508*.

1.2.2.1 CFTA Negotiations

CFTA primary targets include a single continental unfastened market for items and services, free movement of persons, goods, services and investments. For this reason, the CFTA is additionally expected to improve healthy competitiveness at the enterprise and employer stage through utilisation of opportunities for huge scale production, access to continental market and better reallocation of resources.¹⁰ The CFTA and its operationalization strategy for boosting intra-African trade (BIAT), will provide an all-encompassing framework for pursuing a developmental regionalism economic strategy. BIAT is a continuous process, with clear goals to quadruple intra-African alternative flows.¹¹

Therefore, harmonization and coordination of trade liberalization policies, facilitation structures and units throughout regional economic blocs across Africa, has been adopted as the best approach for aligning and harmonisation of the customs unions on the Continent to boost industry and corporate competitiveness by embracing large-scale manufacturing opportunities to gaining access and meet the demands of the continental market while at the same time increasing domestic reallocation of basic resources.

¹⁰ Doan, T. N., & Xing, Y. (2018). Trade efficiency, free trade agreements and rules of origin. *Journal of Asian Economics*, 55, 33-41.

¹¹ Estevadeordal, A. (2003). The Impact of Free Trade Agreements on the Pattern of Trade. *Integration, Trade, and Hemispheric Issues Division, Integration and Regional Programs Department, Inter-American Development Bank*, Washington, DC, 29-30.

1.3 Statement of the Research Problem

Majority of the developing countries especially those on the African continent, are experiencing numerous challenges ranging from the unfavourable economic conditions, to limited markets size, political instability, inadequate access to credit facility, high charges of shipping and transit of goods, excessive concentration on exportation of the raw materials and importation of finished goods, low productivity tiers, use of rudimentary technology and complexities in attracting foreign direct investment.¹² Intra-Africa trade has traditionally been dwindling. In 2019, for instance, only 12% of Africa's \$560 billion worth of imports come from the continent. Africa access to international markets have not recorded significant returns in the global financial systems due to exportation of raw materials and shopping for better-rate artificial/processed goods. About 67% of the forty-nine least-developed countries (IDCS) are in Africa; most of them are landlocked, but very wealthy in natural resources. Others are facing more limited economic prospects due to uncoordinated regional economic blocs, in regards to free exchange areas in the dimensions of their home markets.¹³ However, Africa's export has been sluggishly growing, although essentially as a source of raw materials for the developed economies. Therefore, based on this assessment on the economic integration, the CFTA unfastened trade agreement seeks to address this challenges.

This fact notwithstanding, there's recognition by both state and non-state actors within the regional economic blocs, on the necessity to focus more on this area and to build synergy in a more collaborative manner through the alignment and harmonisation of trade policies within the existing economic integrations, to tap into the larger markets and benefit from the economics of scale. Focusing mostly on policy benchmarking with the established Free Trade

¹² Gbadegbe, F. (2021). African Continental Free Trade Area: Forging a New Investment Dispute Settlement Model. *Arbitration: The International Journal of Arbitration, Mediation and Dispute Management*, 87(2).

¹³ Geda, A., & Yimer, A. (2019). The Trade Effects of the African Continental Free Trade Area (AfCFTA): An Empirical Analysis. *Addis Ababa University, Department of Economics*.

Areas, at the same time boosting public private partnerships to achieve the global market enterprise standards for products and services.¹⁴ The participation of the public on AfCFTA cannot be overemphasised on various facets that are key in realizing the strategic objectives from a socio-economic and political perspective. Therefore, it is against this background that this research sought to fill the gaps for the purposes of enhancing a proactive approach.

1.4 Research Questions

1. What are the Kenya's strategic national interests and preparedness in joining Africa continental free trade area?
2. What are the policies Kenya has put in place in order to benefit from Africa continental free trade area?
3. What are the potential challenges that may threaten Kenya's participation in Africa continental free trade?

1.5 Objectives of the Research

The general objective of the study was to examine Kenya's strategic national interest in joining African continental free trade area (AfCFTA). To achieve this objective, the specific objectives below were focused on

¹⁴ Ingeri, C. (2020). Towards a more effective regional integration in Africa: Improving the conditions for a successful implementation of the African Continental Free Trade Area (AfCFTA) through infrastructure coordination.

1.5.1 Specific Objectives

The study was guided by the following specific objectives

- i. To examine Kenya's strategic trade interest and preparedness in African continental free trade area.
- ii. To examine the policies Kenya has established in order to benefit from joining African continental free trade area.
- iii. To examine potential challenges that threatens Kenya's participation in African continental free trade area.

1.6 Literature Review

Many scholars have studied the effects of loose trade agreements in diverse, centred on numerous factors of preferential trading agreements together with change patterns, on international welfare and the multilateral trading approach. In a vast perspective, the studies have both focused at the merits and demanding situations of the trade agreements.

1.6.1 Merits of Preferential Trade Agreements

Consistent with Frankel (2007), the formation of EC in Europe had a significant economic impact to most of the member states in Europe by about 65%. The Study found out that, the implication of preferential agreements on the volume of the bilateral exchange has a significant economic digits in the respective member states gross domestic product per capita by the use of gravity equation to the aid the accurately measuring preferential price lists.¹⁵ On comparative basis, they scrutinized the position of preferential and MFN tariffs primarily based on specifications with facts from some of the Latin American nations and their industrialized counterparts, like Canada, the USA, Japan and Europe.

¹⁵ Kawai, M., &Wignaraja, G. (2013). Patterns of free trade areas in Asia. Adeniran, A. (2012). Regional integration in the ECOWAS region: Challenges and opportunities.

Nevertheless, Kawai, M., & Wignaraja, G. (2013), found out that tariffs elasticity (the percentage trade volumes caused by using a one percentage exchange in trade volumes) is nearly identical in scale to the effects of distance between the buying and selling partners. The findings insinuated that, at the same time, countries cannot exchange the distance between them with their buying and selling companions, but can regulate trade rules in a way which will increase the profits of the trade. Chile for examples, is at a geographically disadvantaged point in terms of distance from some of the members of the most industrialized markets. However, its advantaged with a massive growth through bilateral trade with Mexico. A comparison from Chile's settlement with Canada and with the US reinforces this argument.¹⁶ Therefore, from their study, it can be concluded that, FTAs serve as a strategic approach to explore new exchange opportunities with distant counterpart, as long as policies are formulated to the advantage of the buying and selling partners as is the case with the EU and other northern companions.

Centred on unfastened free trade agreements (FTAs) between United States of America and some of its buying and selling partners, has mounted a range of fortunes to the residents and the states involved in the trade agreements.¹⁷ FTAs enable citizens to shop for a wide style of excessive first-class products at tremendously honest charges due to competition to the fact that, its the method of gaining competitive advantage. High quality products are the only tool because having to sell in the common market often means that additional costs have to be incurred. Among the costs is transportation cost from the country of origin to the market country or countries.

¹⁶ Ingeri, C. (2020). Towards a more effective regional integration in Africa: Improving the conditions for a successful implementation of the African Continental Free Trade Area (AfCFTA) through infrastructure coordination.

¹⁷ Kono, D. Y. (2002). Are free trade areas good for multilateralism? Evidence from the European Free Trade Association. *International Studies Quarterly*, 46(4), 507-527.

Despite the fact that, excessive first-class is guaranteed, the costs cannot be set at something above the market rates.¹⁸ The sellers are obliged to maintain charges pretty competitive. This explains why the client enjoys excessive first-rate merchandise but at fairly lower charges. An example is the case between the United States, Mexico and China. Inexpensive imports from China and Mexico preserve to ease inflationary strain within the Country. Notably, fees are held down through more than 2% for every 1% share in the market by means of imports from low earnings buying and selling partners like China.

Additionally, FTAs induces monetary increase inside the member states through extended and extra low cost productivity. A few nations rely upon their trading partners for raw materials.¹⁹ United States for instance, relies on raw materials from their trading companions. This implies that FTAs reduces the costs of importing raw substances and consequently decreasing the value of production which then interprets to financial growth.

Performance and innovation also are attributed to FTAs. Which promotes switch and sharing of technology, innovation and human capital in addition to assets from one country to another. This allows industries to improve their production strategies which interprets to better first-class of merchandise. Through FTAs, benchmarking becomes simpler and cheaper and thus making an allowance for sharing of capabilities and information. With the sharing of capabilities, industries become extra efficient and worthwhile. Trade translates to higher wages and greater investment on infrastructure, which then contributes to an extra boost on the economy creating greater opportunities.²⁰

¹⁸ Matthew, O. A., Osabohien, R., Ogunlusi, T. O., &Edafe, O. (2019). Agriculture and social protection for poverty reduction in ECOWAS. *Cogent Arts & Humanities*, 6(1), 1682107.

¹⁹ Mburu-Ndoria, E. (2016). Africa continental free trade area: Liberalizing trade in services for trade facilitation. In UNCTAD report on project “Strengthening Capacities of African Countries in Boosting Intra-African Trade.” Retrieved from <https://unctad.org/meetings/en/SessionalDocuments/ditc-ted-Nairobi-24082015-mburu.pdf>.

²⁰ Njiteu, R. R. L. (2021). Assessing the impacts of eliminating Non-Tariff Barriers in the framework of the African Continental Free Trade Area on Cameroons economy

In other words, the manufactures and the employees should see the bigger picture and equally deal with the tastes and preference of the respective countries buying and selling trends. Noting that, tastes and preferences differ from one country to another due to cultural variety.²¹ The goods and services should therefore be differentiated to fulfil the various needs of the single huge markets created via the FTA. Since producers in other countries are confronted with similar scenarios, the FTA comply with the identical regulations. The equity removes cronyism or the possibility of trading partners skewing exchange advantages towards favoured alternate partners. Thanks to requirements regulations for all, no bigger or properly-connected industries can gather unfair advantage like tax evasions and regulatory dodges which could otherwise suggest that they're not technically sound.

According to FTAs, standardisation promote trade in terms of goods, services and investment through creation of a higher quality environment for enterprise between the partners. For instance, the early harvest software (EHP) among the people's Republic of China (PRC) and Association of Southeast Asian Countries (SEAN) has considerably helped to the growth trade volume of agricultural merchandise among the member states. The PRC and ASEAN has considerably grown during the last ten years, with an annual boom of 20% (ministry of trade 2009). ASEAN was recorded as the third largest import market in 2009. Outstandingly, electronics and vehicles accounted for 53% of the PRC imports from ASEAN in 2009.²²

²¹ Okechukwu, N. N., & Chikata, I. E. O. (2018). The African Union continental free trade area: Challenges and prospects. *International Journal of Sustainable Development Research*, 4(2), 36.

²² Regard, H. (2017). Agreement Establishing the African Continental Free Trade Area. *African Journal of Legal Studies*, 10, 239-312.

Baier, S. L., & Bergstrand, J. H. (2009). Estimating the effects of free trade agreements on international trade flows using matching econometrics. *Journal of international Economics*, 77(1), 63-76.

1.6.2 Interests of Countries on FTAs

There are various pursuits through which countries engage internationally in free exchange. Extensively, the interests revolve around three most important socio-financial enterprises. These consist of financial prosperity, monetary improvement and poverty discount. Trade is the engine of economic prosperity and development. Although there can be loads of unfastened exchange agreements across the globe, the strategic interest of the respective states in these FTAs range considerably.²³ The earnings can be fiscal, global relation, and even reputation. As an example, joining FTAs may also come with extra recognition and registering better digits in the fiscal performance of specific countries, expansive labour markets and may additionally have more specifically sustainable economic sense from the global markets. Within the fast growing and competitive international markets, the precedence has been to penetrate the arena based on comparative advantage markets as demonstrated by most of the developed countries whose strategic interest is to keep their market percentage.²⁴

South Korea's strategic interests in its FTAs with United States of America and European Union, has been to make the preferential tariffs greater useful for its companies. In the view that, conclusion of greater favourable Free Trade agreements with US and European Union will yield to economic advantage. Additionally, South Korea has evolved its strategic interest on trade at the precept of reciprocity.²⁵ Therefore, countries adopts "international FTA network" as its vital trade platform to boost economic increase prospects through Free Trade Areas.²⁶

²³ Roberts, P., & Priest, H. (2006). Reliability and validity in research. *Nursing standard*, 20(44), 41-46.

²⁴ Woolcock, S. (2007). European Union policy towards free trade agreements (No. 03/2007). ECIPE working paper.

²⁵ Ajambo, E., & Emehinah, C. (2021). The African Continental Free Trade Area (AfCFTA): Maximizing Benefits for the Continent. *Harvard Africa Policy Journal*.

²⁶ Žmuk, B., DražićLutinsky, I., & Dragija, M. (2016). The choice of a sampling procedure for a (too) small target population: the case of Croatian public hospitals. *ZbornikEkonomskogfakulteta u Zagrebu*, 14(2), 19-44

1.6.3 Challenges of FTAs

Free Trade Areas presents a lot of opportunities, that states find economically viable and attractive to benefit. However, credible evidences show that, not all member states in the FTAs have drawn equitable benefits. There are several demanding situations which pose significant variants which obstruct efforts of the respective states to have fair proportion of the opportunities. Some of the challenges include information asymmetry, administrative expenses, bureaucracy, small margin of choices and non-tariff measures used by FTA companions.

Lack of information impedes many actors who would want to explore the opportunities to the fullest, which is a big problem amongst firms operating within a specified Free Trade Area. Hence compromised capacity of many exporters especially touching on the administrative costs in line with the rules origin.²⁷ A lot of bureaucratic procedures which companies need to follow before they're licensed to play in the FTAs has been attributed as a major impediment. Even though the techniques are arguably for the good of the companies, they're frequently too long and luxurious. The expenses specifically beat the logic of FTAs whose predominant intention is to reduce red tape in the bilateral or multilateral enterprise ventures. Many of the fundamental targets of FTAs encompass lowering cost of doing commercial enterprise among member states and shortening the bureaucratic procedures. Many FTAs as a consequence nonetheless, need to revise the techniques and the charges related to certification of firms to participate in the FTAs.²⁸ In the international markets, there are numerous other factors which vary across the FTAs globally.²⁹

²⁷ Barnekow, S. E., &Kulkarni, K. G. (2017). Why regionalism? A look at the costs and benefits of regional trade agreements in Africa. *Global Business Review*, 18(1), 99-117.

²⁸ Boudreaux, D. J., &Ghei, N. (2017). The benefits of free trade: Addressing key myths. *Trade and Immigration| Policy Briefs|* May, 23, 2018.

²⁹ Cissokho, L., Haughton, J., Makpayo, K., &Seck, A. (2013). Why is agricultural trade within ECOWAS so high?. *Journal of African Economies*, 22(1), 22-51.

However, countries that are geographically distant in terms of market accessibility may be concerned about time delays affecting export schedules. In context, similar observations had been made with regard to most advanced Free Trade Areas.³⁰

1.7 Justification of the Research

1.7.1 Policy Justification

Policy recommendations resulting from this study may help policymakers respond more effectively to continental free trade area difficulties, and it is believed that this study is justified from that standpoint. Given the importance of the subject matter on a national and worldwide level, the study's contribution will hopefully be useful to decision-makers.

1.7.2 Academic Justification

The literature evaluation has a knowledge deficit, particularly in terms of the connections between strategic national interests and the continental free trade area. As a result, it is said that additional research is needed to critically study this vital symbiotic interaction in order to add to the body of knowledge. This research will aid in the international community's quest for a long-term solution to the issue of free trade zones, particularly in poor nations, in the twenty-first century.

1.8 Theoretical Framework

The study was guided by liberal inter-governmentalism theory. The birth of the liberal inter-governmentalism theory can be traced back to the propositions of Hoffman, in which an argument was submitted that national states and interests were not replaced by transnational logic of integration. This was largely influenced by the classical international relations theory

³⁰ Cissokho, L., Haughton, J., Makpayo, K., & Seck, A. (2013). Why is agricultural trade within ECOWAS so high?. *Journal of African Economies*, 22(1), 22-51.

known as neorealism.³¹ The neorealism theory is based on the principle that international politics deals with the interdependence of self-interested actors in a chaotic setting without underlying authority. It is against this backdrop that liberal inter-governmentalism emerges from an international system represented by chaos, consisting of elements that are officially and practically equal. International organisations are therefore a convergence for the perpetuation of power politics, which strengthens the importance of the role of government within this setting.

While the liberal inter-governmentalism theory is deemed suitable for integration within the African context, it is recognised as a baseline theory that is instrumental in explicating the history and emergence of the EU. As such, this theory advances the idea that regional or continental integration is feasible and strengthened if government leaders are inclined to undertake an economic interest when performing their duties, by acting reasonably and negotiating for policies suitable for the needs of their countries³². According to Wiener et al., the countries' interests would then be secured through the establishment of institutions that are instrumental in the implementation of the agreed treaties. For policy to be a success, it is imperative that member states put to the fore the economic interests of the entire regional unit. Liberal inter-governmentalism is symbolised by state centrism, in which the role of the member states is promoted and the process of integration viewed as a zero-sum game. This means that the integration process is restricted to policy areas that are detached from crucial matters relating to sovereignty of the member states³³. In addition, the interests and actions of the member states should take centre stage in shaping the integration process. The theoretical

³¹ Baier, S. L., & Bergstrand, J. H. (2009). Estimating the effects of free trade agreements on international trade flows using matching econometrics. *Journal of international Economics*, 77(1), 63-76.

³² Bartels, L. (2013). Human rights and sustainable development obligations in EU free trade agreements. *Legal Issues of Economic Integration*, 40(4).

³³ Ajambo, E., & Emebinah, C. (2021). The African Continental Free Trade Area (AfCFTA): Maximizing Benefits for the Continent. *Harvard Africa Policy Journal*.

concepts of the liberal inter-governmentalism theory will contribute to an understanding of the various facets of this study. The study on liberal inter-governmentalism by Moravcsik has become an important reference point for most recent studies of integration, particularly with regard to the big decisions it refers to as ‘grand bargains’.

1.9 Conceptual Framework

Conceptual framework is a written description of a suggestive courting among the variable of the research. This study proposes an assessment of Kenya’s strategic interest in AFCFTA, the rules and the capacity on demanding situations while figuring out key factors on strategic advantage the country stands to gain in the trade agreement. Figure 1 below consequently summarises the anticipated relationship of the study variables.

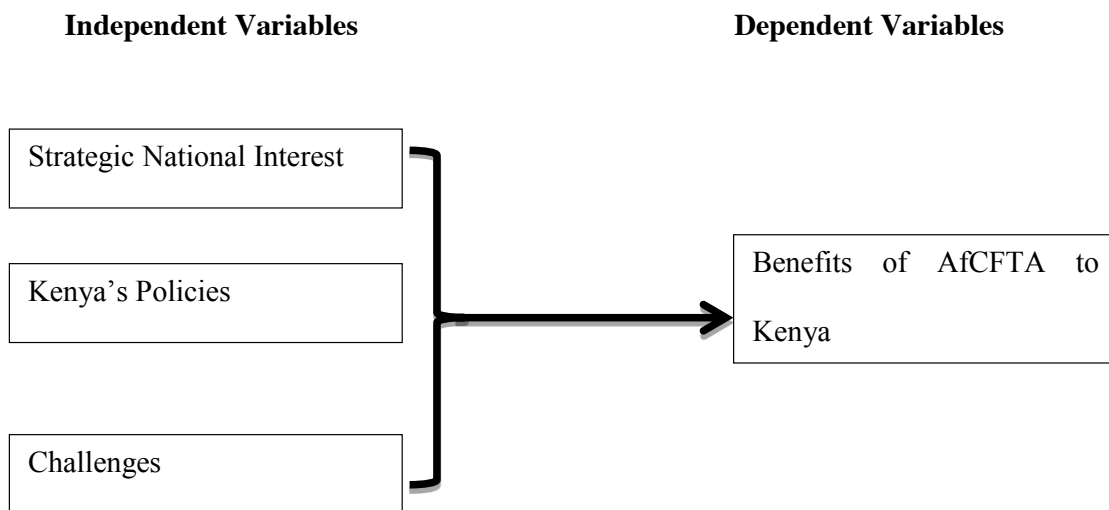


Figure 1.1. Conceptual Framework

1.10 Hypothesis

1. Kenya has no national strategic interest and preparedness in the African Continental Free Trade Area (AFCFTA)

2. Kenya has not put in place any policies that can help it to benefit from the opportunities created by AFCFTA
3. There are no challenges facing Kenya in its pursuit to explore the opportunities created by AFCFTA.

1.11 Methodology of the Research

Studies technique specializes in describing the method implemented in accomplishing the study objectives. This segment contains brief description of the study layout, goal, population, study sample, sampling techniques, and information analysis and statistics evaluation technique. In a nutshell, this phase highlights the methodologies which were used to guide the entire study methods in collecting the relevant data.

1.11.1 Research Design

Research design is the specified blue print used to guide the study towards the specific objectives. This study adopted descriptive survey because it targets both qualitative and quantitative statistics. The survey technique is considered appropriate because the observer intends to describe the country's role with reference to AfCFTA, from the perspective of both the public and private partnerships approach.

1.11.2 Research Site

The study was proposed to be conducted in Kenya. Kenya is an East Africa countries boarding, Somalia to the East, Uganda to the West, Ethiopia and South Sudan to the North and Republic of Tanzania to the south. The country is segmented into 47 administrative areas, popularly known as counties under the governance of the county government headed through governors. The country is headed by a president and is rated exceedingly in enterprise and was ranked genuinely second in publishing its ratification documents for AFCFTA after Ghana.

1.11.3 Target Population

A study target population is a well-defined institution of people or items diagnosed with similar traits or attributes by the researcher. The attributes targeted on are knowledgeable through the research questions and objectives. This study targeted a mix of respondents particularly; (25) respondents from Ministry of Industrialization Trade and Enterprise Development, (20) Ministry of Foreign Affairs, (20) Kenya National Chambers of Commerce and Industry, (15) from the business community making a total of 80 respondents.

1.11.4 Study Sample

The study sample refers to respondents or the segment of the target population from which records should be amassed. The Ministry of Industrialization, Trade and Enterprise Development is essential in understanding the technical validation and domestication of the African Continental Free Trade Area, as a key actor taken into consideration for the study. The Ministry of Foreign Affairs is at the centre of Kenya's bilateral, local and multilateral economic cooperation's and diplomatic relations. The Kenya National Chambers of Commerce and Industry and the business community are instrumental in the illustration of stakeholder's participation who are engaged in entrepreneurship.

A formula by Nassiuma (2008) was used to decide the sample size as illustrated below. (18) Respondents from Ministry of Industrialization Trade and Enterprise Development, (11) Ministry of Foreign Affairs, (11) Chambers of Commerce and the (11) business community making a total of 51 respondents.

$$n = \frac{NC^2}{C^2 + (N-1)e^2}$$

Where

n = sample size

N = study population (80)

C = coefficient of variation (21% - 30%)

e = error margin (0.02 - 0.05)

The above equation is substituted as follows:

$$n = \frac{80(0.3)^2}{0.3^2 + (80-1)0.025^2}$$

$$n = 51$$

Therefore, the sample size of the study was 51 respondents chosen using the stratified random sampling.

1.11.5 Data Collection and Procedure

Questionnaires were utilized for this study. The researcher was trying to find permission from the capacity respondents followed by using establishments of contacts with them. The respondents can be appraised at the motive and the rationale of the study. Their consent was sought earlier before engaging within the study. Additionally, the confidentiality and authority in the course of the information collection was assured.

1.11.6. Data Collection Instruments

Semi-structures questionnaires were developed to address specific study questions. The questionnaire comprised both open and close ended to allow respondents explain and express their views, observations, and critiques. Use of questionnaires is inexpensive and saves time particularly where the respondent is at liberty to fill out the questionnaires on the consolation in their relaxation time. However, the use is restrained to people who can study, understand and write inside the language of the questionnaire.

1.11.7 Pilot testing of research instruments

The pilot study and the pretesting was conducted within Nairobi County. Within the pilot study, 3 respondents were picked from each category to check the suitability, validity and reliability of the research gadgets. Firstly, the participants were informed approximately the study so that they completely understand what is expected from them. Contact was then established with the different sample targeted.

1.11.8. Instrument Reliability and Validity

Validity is described because the degree of suitability of the studies device to reflect what it's made to degree. Validity is defined by Roberts Priest & Traynor (2006) also as amount to whom the scientist has observed what he and the she intended to measure. To check the validity of the instrument, the researcher liaised with the supervisor as the professional. The entire study tools were vigorously reviewed to ensure validity. The study instrument was subjected to study evaluate to ascertain their validity. The instrument was then subjected to face validity, content validity takes a look at and construct validity take a look at through testing it using the research carried out in the beyond. Inter-object reliability check may be implemented to check the reliability of the studies tool. Multiple objects were used consistently with the concept in the questionnaire. Which contained both open and close ended questions designed to measure certain ideas being related to each segment of the research objectives.

1.11.9 Data Analysis

The data collected was processed to make it clean and suitable for analysis. The processed records were then analysed using descriptive statistical analysis (degree of important tendencies) through Microsoft Excel and SPSS version 23. Descriptive data is used to provide quantitative descriptions in any form that is available. Descriptive data helps us to rationally simplify large volumes of information. Descriptive statistics were used to analyse the records on socio-commercial enterprise practices, economic status and level of data in the sample of

the study population. Qualitative data was processed into scaled rankings and coded to quantify responses for statistical evaluation. Analysed data was represented using graphs and pie charts.

1.11.10 Legal and Ethical Considerations

The study instruments were first submitted and defended earlier before a supervisor before preceding study schedule. Permission was sought from NACOSTI before data collection can be initiated. The study participants were fully informed about the need and purpose of the study. The questions asked in the research instruments were cautiously structured in order to maintain a positive attitude of the respondent. In all study population, courtesy calls were made to the key informants.

1.11.11 Scope and Limitations of the Research

The study focused on the question of Kenya's national strategic interest in the recently launched AfCFTA. Despite the fact that AfCFTA brings together 54 countries, the interest of study is Kenya's preparedness to make the most the possibilities created by AfCFTA. The study was restrained to the Kenya's case with a special focus on implementation strategies, policies and possible demanding situations. The study was constrained by limited literature about AfCFTA and additionally by means of the truth that will rely on human's responses which may be biased by subjectivity or ignorance about AfCFTA.

1.12 Chapters Outline

Chapter one Introduces the topic and gives an extensive background of the topic. It also provides the research study, the statement of the problem, justification, theoretical framework, literature review, hypothesis and methodology of study.

Chapter two: Examines some of the strategic areas that seek to stimulate and strengthen Kenya's economic cooperation for the achievement of socio-economic growth and

development in the Africa continental free trade area. Focusing on the major segments of the country's implementation strategy and key infrastructure in place to facilitate full domestication of the African continental free trade agreement.

Chapter three: Explores Kenya's important role in advancing economic cooperation and international trade and investment that, the country can pursue to realize quantifiable and measurable outcomes in the Africa continental free trade area.

Chapter four: Discusses some of the key challenges faced and prospect in realizing the Country's objectives in the African Continental Free Trade Area.

Chapter five: Data Analysis and Presentation

Chapter Six: Summary, Conclusions and Recommendations

CHAPTER TWO: KENYA'S STRATEGIC TRADE INTEREST IN AFRICAN CONTINENTAL FREE TRADE AREA

2.1. Introduction

This section presents literature on Kenya's strategic trade interest in African continental free trade area. Specifically, ICT, Transport, Access to credit, Energy and infrastructure are discussed as areas of interest. These interests are in line with the United Nations Economic Commission for Africa (ECA) free trade requirements and the revised Kenya's African Continental Free Trade Area (AfCFTA) National Implementation Strategy, which is the country's blueprint through which the country can maximally tap into the opportunities provided by the trade agreement.

2.2 Kenya's Commitment to Free Trade Area Agreements

After Ghana, Kenya is the second African country to submit its AfCFTA ratification documents in 2018. The move demonstrated the country's commitment to the FTA by its leaders.³⁴ Clearly, Kenya still has a long way to go in terms of establishing the necessary institutions; nevertheless, the nation has advantages and strengths in terms of the necessary infrastructure to begin and expand commerce under the AfCFTA. The following are some of the topics on which the implementation strategy focuses.³⁵

2.2.1 Access to Credit and Free Trade Area

One of most crucial tool for something like a practical application of something like the AfCFTA is financial access. The International Institution's Performing Market Report for 2020,

³⁴ Adewopo, A., Oriakhogba, D., & Okorie, C. (2021). Negotiating the Intellectual Property Protocol under the Agreement Establishing the African Continental Free Trade Area: Priorities and Opportunities for Nigeria. *Law and Development Review*.

³⁵ Aniche, E. T. (2020). African Continental Free Trade Area and African Union Agenda 2063: the roads to Addis Ababa and Kigali. *Journal of Contemporary African Studies*, 1-16.

which provides objective measures of business regulations and effective enforcement throughout 45 countries, ranked Kenya favourably in terms of access to finance. With a score of 95 out of 100, Kenya placed in fourth place.³⁶ Some of the measures that resulted to Kenya's high rating were the implementation of registration form, entry, alteration, and rejection of territorial integrity, along with governmental web activities of Kenya's security register. Kenya has also established new credit rating agencies and databases that have benefitted the economic growth of the country by lowering banking system cost of borrowing, protection, and non-repayment rates.³⁷ Kenya's organizations for improving financing however would really go long time away toward assuring the nation's military success in the AfCFTA.³⁸

2.2.2 Transport and Free Trade Area

For any impactful exploration of AfCFTA, efficient transport systems are indispensable. To make the most of the benefits that AfCFTA presents, Kenya like any other African country must develop their transport sector for any meaningful competitiveness. It follows therefore that the roads, rails and port connectivity must be expanded and improved.³⁹ Considering the investment Kenya has had on rail transport network, roads network and even the construction of Lamu Port, the country is positioning itself as a transport and logistics hub.⁴⁰ The Kenyan government has created the Kenya National Transport and Logistics Network, whose goal is to improve efficiency and cooperation in the country's transportation industry. The Kenya National Transport and Logistics Network, according to the Kenyan National Treasury, is

³⁶ Apiko, P., Woolfrey, S., & Byiers, B. (2020). *The promise of the African Continental Free Trade Area (AfCFTA)* (No. 287). ECDPM Discussion paper.

³⁷ The World Bank Group (2020). *The African Continental Free Trade Area -Economic and Distributional Effects*. Accessed August 3, 2021 from <https://openknowledge.worldbank.org/bitstream/handle/10986/34139/9781464815591.pdf>

³⁸ Odijie, M. E. (2019). The need for industrial policy coordination in the African Continental Free Trade Area. *African Affairs*, 118(470), 182-193.

³⁹ Pasara, M. T. (2020). An overview of the obstacles to the African economic integration process in view of the African continental free trade area. *Africa Review*, 12(1), 1-17.

⁴⁰ Ibid 48

anticipated to lead the charge in lowering the cost of doing business in Kenya by providing efficient and more economical port, rail, and pipeline infrastructure in a cost-effective and long-term way.⁴¹

2.2.3 Energy and Free Trade Area

Every beat of success of AfCFTA will required availability and accessibility of trustworthy and reasonably priced energy. Economic growth can often be measured in terms of energy demand. This explains why African nations need establish strategies and mechanisms which will ensure that there is sufficient energy production to meet impending increased demand for energy. Fundamentally, AfCFTA should induce more industrialization or the need for more industries which can meet the demand from the big market. Opening borders for trade automatically means that there are high chances of opening factories all of which will need reliable and environmentally friendly energy. This will need a dependence on a variety of energy sources, including a greater usage of renewable energy sources. Kenya is the leading African country in terms of utilizing renewable energy sources such as geothermal and wind energy, according to the Energy and Petroleum Regulatory Authority (EPRA).⁴²

This puts the country in a better place with regards to the predictable increase in energy demand, due to opening up new industries and expansion of existing ones which may pursue increased production output to serve the demand of the newly opened African common market. Although Kenya has appreciated and started to explore substitute sources of energy, the cost of power is still comparatively high compared to countries such as Ethiopia and South Africa.⁴³

⁴¹ Pasara, M. T. (2020). An overview of the obstacles to the African economic integration process in view of the African continental free trade area. *Africa Review*, 12(1), 1-17.

⁴² Ibid 48

⁴³ AU, A. U. (2012). *Assessing regional integration in Africa V: Towards an African continental free trade area*. United Nations Economic Commission for Africa (UN-ECA).

Consequently, the cost of production is still high and could discourage business. The country needs to urgently address the question of the cost of power.

2.2.4 ICT and Free Trade Area

With the digital revolution ruling every sector of economy, advancement in ICT is mandatory. ICT is needed for real-time sharing of information, creation, sorting, storage and retrieval of information and data bases, and documents, for access of credit and facilitation of transactions⁴⁴. Regrettably, the internet is used by fewer than 10% of the population in certain African countries, and just 18% of households have access to it across the continent.⁴⁵ This may jeopardize the countries' ability to take advantage of the AfCFTA's prospects.

The good news is that Kenya is ideally positioned to gain from e-commerce, according to Kenya Communications Authority data, which show that over 80% of Kenyans have access to the internet, at least through mobile internet.⁴⁶ Kenya is also known as Africa's "Silicon Savannah" since it is at the forefront of technology advancements. Kenya has therefore made significant progress in building a favorable climate for the AfCFTA to succeed and reap the benefits of expanded intra-African trade. While there is still more to be done, the progress should be celebrated even as Kenya works to put in place an implementation strategy to help the continental free trade agreement be fully implemented.

2.3. Kenya and Her Trading Partners in Free Trade Area

Kenya possesses trade flows agreements in place of nations across the world, then under these accords, Kenya but also its contractual neighbours agree to compete one another. These partnerships are often used as tools to promote trade and strengthen economic ties among both

⁴⁴ Akinkugbe, O. D. (2020). Dispute Settlement under the African Continental Free Trade Area Agreement: A Preliminary Assessment. *African Journal of International and Comparative Law*, 28(Supplement), 138-158.

⁴⁵ Abrego, M. L., de Zamaroczy, M. M., Gursoy, T., Nicholls, G. P., Perez-Saiz, H., & Rosas, J. N. (2020). *The African Continental Free Trade Area: Potential Economic Impact and Challenges*. International Monetary Fund.

⁴⁶ Ibid 48

Kenya and these nations.⁴⁷ Meanwhile, in terms of substance and players, it has been noticed that the form and type of bilateral commerce between Kenya and other global countries is changing. As a result, the goal of this research is to learn more about the factors that impact bilateral trade between Kenya and its trading partners as the country works to integrate into the global economy. Kenyan exports benefit from a variety of special access and tariff reduction programs that provide them privileged access to global markets.⁴⁸ Kenya is a party to a number of agreements aimed at boosting commerce between member countries.

Kenya was one of the first African countries to adopt the global economy and corporate philosophy. Kenya started on structural and macroeconomic changes, including trade, in the early 1990s in attempt to create a more growth-friendly economic environment.⁴⁹ The shift from import substitution to outward-oriented policies has progressed, although other areas, such as privatization, have lagged. Furthermore, Kenya's economic structure has remained relatively steady. Agriculture, after services, is the most important sector of the Kenyan economy. The agricultural industry contributes for around 27% of real GDP and around 60% of total merchandise export profits, with agriculture providing employment to roughly 80% of the population.

The importance of overseas trade has risen for the Kenyan economy due to an upward trend in the trade-to-GDP ratio. Kenya's primary imports, however, are European and Asian industrial and transport equipment, as well as Middle Eastern crude oil and petroleum products. As a result, agri-food imports fluctuate with domestic harvests.⁵⁰ Kenya's major commercial partner

⁴⁷ Vhumbunu, C. H. (2020). The African Continental Free Trade Area. *Africa Insight*, 50(1), 122-143.

⁴⁸ Charles, F. D. (2021). African continental free trade area: Is there a trade potential for Côte d'Ivoire?. *Cogent Economics & Finance*, 9(1), 1915932.

⁴⁹ Asche, H. (2021). On the African Continental Free Trade Area. In *Regional Integration, Trade and Industry in Africa* (pp. 95-117). Springer, Cham.

⁵⁰ Asche, H. (2021). On the African Continental Free Trade Area. In *Regional Integration, Trade and Industry in Africa* (pp. 95-117). Springer, Cham.

is the European Union (EU) (both as a source of imports and a destination for exports). Following Kenya's reintegration into the global economy, the Asian Tigers: Japan, China, and Taiwan, as well as South Africa, have boosted their proportion of Kenyan imports. Between 1993 and 1998, Kenya's exports to the other East African Cooperation nations, such as Uganda and Tanzania, nearly quadrupled, becoming this economic group Kenya's second-largest destination behind the EU. Moving toward a more open trading system, improving and expanding foreign market access for Kenyan products, particularly processed commodities, and deeper integration into the global economy are among Kenya's trade policy objectives.⁵¹

These policy goals have been pursued through unilateral liberalization, regional and bilateral trade talks, and membership in the global trading system, particularly in the African area. Kenya is also a member of the African Union (AU), the East African Cooperation (EAC), the Common Market for Eastern and Southern Africa (COMESA), and the Inter-Governmental Authority on Development (IGAD). Despite the fact that bilateral trade benefits numerous nations, there are a number of issues that impede seamless commerce, particularly between Kenya and its trading partners.⁵² Economic, socio-cultural, and political variables all have a role.

All sorts of economic unions strive to build and expand market opportunities; usually, markets are expanded by preferential tariff treatment for participating members, common tariff barriers against outsiders, or both. Lower internal tariff barriers benefit consumers, while expanded, protected markets promote internal economic growth by providing reliable outlets and preferential treatment for goods produced within the customs union.⁵³ External and internal

⁵¹ Ndonga, D., Laryea, E., & Chaponda, M. (2020). Assessing the potential impact of the African continental free trade area on least developed countries: A case study of Malawi. *Journal of Southern African Studies*, 46(4), 773-792.

⁵² Ajibo, C. C. (2019). African Continental Free Trade Area Agreement: The Euphoria, Pitfalls and Prospects. *Journal of World Trade*, 53(5).

⁵³ Owiro, D., & Akoth, J. (2021). Fundamental Lessons From Regional Economic Communities for the African Continental Free Trade Area: A Case Study of the East African Community.

obstacles are often eliminated as a result of the increased economic security provided local manufacturers by the expanded market.

Another essential requirement for the establishment of a supranational market structure is political amenability among countries. Before relinquishing any element of their national sovereignty, participating countries must share similar goals and overall compatibility. State sovereignty is one of a country's most prized belongings, and it is only given up for the promise of a major increase in the country's position through collaboration. Economic factors are the primary drivers of the establishment of a customs union group, but political factors are also significant. The shock of economic collaboration with other nations is lessened by cultural similarities.⁵⁴ Because members understand the attitude and viewpoint of their colleagues, an agreement is more likely to prevail if the cultures are comparable.

2.4. Southern African Development Community (SADC) Free Trade Area

In SADC, the Protocol on Trade of 1996 that came to effect in 2000, forms the legal basis for reform process in trade in services. There was the establishment of Regional Tourism Organization of Southern Africa (RETOSA) in 1998. The Protocol on Trade in Services modelled on the GATS and 4 specific services sectors were identified for priority negotiation and there was the establishment of Support to SADC Regional Integration and Multilateral Trading System. Additionally, Member States made commitments under the GATS.

Through commercial presence, eight Member States established horizontal commitments to the delivery of services. In the financial services sector, seven Member States made commitments, all of which are in the banking sector. Only three nations made insurance promises, with one making a horizontal commitment to foreign investment. A number of pledges in the travel and

⁵⁴ Diawara, B., Munthali, T. C., & Nantchouang, R. (2020). Capacity Imperatives for the Realization of the African Continental Free Trade Area: Issues and Policy Options. In *Pan Africanism, Regional Integration and Development in Africa* (pp. 77-96). Palgrave Macmillan, Cham.

tourism industry have been made, showing its importance in the area as a source of FDI and a driver of economic growth.

The major bottlenecks of SADC helping Kenya benefit from free trade area are related to the fact that the scope of the Protocol on trade is wide. Also, there is difficulty of progressively achieving the equivalence, harmonization and standardization of the education and training systems in the region. Moreover, the provision of reliable and sustainable energy in the most efficient manner is another challenge. The ability to harmonize regional and national policies, strategies and programmes in various areas of trade in services is very weak.

2.5. The Potential Role for the ACFTA approach to services trade integration in Kenya

Given the basic challenges of regional approach to the liberalization of trade in service, the basic issue relates to the appropriateness of using AfCFTA platform to develop concrete steps to prioritize the service sector and its regulation and liberalization. To improve the services sector's and services liberalization's potential leverage for continental integration, it may be important to examine whether the current method of regulatory harmonization across regions is sufficient to remove the present barriers to services trade. Analysis of current regional services policy review is critical in this case. Liberalization of services is a complicated process that requires appropriate policies, legislation, and institutional structures.⁵⁵ Not all of Africa's service sectors are ready for quick or complete deregulation. The AfCFTA may want to consider allowing RECs to coordinate the determination of their Member States priority sectors for liberalization and the ideal sequencing of liberalization.

Evidence shows that one of the shortcomings of the African economic integration is the adoption of a linear model, where trade in service is relegated to the final stage. However,

⁵⁵ Gbadegbe, F. (2021). African Continental Free Trade Area: Forging a New Investment Dispute Settlement Model. *Arbitration: The International Journal of Arbitration, Mediation and Dispute Management*, 87(2)

AfCFTA breaks new ground by negotiating trade in goods and trade in services concurrently. The Agreement would be the largest one ever concluded, if there is effective implementation. It is therefore necessary, to examine the process of AfCFTA Protocol on Trade in services in terms of achievement of liberalization of service sector in the continent. The scope of the Protocol is as wide as that of the GATS.⁵⁶ One of the specific objectives as stated in Article 3(2e) is to pursue services trade liberalization which is in line with Article V of the GATS. Like the GATS, the Protocol operates at two different levels. The first set applies across the board to measures affecting trade in services. This includes; MFN principle (see Article 4), and transparency. The new layer applies to Member States' sector-specific obligations on market access and national treatment. This merely covers their basic duties, as the precise promises that define the Protocol's liberalizing impact have yet to be established.

When compared to regional approaches, the AfCFTA strategy would be more efficient if it recognized that significant services liberalization can only be achieved by focusing on the regulatory environment. This environment would determine international suppliers' access to the market (market access) as well as the terms of their local operations (national treatment). The Agreement should figure out how to expand on the significant liberalization that has already been accomplished in regional talks. This is because, the reform is about phasing out trade restrictive measures against foreign and national services and suppliers.⁵⁷ To the AfCFTA Protocol on Trade in services, the MFN treatment, the rules on market access and national treatment are negative integration tools. However, the implementation of these articles may be difficult because of the diversity in the regulatory measures among Member States. There is

⁵⁶ Doan, T. N., & Xing, Y. (2018). Trade efficiency, free trade agreements and rules of origin. *Journal of Asian Economics*, 55, 33-41.

⁵⁷ Frankel, J. A., Stein, E., & Wei, S. J. (2007). *Regional trading blocs in the world economic system*. Peterson Institute.

need for the convergence of multiple national regulatory policies and standards which can be addressed through harmonization.

The pursuit of policy coherence and coordination should not be limited to linkages in the services sector. Many African economies are undergoing structural change marked by agriculture ceding its preeminent role to the services sector, but both agriculture and manufacturing sectors would remain important. This trend towards servicification of economies should be incorporated in the strategy as it would recognize the role of services in facilitating production and exports.⁵⁸ The relevant document in this context is the draft Agreement establishing the TFTA. Annex 12 of the agreement contains guidelines useful for negotiations and provides insight on the liberalisation process. The process should be coherent and built on the achievements of RECs. This would also enable States Parties to negotiate options and inquiries based on contribution timelines. Sectors and sub-sectors liberalized under the RECs' programs are included in the pledges. The AfCFTA can consider and adopt the TFTA measures to simplify the regulatory framework.

The AfCFTA approach should focus on regulation of aerospace management, consumer protection, and safety of airlines. New impetus and focus should be given to the sector through regional coordination as the main hurdles to the development of the sector seem to stem from inappropriate regulation at the national level and government inactions given the existing enabling regional and continental protocols and institutional arrangements.⁵⁹ To achieve this objective, the Single African Air Transport Market (SAATM) provides the best platform. The SAATM aim is to create a single unified air transport market in Africa and liberalization of

⁵⁸ Gbadegbe, F. (2021). African Continental Free Trade Area: Forging a New Investment Dispute Settlement Model. *Arbitration: The International Journal of Arbitration, Mediation and Dispute Management*, 87(2)

⁵⁹ de Melo, J., & Twum, A. (2021). Prospects and Challenges for Supply Chain Trade under the Africa Continental Free Trade Area☆. *Journal of African Trade*.

civil aviation as an impetus to the continent's economic integration agenda. The SAATM will be achieved by putting the 1999 Yamoussoukro Decision into effect right now. The award of Fifth Freedom rights for scheduled air services allows a qualified African carrier to fly between two other African nations on a route that starts or ends in its home country.

2.6. Conclusion

This chapter focused on Kenya's strategic trade interest in African continental free trade area. The analysis shows that regional efforts are limited by low commitment of Member States and inconsistent alignment of regional policies with national regulations. The presence of inadequate trade-related infrastructure, poor enabling environment; and ineffective implementation of regional protocols and decisions limit the efficacy of regional efforts. The AfCFTA approach would be efficient provided that it recognizes the harmonization of regulatory environment for a meaningful services liberalization. There should be convergence of multiple national regulatory policies and standards achievable through harmonization. It should also devise ways to build on existing regional negotiations and take advantage of other pan African institutions.

CHAPTER THREE: POLICIES KENYA HAS ESTABLISHED IN ORDER TO BENEFIT FROM JOINING AFRICAN CONTINENTAL FREE TRADE AREA

3.1. Introduction

Kenya is a member of a number of regional and international organizations, including the United Nations, the African Union, the Intergovernmental Authority on Development (IGAD), COMESA, and the East African Community (EAC). Through the Ministry of Foreign Affairs and World Trade, the country make use of its participation in these organizations to address and shape international opinion, values, and interests.⁶⁰ Further, the country continues to play bigger role in international affairs by coming up with various strategic plans that lays out the country's goals, priorities, and methods for achieving quantifiable and verifiable results. This chapter reviews the literature on Kenya's policies for gaining access to the African Continental Free Trade Area.

3.2 Strategic Issues to African Continental Free Trade Area

The Ministry of Foreign Affairs and Foreign Trade has identified six strategic challenges, as well as the strategic objectives and particular tactics necessary to solve them, based on a review of the previous international relations and trade Strategic Plan and a scenario analysis.⁶¹ The six strategic issues are: Kenya's Sovereignty, Integrity, Territorial, Peace, Security and Stability; Kenya's global trade interests; Economic Cooperation, International Trade and Investment; Diaspora Engagement and Consular Services; (v)Public Diplomacy and Stakeholders Engagement; and Policy, Legal and Institutional Capacity.⁶²

⁶⁰ Diawara, B., Munthali, T. C., & Nantchouang, R. (2020). Capacity Imperatives for the Realization of the African Continental Free Trade Area: Issues and Policy Options. In *Pan Africanism, Regional Integration and Development in Africa* (pp. 77-96). Palgrave Macmillan, Cham.

⁶¹ Moyo, T. (2020). Editorial The African Continental Free Trade Agreement (AfCFTA).

⁶² Ibid

Human rights are clearly a core concern that cuts across all six strategic objectives. Indeed, as shown in Kenya's 2010 Constitution, as well as the government's devotion to the United Nations pillars and Sustainable Development Goals, is rapidly taking centre stage both inside the country and internationally (SDGs). In order to accomplish its strategic international trade goals and contribute to a fair, peaceful, and equitable society in Kenya and across the world, Kenya must demonstrate commitment to human rights values and practices.⁶³

Kenya exists in a region that is characterised by prolonged and problematic skirmishes leading to in political volatility. The country takes cognisance of the issues and has fronted diplomatic negotiation lest the efforts of AfCFTA be all in vain. The country also shares borders with five (5) countries namely Uganda, Tanzania, South Sudan, Ethiopia and Somalia as well as the Indian Ocean. There have been instances of differences between Kenya, Uganda, Ethiopia and Somalia, but concerted efforts have continuously been invested to reconcile the difference particularly at the borders.

Kenya, too, realizes the enormous potential for economic and social transformation that blue economy resources provide, and is committed to securing its maritime boundaries in order to facilitate the blue economy's expansion. Kenya's foreign policy is to maintain its sovereignty and territorial integrity, as well as promote peace, security, and stability inside its borders and in its core environment, which encompasses the Horn of Africa and the Great Lakes Region, in light of the aforementioned AfCFTA preparations.⁶⁴

International ties, trade, and investments are at the forefront of the nation's military attempts to achieve the Vision 2030 goals as well as the AfCFTA initiatives, which are aimed at increasing

⁶³ Republic of Kenya, Ministry of Industrialization, Trade and Enterprise Development. Department of International Trade (2020)

⁶⁴ Ibid

Kenyan's success by achieving an average GDP growth rate of 10% per year. The Ministry of Foreign Affairs and International Trade is working to implement measures that will allow the country to maximize its regional, continental, and global trade competitiveness in order to boost trade and investment in the AfCFTA.⁶⁵

The initiatives include improving bilateral, regional, and multilateral economic cooperation, encouraging investments, promoting Kenyan products and services exports, and marketing Nairobi as a diplomatic and economic centre and a top location for international conferences and events. These initiatives aim to boost and improve Kenya's economic cooperation in order to achieve socioeconomic development and growth. This will entail bolstering bilateral, regional, and international discussions in order to promote and safeguard Kenya's economic interests in the AfCFTA.

The Ministries of Foreign Affairs and International Trade, as well as the Ministry of Industrialization, Trade, and Enterprise Development, work together to initiate, negotiate, and conclude trade and investment frameworks at the intergovernmental, geographical, and trilateral levels, well with objective of improving the economic cooperation environment. As a result, the AfCFTA provides the nation with an opportunity to achieve its trade and investment agreements. Both ministries will work together to monitor and analyze the execution of the country's frameworks in order to determine if Kenya is achieving the desired socioeconomic growth and development goals.⁶⁶

Development of capital attempts to increase Flow of FDI and expand Kenyan investments overseas, while advertising Kenyan commodities strives to promote the export of Kenyan industries to traditional, developing, and business areas. The Ministries of Foreign Affairs and

⁶⁵ Ibid 61

⁶⁶ Ibid 61

International Trade, as well as the Ministry of Industrialization, Trade, and Enterprise Development, have committed to working with relevant MDAs to integrate the National Trade Policy and develop a National Export Strategy with the purpose of maximising exports through championing for differentiation strategy and a sharp decline in heavy reliance on raw goods.⁶⁷

Finally, in order to promote Nairobi as a diplomatic hub, the Ministries of Foreign Affairs and International Trade, as well as the Ministry of Industrialization, Trade, and Enterprise Development, intend to redouble their efforts to build on Nairobi's successful legacy as a top destination for hosting important international conferences and summits by establishing synchronized and coordinated conferencing standards based on a meticulous planning process.

3.3. Policies Kenya Has Established to Benefit from ACFTA

3.3.1. Free Trade

The notion of free trade provides that economies that are more open grow faster than closed ones. This emphasis has been made by many international organizations such as the World Trade Organization. There is proclamation on its website to the effect that a strong and prosperous trading system has been realized, which in turn has contributed to unprecedented growth. Briefly, the narrative can be summarized, as trade liberalization is the only known way to escape from slow economic growth. Free trade has a firm founding in the WTO trading system. This system dates back to the GATT of 30th October 1947. GATT was intended to be the provisional agreement governing global trade pending creation of an International Trade Organization (ITO) as a specialized agency of the United Nations Organization (UNO).⁶⁸ Eventually, the WTO came into being and it encompassed trade in services as well. GATT was

⁶⁷ Republic of Kenya, Ministry of Industrialization, Trade and Enterprise Development. Department of International Trade (2020)

⁶⁸ Ansong, A. (2018). International Economic Law In Africa: Is the African Continental Free Trade Area a Viable Project?. Available at SSRN 3285290.

restricted to the aspect of goods only. The global trade regime has always been concerned with a reduction of barriers to international trade in goods and services. This trade liberalization is a key aspect of international trade and represents one of the most visible symbols of globalization in the recent past.

According to proponents of free trade, it is fair since it gives consumers the most choices and opportunities to improve their quality of life. It pushes businesses to develop and manufacture better products, as well as bring more of their goods and services to market, all while keeping prices low and quality high to preserve or gain their market share. The potential for free trade to drive innovation is significant. More invention occurs as a result of increased competition. This may be seen in the severe competition that has followed the growth of electronic commerce. Free trade promotes innovation by disseminating new ideas as well as goods and services.⁶⁹

Because enterprises must compete with their foreign competitors, countries' businesses may keep track of both achievements and failures in the global economy. Consumers gain because businesses in a free market must either keep up with the leader to retain consumers or innovate to carve out a place for themselves. Removing barriers to competition, such as quotas and tariffs, that limit access and competition, is both good economic and good public policy. In free trade, taking risks is rewarded with better sales, overall profitability, and market share. In order to increase their revenues, companies may choose to expand their operations, enter new market sectors, and generate better-paying jobs. Trade liberalism also helps to strengthen the rule of law.⁷⁰

⁶⁹ Offei, D., Asare-Nuamah, P., & Masinde, W. (2020). Local Private Sector Awareness and Participation in the African Continental Free Trade Area Prior to Accession by the Government of Ghana. *Africa Insight*, 50(1), 25-40. Pinshi, C. P. (2019). African Continental Free Trade Area: What Implications for African Central Banks?.

⁷⁰ Briggs, I. (2021). Analysis of the African Continental Free Trade Agreement (AfCFTA): The Pros and Cons. *Journal of International Relations Security and Economic Studies*, 1(1), 1-10.

Companies that participate in international commerce have a vested interest in adhering to contract conditions as well as internationally agreed-upon standards and rules. The World Trade Organization, for example, although not being a corporation or a country, requires its member countries to guarantee that their trading enterprises follow trade agreements and to comply by the WTO's judgments as a mediator in any trade dispute. By strengthening the rule of law, free commerce can assist to reduce the likelihood of corruption. In countries where contracts are not enforced, business relationships fall apart, foreign investors leave, and money flees. It's a vicious cycle that stifles economic growth, especially in countries where government corruption is endemic.⁷¹

By promoting economic growth, increasing the number of better-paying employment, and eventually boosting the degree of affluence, free trade, backed by the rule of law, reduces such incentives for corruption. Free commerce, on the other hand, communicates more to people than just tangible commodities or services. It also communicates beliefs and ideas. A culture of freedom can thrive when a great society, as defined by 18th century economist Adam Smith, emerges with the confidence to expose itself to an influx of products and the ideas and practices that come with them.⁷² A culture of liberty may serve as both the foundation and the icing on the cake of economic prosperity.

3.3.2. Economic Partnership Agreements

Economic Partnership Agreements are another way through which investments and trade occur. Kenya can reap benefits from these agreements if it negotiated for what is in its best interests. By way of example, in negotiating for any agreement with any developed country, Kenya must ensure that it addresses the question of its capacity to compete before committing

⁷¹ Gabru, Y. (2020). *African Continental Free Trade Area and Consideration for* (Doctoral dissertation, ADDIS ABABA UNIVERSITY).

⁷² Sommer, L., & Luke, D. (2019). Canada's progressive trade agenda: engaging with Africa to support inclusive gains under the African continental free trade area. *Canadian Foreign Policy Journal*, 25(3), 241-253.

itself to any agreement⁷³ Several economic partnership agreements (EPAs) between developed and developing countries thus emerged. The African Growth and Opportunity Act (AGOA) is a good example. The Economic Partnership Agreement between the European Union and members of the East African Community where Kenya is a key member is another example. Similarly, Kenya has entered into several bilateral and regional trade agreements with other countries. It is reported that there are some 230 regional trade agreements (RTAs) in force worldwide. Virtually every country is a party to one or more agreements. The slow process of multilateral trade negotiations in the WTO has largely contributed to the increasing focus on regionalism and RTAs.

These agreements still amount to trade liberalisation. Nevertheless, Kenya can still reap benefits from these agreements if it negotiated for what is in its best interests. By way of example, in negotiating for any agreement with any developed country, Kenya must ensure that it addresses the question of its capacity to compete before committing itself. Several Economic Partnership Agreements (EPAs) between developed and developing countries thus emerged.⁷⁴ The African Growth and Opportunity Act (AGOA) is a good example. The Economic Partnership Agreement between the European Union and members of the East African Community where Kenya is a key member is another example. Similarly, Kenya has entered into several bilateral and regional trade agreements with other countries. It is reported that there are some 230 regional trade agreements (RTAs) in force worldwide. Virtually every country is a party to one or more agreements. The slow process of multilateral trade

⁷³ Erasmus, G., & Hartzenberg, T. (2018). From the Tripartite to the Continental Free Trade Areas: Designs, Outcomes and Implications for African Trade and Integration. In *Netherlands Yearbook of International Law 2017* (pp. 37-56). TMC Asser Press, The Hague.

⁷⁴ Oloruntoba, S. O., & Tsowou, K. (2019). Afro-continental free trade areas and industrialisation in Africa: Exploring Afro-Canadian partnership for economic development. *Canadian Foreign Policy Journal*, 25(3), 237-240.

negotiations in the WTO has largely contributed to the increasing focus on regionalism and RTAs.

3.3.3. Protectionism

Protectionism is described as a policy of putting tariffs and quotas on imports in order to safeguard domestic sectors from global competition. As a result of the money being spent and reinvested locally, this would result in the growth of local industries, the creation of employment, and a higher standard of life for the inhabitants.⁷⁵ It makes sense to shelter emerging sectors from the dangers of foreign competition at first, until the business matures and flourishes. The protection can be withdrawn at that point, and the mature firm will be competitive. Of course there are other factors such as corruption as well as inefficiencies that complicate progress. Trade protection alone is therefore not sufficient to guarantee economic success. It must as of necessity, be accompanied by the political goodwill on the part of a country's leadership in order to realize the full benefits for the people.⁷⁶

Another benefit of protectionism is that tariff money boosts government revenue. This money may go towards social welfare projects. Workers will be paid a reasonable living wage as well, thanks to government oversight. Ground and air pollution regulations will be enforced, and firms that break them will face penalties and clean-up obligations.⁷⁷ Although this is not strictly speaking trade protection, it is a kind of government action aimed at preventing dumping. The government may set up a quality control department to check all imported items from other countries. "We shouldn't import it if we can produce it," would be the operational premise.

⁷⁵ Oloruntoba, S. O., & Tsowou, K. (2019). Afro-continental free trade areas and industrialisation in Africa: Exploring Afro-Canadian partnership for economic development. *Canadian Foreign Policy Journal*, 25(3), 237-240.

⁷⁶ Iyanda, A. E. (2018). The Threat of Trade-Based Money Laundering to the African Continental Free Trade Area. *JACL*, 2, 141.

⁷⁷ Iyanda, A. E. (2018). The Threat of Trade-Based Money Laundering to the African Continental Free Trade Area. *JACL*, 2, 141.

The 'mitumba industry' is one such example. The local market is inundated with old clothes from overseas, but by helping cotton producers and the textile sector, we can create apparel here at home. Growing hemp for the textile industry might also be a possibility. Another significant area that has to be developed in order to reach its full potential is the jua kali sector.

Furthermore, export platforms such as the Export Processing Zones (EPZs) indicate Kenya's government's efforts to put in place a number of policies targeted at luring international investors.⁷⁸ It is significant to point out that some of these much touted export platforms have been very disappointing in terms of performance. By way of example, up to the year 1997, exports from the EPZs had only accounted for 3.5% of the total manufacturing exports while employment in these firms was hardly 1% out of the total manufacturing employment. This outcome clearly shows that obsession with promotion and protection of foreign investments at the expense of the country's own economic, political and social interests by Kenya's legal regime is not always the perfect thing to do. It removes the necessary balance between foreign and domestic investments.⁷⁹

It is therefore not surprising or strange that most National laws dealing with investment issues in developing countries are guided by the single-minded purpose of attracting foreign investments through concessions that are usually extensive. This state of affairs easily compromises the country's quest for attainment of the goals outlined under Vision 2030. Many of the industrialized countries in the world protected their home markets at the same time promoting exports. Poor countries with no capacity to benefit from more trade openness should insulate their markets considerably. The European Union has been doing it. The United States

⁷⁸ Ajambo, E., & Emebinah, C. (2021). The African Continental Free Trade Area (AfCFTA). *Africa Policy Journal*, 15.

⁷⁹ Mathibe, P. (2020). *Regional cooperation and integration: intergovernmentalism approach to regional integration: a case of the African Continental Free Trade Area and effects on trade* (Doctoral dissertation, University of Pretoria).

of America and some Asian Countries such as Malaysia have equally not been left behind. In Africa, South Africa and Egypt represent good examples.

The monitoring of trade measures taken by G20 economies report (Mid October 2010 to April 2011) reveals that trade restrictions have become more pronounced than in the past. This being the case, there is no good reason why Kenya cannot follow this model and achieve the requisite development.⁸⁰ While highly developed developing countries that have been participating in free trade for a long time may be able to withstand the pressures of further liberalisation, other developing countries may not be able to compete with the developed countries' demands for faster market opening or other demands, as will be discussed in more detail in the following chapters. There is still a prevalent assumption that liberalization is inherently beneficial to growth, and that the quicker it occurs, the better.

3.4. Conclusion

This chapter has discussed a policies Kenya has established in order to benefit from joining African continental free trade area. Strategic Issues to African Continental Free Trade Area has been briefly discussed. The meaning and impact of free trade, EPAs, protectionism and BITs has been considered in relation to the subject matter. The next chapter will focus on a potential challenge that threatens Kenya's participation in African continental free trade area.

⁸⁰ Mathibe, P. (2020). *Regional cooperation and integration: intergovernmentalism approach to regional integration: a case of the African Continental Free Trade Area and effects on trade* (Doctoral dissertation, University of Pretoria).

CHAPTER FOUR: POTENTIAL CHALLENGES THAT THREATENS KENYA'S PARTICIPATION IN AFRICAN CONTINENTAL FREE TRADE AREA

4.1. Introduction

The necessity of an African continental free trade area is critical for Kenya's rapid development. Kenya must overcome commercial restrictions that might stymie the country's bid to join the African Continental Free Trade Area. As a result, the focus of the current is on the potential obstacles to Kenya's membership in the African continental free trade area.

4.2. Trade Barriers Threatening Kenya's Participation in ACFTA

With actuality, determining trade barriers is subjective, since what looks to be a trade barrier to one person may appear to be a lawful activity to another. However, there have been a number of ways to identifying trade obstacles and non-tariff barriers (NTBs).⁸¹ Tariffs are far less relevant as a barrier to cross-border commerce in Sub-Saharan Africa than NTBs, according to a survey of enterprises dealing in Eastern and Southern Africa.

According to the East African Business Council's (EABC) analysis, Kenya is the worst offender when it comes to non-tariff trade barriers, with Ugandan dairy producers accusing its larger neighbor of installing non-tariff trade obstacles to keep their products out of Kenyan markets.⁸² Import duties and governmental additional instructional obstacles; runs smoothly and certification measures; conceptual trade tariffs, requirements, evaluation periods spent, user methods for issued of designation, and many other sharing obstacles were all confirmed in a succession of EAC trade surveys.

⁸¹ Manboah-Rockson, J. K. (2020). Launch of the African Continental Free Trade Area (AfCFTA) within Agenda 2063: an assessment of the 'Actorness' of the African Union (AU) in International Relations (IR). *Available at SSRN 3535518*.

⁸² Geda, A., & Yimer, A. (2019). The Trade Effects of the African Continental Free Trade Area (AfCFTA): An Empirical Analysis. *Addis Ababa University, Department of Economics*.

4.2.1. Experiences of Other Trade Blocks on the Elimination/Reduction of NTBs

The European Union's (EU) free movement of labour initiative was charged with eliminating NTBs. The Community at large Programme Of action from 1985 highlighted NTBs and proposed 282 acts to be eliminated by the close of 1992, along with a timetable.⁸³ The bulk of the suggestions were adopted and are now part of national legislation in each of the member nations. The NTBs reduction initiative reduced a variety of technical, physical, and fiscal barriers to regional commerce by establishing common standards and regulations, simplifying the fiscal structure and border-related procedures, and establishing new norms for public procurement.

Although the EU has considerably decreased NTBs, they have not been completely eliminated. Amongst some of the daily tasks for NTB complete removal are still a review of governmental NTB reporting requirements, governmental guidelines for cross - functional and cross collaborative efforts on NTBs, information exchange and perspectives on a range of different NTB dissolution services, and the incorporation of a network connection with both NTB main subjects.⁸⁴ There are already secret discussions and restructuring, along with initiatives to boost the practices in various different manners, such as gaining political clout for the progression of NTBs somewhere within a proven, focused effort to identify and try to mitigate NTBs there in territory, having formed correct procedures for removing unnecessary NTBs, and therapeutic interventions to even have a significant donation and stabilize the process.

The individual states' involvement to provide enough conceptual model for continuing work on NTBs, meet a few times yearly, normally attempting to communicate by headset and e-mail, describe NTBs on an ongoing basis, start planning respective financial statements on NTBs,

⁸³ Njiteu, R. R. L. (2021). Assessing the impacts of eliminating Non-Tariff Barriers in the framework of the African Continental Free Trade Area on Cameroons economy.

⁸⁴ Mold, A. (2021). Proving Hegel Wrong: Learning the Right Lessons from European Integration for the African Continental Free Trade Area. *Journal of African Trade*.

and consider forming a national transport network communication chaired by a high-level official from the EU Secretariat in each country. In addition, the system involves investments in One-Stop-Shops and electronic fixed systems at state line stations, an analysis of customs duty to global scales, governmental generosity to support merge flow of people whilst still going to wait for the finalization of appropriate methodology, mutually recognized procedures and evaluations and accreditations, clear guidance for attempting to stop passenger trucks, a frequent transcript of vehicle types stopped, reasons and measurements, and a daily log of cars stopped, along with their explanations and dimensions. Kenya's efficiency in the East African market is being harmed by non-tariff barriers (NTBs). Historically, non-tariff barriers such as police checkpoints, weigh bridges, insufficient transportation infrastructure, and high amounts of taxes placed on Kenyan traders have had a significant impact on the country's trading industry.⁸⁵

With the Protocol upon the Establishment of the EAC Customs Union, for every Colleague Province promised to remove only some existing semi impediments to the entry of goods probably originated in all other Contracting Parties in to one of with their respective regions with obvious impact, and not to impose any new non-tariff barriers thereafter. However, commerce between the EAC nations is still hindered by the presence of NTBs imposed by the partner governments in a variety of ways. The most common forms of NTBs inside this organization include onerous and non-standardized borders document and management procedures, citizenship operations, automated inspection guidelines, and travelling procedures. As a result, the removal of laws and processes connected to structural NTBs would be critical to EAC trade liberalization and accompanying welfare improvements. As a result of the NTBs,

⁸⁵ Ingeri, C. (2020). Towards a more effective regional integration in Africa: Improving the conditions for a successful implementation of the African Continental Free Trade Area (AfCFTA) through infrastructure coordination.

the EAC nations' ability to trade in regional markets is harmed, and the cost of doing business rises, resulting in significant welfare losses.

NTBs are also a substantial impediment to the expansion of intraregional trade and the benefits that come with it. Because these restrictions limit regional producers' access to local markets and deprive consumers the welfare-enhancing opportunities that come with access to reasonably priced regional imports, they lower the benefits of trade. The EAC has set up an online forum where traders can make complaints against NTBs, which are then forwarded to the appropriate authorities, as well as track the status of these issues. Even though this technique demonstrates that it recognizes the issues raised by NTBs, it has two flaws. For starters, it fails to record and respond to the experiences of traders who do not report difficulties or are discouraged from trading by NTBs. Second, rather than taking a structural approach to NTB resolution, it adopts a case-by-case approach. It is predicated on dealing with individual complaints, which absolves governments and regulatory agencies of responsibility for addressing the root causes of NTBs.

4.2.2. Effects of Trade Barriers

The rise of informal monitoring at a selection of places picked on the (unrecorded) trade has been fuelled by data gathered through border surveillance. It is commonly believed that the foundation of practical concerns such as volume unrecorded commerce between Kenya and Uganda is of significant and critical importance to both nations in terms of trade, security, communication, and transportation.⁸⁶ Despite the existence of linkages, support institutions, trade promotion procedures, and market reform people. Inland and Lake Controls and commodity movement limitations, Victoria routes were among the places chosen for intense

⁸⁶ Okechukwu, N. N., & Chikata, I. E. O. (2018). The African Union continental free trade area: Challenges and prospects. *International Journal of Sustainable Development Research*, 4(2), 36.

surveillance, which has aided exchange monitoring to a considerable extent. The surveillance took the form of hefty sales taxes and bureaucratic import/export censuses, which included all important agricultural and processes that continue to stymie legal commerce between the two nations' industrial commodities. In addition, throughout a 12-month period, incorrect policy was randomly selected from each intervention in the factor and product marketplaces for two weeks. Computed values tend to skew relative pricing, promoting monthly average trade volumes generated from informal cross-border commerce.⁸⁷

4.2.3. Inadequate Information Barriers

The overall trade diversion is, however, less than 10% of total trade produced, casting doubt on the EAC treaty negotiators' pessimism. The presence of nontariff barriers is one of the primary reasons that contribute to high pricing (NTBs). The current cost disadvantage of Ugandan producers, which is exacerbated by existing NTBs, is the major underlying cause for welfare losses.⁸⁸ Severely restricted border control evidence, also including production companies' total inability to just offer additional relevant land borders relevant data under the CU method's norms of provenance demand; lack of qualified staff to authenticate commodities somewhere at time of origin; morally bankrupt oversight; lesser developed information technology; water shortages are some of the principal NTBs with which manufacturers face. Established government limitations, such as the Kenyan Revenue Authority's (KRA) demand that all commodities moved to Uganda be transported in escorted convoys from Mombasa to the Malaba border, are examples of substantial NTBs.

⁸⁷ Mburu-Ndoria, E. (2016). Africa continental free trade area: Liberalizing trade in services for trade facilitation. In UNCTAD report on project "Strengthening Capacities of African Countries in Boosting Intra-African Trade." Retrieved from <https://unctad.org/meetings/en/SessionalDocuments/ditc-ted-Nairobi-24082015-mburu.pdf>.

⁸⁸ Gathii, J. T. (2019). Agreement Establishing the African Continental Free Trade Area. *International Legal Materials*, 58(5), 1028-1083.

4.2.4. Irregular Policies

Kenyan authorities have confronted the usual "food price challenge." Separately, governments are under pressure to ensure that food producers and sellers are fairly compensated. The commercial viability of food production is vital to many rural livelihoods. On the other hand, ensuring food costs affordable is critical for the food security of the rising urban population as well as many rural households that are net food consumers. For years, policymakers have struggled to strike a balance between these two opposing goals: ensuring enough returns for domestic food production while keeping consumer costs as low as feasible.⁸⁹ During the present food price crisis, concerns regarding the appropriateness of trade barriers and the role of government in guaranteeing acceptable returns on food production have centered on food marketing and trade policy.

Improving the sustainability of Kenyan food supply is also an important part of resolving the commodity prices challenge. Reduced food production costs can provide more profitability for producers at lower prices while also enhancing food access for low-income customers.⁹⁰ Lowering manufacturing costs also helps local manufacturers compete with foreign goods. The production costs varies by location, technological package, farming techniques, and weather. In order to examine the relative competitiveness of food across different locations and technology packages, the study splits production costs into seven areas/technology packages, five in Kenya and two in East Africa.⁹¹ Within each region/technology group, variations in cost of production reflect changes in farmer management methods as well as micro-variability in soils and rainfall. As a result, we offer estimates of food production costs for three terciles

⁸⁹ Lunenburg, P. (2019). 'Phase 1B' of the African Continental Free Trade Area (AfCFTA) Negotiations. *South Centre, Policy Brief*, (63), 4.

⁹⁰ Mburu-Ndoria, E. (2016). Africa continental free trade area: Liberalizing trade in services for trade facilitation. In *UNCTAD report on project "Strengthening Capacities of African Countries in Boosting Intra-African Trade."* Retrieved from <https://unctad.org/meetings/en/SessionalDocuments/ditc-ted-Nairobi-24082015-mburu.pdf>.

⁹¹ Onuka, O. I., & Oroboghae, O. R. (2020). African Continental Free Trade Area Agreement—Does the Facts Support the Benefits for Nigeria? *International Business Research*, 13(7), 236-236.

within each region/technology category: low, medium, and high-cost producers. The findings have significant implications for who would win and lose as a result of the elimination of legal and informal trade barriers between Kenya and other east African nations.

4.2.5. Inefficiency of Ports

Inefficiency can be attributed to a variety of factors, including insufficient equipment and complicated regulations. Most container ports are over-capacity or over-capacity, and they are under-equipped. Customers with ever-growing ship sizes are placing increasing expectations on African ports for rapid turnaround of vessels.⁹² Enhancing response times through strengthening port performance, on the other hand, is no easy feat, as crane handling is the major bottleneck. Despite the emergence of tandem lift and triple lift cranes, ports have yet to make major advances in container handling. Products transporting, and other regulator, are two key impediments in ports which can only be addressed simultaneously. The unavailability of an implementation of land distributed generation, particularly for transit traffic, is a significant problem, also impedes container traffic. Inland waterways are inadequately linked into transportation networks, and many marine ports struggle to provide competitive services.⁹³

As ports are increasingly challenged by growing traffic, larger ships, and the expansion of trans-shipment traffic, port capacity may need to be expanded in the future. Larger ships are more demanding in terms of port infrastructure. The ship-to-shore gantry cranes must be large enough to reach all of the containers while still being fast enough to allow for a timely ship turnaround.⁹⁴ If the pace of containerization rises significantly, capacity will become a severe

⁹² Chizhande, M. (2019). A critical analysis of the compatibility of statutory instrument (si) 122 of 2017 with The African Continental Free Trade Area (AfCFTA) law.

⁹³ Habtamu, F. (2020). African Continental Free Trade Area (AfCFTA): A Corner Stone for Pan-Africanism and Dispute Settlement Mechanisms. *Available at SSRN 3625508*.

⁹⁴ Kennedy, M. K. (2018). Report of the delegation to ECOWAS parliamentary seminar on the African continental free trade Area (AfCFTA), challenges and prospects of free trade in Africa-role of the regional economic communities (RECS), in Abijan, Ivory Coast from 13th-15th September 2018.

issue for most Kenyan ports. The problem of freight expense is complicated further by port costs.

4.2.6. Poor Infrastructure

Kenya's poor infrastructure is another obstacle in the free trade region. Service is sluggish and expensive due to a lack of rail transportation and poor roads, which contradicts the purpose of free trade benefits. In November 2012, the partner states decided to set development priorities for the following ten years. Roads are the most common form of transportation in the EAC, however they are few and in a poor and unsatisfactory condition of repair.⁹⁵As a result, many highways are unfit for long haulage and cross-border shipments of commodities. This facility must exist and provide effective services in order for economic integration through commerce to flourish. Inland countries have major problems in supplying products in a timely manner and contending therewith following rises in the costs of goods due to a limited transportation network and an inefficient railway system. When there is a solid network of roads that allows people and products to readily move from the coast to the countryside and back, trade flourishes. Infrastructure flaws decrease GDP rather than trade per unit of GDP.

4.2.7. Inadequate Harmonization and Coordination of Policies

Any regional integration, including Kenya's, has the problem of harmonizing economic and social policies. The problem is figuring out how to get partner countries to implement regional accords into their national policy.⁹⁶ Because each partner state is expected to negotiate individually with its external financial institutions, without respect for regional aspects, liberalization, privatization, and deregulation schemes are almost totally national in scope.

⁹⁵ Habtamu, F. (2020). African Continental Free Trade Area (AfCFTA): A Corner Stone for Pan-Africanism and Dispute Settlement Mechanisms. *Available at SSRN 3625508*.

⁹⁶ Bakarr, S., & Soave, T. (2020). MFN in Services Trade: A Comparative Analysis of the General Agreement on Trade in Services and the African Continental Free Trade Area Agreement. *Transnational Dispute Management (TDM)*.

Donor institutions, meanwhile, prefer to fund national projects over those focused on a single region. As a result, local interests take precedence over those from other parts of the country. Integration entails the participating partner countries relinquishing their ability to act independently on a wide variety of economic and social concerns. According to Scitovsky, increasing market size gains can easily be lost if a collection of cooperating economies fails to properly coordinate their policies, runs at less than full capacity, restricts their investment, and therefore expands less fast individually and collectively.⁹⁷ If a collection of countries is to benefit, they must be willing to acknowledge and accept major losses of individual liberty over their economic matters from the start.

4.2.8. Conflicts and Political Instability

Kenya is no exception when it comes to the importance of internal and external security and stability for economic stability and prosperity. Economic development and integration are being stymied by security issues both inside and outside member countries. Following disputed election results in Kenya in 2008, post-election violence resulted in a reduction in the country's GDP.⁹⁸ The 2008 political unrest resulted in a drop in growth, which was exacerbated by increasing prices and decreased revenues. Kenya's porous border and hostilities in neighboring countries such as Somalia, Sudan, and Ethiopia continue to exacerbate security concerns, with an influx of illicit small arms causing havoc on the country's tourism industry, which is a major source of revenue. This has caused the number of tourists visiting the East African Member States to fall between the year 2007 and 2009, and the situation was worsened by ethnic unrest in Kenya in 2008.

⁹⁷ Regard, H. (2017). Agreement Establishing the African Continental Free Trade Area. *African Journal of Legal Studies*, 10, 239-312.

⁹⁸ Kennedy, M. K. (2018). Report of the delegation to ECOWAS parliamentary seminar on the African continental free trade Area (AfCFTA), challenges and prospects of free trade in Africa-role of the regional economic communities (RECS), in Abijan, Ivory Coast from 13th-15th September 2018.

Other difficulties in the East African Community frequently lead to conflict and political instability. Increased piracy off the Somali coast, cross-border smuggling between Kenya and Sudan, and cattle smuggling between Kenya and Somalia are only a few examples of the tensions.⁹⁹ However, there is no government strategy for pastoralist economies, this minority is forced to turn to criminal activities for survival, such as cattle rustling. Further, Kenya, Rwanda, and Burundi have all suffered ethnic tensions and wars in the region, and methods to resolve them locally and under international law have been explored. Generally, the lack of operations coordination at the cross-border complicates dispute redress processes, which should necessitates more coordination by Kenya with neighbouring countries.¹⁰⁰

4.3. Conclusion

The border controls conveyed in the research on the implementation, non-trader barriers that impede economic relationship and curtailing optimal allocation of resources of economic gains, weak institutional vastly increased business costs, Kenya must resolve these barriers to reap the full benefits of membership in the African continental free trade area. Non-tariff hurdles, which violate the appropriate legal instruments' standards, impede the prospective benefits of trade liberalization. Only if the promises made are kept will the potential benefits of these processes become apparent. Compliance demands a well-functioning legal framework in addition to political will. The commitment to eliminate non-tariff barriers is still in the works. This could be owing to the current lack of regional institutional frameworks to oversee the fulfillment of pledges.

⁹⁹ Gbadegbe, F. (2021). African Continental Free Trade Area: Forging a New Investment Dispute Settlement Model. *Arbitration: The International Journal of Arbitration, Mediation and Dispute Management*, 87(2).

¹⁰⁰ Regard, H. (2017). Agreement Establishing the African Continental Free Trade Area. *African Journal of Legal Studies*, 10, 239-312.

CHAPTER FIVE: DATA ANALYSIS AND PRESENTATION

5.1. Introduction

This chapter presents data analysis and presentation on an assessment of strategic national interest on African continental free trade area: a case study of Kenya.

5.1.1 Rate of Response

A total of 51 people were surveyed for the study. A total of 46 of the 51 issued questionnaires were returned, resulting in a 90 percent response rate.

Table 5.1 Response Rate

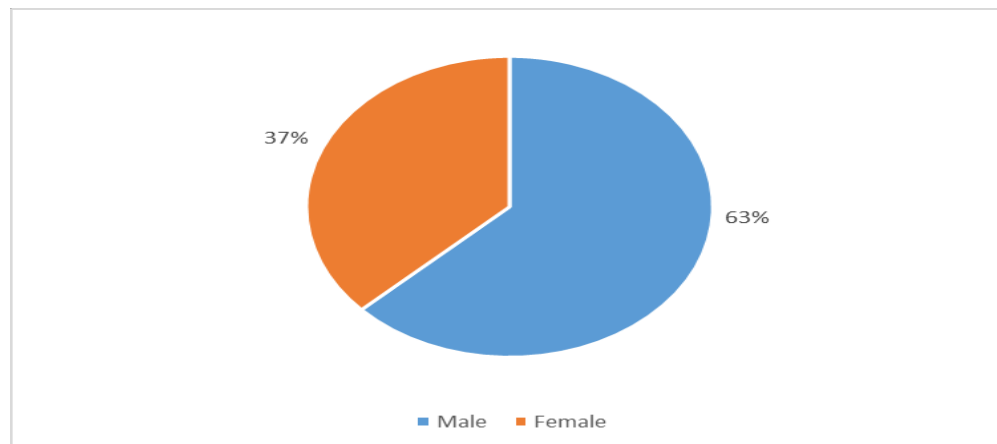
	Frequency	Percentage
Responded	46	90
Not Responded	5	10
Total	51	100

5.2. Demographic Characteristics

5.2.1. Respondents Gender

The study sought to find out the gender of the respondents. The subject of gender is important in a study since it assists the researcher to obtain a balanced perspective from both genders. The distribution by gender is presented in Figure 5.1.

Figure 5.1. Respondents Gender



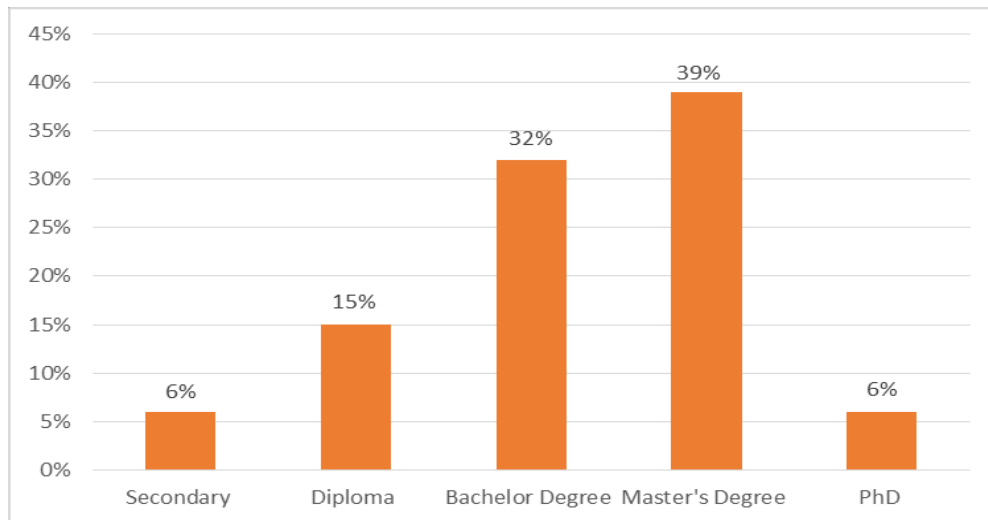
Source: Field Data 2021

According to the findings, majority of the respondents, 63% (28) were male while 37% (18) were female. The findings therefore indicate that all the genders were represented albeit the fact that there were more males than females.

5.2.2. Education Level

The study sought to find out the education level of the respondents. The findings are presented in Figure 5.2.

Figure 5.2 Education Level



Source: Field Data 2021

From the findings, majority of the respondents, 39.1% (18) had a Master's degree, 32.6% (15) had a Bachelor's degree, 15.2% (7) were Diploma holders, 6.5% (3) were PhD degree holders and 6.5% (3) had a secondary school certificate. The findings imply that majority of the respondents were educated enough and they had sufficient knowledge on topic of study.

5.2.3. Respondents Categories

The study sought to find out which category that the respondents belonged. The findings are presented in Table 5.2.

Table 5.2 Respondents Categories

Category	Frequency	Percent
Government Representative	14	30.4
Private Sector Player	12	26.1
Member of the Public	20	43.5
Total	46	100

Source: Field Data 2021

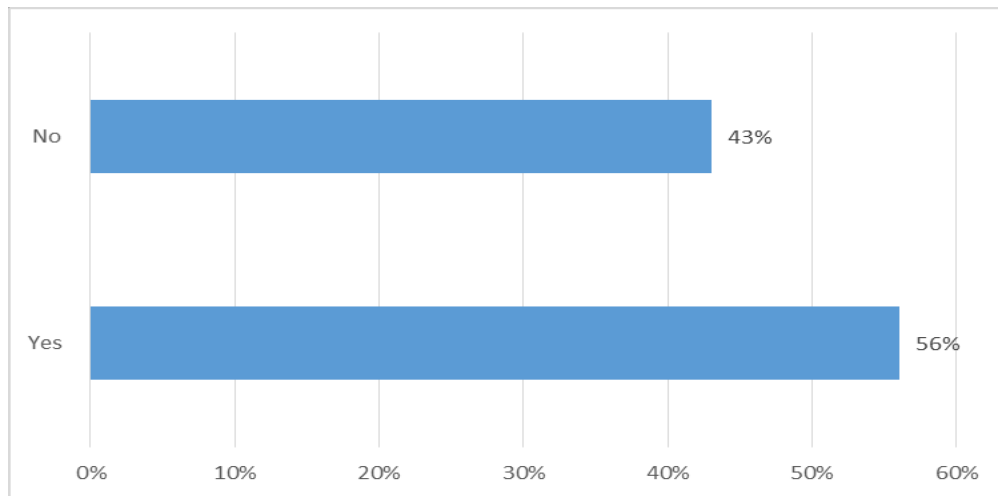
Based on the findings, majority of the respondents, 43.5% were members of the public, 30.4% were government representatives while 26.1% were members from the private sector. The findings imply that all the categories were well represented which will provide an inclusive perspective on AFCFTA participation.

5.3. Strategic Trade Interest in African Continental Free Trade Area

5.3.1. Operationalization Process of AFCFTA

The study sought to find out if the respondents were aware of the operationalization process of AFCFTA. The findings are presented in Figure 5.3.

Figure 5.3 Operationalization Process of AFCFTA



Source: Field Data 2021

Based on the findings, majority of the respondents, 56.5% (26) affirmed while 43.5% (20) were of the contrary opinion in regard of them being aware of the operationalization process of AFCFTA. This implies that the respondents were aware of the operationalization process of AFCFTA.

5.3.2. Government Preparedness in Implementing Its Interest in AFCFTA

The study sought to find out the level of preparedness by the Government in regard to implementing its interest in the AFCFTA. The findings are presented in Table 5.3

Table 5.3 Government Preparedness in Implementing Its Interest in AFCFTA

Statement	Frequency	Percent
Less prepared	10	21.7
Moderately prepared	17	37
More prepared	13	28.3
Very prepared	6	13
Total	46	100

Source: Field Data 2021

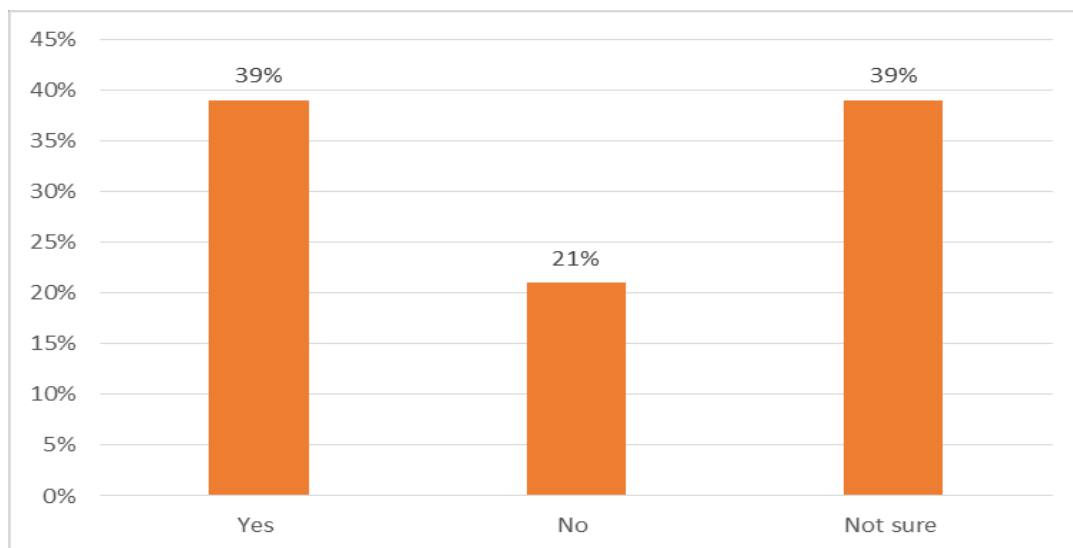
From the findings, majority of the respondents, 37% indicated that the government was moderately prepared, followed by 28.3% who indicated that the government was more

prepared, 21.7% stating that it was less prepared and 13% stating that it was very prepared. Overall, the findings imply that the government had preparation measures in implementing its interest in AFCFTA.

5.3.3. Presence of Government Initiatives for Participation in the AFCFTA

The study sought to find out if there were Government initiatives of preparing the private and public sectors to participate in the AFCFTA. The findings are presented in Figure 5.4

Figure 5.4 Presence of Government Initiatives for Participation in the AFCFTA



Source: Field Data 2021

According to the findings, 39.1% (18) of the respondents affirmed that there were government initiatives of preparing the private and public sectors to participate in the AFCFTA. Equally, 39.1% (18) of the respondents indicated that they were not aware while 21.7% (10) disagreeing on the presence of government initiatives of preparing the private and public sectors to participate in the AFCFTA. The findings imply that the government had to some extent put in place the relevant initiatives but these initiatives were unknown to a majority of the respondents. Hence if they are unknown to the public and private sectors, they will not be utilized.

5.3.4. Level of Preparedness of the Private Sector and the General Public AFCFTA Participation

The study sought to find out the level of preparedness by the private and general public in regard AFCFTA participation. The findings are presented in Table 5.4

Table 5.4 Level of Preparedness of the Private Sector and the General Public AFCFTA Participation

Statement	Frequency	Percent
Not prepared at all	4	8.7
Less prepared	14	30.4
Moderately prepared	14	30.4
More prepared	8	17.4
Very prepared	6	13
Total	46	100

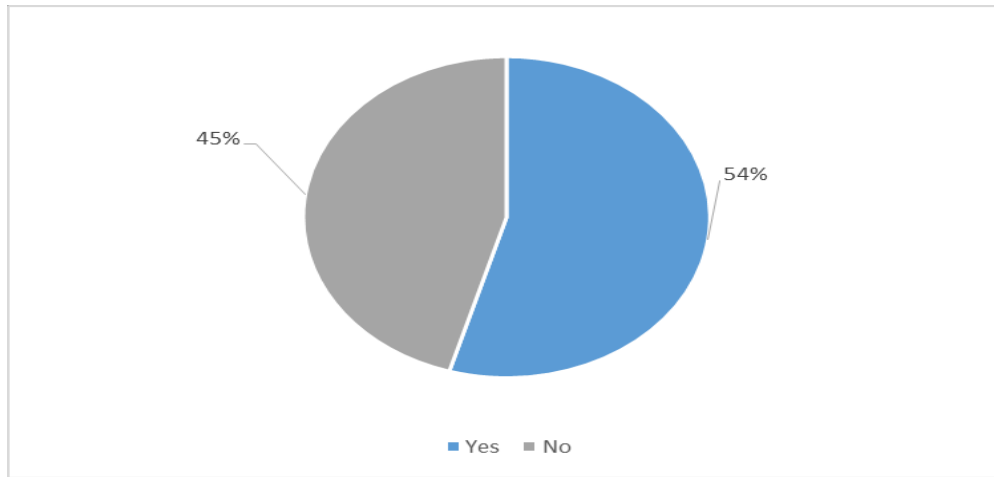
Source: Field Data 2021

According to the findings, majority of the respondents, 30.4% indicated that the private and general public was less prepared, 30.4% indicating moderately prepared, 17.4% indicating more prepared, 13% very prepared and 8.7% stated that the private and general public were not prepared at all. The findings imply that there was a moderate level of preparation generally.

5.3.5 Country Specific Policies for implementation of its strategies for AFCFTA

The study sought to find out whether the country had in place specific policies for implementing its strategies for AFCFTA. The findings are presented in Figure 5.5.

Figure 5.5. Country Specific Policies for implementation of its strategies for AFCFTA



Source: Field Data 2021

Based on the findings, more than half of the respondents, 54.3% (25) affirmed to the existence of specific policies for the government to implement its strategies for AFCFTA. However, 45.7% (21) of the respondents were of the contrary opinion. The findings therefore imply that the government had taken steps to implement AFCFTA.

5.3.6 Challenges Faced by Government Agents in AFCFTA Participation

The study sought to find the extent to which the respondents considered certain factors as threats to the government agents' participation in AFCFTA. The findings are presented in Table 5.5.

Table 5.5 Challenges Faced by Government Agents in AFCFTA Participation

Factor	Mean	Std. Deviation
Weak International Relations in Africa	4.07	0.80
Low Adoption of ICT	3.98	0.86
Underdeveloped infrastructure	4.02	0.86
Credit accessibility	4.35	0.53
Political Instability	4.22	0.87
Limited information for the private and public sector	3.98	1.04
Competitions	4.11	0.90
Longer bureaucratic procedures	4.37	0.77
Pre-existing FTAs	4.46	0.62
Composite Mean	4.17	0.80

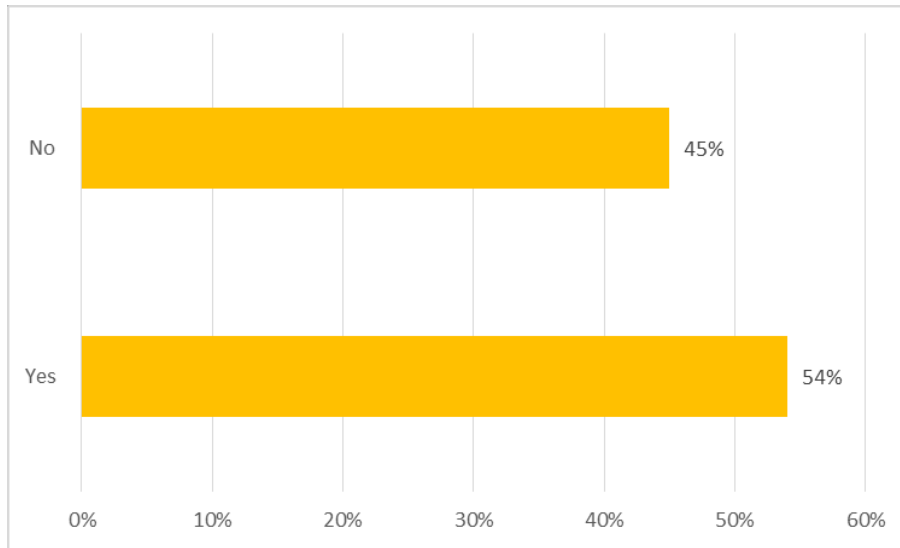
Source: Field Data 2021

Based on the findings, the respondents agreed that: pre-existing FTAs (M = 4.46, SD = 0.62) followed by longer bureaucratic procedures (M = 4.37, SD = 0.77); credit accessibility (M = 4.35, SD = 0.53); presence of political instabilities (M = 4.22, SD = 0.87); existing competition (M = 4.11, SD = 0.90); weak international relations in Africa (M = 4.07, SD = 0.80); underdeveloped infrastructure (M = 4.02, SD = 0.86); the low adoption of ICT (M = 3.98, SD = 0.86) and limited information for the private and public sector (M = 3.98, SD = 1.04). Based on a 5 point Likert scale, a composite mean, (M = 4.17, SD = 0.80) was obtained which is an indication that majority of the respondents were in agreement that the listed factors posed a threat to the country's participation in AFCFTA though there was variance of opinion as indicated by standard deviation of 0.80.

5.4. Chances of AFCFTA Participation

The study sought to establish the chances that the respondent's business had in AFCFTA participation. The findings are presented in Figure 5.6

Figure 5.6 Chances of AFCFTA Participation



Source: Field Data 2021

From the findings, majority of the respondents, 54.3% (25) were confident that their businesses had a chance of participating in AFCFTA while 45.7% (21) opined that their businesses did not stand any chance. The findings imply that there was room for more businesses to participate in the AFCFTA.

5.5. Benefits of AFCFTA to Private Sector

The study sought to find out the benefits of AFCFTA to the private sector. The findings are presented in Table 5.6

Table 5.6 Benefits of AFCFTA to Private Sector

Statement	Mean	Std. Deviation
AFCFTA creates a bigger market for you merchandise	3.85	0.99
AFCFTA creates a bigger pool of quality raw materials	4.09	0.81
AFCFTA create a bigger pool of human resource	4.35	0.48
AFCFTA creates opportunity for bench marking	4.00	0.79
AFCFTA creates opportunity to benefit from government subsidies	4.00	0.84
Composite Mean	4.06	0.78

Source: Field Data 2021

According to the findings, the respondents agreed that: AFCFTA created a bigger pool of human resource (M = 4.35, SD = 0.48) followed by AFCFTA created a bigger pool of quality raw materials (M = 4.09, SD = 0.81); AFCFTA created opportunities for bench marking (M = 4.00, SD = 0.79); AFCFTA created opportunities to benefit from government subsidies (M = 4.00, SD = 0.84) and AFCFTA created a bigger market for their merchandise (M = 3.85, SD = 0.99). Based on a 5 point Likert scale, a composite mean, (M = 4.06, SD = 0.78) was obtained which is an indication that majority of the respondents were in agreement with the statements on the opportunities created by AFCFTA though there was variance of opinion as indicated by standard deviation of 0.78.

5.6. Challenges Faced by Private Sector in AFCFTA Participation

The survey delved in understanding how many people thought certain factors were a threat to private sector participation in the AFCFTA. Table 5.7 displays the results.

Table 5.7 Challenges Faced by Private Sector in AFCFTA Participation

Statement	Mean	Std. Deviation
Ignorance about AFCFTA	4.11	0.97
Long bureaucratic procedures	4.33	0.63
Lack of information about market	3.96	1.09
Stiff Competitions	3.83	1.12
Poor infrastructure	3.93	0.95
High cost of doing business	4.26	0.71
Hostilities in some countries	4.04	0.82
Risk of Covid-19	4.20	0.78
Low productivity	3.76	0.97
Complex supply chain	3.89	0.90
Composite Mean	4.03	0.90

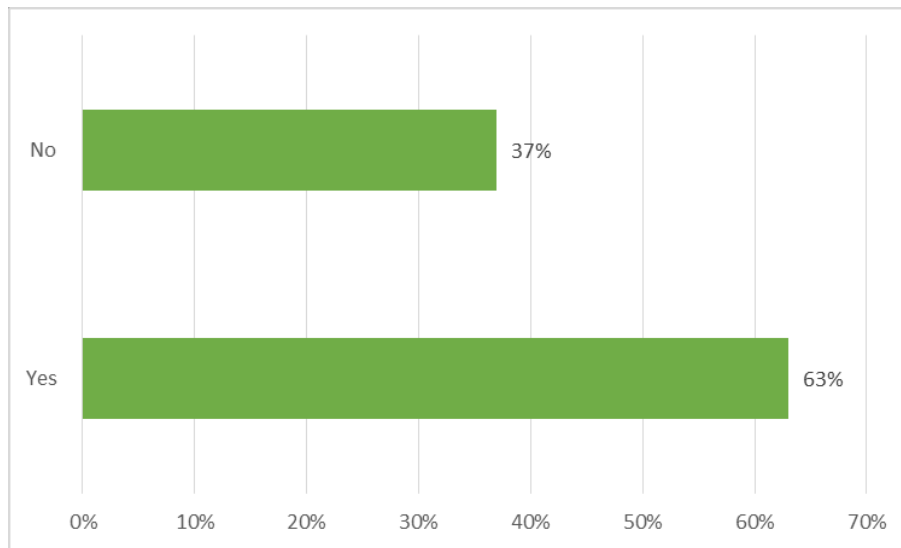
Source: Field Data 2021

Based on the findings, the respondents agreed that: longer bureaucratic procedures (M = 4.33, SD = 0.63) followed by the high cost of doing business (M = 4.26, SD = 0.71); the risk of Covid-19 (M = 4.20, SD = 0.78); ignorance about AFCFTA (M = 4.11, SD = 0.97); lack of information about market (M = 3.96, SD = 1.09); poor infrastructure (M = 3.93, SD = 0.95); the complex supply chain (M = 3.89, SD = 0.90); stiff competitions (M = 3.83, SD = 1.12) and low productivity (M = 3.76, SD = 0.97). A composite mean (M = 4.0, SD = 0.90) was calculated using a 5-point Likert scale, indicating that the greater part of informants did agree that the outlined indicators posed a threat to the private sector's participation in AFCFTA, despite the standard deviation of 0.90, indicating that there was variance in opinion.

5.7. Public Sector Awareness of AFCFTA

The study sought to find out whether the respondents drawn from the public sector were aware of AFCFTA. The findings are presented in Figure 5.7

Figure 5.7. Public Sector Awareness of AFCFTA



Source: Field Data 2021

From the findings, majority of the respondents, 63% (29) indicated that they were aware of AFCFTA while 37% (17) indicated that they were not aware of AFCFTA. The findings imply that there more people in the public domain were aware of AFCFTA and therefore could participate and benefit.

5.8. Chances of the Public Benefiting from AFCFTA

The study sought to find out the chances that members of the general public could benefit from AFCFTA. The findings are presented in Table 5.8

Table 5.8. Chances of the Public Benefiting from AFCFTA

Response	Frequency	Percent
Yes	27	58.7
No	19	41.3
Total	46	100

Source: Field Data 2021

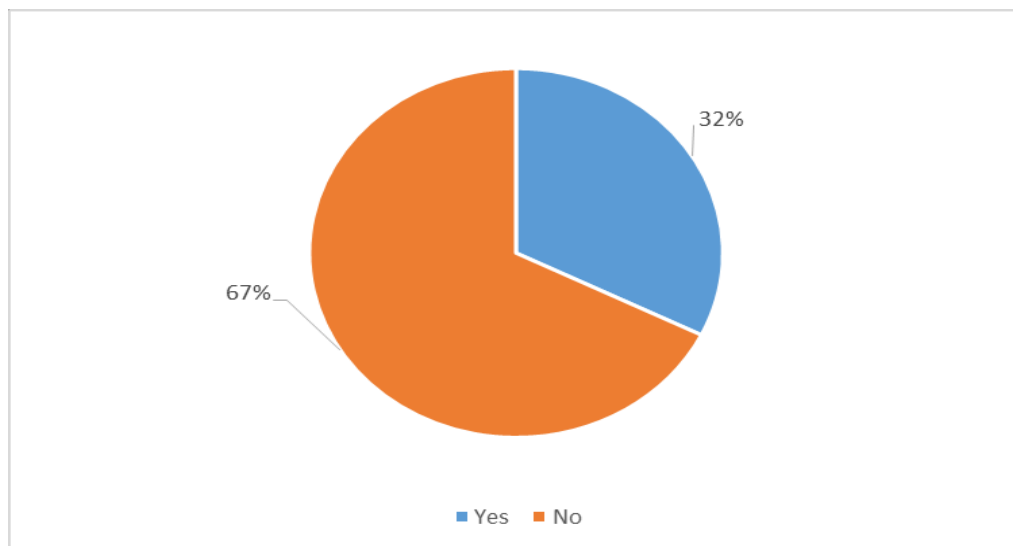
From the findings, majority of the respondents, 58.7% believed that they had a chance of benefitting from AFCFTA while 41.3% indicated that they believed that they stood no chance

of benefiting from AFCFTA. The findings imply that more people in the public domain could explore the opportunities presented by AFCFTA in their business undertakings.

5.9. Satisfaction of Governments' Effort on Public Participation in AFCFTA

The study sought to find out whether the members of the public were satisfied by the government's effort on public participation in AFCFTA. The findings are presented in figure 5.8

Figure 5.8. Satisfaction of Governments' Effort on Public Participation in AFCFTA



Source: Field Data 2021

From the findings, majority of the respondents, 67.4% (31) indicated that they were not satisfied while 32.6% (15) indicated that they were satisfied by the government's effort on public participation in AFCFTA. The findings imply that the government had not done enough to gain the trust of the members of the public in terms of their participation in AFCFTA.

5.10 Benefits to individual Kenyans from the AFCFTA

The survey aimed at understanding whether AFCFTA impacts Kenyan population at individual level. Table 5.9 summarizes the outcome

Table 5.9. Benefits to individual Kenyans from the AFCFTA

Statement	Mean	Std. Deviation
More employment opportunity in Africa	4.37	0.57
Easier travelling across borders	4.13	0.81
Increased chances of information sharing	4.22	0.84
Exposure to more skills and expertise	4.28	0.81
Improved Networking	4.48	0.51
Increased individual business opportunities	4.46	0.50
Composite Mean	4.32	0.67

Source: Field Data 2021

According to the findings, the respondents agreed that AFCFTA was beneficial to individuals in: improved networking (M = 4.48, SD = 0.51) followed by increased individual business opportunities (M = 4.46, SD = 0.50); more employment opportunity in Africa (M = 4.37, SD = 0.57); exposure to more skills and expertise (M = 4.28, SD = 0.81); increased chances of information sharing (M = 4.22, SD = 0.84) and easier travelling across borders (M = 4.13, SD = 0.81).

A composite mean (M = 4.32, SD = 0.67) was derived using a 5-point Likert scale, implying that the substantial number of interviewees concurred that individual Kenyans would benefit from AFCFTA participation, despite the standard deviation of 0.67 indicating that there was disagreement.

5.11 Challenges Faced by Individual Kenyans in AFCFTA Participation

The goal of the survey was to see how many respondents thought specific issues were a threat to individual Kenyan participation in the AFCFTA. The results are shown in Table 5.10

Table 5.10 Challenges Faced by Individual Kenyans in AFCFTA Participation

Statement	Mean	Std. Deviation
Ignorance about AFCFTA	4.07	0.80
Complex paper work	3.98	0.98
Lack of information about market	4.00	0.99
Poor credit facilities in some countries	4.39	0.54
Poor infrastructure	4.26	0.80
High cost of doing business	4.20	0.88
Hostilities in some countries	4.15	0.70
Risk of Covid-19	3.93	1.08
Language barriers in some countries	4.22	0.81
Composite Mean	4.13	0.84

Based on the findings, the respondents agreed that: poor infrastructure (M = 4.39, SD = 0.54) followed by the high cost of doing business (M = 4.26, SD = 0.80); language barriers in some countries (M = 4.22, SD = 0.81); high cost of doing business (M = 4.20, SD = 0.88); hostilities in some countries (M = 4.15, SD = 0.70); ignorance about AFCFTA (M = 4.07, SD = 0.80); lack of information about market (M = 4.00, SD = 0.99); complex paper work (M = 3.98, SD = 0.98) and risk of Covid-19 (M = 3.93, SD = 1.08).

A composite mean (M = 4.13, SD = 0.84) was calculated using a 5-point Likert scale, indicating that the significant proportion of participants in this study agreed that the listed factors posed a threat to individual Kenyans' participation in the AFCFTA, though there was some disagreement as indicated by the standard deviation of 0.84.

5.12 Conclusion

This chapter has presented the data analysis on an assessment of strategic national interest on African continental free trade area: a case study of Kenya. The findings have been presented based on the study objectives. The next chapter presents the summary, conclusion and recommendations.

CHAPTER SIX: SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the summary, conclusion and recommendations which are presented in the following subsection.

6.2 Summary of Findings

The study found that the respondents were aware of the operationalization process of AFCFTA. The study also found that the government had preparation measures in implementing its interest in AFCFTA. The study found that the government had to some extent put in place the relevant initiatives but these initiatives were unknown to a majority of the respondents. Hence if they are unknown to the public and private sectors, they will not be utilized. The study found that the government had taken steps to implement AFCFTA. The study found there more people in the public domain were aware of AFCFTA and therefore could participate and benefit. The study found that more people in the public domain could explore the opportunities presented by AFCFTA in their business undertakings. The study found that the government had not done enough to gain the trust of the members of the public in terms of their participation in AFCFTA.

With regard to the study hypothesis the study found that Kenya has a national strategic interest and preparedness in the AFCFTA, Kenya has put in place policies that can help it to benefit from the opportunities created by AFCFTA, and that there are challenges facing Kenya in its pursuit to explore the opportunities created by AFCFTA. Thus study rejects the null hypothesis that Kenya has no national strategic interest and preparedness in the AFCFTA, Kenya has not put in place any policies that can help it to benefit from the opportunities created by AFCFTA, and there are no challenges facing Kenya in its pursuit to explore the opportunities created by AFCFTA and accept the alternative hypothesis.

6.3 Conclusion of the Study

The study concluded that the government had preparation measures in implementing its interest in AFCFTA. The government had to some extent put in place the relevant initiatives but these initiatives were unknown to a majority of the respondents. Hence if they are unknown to the public and private sectors, they will not be utilized. The study concluded that there more people in the public domain were aware of AFCFTA and therefore could participate and benefit. The study concluded that more people in the public domain could explore the opportunities presented by AFCFTA in their business undertakings. The study further concluded that the government had not done enough to gain the trust of the members of the public in terms of their participation in AFCFTA.

The government, the private sector and public with regard to Kenya's strategic trade interest and preparedness in African continental free trade area, policies Kenya has established in order to benefit from joining African continental free trade area, and the potential challenges that threatens Kenya's participation in African continental free trade area stated that AFCFTA created a bigger pool of human resource, there existed factors that posed a threat to the private sector's participation in AFCFTA, there more people in the public domain were aware of AFCFTA and therefore could participate and benefit, there are more people in the public domain could explore the opportunities presented by AFCFTA in their business undertakings, and that individual Kenyans stood to benefit from participation in AFCFTA.

6.4 Recommendations

Regarding protocols, preparedness, and obstacles, the findings revealed that while the government had taken steps to implement its AFCFTA interest, the business sector and general public were less prepared, and a number of variables posed a threat to the country's AFCFTA participation.

As a result, governments should negotiate a wide range of technical standards and fundamental public policy concerns governing market access and regulating service supply, according to this study, especially in sectors where negotiation and liberalization are prioritized. In most countries, responsibility for all policies governing service trade is split among a number of ministries and agencies.

With regard to collaborations in general under the government, private sector and the public sector as a point of convergence the study found that the government had not done enough to gain the trust of the members of the public in terms of their participation in AFCFTA. In order to consider "the economic, environmental, and social impacts of trade measures, the linkages between these effects, and [aim] to build on this analysis by identifying ways in which positive effects can be enhanced," for further examination of present and prospective trade policies under the AFCFTA Agreement, this study suggests that integrated assessments be done. Assessments can be conducted prior to, during, or after negotiations, and can focus on the implications for a sector, a country or other geographic region, or a specific social or environmental system, with the ultimate goal of enabling countries to implement integrated policies that maximize the benefits of economic change for long-term development.

Based on the challenges faced by Government this study has revealed the extent to which when the government try to pursue its own national interests e.g. protectionism, it obstructs any genuine free trade process, particularly in light of Kenya's pursuit of its own interests. The

research suggests that the government examine its foreign policy in relation to the free trade area and abandon its drive for hegemony, as this is what caused the first commercial cooperation between Kenya, Uganda, and Tanzania to fail. Instead of being a disadvantage, Kenya should seek to become a preferred destination for products and services in the area, as well as a trusted friend and trading partner. It should endeavour to streamline its institutions in order to eliminate corruption, which stymies regional commercial dealings. This is because a culture of impunity is perpetuated by a lot of rent-seeking, which stymies the execution of numerous procedures that member nations have mentioned.

Kenya should consider EAC membership as one of the paths to attaining a free trade zone, and it should collaborate with other nations to foster peaceful cohabitation with little fear of it breaking its promises. Furthermore, it should demonstrate greater political commitment and seek to build the EAC by leveraging its regional economic leader, rather than attempting to sabotage the integration process. This should be accomplished through lobbying for member nations to open up additional industries in the capital, as well as by giving chances for small and medium businesses in the member countries to expand. We stand to benefit more if we stay unified rather than becoming split, which would result in more loss.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Dear Respondent,

I'm Stephen Nyaga, a postgraduate student at the Institute of Diplomacy and International Studies at the University of Nairobi. I'm researching on the African Continental Free Trade Area. A Case Study of Kenya's Strategic National Interest in the African Continental Free Trade Area. The information we intend to get from you will be crucial to our research. As a result, your participation will be greatly valued. The information will be kept in strict confidence and will only be used for academic reasons.

Section I Demographic Information

1. What is your Gender?

Male Female

2. How old are you?

30 Years 31-45 Years 46- 55 Years 56- 65 Years

3. What is your highest level of Education?

Primary Secondary Diploma Bachelor Degree

Masters' Degree PhD

4. Where do you belong in the three categories below?

Government Representative Private Sector Player Member of the Public

If Government Representative, proceed to **Section II** below, for private sector proceed to **Section III** and for the public sector proceed to section **IV** accordingly

SECTION II: GOVERNMENT AGENT

(1) Ministry of Industrialization, Trade and Enterprise Development []

(2) Ministry of Foreign Affairs []

(3) Are you aware of the operationalization process of AfCFTA?

Yes [] No []

(4) What are the main Strategic Interest of Kenya in the AfCFTA? Briefly explain?

.....
.....
.....
.....

(5) What is the level of the government preparedness to implement its interest in the AfCFTA? Answer in a scale of 1-5. Where 1 is not prepared at all, 2 is less prepared, 3 is moderately prepared, 4 is more prepared and 5 is very prepared.

1 [] 2 [] 3 [] 4 [] 5 []

(6) What are the Key indicators of preparedness?

.....
.....
.....
.....

(7) Does the government have initiatives to prepare the private sector and the public to participate in the AfCFTA?

Yes [] No [] Not Sure []

If “Yes”, which initiatives does the government take or plan to take?

.....
.....
.....

(8) How would you rate the level of preparedness of the private sector and the general public for the AfCFTA? Answer in a scale of 1-5 where 1 is not prepared at all, 2 is less prepared, 3 is moderately prepared, 4 is more prepared and 5 is very prepared.

1 [] 2 [] 3 [] 4 [] 5 []

(9) What are the key indicators of preparedness?.....

.....
.....
.....

- (10) Does the country have specific policies for implementing its strategies for AfCFTA?
 Yes [] No []

If “Yes” what are the policies?.....

- (11) How do you agree/disagree that the factors listed in the table below pose threats to the country’s participation in AfCFTA. Use 1 = Strongly agree, 2 = Agree, 3 = Not sure, 4 = Disagree, 5 = Strongly Disagree

Scale	S. Agree	Agree	Not Sure	Disagree	S. Disagree
Weak International Relations in Africa					
Low Adoption of ICT					
Underdeveloped infrastructure					
Credit accessibility					
Political Instability					
Limited information for the private and public sector					
Competitions					
Longer bureaucratic procedures					
Pre-existing FTAs					

SECTION III: PRIVATE SECTOR

(1) Does your Business stand a chance to participate and benefit in the AfCFTA?
 Yes [] No []

(2) To what extent do you agree to the statements in the table below Use 1 = Strongly agree, 2 = Agree, 3 = Not sure, 4 = Disagree, 5 = Strongly Disagree

Statement	S. Agree	Agree	Not Sure	Disagree	S. Disagree
AfCFTA creates a bigger market for you merchandise					
AfCFTA creates a bigger pool of quality raw materials					
AfCFTA create a bigger pool of human resource					
AfCFTA creates opportunity for bench marking					
AfCFTA creates opportunity to benefit from government subsidies					

(3) The table below present statements about possible challenges which may hinder your business participation and benefiting from the AfCFTA and its severity. Indicate your agreement with the statements by ranking the challenge in a scale of 1-5 Use 1 = Strongly agree, 2 = Agree, 3 = Not sure, 4 = Disagree, 5 = Strongly Disagree

Statement	S. Agree	Agree	Not Sure	Disagree	S. Disagree
Ignorance about AfCFTA					
Long bureaucratic procedures					
Lack of information about market					
Stiff Competitions					
Poor infrastructure					
High cost of doing business					
Hostilities in some countries					
Risk of Covid-19					
Low productivity					
Complex supply chain					

SECTION IV: PUBLIC SECTOR

1. Are you aware of the AfCFTA

Yes No

If “Yes”, do you think you stand a chance to benefit from AfCFTA?

Yes No

If “Yes”, how do you think you would benefit from AfCFTA?

.....

Are you satisfied by the Governments effort on public participation about AfCFTA?

Yes No

If “No” above, what do you recommend to be done differently (Briefly explain)

.....

(4) The table below present statements about possible benefits to individual Kenyans from the AfCFTA. Indicate your agreement with the statements by ranking the benefit in a scale of 1-5 (Use 1 = Strongly agree, 2 = Agree, 3 = Not sure, 4 = Disagree, 5 = Strongly Disagree)

Statement	S. Agree	Agree	Not Sure	Disagree	S. Disagree
More employment opportunity in Africa					
Easier travelling across borders					
Increased chances of information sharing					
Exposure to more skills and expertise					
Improved Networking					
Increased individual business opportunities					

(5) The table below present statements about possible challenges which may hinder your business's participation and benefiting from the AfCFTA. Indicate your agreement by ranking the challenge in a scale of 1-5 Use 1 = Strongly agree, 2 = Agree, 3 = Not sure, 4 = Disagree, 5 = Strongly Disagree

Statement	S. Agree	Agree	Not Sure	Disagree	S. Disagree
Ignorance about AfCFTA					
Complex paper work					
Lack of information about market					
Poor credit facilities in some countries					
Poor infrastructure					
High cost of doing business					
Hostilities in some countries					
Risk of Covid-19					
Language barriers in some countries					

Thank You for Your Time and Response

APPENDIX II: TIME FRAME PLAN

Start time	Establishing a	Drafting of	Data collection.	Report	Report
May 2021	research topic	research proposal,	End of Sep. -	Compilation.	Submission.
	and problem.	chapter 2 and 3	Mid Oct. 2021	End of Oct. 2021	Nov. 2021
	May 2021	June-August 2021			
2 weeks					
3 months					
3 weeks					
3 Weeks					
1 week					

APPENDIX III: THE RESEARCH BUDGET

No.	DESCRIPTION	COST(Kshs.)
1.	Subsistence and Travel	11,000
2.	Bundles for internet	14,000
3.	Typesetting and printing	12,000
4.	Proposal photocopies	3,500
5.	Logistics in Data collection	10,000
6.	Tools for Data analysis	7,300
7.	Miscellaneous	2,000
GRAND COSTS		59,800

**APPENDIX IV: INTRODUCTORY LETTER FROM THE UNIVERSITY OF
NAIROBI**



UNIVERSITY OF NAIROBI
Faculty of Social Sciences
Department of Diplomacy and International Studies

Tel : (02) 318262
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P.O. Box 30197
Nairobi
Kenya

September 23, 2021

TO WHOM IT MAY CONCERN

RE: NYAGA STEPHEN– R50/34072/2019

This is to confirm that the above-mentioned person is a bona fide student at the Institute of Diplomacy and International Studies (IDIS), University of Nairobi pursuing a **Master of Arts Degree in International Studies**. He is working on a research project titled, “AN ASSESSMENT OF STRATEGIC NATIONAL INTEREST ON AFRICA CONTINENTAL FREE TRADE AREA: A CASE STUDY OF KENYA”.

The research project is a requirement for students undertaking Masters programme at the University of Nairobi, whose results will inform policy and learning.

Any assistance given to him to facilitate data collection for his research project will be highly appreciated.

Thank you in advance for your consideration.



Professor Maria Nzomo,
Chair, DDIS
&
Professor of International Relations and Governance

APPENDIX V: NACOSTI LETTER

 <p>REPUBLIC OF KENYA</p>	 <p>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION</p>
Ref No: 840230	Date of Issue: 04/October/2021
RESEARCH LICENSE	
	
<p>This is to Certify that Mr.. Nyaga Stephen of University of Nairobi, has been licensed to conduct research in Nairobi on the topic: AN ASSESSMENT OF STRATEGIC NATIONAL INTEREST ON AFRICAN CONTINENTAL FREE TRADE AREA: A CASE STUDY OF KENYA for the period ending : 04/October/2022.</p>	
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The Grant of Research Licenses is Guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014

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