

∩ THE IMPACT OF TELECOMMUNICATIONS ON  
EXPORTS PERFORMANCE IN KENYA 6

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## ABSTRACT

Many studies on the determination of exports have put a lot of emphasis on tariffs and exchange rate policy incentives ignoring the potential impact that infrastructural facilities could play in promoting exports earnings. This study investigates the impact of telecommunications on exports performance in Kenya. A model of exports is specified in which exports earnings are determined by real exchange rate, capacity utilization, effective tariff rate, regional trade and direct exchange lines. Based on time series data for the period 1972 to 2002 a cointegration and error correction approach using Johansen's procedure is adopted in model estimation. Results from the estimation show evidence that increased telecommunication services leads to improved exports earnings. This study suggests that export policy incentives should be accompanied by supporting institutional policies to support the already existing policy measures.