

UNIVERSITY OF NAIROBI
INSTITUTE OF DIPLOMACY AND INTERNATIONAL STUDIES

**NON-TARIFF BARRIERS IN EAC CUSTOMS UNION: IMPLICATIONS FOR
TRADE IN MANUFACTURED GOODS IN KENYA**

BY

SAMUEL MWANGI KAHENU
REGISTRATION NUMBER: R40/62364/2013

SUPERVISOR: DR. MARTIN OUMA

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT OF THE POST GRADUATE DIPLOMA IN INTERNATIONAL
RELATIONS TO THE INSTITUTE OF DIPLOMACY AND INTERNATIONAL
STUDIES**

SEPTEMBER, 2014

DECLARATION

This research project is my original work and has not been presented for a degree/diploma in any other University or any other award

..... Date:

Samuel M. Kahenu

I confirm that the work reported in this project was carried out by the candidate under my supervision

..... Date:

Dr. Martin Ouma

Institute of Diplomacy and International Studies

University of Nairobi

DEDICATION

To my wife Nyawira our children Wahome, and Wanjiku, Waithira, Macharia and Njoroge
for their love and patience during the course of my studies

ACKNOWLEDGEMENT

My sincere appreciation is expressed to my supervisor Dr. Martin Ouma of the Institute of Diplomacy and International Studies, University of Nairobi for his enabling support, guidance and constructive criticism from the beginning to the end this study. Special appreciation goes to my wife, Josephine Nyawira who constantly supported me morally, spiritually and encouraged me during the study. My deep heartfelt appreciation to her for her love, support and patience for the time I spent away during the study. I would like to extend my special thanks to my children, Wahome & Peninah, Waithira, Macharia and Njoroge for showing great patience when my studies kept me away from them. I am highly grateful to the members of the National NTB Monitoring Committee for their valuable contributions toward this study.

I appreciate the officers from the Ministry of the East African Affairs, Commerce and Tourism for assistance in data collection and analysis, the EAC Secretariat, and Kenya Association of manufacturers for sharing valuable information towards this study. To the traders who participated in the interviews, members of the National NTB Monitoring Committee for the valuable information they shared with me, my colleague and classmates, Joseph Mung'ere and Phyllis Watwana for walking the journey with me, I say may you have the future to your advantage. To my employer the Ministry of East African Affairs Commerce and Tourism for allowing me time off to carry out this study. Glory to God for His grace was sufficient and gave me good health to do this research.

TABLE OF CONTENTS

Contents	Page
Declaration	ii
Dedication	iii
Acknowledgement.....	iv
Table of Contents	v
List of Figures	viii
List of Appendices	ix
Abbreviations	x
Abstract	xii
 CHAPTER ONE: INTRODUCTION AND BACKGROUND TO THE STUDY	
1.1 Introduction	1
1.2 Background to the Study	1
1.3 Statement of the Problem	5
1.4 Justification of the Study.....	7
1.5 Overall Objective	7
1.5.1 Specific Objectives.....	7
1.5.2 Research Questions	8
1.6 Literature Review	8
1.7 Summary of Literature Gaps	12
1.8 The Conceptual Framework	12
1.8.1 Free Trade Theory	13
1.8.2 Heckscher –Ohlin Theory	13
1.9 Methodology	16
 CHAPTER TWO: THE DYNAMICS OF NON-TARIFF BARRIERS AND HOW THEY AFFECT KENYAN EXPORTS IN THE EAC	
2.1 Introduction	18
2.2 Dynamics of Non-Tariff Barrier to Trade	18
2.3 Inventory of non-Tariff Barriers affecting Kenyan Exporters – July/August 2014	20
2.4 Chapter Summary.....	30

**CHAPTER THREE: IMPACT OF NON-TARIFF BARRIERS ON KENYA
EXPORTS IN THE EAC REGION**

3.1 Introduction	32
3.2 Trade between Kenya and EAC Partner States	32
3.3 Impact of NTBs on Kenyan Exports to the EAC	34
3.3 Survey Results on Companies Experiences with NTBs.....	38
3.4 Quantitative Restrictions as Non Tariff Barriers to Trade	47
3.5 Chapter Summary.....	49

**CHAPTER FOUR: POLICY OPTIONS TO ADDRESS THE NON-TARIFF
BARRIERS IN EAST AFRICA**

4.1 Introduction	50
4.2 The EAC Customs Union Protocol and Rules on NTBS	50
4.3 Criteria for Identifying and Eliminating NTBs	51
4.4 Harmonization of Standards and Certifications	52
4.5 Addressing Challenges of NTBs at Border Points	53
4.6 Making the East African Community Committee on Trade Remedies more effective ...	54
4.7 Using WTO Disputes Settlement Mechanism (DSM)	54
4.8 Reviewing the Custom Union Protocol and the Common Market Protocol	55
4.9 Building Capacity of Exporters	55
4.10 Chapter Summary	56

CHAPTER FIVE: SUMMARY OF FINDINGS AND RECOMMENDATIONS

5.1 Introduction	57
5.2 Summary of Findings	57
5.3 Conclusion.....	58
5.4 Recommendations	59
5.5 Suggested Areas for Further Research	60
BIBLIOGRAPHY	61

LIST OF TABLES

	Page
Table: 2.1 NTBs Imposed by EAC partner states as at February 2014	19
Table 2.2: NTBs Affecting Kenya Exports in the EAC by July /August 2014.....	21
Table 2.3 Dynamics Analysis of Trade Barriers Affecting Kenyan Exports 2007-2013.....	24
Table 2.4: NTBs existing by December 2013 based on WTO classification.....	27
Table 3.1: Kenya's intra-EAC trade: 2007 – 2012 (in Million US dollars).....	36
Table 3.2: Share of Companies Affected by NTBs or Obstacles Related to Trade	39
Table 3.3: Cost of Transporting Beef with, and without NTBs in the EAC Market.....	41
Table 3.4: Average Numbers of Roadblocks and Respective Distances	43
Table 3.5: Impact of NTBs on Kenyan Trade in 2013	44

LIST OF FIGURES

Page

Figure 1: The Research Conceptual Model.....	15
--	----

LIST OF APPENDICES

APPENDIX I: Interview Guide.....	63
APPENDIX II: Questionnaire	66
APPENDIX III: Map of EAC Export Routes between Kenya and Partner States.....	68

ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
AU	African Union,
CBA	Cost-Benefit Analysis
CBK	Central Bank of Kenya
CDF	Consultative Dialogue Framework
CET	Common External Tariff
CMP	Common Market Protocol
COMESA	Common Market for East and Southern Africa
CTH	Change in Tariff Heading
CU	Custom Union
DSB	Dispute Settlement Body
DSM	Dispute Settlement Mechanism
EABC	East African Business Council
EAC	East African community
EACSO	East African Civil Society Organization Forum
ECOWAS	Economic Commission for West African States
EPA	Economic Partnership Agreement
EPRC	Economic Policy Research Centre
EU	European Union
FDI	Foreign Direct Investments
GATT	General Agreement on Trade and Tariffs
KAM	Kenya Association of Manufacturers

KEPSA	Kenya Private Sector Alliance
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
LAPSSET	Lamu Port Southern Sudan-Ethiopia Transport
MFN	Most Favoured Nation
MRA	Mutual Recognition Agreement
NMC	National Monitoring Committees
NTB	Non-Tariff Barriers
NTM	Non-Tariff Measures
OECD	Organization for Economic Co-operation and Development
OSBP	One Stop Border Post
REC	Regional Economic Communities
ROO	Rules of Origin
RTA	Regional Trade Agreements
SADC	South African Development Community
SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TFDA	Tanzanian Food and Drug Authority
TNC	Transnational Corporations
UNCTAD	United Nations Conference on Trade and Development
URA	Uganda Revenue Authority
USAID	United States Agency for International Development
WTO	World Trade Organization

ABSTRACT

The aim of this study was to identify the non-tariff barriers (NTBs) affecting Kenyan exports in the EAC market, analyze their impact on Kenyan exports and suggest possible policy options for EAC. This was informed by the decline of Kenya's exports to EAC by 7.4 per cent from KES 134 billion in 2012 to KES 124 billion in 2013. At the same time there was an increase in exports to Kenya by Tanzania, Rwanda and Uganda during the same period. This was despite the output in Kenya's manufacturing industry growing by 4.8 per cent in 2013 compared to 3.2 per cent in 2012. Cross-referencing trade balances between Kenya, Uganda, Rwanda and Tanzania, indicated that the volume of exports to Tanzania had reduced from Sh46 billion to Sh40 billion, while exports to Uganda also reduced from Sh67 billion to Sh65 billion, and to Rwanda from Sh16 billion to Sh13 billion. Ugandan exports to Kenya increasing from Sh15 billion to Sh16 billion, and Rwandan exports going up from Sh822 million to over Sh1 billion. The research findings sought to benefit EAC stakeholders by developing actionable institutional and legal framework to enforce the custom union and the common market protocol. The field of academia may use the findings for further research on the implementation of EAC Customs Union. The research used primary and secondary data collected using interview schedules and questionnaires. The respondents were selected from key informants involved in the negotiation and implementation of the EAC customs union, manufacturers and traders exporting to the EAC market. Data on prices of exports with and without NTBs costs were compiled and analysed. The study analysed the number of reported NTBs from 2007 – 2013 and compared the volume and value of trade of exports to EAC during the period 2007-2013. The data was analysed using qualitative and quantitative approaches. The results of the research indicated that the decline in Kenya's export to the EAC in 2012 and 2013 was a result of NTBs imposed by partner states. The rules of origin, the labeling law, anti-dumping and the technical barriers were the most popular of NTBs used against Kenyan products. The research concluded that NTBs have negative impact on Kenya's exports to the EAC market. The study observed that the widespread and continued existence of NTBs in the region is as a result of a weak regulatory framework under the custom union and common market protocol. The study recommends that the EAC should establish a competition authority, increase the powers of East African Community Committee on Trade Remedies, and harmonize protection of infant industries and monitoring of effective implementation of the policy on protection of local infant industries in the partner states.

CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction

This chapter discusses the history of EAC regional integration and gives an overview of the formation of the EAC customs union. The chapter discusses the background to the study, statement of the research problem and the justification of the study. The research objectives and the research questions that guided the study are also discussed here. It also covers the literature review on non-tariff barriers that affected Kenyan export in the EAC and highlights the literature gaps that justified this research. Finally it looks at the conceptual framework and research methodology that was used to carry out this study.

1.2 Background to the Study

Accelerated economic development through free trade has been one of the central drivers for economic integration globally. Countries have adopted regional trading blocs as a strategy to increase global competitiveness. Globally, all continents have adopted different regional integration strategies to increase their bargaining power with other regional trading blocs. Some of the most successful economic trading blocs include the European Union, the African Union, Economic Community of West African States (ECOWAS), Common Market for East and South Africa (COMESA), Association of Southeast Asian Nations (ASEAN), South African Development Community (SADC) and the East African Community (EAC).

Regional economic integration in East Africa dates back to 1900 when Mombasa was established as a customs collection centre for Uganda. In 1905, a currency board was set

up to issue currency for Kenya and Uganda, and in 1971, a Customs Union was established between Kenya and Uganda with Tanganyika joining later in 1922.¹ The treaty establishing the East African Community comprising of Uganda, Kenya and Tanzania was signed in 1967, the integration however collapsed in 1977.² In 1993, the Heads of States from Kenya, Uganda and Tanzania revived the EAC integration with the signing of a Declaration on Closer East African Cooperation. Subsequent discussions culminated to the signing of the Treaty for the establishment of the East African Community on 30th November 1999 and the treaty came into force on 7th July 2000. The Treaty has four pillars:- the Customs Union; the Common Market Protocol; the Monetary Union and the ultimate Political Federation.

The EAC Customs Union came into force with effect from 1st January 2005 and progressively climaxed into a full fledged operation on 1st January 2010. The protocol's objective is liberalisation of intra-regional trade in goods on the basis of mutually beneficial trade arrangements among partner states; promotion of efficiency in production within the community; Enhancement of domestic, cross border and foreign investment; promotion of economic development and diversification in industrialisation³. The overall objective of East African Community (EAC) is to develop policies and programmes aimed at widening and deepening cooperation among the partner states in economic, socio-political, cultural fields, research and technology, defense, security, and legal and

¹ East African Community, (2002), The Treaty of the Establishment of the East African Community, Arusha, PP1

² Ibid

³ ibid,

judicial affairs for their benefits. Currently membership to EAC includes Uganda, Kenya, Tanzania, Burundi and Rwanda⁴.

As part of the process of realizing full benefits of economic integration, in 2005 the EAC became a Customs Union, a free trade area with common external tariffs, but allowing member countries to use different import quotas. The main instrument for trade liberalization provided under the Customs Union is the elimination of NTB, within the partner states in order to increase economic efficiency and create political and cultural relationships among the partner states.⁵ The East African Community (EAC), with an agenda of attaining economic, social and political integration, is an intergovernmental regional body comprising of five partner states of Burundi, Kenya, Rwanda, Tanzania and Uganda⁶; with a total population of approximately 141.1 million people (December 2013 estimates) and a combined Gross Domestic Product of over US\$99.8 billion⁷ This provides a big market opportunity for the countries of Eastern African region to exchange goods and services which are produced in their countries so as to scale up regional development and in alleviating poverty.⁸ The exploitation of this market however is affected by the Non- Tariff Barriers imposed by respective partner states.

The first and perhaps the major issue concerning the NTB is its own definition. What is a non-tariff barrier? How can we differentiate a legitimate requirement from a NTB that

⁴ Makame, A. 2012. The East African integration: Achievement and challenges. GREAT Insights, Volume 1, Issue 6. August 2012

⁵ East African Community Secretariat, Protocol on the establishment of the East African Community Customs Union, Arusha 2004

⁶ Magaga. A. and Margrit M, East African Integration- the rise and rise of the East African Community, 2010

⁷ East African Community Secretariat Facts and figures July 2013, Arusha Tanzania PP3

⁸ Monica A. Hangi, The Non-Tariff Barriers in Trading Within the East African Community, Economic and Social Research Foundation 2010 PP1

affects welfare and trade? What kind of NTB should be the priority for a public policy in developing countries and what should be the full understanding of legitimacy? These questions are not simple, nor do they have simple answers, especially in regard to sanitary and technical barriers. Hillman defines NTBs as all restrictions, other than traditional customs duties, that distort trade. Precisely, “as a generic shorthand to describe a world of government measures, other than tariffs and custom taxes, which restrict or distort international commerce between domestic and imported goods and services”.⁹

According to Carbaugh, most definitions of NTBs include market-specific trade and domestic policies such as import quotas, voluntary export restraints, restrictive state-trading interventions, export subsidies, countervailing duties, technical barriers to trade, sanitary and Phytosanitary policies, rules of origin, and domestic content requirement schemes¹⁰ Beghin and Bureau define NTBs as any governmental device or practice other than a tariff which directly impedes the entry of imports into a country and which discriminates against imports, but does not apply with equal force on domestic production or distribution.¹¹The EAC has adopted a broad guideline to define NTBs as “quantitative restrictions and specific limitations that act as obstacles to trade.”¹² This will paper will adopt the WTO definition that defines an NTB as an import targeting public policy intervention to protect domestic industries, national health, safety and security.

⁹ Hillman, J.S. Non-tariff agricultural trade barriers revisited. IATRC, Working Paper #96-2. March 1996. 54p

¹⁰ Carbaugh, J.R. 2004. *International Economics*, 9th edition. South-Western College Publishing International

¹¹ Beghin, J.C. and B.J. Christophe, (2001), Quantification of Sanitary, Phytosanitary and Technical Barriers to Trade Policy Analysis, Working Paper 01-WP 291

¹² East African Community Secretariat: Protocol on the EAC customs Union. Arusha 2005

From the above definitions, it is evident that NTBs are classified based on two major aspects namely legislative origin and desired objectives. The above classification of NTBs consists of seven categories that include Government Participation in Trade, Customs and Administrative Entry Procedures, Technical Barriers to Trade, Sanitary and Phytosanitary Measures, Charges on Imports Specific Limitations and Other. This research adopts the WTO classification which has seven main categories namely: government participation in trade; custom and administrative procedures; Technical Barriers; Sanitary and Phytosanitary (SPS) measures; special limitations; charges on imports and others.

Under Article 13 of the Custom Union (CU) Protocol, the EAC partner states have agreed to remove all existing non-tariff barriers to trade and not to impose any new ones. This then shows that elimination of NTBs lies at the heart of the EAC integration process; since as part of the CU protocol, EAC partner states committed themselves to eliminate all existing NTBs in intra-EAC trade with immediate effect and to refrain from introducing new ones. Its roots are embedded in the belief that EAC region could provide potential market.¹³

1.3 Statement of the Problem

According to statistical data from the Kenya National Bureau of Statistics, Kenya's exports to the East African Community fell by 15 per cent in the first five months of the year 2013. At the same time the Kenya Economic Survey of 2014, indicated that Kenya's export to the EAC reduced by 7.4 per cent from KES 134 billion in 2012 to KES 124

¹³ Monica A. Hangi, 2010, *The Non-Tariff Barriers in Trading Within the East African Community*: Economic and Social Research Foundation (ESRF)

billion in 2013. This was despite the output in Kenya's manufacturing industry growing by 4.8 per cent in 2013 compared to 3.2 per cent in 2012.¹⁴ Available data showed that, increased production of agricultural produce, particularly in the sugar and horticulture sectors, improved Kenya's manufacturing industry. This led to an increased volume of output valued at a total KES1 trillion. However, a deeper analysis of the figures, and cross-referencing trade balances between Kenya, Uganda, Rwanda and Tanzania, had Kenyan manufacturers worried that they were losing ground to their regional counterparts. The volume of exports to Tanzania reduced from Sh46 billion to Sh40 billion, while exports to Uganda also reduced from Sh67 billion to Sh65 billion, and to Rwanda from Sh16 billion to Sh13 billion.

The fact that countries in the EAC region were some of the biggest importers of Kenyan goods meant that, this trend would be retrogressive to the country's manufacturing industry and the economy, yet the reasons for this declining trend is not yet very clear. While Kenya was losing grounds in the regional trading block, Rwandan and Ugandan manufacturers were expanding their share in Kenya, with Ugandan exports to Kenya increasing from Sh15 billion to Sh16 billion, and Rwandan imports going up from Sh822 million to over Sh1 billion.¹⁵ This was believed to have come about because of many problems Kenya businesses were facing when they were exporting to the EAC partner states. This research therefore intended to investigate the reasons why Kenya is losing out to the EAC partner states.

¹⁴ Kenya national Bureau of Statistics: Kenya economic survey 2014

¹⁵ Kenya National Bureau of Statistics – Economic Survey 2014

1.4 Justification of the Study

This study was tailored to examine the dynamics of non-tariff barriers affecting Kenya's export into the EAC region. The research was designed to establish the challenges facing Kenyan export to the EAC region and suggest possible policy options to address them. The research findings will seek to benefit EAC the East African Community by developing actionable institutional and legal framework to enforce the Custom Union and the Common Market Protocol. The East African Business Council (EABC) may use the findings to improve the business climate and reduce the cost of doing business by their members. The field of academia may use this information for further research on the implementation of EAC Customs Union and Common Market Protocols. All these will go a long way to benefit consumers in terms of improved welfare due to reduction in cost of goods and services. Regional economic blocs like the African Union, European Union, and the Common Market for East and Southern Africa and Development partners will use the information to determine their trade relations with the EAC.

1.5 Overall Objective

The aim of the study is identify and investigate the impact of Non Tariff Barriers under the EAC partner states restriction policies on the Kenya's exports to the region.

1.5.1 Specific Objectives

1. To identify Non Tariff Barriers affecting Kenyan exports to the EAC partner states and examine their dynamics;
2. To Establish how the Non Tariff Barriers negatively impact Kenya's exports in the EAC region;

3. To suggest policy options that can be used to address the Non Tariff Barriers affecting Kenya's exports to the EAC Market.

1.5.2 Research Questions

- 1) What are some of the Non Tariff Barriers facing Kenyan exports to the EAC partner states?
- 2) Why do NTBs have negative impact on Kenya's export in the EAC region?
- 3) What are the policy options that Kenya can adopt to address the Non Tariff Barriers affecting her exports to the EAC Market?

1.6 Literature Review

From available literature, many Non Tariff Barriers are often justified on four main reasons: (1) safeguarding health, safety and security of human beings, animals and plants, and against environmental pollution; (2) safeguarding national security; (3) safeguarding revenue loss and (4) protecting home industries and consumers. The precautionary principle, or foresight planning, has recently been proposed as a justification for government restrictions on trade in the context of environmental and health concerns, often regardless of cost or scientific evidence. These measures only become genuine NTBs when they are implemented in such a manner as not to unnecessarily add to costs of or inhibit trade, or are applied in an illegitimate manner.¹⁶

¹⁶ Beghin, J.C. and B.J. Christophe, (2001), Quantification of Sanitary, Phytosanitary and Technical Barriers to Trade Policy Analysis, Working Paper 01-WP 291

In the last ten years, media reports and trade publications have highlighted the issue of NTBs in East Africa.¹⁷ For instance the East African newspaper of July 12th 2014 had its headline as “Protectionist tactics, surge in trade wars hits Common Market: how EAC countries are using taxes and non-tariff barriers to lock out goods from partner states”.¹⁸ The partner states were accusing each other of using non tariff barriers to shield local firms. This is an indication that NTB were still a major issue in the EAC region. According to Miranda, identifying, classifying and quantifying the effects of non-tariff barriers have been a challenge to researchers.¹⁹ In light of the diversity of NTBs as described above, it is evident that quantifying the impact of NTBs on trade is a challenging exercise. For example not only do these measures often take non-transparent forms, but analysis also has to take into account whether and how they are linked to non-trade policy objectives.

Some NTBs serve important regulatory purposes and are legitimate under WTO rules under clearly defined conditions in spite of the fact that they restrict trade. For example, import licenses may be used to control the importation of products carrying potential health risks. Countries may ban imports of farm products for food safety reasons or impose labeling requirements in response to consumer demands for information. The key issue is whether governments in pursuing legitimate goals, are restricting imports more than is necessary to achieve those goals. Under multilateral rules, the objective is not to

¹⁷ Luke Okumu and J. C. Okuk Nyankori - non-tariff barriers in EAC customs union: implications for trade between Uganda and other EAC countries 2010 PP 4

¹⁸ The East African newspaper, 12th to 18th July 2014: Peterson Thiong’o, attempts to shield local firms fuel trade disputes among EAC States. Page 4

¹⁹ Miranda S. H. and Schuh G. E 2008, a review of theoretical approaches and mathematical models for non-tariff barriers to trade: a research paper sponsored by Hewlett/IATRC Capacity Building Program in Agricultural Trade Policy

remove these measures but to ensure that they are set at an appropriate level to achieve legitimate objectives with minimum negative impact on trade.

However, because legitimacy claims are typically associated with the introduction of these measures, they are hard to assess. All this makes the issues that arise in connection with determining the economic impact of NTBs very different from those surrounding the use of tariffs. As far as trade and the economic impact of NTBs are concerned, much depends on the specific circumstances of their application. To understand the effect of a specific measure requires a case-by-case examination.²⁰ The validity of these concerns notwithstanding, various attempts using different methodologies and data have been undertaken to estimate the impact of NTBs on imports, including frequency/coverage measures, price comparison measures and quantity impact measures, as well as residuals of gravity-type equations²¹.

The most ambitious attempt to date, in terms of both theoretical grounding and country/tariff line coverage, is contained in the work by Kee et al who seek a consistent measure of the trade-restrictiveness of NTBs that can be compared to tariffs. Kee et al asserts that trade policy can take many different forms which may include: tariffs, quotas, non-automatic licensing, antidumping duties, technical regulations, monopolistic measures, subsidies, among others. For example he wonder how can one summarize in a single measure the trade restrictiveness of a 10% tariff, a 1000-ton quota, a complex non-automatic licensing procedure and a \$1 million subsidy? Often the literature relies on

²⁰ OECD. 2005. Looking Beyond Tariffs: The Role of Non-Tariff Barriers in World Trade. OECD Trade Policy Studies

²¹ Deardorff, A. V. & R. M. Stern, (1998). *Measurement of Non Tariff Barriers: Studies in International Economics*, Ann Arbor MI: University of Michigan Press

outcome measures, like import shares. The rationale is that import shares summarize the impact of all these trade policy instruments. The problem is that they also measure differences in tastes, macroeconomic shocks and other factors which should not be attributed to trade policy.²²

Another approach that is often followed is to simply rely on tariff data or collected customs duties and assume that all other instruments are positively (and perfectly) correlated with tariffs. These are obviously unsatisfactory solutions. A more adequate approach is to bring all types of trade policy instruments into a common metric.²³ The approach taken by Kee et al is to estimate ad-valorem equivalents of NTBs for each country at the tariff line level that can then be compared directly to (ad valorem) tariffs. Despite all of these difficulties in measurement, most estimates of the trade impacts of NTBs suggest that they can be substantial. Kee et al argues that for a majority of tariff lines the ad valorem equivalent of the NTBs in their sample of 78 countries is higher than the actual tariff. He further explains that the mechanism by which NTBs impact trade can be subtle. Another school of thought is by Staiger and Wolak who argues for instance that, the mere filling of United States antidumping claims can significantly reduce trade inflows during the period of investigation of these claims, even though no antidumping duties are in place over the period of investigation and even if the exercise ends in a finding of no dumping and no duties are ever imposed²⁴.

²² United Nations, the economics behind non-tariff measures: Theoretical insights and empirical evidence policy issues in international trade and commodities study series no. 57 , 2013,

²³ Kee HL, Nicita A, Olarreaga M. 2009, Estimating Trade Restrictiveness Indices. The Economic Journal 119

²⁴ Ibid

According to Coughlin, NTBs are used to counteract the impact of General Agreement on Trade and Tariffs (GATT). He argues that given the constraints, policy makers willing to respond to protectionists' demands were forced to use NTBs devices. Thus, the NTBs were simply a substitute for tariffs. Another school of thought is by Ray, who states that NTBs have been used to reverse the effects of multilateral tariff reductions negotiated under General Agreement on Trade and Tariffs (GATT). Deardorff suggests that non-tariff barriers are preferred because policy makers and demanders of protection believe that effects of tariffs are less certain. This perception could be due to various reasons. For example, it may be much easier to see that a quota of 1 million limits motor vehicle imports by 1 million than to demonstrate conclusively that a tariff of say KES. 30,000 per vehicle would result in imports of only 1 million vehicles.²⁵

1.7 Summary of Literature Gaps

From the foregoing literature, it is evident that the NTBs, affecting Kenya's exports to the EAC, have not been identified and adequately addressed. It is also clear that, it has not been established why the NTBs impact negatively on Kenya's exports in the EAC. All these would require some policy interventions so as to save Kenya from declining further.

1.8 The Conceptual Framework

The main concern of this research was to investigate non-tariff barriers in EAC Customs Union and their implications for trade for Kenya. The paper critically examined the theoretical and empirical grounds for trade liberalization and protectionism and their

²⁵ Deardorff, A. V. and R. M. Stern (1998). *Measurement of Non Tariff Barriers: Studies in International Economics*, Ann Arbor MI: University of Michigan Press

implication for Kenyan Exports to the EAC partner states. This research developed a conceptual framework using the free trade theory and Heckscher–Ohlin theory.

1.8.1 Free Trade Theory

The theory was first advanced by David Ricardo in his famous book *the Principles of Political Economy and Taxation* in 1817. According to Ricardo, free trade enables nations to concentrate their efforts on manufacturing products or providing services where they have a distinct comparative advantage. A free trade policy should enable a nation to generate enough foreign currency to purchase the products or services that it does not produce indigenously. The process works best when there are few if any barriers to entry for such imports. The imposition of artificial constraints such as tariffs on imports or the provision of subsidies to exports and Non-tariff barriers will introduce distortions and impede free trade.²⁶ The Theory influenced the research design, setting of the research questions and data analysis. It also helped the researcher to explain the rationale behind the protectionist trade policies adopted by EAC partner states and their implication on Kenyan Exports to the region. The theories also help to explain the declining Kenyan exports to the EAC Partner states.

1.8.2 Heckscher –Ohlin Theory

The main assumptions of this theory are; that factors of production are comparable internationally, that production functions are technical relationships which, like cooking recipes are everywhere the same though not necessarily everywhere known, and that commodities use factors in different proportions. The theory concludes that under free

²⁶ Ricardo David *On the Principles of Political Economy and Taxation* (Cambridge, UK: Cambridge University Press, 1983), 133–34

trade countries will export goods which use the country's abundant factors of production. This is the basis of comparative advantage. The theory predicts that free trade among countries will tend to equalize their factor returns based on the above assumptions²⁷. The theory further asserts that protection (non-tariff barriers) systematically opposes the forces which cause countries to engage in trade.

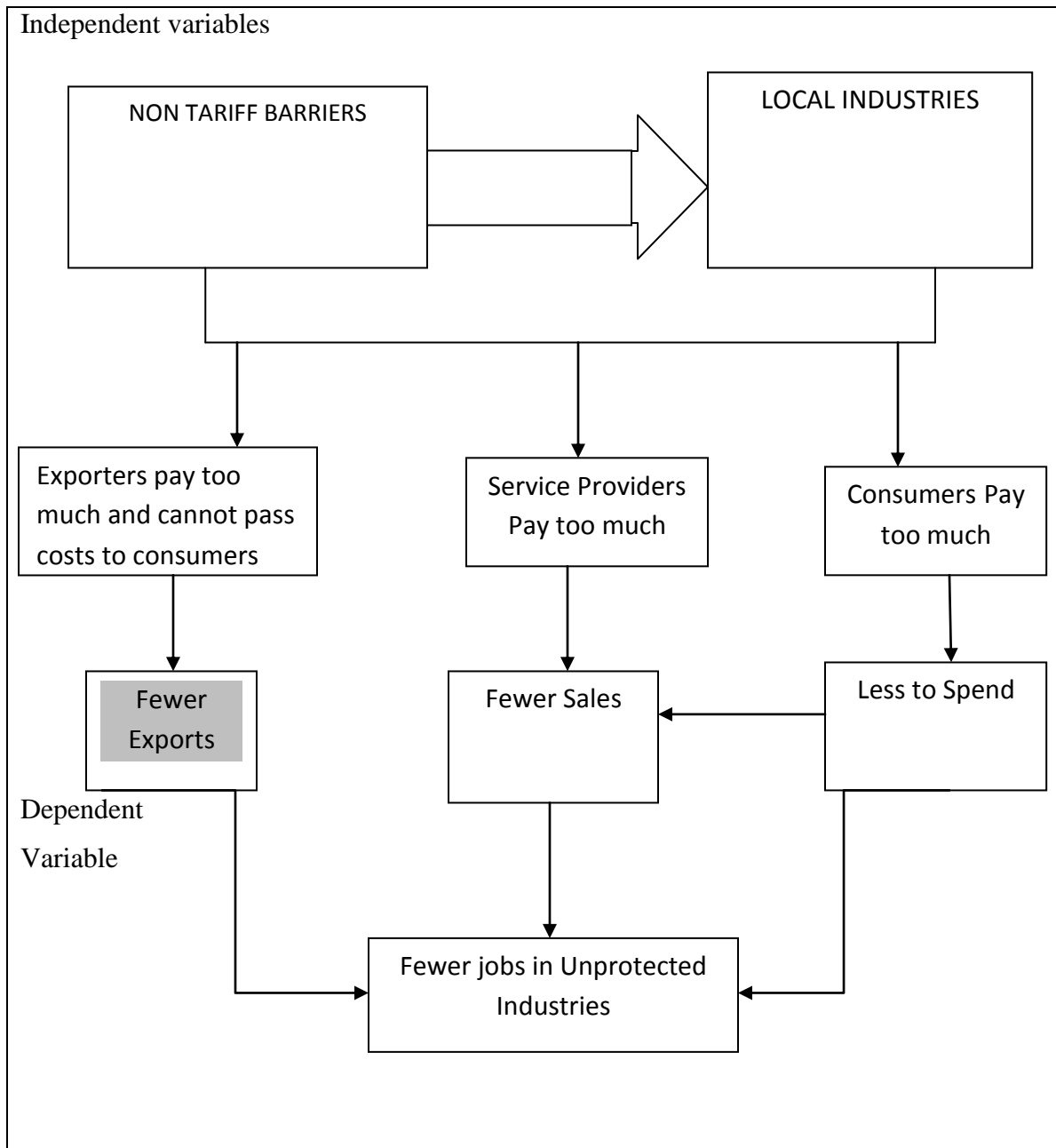
By distorting and reducing trade flows, a non-tariff barrier prevents countries from producing and trading according to their comparative advantage. As a result, they are unable to balance one another's surpluses of factors of production and this perpetuates existing differences in factor of production earnings and the living standards in countries²⁸. According to the theory, protection causes distortions of trading patterns from those which the Heckscher-Ohlin theory predicts in a situation of free trade among nations. The above theories were relevant to this research because they helped the researcher to explain the rationale behind the imposition of non-tariff barriers by EAC partner states and their implication on Kenyan Exports to the region. They also helped the researcher to explain the most appropriate policy options that the Republic of Kenya and EAC may adopt to address the NTBs encountered by exporters to the EAC region.

²⁷ Travis W. P. (1964) Theory of Trade protection, Oxford University Press, accessed on 12th August 2014

²⁸ Ibid

Figure 1: The Research Conceptual Model

The concepts in the figure below were derived from the two theories discussed above (free trade theory, and Heckscher –Ohlin Theory. These theories were used to describe the variables in this research and their relationship.



Source: Author, 2014

1.9 Methodology

The study employed quantitative and qualitative research approaches and relied on data collected from primary and secondary sources. Primary data was collected through interviews, questionnaires and focus group discussions. According to Mugenda and Mugenda, the interview method refers to oral administration of a questionnaire or interview schedule undertaken through face- to-face interaction between the researcher and the subjects. The researcher used interview guides and questionnaires as the main instruments of data collection²⁹. The interviews were held with key informants selected from amongst individuals who have played key roles in the negotiation and implementation of the EAC customs union protocol and traders who are involved in exports of goods and services to the EAC market. The informants provided up-to-date information on non-tariff barriers affecting Kenya's exports to the EAC region.

The traders selected comprised of both members and non-members of manufacturers associations. For purposes of comparisons the researcher interviewed both large and small scale exporters to EAC region to give a clearer picture of experiences from both categories. Data collected from secondary sources was used to supplement information collected through interviews. The secondary data was also collected from various books on regional integration and customs union, previous research papers, regional publications, government policy documents, reports of the Council EAC Ministers, journals and magazines, official communication, minutes, speeches, and formal policy statements, reports of technical working groups, quarterly reports and other reports

²⁹ Mugenda and Mugenda, *Research Methods: Qualitative and Quantitative approaches* (Acts Press 1999) P.83

published by international agencies such as the United Nations, the World Bank, and WTO. The data collected was analyzed through qualitative and quantitative approaches. Descriptive statistical methods were used to describe the relationship between variables. Cross tabulation was used to compare relationships between factors. The findings have been presented in chapters two, three, and four. The summary, conclusion and recommendation are in chapter five.

CHAPTER TWO

THE DYNAMICS OF NON-TARIFF BARRIERS AND HOW THEY AFFECT KENYAN EXPORTS IN THE EAC

2.1 Introduction

This chapter presents and discusses the dynamics of non-tariff barriers. The chapter also analyses the NTBs facing Kenya exports by looking at the available inventory of NTBs affecting Kenyan exports for the period 2007- 2013.

2.2 Dynamics of Non-Tariff Barrier to Trade

The NTBs affecting Kenyan Exports in the EAC regions have adopted a very fluid and dynamic nature. In an interview with the key stakeholders comprising of government officials and Private Sector players the study established that there are seventy one (71) documented non-tariff barriers facing Kenya Exporters since the Regional and National NTBs Monitoring Committees were put in place. In the year 2014 twenty four (24) NTBs were resolved in February 2014. However nine (9) new NTBs were reported during the same period out of which two (2) were resolved during the EAC regional NTB Monitoring Committee meeting in February 2014 and sixty two (62) have been resolved cumulatively. Table 1 below shows how forty two (42) NTBs were imposed on trade by respective EAC partner states as at February 2014.

Table: 2.1 NTBs Imposed by EAC partner states as at February 2014

Partner State	Number of NTBS Imposed
Republic of Burundi	6
Republic of Kenya	10
Republic of Uganda	9
Republic of Rwanda	6
United Republic of Tanzania	11

Source: Field Data

Table 2.1 above shows that the United Republic of Tanzania had the highest number of NTBs followed by Kenya with 10 while Rwanda had the lowest number. This means that the Republic of Rwanda had a more business friendly environment in the region. In order to understand the nature of NTBs facing Kenyan exports to the EAC region, the study interviewed respondents in the industry and also held discussions with the National NTBs Monitoring Committee. The respondents were asked to state and explain trend of the NTBs facing Kenya exporters to the EAC region. The researcher compiled a list of twenty three (23) NTBs as shown in table 2 below. An analysis of the listed NTBs indicates that regulatory bureaucracies by partner states are the largest impediment to trade for Kenyan Exporters.

Most respondents complained that product registration requirements, failure to honour Certificates of Origin issued by Kenya Regulatory Authorities, uncoordinated inspection, roadblocks and weighbridges were some of the major NTBs facing them in the region. Five of the respondents cited cases in which some partner states failed to honour Rules of Origin certificates issued by Kenyan Regulatory Authorities which resulted in charging

of import duty on non-dutiable goods under the Customs Union Protocol. According to one respondent, the rule of origin was applied discriminately and intermittently and adversely affected the company's exports to the United Republic of Tanzania.

One respondent submitted that her company used to export 100,000 cases of processed fruit juice per month to Tanzania but it was reduced to 4,000 cases monthly. The reduction in volume of business made the company to subsequently reduce the number of appointed distributors in that country from ten to only one who is based in Arusha. The respondent cited situations where her company was willing to pay full duty for the products but the Tanzania Revenue Authority did not allow any products entry. Another respondent dealing with agro-food reported that the company was forced to amend the labeling of its export products by removing its brand name from the advertisement slogan on the milk packet to qualify for export to Tanzania. A respondent from Kenya exporting to Uganda said that Uganda Revenue Authority (URA) insisted on payment of excise duty of 13% on the exports even upon production of a letter from Kenya Revenue Authority showing compliance with EAC Custom Union requirements under duty remission scheme.

2.3 Inventory of non-Tariff Barriers affecting Kenyan Exporters – July/August 2014

Table 2.2 below gives a summary of NTBs facing Kenyan Exporters as at July/August 2014. These were compiled based on testimonies by respective companies carrying out trade in the EAC. Some sent letters directly to lodge complaints and also seek for governments' intervention.

Table 2.2: NTBs Affecting Kenya Exports in the EAC by July /August 2014

S/ No	NTB summary	NTB source Ministry/Dept	Impact on business	Time-frame
1	lack of coordination among the numerous institutions involved in testing goods – reported in 1996	Statutory agencies responsible for clearance of goods at the border towns.	time wastage	December 2014
2	existence of several weigh bridge stations along the central transport corridor	Tanzania Roads	time wastage and levies charged increase the cost of goods	June 2015
3	Uganda restriction of beef and beef products from Kenya – reported in 1996	Uganda department of Veterinary Services, Ministry of Livestock development and Agriculture	lack of market access	June 2014
4	several police road blocks along the central corridor estimated at 30 between Dar es salaam to Rusumo Border – reported in 2005	Tanzania	time lost along the road	December 2014
5	lack of harmonised port procedures manuals	All partner states		April 2014
6	border management institutions working hours were not harmonised	Revenue Authorities	time wasted	June 2015
7	lack of Verification sheds and parking yards at border posts	Ministries of public works and Revenue Authorities	time wasted waiting	June 2014
8	non- harmonised road user charges/road toll stations	ministries of roads and infrastructure	high cost of doing business	December 2014
9	Weighing of empty trucks in Tanzania	Tanzania roads Authority	time wastage	December 2013
10	lack of recognition of Change of Tariff Heads criteria in the rules of Origin for Motor vehicles	Tanzania, Uganda and Rwanda	high cost of goods	March 2104
11	cigarettes manufactured in Kenya	Tanzania	high cost of	December

	required to have a local content of 70 percent tobacco		goods	2103
12	Tanzania Food and Drugs Authority required companies exporting to Tanzania to register the products before exporting	Tanzania Food and Drugs Authority	cost of registration	April 2014
13	Charging of full duty on aluminum products on EAC duty remission scheme.	Uganda Revenue Authority	high cost of goods	March 2014
14	introduction of a levy of 1.5 % for Railway development in Kenya in October 2013	Kenya Revenue Authority	makes transport of goods expensive	Immediately
15	Auto- Auxiliary Company Ltd products (U and Centre bolts) are Charged CET of 25 %	Tanzania, Uganda	adds to cost of doing business	December 2013
16	metal products from Kenya are charged a CET of 25% - reported in October 2013	Burundi and	adds cost of doing business	January 2104
17	Tanzania charges plastics from Kenya a CET of 25% - reported in October 2013	Tanzania Revenue Authority	adds to cost of doing business	march 2014
18	70% local content requirement imposed on cigarettes imported from Kenya	Uganda revenue Authority	loss of business	March 2013
19	Tanzania Food and Drug Authority labeling requirements on salt and dairy products imported into Tanzania	Tanzania Food and Drug Authority	cost of doing business	-
20	Uganda Bureau of Standard accused of rubbing off batch numbers and shelf life marks on tropical heat products from Kenya	Uganda	cost of doing business and loss of market	-
21	Numerous charges on beef products from Kenya	Tanzania	adds to cost of doing business	-
22	introduction of yellow fever immunization requirements at Namanga border post and Kilimanjaro Airport	Tanzania	cost of doing business increase	immediate
23	Containerized Cargo was being subjected to imposition of four weighbridges instead of two as agreed by partner states.	Uganda	time wastage	

Source: Field Data

The researcher also carried out a desk review of the NTBs that had been reported from 2007 to 2013 and computed the results on table 2.3 below. The data shows the NTBs that have persisted for a long period and also highlights emerging ones and the category under which they fall. The NTBs that have been a constant feature throughout the period of analysis fall under the category of others. They include yellow fever requirements, local authority check points, revenue authority check points, sector ministries check points, fee charged for each truck entering a partner state, too many agencies involved in trade activities, and registration, licensing and issuance of import permits.

From the research findings analyzed in table 2.3 below some of the Non-Tariff Barriers that existed in 2008 and have persisted up to 2013 include; rules of origin and customs formalities. During the research, respondents dealing with export of processed food products complained discrimination in some EAC partner states. One of the respondents observed that the company she represented had been subjected to import tax because raw materials used to make the export products were imported and therefore must pay full duty of 25 per cent in line with Article 25 of the EAC customs union.

The National NTBs Monitoring Committee also observed that during the last committee meeting held in July 2014, two Kenya Companies -Tropical Heat Food Company and General Motors (K) Ltd filed official complaint over NTBs affecting their products. Tropical Heat Food Processing Company complained that the Republic of Ugandan Trade Regulatory Authorities had rubbed the batch numbers on her products and requested the company to register with Uganda Food and Drugs Authority in order to be allowed to export Tropical Heat Food products to that country. Similarly, General

Motors Kenya Ltd complained that the partner states were not applying the CET on foreign competitors in an industry selling the same vehicles in the EAC market, thus denying the company the benefits of the Custom Union protocol provisions. This NTBs on motor vehicles assembled in Kenya were still unresolved.³⁰ Table 2.3 below shows the trend of NTB for seven years effective 2007 to 2013.

Table 2.3 Dynamics Analysis of Trade Barriers Affecting Kenyan Exports 2007-2013

Trade Barrier	2007	2008	2009	2010	2011	2012	2013
Part I: Government Participation in Trade							
Government aids, including subsidies and tax benefits		✓		✓			
State Trading, Government Monopoly Practices,	✓	✓					
Part II: Customs and Administrative Entry Procedures							
Customs Classification (malfunctioning customs reform modernization programme, too many documents, some goods do not have codes)							
Samples (inefficiency and limited capacity for inspection)		✓					
Rules of Origin (non-recognition or arbitrarily used)	✓	✓	✓	✓	✓	✓	✓
Customs Formalities (limited and non-harmonized office hours, too many customs documentations (some complex) and procedures, delays, limitations of SIMBA electronic clearing system	✓	✓	✓	✓	✓	✓	✓
Barriers To Trade	2007	2008	2009	2010	2011	2012	2013
custom licensing (imports license and permits)	✓			✓			

³⁰ National NTB Monitoring Committee report August 2014

Pre-Shipment Inspection (Destination inspection on dutiable quantity, costly and cumbersome procedures) pre-inspection charge of 5% of export value in Rwanda				✓			
Part III: Technical Barriers to Trade							
General: some goods do not have standards, limited inspection capacity, high cost of inspection,				✓			
Technical Regulations and Standards (Scientific analysis by SGS of selected goods to Kenya)				✓	✓	✓	✓
Testing and Certification Arrangements (Too many and non-harmonized standards, some not recognized due to lack of trust, too many agencies involved and not coordinated, some of the agencies are located in Nairobi, Kampala, Dar Es Salaam, high cost of off-loading and loading)	✓	✓	✓	✓	✓	✓	✓
Part IV: Sanitary and Phytosanitary measures							
General: weak quality control and lack of equipment for examination at the border				✓			
SPS Measures including Chemical Residue Limits, Disease Freedom, Specific Product treatment etc.				✓	✓	✓	✓
Specified Product Treatment, etc.							
Testing, Certification and Other Conformity Assessment – Information Asymmetry				✓	✓	✓	✓
Part V: Specific Limitations							
Quantitative Restrictions list of sensitive goods, like sugar, quotas, etc					✓	✓	✓
Requirements Concerning Marking, Labeling and Packaging – Uganda handling of tropical heat company products	✓				✓	✓	✓
Trade Barriers	2007	2008	2009	2010	2011	2012	2013

Others (cumbersome procedures for clearance of travel documents, delays in business registration and licensing, limited bonded warehouse storage capacity and operation, requirement for EAC passport, high entry fees, poor administration of bonds, poor facilities at some immigration points, withholding tax, lack of recognition of EAC certificates)			✓	✓	✓	✓	✓
Part VI : Charges on Imports							
Prior import deposits (import declaration fees)	✓	✓	✓	✓	✓	✓	✓
Surcharges, Port Taxes, Statistical Taxes, etc. Payment of Fees and Multiple charges (consumption tax, warehouse tax, withholding tax and VAT)				✓	✓	✓	✓
Part VII: Others							
Intellectual property issues (work permit required)		✓					
Distribution Constraints (poor physical and other infrastructure e.g. power, road user fee)	✓	✓	✓	✓	✓	✓	✓
Business Practices or Restrictions in the Market (procedures and requirements for business registration, business licenses and certificates)	✓	✓					
Others (visa and yellow fever requirements, local authority check points, revenue authority check points, sector ministries check points, etc, fee charged for each truck entering another country (Tanzania charges USD200 to trucks with Kenyan registration numbers), registration and licensing and issuance of import permits	✓	✓	✓	✓	✓	✓	✓

Source: Field Data

Based on WTO classification, as of 2010, there were 15 NTBs, four of which have persisted for three years from 2010. When asked to explain why the NTBs persisted in spite of the existence of the National NTBs Monitoring Committee, working to resolve them, the respondents cited existence of powerful lobby groups, institutional resistance as a result of the bureaucratic nature of civil service, time-lag in review of legislations and the mentality of civil servants built over a long period of time as some of the causes of persistence of NTBs.

Table 2.4: NTBs existing by December 2013 based on WTO classification

NTBs Existing by 2013 based on WTO Classification	2011	2012	2013
Government aids, including subsidies and tax benefits, state trading, government monopoly practices, etc	✓		
Rules of Origin	✓	✓	✓
Customs Formalities	✓	✓	✓
Import Licensing	✓	✓	✓
Pre-shipment Inspection	✓	✓	✓
Technical Barriers to Trade (General)	✓	✓	✓
Technical Barriers to Trade (Testing and Certification Arrangements)	✓	✓	✓
Technical Barriers to Trade (Technical Regulations and Standards)	✓	✓	✓
Sanitary and Phytosanitary (General)	✓	✓	✓
Sanitary and Phytosanitary (SPS measures including chemical residue limits, disease freedom, specified product treatment,	✓	✓	✓
Sanitary and Phytosanitary (Testing, Certification and Other Conformity Assessment)	✓	✓	
Specific limitations such as quantitative restrictions, export taxes and other specific limitations – Kenya Breweries and Delmonte products into Tanzania.	✓	✓	✓
Import declaration fees	✓		
Distribution constraints (poor physical and other infrastructure	✓	✓	✓
Other NTBS- Yellow fever requirements (Tanzania), local authority check points, revenue authority check points etc	✓	✓	✓

Source: Field Data

Other major trade bottle-necks affecting Kenyan exports which were cited by the respondents and are customs related include the use of clearing agents who works with customs authorities of Uganda, Kenya, Rwanda and Tanzania. This study established that the working hours of the clearing agents had not been harmonized with that of the customs authorities. The research observed that the customs authorities in some border posts such as Katuna in Uganda and Gatuna in Rwanda worked for 24 hours, while clearing agents still worked for less than 24 hours. This presented bureaucratic challenges to the traders.

Some of the respondents observed that they were forced to spend a lot of time at border points when they arrived after the agents/government officers had closed office. Research also indicates that some of the clearing agents gave false information about the value of goods, hence stalling /impeding the process of clearance of goods. In addition to documentation requirements at customs, some respondents observed that they face problems of vehicle registration and licensing. It was established that, in some partner states, vehicles with foreign registration number of partner states were being subjected to extra inspections and charges.

Other challenges include too many and un-harmonized standards, several road blocks, and extra charges imposed on imports from Kenyan. A good example was the report by the national NTBs monitoring Committee that noted that Kiwi shoe polish manufacturing company from Kenya had its goods destined for Tanzania held in Namanga border town for almost one week due to alleged non-conformity to rules of origin. This happened although the company claims it was degazetted from the dutiable goods at EAC level.

The above challenge reflects delay in communicating policy changes to the implementing agencies which have been highlighted as one of the non-tariff barriers.

According to the research findings road blocks were major issues in Kenya and Tanzania as compared to the rest of the EAC three partner states. The research observed that Burundi, Tanzania and Uganda had major challenges with inadequate border post inspection facilities while Rwanda and Burundi had issues of extra charges imposed on imports. The reports classify standard requirements and road blocks as important barriers on account of health, safety and security reasons. However, whatever the regulation in terms of NTBs and their justification, they had implications on trade, some of which are negative. Reports from National NTBs Monitoring Committee revealed that some NTBs had been on the outstanding list for over 10 years. These include the non-recognition of rules of origin for motor vehicles exported by partner states, the 70 percent cent material local content requirements for manufactured goods by partner states that affect cigarettes from Kenya to Tanzania and the ban on beef and beef products to Uganda.

During the focus group discussion with Kenya Association of Manufacturers (KAM) and government regulatory authorities, it emerged that, Kenya does not export beef products to Uganda after some companies persistently tried to penetrate that market without success. It also emerged that a shorter list of NTBs has stated affecting specific products in the region in the recent years. They were based on technical quality and Sanitary and Phytosanitary (SPS) standards specified for the goods, and mostly anchored in health and safety concerns stated by the respective partner states. Some of the respondents claimed that in 2013 Tanzania was discriminating products from a major Kenyan beer

manufacturer with a strong regional presence. Secondly the Tanzanian Food and Drug Authority (TFDA) had new requirement that manufacturers wishing to export to Tanzania should label their products using TFDA specifications. Salt and dairy products were cited as among the products that had been restricted by the requirement. These NTBs had persisted up to 2014.

During the focus group discussion, two companies, namely Brookside Dairy Ltd and Signon had officially lodged complaints on new NTBs affecting their Tanzanian Market. Brookside Dairy Ltd had been given a new requirement to change wordings on it labels on UHT milk packets to read ‘drink milk for good health and vitality’ instead of “drink Brookside milk for good health and vitality.’ However, the removal of the brand name ‘Brookside’ may reduce the company’s visibility in the Tanzanian market and reduce the overall export to the region. The report further stated that Kiwi shoe polish of Johnson & Johnson Kenya Ltd had been held at Namanga border post by Tanzania Customs Authority with a requirement that the company pays 25 per cent import duty on Kiwi Shoe polish. The Company claimed that her products were degazzeted from the duty remission scheme and therefore, should have been accorded preferential tariff treatment.³¹

2.4 Chapter Summary

From the above findings, it is evident that NTBs affecting Kenyan Exports to the EAC region were very dynamic, and they took different forms. The research established that some NTBs have persisted for over six years (2007-2014). The research also established

³¹ EAC Secretariat – Report of the 14th Regional Forum on Non-tariff Barriers 27th February 2014- Arusha

that there were seventy one (71) documented non-tariff barriers that affected Kenya Exporters since 2005. There was evidence that 15 NTBs had persisted for over 10 years with some recurring soon after elimination. The study also established that the NTBs affected different sectors with agro-food and manufacturing being the most affected. There was evidence that Kenyan companies exporting to the EAC region were facing legislative and administrative obstacles that hampered their smooth trade in the EAC region. The study established that EAC partner states governments were restricting imports more than is necessary which had negative impact on Kenyan trade in the region.

CHAPTER THREE

IMPACT OF NON-TARIFF BARRIERS ON KENYA EXPORTS IN THE EAC REGION

3.1 Introduction

In this chapter the study examines trade between Kenya and EAC partner states especially the unfavorable balance of trade between Kenya and EAC partner states and its implication for Kenya's economy. The chapter discusses various non-tariff barriers affecting Kenya's exports to the EAC region and their resultant effects. It gives an account of exporting companies experience with NTBs and their impact on volume and value of exports to EAC. The chapter examines the impact of NTBs on exports along the northern transport corridor and quantifies the dollar value of NTBs and subsequent increase in cost of doing business in the region. The section also discusses how partner states breach Article 25 of the EAC custom union and the impact it had on Kenyan exports. Finally the chapter examines the NTBs affecting the agricultural and manufacturing sectors and ends with a summary of concepts discussed.

3.2 Trade between Kenya and EAC Partner States

According to statistical data from the Kenya National Bureau of Statistics, Kenya's exports to the East African Community fell by 15 per cent in the first five months of the year 2013. At the same time the Kenya Economic Survey of 2014, indicated that Kenya's export to the EAC reduced by 7.4 per cent from KES 134 billion in 2012 to KES 124 billion in 2013. This is despite the output in Kenya's manufacturing industry growing by

4.8 per cent in 2013 compared to 3.2 per cent in 2012³². According to one respondent, increased production of agricultural produce, particularly in the sugar and horticulture sectors, helped to improve Kenya's manufacturing industry. This led to an increased volume of output valued at a total KSh1 trillion. However, a deeper analysis of the figures, and cross-referencing trade balances between Kenya, Uganda, Rwanda and Tanzania, had Kenyan manufacturers worried that they may be losing ground to their regional counterparts. "The volume of exports to Tanzania reduced from KSh46 billion to KSh40 billion, while exports to Uganda also reduced from KSh67 billion to KSh65 billion, and to Rwanda from KSh16 billion to KSh13 billion,"

"The fact that EAC partner states were some of the biggest importers of Kenyan goods, this trend would be retrogressive to the country's manufacturing industry and the economy." While Kenya was losing ground in the regional trading bloc, Rwandan and Ugandan manufacturers expanded their share in Kenya, with Ugandan exports to Kenya increasing from KSh15 billion to KSh16 billion, and Rwandan imports going up from KSh822 million to over KSh1 billion. One respondent argued that this shift could have been part of the reason the country's manufacturing sector had a poor showing in 2013, contributing just 8.9 per cent to the country's GDP.³³

During the interview some respondents, observed that Kenya's trading woes in the regional bloc was attributed to new regulations ratified by the EAC, particularly Article 25 of the EAC Customs Union Protocol on Export Promotion Schemes. The article states that, the partner states agree that goods benefiting from export promotion schemes shall

³² Kenya Bureau of Statistics: Kenya economic survey 2014

³³ Kenya Bureau of Statistics, Kenya Economic Survey 2014

primarily be for export outside the customs union territory. Secondly, in the event that such goods are sold in the customs territory they shall attract full duties, levies and other charges provided in the Common External Tariff. Finally the sale of goods in the customs territory shall be subject to authorisation by a competent authority and such sale shall be limited to 20 per centum of the annual production of a company.³⁴

Under Article 12 the partner states also established a three band Common External Tariff (CET) with a minimum rate of 0 per centum, a middle rate of 10 per centum and a maximum rate of 25 per centum in respect of all products imported into the Community. This article has been used by partner states to deny Kenyan exporter market access in the argument that some products being sold to partner states fall under the export promotion scheme and therefore should pay full import duty. The above scenario is a clear indication of a weak legal and regulatory framework without proper mechanism for redress by the affected parties. The partner states were not honouring the custom union provisions for which they were signatory. The Article is too restrictive and acts as barrier to intra-regional trade and therefore contravenes WTO regulation on trade facilitation where partner states.

3.3 Impact of NTBs on Kenyan Exports to the EAC

From the above scenario and based on the responses and data analysis, Kenya's export trade had declined over the years 2012 and 2013. A report from Trade Mark East Africa indicates that, business leaders attributed the drop in export value to non-tariff barriers (NTBs) created by regulatory regimes in East Africa region. This contributed to increased cost of doing business along the region's trade corridors. Secondly the time bound report

³⁴EAC Secretariat, 2005, protocol on the establishment of the EAC Customs Union

by the EAC non-tariff barriers Regional Monitoring Committee, had set December 2012 as the deadline for elimination of NTBs. However, in the absence of a legally binding framework, action largely depends on the willingness of the partner states.

The Removal of NTBs had suffered hiccups as businesses continue to incur huge costs arising from weighbridges, roadblocks, poor infrastructure, unnecessary delays at border posts, and lack of harmonised import and export standards, procedures and documentation. Kenya's imports grew at a weaker rate compared with its exports, deepening the balance of trade deficit, which stood at Ksh370 billion (\$4.2 billion) in May 2013. The country's exports to the EAC had dropped significantly in 2012 and 2013. For example, in 2012, exports to the EAC fell to Ksh134 billion (\$1.54 billion), down from Ksh137 billion (\$1.57 billion) exported to the region in 2011.

Further report indicated that Uganda's 25 per cent tax levy on Kenyan goods was against the EAC common Market Protocol and had discouraged Kenyan businesses from doing business in the region,"³⁵ The Kenya Private Sector Alliance noted that while some progress had been made towards the implementation of the Customs Union, there were indications that, NTBs remained a serious obstacle to trade within the region. They continued to increase the cost of doing business in the region and had negatively impacted on trade and cooperation³⁶.

³⁵ Trade Mark East Africa, 2013, report on status of trade in the EAC – statement by Vimal Shah, Chairman, East African Business Council and CEO, Bidco, East African Oil Refineries, the chairman of the Kenya Private Sector Alliance

³⁶ EAC Report of the 20th meeting of the Regional NTB monitoring committee February 2014

Table 3.1: Kenya's intra-EAC trade: 2007 – 2012 (in Million US dollars)

Partner State	Flow	2007	2008	2009	2010	2011	2012
Uganda	Export	498.5	611.2	596.6	657.6	855.4	789.9
	Import	88.8	75.5	57.1	116.4	116.4	179.4
	Balance	409.7	535.8	539.5	541.2	739.0	610.5
Tanzania	Export	331.5	422.4	388.2	419.2	470.	539.1
	Import	99.2	105.0	100.8	133.1	176.5	168.7
	Balance	232.3	317.4	287.4	286.0	293.6	370.5
Rwanda	Export	86.2	129.4	123.0	133.0	152.7	89.1
	Import	1.3	0.4	3.1	5.4	4.8	9.0
	Balance	84.9	129.1	119.9	127.5	147.9	179.1
Burundi	Export	29.4	30.3	59.3	68.9	66.5	62.2
	Import	2.2	1.5	1.2	1.8	5.3	3.6
	Balance	27.2	28.8	58.1	67.1	61.2	58.5

Source: East African Community Facts and Figures, 2013

Trade between Kenya and other partner states can grow significantly if the Non-Tariff Measures (NTMs) were addressed by the respective partner states. Table 3.1 above illustrates the trade pattern between Kenya and the EAC partner states between 2007 and 2012. The growth trend is an indication that it can increase further if the NTBs were addressed. The trade exports to Uganda decreased from 855.4 million dollars to 789.9 million dollars in 2012 and this is corroborated by the KNBS report that Kenya's trade in EAC declined in 2012 and it was attributed to NTBs. This trend was corroborated by the number of NTBs that were reported by Kenyan companies especially in agro-food

industry. The NTBs affected the volume of exports and by extension the dollar value of exports to the region. Some of the respondents observed that the NTBs reduced the export volume by over 90% especially those involved in agro-food sector. The respondents complained that the NTBs were imposed intermittently and had made planning very difficult. This also affected the number of employee they engaged and overall company profitability.

According to the research finding there were twenty four unresolved NTBs by February 2014. Nine new NTBs were reported with sixty two (62) having been cumulatively resolved.³⁷ Some of the NTBs included the following:

- a) Non-recognition of certificates of origin (Rule of Origin) e.g. Tanzania denied entry of products by Delmonte Kenya Ltd on the argument that the over 65% of raw materials are imported and therefore it should pay full import duty.
- b) A lack of harmonized import/export documentation procedures.
- c) The requirement for transit fees and bonds. (Tanzania charges US\$500 for transit tracks to Rwanda and Burundi)
- d) Varying procedures for issuance of certification marks, inspection and testing by the different bureaus of standards in the region.(e.g. Uganda insists that products by Kenya manufacturer Tropical Heat must bear Uganda Bureau of Standard Mark of quality)
- e) The imposition of import quotas e.g. East African Breweries products in Tanzania.
- f) Testing requirements on certain products from some countries and not others (discrimination).

³⁷ EAC, Report of the 14th regional committee on NTBs – February 2014

- g) Administrative levies; Tanzania charged UD\$ 200 for every Kenyan registered track that entered its territory.
- h) Corrupt practices – the recent reported case in Mlolongo and Mariakani weighbridges in Kenya where the anti-corruption Commission raided the facility and netted some cash from some weighbridge staff which they could not account its source.³⁸

During the study the respondents indicated that too many institutions were involved in approving imports, and varied certification and testing procedures and inspection of certificates of conformity to international standards. This increased time spent to clear goods and consequently increased the costs of doing business. In evaluating the impact of NTBs on business, the researcher distinguishes three categories among the NTBs barriers mentioned above. These are, restrictive application of NTBs, procedural obstacles related to Rules of Origin (ROO), and procedural obstacles related to the clearance of export goods documentation. The fourth category of obstacles related to transit traffic and trucking. These obstacles were generally not considered as NTBs since they were not discriminatory; however, they had significant negative impacts on trade.

3.3 Survey Results on Companies Experiences with NTBs

The overall share of Kenyan companies affected by NTBs was relatively high. During the research a total of 18 companies were contacted out of which 13 (72.2 percent) reported facing hindrances to trade, in Kenya or EAC, due to various trade regulations (Table 3.2)

³⁸ Javier Lopez Gonzalez and Xavier cirera, Trade integration in the East African community – Trade Mark East Africa, version 1 – 21 august 2012

Table 3.2: Share of Companies Affected by NTBs or Obstacles Related to Trade

Main Sectors	Number of companies interviewed total 18	Number of companies affected by NTBs or related obstacles	Share of affected companies %
Agro-food	10	8	80
Manufacturing	8	5	62.5
Total	18	13	72.2

Source: researcher, 2014

The survey results indicated that the agro-food sector was affected more than the manufacturing sector where out of 10 companies exporting in the region, 8 reported having faced non-tariff barriers which represents 80 percent. The manufacturing industry reported 5 companies out of 8 which represent 62.5 per cent of the industry. This was expected because importing countries usually regulate food products very vigilantly for reasons of consumer and environmental protection. The exporters interviewed reported cases of regulatory measures applied by partner states. Most of the reported cases involved United Republic of Tanzania and Uganda. This was collaborated by the inventory of NTBs for 2014 (tables 2.1) with Tanzania and Uganda having eleven (11) and nine (9) NTBs respectively.

The research established that economists generally agree that NTBs are detrimental to regional trade. They reduce the potential benefits that could be derived from the trade preferences offered through regional trading agreements. These trade preference benefits include better access to partner states markets, increased export volumes and prices, improved economic welfare, more jobs, and more rapid economic growth. Moreover, NTBs are a serious impediment to the growth of intra-regional trade and the associated benefits. According to the East African Business Council (EABC), Non Tariff Barriers

indeed exists in the general areas of business registration and licensing, customs procedures, police road checks, road axle regulations and control, and standards and certification requirements.

In decreasing order of severity, respondents who were interviewed from both the private and public sector ranked the major NTBs as: i) administration of duties/taxes, ii) corruption, iii) customs administration, iv) transiting checks, v) police checks, vi) immigration procedures, and vii) licensing procedures.³⁹ While the EABC study highlighted the main NTBs to EAC trade, it did not quantify the trade and welfare impacts of the NTBs⁴⁰. This study extends the EABC study by quantifying the effects of the NTBs on regional trade with particular reference to beef which is a major food product in East Africa. It constituted 12 % of the agro-food exports from East Africa to the rest of the continent⁴¹.

According to Karugia *et al*, a number of scholars analyzed EAC (particularly Kenya, Uganda and Tanzania) trade with other COMESA countries over the period 2001 to 2005 (Ihiga, 2007; Tumuhimbise and Ihiga, 2007; Mmasi and Ihiga, 2007). This included a detailed analysis of exports and imports, including EAC/COMESA destination countries, exports and trends, and major products traded between 2001 and 2005. The EAC Secretariat validated NTBs earlier identified and also indentified new ones. The major related NTBs were reported to fall under government participation in trade and restrictive practices tolerated by governments; customs and administrative entry procedures;

³⁹ East African Business Council; *A Study on Non-Tariff Barriers (NTBs) and Development of a Business Climate Index in the East Africa Region*. March 2005

⁴⁰ Ibid

⁴¹ Javier Lopez Gonzalez and Xavier Cirera ,Trade integration in the East African community, Trademark East Africa 2012

sanitary and Phytosanitary measures (SPS); technical barriers to trade; and the time and costs involved in accessing trade-related services. This was confirmed by this study where respondents observed that partner states government regulations were major impediments to export trade.

Table 3.3 below and Appendix III show the trading routes between Kenya and EAC partner states. These are Kenya-Tanzania border in which the main transit points included Tanga, Taveta, Namanga, and Sirare while Busia and Malaba are the main border points between Kenya and Uganda. The main transit point for trade between Uganda and Tanzania is Mutukula. These border points are situated along the most widely used transportation routes that link the capital cities of the three EAC countries. Kenya, Tanzania, and Uganda have two, three, and four commonly used trade routes respectively. These routes constitute the Northern and Southern transport corridor currently being improved to link up the EAC partner states with Ethiopia and South Sudan under the Lamu Port Southern Sudan Ethiopia Transport (LAPSSET) corridor.

Table 3.3: Cost of Transporting Beef with, and without NTBs in the EAC Market

Beef	With NTBs			Without NTBs	
	Distance in Km	Transfer cost per km/beef ton in USD	Total transfer cost in USD	Transfer costs per km/beef ton in USD	Total transfer cost in UDS
Nairobi - Namanga	170	0.46	78	0.37	63
Nairobi - Busia	500	0.46	230	0.37	185
Busia - Kampala	250	0.44	110	0.29	73
Dar Es Salam- Namanga	772	0.35	270	0.24	185

Source: Field Data

The transfer cost of beef per kilometer was estimated by the summation of all costs incurred as the traders and transporters moved from trade point of origin to destination. The costs were split into two categories- non-tariff transfer costs (those not considered as NTBs like vehicle hire and maintenance, loading and off-loading and transporters allowances. The second categories were those considered as NTBs transfer costs (weighbridge, security, custom clearance and road toll stations, certification and bribes). A variable was considered an NTB if it acted as an impediment to trade in terms of increasing transfer costs and or increased the time required for trade over the normal amount of time needed. This extra cost was reflected in terms of bribes and extra time through queues by traders.

In 2012, there were about 36 roadblocks between Mombasa in Kenya and Kigali in Rwanda, and 30 between Dar es Salaam and the Rusumo border with Rwanda; Uganda had nine between Malaba and Katuna border points on its Kenya and Rwanda borders respectively. During the time of this study, the reported NTBs included weighbridges, roadblocks, and poor infrastructure such as bad roads, unnecessary delays at border posts plus lack of harmonised import and export standards and procedures/documentation. While Burundi, Kenya and Rwanda had nine export documents, Uganda had six and Tanzania five. Rwanda and Burundi each had 10 import documents while Kenya had nine and Tanzania and Uganda each had seven. It was estimated that up to 40 per cent of the price of retail goods imported into these countries reflected transport costs.⁴²

⁴² Kenya to do away with road blocks, available available from <http://www.theeastafican.co.ke/news/Kenya+to+do+away+with+most+weighbridges++roadblocks/-/2558/1428978/-/pnixmgz/-/index.htm> , assessed on 9th August 2014

Table 3.4: Average Numbers of Roadblocks and Respective Distances

Product	Number of Road blocks			Average Distance in Kilometers		
	Kenya	Tanzania	Uganda	Kenya	Tanzania	Uganda
Maize	8	7	5	198	341	236

Source: Field Data

Kenyan police roadblocks were cited as the single-biggest impediment to overland cargo movement from the Port of Mombasa to Uganda, Rwanda, Burundi and Eastern Democratic Republic of Congo. Importers and transporters welcomed the removal of the roadblocks, as they had for decades borne the cost of roadblocks in both time and bribes. According to a study carried out in 2007 by the United States Agency for International Development (USAID), importers paid about \$30 in bribes per transaction to either a policeman or a customs official in Kenya or Tanzania. The cost of bribing similar officers in Uganda was significantly higher, at between \$100 and \$150 per shipment of goods.⁴³ Governments too, lost millions of dollars each day in revenues to bribes and unnecessary delays.

According to data available from the Transit Transport Co-ordination Authority of the Northern Corridor, businesses lose \$800 USD per day per truck due to delays alone while governments lose \$57,730 in tax revenue to bribes per 100 transactions.⁴⁴ Clearly, this shows that non-tariff barriers, although put in place by governments, had adverse effect on intra-state trade in the region. Instead they benefited a few corrupt officials who were cunning enough to exploit the loopholes that come with them.

⁴³ Rwanda Focus, Kenya removes roadblocks, but trade routes remain thorny, available at www.focus.rw/wp/2013/7/kenya-removesroadblocks , assessed on 8th August 2014

⁴⁴ Ibid

Table 3.5: Impact of NTBs on Kenyan Trade in 2013

NTB summary Description NTB Source	Ministry/ Agency for Action	Impact to Businesses
Several Police road blocks along Northern and Central Corridors, estimated at 36 between Mombasa-Kigali and 30 between Dar Es Salaam to Rusumo border.	EAC partner states Police Departments	Delays in transport. Bribes, estimated at US\$ 0.55 per roadblock per truck on Ugandan side and US\$1.3 Kenyan side, or USD 25.70 on the Northern Corridor per truck. USD 7.5 per roadblock per truck
Corruption along the Northern and Central Corridors (police roadblocks, weighbridge and border gates).	Police, Customs, Anticorruption agencies and Private Sector	Increased cost of doing business
Exports of plastic products from Kenya are subjected to 10% and 25% CET rate.	Tanzania Revenue Authority.	Increased cost of doing business
Lack of recognition of Change in Tariff Heading (CTH) criteria in the EAC ROO for motor vehicles	Tanzania, Uganda and Rwanda	Loss of business
Beef and Pork from Kenya Farmers Choice being charged 25% because the company is in the duty remission scheme despite the products not benefiting from the duty remission scheme.	Tanzania	Adds to cost of doing business.
A duty of 25% of EABL products exported to its subsidiary Serengeti breweries limited in Tanzania.	Tanzania Revenue Authority	Adds to cost of doing business.
Imposition of 75% CET duty or \$200 per metric ton on rice wholly produced in Kenya by Uganda	Uganda Revenue Authority	Loss of market to Kenyan Farmers and Traders

Tanzania food and Drugs Authority requires companies exporting to Tanzania to register the products in Uganda before exporting	Tanzania Food and Drug Authority	Loss of market
Ports of Mombasa & Dar Es-Salaam, which affect imports and exports through the ports.	partner states Ports Authority , Railways and Revenue Authority, Tanzania Revenue and Rwanda Revenue Authority	3-4 days lost at Dar Es Salaam port, 7-10 days at Mombasa port. Surcharge by shipping lines of USD 12.5 per day after 4 days of ship arrival. KPA charge of USD 20 for 20ft and USD 40 and 40ft containers after 15 days. KPA stripping levy of USD 75 per container
Lack of preferential treatment on galvanized iron sheets	Rwanda Revenue Authority	Loss of Business

Source: Field Data

As shown in table 3.5 above, the NTBs affects the economy in many ways with an overall effect on reduction of revenue and employment. Apart from political economy motives, governments use non-tariff measures to increase national welfare. This means that trade and welfare effects need not move in the same direction. The application of an NTM may reduce trade and yet increase the welfare of the NTM-applying country. The effects largely depend on the nature of the market failure, the type of NTM used, and other market specific circumstances. Nevertheless, the trade effects of the specific measures are highly relevant.

The trade effects of non-tariff measures in the EAC can be large in a world of deepening economic integration and shaped by complex cross-border production in the form of

global supply chains. According to World Economic Report, countries use NTBs to attempts to cure their balance of trade problems by practices that harm the economic interests of its trading partners. This usually takes the form of restricting imports by fixing import quotas and non-tariff barriers to reduce imports from foreign enterprises. The Report further asserts that the magnitude of the possible welfare losses that may arise from other trading partners opportunistic actions is linked with the size of the trade effects.⁴⁵ This is what the EAC partner states seem to have done to Kenyan exporting firms although she did not retaliate.

The decrease in Kenya's export to the EAC region by 7.4 per cent in 2013 as reflected in the 2014 economic survey can be attributed to the action by her trading partners. Even in the absence of explicit protectionist policies, and where non-tariff measures are only targeted at genuine market failures, the measures may be opaque, poorly designed, or badly implemented, thus increasing uncertainty and trade costs. Any country or its trading partner can be guilty of these failings, which ends up reducing trade and the potential welfare gains that the NTMs were intended to achieve in the first place. One area that illustrates the potential problem is certification which confirms that products fulfill the requirements laid down in regulations and standards. Generally exporters bear the cost, of any of these procedures.

Ideally, attestation of conformity should be carried out only once in the most cost effective manner and, subsequently, be recognized everywhere. However, the respondents interviewed confirmed that in many instances, authorities in the importing

⁴⁵ An economic perspective on the use of non- tariff measures, World Trade Report 2012

countries were not willing to rely on foreign manufacturers' own declarations or reports/certifications by third parties that the required specifications had been met. Whatever the TBT/SPS measure may be, assurance of compliance would be sought from domestic bodies in the importing country. This unnecessarily raised trade costs if foreign conformity assessment bodies already possess the competence to assure them that products met the requirements of the importing country. Since it is impossible to analyse the trade and welfare effect of every non-tariff measure, the following section focuses on examples regarding quantity, price and quality non tariff restrictions.

3.4 Quantitative Restrictions as Non Tariff Barriers to Trade

The classic example of a quantitative restriction is an import quota which fixes trade flows at a given level. Since the trade impact of a quota is unambiguous, the interesting issue is its effects on other economic variables. In some instances an import quota is considered as an instrument to transfer income (quota rent) to special interest groups and in some cases a government might use an import quota to achieve a public policy goal. If the level of infant industry protection needs to decline over time, and policy-makers lack reliable information about the required policy setting, a quota may serve better than a subsidy.⁴⁶ On the other hand if the safety of foreign products cannot be assured and there is no way for consumers to distinguish between safe and unsafe products, an import ban might be warranted. However, a careful consideration of these latter instances suggests that explanatory circumstances in the form of high information costs were required to justify the use of import quotas.

⁴⁶ Marc J. Melitz, Gianmarco I.P. Ottaviano Market Size, Trade, and Productivity National Bureau of Economic Research Working Paper No. 11393 Issued in June 2005 NBER Program(s): ITI World trade report 2012, accessed on 7th August 2014

In almost all other circumstances, other non-tariff measures would be preferable to quotas. For example, in the case of infant industry protection, a subsidy is superior to an import quota. Likewise, TBT/SPS measures or labeling schemes work better than a ban in addressing all but the most extreme forms of information asymmetry. In principle, it is possible to calculate an *ad valorem* tariff rate that, if applied in place of a quota, will have the same trade effect. Even though import levels would be identical, there are critical differences between tariffs and quotas that have an important bearing on welfare. If demand expands because of income or population growth, for example, imports will grow under a tariff but not under a quota. A quota also generates income (quota rent) for importers whereas tariffs generate revenues for government.

In addition, to the above, the existence of quota rent can lead to an unhealthy struggle among interest groups to acquire these rents, a behaviour known as “rent-seeking”⁴⁷ which can either be legal or illegal (e.g. taking the form of bribery or corruption of officials). Since competing groups expend resources to capture the quota rent, rent-seeking adds to the welfare losses or inefficiencies under quantitative restriction that do not exist under tariffs. If domestic producers have market power, a quota also gives them greater scope to restrict imports than a tariff.⁴⁸ While total imports remain the same as under a tariff, domestic producers are able to charge consumers a price greater than the world price plus the tariff equivalent of the quota. Under a tariff, the domestic monopolist cannot charge any price above the world price plus the tariff without imports flooding in.

⁴⁷ Anne O. Krueger, The Political Economy of the Rent-Seeking Society *The American Economic Review* Vol. 64, No. 3 (Jun., 1974), pp. 291-303 Published by: American Economic Association Article Stable URL: <http://www.jstor.org/stable/1808883>, accessed on 8th August 2014

⁴⁸ Bhagwati J.N (1968), Domestic distortions, tariffs and the theory of optimum subsidy by 1 edition (1 eBook) - first Digitized in 2011- assessed on 7th August 2014

However, a quota insulates the domestic market from trade once a given threshold of imports is reached, allowing the monopolist to charge the monopoly price because there is no offsetting inflow of imports.

3.5 Chapter Summary

The study revealed that EAC partner states applied more burdensome NTBs compared to their share of Kenyan exports. Most of Kenyan agro-food exports go to EAC partner states, and they account for the largest number of NTB cases. Major challenges were lack of harmonization of standards and that certificates of conformity issued in Kenya were not recognized in some partner states. The survey also established that technical regulations in general were the major cause of concern to Kenyan exporters. Conformity assessment rather than the technical requirements themselves were the main obstacle faced by Kenyan exporters. Most of the problems were rooted in the process of getting the product inspected, tested or certified for export. Finally it emerged that Non-Tariff Barriers had effects similar to those of tariffs: they increase domestic prices and impede trade to protect selected producers at the expense of domestic consumers. The partner states governments were restricting imports more than is necessary which had negative impact on Kenyan trade.

CHAPTER FOUR

POLICY OPTIONS TO ADDRESS THE NON-TARIFF BARRIERS IN EAST AFRICA

4.1 Introduction

This section examines the policy measures that could be used to mitigate the impact of NTBs in the EAC customs union territory. The research first presents an overview of the EAC Custom Union protocol and its rules relating to NTBs. The study then examines the criteria for identifying and eliminating NTBs and other policy options available to EAC partner states to address the challenges posed by NTBs. The chapter makes reference to the experiences of other RECs and the WTO Dispute Resolution Mechanism in their efforts to reduce NTBs and foster closer market integration, and highlight potential lessons for the EAC. Finally it offers a summary of concepts discussed in the entire chapter.

4.2 The EAC Customs Union Protocol and Rules on NTBS

The EAC customs union Protocol was designed to reduce or eliminate barriers to trade within the region. NTBs are defined under the EAC, as ‘any barrier to trade other than import and export duties.’ Article 13 of the customs union, states that, except as may be provided for or permitted by the Protocol, each of the partner states agreed to remove, with immediate effect, all the existing non-tariff barriers to the importation into their respective territories of goods originating in the other partner states and thereafter not to impose any new non-tariff barriers. The partner states also agreed to formulate a mechanism for identifying and monitoring the removal of non-tariff barriers. The EAC partner states position on NTBs is further elaborated with regard to intra-EAC trade:

‘Except as provided for in this Protocol, partner states shall, in relation to intra-EAC trade adopt policies and implement measures to eliminate all existing forms of NTBs; and refrain from imposing any new NTBs.’⁴⁹

In support of the EAC custom union launched in January 2005 the following were intended to be implemented:

- a) Gradual elimination of tariffs;
- b) Adoption of common rules of origin;
- c) Harmonisation of customs rules and procedures;
- d) Attainment of internationally acceptable standards, quality, accreditation and metrology;
- e) Harmonisation of SPS measures;
- f) Elimination of NTBs;
- g) Liberalization of trade in services; and
- h) Evaluation of trade policies and strategies

However the actual position on the ground indicates that the above targets were never achieved. Exporters from Kenya continued to experience NTBs imposed by partner states in total disregard of the provisions of Article 13 of the custom union protocol. The section that follows provides policy options that the EAC Secretariat may employ to address the challenges faced by partner states exporter in the region.

4.3 Criteria for Identifying and Eliminating NTBs

From the foregoing literature there is evidence that NTBs are a major impediment to trade in the EAC and Kenya in particular. In this regard, the policy makers of EAC

⁴⁹ EAC Secretariat, (2005) protocol on the establishment of the EAC customs Union

partner states need to take bold steps to explore possible modalities of eliminating the existing one and also develop a policy framework to mitigate the recurring of NTBs. The starting point is for the EAC to develop criteria for identifying and eliminating “unjustifiable and unnecessary” non-tariff barriers. This paper proposes the adoption of the Association of Southeast Asian Nations (ASEAN) three categories of measures, using the red/amber/green box system: according to this system, measures that are nontransparent, discriminatory in application, without scientific basis, and for which a less restrictive measure is available should be eliminated immediately (red box).

Secondly, measures that are transparent but discriminatory in application and that nullify or impair some benefits or obligations of the country, that affect highly traded products in the region or that are in the nine priority sectors, which cannot be clearly justified or identified as a barrier, are subject to negotiation (amber box). Finally measures that are transparent, applied without discrimination, have no alternative, have a scientific basis, are imposed for reasons of public health and safety, religion, and national security, and are WTO-consistent and reasonable (e.g., SPS and environmental regulations) may be maintained (green box) ⁵⁰.

4.4 Harmonization of Standards and Certifications

Another policy option relates to standards and certifications which affected mostly agro-food and health related products and relate to SPS and TBT, health- hygiene related standards. Many of these NTBs concerns national standards of the partner states. The best option would be to harmonize national standards with international standards and implement Mutual Recognition Agreements (MRAs) on conformity assessment to

⁵⁰ USAID Non –Tariff Barriers to Trade – USAID Regional Development Mission for Asia, 2013 , P4

achieve its goal of “One Standard, One Test, and Accepted Everywhere’. The East African Community Committee on Trade Remedies should develop a work plan that incorporates good regulatory practice guide, which describes best practices in making technical regulations consistent and transparent in order to minimize obstacles to trade within the region. One way of dealing with NTBs many of which originate from SPS and TBT measures, certification and laboratory testing and health-hygiene requirements is to set up a mutual recognition framework among the certification bodies in the partner states.

The partner states can also agree to provide technical support and capacity building to other partner states where it may be insufficient. The development of Mutual Recognition Agreement (MRAs) may require a three level approach: firstly is to improve the framework for MRAs, secondly is to address the entire concept of recognition such as assessment of competences and determination of equivalence. The final aspect is to address the operational difficulties facing the EAC partner states in negotiating recognition agreements. However the most common way to achieve recognition has been through bilateral agreements.

4.5 Addressing Challenges of NTBs at Border Points

Some of the challenges identified by respondents during the research were uncoordinated services at the borders between the partner states. Most traders experienced challenges at Namanga, Busia and Malaba border points. These were attributed to among others inadequate infrastructure for testing manufactured especially agro-food. The following measures may be used to address cross-border NTBS

- a) A targeted programme needs to be designed to facilitate cross-border trade through development of border infrastructure, and where necessary coordination of infrastructure development at border points. This may involve modernization of shared border infrastructure by the partner states. The ongoing border posts upgrade into One Stop Border Post (OSBP) at Namanga, Malaba and Taveta border posts once fully operational may address the challenges of delay in goods clearance.
- b) Harmonization of customs rules and regulations , valuation and customs procedures,
- c) Building institutional capacity to deal with the most prevalent SPS and TBT related NTBs particularly at border points.

4.6 Making the East African Community Committee on Trade Remedies more effective

The Committee on Trade Remedies is the main focal point for arbitration with regards to discussions and dispute in the context of NTBs in the EAC. Steps should be taken to strengthen its capacity in terms of data generation on NTBs and settlement of disputes. While periodic meetings are the institutional modalities of work of the committee on trade remedies at present, more need to be done to invest in it with appropriate capacities to deal with NTBs on a continuous and permanent basis.

4.7 Using WTO Disputes Settlement Mechanism (DSM)

Although the EAC partner states as a rule should try to deal with NTBs related disputes in the Committee of Trade Remedies, as members of the WTO they can resort to WTO-

DSM to settle disputes which cannot be appropriately addressed in the Committee on Trade Remedies. The WTO dispute proceeds through three main stages: consultation; formal litigation; and, if necessary, implementation. All disputes start with a request for consultations, in which the member government bringing the case to the WTO (the complainant) sets out its objections to the trade measure(s) of another member government (the defendant). The two sides are then required to consult for 60 days with the goal of negotiating a mutually satisfactory solution to the dispute. Interestingly, a large proportion of cases are successfully resolved during consultations; 46% of all disputes brought to the WTO end at this stage, and three-quarters of those yield at least partial concessions from the defendant⁵¹.

4.8 Reviewing the Custom Union Protocol and the Common Market Protocol

The current customs union protocol needs to be reviewed to address inadequacies. For instance the rules of origin in the EAC are too restrictive to market access hence causing unnecessary transaction costs as businesses are obliged to find their way around different trade regimes. Therefore, harmonizing the existing rules of origin in the partner states is the only way forward. Since most EAC partner states are members of COMESA, there is need to harmonize this to avoid rules of origin overlaps.

4.9 Building Capacity of Exporters

Multilateral programmes can be useful, particularly for developing country exporters, but are primarily informational. They provide assistance in capacity-building and help encourage exporters towards internationalization by building relationships with

⁵¹ Marc L. Busch and Eric Reinhardt, WTO Dispute settlement mechanism, Sida 2004 Department for Infrastructure and Economic Cooperation

policymakers, academia and other international actors. A good example is the *World Tr@de Net* administered by the International Trade Centre UNCTAD/WTO in Geneva. *World Tr@de Net* is an online portal aimed at helping firms understand complex trade issues. It brings together national networks of government and business interests, facilitates government-private sector exchanges and organises research and practical capacity-enhancement seminars on various trade issues⁵².

4.10 Chapter Summary

In this chapter the research examined the policy options available for the EAC to address the identified Non-Tariff Barriers to trade. The study discusses the EAC Custom Union Protocol and Rules on NTBS, and noted the existing gaps. The research then presented several policy options that can be used to mitigate the challenges posed by NTBs. Firstly the paper highlights the criteria for identifying and eliminating NTBs. The research examines the importance of Harmonization of Standards and Certifications to facilitate trade. The paper also justifies why the EAC Custom Union Protocol and the Common Market Protocol should be reviewed to conform to the dynamics of globalization. The need to strengthen the East African Community Committee on Trade Remedies is enumerated alongside the refurbishing of Border Points and capacities building of exporters to enable them engage effectively with trade regulators in partner states. Finally the research highlights the WTO Disputes Settlement Mechanism (DSM) and its relevance to NTB resolutions in developing countries

⁵² Barbara Fliess and Carlos Busquets (2006) OECD trade policy working paper no. 45 the role of trade barriers in SME internationalisation

CHAPTER FIVE

SUMMARY OF FINDINGS AND RECOMMENDATIONS

5.1 Introduction

This chapter covers the summary of findings and recommendations. It discusses the dynamics of NTBs that affects Kenyan exports in the EAC and categorized them based on WTO classification. It highlights the EAC customs union provision and WTO regulations that governs partner states obligations to facilitate trade and remove NTBs. The chapter looks at the summary of findings on the possible causes of the declining Kenyan exports to EAC and also covers the summary of proposed policy options and recommendations to address the NTBs affecting Kenyan exports in the region. Finally the chapter highlights the recommendations, conclusion and suggested areas for further research.

5.2 Summary of Findings

1. Base on objective one, this study came up with the following findings: The NTBs imposed by partner states had adverse effect on Kenya's exports to the customs union territory. There were seventy one (71) Non-Tariff Barriers which affected Kenya Exports to the EAC region. Most of these NTBs affected the agro-food and manufacturing sectors and were mainly in form of cumbersome customs documentation, export permits, sanitary and Phytosanitary measures, technical barriers to trade, and roadblocks, strict rules of origin and anti-dumping laws, regulatory and conformity requirements.

2. Based on objective two, the study observed that the NTBs were adversely affecting Kenya exports by reducing the volume and dollar value of exports to the EAC market. Secondly they were making Kenyan exports less competitive in the region by increasing the export prices and also denying Kenya the benefits of the EAC customs union and the common market protocol of which all partner states are signatory. There is also evidence that by imposing those NTBs on Kenyan exports, the partner states' actions are contrary to their commitments and obligations to remove all forms of non-tariff barriers to trade and to refrain from introducing new ones as per Articles 13 and 25 of the Customs Union. The study also established that the rules of origin in the EAC are too restrictive to market access hence causing unnecessary transaction costs as businesses are obliged to find their way around different trade regimes.
3. Based on objective three, this study has established that the customs union protocol was not facilitating trade between partner states since it is too restrictive. For example rule 4 of the customs union concerning imported raw materials which are used to manufacture goods for export was not being applied prudently.

5.3 Conclusion

1. Based on objective one, this study observed that Kenyan exports to the EAC market was adversely affected by NTBs which took the form of regulatory and conformity requirements, roadblocks, weighbridges and quota systems.
2. Secondly, based on objective two this study established that the NTBs were responsible for the decline in Kenya's export to the customs union territory by 7.4 per cent in 2013. The NTBs legal framework under the EAC customs union protocol was too weak to address the prevalence of NTBs in the region. Rules relating to infant

industry protection, rules of origin, the dispute settlement mechanism were found to be inadequate to effectively address the NTBs. It emerged that Non-tariff barriers had effects similar to those of tariffs: they increased domestic prices and impeded trade to protect selected producers at the expense of domestic consumers.

3. Finally, based on objective three the EAC customs union protocol needs to be reviewed to define clearly what constitutes an infant industry for purposes of protection and time frame for protection to avoid abuse of this provision. Alternatively this provision should be abolished since its relevance is overdue because partner states whose industries are uncompetitive should allow those with comparative advantage to produce and sell at competitive prices

5.4 Recommendations

1. Base on objective one, this study recommends that the strengthening of the EAC committee on trade remedies under Article 24 of the customs union to make it more effective. One of the key steps is to design an effective non-tariff barriers legal framework and mechanisms for identifying and verifying information about non-tariff barriers and prioritizing and ensuring their elimination.
2. Based on objective two, this study recommends that the legal framework governing the elimination of NTBs and regional integration is properly enshrined in the national laws of partner states. Secondly the partner states must ensure that the laws are clearly understood by all government agencies responsible for enforcement of intra-regional trade regulation and administration.

3. Based on objective three, this study recommends the review of the rules of origin in the EAC since they are too restrictive to market access hence causing unnecessary transaction costs as businesses are obliged to find their way around different trade regimes. Since most EAC partner states are members of COMESA, there is need to harmonize this to avoid rules of origin overlaps. Secondly there is need to formulate a legally binding NTBs regulatory mechanism, given that the current one is based on political goodwill. Finally, the EAC partner states should introduce international best practice with respect to national technical regulatory frameworks, which should include the adoption of the principles applied in multilateral trading system in line with WTO agreement.

5.5 Suggested Areas for Further Research

This research focused on the dynamics of NTBs, their impact on Kenyan exports to the EAC region and policy options. In the course of the research other issues that need further research emerged, such as:

- a. How to implement the Consultative Dialogue Framework (CDF) for Private Sector and civil Society Organizations and other Interest Groups to promote cross-border trade between Kenya and EAC partner states.
- b. A comparative study of the EAC regional economic commission and European Union
- c. The European Union trade policies: Lessons for the East African Community

BIBLIOGRAPHY

- Andriamananjara, Soamely; J. Dean, R. Feinberg, M. Ferranti no, R. Ludema, and M. Tsigas (2004), “The Effects of Non-Tariff Measures on Prices, Trade, and Welfare: CGE Implementation of Policy-Based Price Comparisons”; USITC Office of Economics Working Paper 2004-04-A.
- Barbara fliess and carlos busquets (2006), *the role of trade barriers in SME internationalization* in OECD Trade Policy Working Paper No. 45.
- Beghin, John A.C. Disdier, S. Marette, and F. van Tongeren (2011), “*Measuring Costs and Benefits of Non-Tariff Measures in Agri-Food Trade*”; Iowa State University working paper 11001
- Bradford, Stephen (2003), “*Paying the price: final goods protection in OECD countries*”; Review of Economic and Statistics 85, 24–37.
- Brenton Paul & Miriam Manchin, (2003) “*Making EU Trade Agreements Work: The Role of Rules of Origin*,” The World Economy, Wiley Blackwell, vol. 26(5), pages 755-769.
- Carrère, Céline, and J. de Melo (2011), “*Non-Tariff Measures: What Do We Know, What Should Be Done?*” Journal of Economic Integration 26, 169-196.
- Deardorff, A. V. and Stern R. M. (1998) *Measurement of Non Tariff Barriers: Studies in International Economics*, Ann Arbor MI: University of Michigan Press.
- Deardorff, Alan, and R. Stern (1997), “*Measurement of non-Tariff Barriers*”; Economics Department Working Paper 179, OECD.
- Disdier, Anne-Célia; L. Fontagné, and M. Mimouni (2008), “*The Impact of Regulations on Agricultural Trade: Evidence from the SPS and TBT Agreements*”; American Journal of Agricultural Economics 90, 336-350.
- EAC Secretariat, *Report of the 14th EAC Regional Forum on non-tariff Barriers, 27th -2-2014*, Arusha Tanzania.
- Ferrantino, Michael (2006), *Quantifying the Trade and Economic Effects of non-Tariff Measures*; OECD Trade Policy Working Paper 28.
- Ferrantino, Michael (2012), “*Using Supply Chain Analysis to Examine the Costs of Non-Tariff Measures (Non-tariff measures) and the Benefits of Trade Facilitation*”, Staff Working Paper ERSD-2012-02, World Trade Organization.
- Gillson and N. Charalambides. “*Addressing Non-Tariff Barriers on Regional Trade in Southern Africa*”; Cadot. O and M. Malouche, eds., *Non-tariff measures: A fresh look at trade policy's new frontier*; Washington, DC/London: The World Bank/CEPR.

- Gillson, Ian (2011), *Non-Tariff Barriers to Sub-Saharan African Trade in Food Staples: Opening Regional Markets to Promote Food Security and Price Stabilization*; Washington: The World Bank, 2011.
- Grigoriou, Christopher “*More Safety for Less Hassle: Applying Risk-Profiling Techniques to the Enforcement of SPS Measures at the Border*”. Cadot. O and Malouche M., eds., *Non-tariff measures: A fresh look at trade policy’s new frontier*; Washington, DC/London: The World Bank/CEPR.
- Hoekman, Bernard, and Jamel Zarrouk (2009), “*Changes in Cross-Border Trade Costs in the Pan-Arab Free Trade Area, 2001-2008*”; World Bank Policy Research Working Paper 5031.
- Imani Development (2009), *Non-tariff barrier impact study for COMESA region; mimeo ITC (2010), South Africa: A potential market for agri-food products from Africa*; Geneva: United Nations publications.
- Karugia, Joseph; J. Wanjiku, J. Nzuma, S. Gbegbelegbe, E. Macharia, S. Massawe, A. Freeman, M. Waithaka, and S. Kaitibie (2009), “*The Impact of Non-tariff Barriers on Maize and Beef Trade in East Africa*”; ReSAKSS working paper #29.
- Kee, Hiau Looi, A. Nicita, and M. Olarreaga (2009), *Estimating Trade Restrictiveness Indices*; Economic Journal 119, 172-199.
- Krugman, P., 1989, "New Trade Theory and the Less Developed Countries" in G. Calvo et al ed., *Debt, Stabilization and Development, Essays in Memory of Carlos Diaz-Alejandro*, Basil Blackwell.
- Mugenda and Mugenda, *Research Methods: Qualitative and Quantitative approaches* (Acts Press 1999) P.83.
- Nogués, J., A. Olechowski and L. A. Winters (1986), “*Extent of Non-Tariff Barriers to Industrial Country Imports*”; World Bank Economic Review 1, 181-199. USDA (2010), *EAC Rice Import Tariffs and Food Security*; GAIN report # [no number]
- Ricardo David, *The Principles of Political Economy and Taxation* (Cambridge, UK: Cambridge University Press, 1983), 133–34.
- Robert W. Staiger, *Looking beyond International Co-operation on Tariffs: NTMs and Services Regulations in the 21st Century*" WTO Staff Working Paper ERSD-2012-01

APPENDIX I
INTERVIEW GUIDE

Dear Sir/Madam,

RE: INTRODUCTION

My name is Samuel M. Kahenu, A post graduate student in the Institute of Diplomacy and International Studies, University of Nairobi, pursuing a post-graduate Diploma in International Relations. I am carrying out a study on the impact of Non-Tariff Barriers on Kenya's exports to the East African Community trading bloc. Your organization has been selected as one of the respondents for the purposes of carrying out this research.

I will ask you a few questions related to your work as an exporter. Remember there is no right or wrong response and your genuine response will be considered as it is. Your positive participation in this research is highly regarded as it will contribute to the success of this study.

Your responses will be treated with outmost confidence and will be used strictly for the purpose of this study only.

Thank you.

Samuel. M. Kahenu

Thank you for being one of the key players in the export trade at the EAC.

This interview is aimed at collecting your views on:

- a) The dynamics of NTBs affecting Kenyan Exports in The EAC region
- b) the impact of NTBs on Kenya Exports in the EAC
- c) policy options available to address the Gaps States

All your responses will be treated with confidentiality and will be used for the purpose of this research only.

Section A: Bio Data of Respondent

Respondent's Job Title in the EAC integration or trade

1) Respondent's level of Education (Tick as appropriate)

- a) 'O' Level
- b) 'A' Level
- c) Bachelors Degree
- d) Masters Degree
- e) PhD
- f) Others

(specify).....

2) How long have you worked with the organization mentioned above (in years)

3) How long have you dealt with exports in the EAC/ trade issues (in years)

Section B

4) Please explain the role of your organization in facilitating trade in the EAC.

5) Do you have offices in the border points between Kenya and partner states?

Please name them.

a. What are the working hours of your offices?

6) a) What complains do you receive from exporters?

Explain.....

b) How often do companies seek your assistance when exporting to EAC?

c) Which sector is affected more often?

d) Please explain the nature of complains regarding the exports

6. a) In your opinion, what are some of the non –tariff barriers facing Kenyan exporters to EAC partner states?
7. Which country/s offers the best trading environment for Kenya? Please explain.
8. a) Would you say Kenyan exports to the EAC is growing/declining?
b) Explain your answer
c) If NO what do you think is the reason?
9. How can the government of Kenya help exporters increase their trade in the Region?
10. Suggest what the partner states need to do to promote intra-state trade.
11. What kind of business documents do you deal with to facilitate export trade?
Please name them.
12. Are there charges for the serviced offered to exporters? If yes, explain.
13. Please explain how many times a company is required to gets a trade documents and how long it takes to process the documents.
14. Please explain how you deal with complaints from exporters when they face challenges in the concerning trade regulations with partner states.
15. Any other comment you may want to make regarding trade between Kenya and EAC partner states?

Thank you

APPENDIX II
QUESTIONNAIRE

Dear Sir/Madam,

RE: INTRODUCTION

My name is Samuel M. Kahenu, A post graduate student in the Institute of Diplomacy and International Studies, University of Nairobi, pursuing a post-graduate Diploma in International Relations. I am carrying out a study on the impact of Non-Tariff Barriers on Kenya's exports to the East African Community trading bloc. Your organization has been selected as one of the respondents for the purposes of carrying out this research.

I will ask you a few questions related to your work as an exporter. Remember there is no right or wrong response and your genuine response will be considered as it is. Your positive participation in this research is highly regarded as it will contribute to the success of this study.

Your responses will be treated with outmost confidence and will be used strictly for the purpose of this study only.

Thank you.

Samuel. M. Kahenu

Researcher, University of Nairobi

Section1: Introduction

This section will capture basic detail

1. Please state the name of your organization
2. Please state your name?
3. Indicate your manufacturing sector i.e. paper, metal, food etc?
4. Do you have a subsidiary or branch in: EAC partner states? If Yes which country?

Section2: Export Market Share

6. Do you consider the EAC an important market for your products?

Yes..... No.....

7. Please indicate the main products which go to the EAC market
8. What Percentage of total sales goes to: EAC Kenya Rest of the World.....
9. What Percentage of your total sales is sold to:
 - Kenya
 - Burundi,
 - Uganda
 - Rwanda
 - Tanzania

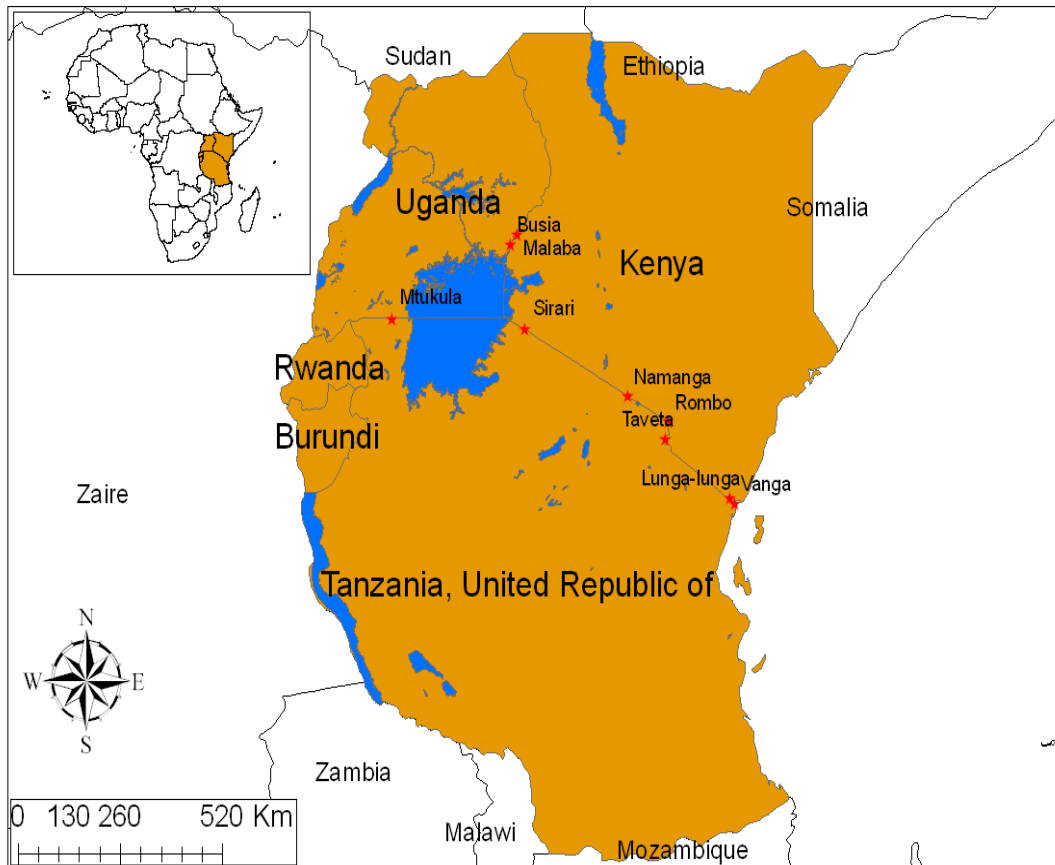
Section3: Challenges and Proposed Solutions

10. Describe the challenges you face when exporting to:
 - Uganda
 - Tanzania
 - Rwanda
 - Burundi
11. What should industry do so that it can realize trade within the EAC market?
12. What should Government do to help Kenyan companies stop losing their export/sales share in the EAC market?
13. What should trade facilitation agencies such as KRA and KEBS do in order to create a level playing field with other partner states that currently enjoy robust market access in Kenya?
14. What is your experience when exporting products within EAC? Challenges:

Thank you for participating in this survey

APPENDIX III

Map of EAC Export Routes between Kenya and Partner States



Source: ILRI, GIS database