FACILITATING TRADE OF IMPORT AND EXPORT BETWEEN KENYA AND CHINA

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ABSTRACT

The Present Study examines China's economic presence in Kenya, this study will help the government to gain from more efficient trade and increased competitiveness from positive impact for improving gross domestic product, The study aim was to investigating measures that can improve Exports and Imports goods between Kenya-China and help both countries gain from trade, the study finds that China has a better chance of expanding its exports to Kenya than Kenya does to China based on existing specializations. This may change with recent oil discoveries in Kenya, increasing the space for Kenyan exports to China, as well as from China's shift to a consumption driven economy which will increase demand for services, a growing strength of Kenya's economy (World Bank Country Economic Memorandum 2016). Policies developed by two nations have seen the increase in the flow of foreign direct investments although the balance between the two trading partners has not been achieved. The trends and patterns of trade between China and Kenya suggest many possible impacts if both countries works together for mutual benefits. This partnership is of great importance to Kenya in terms of job creation, economic development and promotion of social relations between the two nations.

Keywords: Partnership, Competitiveness, Consumption.

1. INTRODUCTION

In recent years, China's economic presence in Sub-Saharan Africa has risen rapidly. China's growth in the region is driven in part by its strong demand for raw materials, and resource rich countries that manage the boom well may also translate the gains to the broader economy, working to pay down high public debt or alleviate poverty. But the countries that benefit from the boom are also more vulnerable to China's economic slowdown. Oil-importing countries such as Kenya will be shielded from China's slowdown and should even see an increase in their exports. Kenyan exporters of services such as tourism will fare well as China transitions to consumption based economy by 2030. Greater Chinese consumption may also benefit Kenyan producers in the horticultural sector that are taking advantage of the trend of selling directly to large supermarkets in Asia. Supermarkets in China can also receive Kenyan flowers and Avocadoes if Kenya succeeds in negotiating duty-free access for cut flowers as part of the 404 duty free products from African countries. Exporters of flowers are performing well, but producers of manufactured goods face more competition from China in both domestic and foreign markets. Many fear that local producers will be hurt by Chinese imports; cheap plastic shoes and clothes from China, and second-hand clothes in general, are much more popular than local products. In addition, Kenyan exports of clothing to the United States, for example, lost market share to China between 2004 and 2006, and have only recently begun to recover. The manufacturing sector grew slowly at only 4.2 percent in 2018, down from 5.6 percent in 2013, and some worry that slower growth could be a sign of a pre- mature decline of industry (Chen, Geiger, Fui 2015). Without a turnaround in manufacturing, the growth potential of the economy is limited. But Kenya can enhance its growth in manufacturing if it continues to attract foreign direct investment from China. A large share of foreign direct investment (FDI) already comes from China, allowing Kenya to diversify its sources of FDI and increase investment in manufacturing. Lagging behind countries such as Ghana, Nigeria and South Africa, Kenya performs poorly in attracting manufacturing FDI. To increase the low investment, Kenya wants to market opportunities to China because Chinese firms are attracted to the low cost of labor in Kenya. The lower wages, however, come with lower productivity, raising the unit cost of labor; at the moment, the unit cost of local labor is higher than in China, making Kenyan workers more expensive than Chinese ones. If Kenya reduces the unit cost of local labor, it will attract more Chinese investment in labor-intensive industries, providing jobs and helping reduce poverty. There is strong potential for poverty reduction in the textile and garments industry because it mainly employs women, who tend to increase the household savings rate. China also offers critical financing in sectors that traditional investors overlook: infrastructure and construction. China's loans compete with loans from traditional donors that attach conditions of good governance and transparency. Uninterested in the politics of the country, China funds major infrastructure projects in Kenya. One such project is the Standard Gauge Railway linking Nairobi and Mombasa by the China Road and Bridge Corporation, and other Chinese construction companies are taking advantage of the real estate boom in Nairobi. Following the slowdown in China, marketing for construction services should increase globally, and even more Chinese companies may come to Kenya to undertake major infrastructure and construction projects. The improvement in infrastructure will help lower the cost of doing business, attract more investment, and enhance productivity.

2.1 Research Content

The 50.4 km Nairobi to Thika Super Highway was opened by Kenya's Previous President Emilio Mwai Kibaki, triggering massive investment, due to free-flowing traffic. Up-market homes, schools, hospitals and shopping facilities are mushrooming along the route, making Kenya economy grew with fast rate and hits 5.6 GDP in 2015 and by 6.3 percent in 2018, spreading new interest in the country's property market and acting as a destination for investors. Chinese mainland and Hong Kong firms are said to be major movers in Kenya's ambitious infrastructure development programmed. The aim is to enhance Kenya's hub status and open up trade throughout East Africa and the Great Lakes region. This multi-billion US dollar initiative is upgrading, expanding and building new roads, SGR railway lines, airports and seaports to increase and enable the free flow of tourism, goods and services inbound and outbound throughout the region. However, there is still significant improvement to be done in order to achieve win-win goal. Kenya's exports to China have also been dismal. Kenya is not a commodity-driven economy like its sub-Saharan Africa peers. And while China is currently Kenya's largest trading partner, Chinese imports far exceed what Kenya sells to the world's second-largest economy. Imports from China have dramatically increased "China now ranks as the number one trading partner with Kenya, accounting for 17.2% of Kenya's total trade with the world," said by Kenya's President Uhuru Kenyatta during opening of the first China International Import Expo in Shanghai.

Further, according to the report, "many imports from the UAE [United Arab Emirates] are re-exported manufactured products, such as phones, computer monitors or jewelry, originally from China or India." And while China which has a lucrative market with its more than one billion people is Kenya's biggest import market, it is not among the top 10 export destinations, which include the European Union, Uganda, the United States and Tanzania. Kenya sends only 1 per cent of its exports to China, which includes raw hides and skins, scrap metal, coffee and tea. And because Kenya's agricultural sector lacks competitive advantage in China's main food market, it has been difficult to increase sales of more local produce. The report says that even more telling is the fact that Kenya exports less to China than to economies of a similar size. For every $100 (Sh10,170) Kenya exports to an economy similar to the Asian nations, it only exports $82 (Sh8,340) to China. Kenya's exports, however, are affected by distance, which is why it exports more to its East African Neighbors than to China, which is 9,201 kilometers away. Unfortunately, the nearest markets are not always the most lucrative. Kenyan consumers have also benefitted from cheap Chinese products that have flooded the local market. From 2012 to 2014, the World Bank organized in sequence, but is interleaved in incremental development method. The type of software, the people, and organizational structures involved determines how these activities are carried out. For example, specifications for extreme programming are written on cards. Tests are executable and developed before the program itself. Evolution may involve substantial system restructuring or re-factoring.

2.2 Top list of order and China-Kenya Current Situation Improvement

Mobile handsets top the list of items that traders ordered from China last year, underlining the popularity of the low-priced smartphones in the Kenyan market despite concerns over quality. The country imported Sh15.5 billion worth of Chinese phones in the year to November beating the value of machinery and construction equipment ordered over the same period. The World Bank has warned that cheap Chinese imports may hurt Kenya's bid to join the elite club of industrialized nations as projected in its Vision 2030 economic blueprint. Because Kenya produces and trades few intermediate goods, researchers have concluded that Chinese imports could lead to a de-industrialization, World Bank lead economist for Kenya. Kenya's fledgling Trade statistics for international business development in the past 10 years, this has created room for imports of goods that cannot be manufactured locally, pushing up the country's import bill. Which towers above exports, and piling pressure on the shilling? The World Bank says that the small share of Kenya's manufactured exports is partly to blame for the high current account — the difference between value of exports and imports — deficit. According to the World Bank, Even with lower oil prices, the deficit remains high at 9.8 per cent of GDP because imports of capital and equipment increased more than 25 per cent. According to the World Bank, in 2015, Kenya's manufactured exports fell 20.3 per cent while chemical sales abroad shrunk 7.9 per cent. Many suspect a premature decline of industry because manufacturing growth was only 3.4 per cent in 2014, down from 5.6 per cent in 2013.. Kenya last September launched a grand industrialization roadmap for the creation of agro-processing hubs, industrial parks and special economic zones, in efforts to shore up its basket of finished products, crucial for improving trade balance. The KNBS data shows that the country's imports stood at Sh1.58 trillion last year compared to Sh580.9 billion worth of exports, or a Sh1 trillion trade deficit.

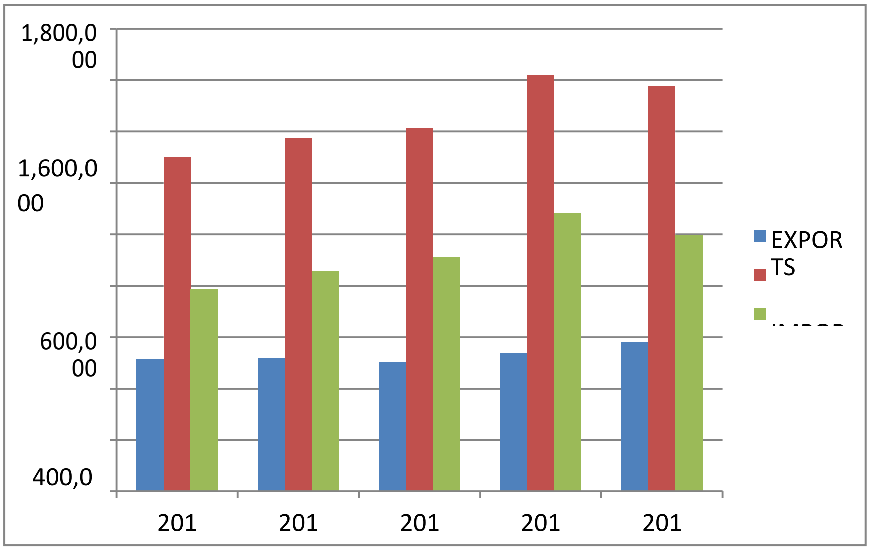

Figure 1: Kenya export, import and deficit 2011-2015

China has cemented its position as the largest source market for Kenya's imports. China was the leading source of imports that expanded significantly from KSh 321 billion in 2015 to KSh 366 billion in 2018. Despite recording a 4.5 per cent drop in the value of total imports Ksh 1,618,321 billion 2014 to Ksh 1,577,557 billion 2015, this was explained by substantial increase in imports expenditure for railway and roads construction material from China, followed by India and the US whose exports to Nairobi dropped last year. Imports from India were down by Sh11 billion to Sh253 billion while America's was down by Sh42 billion to Sh125 billion last year. The import growth trend is expected to continue this year based on the latest half year data even as the world's most populous country's economy falters back home, forcing it to turn to foreign markets such as Kenya. China's phones exports to Kenya rose to Sh6.8 billion in the year to June compared to Sh6.4 billion in a similar period last year. Mobile handsets topped the list of items that local traders ordered from China last year, underlining the popularity of the low-priced smartphones despite some concerns about quality. The World Bank has warned that cheap Chinese imports may hurt Kenya's bid to join the elite club of industrialized nations as projected in its Vision 2030 economic blueprint. "Because Kenya produces and trades few intermediate goods, researchers have concluded that Chinese imports could lead to a de-industrialization," the World Bank said early this year. Kenya's fledgling manufacturing sector has stagnated at an average of 11 per cent to the gross domestic product (GDP) in the past 10 years. This has created room for imports of goods that cannot be manufactured locally, pushing up the country's import bill, which towers above exports, and piling pressure on the shilling. Analysts reckon that the Chinese import growth is being driven by local traders' preference for fast-moving cheaper stock, including those that can be made here, posing competition to local companies. There is need for a policy rethink on imports that can be produced locally to avert possible suffocation of local industries; China has also been pushing for adoption of Chinese language in Kenyan universities through Confucius Institute alongside Mandarin cuisines in hotels.

2.3 Literature Review

For the last three decades (1980-2007), China has been the lifeline for Kenya. Most foreign relationships are formed in the shape of trade, which has been on the rise with multiple actors on the Kenyan scene; India, China, and the East African community. What makes the relationship between Kenya and China special is China's ability to take multifarious forms. Kenya, just like any other developing country, is making an effort to hasten its development despite all obstacles, whether they are in governance, or the lack of human capital, or inadequate funds. China enables sub-Saharan African countries to attempt at rapid development, and that is why for a country like Kenya, China is currently her best ally. Chinese contractors get the job done more quickly than any other nations'. Furthermore, China's simple bureaucracy, compared to that of Western countries, makes China attractive and easy to work with.[6]

Moreover, China has actively personified her relationship with Kenya. A visit to Kenya, starting from the main airport in Kenya (Jomo Kenyatta International Airport, which was recently renovated by Chinese contractors) can attest to the tangible embodiment of Chinese relations with Kenya. China has contributed largely to Kenya's infrastructural development and also at a lower cost. India and the East African community mainly conduct bilateral trade with Kenya. Trade is significant for the Kenyan economy, but then what will happen when the resources (tea) are depleted? Or something like a war obstructs their production? Or when the other nation's manufacturing sector become better? During pre-independence trade between Kenya and China, their commodities were almost of the same quality. But then when Kenya got independent, the conservative and "mixed economy" proponent, president Jomo Kenyatta, could not afford to work with communist Mao, so trade between Kenya and China came to a standstill for 13 years, until both died. So when Moi took over after President Kenyatta and established a relationship with China in 1980, China's economy was already transformed. Their manufacturing sector was booming and thus when trade began, Kenya's balance of trade with China was (and still is) at a deficit. China's policy in the 1960s uses to allow "commodity-financed" projects (Chege, 23), while now they fund projects through loans and grants**.** This is partly because they recognize that their commodities are cheaper and of better quality. Thus if their relationship with Kenya relied on exchange of commodities, it would be weak. It is therefore significant that China is creating institutions in Kenya that could ensure sustainable growth. Kenya experienced a sustained economic growth between the years 2003-2007. "GDP growth rose from 2.9 percent in 2003 to a projected 7.1 percent in 2007" (Chege, 26). This was largely attributed to the increased cooperation between Kenya and China, amongst other factors. The other nations, India, EAC countries, UK, and the U.S. have traded with Kenya for decades without a similarly significant impact. The 2007-2008 post-election violence severely affected trade and foreign relations. However, infrastructure built by the Chinese remained standing. Hospitals like the Moi referral hospital in Eldoret even helped casualties of the violence. Therefore, no matter what people feel about the Chinese presence in sub-Saharan Africa, they have to recognize that China is filling a niche that was historically absent.

Trade relations between Kenya and China have been skewed in favor of the Asian nation, a new report has shown. A policy research working Study by the World Bank Group paints a picture of an imbalanced exchange in which China tends to get the upper hand. The Chinese have a huge presence in Kenya (and Africa at large), especially in infrastructure and construction. But Chinese firms have not invested in Kenya, the World Bank said. This means they lag behind companies from traditional trading partners, such as the United Kingdom, in terms of foreign direct investment (FDI) stock. This situation is not unique to Kenya; it is seen across sub-Saharan Africa.

3.1 China is still a small export market forKenya

According to table 5, shows Kenya only sends one percent of its exports to China, exporting US $53 million in 2012, US $41 in 2013, US $65 million in 2014 and US$84 in 2015. Kenya exports little to China because it is an oil importer and relatively resource-scarce. With fewer natural resources, Kenya has been unable to take advantage of the commodity boom from China's growth (Zafar 2007). What's more, the growth does nothing for Kenya's agricultural sector because of poor infrastructure and lacks a comparative advantage in China's main food imports (wheat, corn, beef, soybeans), making it difficult for Kenya to increase its exports of agricultural products. It's been many years China and Kenya are trading in many products such as machinery, transport machine, motor vehicle, petroleum product as Kenya import and export metal, hide and skin etc. to China both countries are devolving day by day but of course everywhere in big relationship or business relationship some minor problems occurs, and to make both countries satisfy at a time is difficult but of course not impossible. Same way during trading many times china or Kenya had problems with trading whether its product, price or delivery problems. The simply here is some trading Expenditure between china and Kenya. As you can see in figure 5, clearly Kenya's Imports are much higher than a country's exports, it's clearly shows Kenya spend a lot of money on imports rather than exports earnings,[9] Kenya's expenditures are very high and earnings are low in trading with china. From 2011 to 2015, in only 5 years difference the imports are almost double and export does change but not as much as imports. This what right now it's a big and main problem between Kenya and china trade. Well, there are many products are importing and exporting between china and Kenya, but main Kenya imports are agriculture tools, machinery and electronic while export are primary goods e.g. skin and hide, metal etc.

Kenya imports by country

	Value Ksh	Year
CHINA	321 M	2015
India	253 M	2015
U.S.A	126 M	2015
United Arab Emirates	90 M	2015
JAPAN	88 M	2015
South Africa	61 M	2015
United States	43	2015
United Kingdom	42 M	2015
Indonesia	46 M	2015
Saudi Arabia	55M	2015
Germany	47	2015
Russia Federation	29 M	
Italy	23 M	2015
Uganda	22 M	2015
France	21 M	2015

Figure 2: Kenya imports by countries

China-Kenya Trading Value

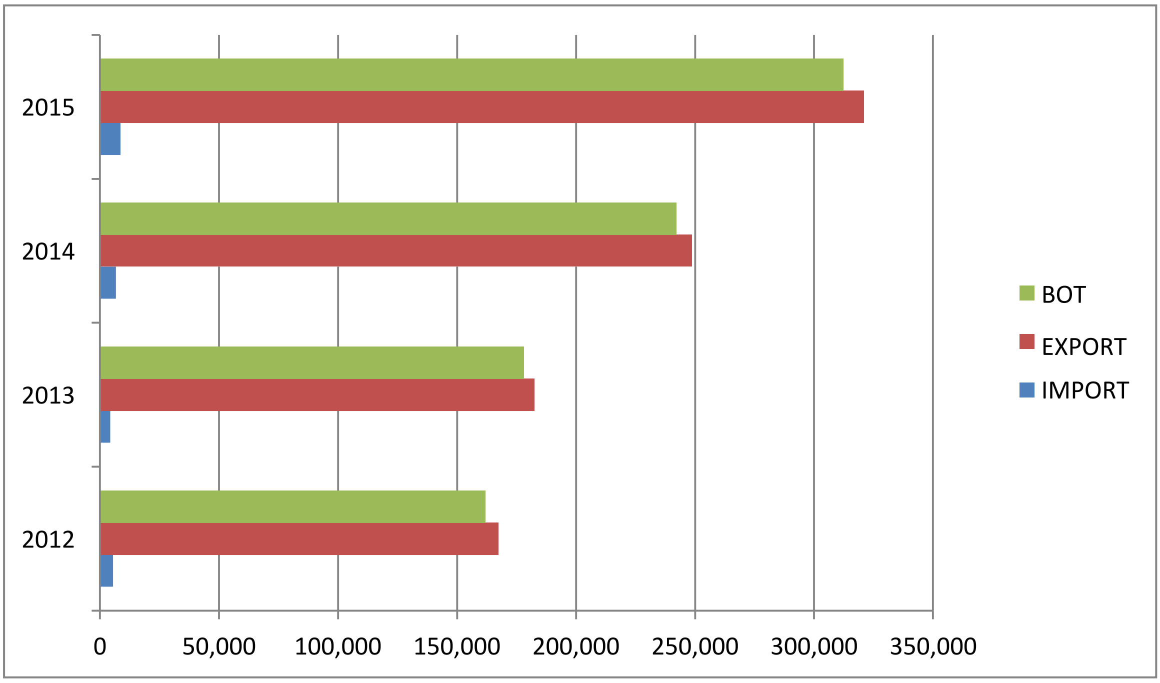

Figure 3: China-Kenya import, export and balance of trade

When people learn of the bilateral trade deficit between China and Kenya, they usually react with alarm. But Germany also has a large bilateral trade deficit with China and seems to be doing just fine. What matters is the overall trade balance. Nobel laureate Robert Solow once remarked, "I have a chronic trade deficit with my barber, who doesn't buy a darned thing from me. As long as he balances his books and saves, his personal deficits are irrelevant." Similarly, a country focuses on its trade balance for its balance of payments; country to country deficits are irrelevant. Kenya exports little to China because it hasn't exported much in general: The export to GDP ratio actually declined between 2005 and 2012, far from the norm for other high growth economies. Kenyan manufacturers must pay higher transport costs and contend with a climbing real exchange rate, making goods less competitive on global markets.

3.2 China Impact on Kenya in the Regional Market

Chinese goods may have also hurt Kenya's exports to its neighbors. Exports to Tanzania and Uganda are quite similar to China's, compared to both countries' exports to the United States or the UK. The greater overlap in East Africa suggests that Chinese goods will likely displace Kenyan exports to the Kenya neighbor countries. Between 2008 and 2014, manufacturing exports to Tanzania fell 36.1 percent; exports to Uganda increased slightly by 4.5 percent, but compared to previous years, the growth was slow; export to Egypt and DRC had been stagnant for the past years. In above table 9, you can clearly see in 2014 almost every products trading decreased, and jumped up in 2015. After looking overall trading plus products trading, can analyses it the trading is imbalance. China exports manufactured goods and machinery tools and Kenya export agriculture products, both amount and expenditures are imbalance. This is not really helpful and satisfying for Kenya. But when local producers use intermediate goods, they can access goods unavailable locally to increase their productivity. Between 1990 and 2014, imports of intermediate and capital goods have grown 12.6 percent annually.

3.3 Findings

- Kenya's exports to the region dropped by the largest margin in three years in the third quarter of last year, to $275.7 million from $380.3 million in the first nine months of 2015, new data shows. Many countries in the region, with the exception of the Democratic Republic of Congo, cut their uptake of imports from Kenya, according to a report from the Kenya National Bureau of Statistics.
- While the drop in exports has been attributed to encroachment in key market segments by Chinese products, local factors like taxation, new competing industries in export markets and instability in South Sudan have contributed to the trade down turn. Goods from China, some of dubious quality, have flooded the market, making the Asian giant the biggest exporter to the region. Kenya relies on Africa to absorb more than 40 per cent of its manufactured exports.
- The data shows a 30 per cent drop in exports to Uganda to $152.1 million in the period under review, from $228.18 million over the same period in 2015. "Africa remained the leading destination of the country's exports, accounting for 40.6 per cent of the total during the review period.
- Within Africa, Uganda was the largest market for Kenya's exports, accounting for 11.3 per cent of total export earnings, followed by Tanzania, which accounted for 5 per cent of total export earnings in the third quarter of 2016," the report notes. Tanzania's imports from Kenya dropped to $67.5 million in the third quarter of last year, from $78.2 million over the same period two years previously. Rwanda, which in 2015 was the only country that had increased its imports from Kenya, also recorded a drop to $43.12 million from $56.55 million.
- The imports from China rose to $935.4 million in the third quarter of 2016, from $909.8 million over the same period the previous year, making it the leading source of imports in the Asian region. Kenya has also seen its trade with the region drop significantly over the quarter to $359.4 million, from $480.1 million over the same period in 2015. Kenya exports edible oil, fabrics, food, animal products, tobacco and cement to the region, but the growing push by local firms to set up subsidiaries in the region has also seen a decline in supply of these goods from Kenya.
- The biggest drop in exports was registered in cement, which dropped to $7.6 million, from $25.6 million in 2015.
- Cement manufacturers blame the declining volumes on the proliferation of cheap imports, while the entry of Dangote Cement into markets like Tanzania compounded the problems as the firm offered a 40 per cent price cut on its products.
- Kenya's exports to China are still small but growing gradually. The major exports are tea, leather, sisal fiber, and scrap metal.
- Tea exports to China are still a small proportion of Kenya's total export market constituting less than 1%. China remains the leading sisal export market for Kenya. However, China takes only about 4% of and indirect impacts are further divided into complementary (+) and competitive (-) effects. These are:
- Growth of exports to China (+): to the extent that the expanding Chinese economy offers a rapidly growing market opportunity,
- Kenya's export products that China imports stand to gain, if it is able to take advantage of the market opportunity.
- Welfare gains for consumers from cheaper manufacturing goods (+): Kenya's imports that China exports may gain to the extent that expanding Chinese exports are associated with falling prices. The potential trade-related gain takes the form of increasing welfare derived from the consumption of cheaper imported products.
- Increased competition from China for Kenyan exports to third markets (-): Kenya's export products that are the same or similar to those exported by China are likely to

suffer a trade- related loss because they will face stiff export competition in third country markets such as regional markets.

- China is not the traditional export destination for Kenya's scrap metal exports. In the last 10 years, however, the growth of Kenya's scrap metal pronged analytical framework to capture both the direct and indirect impacts of China-Kenya trade relations. In our assessment of the above effects, we have analyzed comparative advantage; export price similarity, and market penetration. Furthermore, in order to validate the welfare gains for consumers, we conducted a survey to learn about the welfare implications of various Chinese consumer products.
- Copper export growth has risen more than aluminum exports.
- Overall, the export trends and patterns of Kenya's major export products to China suggest that the trading relations have been beneficial to Kenya especially in affording the country participation in the international market and also in supporting economic activities through backward linkages (employment, and overall development). The export trading has been majorly on primary commodities some of which could be critical inputs in Kenya's own manufacturing sector.
- Kenya's major imports from China comprise organic chemicals; pharmaceuticals products; knitted or crocheted fabric; footwear; ceramic products; iron and steel; electrical and electronic equipment; and vehicles other than railway. In terms of value, the leading imports are electrical and electronic equipment; followed by vehicles; iron and steel; knitted or crocheted fabric and ceramic products; in that sequence. Kenya also locally manufactures ceramic products, knitted or crocheted fabric and footwear, thus the imports from China are in direct competition with local manufacturing industries. Kenya's competitiveness in footwear is much lower than China;
- Kenya has a comparative disadvantage in knitted or crocheted fabrics while China has been able to gain a comparative advantage in the last 10 years. Kenya's trade with China presents an opportunity for a wide range of goods in the local market. However Kenya is one of the countries where counterfeit products are widely found in the market.
- Chinese electronics attract the largest market in Nairobi (and other parts of Kenya), followed by footwear and textiles. Electronics is purchased irrespective of the level of education.
- The footwear purchase decreases with the level of education in Kenya. Textiles are purchased by the largest proportion of primary, secondary and diploma holders. These observations might suggest that the more educated might be inclined to better quality and perhaps other more expensive brands of shoes.
- China has a comparative advantage in the textiles, footwear and fabrics. On the other hand, Kenya has comparative advantage in the hides and skins products, and in sisal fiber, copper waste and scrap metal, and soap. It should therefore be expected that Kenya is able to export these products to China. Vice versa, a large part of the Chinese exports in Kenya and regional market comprise textiles and footwear.
- China's comparative advantage is increasing for soaps and paper products suggesting a possible threat for Kenya in the regional market. On the other hand, Kenya's comparative advantage is increasing for leather of bovine and sheep or lamb skin.
- The sector that has decreasing advantage for China is mainly in hides and skins. This is unlikely to impact on China in any way given that Kenya is a minor trader in the sector.
- Kenya's decreasing advantage in hides and skins could be attributed to recent government policy to deliberately discourage exports of raw hides and skins in order to protect the local tanneries and promote value addition.
- Even though comparative advantage is declining for some sectors in China, none of the sectors analyzed with comparative advantage in the past have disadvantage at present.

For Kenya, a number of sectors with advantage in the past are having disadvantage at present (raw hides and skins and woven cotton).

- China's impact on Kenya in the regional market
- Kenya faces competitive price
- Pressure from China in the regional market for manufacturing, especially textiles, clothing and footwear, and soap, potentially displacing the manufacturing exports of Kenya in Uganda and Tanzania.
- Kenya's global price competitiveness appear to be improving only in the hides and skins subsector; products that are not suited for regional markets. Kenya also seems to be more competitive in tea, leather, raw skins, aluminum waste and sisal.
- Kenya's prices are worsening for paper products, soap, and woven fabrics in the regional market. The price is improving in the regional market for tissue paper products.
- The availability of cheap Chinese products has been a welcome development for many consumers who find them affordable despite their poor quality. In a sense, this has been a source of relief from economic and political pressure.
- Kenya's trade with China also presents an opportunity for skills transfer and possibility of upgrading given the rapid penetration of Chinese manufactured exports to the East African market, prospects for Kenya's industrialization could be in jeopardy.

4.1 Conclusion

Greater competition from imports lowers consumer prices and gives some producers access to cheaper inputs and capital goods. Chinese imports do not necessarily displace domestic Production, as they may replace imports from other countries, lowering the cost of imports. The imports could also boost labor productivity within certain sectors and increase employment in services. But Kenya must still work to improve its manufacturing sector to compete with China's low cost manufacturing; Kenyan producers have to upgrade their skills or specialize in areas where they have a comparative advantage e.g. Tea, hide and skin, sisal fiber etc. However to improve exports, Kenya should negotiate for duty free access for cut flowers as part of the 404 primary products that China already allows to enter duty free. Exports to China, especially of services, may increase once China transitions to a consumption driven economy closer to 2030 Vision. When focusing on trade, policy makers should shift attention to improving export competitiveness and the overall balance of trade. Kenya's exports need to improve overall, not just to China. The study conclude that Kenya should develop strategies to promote export and high-tech trade, this project study showed that the rise in the export volume and improvement In trade towards high-tech products could increase the efficiency of provincial production as you know that the large amount of exports imply greater openness which could help domestic sector adopt new production technology and in turn increase production.

Chinese companies create a large number of local jobs, and they are the fifth largest employer from foreign direct investment in Kenya. Unlike in other places in Sub-Saharan Africa, China invests in more than natural resources in Kenya. Although metals investment is large, Chinese companies have also invested US$150.9 million in the communications sector, the second highest amount. China has also provided considerable financing for infrastructure, infrastructure that will help growth by lowering the cost of doing business. For future infrastructure projects, decision makers can create programs to encourage technology transfer with local firms and vocational institutes. Local industry will grow as more firms meet the standards to supply inputs for mega infrastructure projects, providing much needed jobs and skills. China is a business partner and is uninterested in the internal affairs of other countries.

Acknowledgement
This work would not have been materialized at all without the devoted willingness of other people who contributed in one way or the other to this success. We would like express our sincere gratitude to our supervisor, **Professor Lin Ping** for her extensive guidance in her capacity as supervisor of this research. Special thanks go to Samy for editing this research and his support and encouragement. For all these, we pose everlastingly thanks.

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