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# **AN ANALYSIS OF THE KENYAN ECONOMY AS A STRATEGICALLY IMPORTANT EXPORT MARKET FOR SRI LANKA (2008 – 2012)**

**(Inclusive of January – October 2013 Export Data)**

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## EXECUTIVE SUMMARY

It has been brought in to focus that our export markets are not sufficiently diversified to minimize the dependency on a few large exports markets; where at present EU and USA together absorb more than 50% of the country's total exports. A major objective of the EDB is to increase exports to markets other than EU and USA by over 50% by 2015, while consolidating the market position in the EU and USA. Therefore this study was carried out to fulfill the main objective of exploring opportunities in the Kenyan market for Sri Lanka's exports.

The **key findings** of this research work are summarized below.

- It should be highlighted that the Kenyan economy is expected to grow at a rate of 6% in 2014. The main reason for that is due to the high investment related to the discovery of oil and gas in 2012.
- Kenya is ranked as the 12<sup>th</sup> easiest economy for doing business among Sub-Saharan African countries.
- Our exports to Kenya have recovered well in 2010 after the world financial crisis which was prevailing during 2009. From 2009 to 2011, our exports have been increased by US \$6 million which is a 51% increase in export revenue.
- Since Kenya is a strategically important location to reach other East and West African markets, we should work closely with relevant agencies such as Sri Lanka High Commission in Kenya to solve the prevailing issues related to exporters and liaise with Ministry of External affairs and Department of Commerce to examine the possibility of Preferential Trade Agreements with Kenya.
- The trade balance turned in Sri Lanka's favour registering a trade surplus of US \$ 5 million in year 2012
- Sri Lanka caters for a small share in the Kenyan market. Sri Lanka's share in the Kenyan market has been increased after 2008 and thereafter Sri Lanka managed to increase that share in the Kenyan market.
- Sri Lanka is the largest supplier of Garments nes, of other textile materials, knitted (611490), Yarn (551120) and Natural rubber in other forms nes (HS.400129) to the Kenyan market. Furthermore, Sri Lanka is among the top 10 exporters for many selected products in the Kenyan market.
- 20 major products currently exported to Kenya have greater opportunity to expand and further, 9 products have been identified as potential exportable products which are not being currently exported to Kenya by Sri Lanka. However Sri Lanka's exports of these potential products other countries and are in high demand in Kenya as well.

## 1.0 INTRODUCTION

Kenya is the largest economy in the East Africa and it is in a major Strategic position between West Africa and East Africa. Kenya is a strategically important location to reach other East and West African markets for Sri Lanka. Kenya is more diversified than other economies in the region. The economy of Kenya shows a continuous growth as shown below. It should be highlighted that the economy is expected to grow at a rate of 6% in 2014. The main reason for that is the high investment related to the discovery of oil and gas in 2012. Other strengths of the Kenyan economy are the availability of better telecommunications systems and the developed financial service in the country.

Table 1: GDP Growth of Kenya

	2011	2012	2013(e)	2014(forecasted)
GDP growth (%)	4.4	4.7	5.8	6.0

## 2.0 OVERVIEW OF THE KENYAN ECONOMY

Following table summarizes some key information about Kenyan economy

Table 2: Overview of the Kenyan economy

Name	Republic of Kenya
Land Area	580,367 sq km
Population (2011)	44,037,656 (July 2013 est.)
Language	English (official), Kiswahili (official), numerous indigenous languages
Currency	Kenyan shillings (KES)
Exchange Rate (June 2013)	US\$ 1.00 = KES 84.53 (2012 est.)
Per Capita GDP –PPP current (2012)	\$1,800 (2012 est.)
Trade (2012)	Exports – \$6.285 billion (2012 est.) Imports – \$15.1 billion (2012 est.) Balance – US\$ -8.815 billion Total Trade – US\$ 21.385 billion
Reserves of foreign exchange and gold	\$5.712 billion (31 December 2012 est.)
Stock of direct foreign investment - at home	\$3.059 billion (31 December 2012 est.)
Inflation ( 2012)	5.0% (2013 e)
GDP - real growth rate	5.8% (2013 e)

Sources: CIA fact book & Coface



### 3.0 EASE OF DOING BUSINESSES IN KENYA

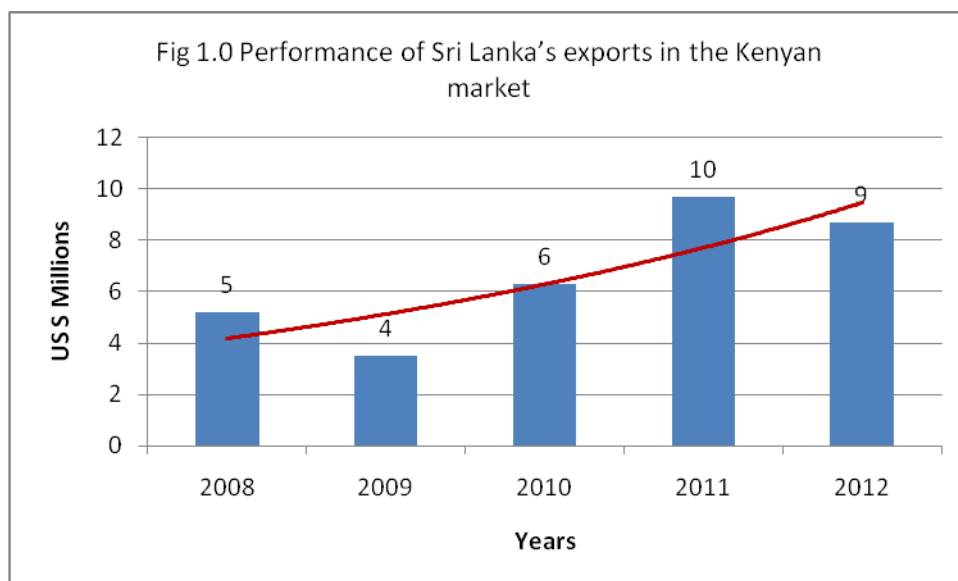
Kenya is ranked as the 12<sup>th</sup> easiest economy for doing business among Sub - Saharan African countries. Following Kenyan cities are ranked according to the ease of doing business as per the doing business ranking. Ranking is based on the criteria of Starting a Business, Dealing with Construction Permit, Registering Property etc... According to that, doing business is easiest in Malaba, Narok and Thika cities.

Table 3 Ease of doing businesses rank of some selected Kenyan cities

City	Ease of doing business rank
Malaba	1
Narok	2
Thika	3
Garissa	4
Eldoret	5
Mombasa	6
Isiolo	7
Kisumu	8
Kilifi	9
Nyeri	10

### 4.0 PERFORMANCE OF SRI LANKA'S EXPORTS TO THE KENYAN MARKET

The following diagram shows that during the period 2008 to 2012, exports to Kenya from Sri Lanka has been increased by a rate of 20.5%. The of Sri Lankan exports to Kenya display an increasing trend over the selected time period. Furthermore ,our exports to Kenya have recovered well in 2010 after the world financial crisis which was prevailed during 2009. From 2009 to 2011, our exports have been increased by US \$6 million which is a 51% increase in revenue.derived from expots to this market



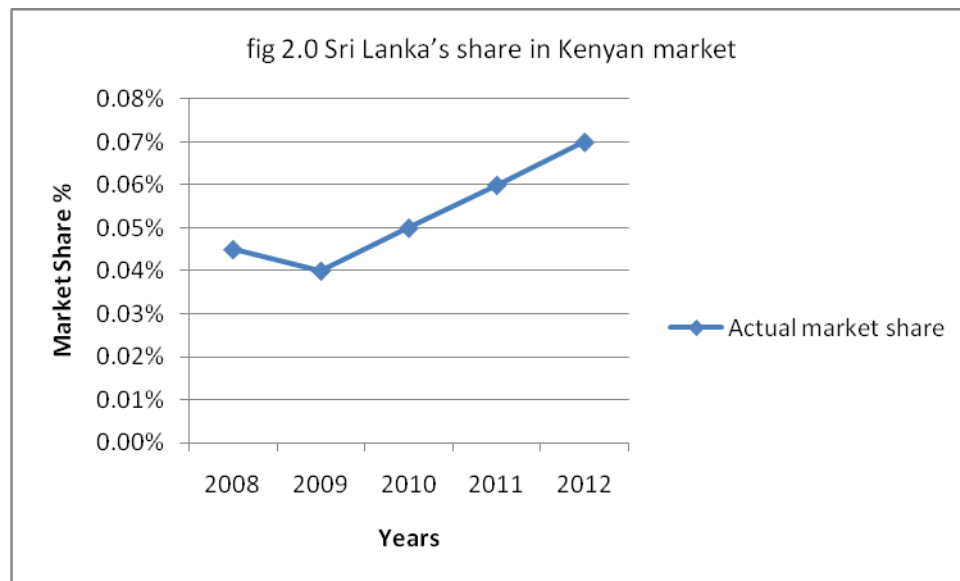
## 5.0 SRI LANKA'S SHARE IN KENYAN MARKET

The following table illustrates Sri Lanka's share in the Kenyan market and for each year from 2008 to 2012. It should be noticed that Sri Lanka caters only for a small share in the Kenyan market.

Table 4: Sri Lanka's share in Kenyan market

	2008	2009	2010	2011	2012	Avg. Annual Rate of Growth
<b>Total size of the Kenyan import market US\$ millions</b>	11,128	10,202	12,093	15,028	15,059	9.9%
<b>Sri Lanka exports to Kenya US\$ millions – CIF terms</b>	5	4	6	9	10	21.9%
<b>Sri Lanka's share in Kenyan market</b>	0.045%	0.04%	0.05%	0.06%	0.07%	-

The following diagram graphically illustrates Sri Lanka's Share in the Kenyan Market. It shows that the Sri Lanka's market share is growing in the Kenyan market.



Source: Sri Lanka Customs and ITC data

## 6.0 BILATERAL TRADE BETWEEN SRI LANKA AND KENYA

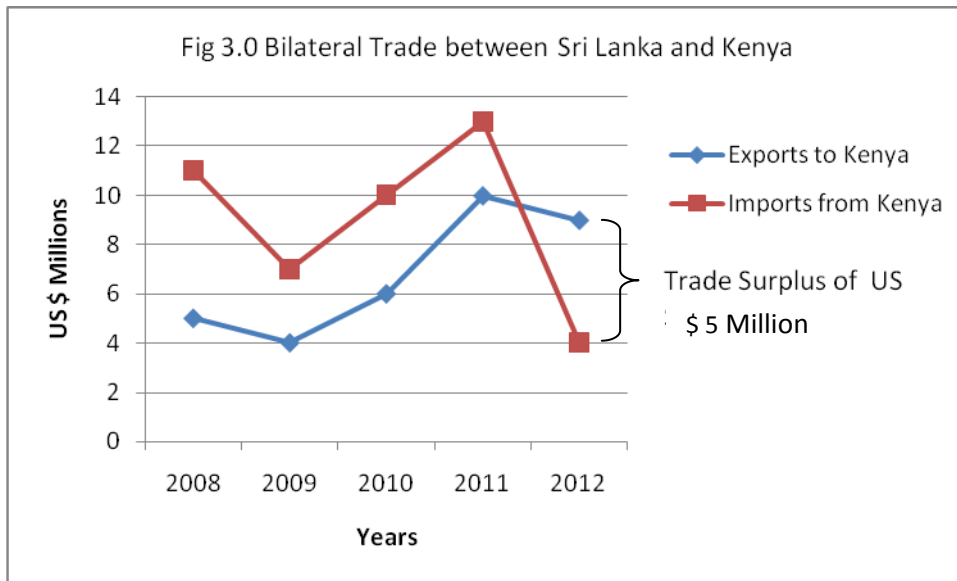
From 2008 to 2011, Sri Lanka registered a continuous trade deficit with Kenya. However during that period, Sri Lanka managed to reduce the trade deficit with Kenya from US \$ 6 million to US \$ 3 million. During 2012, the trade balance turned in Sri Lanka's favour registering a trade surplus of US \$ 5 million which is illustrated in the following table.

Table 5: Bilateral trade between Sri Lanka and Kenya

	2008	2009	2010	2011	2012
<b>Exports to Kenya</b>	5	4	6	10	9
<b>Imports from Kenya</b>	11	7	10	13	4
<b>Total Trade</b>	16	11	16	23	13
<b>Balance of Trade</b>	-6	-3	-4	-3	<b>5</b>

Source: Sri Lanka Customs

Following diagram shows the pattern of trade (imports & exports) between Sri Lanka and Kenya for the period of 2008 to 2012.



## 7.0 PRODUCTS CURRENTLY EXPORTED TO KENYA WITH GREATER OPPORTUNITY TO EXPAND

Following table summarizes the position of some selected Sri Lankan products which are currently exported to Kenyan market. These products are selected since they have greater opportunity for expansion in the Kenyan market.

Table 6: Products currently exported to Kenya with more opportunity to expand

Product	Total Imports to Kenya (US\$ '000)	Exports by Sri Lanka to Kenya (US\$ '000)	% Contribution Of Sri Lanka	Sri Lanka's Rank among the competing countries	Top ten competitors
Rice. Semi-Milled or Wholly Milled Rice <b>HS.100630</b>	169,381	2,254	1.33 %	<b>4</b>	Pakistan, India , Thailand , South Africa , Oman , Tanzania , Uganda , Italy , Cambodia, Korea
Technically specified natural rubber, in primary forms or in plates, etc <b>HS.400122</b>	6,570	1,002	15.25 %	<b>3</b>	Indonesia , Thailand , Malaysia , Guatemala , Côte d'Ivoire Nigeria , Viet Nam, Burundi
Cartons, boxes, cases, bags and other packing containers like <b>HS.481920</b>	10375	893	8.61 %	<b>5</b>	Turkey , China , Sweden, Egypt , South Africa , India , Norway , France, United Kingdom, Indonesia
Natural rubber in other forms nes <b>HS.400129</b>	805	490	60.87 %	<b>1</b>	Thailand, Malawi, Malaysia . Tanzania, United Kingdom, Cambodia , Germany Guinea , Côte d'Ivoire, Nigeria
Liquid dielectric transformers havg a power handlg capa <b>HS.850421</b>	25389	299	1.18 %	<b>6</b>	China , India , Tanzania, Brazil , South Africa, Korea, Ireland , Sweden, Greece , Switzerland

Product	Total Imports to Kenya (US\$ '000)	Exports by Sri Lanka to Kenya (US\$ '000)	% Contribution Of Sri Lanka	Sri Lanka's Rank among the competing countries	Top ten competitors
Plates,sheets&strip of non cellular rubber <b>HS.400821</b>	3496	282	8.07 %	<b>4</b>	India , Italy , Malaysia, United Kingdom, Netherlands , South Africa , China , Taipei, France , Germany
Envelopes of paper <b>HS.481710</b>	1202	267	22.21 %	<b>2</b>	Indonesia , Egypt , Zambia , South Africa, Tanzania , Malaysia United Kingdom , China, India , Belgium
Sacks and bags, of paper, nes; including cones <b>HS.481940</b>	1475	267	18.01 %	<b>3</b>	China , Uganda , India Oman , Germany , Austria , United Kingdom, South Africa , Sweden, Israel
Coconut, abaca Manila hemp or Musa textilis Nee, ramie, agave and othe <b>HS.530500</b>	1849	183	9.9 %	<b>3</b>	Brazil , India , Ecuador, Philippines , Viet Nam, Thailand , Belgium, Cameroon , China , Czech Republic
Boards,panels,etc for goods of headg no. 85.37,not equippd w their app <b>HS.853810</b>	1973	166	8.41 %	<b>3</b>	China , India , France, United Kingdom , Romania , Spain, Germany , Japan , Italy, Turkey
Sewing thread of synthetic staple fibres <b>HS.550810</b>	2698	150	5.56 %	<b>2</b>	China , Korea, India Hong Kong, Pakistan, Malaysia , Taipei, Germany , Indonesia, United States of America
Coconut, abaca Manila hemp or Musa textiles <b>HS.53050071</b>	245	120	48.97 %	<b>2</b>	India, Netherland

Product	Total Imports to Kenya (US\$ '000)	Exports by Sri Lanka to Kenya (US\$ '000)	% Contribution Of Sri Lanka	Sri Lanka's Rank among the competing countries	Top ten competitors
Womens/girls skirts, of cotton, not knitted <b>HS.843860</b>	1131	109	9.64 %	<b>3</b>	United Kingdom , Italy, South Africa , United States of America , China, Brazil , Germany , India, Turkey , Netherlands
Black tea (fermented)&partly fermentd tea in packages not exceedg 3 kg <b>090230</b>	22,843	102	0.45 %	<b>5</b>	Uganda , Rwanda, Tanzania , Egypt, Indonesia , United Kingdom , Finland, Netherlands , Germany
Black tea (fermented) & partly fermented tea in packages exceedg 3 kg 090240	150,323	59	0.04 %	<b>11</b>	Rwanda , Uganda, Tanzania , Malawi India , Mozambique, Yemen , Madagascar, Egypt , Indonesia
Yarn, <b>551120</b>	79	57	72.15 %	<b>1</b>	Sri Lanka , China , Canada, France , Germany , Italy , Pakistan, Spain , Turkey, United States of America
Activated carbon <b>380210</b>	716	52	7.26 %	<b>5</b>	Philippines , India , China, Netherlands , South Africa , United States of America , Germany, Belgium , France, Indonesia
Nuts&seeds <b>200819</b>	1841	67	3.64 %	<b>3</b>	India , United States of America , Netherlands, Singapore , Sweden, Germany , Malawi , Italy, Czech Republic , South Africa
Solid o cushiond tires <b>401290</b>	4997	109	2.18 %	<b>7</b>	Malaysia , China , South Africa , Brazil, Netherlands , India, United Kingdom Korea, Thailand, Singapore

Product	Total Imports to Kenya (US\$ '000)	Exports by Sri Lanka to Kenya (US\$ '000)	% Contribution Of Sri Lanka	Sri Lanka's Rank among the competing countries	Top ten competitors
Garments nes, of other textile materials, knitted <b>611490</b>	171	36	21.05 %	<b>1</b>	Italy , Pakistan , Turkey South Africa , Ethiopia, Korea, , Denmark , Niger, Thailand , United Kingdom
Gloves nes of rubber <b>401519</b>	12023	25	0.21 %	<b>6</b>	Malaysia , Indonesia, Thailand , China , India, United States of America, South Africa , France , Italy , United Kingdom

Source : Customs Data and ITC Data



## 8.0 POTENTIAL EXPORTABLE PRODUCTS TO KENYAN MARKET

Following table shows the products which have been identified as potential exportable products to the Kenyan market. These products are not currently exported to Kenya by Sri Lanka. However Sri Lanka exports those products to other countries and these products are well in demand in Kenya as well. These selected products have been showing a positive annual growth in value of total imports to Kenya during the period under review which is illustrated in the following table.

Table 7: Potential exportable products to Kenyan market

HS code	Products	Sri Lanka's exports to the world (US\$ '000) 2012 data	Total imports to Kenya (US\$ '000) 2012 data	Annual Growth in value of total imports to Kenya 2008-2012	Tariff Rate applied by Kenya for Sri Lanka
540752	Woven fabrics	218	58,525	16%	25%
640299	Footwear, outer soles/uppers of rubber or plastics	124	54,673	13%	25%
640220	Footwear of rubber or plastics, upper straps assembled to sole by plugs	917	33,559	48%	25%
600632	Dyed fabrics, knitted or crocheted, of synthetic fibres	272	29,717	43%	25%
040221	Milk and cream powder unsweetened exceeding 1.5% fat	47	21,143	52%	60%
600410	Knitted or crocheted fabrics	595	9,967	14%	25%
620343	Mens/boys trousers and shorts, of synthetic fibres, not knitted	29,332	6,914	-10% (but 24% during 2012)	25%
854470	Optical fibre cables, made up of individually sheathed fibres	15	6,849	-24 % (but 119% during 2012)	00%
320619	Titanium pigments and preps, <80% titanium oxide	1	6,779	64%	00%

Source: ITC Data base

## 9.0 BARRIERS TO TRADE

Kenya is a member of the East African Community (EAC) with a population of about 80 million. It is also a member of the Common Market for Eastern and Southern Africa (COMESA) with a population of about 380 million. Exports and imports within member countries benefit from preferential tariff rates. EAC Member States have signed a Protocol to establish a Customs Union.

Following sections illustrate the import tariff rates applied by Kenyan government for the selected products (products which are already imported by Kenya from Sri Lanka).

### 9.0.1 Average tariff applied by Kenya for Rice. Semi-Milled or Wholly Milled Rice (HS.100630)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 8: Average tariff applied by Kenya for Rice Semi-Milled or Wholly Milled Rice (HS.100630)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Pakistan	75	1
India	75	2
Thailand	75	3
Sri Lanka	75	4
South Africa	75	5
Oman	75	6
United Republic of Tanzania	0	7
Uganda	0	8
Italy	75	9
Cambodia	75	10

Source: ITC Tariff data

## 9.0.2 Average tariff applied by Kenya for Technically specified natural rubber (HS.400122)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 9: Average tariff applied by Kenya for Technically specified natural rubber (HS.400122)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Indonesia	0	1
Thailand	0	2
Sri Lanka	0	3
Malaysia	0	4
Guatemala	0	5
Côte d'Ivoire	0	6
Nigeria	0	7
Viet Nam	0	8
Burundi	0	9

Source: ITC Tariff data

### 9.0.3 Average tariff applied by Kenya for Cartons, boxes, cases, bags (HS.481920)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 10: Average tariff applied by Kenya for Cartons, boxes, cases (HS.481920)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Turkey	17.5	1
China	17.5	2
Sweden	17.5	3
Egypt	0	4
Sri Lanka	17.5	5
South Africa	17.5	6
India	17.5	7
Norway	17.5	8
France	17.5	9
United Kingdom	17.5	10

Source: ITC Tariff data

#### 9.0.4 Average tariff applied by Kenya for Natural rubber in other forms nes (HS.400129)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 11: Average tariff applied by Kenya for Natural rubber in other forms nes (HS.400129)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Sri Lanka	0	1
Thailand	0	2
Malawi	0	3
Malaysia	0	4
United Republic of Tanzania	0	5
United Kingdom	0	6
Cambodia	0	7
Germany	0	8
Guinea	0	9
Côte d'Ivoire	0	10

Source: ITC Tariff data

### 9.0.5 Average tariff applied by Kenya for Liquid dielectric transformers (HS.850421)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 12: Average tariff applied by Kenya for Liquid dielectric transformers (HS.850421)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
China	0	1
India	0	2
United Republic of Tanzania	0	3
Brazil	0	4
South Africa	0	5
Sri Lanka	0	6
Korea, Republic of	0	7
Ireland	0	8
Sweden	0	9
Greece	0	10

Source: ITC Tariff data

### 9.0.6 Average tariff applied by Kenya for Plates,sheets&strip of non cellular rubber (HS.400821)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 13: Average tariff applied by Kenya for Plates,sheets&strip of non cellular rubber (HS.400821)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
India	10	1
Italy	10	2
Malaysia	10	3
Sri Lanka	10	4
United Kingdom	10	5
Netherlands	10	6
South Africa	10	7
China	10	8
Taipei, Chinese	10	9
France	10	10

Source: ITC Tariff data

### 9.0.7 Average tariff applied by Kenya for Envelopes of paper (HS.481710)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 14: Average tariff applied by Kenya for Envelopes of paper (HS.481710)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Indonesia	25	1
Sri Lanka	25	2
Egypt	0	3
Zambia	0	4
South Africa	25	5
United Republic of Tanzania	0	6
Malaysia	25	7
United Kingdom	25	8
China	25	9
India	25	10

Source: ITC Tariff data



### 9.0.8 Average tariff applied by Kenya for Sacks and bags, of paper, nes; including cones (HS.481940)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 15: Average tariff applied by Kenya for Sacks and bags, of paper, nes; including cones (HS.481940)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
China	25	1
Uganda	0	2
Sri Lanka	25	3
India	25	4
Oman	25	5
Germany	25	6
Austria	25	7
United Kingdom	25	8
South Africa	25	9
Sweden	25	10

Source: ITC Tariff data

### 9.0.9 Average tariff applied by Kenya for Coconut, abaca Manila hemp or Musa textilis Nee, ramie, agave and othe (HS.530500)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 16: Average tariff applied by Kenya for Coconut, abaca Manila hemp or Musa textilis Nee, ramie, agave and othe (HS.530500)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Brazil	0	1
India	0	2
Sri Lanka	0	3
Ecuador	0	4
Philippines	0	5
Viet Nam	0	6
Thailand	0	7
Belgium	0	8
Cameroon	0	9
China	0	10

Source: ITC Tariff data

### 9.0.10 Average tariff applied by Kenya for Boards,panels,etc for goods of headg no. 85.37,not equippd w their app (HS.853810)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 17: Average tariff applied by Kenya for Boards,panels,etc for goods of headg no. 85.37,not equippd w their app (HS.853810)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
China	10	1
India	10	2
Sri Lanka	10	3
France	10	4
United Kingdom	10	5
Romania	10	6
Spain	10	7
Germany	10	8
Japan	10	9
Italy	10	10

Source: ITC Tariff data

### 9.0.11. Average tariff applied by Kenya for Sewing thread of synthetic staple fibres (HS.550810)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 18: Average tariff applied by Kenya for Sewing thread of synthetic staple fibres (HS.550810)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
China	25	1
Sri Lanka	25	2
Korea, Republic of	25	3
India	25	4
Hong Kong, China	25	5
Pakistan	25	6
Malaysia	25	7
Taipei, Chinese	25	8
Germany	25	9
Indonesia	25	10

Source: ITC Tariff data

### 9.0.12 Average tariff applied by Kenya for Coconut, abaca Manila hemp or Musa textiles (HS.53050071)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 19: Average tariff applied by Kenya for Coconut, abaca Manila hemp or Musa textiles (HS.53050071)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Brazil	0	1
India	0	2
Sri Lanka	0	3
Ecuador	0	4
Philippines	0	5
Viet Nam	0	6
Thailand	0	7
Belgium	0	8
Cameroon	0	9
China	0	10

Source: ITC Tariff data

### 9.0.13 Average tariff applied by Kenya for Womens/girls skirts, of cotton, not knitted (HS.843860)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 20: Average tariff applied by Kenya for Womens/girls skirts, of cotton, not knitted (HS.843860)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
United Kingdom	0	1
Italy	0	2
Sri Lanka	0	3
South Africa	0	4
United States of America	0	5
China	0	6
Brazil	0	7
Germany	0	8
India	0	9
Turkey	0	10

Source: ITC Tariff data

### 9.0.14 Average tariff applied by Kenya for Black tea (fermented)&partly fermented tea in packages not exceedg 3 kg (090230)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 21: Average tariff applied by Kenya for Black tea (fermented)&partly fermented tea in packages not exceedg 3 kg (090230)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Uganda	0	1
Rwanda	0	2
United Republic of Tanzania	0	3
Egypt	0	4
Sri Lanka	25	5
Indonesia	25	6
United Kingdom	25	7
Finland	25	8
Netherlands	25	9
Germany	25	10

Source: ITC Tariff data

### 9.0.15 Average tariff applied by Kenya for Black tea (fermented) & partly fermented tea in packages exceedg 3 kg (090240)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 22: Average tariff applied by Kenya for Black tea (fermented) & partly fermented tea in packages exceedg 3 kg (090240)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Rwanda	0	1
Uganda	0	2
United Republic of Tanzania	0	3
Malawi	0	4
India	25	5
Mozambique	25	6
Yemen	25	7
Madagascar	0	8
Egypt	0	9
Indonesia	25	10
Sri Lanka	25	11

Source: ITC Tariff data



### 9.0.16 Average tariff applied by Kenya for Yarn (551120)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 23: Average tariff applied by Kenya for Yarn, (551120)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Sri Lanka	10	1
China	10	2
Canada	10	3
France	10	4
Germany	10	5
Italy	10	6
Pakistan	10	7
Spain	10	8
Turkey	10	9
United States of America	10	10

Source: ITC Tariff data

### 9.0.17 Average tariff applied by Kenya for Activated carbon (380210)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 24: Average tariff applied by Kenya for Activated carbon (380210)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Philippines	0	1
India	0	2
China	0	3
Netherlands	0	4
Sri Lanka	0	5
South Africa	0	6
United States of America	0	7
Germany	0	8
Belgium	0	9
France	0	10

Source: ITC Tariff data

### 9.0.18 Average tariff applied by Kenya for Nuts&seeds (200819)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 25: Average tariff applied by Kenya for Nuts&seeds (200819)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
India	25	1
United States of America	25	2
Sri Lanka	25	3
Netherlands	25	4
Singapore	25	5
Sweden	25	6
Germany	25	7
Malawi	0	8
Italy	25	9
Czech Republic	25	10

Source: ITC Tariff data

### 9.0.19 Average tariff applied by Kenya for Solid o cushiond tires (401290)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 26: Average tariff applied by Kenya for Solid o cushiond tires (401290)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Malaysia	17.5	1
China	17.5	2
South Africa	17.5	3
Brazil	17.5	4
Netherlands	17.5	5
India	17.5	6
Sri Lanka	17.5	7
United Kingdom	17.5	8
Korea, Republic of	17.5	9
Thailand	17.5	10

Source: ITC Tariff data

### 9.0.20 Average tariff applied by Kenya for Garments nes, of other textile materials, knitted (611490)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 27: Average tariff applied by Kenya for Garments nes, of other textile materials, knitted (611490)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Sri Lanka	25	1
Italy	25	2
Pakistan	25	3
Turkey	25	4
South Africa	25	5
Ethiopia	2.5	6
Korea, Republic of	25	7
Denmark	25	8
Niger	25	9
Thailand	25	10

Source: ITC Tariff data

## 9.0.2 1 Average tariff applied by Kenya for Gloves nes of rubber (401519)

Following table summarizes the import tariff rates imposed by Kenya for Sri Lanka and for the main competing countries of Sri Lanka. Applied tariff year is taken as 2012.

Table 28: Average tariff applied by Kenya for Gloves nes of rubber (401519)

Country	Average tariff applied by Kenya (for HS 090240)	Ranking based on the value of imports by Kenya
Malaysia	10	1
Indonesia	10	2
Thailand	10	3
China	10	4
India	10	5
Sri Lanka	10	6
United States of America	10	7
South Africa	10	8
France	10	9
Italy	10	10

Source: ITC Tariff data

## 10. SRI LANKA'S EXPORTS TO KENYA FROM JANUARY TO OCTOBER OF 2013

The Following table compares the performance of some products (depending on the availability of data) exported by Sri Lanka to Kenyan market from January to October of 2013.

Table 29: Comparison of Sri Lanka's Exports to Kenya from January to October of 2013 with the exports from January to October of 2012.

Product	2012	2013
	Jan-October (US \$ Thousands)	Jan-October (US \$ Thousands)
Cartons, boxes, cases, bags and other packing containers like <b>HS.481920</b>	893	1,457
Natural rubber in other forms nes <b>HS.400129</b>	490	417
Liquid dielectric transformers havg a power handlg capa <b>HS.850421</b>	299	151
Envelopes of paper <b>HS.481710</b>	233	240
Sacks and bags, of paper, nes; including cones <b>HS.481940</b>	198	174
Coconut, abaca Manila hemp or Musa textilis Nee, ramie, agave and othe <b>HS.530500</b>	346	314

Sewing thread of synthetic staple fibres <b>HS.550810</b>	101	483
Coconut, abaca Manila hemp or Musa textiles <b>HS.53050071</b>	120	167
Womens/girls skirts, of cotton, not knitted <b>HS.843860</b>	60	56
Black tea (fermented)&partly fermentd tea in packages not exceedg 3 kg <b>090230</b>	95	195
Activated carbon <b>380210</b>	53	102
Solid o cushiond tires <b>401290</b>	40	28

\*\*Note: The above table was developed on the basis of the Sri Lanka's Customs data available at EDB data base.



## 11. TOP 20 PRODUCTS IMPORTED BY SRI LANKA FROM KENYA

The following table summarizes the top 20 products imported by Sri Lanka from Kenya during 2012.

Table 30: Top 20 products imported by Sri Lanka from Kenya

HS code	Product	Total Import Value (US \$'000)
H.09024099	Other black tea (fermented) and other partly fermented tea	2669
H.09024019	Other black tea (fermented) and other partly fermented tea	714
H.283620	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate.	116
H.09024012	Other black tea (fermented) and other partly fermented tea :	79
H.64062090	Outer soles and heels of rubber or plastics	76
H.25309090	Other mineral substances not elsewhere specified (nes)	61
H.09022019	Green tea, whether or not flavoured, not fermented, excl HD 090210, pack >3 Kg	46
H.07133110	Green gram (moong), dried	41
H.530610	Single flax yarn put up for retail sale	26
H.290531	Ethylene glycol (ethanediol)	25

H.09022099	Green tea,whether or not flavoured, not fermented, excl HD 090210, pack >3 Kg	16
H.390422	Polymers of vinyl chloride or of other halogenated olefins, in primary forms.	16
H.640610	Parts of footwear (including uppers whether or not attached to soles other than outer soles)	16
H.03011090	-Ornamental fish :	13
H.741121	-Copper tubes and pipes.	11
H.731100	-Containers for compressed or liquefied gas, of iron or steel.	10
H.49081010	-Transfers (decalcomanias), vitrifiable :	5
H.030199	-Live fish.	5
H.580620	-Narrow woven fabrics, other than goods of heading 58.07; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs).	4
H.85044030	-Static converters :	3

\*\*Note: The above table was developed on the basis of the Sri Lanka's Customs data available at EDB data base.

## 12. CONCLUSION

This analysis focuses on the Kenyan economy as a Strategic export destination for Sri Lanka. After analyzing the Kenyan market, it has been identified that 20 products which are being currently exported to Kenya by Sri Lanka are capable of generating higher revenue to Sri Lanka. The import market for these selected items are growing at a considerable rate in Kenya. Even though there is a high demand for these products in Kenya, Sri Lanka has not been able to exploit the full potential due to supply side constraints and also due to trade barriers such as high tariffs as well. Products currently exported to Kenya with greater opportunities to expand and potential exportable products to the Kenyan market which are not currently exported by Sri Lanka have also been identified.

Sri Lanka is among the top ten exporting countries for most of the products identified in this analysis. We should conduct awareness programmes about the Opportunities available in Kenyan Market to Sri Lankan Exporters and to launch Promotional Campaigns in Kenya.

Since Kenya is strategically important location to reach other East and West African markets, we should work closely with relevant agencies such as Sri Lanka High Commission in Kenya to solve the prevailing issues related to exporters and liaise with Ministry of External affairs and Department of Commerce to examine the possibility of Preferential Trade Agreements with Kenya.

The products to be promoted in Kenya are :

- Rice. Semi-Milled or Wholly Milled Rice **HS.100630**
- Technically specified natural rubber, in primary forms or in plates, etc **HS.400122**
- Cartons, boxes, cases, bags and other packing containers like **HS.481920**
- Natural rubber in other forms nes **HS.400129**
- Liquid dielectric transformers havg a power handlg capa **HS.850421**
- Plates,sheets&strip of non cellular rubber **HS.400821**
- Envelopes of paper **HS.481710**
- Sacks and bags, of paper, nes; including cones **HS.481940**
- Coconut, abaca Manila hemp or Musa textilis Nee, ramie, agave and othe **HS.530500**
- Boards,panels,etc for goods of headg no. 85.37,not equippd w their app **HS.853810**
- Sewing thread of synthetic staple fibres **HS.550810**
- Coconut, abaca Manila hemp or Musa textiles **HS.53050071**
- Womens/girls skirts, of cotton, not knitted **HS.843860**
- Black tea (fermented)&partly fermentd tea in packages not exceedg 3 kg **HS.090230**
- Black tea (fermented) & partly fermented tea in packages exceedg 3 kg **HS.090240**
- Yarn, **HS. 551120**

- Activated carbon **HS.380210**
- Nuts&seeds **HS.200819**
- Solid o cushiond tires **HS.401290**
- Garments nes, of other textile materials, knitted **HS.611490**
- Gloves nes of rubber **HS.401519**

This analysis further identifies 9 product categories which are not currently being exported to Kenya by Sri Lanka, but with potential to grow. These products are given below.

- Woven fabrics **(HS.540752)**
- Footwear, outer soles/uppers of rubber or plastics **(HS.640299)**
- Footwear of rubber or plastics,upper straps assembled to sole by plugs **(HS.640220)**
- Dyed fabrics, knitted or crocheted, of synthetic fibres **(HS.600632)**
- Milk and cream powder unsweetened exceeding 1.5% fat **(HS.040221)**
- Knitted or crocheted fabrics **(HS.600410)**
- Mens/boys trousers and shorts, of synthetic fibres, not knitted **(HS.620343)**
- Optical fibre cables, made up of individually sheathed fibres **(HS.854470)**
- Titanium pigments and preps, <80% titanium oxide **(HS.320619)**

It is also suggested that the potential Sri Lankan exporters be identified and be informed about the opportunities in the Kenyan market and also give them possible support to enhance their trade with Kenya. Supplying detailed information of our exportable products to potential buyers in Kenya is very important. To successfully reach the target market, launching an efficient promotional campaign would be highly beneficial.

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