



Kenya exports to US climb to KES.67Bn

- Kenyan exports to America under the Africa Growth Opportunities Act (AGOA) increased 3.7% to hit KES.67Bn in 2019 from KES.64Bn recorded in 2018.
- Kenya emerged the fourth exporter under AGOA after Nigeria, South Africa and Angola in Africa.
- Goods exported totaled KES.40Bn while those imported totaled KES.67Bn, representing a goods trade deficit of KES.27Bn in 2019.
- Primary exports to the US included apparel, macadamia nuts, titanium, coffee, tea and spices while imports from the US to Kenya were led by aircraft, plastics, machinery and wheat.
- The new figures come on the back of ongoing efforts between the two countries to seal a bilateral free trade agreement that is expected to be a model for similar pacts with the region.
- The US is also keen to have Kenya address non-tariff barriers across several classes of agricultural goods as well as concerns around the intellectual property rights of US digital firms.
- A major concern of the Kenya and US trade pact is the risk of crippling sectors such as agriculture and manufacturing and disintegrating the Kenyan economy due to stiff competition from subsidized US products.

Our View

- **The rise in exports is expected to increase aggregate demand, narrow the country's current account deficit and foster gross domestic product (GDP) growth.**
- Kenya's current account deficit (US\$4819.60Mn) as a percentage of GDP stood at 4.9% by the end of October 2020 compared to 5.3% in 2019.
- The narrowing deficit is a positive to the Kenya shilling that has depreciated by 7.3% from 101.34 in the start of the year to current 108.77 in comparison to the 0.5% appreciation in 2019.
- Although imports from tourism and other sectors still remain low, export volumes are expected to increase following the easing of lockdowns.