A COMPARATIVE STUDY OF US – KENYA AGOA TRADE RELATIONS

BETWEEN PRESIDENT GEORGE W. BUSH AND PRESIDENT

BARACK H. OBAMA.

BY

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UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

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UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA.

SPRING, 2018
STUDENT DECLARATION

I, the undersigned, do hereby declare that this thesis is my original work, and has not been submitted to any other college, institution or university, other than the United States International University-Africa, for academic credit.

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This thesis has been presented for examination with my approval as the assigned supervisor.

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DEPUTY VICE CHANCELLOR, ACADEMIC AND STUDENT AFFAIRS
DEDICATION

This work is dedicated to my Parents and Brother who without their words of encouragement and prayers I would not have succeeded in this research.
ACKNOWLEDGEMENT

I start by acknowledging for He granted me the grace and wisdom that was extremely vital in this research. My deepest gratitude to my family who supported my throughout the research process, going above and beyond what is required of them. Thank you. In a special way, I want to thank my supervisor Mr. Leonard Maumo and my reader Dr. Joe Kimani for their guidance that never quivered at any point of the research.

I thank my colleagues both at work and in school for their support during this research. My deepest gratitude goes to all the respondents I interviewed for this research. Thank you for taking time to talk about this research. I would also like to appreciate Mr. & Mrs. George Mang’eli for assisting me in securing appointments with relevant respondents.
**ABSTRACT**

In a fast globalizing world, trade free policies seem to be a common trait in bilateral agreements. Theses bilateral trade agreements are informed by the WTO regulations on free trade and are subject to renewal and renegotiation once their term limit has expired. The WTO has over the years been successful in abolishing trade barriers that cause trade among countries to be expensive. International trade functions on the basis of comparative advantage whereby a country specializes in maximizing their resources to produce quality goods at an affordable price. Therefore, trading with another country that has the comparative advantage in the production of other goods and such is the practice of international trade.

The AGOA trade policy is a multilateral agreement however; it is considered a bilateral agreement when discussing the Kenya – U.S trade. The implementation of AGOA has seen the reign of two U.S presidents, President Bush and President Obama who had a personal relation with Kenya. The study sought to compare the implementation of AGOA between both administrations to ascertain which administration was more beneficial to Kenya. An African – American president in the White House, what changes or benefits were experienced by Kenya under AGOA?

The study’s focus is also towards determining the mutuality of trade between U.S and Kenya under AGOA. The exchange of goods between countries is done in order to fulfill a country’s need for a certain good and for profitability in the country’s economy. The studying uses statistical data to determine whether a trade deficit or trade surplus is the outcome of the trade exchange under AGOA.
Substantial research has been done on AGOA in Kenya; nonetheless, there is no available literature on impact of regime change in U.S on AGOA implementation in Kenya. This research seeks to fill this gap by gathering primary data from Kenyan policy makers on impact of regime change in U.S on the implementation of AGOA.
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1.0. CHAPTER ONE:

Background to the Study

1.1. Introduction

The United States of America is the world’s leading country and has been as so since the end of the Cold War. Its supremacy is derived from its strong economy, strong military, large population and geostrategic location on the globe. In its status as a super power, U.S has been forced to form strategic relations with countries across the globe. One of the continents that are highly regarded in U.S foreign policy is Africa due to its wealth of valuable resources and minerals that can ensure maintenance of U.S status quo. The nature of U.S –Africa relations is shaped by the national interests that are articulated by the government of the day (Olsen, 2017).

AGOA is a transcontinental trade deal drafted by the U.S Congress to trade with Sub-Saharan African countries (SSA) and the Caribbean Islands in 2000. This study was aimed at comparing the trade relations under AGOA between the Bush administration and the Obama reign to establish which of the two administrations was more beneficial to Kenya. The research sought to counter or re-affirm a widespread notion that having an African-American in the White House was of help to Kenya and by extension the African continent. The study was carried out on the backdrop of Barack Obama’s self-proclaimed pride of his paternal roots in Kenya.

US-Africa relations can be studied from numerous angles with an aim of understanding how these two entities relate. However, it can be argued that studying the relations of the two continents as two actors in the international system is far from objective (Schraeder, 1991).
America is a single actor in the international system while Africa comprises of 54 actors with distinct historical backgrounds and cultural practices. Hence, different countries on the African continent will relate differently with US because each of the 54 countries have their own foreign policy to pursue as well as the U.S. Therefore, this study focuses on U.S – Kenya trade relations in a bid to conduct an objective research.

AGOA is a trade policy whose principle objective is to facilitate SSA countries to penetrate American markets. The thought process of the Act was to help SSA economies to be competitive in the global market and as a result SSA countries would reduce their reliance on Western countries’ aid. AGOA benefits comprise of employment opportunities for locals, increased Foreign Direct Investment (FDI) and upward boost on SSA exports. Out of the potential 48 SSA countries only 39 countries are officially recognized as AGOA beneficiaries. The range of export products from SSA to U.S includes specific automobile parts, agricultural produce, textiles and apparels.

AGOA enactment has attracted a fair share of research awareness with researchers such Condon & Stern (2011), Kaplinsky (2010) and Straritz (2010) researching on AGOA outcomes on the continent. The aforementioned studies agree that AGOA in the first four years exponentially increased exports from SSA from an approximate $7.6 Billion to $22 Billion between 2001 and 2004. Textile and apparel exports ranked second highest after oil related exports from SSA to U.S particularly from Kenya, Madagascar, South Africa, Mauritius and Lesotho (Condon, 2011).

Kenya’s approach in implementing AGOA duty free privileges fall exclusively under the textile and apparels industry. Kenya in 1990 established the Export Processing Zones Authority (EPZA) through EPZ Act CAP 517, Laws of Kenya. EPZA obligation is to
stimulate and enable export oriented investments in the country therefore transforming Kenya’s economy. AGOA enactment in 2001 found fertile ground for investment. EPZ creation was as a result of policy change in Kenya’s Textile industry towards the maximizing on the country’s exportation potential by building an export oriented industry (ACTIF, 2010).

Out of the 46 African countries 38 countries are beneficiaries of AGOA. The Act gave legitimacy to a struggling textile industry and Export Processing Zones by creating jobs and increasing Kenya’s textile products to the U.S evidenced by a 400% growth from $55 million to $280 million between 2000 – 2004 (Edozie, 2014).

1.2. Statement of the problem

Kenya is a SSA country with quality yarn and textile moreover; it provides cheap labor for foreign investors. In her trade relations with the world’s hegemony under AGOA it remains to be understood through empirical research who the balance of trade favors. By establishing who the balance of trade favors one can conclude on the nature of U.S Kenya trade relations. AGOA policy implementation has seen two U.S former Heads of State who served for two terms each. One who publicly and proudly proclaimed his paternal roots to Kenya and another who lacked this personal touch. Available literature fails to investigate the impact of regime change in the execution of AGOA policy in Kenya.

This study was set out to answer questions such as did an African –American representing U.S interests, impact Kenya – U.S relations positively or negatively? Did relations simply stagnate? Did President Obama’s administration trade with Kenya under AGOA better than the Bush administration?
1.3. **Objectives**

The objectives of this study include:

- To examine the mutuality of trade relations between Kenya and the United States under the African Growth Opportunity Act.
- To assess the impact of regime change in the United States on the implementation of the African Growth Opportunity Act in Kenya.
- To compare the outcome of the African Growth Opportunity Act trade as implemented under President Bush and President Obama.

1.4. **Research questions**

i. Is the balance of trade between United States – Kenya African Growth Opportunity Act trade mutually beneficial?

ii. To what extent did regime change in the United States affect the implementation of the African Growth Opportunity Act in Kenya?

iii. How does the implementation of the African Growth Opportunity Act trade policy under President Bush compare to that of President Obama?

1.5. **Justification**

The purpose of the study was to fill an existing knowledge gap regarding the extent to which President Obama impacted or changed US - Kenya trade relations. The study focused on the trade relations between the U.S and Kenya comparing President George W. Bush administration to that of President Barak Obama under AGOA. The study sought to fill an existing gap of how presidents influence continuity of policy after regime change. This research aimed to either give legitimacy or disqualify the notion that having
an African-American in the White House would greatly improve U.S trade relation with Kenya.

This study is significant to policy makers, particularly African policy makers, to use when strategizing on how best to create a mutually beneficial trade relation between Africa and U.S. Now that the reigns of power have shifted from President Obama, a Democrat, to the hands of President Trump, a Republican, and policy makers can use this comparative study to predict certain trade policies changes that may be implemented in the future.

1.6. Scope

The scope of the study was set to focus on trade between U.S and Kenya, particularly from January 2001 to January 2016 Under President Bush and President Obama respectively. This study further narrows the trade scope to AGOA trade between Kenya and U.S. The study attempted to address the extent to which regime change affects change and continuity of policies and the influence of a president on trade policy implementation. Moreover, the study evaluates the statistical evidence on the mutuality of trade between both actors.

1.7. Limitations of the Study

- The researcher had limited access to the respondents hence relied heavily on referrals. This resulted to the research being time consuming as the referrals took time to get feedback. However, the respondents who were interviewed gave sufficient information regarding the subject matter.
- Availability of the respondents was unpredictable due to their tight work schedules. The researcher experienced stressful experiences such as cancellation of appointments at the last minute causing the research to lag behind the intended scheduled time.
Government website gave misleading information on the location of some institution’s offices. The research lost considerable amount of time trying to find the right office location, time that would have benefited the research. Nonetheless, the researcher endeavored to recover the lost as much as possible.

1.8. Chapter Outline

Chapter one of the research comprises of an overview of the topic and objectives of the study to get the reader acquainted with the subject matter. Chapter two is made up of the literature review of U.S –Kenya trade relations with a bias towards the implementation of AGOA policy in Kenya’s textile and apparel industry. This section reviews what other research papers and institution reports have concluded about AGOA enactment in Kenya. Chapter three informs on the research methodology followed to acquire, analyze and present data that would answer the research questions. Chapter four of the study comprises of a systematic analysis, presentation and interpretation of the gathered data and description of the demographics of the sample population interviewed. Finally, chapter five consists of the discussions, summary and conclusions derived from the data analysis previously conducted in chapter four. Moreover, recommendations that rose during the research are also indicated in chapter five.
2.0. CHAPTER TWO:  
Literature Review  

2.1. Introduction  
The literature review of this study takes on a thematic approach in analyzing what other scholars have authored about U.S – Kenya trade relations with a bias towards AGOA policy implementation. The literature review highlights scholars’ pertinent view about AGOA implementation in Kenya such as eligibility requirements of AGOA, implementation of the free trade policy in Kenya and change and continuity in policy implementation. The literature review further informs the reader of the history trade treaties and the influence of a leader’s identification with a particular group of people. These themes are instrumental in comprehending the academic knowledge gap existing in understanding U.S- Kenya trade relations.  

2.2. Historical background of Trade Policies  
In order to understand AGOA, one must possess the knowledge of free trade. Preferential Trade Agreements (PTA) have been in existence for a long time and over time seem to be a popular trade platform of most states in the world. PTAs are trading blocks that give preferential access or treatment to certain goods a participating country is importing by reducing trade barriers. The trade barriers may not be abolished completely rather other flexible restrictions are stipulated in the trade pact. PTAs paved the way for the liberalization of global trade that would ideally ease the cost of trade among member states.  

In 1947, in an effort to recover from the devastating economic crises caused by WWII the 23 contracting countries – which included U.K, U.S.A, France, Brazil, China among others- formed the General Agreement on Tariffs and Trade (GATT). Its goal was to
remove trade barriers and tariffs that made exchange of goods very expensive among countries giving a boost to global trade liberalization and correct past legacies of failed attempts. GATT became the single multilateral institution governing trade (Lester & Mercurio, 2009).

The institution’s mandate was to negotiate different trade issues that were of concern to member states and resolve international economic disputes. Every decision passed by GATT was unanimously agreed upon by member states. GATT held meetings that were popularly known as Rounds and subsequent years the institution saw its membership grow. 1973 -1979, the Tokyo Round was held in an attempt to remove Non-Tariffs Measures (NTM). NTMs are mechanism that restricts imports and exports of goods and services of a country. Some of these mechanisms include import licenses, rule of valuation of goods at customs, pre-shipment inspections among others. This decision, however did not receive consensus support because many states felt that by agreeing they would relinquish their sovereignty to liberal trade to the disadvantage their citizens (WTO, 2011).

In 1993, GATT held the Uruguay Round that yielded better results as opposed to the Tokyo Round. An agreement between 117 countries to reduce barriers and establish trade rules at a multilateral level was agreed upon. The Uruguay Round gave room for the creation of World Trade Organization (WTO). WTO is currently the only international organization dealing with rules of trade between states. The organization is built on the agreements negotiated and signed by the bulk of many trading countries in the world. These agreements have been passed through the countries’ parliament and were ratified hence the trade rules therein are binding (Lester &Mercurio, 2009).
WTO has had major impact on the development of global economic community. Member states have benefited from globalized trade, consumers have experienced diversification of their goods and services, producers have profited from the exploration of new markets and citizens have wider opportunities for employment. Through continuous negotiations trade barriers have been reduced thus easing the cost of doing business (WTO, 2011).

Nonetheless, WTO has received criticism because of increased competition that globalized trade has yielded. Countries are forced to cut costs by reducing the salaries and wages of industrial workers which reduces the country’s tax collection which most is a high income earner of most states.

The establishment of multilateral trade agreements created a pace that regional and bilateral trade agreements. European Community (EC) created by the passage of the Maastricht Treaty in 1993. The EC members pushed to create a new cluster of bilateral PTAs with Central and 10 Eastern European countries after the collapse of the Soviet Union. These latter agreements were focused on reducing tariffs, creating uniform rules of origin (RoOs), and developing consistent regulatory approaches to services, standards, and transition rules in sectors such as agriculture (Lester & Mercurio, 2009).

The value of international trade is that it is logical to trade with other countries that have the comparative advantage in producing the goods needed rather than country incurring more costs of production. The economic trade theory suggests that international trade reshuffles jobs, goods and services from one sector of the economy to another. Hence free trade may be beneficial to a country’s GDP it may not be as beneficial to an individual’s well-being.
The wave of free trade spread across the regions in the world for example Latin America revived the Latin American Common Market in order to broaden and strengthen their markets. The focus was to establish a full customs union. Africa followed suit with creation of Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Economic Community of West African States (ECOWAS) and Southern African Development Community. The driving force of these regional communities was diversification of regional market, acceleration of industrialization and adoption of common negotiating positions (WTO, 2011).

The driving force pushing countries to enter into PTAs is their ease to access lucrative export markets for themselves. World Trade, 2011 suggested that more than 65% of global trade is conducted on the basis of PTA among countries. The influence of free trade cannot be ignored as it has accelerated the development of LDC making them more self-reliant.

AGOA policy was drafted on the established PTA practices. Section 116 of the Act states that the office of the U.S President has the authority to negotiate free trade guidelines with a beneficiary country in SSA. The agreement should outline the benefits expected by both parties and the quantity of exports expected. In the case of exportation of textile and apparel from SSA, exports from beneficiary countries should not exceed 0.5% of the U.S total annual exports (US Congress 2000).

Under AGOA, beneficiary SSA can freely access U.S market as the trade barriers have been lifted. However, there are strict restrictions concerning transshipping and ensuring
the origin of yarn of fabric used. The SSA that signs the trade policy is subject to inspection from U.S official to ensure the RoO are followed and transshipping of goods from non- beneficiary states don’t get preferential treatment (US Congress, 2000).

2.3. African Growth Opportunity Act (Public Law 106)

The African Growth and Opportunity Act (AGOA) is a United States Trade Act, ratified on 18th May 2000 by 200th Congress by President Clinton. Originally the Act covered a span of 8 years starting from October 2000 to September 2008. Clinton’s successor President George W. Bush through the legislative amendments of 2004 extended AGOA to 2015. AGOA has since been renewed to 2025 during former President Barack Obama administration (U.S Congress, 2000).

The legislation is geared towards enhancing market access to the U.S for qualifying sub-Saharan African (SSA) countries. The Act was signed by President Clinton and was seen as strategic push by the U.S to decentralize its monopolistic foreign policy towards Africa. The Act contains precise trade relations between America and different countries on the continent. For example, AGOA encourages eligible countries within East Africa to explore its’ duty free exportation of textiles and apparels to the United States while in West Africa the Act seeks maximize crude oil exploration and specific automobile spare parts from South Africa (Whitaker, 2011).

AGOA enhances existing US trade programs by expanding the benefits offering duty free preferences to imports from eligible countries. This is opposite to the previously available provisions that required countries to pay duty fees when exporting to the U.S under the country’s Generalized System of Preferences (GSP) program (agoa.info).
It is evidently clear that the Act is profitable due to the two times extension accorded to it. Nonetheless, the question on whom does the Act favor, SSA countries or the U.S still lingers.

2.4. Eligibility of countries to AGOA

Qualification for AGOA preferences is based on a set of conditions contained in the AGOA legislation and is largely left to the discretion of the U.S Head of State. In order to qualify and remain eligible for AGOA, each country must attain a sociopolitical framework or be seen to working towards it. Furthermore, the President preserves the right to disqualify a country if and when the country violates any of the edibility perquisites (U.S Congress, 2000).

Section 104: eligibility clause of AGOA cites the following as perquisites to becoming AGOA beneficiaries (U.S Congress, 2000):

(i) progress towards the establishment of a market based economy with minimal government intervention, protection of private property rights, and an open rules-based trading system;

(ii) maintenance of rule of law;

(iii) removal of barriers to US trade and investment and national treatment of US investors;

(iv) Poverty reduction policies;

(v) anti-corruption policies, and

(vi) Compliance with international workers’ rights.
A firm rhetoric of the West in regards to economic development and partnership with Africa and other third world countries is the adaption of democracy as a political framework. Edozie, (2014) argues that this notion is reason why trade partnership between the West and Africa are slow in yielding results. Edozie, (2014) further argues that the implementation of good governance does not necessarily translate to an improved quality of life for the constituents. Evidently, Africa has arguably tried to exercised democracy however most African states have ended up being unstable democracies that only consolidate resources for the political elite. South Sudan is a beneficiary of AGOA, despite its illusion of a stable democracy the country is from time to time in a perpetual state of political tension.

Mbaku (2014) states that the U.S approach in her trade relations with Africa has crippled Africa’s potential to gain its self-identity. U.S political framework is duplicated on the African continent because African leaders are desperate to profit from trade relations with the West. Hence, African countries advance in economic development but lag behind in social identity causing stagnation in a wholesome development of the society.

Onyango and Ikiara, (2011) observes that Kenya was notably among the first SSA countries to qualify for AGOA amidst a heated domestic political debate for political inclusivity. The eligibility clause states that a government ought to encourage pluralism in the formation of political views. At the time, President Moi enforced one party state and criminalized efforts to introduce multiparty political system. The irony of Kenya’s quick and somewhat easy enlisting as an AGOA beneficiary clearly brings out America’s obvious preferential treatment of certain countries presumably in an attempt to fully attain her national interest.
2.5. **AGOA implementation in Kenya**

The Kenyan government seems to have interpreted the Act to solely favor the textile and apparel industry. This is evident statistically as Kenya features among the top five exporters of apparels to U.S. The studies conducted on Kenya’s implementation of AGOA are largely confined within the textile and apparel export sector. Groundbreaking research such as (Ikiara & Ndirangu, 2003) and (Onyango & Ikiara, 2011) have focused on the prospects of Kenya’s textile products in the global market under AGOA. These studies have largely agreed that AGOA presented a perfect opportunity for the revival of Kenya’s textile industry that was struggling.

Kenya’s trade with the U.S under AGOA falls under the textile and apparels provision stipulated under section 112 of the Act. Firstly, preferential treatment is applied to textiles and apparels assembled in a beneficiary SSA country from fabrics wholly formed and cut from U.S. Secondly, preferential treatment is extended to textiles and apparels cut and assembled in beneficiary SSA countries from fabrics and yarns wholly formed in the U.S. Thirdly, duty free privileges may be extended to apparels and articles assembled in eligible SSA countries made from fabrics or yarns originating from one or more beneficiary SSA countries. Nonetheless, there is a caveat on the amount of imports from beneficiary SSA countries to between 1.5% to 3.5% of the annual U.S imports (U.S Congress, 2000).

The influence of AGOA on Kenya’s apparel industry was evaluated by (Phelps, Stillwell & Wanjiru, 2009) using data from interviews in 23 manufacturing establishments. They found that the performance of Kenya was widely affected by weak value chains that
undermined the basic players and embedded foreign ownership of apparel firms by Asians who lacked goodwill of empowering ordinary Kenyan citizens. Although AGOA created employment, expatriates were the main beneficiaries as they were the head’s offices of firms as local labor widely remained unskilled hence the study proved that there was little or no transfer of technology and skill through AGOA.

Ngulu (2014) used primary and secondary data in a purely qualitative study to evaluate AGOA in Kenya since inception. Results concur with all the above mentioned findings that Kenya’s performance is determined by her capacity to exploit the opportunity offered by AGOA. Reiterating that Kenya’s trade capacity under AGOA continues to be confined within the textile sector at the expense of other profitable industrial sectors such as horticulture.

The impact of AGOA on Kenya’s exports to the US principally 2001 – 2004 has been praiseworthy. The Act on trade liberalization has been credited to have led to increased apparel exports, increased FDI, increased apparel sector investment and increased employment (Ikiara et al., 2003; Phelps et al., 2009; Kamau, 2009; ACTIF, 2010; & Ngulu, 2014). Hence majority of studies on AGOA in Kenya have inherently focused on employment creation and adherence to labor laws as expressed by the eligibility clause of the Act.

This research refocused the discussion of AGOA implementation in Kenya by measuring FDI against the magnitude of textile and apparel exports to the U.S. with aim to determine the whether trade under AGOA is mutually beneficial to both actors. The existing literature has by far and large approached the subject matter from a descriptive
and qualitative way. This study adds to this knowledge gap by presenting empirical statistical evidence to prove the balance of trade between Kenya and U.S under AGOA.

2.6. **Change and continuity of policy implementation under AGOA**

Inter-governmental agreements are meant to be honored and implemented despite regime change. AGOA was signed into law by President Clinton nonetheless President Bush upon assuming office implemented the policy. Researchers on AGOA trade relations between U.S and Kenya have overlooked the influence of the policy makers, particularly the president’s role, in the implementation of AGOA. The Act gives the president absolute powers to decide on which SSA country becomes a beneficiary therefore, the president's role cannot be ignored (Butler, 2014).

The Head of State and government is mandated by the U.S constitution to create and pursue the country’s foreign policy. The President initiates the foreign policy implementation through the executive arm of government with the help of the State Department.

2.6.1. **President George. W. Bush**

George Bush Walker, a Republican and the 43rd President of the United States got into office in January 2001. His 2000 campaign was focused on putting the U.S economy first internationally and domestically and further to improve relations of the U.S with other countries of the world. In 2004, President Bush signed an enactment to extend the lifeline of the Act to 2015 receiving support from both sides of the political divide. This was a bold move by the Bush administration that signified their strong belief in the trade deal and its benefit to the U.S (Boese, 2005).
Leffler (2004) observed that President Bush foreign policy was in sharp contradiction to that of President Clinton especially regarding U.S military operation aboard. AGOA drafting process was initiated during the Clinton presidency and was signed into Congress law by President Clinton. However, the Act’s provisions were put into action during President Bush era. Herein continuity of policy is seen but there is no literature informing readers on policy continuity of AGOA implementation in Kenya.

2.6.2. President Barack. H. Obama

President Obama who took office in January of 2008 became the 44th President. His term started as the U.S was steering at a global financial crisis and as so the first order of business was to revive the economy. Before he became President, Barack Obama visited Kenya several times as a citizen and once as a junior senator. His willingness to learn about the history and culture of the country made the locals highly regard him. As junior senator, he encouraged Kenyans to work towards building a more cohesive and democratic country. January 2009, when Barack Obama was sworn into office Kenyans were ecstatic and hopeful his term as president would come with good economic tidings for Kenya (Selzer, 2010).

Examining the influence of an African American President on AGOA trade deals between U.S and Kenya is an existing gap in literature. If filled will inform how best Kenya can strategize to maximize on AGOA opportunities.

Human beings are considered social beings whose essence of living or existence is dependent on one’s relations with others. A well renowned psychologist, Abraham
Harold Maslow, explained in his theory Maslow Hierarchy of needs, that to all human beings a sense of belonging is essential. Categorized on the third tier of human needs, he states that a human being has a need to be accepted by those he is surrounded (Maslow, 1979).

Tajfel and Turner 1979 made a great contribution to psychology in his attempt to explain social identity theory. He proposed that identifying with a particular group (religion, family or tribe) causes a person to possess a positive social identity which in turn boosts their self-esteem. The social identity theory further explains that in an attempt to construct a positive social identity an individual divides the world into ‘them’ and ‘us’. By so doing, those with shared values or characteristics belong to the esteemed group while those who don’t fit are ostracized. A social group status is also boosted when the group claims ownership of high profile individual in the society.

As a junior Senator from Chicago, Obama’s rise to power began to command the attention of the Kenyan public. The U.S media would report of as bi-racial man whose father hailed from Kenya. The Kenyan Public began gain as sense of pride as their country was continually mentioned on U.S and International media because of Barack Obama’s paternal relations with the country. Kenyans’ need to associate with Barack Obama was based how the media portrayed him; some would describe him as a rising star with great charisma and intelligent.

The high regard exhibited by Kenyans rose when Obama announced his run for the office of President in the U.S. He would become the first African-American and Kenyans were not shy to confess that they had gracious given the most powerful country in the globe
their President. Members of the Luo tribe in Kenya which is the same tribe Obama’s father belongs to have the outer most pride in associating themselves with Obama. On the same day the U.S elections were being held on the 4th November 2008, Kisumu citizens’ held a mock election where Obama won unanimously.

President Barack Obama’s win was a celebration throughout the country with all forms of media; print and picture had extensive coverage on Obama’s win. Obama’s win was on the front page of every newspaper in the country while broadcasters interrupted normal coverage to document his win. The media sampled the joy Kenyans had on the announcement of Obama’s win with many identifying with him as one Kenyan making Kenya shine internationally. Moreover, the then President, President Kibaki declared 20th January 2009 a public holiday the same day Obama was inaugurated into office (Carotenuto, & Luongo, 2009).

Obama’s paternal roots connecting him to Kenya coupled up with his steady and successful rise to power made Kenyans feel a sense of ownership to the former president. He identified to them as a black man who worked to live out his dream and that made Kenyans gain a sense that Barack Hussein Obama was a part of them. Many had looked down on Obama’s bid the most powerful office in the globe the same way the West looks down on Kenya as LDC. President Barack Obama paternal relations to Kenya and his high profiler status caused Kenyans to develop high expectations from the U.S during his term in office.

Kenyan’s high hopes in Obama’s presidency were based their shared social identity and his self-proclaimed proud to have paternal roots in Kenya. An African –American
president who associated with Kenya gave Kenyans hope that he would help represent their interests particularly in the international arena. Kenyans felt they would benefit more with one of them being in the helm of global power.

2.7. Theoretical Framework

Theories attempt to explain phenomenon in social sciences in order to understand it such as the nature of trade relations between Kenya and U.S under AGOA. Theories help to conceptualize the subject matter and sharpen the focus of the study. This study settled on using two theories namely – World systems theory and Constructivism theory because World system theory explains international trade between a super power and periphery state. On the other hand Constructivism theory sets the backdrop for this study to explore the impact international trade has an ordinary citizen and in this case, Kenyans.

2.7.1. World Systems Theory

World systems theory is a theory founded on liberalism theory. Developed by Immanuel Wallerstein, in 1974 the theory argues that the economic system of the globe is governed by three facets namely; core, semi-periphery and periphery. The core consists of highly skilled labor and capital intensive production while periphery entities are characterized by low skilled work force and rich in raw valuable materials. Semi-peripheral entities have economies bordering both core nations and periphery countries (Chirot, & Hall, 1982).

Kenya – U.S trade relations are best explained by Immanuel Wallerstein theory; the U.S is a core country with high production economy and high demand of raw materials while Kenya is a country of valuable resources with low skilled labor. Kenyan textile trade with U.S is based on the availability of quality cotton and yarn and cheap labor provided
by EPZ. World system theory argues that the core exploits the periphery for its own gains and very little benefits trickle down to the third world countries.

The research sought out to investigate whether the theory was challenged by an African American U.S president or whether the theory was reaffirmed. Comparing trade trends under AGOA between President Bush and President Obama filled the existing literature gap.

2.7.2. Constructivism theory

This theory argues that traits of the international system are as a result of social construction rather than the evidence of human nature. It emphasis on the important role played by interaction and social practices that inform the process of international relations. Alexander Wendt, the author, challenges neo-realist who explains international relations on the basis of materialism by further explaining the actors position of identities and interests in how actors relate in the international system (Glaser, 2007).

Since his debut into the limelight President Obama did not shied away from identifying with Kenya. He narrates of his estranged relationship with his Kenyan father but emphasis on his keen interest to acquaint with his father’s homeland. Barack Obama’s trips as a citizen to Kenya were in an effort for him to learn about Kenyan history and paternal relatives (Obama, 2004).

As a junior senator of Illinois, Barack Obama visited the country in 2006 with his family in glaring eye of the local media. The demeanor portrayed by the media was one of an American retracing his roots in Kenya and his easy going nature settled well with the
Kenyan people. He would greet people in the native language shake hands with locals evidently showing affection and association. Being an excellent orator he spread the idea of Kenya growing into a strong democratic country in the continent with a thriving economy and its resilient people (Carotenuto, & Luongo, 2009).

January, 2009 Barack Obama is sworn in as the 44th President of the United States of America, history made and overwhelming joy to the local Kenyan people. The then President of Kenya Mwai Kibaki declared Obama’s inauguration day a public holiday in Kenya. Kenyans hope that relations with U.S would change for the better and that Kenya would stand to benefit more give that the 44th President of U.S has Kenyan paternal root (Carotenuto, & Luongo, 2009).

Kenyans’ perception of U.S Kenya relations was informed by the social interaction of Obama with the local in his previous visits, his self-proclaimed pride of having Kenya roots.

2.8. Chapter Summary

Literature review of a study is conducted in order to avoid repetition of similar subject matters in scholarly writing. The aim is to find a knowledge that the researcher intends to fill hence adding to the already existing wealth of knowledge. This chapter explores the U.S – Kenya AGOA trade relations from several angles. The research critically studies the history of trade policies and the impact it has had on international relations. The study follows the historical unfolding of events that led to the establishment of free trade polies such as AGOA.
This section further explores the Act and the clauses that explicitly discuss the implementation of the Act in regards to the U.S and a SSA beneficiary such as the eligibility clause. The focus of the literature review is limited to the trade relations between Kenya and U.S excluding other SSA beneficiary countries. Moreover, this chapter discusses the writings of scholars and reports on the implementation of the Act in Kenya with an obvious bias towards the textile and apparel industry.

Upon the completion of the literature review the study concludes that indeed there is a substantial amount of information of Kenya –U.S trade. Nonetheless, the information on the implementation of the AGOA Act in Kenya is fairly considerable hence the emergence of a literature gap. Furthermore, the existing literature on AGOA trade relations between Kenya and the U.S solely focuses on the exports and imports comparison only ignoring the impact of FDI. The study was set include the impact of FDI and introduce a new angle which is the impact of U.S regime change on the AGOA trade.
3.0. CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter enlightens the reader on the methodology followed in acquiring necessary data needed by the study. The researcher justifies the use of certain research methods and in detail explains how the conclusions of the study were attained. The chapter describes the targeted population, data collection methods, instruments and analysis that were applied in the research.

3.2. Research Design

The study employed a mixed method approach as a research design which involved collecting, analyzing and integrating quantitative (for example: experiments, surveys) and qualitative (for example, focus groups, interviews) research. Qualitative data is information that describes a phenomenon based on attributes or characteristics while quantitative data presents information in fixed numerical forms. These forms of data differ in the methodology; qualitative data is gathered through observation, interviews and is analyzed through themes (Creswell, 2014).

Quantitative data is collected through surveys of documents or measurements and analyzed through numerical comparisons. Data differs based on the source the information was derived from, that is, primary source and secondary source. Primary data is raw information that a researcher collects first hand, specifically tailored for the research objectives. Secondary data is information gained from existing data from books, journal and articles seeking to answer research questions. (Clark, 2006).
The mixed method approach to research was used because it provides a better understanding of the research problem by the two approaches complimenting each other. This design was most suitable for the study to access impact of regime change in the U.S on AGOA implementation in Kenya through the qualitative approach while evaluating the mutuality of trade between Kenya and U.S by use of quantitative methods.

3.3. **Target Population**

Creswell, (2014) describes a population of a study as a group of people who have the characteristics the researcher is interested in. The characteristics differ based on the variables of the research for example gender, religion, and age or health condition. The target population of the study comprised of officials from Ministry of Foreign Affairs and International Trade. The researcher focused on officials who have exclusively served at the International Trade department with a bias towards those working on the AGOA policy.

The researcher was able to interview policy makers at the Bilateral Trade Desk and AGOA desk. The structure of the International Trade department is such that there is a lead Senior Officer who works closely with one junior officer to oversee the implementation of AGOA. Furthermore the researcher sought relevant information from EPZA officials at the Athi River Branch. The aforementioned officials were interviewed and the data collected was recorded in a questionnaire. The research also used statistical data of Kenyan textile and apparel exports and imports under AGOA from 2001-2016 and FDI from U.S to Kenya in the same period. The information was sourced from EPZA Annual Reports and the AGOA website.
3.4. Sampling designs

Sampling is the process of selecting a representation unit of study from a target population. The aim of sampling is to enable a researcher scale down the population to a manageable size then study it and use it to generalize the entire population. The sampling process not only simplifies the research process but it also objectifies the study by narrowing down to the required characteristics of the target population (Gabler, 2001).

Due the researcher’s limited access to officials at the Ministry of Foreign Affairs and International Trade the study employed non-probability sampling specifically snowball technique. The researcher approached the International Trade desk and was referred from one official to another. The department handling AGOA matters is situated on the same floor as the International Trade desk and comprises of few officials, therefore conducting interviews was based on referrals. The referral technique continued to apply at the EPZA offices in Athi-River.

**Table 1: Sample Size Distribution**

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of Staff</th>
<th>No. of Respondents</th>
<th>Sample size %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral Trade desk</td>
<td>9</td>
<td>6</td>
<td>67%</td>
</tr>
<tr>
<td>AGOA desk</td>
<td>2</td>
<td>1</td>
<td>50%</td>
</tr>
<tr>
<td>EPZA</td>
<td>14</td>
<td>7</td>
<td>50%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>25</strong></td>
<td><strong>14</strong></td>
<td><strong>56%</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2018).

From Table 1 six officials from the bilateral trade desk and one from the AGOA desk were interviewed by the researcher. From the EPZA, seven officials were interviewed.
The total population size of the study was 56% which gave the research reliable information to answer the research questions of the study.

3.5. **Data collection methods**

Data collection is the process of gathering relevant information on the intended variables in an established systematic manner, which then enables one to answer research questions of a study (Clark, 2006). In order to determine the continuity or change of policy after regime change the researcher conducted interviews with officials from the Ministry of Foreign Affairs and International Trade and the EPZA, Athi-River branch. The interviews were conducted with both the interviewer and interviewee seated following the guidelines of a previously prepared questionnaire (attached at the appendix of the study). The aim of the interviews was to collect primary data in a qualitative manner.

Kothari, (2004) defines a questionnaire can be in three forms: structured, semi-structured and unstructured. This study used a semi structured questionnaire which means it contained both closed and open-ended questions that allowed for the opinions of the respondents to be featured and broadly explained. The interviewer recorded the information on hard copy of the questionnaire as the interview progressed. The questionnaire is divided into four sections, namely: general information, bilateral trade, AGOA implementation and regime change following the study’s objectives.

The study studied available statistics on Kenya’s exports and imports under AGOA and the FDI from secondary sources such as EPZA Annual Reports and AGOA website.
3.6. Research Procedures

Data collection instruments are the tools through which data is gathered in a systematic and ethical manner. In this study a semi-structured questionnaire was developed that would generate qualitative data. The primary data collected was then used to complement the secondary statistical data hence compressively fulfilling the objectives of the study. The questionnaire was developed and subjected to a pretest of five respondents randomly selected by the researcher based on their convenience and work experience. The goal was to ascertain the efficacy of the tool and necessary corrections were made (Creswell, 2014).

Thereafter, the researcher proceeded with interviews by first booking an appointment at the Bilateral Trade desk, AGOA desk and EPZ, Athi-River branch. Getting an audience with government officials was a tedious process nonetheless when the researcher got an opportunity it was fully maximized. The sample size was solely based on referrals by the officials in the respective departments.

The research further conducted a survey of reports of the AGOA forums regarding Kenya’s trade sourced from the AGOA website. The aim was to gather quantitative data that informed Kenya’s exports and imports under AGOA to investigate the nature of U.S – Kenya trade relations. The study also surveyed EPZA annual reports from 2001-2016 to acquire the F.D.I data that Kenya received from the U.S under the AGOA trade policy. These steps helped in answering two research questions firstly, mutuality of trade between Kenya and U.S.A under AGOA, secondly between President Bush and President Obama whose regime was more beneficial to Kenya.
3.7. Data Analysis

Clark, (2006) describes data analysis as the process of systematically applying statistical and/or logical techniques to describe, illustrate, evaluate and understand collected data. Data analysis techniques ought to ensure the integrity and accuracy of the data. Qualitative data collected in this research was analyzed through content analysis which involves objective and systematic enquiry of targeted features of the data collected from the interviews. Thereafter, the respondents’ perceptions on the structured questions were analysis through Likert tests.

The questionnaire was sectioned into themes relevant to the study which were used as the parameter of analysis. The researcher searches for both affirmative and negative responses given by the respondents that would better inform the impact of regime change in the U.S on the implementation of AGOA in Kenya.

Quantitative data was analyzed through comparative analysis which necessitated comparing the total value of Kenya’s exports and imports under AGOA from 2001 to 2016 by determining the Balance of Trade. The study went a step further to compare the Balance of Trade of the aforementioned period to the F.D.I Kenya received. In order to answer another objective of this study, researcher examined the cash flow of Kenya’s trade with the U.S comparing President Bush’s administration to that of President Obama.

The researcher applied the mathematical formula below that produced the measure of Kenya – U.S trade relations which is referred to as Balance of Trade (BOT).
Total value of AGOA Exports – Total Value of AGOA Imports = BOT

(*Kenya’s total value of Textile & Apparel imports and exports*).

Leila, (2011) describes balance of trade as the difference between a country’s value of imports and exports to measure the strength of a country’s economy. BOT is also used to measure the strength of bilateral trade to investigate which state is favored by the trade. In addition, the study used EPZA annual reports from 2001-2016 to determine the amount of F.D.I Kenya received under AGOA. The aim was to calculate Kenya’s annual cash flow that would further define Kenya- U.S AGOA trade relations. Cash flow simply refers to the value or money expected to yield form an investment or a business transaction. The formula below was applied:

\[
\text{Annual BOT + F.D.I} = \text{Annual cash flow}
\]

In a bid to fill the existing literature gap, the study investigated Kenya’s cash flow within two ranges 2001-2008 and 2009 -2016. This would answer the question ‘Between President Bush and President Obama, which administration was most beneficial to Kenya’s trade under AGOA?’

3.8. Data Presentation

Data presentation refers to the proper display of the collected data analyzed to enable a reader to understand the information therein. The research data was presented in two levels, firstly a demonstration of demographics that were interviewed in the study process. Pie charts were used to disseminate demographic information as they are easy to read and comprehend. The second level involved presenting the respondents’ perceptions
from the gathered qualitative data through the narrative technique that involves describing the intended characteristics of the data (Creswell, 2014).

Quantitative data collected in the study was initially tabulated in order to demonstrate the step by step calculation that proves the nature of Kenya- U.S trade relations under AGOA. Thereafter, the data was presented in a graphical format to demonstrate trade trends coupled with a brief description of the results and ensure the reader understands the findings.

3.9. Ethical Considerations
i. The researcher was keen to gain the full confidence of the respondents before the interviews commenced. This yielded to accurate responses that strengthened the study.

ii. The questionnaires were filled with respondents consent.

iii. The research sought to keep the identity of the respondents anonymous by avoiding to recording their real names on the questionnaire sheets and instead using numbers.

iv. The researcher was careful to correctly calculate the trade statistics in order to ensure the accuracy and credibility of the data.

3.10. Chapter Summary

The above explains the methodology undertaken in an attempt to answer the research questions of the study. The researcher explains the step by step process implemented to adequately fulfill the requirements of the study. Using knowledge from research scholars, the author documents the research design and tools used in the study and justifies their
use over other designs and tools. The process discussed proves the adequate application of a mixed research approach through the use of qualitative and quantitative data and application of the required research methods and tools.

This chapter further informs the reader of the mathematical calculations used herein to determine the mutuality of trade between U.S and Kenya. The reader is informed of the procedure followed to acquire the statistics that answer the research question on trade mutuality. The reader is also made aware of the process followed to acquire qualitative data and the tool used presented in the study’s appendix. This section of the study further highlights the approach applied by the research in presenting and analyzing the data with emphasis on safeguarding the validity of the data collected.

Lastly, this chapter discusses the ethical considerations that the researcher upheld during the course of the research. These considerations prove that the findings of this study are credible and highly reliable in answering the research question thereby filling an existing knowledge gap.
4.0. CHAPTER FOUR: 
RESULTS AND FINDINGS

4.1. Introduction

This chapter contains the collected data the research gathered from the both primary and secondary sources. In this section the study presents the data alongside a brief interpretation of the information. The aim of the section is to enlighten the reader with the data that answers the study’s questions.

4.2. General Information of the Respondents

The identity of the respondents sampled in this study is intentionally not recorded in order to maintain confidentiality. Nonetheless, below the study presents their work experience in the respective government institutions and departments and level education.

4.1.1. Education Qualification

The respondents differ in terms of their education qualification. This is presented below

Source: Survey data (2018)

Figure 1: Education Qualification of the Respondents.
Analysis of Figure 1 shows that 21% of the respondents have a Higher Diploma while 78% of them have an Under Graduate Degree. 50% of the respondents are Graduate degree holders and 26% have a Post Graduate Degree.

4.1.2. Work Experience

The level of the respondents work experience in their particular departments also varied. Below is a chart showing their work experience in terms of years.

Source: Survey (2018).

Figure 2: Work Experience of the Respondents
Analysis of Figure 2 shows that of all the respondents sampled 36% of them have worked in their respective departments for 1 to 3 years. The chart also shows that 21% of the respondents have worked for 4 to 6 years. 43% of the respondents have work experience of between 7-10 years in their respective departments.

4.3. Demographic Information of policy makers

The study’s aim was to refocus the discussion of Kenya - U.S AGOA trade policy by discussing policy implementation in these bilateral trade relations. Numerous studies on Kenya –U.S trade relations under AGOA discuss the statistical significance of these trade relations only. This study sought to fill this literature gap by investigating the impact of regime change in the U.S on policy implementation of AGOA bilateral trade relations.

The three objectives of the study required the input of Kenya policy makers from the Ministry of Foreign Affairs specifically the International Trade desk. The research also necessitated the researcher to seek audience with EPZA officials who would better inform the impact of regime change in U.S on policy implementation, if any.

The research criterion that the respondents had to meet was that they should have worked as Kenya’s policy makers or officials for 1 to 10 years. Gender, age and religion were characteristics that had no impact on the demographic. As indicated in Table 1, the researcher managed to interview more than half of the target population and felt that this number gave sufficient information.
4.4. Mutuality of U.S-Kenya trade relations under AGOA

Table 2: Kenya’s Textile Exports, Imports and Foreign Direct Investment under AGOA from 2002-2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Kenya’s Textile Exports $</th>
<th>Textile Imports under AGOA $</th>
<th>Trade Balance $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>70,095,508</td>
<td>------</td>
<td>70,095,508</td>
</tr>
<tr>
<td>2002</td>
<td>188,607,100</td>
<td>271,358,250</td>
<td>-82,751,150</td>
</tr>
<tr>
<td>2003</td>
<td>249,384,130</td>
<td>196,553,250</td>
<td>52,830,880</td>
</tr>
<tr>
<td>2004</td>
<td>352,214,330</td>
<td>347,568,010</td>
<td>4,646,320</td>
</tr>
<tr>
<td>2005</td>
<td>348,009,630</td>
<td>573,416,700</td>
<td>-225,400,070</td>
</tr>
<tr>
<td>2006</td>
<td>353,735,810</td>
<td>430,741,680</td>
<td>-77,005,870</td>
</tr>
<tr>
<td>2007</td>
<td>325,430,190</td>
<td>520,434,340</td>
<td>-195,004,150</td>
</tr>
<tr>
<td>2008</td>
<td>343,517,560</td>
<td>442,467,620</td>
<td>-98,950,060</td>
</tr>
<tr>
<td>2009</td>
<td>280,641,000</td>
<td>653,642,810</td>
<td>-373,001,810</td>
</tr>
<tr>
<td>2010</td>
<td>311,109,580</td>
<td>375,315,650</td>
<td>-64,206,070</td>
</tr>
<tr>
<td>2011</td>
<td>381,672,180</td>
<td>461,197,860</td>
<td>-79,525,680</td>
</tr>
<tr>
<td>2012</td>
<td>389,568,880</td>
<td>568,752,660</td>
<td>-179,183,780</td>
</tr>
<tr>
<td>2013</td>
<td>452,363,900</td>
<td>635,770,030</td>
<td>-183,406,130</td>
</tr>
<tr>
<td>2014</td>
<td>590,012,640</td>
<td>1,640,973,490</td>
<td>-1,050,961,850</td>
</tr>
<tr>
<td>2015</td>
<td>573,173,450</td>
<td>943,465,340</td>
<td>-370,291,890</td>
</tr>
<tr>
<td>2016</td>
<td>552,030,450</td>
<td>397,098,520</td>
<td>154,931,930</td>
</tr>
</tbody>
</table>

Figure 3: Graph showing the trend of Exports and Imports of AGOA products and Trade Balance 2002-2016 (‘000 in USD).


Analysis of Figure 3 clearly shows the trend of AGOA exports and imports between 2001-2016. In 2001 imports were at a zero rate, nonetheless from 2002 the import trend began to rise with the highest value of imports were in 2014. Kenya’s exports under AGOA are seen to be on a range below 0 – USD 500,000,000 in value from 2001 to 2013. A rise of exports is seen in 2014 and a subsequent drop in 2016. It is imperative to note the steady rise on import during the period under investigation.
The BOT of Kenya – U.S AGOA trade has largely been a negative balance that created a trade deficit. The highest deficit was experienced in 2014 due to the high value of import against low export values. The lowest trade deficit was in 2010 in USD 64,206,070 while the highest was in 2014 with USD 1,050,961,000.

Table 3: Kenya – U.S Balance Of Trade and Foreign Direct Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Trade Balance $(Exports and Imports)</th>
<th>Foreign Direct Investment $</th>
<th>Cash Flow ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>70,095,508</td>
<td>65,614,035</td>
<td>135,709,543</td>
</tr>
<tr>
<td>2002</td>
<td>-82,751,150</td>
<td>118,965,517</td>
<td>36,214,367</td>
</tr>
<tr>
<td>2003</td>
<td>52,830,880</td>
<td>147,680,412</td>
<td>200,511,292</td>
</tr>
<tr>
<td>2004</td>
<td>4,646,320</td>
<td>163,193,277</td>
<td>167,839,597</td>
</tr>
<tr>
<td>2005</td>
<td>-225,400,070</td>
<td>164,909,900</td>
<td>-60,490,170</td>
</tr>
<tr>
<td>2006</td>
<td>-77,005,870</td>
<td>162,728,706</td>
<td>85,722,836</td>
</tr>
<tr>
<td>2008</td>
<td>-98,950,060</td>
<td>109,508,670</td>
<td>10,558,610</td>
</tr>
<tr>
<td>2009</td>
<td>-373,001,810</td>
<td>70,930,232</td>
<td>-302,071,578</td>
</tr>
<tr>
<td>2010</td>
<td>-64,206,070</td>
<td>87,866,161</td>
<td>23,660,091</td>
</tr>
<tr>
<td>2011</td>
<td>-79,525,680</td>
<td>77,142,857</td>
<td>-2,382,823</td>
</tr>
<tr>
<td>2012</td>
<td>-179,183,780</td>
<td>73,502,958</td>
<td>-105,680,822</td>
</tr>
<tr>
<td>2013</td>
<td>-183,406,130</td>
<td>124,645,760</td>
<td>-58,760,370</td>
</tr>
<tr>
<td>2014</td>
<td>-1,050,961,000</td>
<td>153,185,437</td>
<td>-897,775,563</td>
</tr>
<tr>
<td>2016</td>
<td>154,931,930</td>
<td>159,586,206</td>
<td>314,518,136</td>
</tr>
</tbody>
</table>

Source: Survey (2018).
Analysis of Figure 4 shows that Kenya’s cash flow from AGOA trade is fundamentally negative with the highest deficit seen in 2014 where the cash flow was at -800,000,000 USD. Further analysis shows a remarkable improvement of the cash flow in 2015 through to 2016. A positive cash flow is evident in 2001 to 2004, 2006, 2008 and 2010.
The F.D.I received in Kenya is steady with the highest value in 2005 at USD 164,909,900 and the lowest value in 2009 at USD 70,930,232. The F.D.I keep the trade exchange on the positive range however the trade deficit pulls it down a great deal due large influx of imports.

Trade between states is meant to accelerate development especially when the agreement falls under the PTA category. The nature of state to state trade relations often trickles down to how they relate socially and politically because tradeoff goods and services is key to the survival of any country’s economy. Hence, international trade directly impacts the livelihood of the people whom reigning governments represent. The study focused on determining the mutuality of trade between Kenya and U.S under AGOA by determining the BOT. Figure 3 shows the trend of exchange between both parties.

In 2001, Kenya did not receive any U.S exports in the form of textile and apparel. In the EPZA report of 2002, the authority records this occurrence as an extension of goodwill from the U.S to demonstrate their willingness for the bilateral deal to work out. However Kenya, exported her goods to the U.S giving 2001 a positive value on the BOT of USD 70,095,508.

In 2002, the value of exports rose by 90.3 % from the previous year, 2001. The establishment of free trade under AGOA revived dormant Kenyan textile and agricultural industries which meant that firms were funded by the FDI flowing into the country, producing more textile products and yarn. 2002 nonetheless marked the year U.S imports were first received into the country under the AGOA banner. The value of the imports, the study has ascertained was above the value of exports causing a negative BOT.
According the EPZA, report of 2003, the value of the imports was high because the Act fails to stipulate a limit for U.S exports to SSA countries. Therefore, it is the prerogative the U.S to export any amounts of second hand clothes to Kenya as opposed to the Act’s restriction of AGOA imports. The Act states that the U.S should only accept textile and apparel imports accounting for 0.5% of the annual imports (US Congress, 2000).

In 2003, there is a remarkable improvement on the BOT, with exports at USD 249,384,130 while imports at USD 196,553,250 making a positive BOT at USD 52,83,880. Exports increased by 32% while the imports decreased by 27.6%. The 2004 annual report by the EPZA records that there was a decrease in the textile sales in the U.S that resulted to a decrease in the value imports. The report attributes the increase of the exports to the growing textile firms in Kenya whose capacity received a boost from U.S F.D.I.

It is imperative to note the values of exports and imports in 2004 which were in close range. Exports were valued at USD 352,214,330 while imports were valued at USD 347,568,001 yielding to USD 4,646,320 in BOT. Both exports and imports had an increase of 41.3% and 76.9% respectively. The increase in exports is attributed to an increase in orders by American textile and apparel retail firms while the U.S experienced a recovery in textile sales in the previous years (EPZA, 2004).

In the subsequent years BOT recorded in Kenya –U.S AGOA trade relations is of a negative value. Between 2005 -2013 the export value was at an average of USD 341,710,603 while the imports did not stagnate. Export values remained within the same range because textile and apparel orders remained relatively the same between 2005-
Moreover, Kenya began face to stiff competition in the exportation of textile and apparel from other SSA countries. Lesotho is Kenya’s greatest competitor in the exportation of textile and apparel under AGOA. Between this period, Lesotho’s average exports were valued at USD 658,657,980.00, 48% higher than Kenya’s value exports (EPZA, 2012).

In 2014, a 30.5 % increase in exports is witnessed from USD 452,363,900 to USD 590,012,640 which has a slightly positive impact on the annual BOT. The EPZA Report of 2014 states that the increase in value of exports is due to a change in strategy by the authority. The EPZA decided that firms ought to focus on the quality for textile and apparel as opposed to focusing on mass production. This in turn caused the unit cost of product to upsurge from the previous unit cost and though quantity was lower the quality caused the value to rise. The same directive of quality over quantity is replicated in 2015 hence the constant ranking of Kenya’s exports as seen in the figure 3.

Under AGOA, the U.S is free to export any quality and volume of products to a SSA country. One of the major findings of this study is that imports under AGOA are perpetually changing. For example, in 2005 there is an increase of 65% while in 2006 there is a 24.9% decrease in 2006 and a 20.9% increase in 2007. These fluctuating trends show that the U.S has the prerogative to export to Kenya the quantity they so desire. The opposite is the reality of Kenya’s exportation of products to the U.S under AGOA primarily because Kenya faces stiff competition from other beneficiary countries causing of stagnation on the value of exports. The Act safeguards U.S key interests of free access of SSA markets to facilitate easy disposal of their unwanted products Nyang, (2005).
Figure 3 illustrates that Kenya’s exports are constantly lower than her imports hence resulting into a negative BOT.

The study was intended to extensively examine the mutuality of Kenya –U.S AGOA trade hence the next step was comparing the BOT to the F.D.I received under AGOA annually. Figure 4 displays the trend of BOT and F.D.I. which informs on the country’s cash flow on the said period. F.D.I is an asset to a country’s GDP hence the value of F.D.I is assumed to reduce the trade deficit that a country may face due to increased imports.

In the case of F.D.I and BOT in AGOA the investment does very little to offset the trade deficit. 2008 had USD 98,950,060 trade deficit and an investment of USD 109,508,670 bring Kenya’s cash flow to a trade surplus of USD 10,558,610. The same applies in 2010 were the trade deficit USD 64,206,070 and an investment of USD 87,866,161 totaling to a trade surplus of 23,660,091. 2008 and 2010 are the exceptional years that recorded trade deficits in BOT and ended up with a positive cash flow because of the effect of F.D.I. Moreover the cash flow is not as significant as to claim a trade balance between participating countries. Another noteworthy year is 2016 which had a trade balance of USD 154,931,930 and an investment of USD 159,586,206 summing up the trade balance at USD 314,518,136 the highest trade surplus experienced in the AGOA trade.

Figure 4 shows that Kenya’s income under the AGOA trade deal has largely yielded to an annual trade deficit owing to the negative BOT. The study has established that the hefty trade deficit Kenya has been experiencing is due the exchange rate of the Kenya Shilling against the USD. According to the World Bank report 2017, the period under investigation has seen the dollar appreciating in value against the KES depreciated there
by significantly reducing the profits of Kenya exports. Trading with a foreign currency while the country’s local currency is weak makes it expensive exchange goods. Furthermore, since the dollar has been rising the U.S exports to Kenya become expensive to buy because the KES is a weaker currency. Under AGOA, the situation gets worse because the imports from the U.S are of very low quality hence the cost used to purchase the imports is not fully remunerated causing the trade deficit (Holden, (2014)).

4.5. A comparison of Kenya –U.S Trade under President Bush and President Obama

Figure 5: Graph showing comparison of President Bush and President Obama administration (‘000) USD
The data used in Figure 5 is the value of Kenya’s cash flow that was divided into two regimes, i.e., 2001-2008 and 2009-2016. President Bush regime seems to have a steady and largely positive trade exchange with Kenya due to the trade surplus seen in 2001, 2002, 2003, 2004, 2006, 2008. On the other hand, President Obama’s exchange with Kenya seems to be largely unpredictable because it records the highest trade surplus (2016) and the highest trade deficit (2014). From the graph above, Obama’s administration recorded the most trade deficit in Kenya – U.S AGOA trade relations namely: 2009, 2011, 2012, 2013, 2015.

Figure 5 explains one of the major objectives of the study by illustrating the Kenya’s cash flow under AGOA within two periods 2001-2008 and 2009-2016. The study was geared to ascertain between President Bush and President Obama whose reign was more beneficial to the Kenya – U.S trade relations AGOA. Based on the graph, President Bush’s tenure was arguably a consistent trade trend with a deficit sighted in 2005 and 2007 of USD 60,490,170 and USD 67,684,089. 2001, 2002, 2003, 2004, 2006 and 2008 all recorded a trade surplus with highest value observed in 2003 with USD 200,511,292 under the Bush administration.

President Obama’s regime has had high uncertainties in its trade with Kenya under AGOA. The Obama administration begins by registering the lowest 2008 trade surplus in the Kenya – U.S trade of USD 10,558,610 and deep drop in seen 2009 with a deficit of USD 302,071,578. Obama’s administration records the largest trade deficit Kenya has had under AGOA in 2014 at USD 897,775,563. In a span of eight years Kenya’s cash flow under AGOA is unpredictable with the trend registering extremes of both surplus and deficit. It is however imperative to note that 2016 marks the highest trade surplus of
USD 314,518,136 the highest value recorded in the period of the AGOA trade policy existence.

Majority of the respondents were of the opinion that President Obama’s administration co-operated the same with the Kenyan government as President Bush’s administration. The policy makers indicated that although Kenyans had hope of good tiding with the Obama presidency, they did not elect him therefore he was not subject to their perceptions or hopes.

The respondents agreed that the Obama administration had a sharper interests towards Africa compared to the Bush presidency. They also noted that President Obama could not be seen to openly favor Kenya over other SSA countries hence benefits of increased F.D.I and technical assistance was felt across the board. Towards the end of his tenure in office, President Obama fulfilled a promise he made to Kenyans during his visit as Junior Senator. He made his maiden trip to Kenya as the U.S sitting president to host the Global Entrepreneurship Summit (GES) 2015. In the bilateral talks held at State House Nairobi, two actors discussed an array of issues which included Kenya lobbying for an increase in F.D.I. However, decoding from figure 3, was a minimal rise of F.D.I in 2016 of 4% which signifies that the agreed upon increase on F.D.I exempted AGOA.

At the implementation stage of a policy, the president’s influence is limited to the bureaucracy in government. As far as the civil servants responsible for the policy implementation the president may not have direct influence over them. Nonetheless, as Chief Executive, the president must ensure that proper communication occurs between the executive and civil servants to adequately implement the policy (Whitford, 2007).
In regards to AGOA, the president’s influence on the implementation to the trade policy is evident due to the extension of AGOA twice.

4.6. Impact of Regime change in the U.S on AGOA implementation in Kenya

One of the objectives of the research was investigating the impact of regime change in the U.S on the implementation of AGOA trade policy in Kenya. The researcher conducted interviews with Kenyan policy makers to compare and contrast the approach of the Bush administration to that of the Obama’s administration.

4.6.1 Bilateral Trade

AGOA is a multilateral trade agreement between the U.S, Caribbean countries and SSA. However, between Kenya and U.S the free trade policy becomes a bilateral agreement between these two parties. One major finding of the study is that policy makers, 100% of the respondents rated bilateral trade relations as highly profitable to participating states. A joint justification offered was that collaboration with other states in trade accelerates development in the respective countries. Respondents added that bilateral relations between countries not only benefit the country economically but also socially and other sectors such as security. Bilateral trade relations act as a gateway for countries to deep their relations and strengthen regional and global cooperation.

85% of the respondents agreed that bilateral trade relations are more beneficial than multilateral relations. They cited that bilateral trade relations offer a better platform for a country’s interests to be voiced and both parties can amicably reach a consensus. Multilateral trade agreements have multiple participating countries that have varying interests making it extremely difficult for one country’s special interests to be tabled. 15%
of the respondents disagreed with the above statement citing that multilateral agreements are the most beneficial because a participating country is offered an array of trading partners to trade with. Moreover, multilateral trade agreements provide the backdrop against which bilateral trade policies are created for example: WTO. The international trade guidelines stipulated by the WTO, such as reduction or complete elimination of tariffs, is the basis bilateral agreements follow and narrow down the parties special interests.

Another major finding of the study is that domestic interests highly influence foreign policy formulation of Kenya. In the case of the AGOA policy, 21% of the respondents who have worked on AGOA trade between 7-10 years agreed that domestic interests pushed Kenya to sign into the policy. Kenya had a dead textile industry and AGOA gave the industry an opportunity to be revived. Moreover, the Act would greatly reduce the 50% unemployment rate Kenya was facing in 2001. Smith 2015 explains that domestic interests inform politicians’ campaign during election season. Therefore when domestic interests feature on foreign policy the ruling party garners more public support.

A general objective of the study was to determine how Kenya and U.S relate with each other in trade relations. 87% of the respondents agreed that the bilateral relationship is cordial and mutually beneficial while 13% of the respondents felt that the trade relations were cordial and partisan. When probed further on their response, the 87% said that U.S is among Kenya’s top trading partners furthermore Kenya receives a large sum of FDI and aid from the U.S. They explained the cordial relations as Kenyan officials are welcome to communicate with U.S official on any matters they so wish. However, they were quick to note that although the U.S offers Kenya a listening ear, the U.S interests
reign supreme in most cases. The cordial nature of relations varies from case to case, with some respondents citing the 2012 Kenyan election of President Uhuru Kenyatta and his Deputy William Ruto. U.S – Kenya relations turned hostile because the country seemed to blatantly ignore the U.S advice on electing persons facing charges of crimes against humanity at the ICC.

All respondents agreed that Kenya is key ally of the U.S on the African continent. Several reasons were given as justification to their responses. Kenya’s geostrategic position in Africa provides a gateway for the U.S to access other markets in Africa specifically Central and Eastern Africa. Kenya has cheap labor that greatly reduces the cost of production for American manufacturing firms. Lastly, Kenya has a ready market with a thriving middle class which possesses the ability to purchase American products.

A super power having cordial relations with a LDC, especially in Africa is a scenario that is expected in the international system. Pleasant trading conditions work favorably for both parties until the super powers interests are threatened and their supremacy plays out. African countries need to strategize and reshape their approach in international relations that they can bridge the divide LDC and developed countries (Ngcoya, 2007).

4.6.2 Implementation of AGOA in Kenya

68% of the respondents felt that the naming of a free trade policy on the U.S Congress floor after a continent that had no representation was bias. The SSA countries were not consulted in the formation of the policy which leads to the conclusion that SSA interests were not adequately considered. The respondents felt that in this regard the policy was
limiting to the participating SSA countries. 32% of the respondents felt that the U.S Congress did not need to include SSA interests in the formation of the policy because the basis of AGOA was free trade which is beneficial to all parties.

89% of the respondents felt that Kenya has benefitted from the AGOA trade policy because the policy strengthened the textile industries in Kenya and 90% of the EAC exports to the U.S under AGOA are from Kenya. In addition to that, production of textile and apparel is a labor intensive sector that has employed many Kenyans who would have otherwise been jobless. The table below shows the growing employment rate under AGOA.

*Table 4: Employment growth rate under AGOA*

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Employees</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>16,558</td>
<td>--</td>
</tr>
<tr>
<td>2002</td>
<td>26,697</td>
<td>61%</td>
</tr>
<tr>
<td>2003</td>
<td>37,899</td>
<td>42%</td>
</tr>
<tr>
<td>2004</td>
<td>36,000</td>
<td>-5%</td>
</tr>
<tr>
<td>2005</td>
<td>34,291</td>
<td>-4.7%</td>
</tr>
<tr>
<td>2006</td>
<td>32,911</td>
<td>-4%</td>
</tr>
<tr>
<td>2007</td>
<td>29,722</td>
<td>-9.6%</td>
</tr>
<tr>
<td>2008</td>
<td>30,187</td>
<td>1.6%</td>
</tr>
<tr>
<td>2009</td>
<td>30,115</td>
<td>-0.2%</td>
</tr>
<tr>
<td>2010</td>
<td>31,026</td>
<td>3%</td>
</tr>
<tr>
<td>2011</td>
<td>32,043</td>
<td>4.4%</td>
</tr>
<tr>
<td>2012</td>
<td>35,501</td>
<td>5.1%</td>
</tr>
<tr>
<td>2013</td>
<td>39,961</td>
<td>12.6%</td>
</tr>
<tr>
<td>2014</td>
<td>46,221</td>
<td>15.6%</td>
</tr>
<tr>
<td>2015</td>
<td>50,302</td>
<td>8.8%</td>
</tr>
<tr>
<td>2016</td>
<td>52,474</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

Source: [https://agoa.info/profiles/kenya.html](https://agoa.info/profiles/kenya.html), EPZA Reports 2001-2016
From the above table, it is evident that AGOA has provided job opportunities hence reduced the unemployment rate in Kenya. Majority of the years have recorded a positive growth rate with an exception of 2004 to 2007 and 2009. The EPZA research department indicated that the F.D.I received under AGOA between 2001 – 2008 summed up to USD 897,337,306 and had an average of 6.7% on Kenya’s GDP in the aforesaid years. The total amount of F.D.I received in Kenya under AGOA between 2009- 2016 is USD 762,202,187 resulting to an average of 5.5% on the country’s GDP. Therefore, the F.D.I offered under AGOA has a substantial influence on Kenya’s GDP as it has assisted in reducing the unemployment rate and capacity building in textile industries. Despite the trade deficit caused by imports and exports exchange the 11% of the respondents differ from the rest citing that although textile industries have been revived, the local market has suffered a great deal with the influx of low quality clothing from the U.S. This has deprived the local citizens the privilege of enjoying good quality clothing produced locally. Majority of the respondents stated that there is room for improvement in the trade exchange as Kenya can diversify her exports not only to fit the textile and apparel bracket but expand to flowers and other agricultural products. The interviews also brought to light that Kenya can seek innovative ways to add value to the textile and apparel. Value addition will not only set Kenyan exports apart from other SSA countries but also increase the value of exports.

Many of the respondents stated that Kenya does not get the opportunity to negotiate the amount of FDI received under AGOA. Since there is no statute forcing the U.S to give a particular amount, the FDI received in Kenya is totally left to the discretion of the U.S government. The U.S government determines the volume of FDI based on its exports to
the SSA in the previous years and the U.S market requirements. A handful of the respondents added that the form of FDI is also left to the preference of the U.S. 95% of the respondents agreed that U.S officials who are in charge of oversight of exports and Kenyan officials have a pleasant working relationship. The U.S Customs and Border Protection Unit is responsible to inspect Kenya’s exports to prevent transshipping and ensure that SOP of production are followed. The officials are described as strict on Kenyan exports to abide by the regulatory statues of AGOA.

Respondents alluded that Kenya retracted the ban on importation of second hand clothes because AGOA secures free access markets of SSA countries by U.S government. This ban would effectively breach the policy regulations and Kenya would be risking a ban from AGOA. Kenya becoming ineligible to AGOA will cause great repercussions such as increased unemployment, reduction of significant FDI and a collapse of textile industries. Therefore, risk costs brought by a ban of second clothes largely outweigh the effect of second hand clothes on Kenyan markets.

The policy makers advised that in order for Kenya’s interests to be address before hand, Kenya should seek to have a stronger bargaining power. This can be achieved by maximizing the EAC markets and presenting exports as the EAC as opposed to trading with the U.S on an individual basis. A threat by the EAC to ease trading with the U.S is more substantive than such as threat coming from one state when their grievances are ignored.
4.6.3 Impact of Regime Change in the U.S on the implementation of AGOA.

A functional democracy is one that the people have a right to vote for their leaders who will assume the mandate to represent their interests at both the national and international level. According to Mkandawire, (2010), the function of a democratic country necessitates that a Head of State should serve for a specified term limit afterwards pave way for a new regime to rule and govern the country. The change of regime does not signal a change in foreign policy or the implementation of the policy. Majority of the respondents argued that continuity of policy after regime change is obligatory however; the continuity or change of policy should be informed by the prevailing circumstances of the time.

President George W. Bush administration was the first government to implement AGOA policy. The respondents generally rated Bush’s administration as favorable towards beneficiary SSA countries. Kenya did not receive any special treatment during President Bush tenure. President Bush decreased the quota tariffs on export volumes from beneficiary SSA states. A decrease in export tariff quota indicates that a county can export more products to the export destination with ease. It also indicates growth in export value for the exporting country (Clarkson, 2008).

It was a unanimous feeling among the respondents that Kenyans had high hopes that during President Obama’s time in office Kenya would stand gain more from the U.S. The interviewees stated that President Obama’s administration continued with the implementation of AGOA as initiated by the Bush regime. President Obama has overtly shown his support for the African Continent especially under AGOA by creating a high
level advisory committee on SSA states. The Obama administration also extended provisions that currently allow African nations to import raw textile material from outside the continent process it and deliver to American markets.

The study found out that Obama’s administration increased technical assistance to SSA textile firms facilitating the firms with automated machines that boosted their capacity. The Obama administration also extended the agreement for another 10 years from its year of expiry 2015 up to 2025. This move shows that the administration saw the profitability of the trade between the participating states and the U.S.

Respondents highlighted that the U.S government under President Obama facilitated textile and apparel firms in Kenya to travel to America for a product exhibition. The week long textile and apparel exhibition in 2015 included mentorship for the firms’ directors and department heads. The training was meant to help the Kenyan officials to management the firms more efficiently in turn increasing the of value exports. The ACTIF, 2010 report reiterates the findings of this study that F.D.I and technical assistance offered by the U.S government and AGOA, goes a long way in strengthening economies of the LDCs. It is however the responsibility of the SSA countries to ensure proper utilization of the availed resources.

4.7. Chapter Summary

This section of the study has disseminated the data gathered by the research to fulfill the objectives of the study. The chapter has explained the demographics of the respondents’ interviewed and presented the quantitative data clearly in a graphical manner to assist the reader in understanding the information. Furthermore, the chapter discusses the findings
of the research both qualitative and quantitative data. The study was geared to meet three objective key among them was to understand the impact of regime on change and continuity of policy. The research shows that change reigns in the U.S had minimal impact on the execution of the AGOA policy as both President Bush and President Obama continued to implement the policy and both Presidents extended the policy’s term limit. However, respondents note that the President Obama administration’s showed more enthusiasm in relations compared to the President Bush administration.

Another objective was to establish whether the AGOA trade relation between Kenya and U.S is beneficial to both actors. From the cash flow statistics that the research generated Kenya has a trade deficit while the U.S enjoys a trade surplus from this relation. The BOT shows a trade deficit on Kenya’s economy which is amplified by the addition of FDI. Contrary to the essence of FDI the cash flow of trade under AGOA continues to result to a trade deficit.

Lastly the study compared approach and outcome of AGOA implementation in Kenya, President Bush against President Obama. The respondents overwhelming agree that the environment of trade under President Obama was more amicable compared to that of President Bush. However, this amicable relation failed to reflect in the BOT. President Obama’s trade trends were mostly unpredictable as his administration recorded the largest trade deficit and trade deficit compared to that of President Bush. President Bush administration proved to have predictable trade trends that were not extremely high or low.
5.0. CHAPTER FIVE:

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

5.1.1 Mutuality of Trade between Kenya – U.S under AGOA

The study determined that the trade relations between Kenya – U.S under AGOA are largely favorable towards the U.S leaving Kenya with a trade deficit. The relationship gives Kenya free access to U.S markets but at a great economic disadvantage due to the unfavorable trading exchange rates. The USD is stronger than the KES making Kenyan imports more expensive than exports. The F.D.I has a significant boost to Kenya’s GDP nonetheless the negative BOT experienced in many years renders the F.D.I insignificant when Kenya’s annual cash flow is examined.

As highlighted in the literature review research has shown that trade balance between these two actors has been biased against Kenya. In the study it has been established upon further research focusing on the FDI received under AGOA that the cash flow of trade still disfavors Kenya. The implementation of the Act started off successful with the initial years recording a positive cash flow. However recent years, specifically 2014, recorded negative cash flows that in turn affected the Kenya GDP because U.S is among Kenya’s top trade partner. Recording a negative BOT means that there are limited chances of recovery in the Kenyan economy. The study concludes that even though FDI received under AGOA signifies money coming into the country, the negative balance of trade caused by the exports and imports cancel out the positive cash flow.
5.1.2. Impact of Regime Change in the U.S on the implementation of AGOA in Kenya.

The study ascertained that regime change is a necessitated part of the democratic process hence the policies initiated by a past regime should continue if they are well informed by domestic interests. AGOA policy implementation continued seamlessly from the Bush regime into the Obama reign. The stipulated SOPs were followed by the two participating countries with the officials citing a good working rapport with the U.S Customs and Border Control unit. The study found that the initiative of AGOA may not have been a brainchild of African leaders but has yielded great opportunities for the SSA.

This research also gathered that each of the U.S presidents found the trade policy profitable hence the extension on its expiry was done twice in 2005 and 2015. It was the intention of both President Bush and President Obama to see successful implementation of the policy as they individually exerted their influence. President Bush reduced trade tariffs on import from Kenya while President Obama creating a high level advisory committee for AGOA.

The study established that the trends of trade during the reign of President Bush and President Obama were largely affected by external factors excluding the Presidents. The economic down turn of 2008 is an example of the aforementioned. The economic crisis caused a decrease in the FDI Kenya received because investors were wary of the large investments. The study has concluded that continuity of policy implementation was well practiced by both administrations however, the U.S President’s role was limited. It is
imperative to note that President Barack Obama took exception from being a passive influence on AGOA implementation in 2015.

Hosting the GES summit in Kenya and highlighting the AGOA trade relations between Kenya –U.S made President Obama an active President in the implementation of AGOA policy.

5.1.3. A Comparison of President Bush and President Obama implementation of AGOA.

The study compared Kenya’s cash flow between 2001-2008 against the cash flow of 2009-2016. The research established that President Bush tenure had more a stable cash flow than President Obama. During President Bush time in office, Kenya had a trade surplus four times 2001, 2003, 2004 and 2008 and a trade deficit of less than USD 200,000,000. President Obama’s time is office saw the Kenya –U.S trade recorded the highest trade surplus and the highest trade deficit. Obama’s reign saw numerous trade deficit 2009, 2011, 2012,2013,2014,2015. Therefore, the study concludes that both regimes were beneficial however Bush’s administration was more stable and predictable than Obama’s administration.

When President Obama as sworn into office in 2009, Kenyans were overwhelmed by the historical event as President Obama shared in their heritage. It was the common expectation of the both the ordinary citizens and government that having one of them at helm of power would better relations between both actors. The study concluded that the reign of President Bush was far more predictable from that of President Obama. From the research, one can conclude that the expectations of Kenyans were principally not met.
because on one hand President administration record the highest trade deficit and on the other hand President Bush’s administration records the largest surplus.

However, it is important to note that the respondents interviewed for this research noted a more friendly relation between Kenya and U.S trade describing it as more intentional compared to that of President Bush. The respondents emphasized that President Bush administration used a general approach towards Kenya same as other African states while President Obama’s approach was more intentional towards trade. Therefore the research concludes that the cash flow statistics on AGOA trade show that Kenyans expectations were far from being realized the qualitative research points towards Kenyans expectations turned into reality.

5.2 Recommendations

The study recommends that Kenya’s government increases its bargaining power at the negotiating table while trading with U.S. The variance of the quality of goods exchanged by both actors is a matter that needs to be addressed urgently. Kenya may consider garnering support regionally from other SSA beneficiary countries who also are affected by U.S low quality textile exports.

Kenyan policy makers ought to pay attention to one the objectives of this study. The study established that trade relations improved during President Obama reign but the improved relations did not reflect on the BOT. Policy makers should ensure that their diplomatic practice yields tangible fruits specifically in the country’s economy. Hence, reducing the trade deficit clearly evidenced in this research.
The government should fast track this process because as the value addition process stagnates the trade deficit continues to grow. Diversification Kenya’s exports under AGOA will go a long way in reducing the trade deficit that Kenya experiences in this trade relationship. Government may consider taking advantage of the robust and innovate youth in the country to create new products under the textile and apparel banner. There are plans to extend the AGOA policy towards other sectors of the economy in order to maximize benefits from the policy. Government should fast track these plans so as to salvage the damage caused by the trade deficit and boost the economy to profitability.

5.3 Further areas of Research

Further research can be done on how best Kenya can make the exchange rate more favorable and profitable. This would help the country narrow the trade deficit. Moreover, the Kenyan government has plans of value addition of goods under AGOA that are yet to be implemented. Research on how Kenya can diversify the form of FDI received under AGOA so that the impact can be more widespread hence decreasing the negative impact on GDP. This would include research on innovation and benchmarking with other SSA countries and developed states.

AGOA policy term limited expires in 2025 and as so research on how President Trump approaches the implementation of the policy. The trends of trade seen during his first term can better inform SSA states on the profitable steps to follow in subsequent as they trade with U.S under AGOA. This information will particularly important if and when President Trump gets a second term in office.
This is an interview scheduled by Lucy K. Mutuku, a Graduate student in Master of Art in International Relations at United States International University – Africa. Lucy Kalondu Mutuku, (herein referred to as the researcher) will conduct an interview with you (herein referred to as the respondent) through the use of this semi-structured questionnaire.

The researcher is investigating in the following topic: “A comparative study of U.S-Kenya AGOA trade relations between President George W. Bush and President Barak H. Obama”. After due research of available literature, an academic gap emerged in regards to the aforementioned topic. There is very little literature explaining the impact of regime change in the United States of America on the implementation of the AGOA trade policy in Kenya. The researcher seeks to conduct interviews with the policy makers from Kenya’s Ministry of Foreign Affairs and International Trade to ascertain the extent to which President Bush’s administration AGOA implementation differed or was similar to President Obama’s approach.

RULES GUIDING THE INTERVIEW.

- The information gathered in this interview is for academic purposes only.
- The researcher assures the correspondent of total anonymity of their identity.
- This questionnaire will be kept for six months in order to present valid results for the research and thereafter it shall be disposed of appropriately.
- With consent of the correspondent, the researcher may record the interview.

The respondent hereby, agrees to be interviewed by the researcher on the aforementioned subject matter.

Signature  …………………………………………………
GENERAL INFORMATION.

o Respondent……………………………………………………………………………………………..

o Department that the respondent works in

…………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………

o Number of Years the respondent has practiced

…………………………………………………………………………………………………………………………

o Level of Education

…………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………


A. Bilateral Relations.

a) International relations is practice that has existed for centuries. How important is it for a state to maintain cordial relations with other states

Extremely important …….. Important …………… Less important ……………………..

b) Throughout history, most countries relate mainly in trade. Why so?

…………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………


b) In your opinion, which type of business deals or treaties is the most beneficial?

i. Bilateral trade deal

ii. Multilateral trade deal

iii. Both

Explain…………………………………………………………………………………………………………………………
d) In some cases, national interests are informed by domestic interests of a state. To what do Kenya’s domestic interests influence her national interests.
Highly influential………… Averagely influential……….. Less influential………….. Explain


e) What is your opinion of the trade relations between U.S – Kenya?

f) How would best would you explain the nature of trade deals between U.S and Kenya.

   i. Cordial and mutually beneficial
   ii. Cordial and partisan
   iii. Hostile and mutually beneficial
   iv. Hostile and partisan?
Explain
g) Does Kenya matter to the U.S.A?

Yes……. No…..

If yes, explain how Kenya matters to the U.S and why

h) AGOA is a trade policy drafted on the floor of the US Congress but named after the African continent. As a practicing policy maker, what is your conviction on this policy

i) In your opinion has Kenya benefitted from the AGOA trade policy, focusing solely on exportation of textile and apparel?

j) The AGOA Act requires beneficiary states to collaborate with American policy enforcers to prevent illegalities such as transshipping and ascertain the origin of
yarn and fabric. How would you grade the working relationship between Kenyan and American officials?

   i. Pleasant
   ii. Averagely pleasant
   iii. Unpleasant

Explain

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k) The Act stipulates the limit of exports from SSA to U.S.A. What guides Kenya in negotiating the FDI that flows into the country through AGOA?

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l) In what form does Kenya receive the Foreign Direct Investment under AGOA?

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m) Does the F.D.I received under AGOA benefit Kenya

......... Yes ........... No
n) How significant is the F.D.I to Kenya’s GDP
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o) There is a widespread notion that AGOA is a partisan agreement greatly favoring the U.S. Nonetheless, research has shown that merging U.S exports and the F.D.I received annually, slightly narrows the trade deficit. In your opinion why is it that there minimal impact of F.D.I in Kenya?
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p) Kenya recently retracted her stand on banning importation of second hand clothes. What do you think can be done in the future to ensure that in a bilateral trade deal the country’s grievances are addressed before it is too late?
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B. Impact of Regime change.

q) Democratic states have term limits for serving presidents. Nonetheless foreign policies of states have no time limit hence continuity of policy is key for all administrations. Do you agree with this statement?
Yes............... No ............
If yes, justify your response
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r) In your opinion, how does regime change in a state affect the implementation of previously existing foreign policy?

s) In your view, how has regime change in the U.S. influenced the continuity of policy implementation in Kenya? (particularly from Bush administration to Obama administration)

t) Does a sitting Head state have an impact on the ease of bilateral trade, in this case between Kenya and the U.S.A.?
C. President George Bush Regime.

u) President George W. Bush initiated the AGOA trade deal, how would you describe his administration’s approach towards the implementation of AGOA in Africa?
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v) In your opinion, why did President George Bush extend the AGOA time limit to 2015?
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D. President Barack Obama’s Tenure.

w) Kenyans had high hopes in maximizing opportunities that would come with an African-American President in office. Would you agree with the publics’ perception?
........ Yes ........ No.

x) In what areas did Kenya benefit from during President Obama’s tenure?
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y) How would you describe the approach taken by the Obama administration in the implementation of AGOA in Africa?
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z) How did Kenya profit from Obama’s tenure in office under AGOA?

aa) As a practicing policy maker how would you compare or contrast the approach taken by President Bush’s administration to that taken by President Obama’s administration.

bb) Did the change of regime in the U.S (from President Bush to President Obama) have a significant change in the trade relations between Kenya and U.S?
cc) If regime change has its impact, how best can Kenya position herself in the future to realize maximum benefits from the AGOA trade deals in the face of regime change?

dd) Additional information
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