

Despite the pandemics, in 2020, Kenyan exports managed to register a 3.3% growth to \$6 billion, driven by continued world demand of Kenyan tea, coffee, fruits and vegetables, and a quick rebound in demand for garments. The good level of diversification of Kenyan exports and of their destination markets is one of main assets and a resilience factor of the East African country, that during the past two decades has witnessed a continuous growth of its imports and exports (except in periods of external shocks). Nonetheless, the contribution of exports of goods and services to the Gross Domestic Product (GDP) has gradually decreased, from 23.6% in 2011 to 10% in 2020, suggesting that Kenya's exports need to be further expanded in order to further diversify its economy and sustain its development plans.

A new [report](#) from the Overseas Development Institute (ODI) identifies the most promising sectors where Kenya enjoys a competitive advantage, by investigating their potential to meet the growing demand from its trading partners. The report divides such products in 4 categories:

- Category A: products can be further promoted for exporting in view of growing trading partners' demand and Kenyan efficiency on these products;
- Category B: products are those that may need intervention (e.g. to increase efficiency) to meet increasing demand from trading partners on these products;
- Category C: products are those which Kenya may move or diversify away from in view of falling trading partners' demand and Kenyan efficiency on these products;
- Category D: products are those which Kenya may opt to re-direct towards other bilateral partners to utilise the growing Kenyan efficiency on these products.

By examining the products with growing demand from Kenya's major trading partners, the report identifies the following new Kenyan products as the ones whose export potential is higher, with their most attractive destination markets:

High potential goods exports

Main destination markets

Recent research shows Kenyan products whose export potential is higher

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| M | iscellaneous food preparations |
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|---------------|---|-------|
| EU, China, US | , | India |
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|---|----------------|
| C | otton garments |
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|-----------------------|----------------|
| EU China, EAC, India, | Rest of Africa |
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| Vegetable textile fibres |
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| UK |
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| S | oap and surface-active products |
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|---------------|---|----|
| EU, India, UK | , | US |
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| D | isodium carbonate |
|---|-------------------|

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|----------------|
| Rest of Africa |
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| | |
|---|-----------------------|
| C | opper waste and scrap |
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|----|---|----|
| EU | , | US |
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| I | ron or non-alloy steel products |
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| India |
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| | |
|---|------------------------|
| C | igarettes with tobacco |
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| | | |
|--------|---|----|
| EU, UK | , | US |
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The ODI report, summarised in a [policy brief](#) , also shows in a table the main both product-specific and market-specific barriers that currently hamper access of Kenyan products to other markets. Such barriers are grouped according to the main destination of Kenyan exports, i.e. EU, UK, US, China/Asia and rest of Africa, with a column “General exports destination” describing the general difficulties that each one of the products main exported by Kenya encounters when traded abroad. These barriers include the difficulty to meet certain standards (e.g. SPS, environmental, social and safety standards, maximum residue level of pesticides, etc.), the lack of trade-related infrastructure, or a lack of capabilities or productivity.

A series of specific measures are also recommended to promote Kenyan exports of identified products. This includes for instance the support to micro, small and medium-sized enterprises

(MSMEs) in a range of value chains such as tea, horticulture and garments; the provision of value chain finance for firms in horticulture, tea and garment value chains; and the support to the development of standards appropriate to the specific product and export market. Financial institutions or institutions that support financial sector development can therefore offer a number of financial solutions for supporting Kenya's exports, including support to value chain finance and digital financial services, finance for meeting product- and destination-specific standards or financial products and services for supporting the implementation of new trade agreements (such as AfCFTA), or for supporting international approaches to investment facilitation.

