★business UP TO DATE, ACCURATE BUSINESS INFORMATION NEWS YOU CAN USE, EVERY DAY

Kenya-China in MoU to shore up exports

BY CONSTANT MUNDA

MANUFACTURERS will be the biggest beneficiaries of Chinese Premier Li Keqiang's state visit if he fulfils his promise to take "forceful steps" to ease the yawning trade imbalance with Kenya.

The Premier has promised to facilitate trade and provide convenience for Kenyan industries to market their products in the world's second largest economy.

Kenya and China have signed a raft of agreements, one of which was on investment promotion cooperation between the two countries' agencies.

"This MoU is geared towards bridging the balance of trade which is currently in favour of China by giving Kenya's products access to the Chinese market among other things," the State House said in a statement.

Kenya-China trade is grossly tilted in favour of the Asian giant. The value of Kenya's imports from China was the second highest in 2013 at Sh182.36 billion behind India's Sh258.23 billion, according to Economic Survey 2014.

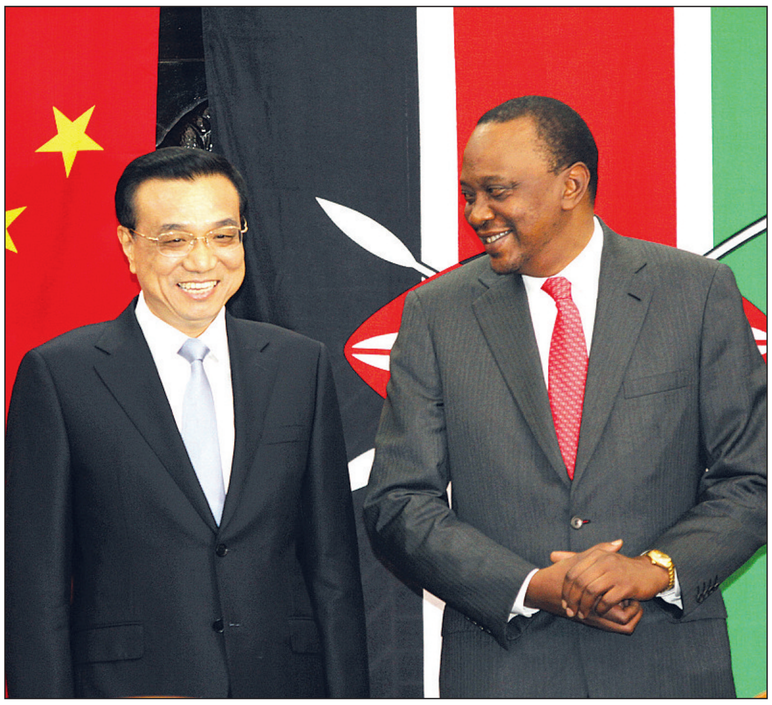
Imports mainly include machinery, transport equipment, motor vehicles, metals, plastics, electrical equipments,electronics, textiles and a range of household goods.

Kenya's exports to China however dwarf the imports at a mere Sh4.2 billion in 2013, creating a massive trade deficit of Sh178.16 billion last year.

Exports to China mainly include iron, manganese, chromium, copper ores, leather, sisal fibre, tea, coffee and fish products.

Aly-Khan Satchu, a financial analyst and CEO of Rich Management, in his Star column today notes that Premier Li Keqiang is cognisant that balancing trade volumes between the two countries is a "serious challenge".

The Premier said some steps to be taken to shore up Kenya's export to the Asian giant will include showcasing Kenyan products at trade fairs and promotion campaigns in China.



COLLABORATION: Chinese Premier Li Keqiang shares a light moment with President Uhuru Kenyatta at State House after signing agreements.

"The Chinese government will continue to take forceful steps to ease the trade imbalance between our two countries. We welcome Kenyan companies to participate in large trade fairs and other commercial activities... to show their strength and that they are in a position to meet Chinese needs," he said on Saturday.

"The Chinese government is ready to provide convenience and facilitation in this regard and want to see more Kenyan goods in the Chinese markets."

He promised to encourage Chinese companies to investments in Kenya's manufacturing sector and help local businesses raise their processing capacity and product competitiveness.

Moses Ikiara, managing director of the Kenya Investment Corporation, yesterday said the MoU will focus mainly on trade facilitation in the business registration process and work permits.

"If, for example, a Chinese investor wants to set up in Kenya, they just contact us, give us all information and we shall arrange all the appointments on their behalf," Ikiara said on phone.

Premier Li Keqiang said increasing Kenya's exports to China would help ease off "significant pressure on the Chinese government's exercise of macroeconomic regulation" as it is forced to maintain huge volumes of foreign currency reserves.

He said China's "substantial foreign exchange reserves" are already a "burden" to his government.

Ikiara said the establishment of a one-stop shop for all "quality" foreign and domestic investors is almost complete.

"With China, we will have exchange of staff and we are planning to send two staff (from KenInvest) to learn Chinese," he said.

The two will also collaborate in organising trade fairs in either country, with the host state mobilising targeted participants and facilitating logistics.

Taveta one-stop border post to boost trade

BY RAPHAEL MWADIME

A new one-stop border post in Taita Taveta is tipped to ease cross-border trade significantly once it becomes operational in less than two months.

The facility has been financed by the World Bank at a cost of Sh420 million and construction started in 2012. It can clear more than four trucks within an hour and is expected to reduce congestion at the border.

TradeMark East Africa's director of one-stop border posts said the automated facilities will boost trade by enhancing movement of goods and people.

"The modern one-stop border post is expected to reduce clearance time to a third. One does not have to be cleared twice because officers from both countries will work under one roof thus reducing bureaucracies that traders face during clearance," he said.

Lyimo said the facility will help traders to reduce costs when trading across the border.

Principal secretary for East Africa Community Affairs Mwanamaka Mabruki said security along the borders will be enhanced.

"We want to assure communities along the borders that there is total collaboration of all security agents from both countries to guarantee security," she said.

Can YOU outsmart the expert?

ALY KHAN'S STAR PORTFOLIO

CHINA SHOULD INVEST IN KENYA'S BONDS, EQUITIES

I visited Poland (for the first time) and am now writing this piece from the grand Four Seasons in Milan. I thank His Excellency the Polish Ambassador to Kenya for the invitation to participate in the EEC Conference in Katowice and it really was an eye-opener.

Of course, as I looked at the map, I realised that I was really close to the frontline in Ukraine or as close as I cared to be physically. I learnt that Poland represents one per cent of the world's GDP output and a back-of-the-hand calculation confirmed Poland's GDP of over €500 billion (Sh60.29 trillion) represents more than a third of Africa's total GDP.

Poland is seeking to enter Africa with some vigour via its 'Go Africa' programme. And I for one am sure that Africa can collaborate with Poland, particularly via its thriving manufacturing sector. The big challenge for Africa is jobs, which will surely be created in the manufacturing and agricultural sectors, where Poland is preeminent.

Of course, back home, the Chinese Premier Li Keqiang's visit has evidently been the big news but in my view, a condition precedent that our future success is surely the multilateralism and multipolarity of our relationships. Therefore I am certain that Poland is set to play a role in the #AfricaRising story.

From the wonderfully green Warsaw, I flew to Milan to attend the mercurial Francesco Confuorti's 6th Edition of 'Global Perspectives for Growth and Trade', which this year has a special focus on East Africa.

Mr Confuorti (the President of Advantage Financial, about which I am sure you will hear a great deal in the near term) is a magnetic personality whom I met in Nairobi and he is kind of irresistible. I am a deep believer in serendipity and the 'power of pull' and I like being in the company of folks who can bend serendipity at a personal level. I have found that in life, you can be the most intelligent person on the block but without serendipity and the power of pull, all that intelligence can be a wasted asset.

Serendipity creates an environment that allows you to tap into its sweet spots. When you do not have it, you know it. Great ideas flounder because there is no forward momentum. Of course, nothing comes without hard work and passion but hard work plus passion and serendipity is an unstoppable combination.

Here in Milan, you feel the heartbeat of Italy, the wonderful quality of the workmanship and of the design – just think Ferraris and Prada handbags. And if we wish to ride up the global value chain (because that is where the juice is in the 21st century economy), we can learn from Italy.

It would be remiss of me not to track back to the Chinese Premier's visit. China has lashings and lashings of cash and more than $3 trillion at the last count and therefore has the capacity to be transformative and a game-changer for practically any country anywhere in the world.

Kenya has of course a lop-sided relationship in that our exports to China stand at $50 million (Sh4.35 billion) annually versus $3.2 billion (Sh278.5 billion) of imports.

Bringing this into balance is a challenge and a serious one and the Premier is evidently cognisant of that because in his Press conference, he characterised trade and investment as being the "cornerstone" of China-Kenya ties and affirmed that China has never pursued surplus in its foreign trade with Kenya.

I for one would also be urging the Premier to put some of their hard earned reserves to work in our fixed income and equity markets because it remains a conundrum to me that to date I have yet to see a single Chinese investor at the Nairobi Securities Exchange, for example.

And on that note, I will sign off by reminding you that today will see Bob Collymore's Safaricom release its full year earnings. Safaricom has a market capitalisation of Sh514.57 billion and constitutes more than a quarter of the stock market's value. Therefore, this is a big beast of a release. You can bet the house on a real muscular earnings release and an eye-popping dividend increase.

Shares go up and down and readers are advised that this column represents Mr Satchu's personal opinions.