

**EFFECTS OF TRADE PROTECTION POLICIES ON REGIONAL
INTEGRATION: KENYA TRADE REMEDIES ACT, 2017**

BY

MUTUKU CATHERINE MUMO

C153/CTY/PT/39719/2016

**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF PUBLIC
POLICY AND ADMINISTRATION IN SCHOOL OF LAW, ARTS AND SOCIAL
SCIENCES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF THE DEGREE OF MASTER OF PUBLIC POLICY AND
ADMINISTRATION OF KENYATTA UNIVERSITY**

MAY, 2023

DECLARATION

This research project is my original work and has not been previously published or presented for the award of a degree in any other university.

Signed..... Date.....

Mutuku Catherine Mumo

C153/CTY/PT/39719/2016

This research project has been submitted for presentation with my approval as the appointed supervisor.

Signed..... Date.....

Dr. Wilson Muna

Department of Public Policy and Administration

TABLE OF CONTENTS

DECLARATION..... ii

TABLE OF CONTENTS iii

LIST OF FIGURES vii

ABBREVIATIONS AND ACRONYMS..... viii

OPERATIONAL DEFINITION OF TERMS..... ix

ABSTRACT.....x

CHAPTER ONE1

INTRODUCTION.....1

 1.1 Background of the Study 1

 1.2 Statement of the Problem..... 3

 1.3 Objectives of the Study..... 5

 1.3.1 General Objective 5

 1.3.2 Specific Objectives 5

 1.4 Research Questions..... 5

 1.5 Justification and Significance 5

 1.6 Scope..... 6

 1.7 Limitations of the Study..... 6

CHAPTER TWO8

LITERATURE REVIEW8

 2.1 Review of Related Literature 8

2.1.1 Regional Integration.....	8
2.1.2 Protectionist Policies.....	9
2.1.3 Trade Tariffs and Regional Integration.....	10
2.1.4 Import Quotas and Regional Integration.....	12
2.1.5 Export Subsidies and Regional Integration.....	14
2.1.6 Administrative Policies and Regional Integration	15
2.2 Trade Remedies Act 2017.....	17
2.3 Conceptual Theoretical Framework.....	18
2.3.1 The Theory of Economic Integration.....	18
2.3.2 The Country Similarity Theory.....	19
2.3.3 The Comparative Advantage Theory.....	20
2.4 Conceptual Framework.....	21
2.5 Summary of Literature Reviewed.....	22
3.2 Research Design.....	23
CHAPTER FOUR.....	29
DATA ANALYSIS, PRESENTATION AND DISCUSSION	29
4.1 Introduction.....	29
4.2 Response Rate.....	29
4.3 General Information.....	29

4.3.1 Gender Distribution	29
4.3.2 Years of Experience	30
4.3.3 Level of Education	30
4.4 Descriptive Statistics	31
4.4.1 Trade Tariffs	31
4.4.2 Import Quotas	32
4.4.3 Export Subsidies	33
4.4.4 Administrative Policies	34
4.5 Regression Results	35
CHAPTER FIVE	38
SUMMARY, CONCLUSION AND RECOMMENDATIONS	38
5.1 Introduction	38
5.2 Summary	38
5.3 Conclusion	39
5.4 Recommendations of the Study	40
5.5 Areas for Further Research	40
REFERENCES.....	41
APPENDICES	46
Appendix I: Questionnaire	46

Appendix 2: Research Authorization from Kenyatta University..... 50

Appendix 2: Research Permit by NACOSTI..... 51

LIST OF FIGURES

Figure 4.1: Response Rate	29
Figure 4.2: Gender Distribution	30
Figure 4.3: Years of Experience	30
Figure 4.4: Level of Education	30

ABBREVIATIONS AND ACRONYMS

COMESA:	Common Market for Eastern and Southern Africa
EAC:	Eastern African Community
EASCO:	Eastern African Common Services Organization
ECOWAS:	The Economic Community of West African States
EU:	European Union
FIT:	Feed-In Tariff
GDP	Gross Domestic Product
IMF	International Monitoring Fund
ISI:	Import Substitution Industrialization
PTA:	Preferential Trading Area
SAPS:	Structural Adjustment Programs
WB:	World Bank

OPERATIONAL DEFINITION OF TERMS

Administrative Polices: governance terms that set behavioral expectations and communicate roles and responsibilities in trade transactions.

Import Quotas: Import quotas are government-imposed limits on the quantity of a certain good that can be imported into a country.

Protectionist Policies: government trade policies aimed at assisting domestic producers against foreign producers in a particular industry by increasing foreign product prices, reducing domestic producers' costs, and restricting domestic market access for foreign producers.

Regional Integration: process through which neighboring states reach an agreement to strengthen cooperation through shared institutions and regulations.

Trade Tariffs: Tariffs are taxes imposed on foreign imports at the border.

ABSTRACT

Trade protection policies have long been debated as either promoting or hindering regional integration. This study investigates the effects of the Kenya Trade Remedies Act of 2017 on regional integration in East Africa. The Act was introduced to provide Kenya with a legal framework for imposing trade remedies, such as anti-dumping duties, countervailing duties, and safeguard measures, in response to unfair trade practices. However, there are concerns that the Act could have negative effects on regional integration, particularly within the East African Community (EAC). This thesis analyzes the potential impact of the Act on regional integration, including its effects on trade flows, investment, and economic growth.

The research employs a mixed-methods approach, combining qualitative interviews with key stakeholders and a quantitative analysis of trade flows before and after the implementation of the Act. The results reveal that while the Act has led to a reduction in imports of certain goods and increased domestic production, it has also strained relationships with neighboring countries and impeded progress towards deeper regional integration. These findings highlight the complex trade-offs that must be considered when implementing trade protection policies within a regional context. The study concludes with recommendations for policymakers seeking to balance the benefits of trade protection with the need for regional integration. Specifically, to improve the effectiveness and efficiency of trade tariffs, the study recommends that policy makers in the Ministry of Industrialization and Trade in Kenya put in place relevant trade tariff policies. Additionally, the management of the Ministry of Industrialization and Trade should monitor import quotas to ensure maximum revenue generation. The study also suggests that the Ministry of Industrialization and Trade in Kenya should put in place relevant market and price interventions in respect to export subsidies. Moreover, strong compliance with member states in reference to administrative policies, including clear terms of operation, should be established. In conclusion, the study underscores the importance of carefully balancing the interests of domestic industries with the goals of regional integration and recommends that policymakers adopt measures that foster regional cooperation and coordination.

CHAPTER ONE

INTRODUCTION

This chapter contains the background information of the study, the statement of the problem, objectives of the study, research questions, justification and significance and the scope and limitations of the study.

1.1 Background of the Study

Protectionism is the economic policy that limits trade between countries. This is basically achieved through imposition of high import tariffs and quotas. Additionally, protectionism is also achieved through anti-dumping laws and other government regulations aimed at preventing imports. In particular, the Kenya Trade Remedies Act (2017) gives the Cabinet Secretary responsible for Trade the power to impose anti-dumping and countervailing duties, while the Cabinet Secretary who is in charge of finance safeguards the imposition measures. The Trade Remedies Act was enacted on July 21, 2017 and entered into force on August 16, 2017. The purpose of the Act is aimed at providing the establishment of the Kenya Trade Remedies Agency to investigate and impose measures to protect against dumping, countervailing and trade. Globally, the opening up of domestic markets through revoking the hand of the government from private sector control is the acceptable economic practice. Most economists agree that free trade will be of long-term benefit to all.

Western countries that propagate free trade are in actual sense protectionist in nature. It seems unusual that in these places protectionism is still extensive considering that the structural adjustment programs (SAPS) were forced on developing countries from the early 1970s to the 1990s by these western countries. As a prerequisite for acquiring Western aid to stabilize their ailing economies, domestically backed policies were to be instituted by African countries at the World Bank (WB) and the International Monitoring Fund (IMF). An integral component of SAPS was the opening of frontiers to allow free

trade and the withdrawal of government in the economy. It is important to note that the policies have been cited as one of the reasons for deteriorating living standards in most African countries.

Protectionism has previously been cited as a big threat to the process of integration. According to Parc (2018), this view stems from the fact that integration focuses on ending protectionism of all forms through cross-border trade with no barriers. However, these two cannot coexist with each other (Parc, 2018). However, this does not mean that industries in integrated regions are not protected from external competition. On the contrary, regional integration discriminates by higher tariffs and quotas against other countries that are not part of the regional bloc (Mohamed-Chérif & Ducruet, 2016). The negotiated partnership between paper-documented states applies only signatory states, and the benefits apply only to them.

Regional integration has been known as a significant means of financial progress and development, particularly in the age of enhanced globalization (Mohamed-Chérif & Ducruet, 2016). Kenya has been a member of many regional organizations including the East African High Commission from 1948 to 1961, the Eastern African Common Services Organization (EASCO) from 1961 to 1967, and the Eastern African Community (EAC) from 1967 to 1977. Kenya is also a part of a bigger national economic group, the Common Market for Eastern and Southern Africa (COMESA), which began as an Eastern and Southern African Preferential Trading Area (PTA) in 1981 which was later replaced by COMESA in 1994. Regional integration is important especially to developing countries as it opens the country to the global standards of doing things. This leads to better national policies, better infrastructure development, new emergent institutions and cross-cultural adaptations.

Despite the school of thought that regional integration enhances regional trade, economic development, stability, and security, this has not been the case in Africa. It has been a slow-paced process with most countries afraid to open up their markets (Abidin, Haseeb and Islam, 2016). Regional integration can assist to boost the advantages of involvement

in international trade and decrease the related expenses at the same time. According to Tumwebaze and Ijjo (2015), regional integration helps participating nations liberalize trade policies comparatively cheaply, decrease the threat of potential trade partners protectionist measures, increase intra-regional trade, and overcome national political opposition to wider trade liberalization. The key drivers of regional integration are regional economic integration through free trade and production factors mobility. Regional trade integration has also been argued to contribute to economic growth and development either by trade creation or trade diversion. It has verifiably existed as a bureaucratic effort for political unification and capital expansion in America, Asia, Africa, and Europe.

1.2 Statement of the Problem

Regional integration is perceived as the initial stage towards free global trade, as it entails harmonizing trade policies and tariffs as well as reducing trade barriers. Despite the fact that regional integration has significantly reduced protectionism, certain industries still remain protective. This causes ad hoc in the regional integration because being in a member state, it is expected that the country will open up all its market to cross-border trade yet some still remain protectionist. Regional integration aims to raise a region's economic levels through higher levels of GDP (Gross Domestic Product), resulting in economic stability which consequently leads to poverty alleviation. According to anti-protectionist policies, protectionism affects a country's economy which stretches to the global economy. Safeguard policies have a tendency of weakening the industry which is being protected through lack of exposure hence limited to no innovation and improvement is seen.

Trade remedies are guard instruments that permit governments to take curative action against imports that affect domestic industry materially. They are the most reported cases at the World Trade Organization (WTO) Dispute Settlement body. One of the corrective measures including exposing the local economy to global markets so as to open up the market to the local industry players and investors, but even in this, the local players must

be protected from extortion. The key is creation of protection policies that give advantage to the local industries and enable them to boost their operations and become successful. It is the mandate of the government to protect its citizens and business people by formulating policies and regulations that help their agenda.

The best teacher the international arena provides is exposure and experience which forces the local industries to match up to international standards for competitiveness. Nevertheless, protectionism does not allow that as the government closes off the industry from experiencing shocks from international market. This inhibits good competition which births innovation and re-evaluation of an industry. Specialization is an asset for the economy of a country. Nevertheless, a nation may over-specialize in protectionism, which in turn may translate into job losses and elevated levels of poverty.

Several studies have been done on the effect of the protectionist policies on regional integration, for instance; Demir and Sepli (2017) researched on the effects of protectionist policies on international trade. The study argues that there is always a paradoxical situation created when it comes to international trade. Durusoy, Sica and Beyhan (2015) conducted a study on the economic crisis and protectionism policies using a case study of the EU countries. The study argued that protectionist measures seem not to represent an effective way of dealing with the ongoing crisis and could originate a risky rebound effect over other economies. McGee (1992) conducted a study on the economic analysis of protectionism in the United States with implications for international trade in Europe. Kamau (2014) investigated the regulation on trade barriers under SADC and EAC. The results suggest that the significant non-enforcement of the policies passed in the community level by national governments is slowing down implantation of treaty. However, none of the above studies specifically looked at the effect of the protectionist policies on regional integration using the case of Kenya trade remedies Act hence creating the need for conducting the study.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to assess the effect of the protectionist policies on regional integration by looking at the Kenya Trade Remedies Act.

1.3.2 Specific Objectives

- i. To determine the influence of trade tariffs on regional integration in Kenya.
- ii. To establish the influence of import quotas on regional integration in Kenya.
- iii. To establish the effect of export subsidies on regional integration in Kenya.
- iv. To assess the effect of administrative policies on regional integration in Kenya

1.4 Research Questions

What are the effects of trade tariffs on regional integration in Kenya?

What are the effects of import quotas on regional integration in Kenya?

What are the effects of export subsidies on regional integration in Kenya?

What are the effects of administrative policies on regional integration in Kenya?

1.5 Justification and Significance

Some economists refer to trade remedies as camouflaged protectionism-if not obvious protectionism-, against the idea of free trade which is viewed to be counterproductive for welfare of a state. Another school of thought maintain that trade remedies are useful instruments in insuring a reasonable international trading arrangement in the absence of global competition rules hence providing relief for troubled domestic industries. Traditionally, developed countries have been the main users of trade remedies. Early figures of the General Agreement on Tariffs and Trade (GATT, the World Trade Organization – WTO forerunner) indicate that developing countries have been absent in

undertaking trade remedies up until 1980s. However, this trend changed recently and there has been an increasing presence of developing countries in trade remedy use. Today, developing countries represent more than 60% of global trade remedy actions, with India and Brazil among the leading users (WTO 2010). Africa has however not been an active participant in the trade remedies uptake except five countries – Egypt, Morocco, South Africa, Tunisia and recently, Kenya.

The study would provide information on protectionist policies that can be applied in regional integration now that Kenya is new participant in the trade remedies actions in the continent. The study would also shed light on what the country can harness on with the operationalization of the remedies to ensure maximum benefit in the wake of African Continental Free Trade Area agreement that was recently concluded.

The findings of the study would be significant to the policy makers in government especially the legislature in formulation of protectionist policies regarding regional integration. The study would be a source of knowledge for academicians in the line of regional integration. The study would also suggest areas requiring future research that future scholars may focus on.

1.6 Scope

The study aimed at investigating the effect of the protectionist policies on regional integration; Kenya trade remedies Act, 2017. The study focused on the established specific objective with the main aim of meeting the broader main objective. The study covered the period between the months of August 2020 and September 2020.

1.7 Limitations of the Study

The researcher experienced general difficulty in securing interviews because the respondents may be unwilling to give details under the topic study due to fear of victimization. This can result in inadequate data collection for providing extensive

deductions. In order to counter this restriction, the participants were assured that the research would be used for educational purposes only.

CHAPTER TWO

LITERATURE REVIEW

2.1 Review of Related Literature

This chapter presents a review of internal protectionist policies as presented globally by various scholars. Secondly, the chapter presents a theoretical framework to support the study and finally the conceptual framework to analyze the study's variables interactions. Review of literature is arranged according to the goals of the study.

2.1.1 Regional Integration

Regional integration is a process through which neighboring states reach an agreement to strengthen cooperation through shared institutions and regulations. Regional integration has a potentiality in driving more sustainable and balanced economic growth and fostering the deprivation and reduction of unemployment in developing countries (Alawadi & Benkraouda, 2018). Regional integration results to an increase in local-market competition, consequently, increasing competitive productivity and price convergence across states and regions. It also cultivates the transfer of technological economies. Therefore, it creates enticements for governments to carry out less distortive domestic policies and more responsible macroeconomic governance. It can also help regions achieve economies of scale and develop their capacity to deliver and compete effectively (Karamuriro, 2015).

innovation enabling countries to compete on the international market with more advanced

Mohammed and Magai (2019) researched on the effects of regional economic integration on regional trade in Africa using a case of regional economic communities. The findings of the study revealed that economic integration in the regional levels needs to be taken to account as an integral part of the strategy for development and growth in Africa. Regional integration helps countries solve inequalities that impede the flow of goods,

services, money, individuals and ideas. These divisions, particularly in developing countries, are a constraint to the economic growth. Regional integration can be facilitated through sharing of services, both physical and institutional. In particular, regional integration requires cooperation between countries.

2.1.2 Protectionist Policies

Protectionist policies are essentially government trade policies aimed at assisting domestic manufacturers against foreign manufacturers in a particular industry by increasing foreign product prices, reducing domestic producers' costs, and restricting domestic market access for foreign producers (Kerr & Hobbs, 2015). They are aimed at helping the domestic industry maintain or increase market share while it is expected that foreign producers will lose market share and sales revenues. Foreign manufacturers at times will benefit from protectionist policies, as in the case of quotas, due to price increases which can compensate for the loss in the quantity supplied. Tariffs and non-tariff barriers such as quotas and export controls are some of the means through which protectionism can be conducted (Li, Wang, Gu, Li & Wu, 2016). Free trade is considered to have detrimental effects for domestic industries and negatively impacts the balance of payments.

Levy (2009) in the paper on modern protectionism in the global economy tries to offer a viewer's guide to the different kinds of protectionism in this modern era. There are three kinds of protectionism according to the paper; intentional, incidental and instrumental protectionism. Intentional protectionism he posits that it involves measures that are clearly intended to favor domestic industry over imports. It includes typical direct trade measures of tariffs and quotas which are mainly used in developing countries. Secondly, incidental protectionism is said to occur when measures can be readily justified on other grounds but also have the effect of hindering import competition. For example, a country can establish regulation to shield health and safety and apply that regulation in an uneven-handed manner. Third and finally, instrumental protectionism describes a mushrooming set of policies in which trade actions are used as a control to change

another country's policies. This occurs when trade is used as a means to an end, often in support of a foreign policy goal where one country poses trade sanctions on another.

Georgiadis and Gräß (2013) conducted a study on growth, real exchange rates and trade protectionism since the financial crisis. The study focuses on reviewing this relationship in the period of 2009. The results of the study suggest that the menace of protectionism has not been eliminated. In fact, countries continue to pursue more trade-restrictive policies when they experience recessions and/or when their competitiveness declines through an appreciation of the real exchange rate. This results according to the study, holds for a wide array of modern trade policies. The conclusion of the researchers in the study is that global economy continues to be exposed to the menace of a creeping return of trade protectionism.

Seyidoğlu (1996) argued that there are several justifications why protectionist measures are implemented in foreign trade. They include national defense, general trade improvement, economic growth, improved international bargaining power, professional groups and service providers are protected from external injuries and increased employment levels. Kalaycı (2011) argues that newly established industries, especially those that have the potential to have comparative advantage in the future, need to be protected until they reach an optimum scale. Demir and Sepili (2017) in their paper states that protectionism can also be achieved through non-explicit laws like tariffs and non-tariff barriers such as quotas and exchange controls.

2.1.3 Trade Tariffs and Regional Integration

There has been one main concern in the wake of the modern deepening regional integration and preferential trade arrangements; the question is whether they undermine or underpin the trend toward global trade liberalization. Bhagwati, 1992 describes this as a question of whether they are 'building blocks' or 'stumbling blocks.' He also questioned whether there is a 'rebuttable assumption in favor of all the lateral reductions in trade barriers, whether they be multi, uni, tri, plurilateral'.

Sun and Nie (2015) conducted a study on feed-in tariff and renewable portfolio standard policy in renewable energy industry. The results show that feed-in tariff (FIT) is more effective than RPS in boosting the amount of renewable energy (installed capacity) and stimulating R&D production to reduce costs. The renewable portfolio standard strategy is more effective in reducing carbon emissions and increasing the surplus for customers. A developing economy's government will levy tariffs on imported products in industries where it wants to stimulate growth. This increases the prices of imported goods and ensures creation of a domestic market for domestically produced goods while safeguarding those industries from being forced out by more competitive pricing. Tariff rates could be perceived as transaction costs, which is an important security mechanism for domestic and foreign businesses. When businesses face tariff rates that are too high to bear, with high export / import costs possibly leading to trade exit, it is obvious that high tariffs cause commercial value to be that, which implies negative associations with trade values.

Yu (2015) conducted a study on trade processing, tariff reductions and productivity of the firm using a case study of the Chinese firms. Tariffs are taxes imposed on foreign imports at the border. At the point of entry, importers pay the necessary fees to the country's customs agency or to the economic block that imposes them. Instead of being used to raise revenue, they are forced to raise the price of imported goods in order to make domestic produce comparatively cheaper, with the goal of promoting domestic production by shielding local companies from global competition. The use of tariffs in protecting the infant industries can be seen from the policy of Import Substitution Industrialization (ISI), used by many developing countries. Through reducing competition, tariffs will make domestic industries less competitive and creative. It will harm domestic customers, as a lack of competition tends to push prices upwards. Through favoring some sectors, or geographic regions, over others, they may create tensions.

Picciariello, Reneses, Frias and Söder (2015) conducted a study to find out why new tariff design methodologies are needed in the distributed generation and distribution

pricing. Tariffs can also be used as a foreign policy extension: imposing tariffs on the main exports of a trading partner is a way of exerting economic leverage. A government will impose a tariff on goods it thinks could put its citizens in danger. Tariffs are a significant barrier to free trade; they are often levied against cheap imports to protect the domestic industry. However, it often leads to retaliation with other countries placing tariffs on their exports. Governments can impose tariffs to help in raising revenue or to protecting the nascent domestic industries from foreign competition. Through increasing the cost of foreign-produced goods, tariffs will make domestically produced alternatives appear more attractive. Governments which use tariffs to help specific industries often do so to protect businesses and jobs.

2.1.4 Import Quotas and Regional Integration

Todorova and Kalchev (2015) conducted a study on the protective effect of an import quota. The study demonstrates that the rents of quotas substantially exceed the revenue of tariffs to the government. The price of a quota and the output provide maximum profits to form of substantive quota rents to domestic firms that sell the imported goods.

Hamilton (2017) investigated on import quotas and voluntary export restriction the exporting countries. The primary reason as to why an import quota is solicited by domestic monopolistic or oligopolistic firms is because the import quota majorly plays a key role in assessing the welfare aspects. With regard to this, an import quota seems to be the result of seeking rent and market power in the importing economy, instead of national the domestic monopolist as compared to the free trade point or that under the tariff. Import quotas are believed to play a critical role in transforming the national welfare in the form of government revenues and consumer surplus into producer surplus to domestic firms as well as foreign importees. Import quotas engages in the transformation of public gains in the form of government revenue and consumer surplus into private gains in the

the result of seeking rent and market power in the importing economy, instead of national interest and welfare gains. Excessive economic profits accrue to the individual firm protected by the quota while the overall welfare effects of the quota on the nation remain adverse. The protective effect of an import quota is sizable on the domestic monopoly

and the rents that are generated by the quota are shared by local monopolist and foreign producers.

Chen, Li, [Zhang](#) and Li (2017) conducted a study on oil import/export quota allocation mechanism in China by using a dynamic game theoretic model. Imposing an import quota may result in lobbying, but the quota's protective effect could also be particularly strong in an infant industry where it would protect one or few firms from a successful start. The import quota plays a key role in redistributing national welfare when society is suffering from it in the face of government and consumers; the private monopoly is receiving critical rents. An import quota is transforming public gains into private gains. The higher the local firm's market power supplying the market, the greater the quota needs and justifications. The lower the company's market power and need to be quota-protected, the less likely it would be for a quota to be solicited or enforced. A smaller amount of the quota, which is more limited imports, guarantees the domestic monopolist's greater market competition at higher prices and higher rents.

Abbassi, Tamini and Dakhlaoui (2015) conducted a study on the allocation of import quotas between regions under Cournot competition. The study findings reveal that the difference in production costs between regions and the relative market size determine the allocation of import quotas. A larger quota, which is largely imported amounts to greater import competition thus it limits the monopolist's market demand and reduces his rents. The covered monopoly collects substantial rents with a quota when society loses in the face of consumers and the government. Both the import tariff and the import quota have similar effects on the price of the imported good, but the quota's protective effect on the price of the imported good is similar but the quota's protective effect is greater relative to that of the tariff. While foreign importing firms collect quota rents from imports, the domestic monopoly often gets substantial rents. Allocation is a transfer of surplus from government to private interests and is likely to be the product of recruiting and lobbying for rents.

2.1.5 Export Subsidies and Regional Integration

Jin, Shang and Xu (2018) researched on how government subsidies impacts private research and development and firm performance. The study findings revealed that government subsidies plays a key role in improving private research and development investment and firm performance and that enterprises that are state-owned have the capability of obtaining more subsidies as compared to those that are privately owned. Subsidies range from cash transfers to the direct and indirect, open and hidden costs of opportunity. Aside from conventional and formal subsidies, there are a number of implicit subsidies; particularly in the form of externalities. Subsidies are one of those government interventions that can be used to circumvent the market system of resource distribution in order to improve the economic welfare.

Berenguer, Feng, Shanthikumar and Xu (2017) researched on how subsidies affect the increasing consumption through the profitable and non-profitable newsvendors. The study results show that subsidy programs provide a not-for-profit company with greater opportunities than its counterpart for-profit to encourage high consumption whenever the sponsor has a very limited budget or a very generous budget. Export subsidies encourage companies to pre-engage in activities that would be unbelievably absent from government intervention. The consequences for an effective domestic policy response to export subsidies are markedly different from those of the benefit shift and terms of trade transition models. Subsidies encompasses all interventions which hold prices for consumers below the level of the market or keep prices for producers above the level of the market or which minimize costs for consumers and producers by providing direct or indirect support.

Castiblanco, Moreno and Etter (2015) researched on the impact of policies and subsidies in agribusiness using the case study of oil palm and biofuels in Colombia. The findings of the study revealed that subsidies themselves are not effective tools for achieving the objectives of the government in the Colombian Biofuels program. Subsidies are generally introduced to mitigate a possible imbalance in the allocation and use of resources. Export subsidy is a government policy that promotes the export of products and discourages the sale of goods on the domestic market through direct payments, low-cost loans, tax relief for exporters, or foreign ads funded by governments. An export subsidy lowers the price paid by foreign importers, meaning domestic consumers pay more than foreign customers do. Product consumers suffer a decline in well-being in the exporting country as a result of the export subsidy. The increase in their domestic price reduces the amount of market consumer surplus.

Yu, Han and Hu (2016) conducted a study on optimal production for manufacturers considering consumer environmental awareness and green subsidies. The study findings show that a well-designed subsidy program is not only capable of generating more income for manufacturers but also of saving government subsidy expenditure. As a result of the subsidy, producers in the exporting country are experiencing an increase in wellbeing. Increasing the price of their product on their own market leads to surplus producers in the industry. The price increase often causes an increase in output, a rise in jobs, and an increase in income, compensation, or both to fixed costs. If the subsidy is funded by raising tax revenue, the individuals responsible for the higher taxes will lose out. If the government borrows money to finance the subsidy payments, then it is possible to delay the budget cut or the tax increase until some future date. And, no matter how the subsidy is financed, somebody in the home economy eventually has to pay for it.

2.1.6 Administrative Policies and Regional Integration

Sibiri (2017) conducted a study on regional integration through common policies using a case study of the free movement policy in the EU and the ECOWAS. The findings of the study revealed that ECOWAS has been on the reverse as a result of the large political instability and poor governance as well as national economies' weaknesses. Regional

integration as state associations is often established on the basis of position in a given geographical area and a treaty or other administrative policies that typically decide the association terms. Effective regional integration requires that there be well established mechanisms for strategy implementation, planning, monitoring and evaluation of the administrative policies so as to enhance compliance by member states. The administrative policies should be aimed at fostering greater integration and convergence among member states.

Fanta (2016) investigated on regional integration policies in Africa. Regional integration should adhere to the administrative policies that are considered to be the exclusive domain of the national economic policy. The administrative policies seek for greater integration and harmonization among the member states and also adopting the best practices that will not only play a key role in reducing diversity among the members but also in improving the general trading environment across the borders by helping in reducing trade costs and leveling the playing field for the economic operators. Positive interaction between the administrative policies and regional integration continues to play a major role in building and enhancing of alternative approaches needed in tackling on the ground regulatory constraints within member states that limits the flow of goods, services and workers across borders within the region.

Cato and Matsumura (2015) researched on optimal privatization and trade policies with endogenous market structure. Since regional integration entails the process of increasing how the economic and political arena interact among a group of countries, it is advised that there be well formulated administrative policies that will guide the entire process and help build strong trading bond among the member states. It is through well-established administrative policies that there has been continued support on infrastructural development, trade liberalization, peace and security cooperation across the borders of the member states. Administrative policies predetermine the courses of actions which are established to provide a guide towards accepting the trade strategies. The policies identify the key activities and provide a general strategy to decision-makers on how to handle the arising trading issues.

2.2 Trade Remedies Act 2017

The Trade Remedies Act 2017 was enacted in Kenya on July 21, 2017, and came into force on August 16, 2017. The purpose of the Act is to establish the Kenya Trade Remedies Agency, which is responsible for investigating and imposing anti-dumping, countervailing, and trade safeguard measures. The agency's functions include evaluating allegations of dumping and subsidization of imported products, investigating requests for safeguard measures, advising the Cabinet Secretary, and conducting public awareness and training of stakeholders.

The management of the agency is administered by a board consisting of a chairperson appointed by the President, the Principal Secretary or representative in the Ministry of Finance, Trade, and Industrialization, the Attorney-General or representative, three other members appointed competitively by the Cabinet Secretary of Trade, and the Executive Director of the Agency.

The Act provides for the power to impose anti-dumping, countervailing, and safeguard measures, as well as powers to investigate, evaluate, and adjudicate procedures. The law defines anti-dumping, countervailing, and safeguard measures as the introduction of a product into the commerce of the country at an export price that is less than its normal value. The agency has the power to obtain information, and the Act restricts the agency from disclosing confidential information to any unauthorized person.

The Act creates several offenses, including disclosing confidential information, hindering or obstructing any person in exercising a power or performing a duty under the Act, and failing to appear or produce required documents when summoned. A person convicted of an offense under the Act is liable to a fine not exceeding five million shillings or imprisonment for a period not exceeding five years, or both.

2.3 Conceptual Theoretical Framework

2.3.1 The Theory of Economic Integration

Balasa (1973) expounded the theory of economic integration. The theory analyzes the effects of diverse forms of integration on the economies of member nations and the rest of the world. The theory states that removing all trade barriers within collaborative states plus building definite co-coordinating structures among them, results in increased regional growth rate. According to the theory of economic integration as a system or as a collection of situations; as a process, it integrates procedures aimed at eliminating insights among commercial entities belonging to various political states; and as a state of affairs, it is seen as the ability to eliminate different forms of trade discrimination between partner countries. Study of Viner's penetration (1950) states that free traders plus nationalists deliberated are in favor of blocs of exchange. He said developing and diversifying trade depends on the relative degrees of growth of trading blocs. He suggested that developing and diversifying trade depends on the relative degrees of growth of trading blocs and that instituting trade is favorable; because it allows nations to develop while trade diversion is negative. The relative influence of these two dictates whether or not a bloc of trade increases the health of its people. The development of modern trade and the diversion of trade are not the only determinants of trade prosperity. Thigh trade development could be greater than trade diversion, so a partner country could fail to perceive the adversarial impact of income distribution increasing on or after tariff revenue reallocation to the block as full benefits. It means that, if a country enters into a trade integration deal with a nation that has a high level of consumer control when it has a free market, there will be a net welfare loss.

Balassa (1973) further argues that economic integration takes on various structures that include variable degrees of integration that are a free-trade area, a custom union, a common market, an economic union and extensive economic integration. In a free trade zone, tariffs and quantitative restrictions are abolished among the participating nations; however, the individual nation retains its own rates in contrast with the outsiders.

Establishing a customs union involves, supervising discernment in the movement of goods in the country, harmonizing rates in exchange with non-partner states. A higher level of economic integration is accomplished in a common market where movements of the factor are eliminated, not only by trade restrictions but also by restrictions. As divergent from a common market, an economic union restricts the subdual limits of exchange and commodity policies in order to eradicate discernment due to disparities in these rules. Finally, total economic integration presumes the union of repetitive political, cultural, societal and trading policies and involves the establishment of an intra-national authority whose decisions are bidden between partner nations. The theory also evaluates the impact of national marketplace union on growth, and discusses the need for economic policy harmonization in the region. The theory of economic integration integrates the basis of location theory as the incorporation of neighboring states which allows the removal of artificial barriers that impede uninterrupted economic activity by defining national boundaries and the subsequent relocation of manufacturing and regional agglomerative and de-agglomerate patterns.

2.3.2 The Country Similarity Theory

Linder developed the Country Similarity Theory in 1961 and advocates that countries are likely to trade with each other as a result of having the most similarities and the degree of development; per capita income, saving habits, communications and transport systems, degree of technology and language. This coherent theory is based on the premise that the same goods and services would attract countries that are alike. The country theory was published as one of the first theories by Keynes (1936) to propose additional factors beyond supply and demand as an effect on trade. The Country Similarity Theory designates the patterns of trade for nations. A kind of cross-border dominant rivalry emerges with firms vying for market share across the region, with the focus being on differentiation expected. Trade between nations that have similar political and economic interests is more popular than different countries.

2.3.3 The Comparative Advantage Theory

Ricardo (1817) introduced the Comparative Advantage Theory, arguing that for a nation to advance its economic welfare, it needs to be able to export fairly efficiently skilled in the manufacture of those goods and services; and thereby to boost foreign competence through its participation in free trade. He also assumed that a country could simultaneously have an absolute and comparative advantage in manufacturing a particular product by focusing on producing the product in which it has the superior advantage. Suranovic (2007) advanced the discussion of comparative advantage on the Ricardian model by arguing that countries vary only in their productive capacity.

The comparative advantage theory explains that countries with high technological competitiveness could still benefit from trade with other countries in both export goods. In this case, there is a comparative advantage for those goods which the state can produce better compared with other countries, even if the best product is produced less efficiently than in the other country. The aim is so that both countries will benefit, as production is not the sole basis of business gain; the combination of output and average gross (Ricardo, 1817) is instead. In the internal economies of scale claim, Krugman (1979) clarified that if there are in-house economies of scale, companies will become fully competitive; marketplaces will be created by a firm that are less than the firms in a perfectly competitive market. The firms will have the ability of producing a high quality output as compared to those in a perfect market.

2.4 Conceptual Framework

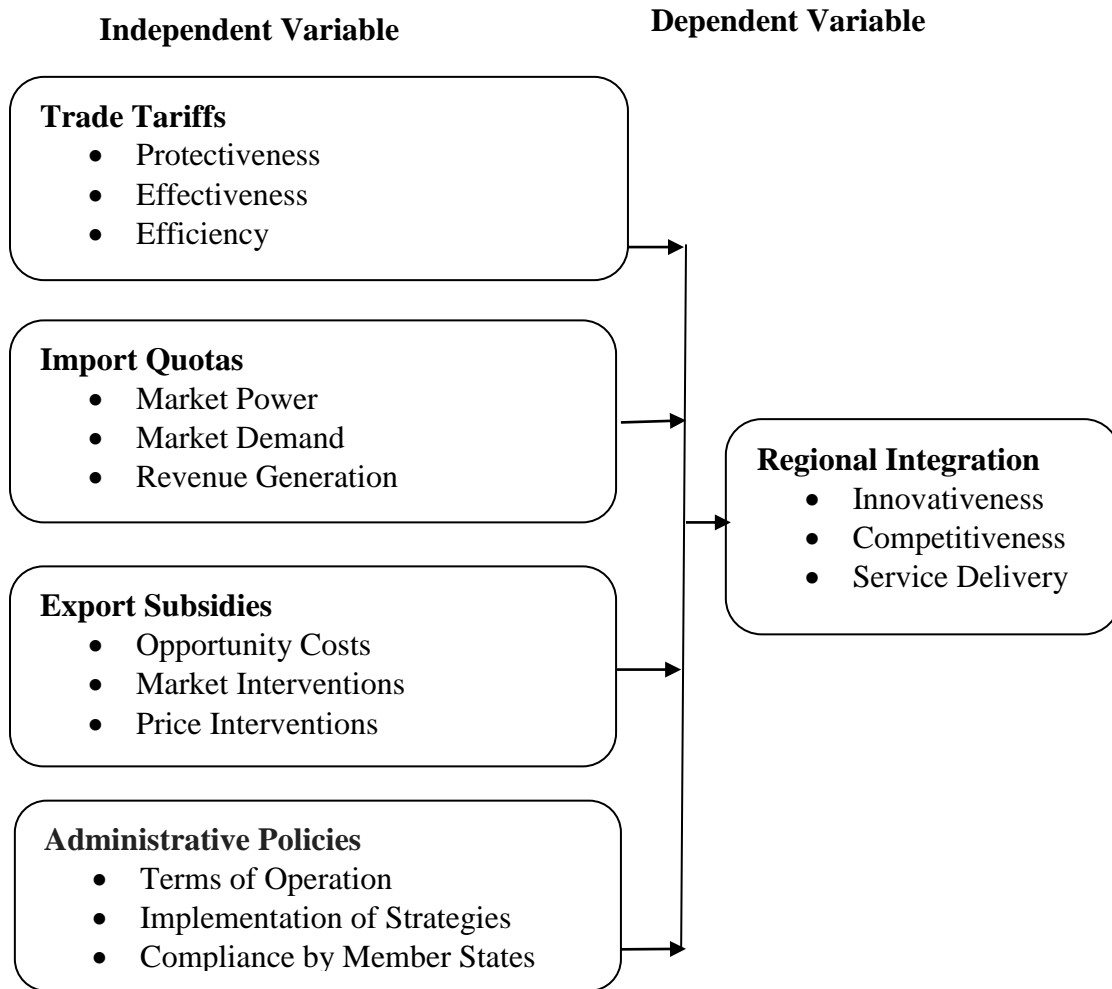


Figure 2. 1: Conceptual Framework

2.5 Summary of Literature Reviewed

Protectionist policies are aimed at restricting imports from other countries by means of methods such as import tariffs, import quotas and a variety of other government regulations. Protectionist policies are protecting the country's import-competing sector manufacturers, companies, and employees from foreign competitors (Parc, 2017). They however limit trade and have an adverse effect on consumers in general (by increasing the cost of imported goods), and harming manufacturers and workers in the export sectors, both in the country adopting protectionist policies and in the protected countries.

The above studies; Yu (2015), Picciariello et al. (2015), Sun and Nie (2015), Todorova and Kalchev (2015), Hamilton (2017), Chen et al. (2017), Abbassi, Tamini and Dakhlaoui (2015), Jin et al. (2018), Berenguer et al. (2017), Castiblanco, Moreno and Etter (2015), Yu et al. (2016), Sibiri (2017), Fanta (2016), Cato and Matsumura (2015) were based on different conceptual and contextual backgrounds, different findings, different study variables and different demographic background, however none of them specifically looked at the effect of the trade protectionist policies on regional integration using a case study of the Kenya Trade Remedies Act hence creating the gap which the current study seeks to fill.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter represents the research design, the population of the study and the techniques that were utilized to collect data, the data collection methods, analysis and presentation of the collected data.

3.2 Research Design

The research design is the prototype which the researcher will follow during the process of data collection and analysis in line with the research questions (Ray, 2015). The study was exploratory in nature. It sought to explore the effect that protectionist policies have on regional integration. Exploratory studies are usually carried out in new areas of research and aim to scope out the enormosity of a particular phenomenon or problem, generate preliminary ideas regarding a problem, and test the practicality of further inquiry into the study problem (Bhattacharjee, 2012). They seek to find out the “what” about a problem.

The study used both qualitative and quantitative methods. Quantitative data came from the Ministry of Industrialization and Trade, Kenya National Bureau of Statistics, World Integrated Trade Systems (WITS) and United Nation COMTRADE database which showed the trade flow of Kenya within the different regional economic communities (RECs) that Kenya is party. Qualitative data came from interviews with key informants involved in generating policy within the government of Kenya and from academia. Interview guides were used to conduct interviews.

Primary data came from interviews while secondary data from government sources. The population for the study was drawn from the Ministry of Industrialization and Trade; state department of trade, Kenya National Bureau of Statistics and academic fraternity within Nairobi. Quota sampling was taken to determine respondents. This sample method

is mostly used where study pursues to interview more members of a particular group that is the policy makers and academia than general public. The research design used was case study. According to Yin (2013), a case study design studies modern issues and seeks to answer the question why and how.

3.3 Variables/Categories of Analysis

a) Independent Variables:

Independent variable included trade tariffs, import quotas, export subsidies and administrative polices.

b) Dependent Variable:

Dependent variable included regional integration which is measured by innovativeness competitiveness and service delivery.

3.4 Site of the Study

The study was conducted in Kenya.

3.5 Target Population

Population is a collection of items, people or individuals that have common observable features. Betran, Torloni, Zhang, Ye, Mikolajczyk, Deneux-Tharoux and Gülmezoglu (2015) ascertain that a population is a collection of things that help in generalizing the study findings. The population for the study was 39 respondents drawn from employees in the Ministry of Industrialization and Trade specifically the state department for trade. The respondents were chosen based on their knowledge on the subject of regional integration and trade remedies.

3.6 Sample Size

A sample size is a subcategory of the target population which is selected to represent the characteristics of the population (Gunpinar & Gunpinar, 2018). Sampling is a deliberate

selection of a few items in the population so that they can be studied from whom the findings are generalized as a representation of the population. Sample sizes greater than 30 give the researcher the benefits of the central limit theorem, and the thumb statistical rule that any group represents a sample size of 30 or more. The study used census due to the small population. A census is a survey where the entire population is included in the study leading to a higher degree of accuracy. Fischer (2017) indicates that whenever the population is small of less than 200 members who are unique and having unique characteristics then applying a census is more appropriate. The researcher's target population of employees in the regional trade division is 39 hence appropriate to use census method.

3.7 Research Instruments

According to Cappa, Petrowski and Njelesani (2015), data collection instruments are tools used to collect information from respondents. In this study, primary data will be used to gather data from the respondents through questionnaires. A semi-structured questionnaire, with both open and closed-ended questions will be used because they can easily reach a large group of respondents in a short time; it gives the respondents sufficient time to respond to the items, provides the respondents with a sense of security (confidentiality) and, finally, it tends to be objective as there is no bias resulting from personal characteristics. Secondary data will be drawn from scholarly journals, books, articles, unpublished works and reports from the state department of trade and regional economic blocs websites.

3.8 Validity and Reliability

Validity is the ability of the research instrument to measure the elements that it is meant to actually measure (Martinsson, Heedman, Lundström & Axelsson, 2017). As such the instrument must be designed to be able to measure those critical elements. There are two ways to measure validity either through content or construct measures; for construct validity measure, the instrument is created into several sections which then measure each individual objective one after another in details. Each section covers a single objective

and the review is done to link each item with the tools in the conceptual framework. On the other hand, content validity measure is through getting expert opinion on the instrument to ensure it measures what it was meant to measure (Zamanzadeh, Ghahramanian, Rassouli, Abbaszadeh, Alavi-Majd & Nikanfar, 2015). This study will adopt the use of content validity measure through seeking the opinion of the research supervisor and fellow students, who will review the instrument and suggest areas for modification in the instrument. Reliability of the research instrument is its ability to yield results that are consistent, stable and can be repeated over and over again (Bolarinwa, 2015). Reliability is such that the instrument can obtain reliable, consist and valid data that can inform policy makers, be used in practices by market players and in theory to make sound conclusions and recommendations that will guide the academic fraternity. Adopting the Cronbach Alpha coefficient is one of the most common measures of reliability. If the Cronbach Alpha coefficients are 0.7 and above the instrument is considered reliable and therefore it can be used in collecting data where findings, conclusions and recommendations can be drawn from.

3.9 Data Collection Procedures

The researcher administered the questionnaire to all study respondents through online link created by the researcher. The study exercised care and control to ensure the Ministry of Health Covid-19 regulations are adhered to.

3.10 Data Analysis Procedure

Data analysis seeks to fulfill research objectives and provide answers to the research questions (Conesa, Madrigal, Tarazona, Gomez-Cabrero, Cervera, McPherson & Mortazavi, 2016). Data must be cleaned, coded, and key punched into a computer and analyzed. Qualitative data was derived from open ended questions in the questionnaires. Qualitative analysis will be used to analyze the perception and attitudes data (non-numerical data) that was collected from the study. Descriptive statistics were used to analyze quantitative data. Quantitative data was analyzed using descriptive statistics and data was presented in form of tables, percentages and graphs. Content analysis was done

using thematic analysis where the information collected from the open-ended questions were grouped into themes that align to the study variables.

The multiple regression equation was;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y= Regional Integration

β_0 - intercept coefficient

ε - error term (extraneous variables)

X_1 – Trade Tariffs

X_2 – Import Quotas

X_3 –Export Subsidies

X_4 – Administrative Policies

$\beta_1, \beta_2, \beta_3$ and β_4 =regression coefficients

3.11 Data Management and Ethical Consideration

a) Logistical Consideration

This was used in terms of typing, printing, binding, photocopying and consultation to make this research successful. To be precise, the researcher made a complete and cost-effective budget.

b) Ethical Consideration

Ethics are the standards or norms that help in predicting what is desirable and undesirable in a study (Lacey, Howden, Cvitanovic & Dowd, 2015). The researcher adhered to high ethical standards of research work. The researcher sought permission from the management team by writing a formal letter explaining the purpose and objectives of the study. The researcher also ensured that all the material used have been well referenced using APA format.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

The chapter is set out to document the findings of analysis informed by the objectives that underpinned the study. The findings are presented starting with the response rate, general information, descriptive [statistics](#) and regression results.

4.2 Response Rate

From the 39 questionnaires that were administered to the respondents during data gathering process, 33 of them were dully filled and returned. This was equivalent to a response rate of 84.6% which was adequate and consistent with Babbie (2010) who shared that an above 80% response rate is excellent to present the results in a survey. Figure 4.1 is a breakdown of the response rate.

Figure 4.1: Response Rate

4.3 General Information

The general information of the respondents was sought covering their gender, years of experience and levels of education and the findings were determined and summarized as shown in the subsequent sections.

4.3.1 Gender Distribution

The distribution of respondents by gender was determined and the findings presented as shown in Figure 4.2.

Figure 4.2: Gender Distribution

Figure 4.2 implies that both male (67%) and female (33%) respondents were selected and participated in the study. This means that gender balanced views were obtained from them as far as protectionist policies and regional integration was concerned.

4.3.2 Years of Experience

Figure 4.3 is a breakdown on the years of experience of the respondents who participated in the study.

Figure 4.3: Years of Experience

Figure 4.3 indicate that while 36.4% of the respondents had worked with their organization for 5-10 years 12.1% had worked for 15-20 years. This means that respondents who participated in the study had generally worked with their organization

Figure 4.4 is an overview of the findings on level of education of the respondents who participated in the study.

for a significantly longer period of time and thus they had relevant information to share that the present study sought to collect.

4.3.3 Level of Education

Figure 4.4: Level of Education

As per the findings in Figure 4.4, while 36.4% of the respondents had degrees as their higher level of education, 12.1% had certificates. It then follows that respondents who participated in the study were educated and probably shared relevant information that was central in the present study.

4.4 Descriptive Statistics

The subsequent sections detail the findings of descriptive statistics covering means and standard deviations on the objective variables of the study.

4.4.1 Trade Tariffs

The findings of descriptive statistics on trade tariffs were determined and summarized as indicated in Table 4.1.

Table 4.1: Trade Tariffs

Statement	Mean	Std. Dev
The trade tariffs are geared towards global trade liberalization	3.72	.761
The government charges levies to imports to stimulate growth in the local economies	3.75	.936
The price of imported products is high as a safeguard to local industries	3.60	.863
Tariffs adopt a mechanism to protect infant industries from the effect of global competitiveness	3.81	.808
We impose tariffs on products that will harm the citizens	3.51	1.034
The tariffs we charge our trading partners give us economic leverage	3.69	.847
Average	3.68	0.875

From Table 4.1, all the statements under trade tariffs were rated at 3.68 by the respondents, this means that respondents agreed on most of the issues under trade tariffs. In particular, the study pointed out that tariffs adopted a mechanism to protect infant industries from the effect of global competitiveness ($M=3.81$, $SD=.808$). This means that trade tariffs helped in protection of smaller firms. The study observed that the government charged levies to imports to stimulate growth in the local economies ($M=3.75$, $SD=.936$) and that the trade tariffs were geared towards global trade

liberalization (M=3.72, SD=.761). It was shown that the tariffs charged to trading partners gave them economic leverage (M=3.69, SD=.847), the price of imported products was high as a safeguard to local industries (M=3.60, SD=.863) and that tariffs were imposed on products that would harm the citizens (M=3.51, SD=1.034).

4.4.2 Import Quotas

The findings on import quotas were determined and presented as shown in Table 4.2

Table 4.2: Import Quotas

Statement	Mean	Std. Dev
The import quotas charged are a source of revenue for the government	3.81	.682
Imposing import quotas has led to consumer surplus	3.87	.696
Using import quotas leads to creation of market powers in the importing economies	3.54	.904
Import quotas play a big role in redistribution of the national welfare	3.42	.791
The imposed import quotas transform public gains into private gains	3.69	.847
Foreign importing firms get substantial rents from monopolies in the domestic markets	3.81	.682
Average	3.69	0.767

The findings in Table 4.2 indicate that on average, respondents agreed on the statements that were provided as far as import quotas were concerned (M=3.69, SD=0.767). The study observed that imposing import quotas had led to consumer surplus (M=3.87, SD=.696). The import quotas charged were a source of revenue for the government (M=3.81, SD=.682). Foreign importing firms got substantial rents from monopolies in the domestic markets (M=3.81, SD= .682). The imposed import quotas transformed public gains into private gains (M=3.69, SD=.847) and using import quotas led to

creation of market powers in the importing economies (M=3.54, SD=.904). On the contrary, import quotas played a big role in redistribution of the national welfare (M=3.42, SD=.791).

4.4.3 Export Subsidies

Table 4.3 is a breakdown of the findings on export subsidies as one of the objective variables.

Table 4.3: Export Subsidies

Statement	Mean	Std. Dev
Cash transfer subsidies are invested in R&D in the private sector	3.87	.696
The export subsidies lead to increased consumption	3.54	.904
Export subsidies interventions allow for constant prices that are lower than market prices	3.72	.910
The government enforces subsidies to correct imbalances in resource allocation	3.42	.791
The subsidy program saves our government expenditures on subsidies	3.84	.939
Export subsidies led to price interventions by lowering the prices paid by foreign importers	3.72	1.008
All subsidies incurred are paid by entities in the home economy	3.72	.761
Average	3.69	0.858

The findings in Table 4.3 indicate that on overall, respondents were in agreement on the statements that were provided as far as export subsidies were concerned (M=3.69, SD=0.858). More specifically, respondents agreed that cash transfer subsidies were invested in R&D in the private sector (M=3.87, SD=.696) and the subsidy program saved the government expenditures on subsidies (M=3.84, SD=.939). The study noted that

export subsidies interventions allowed for constant prices that were lower than market prices (M=3.72, SD=.910) and that export subsidies led to price interventions by lowering the prices paid by foreign importers (M=3.72, SD=1.008). The study noted that all subsidies incurred were paid by entities in the home economy (M=3.72, SD=.761) and that the export subsidies led to increased consumption (M=3.54, SD=.904).

4.4.4 Administrative Policies

The findings on administrative policies were determined and presented as shown in Table 4.4.

Table 4.4: Administrative Policies

Statement	Mean	Std. Dev
The administrative units allow for convergence of members of the trade group	3.75	.936
The policies increase the trading environment like cutting trade costs	3.60	.863
The administrative policies create alternative approaches to handling regulatory constraints	3.81	.808
The policies help in building strong trading bonds among member states	3.51	1.034
Trade liberalization is as a result of administrative policies	3.69	.847
Average	3.67	0.898

The findings in Table 4.4 indicate that respondents were in agreement with regard to statements under administrative policies (M=3.67, SD=0.898). The study observed that administrative policies created alternative approaches to handling regulatory constraints (M=3.81, SD=.808) and that the administrative units allowed for convergence of members of the trade group (M=3.75, SD=.936). The study noted that trade liberalization was as a result of administrative policies (M=3.69, SD=.847) and that the policies increased the trading environment like cutting trade costs (M=3.60, SD=.863).

The study observed that the policies helped in building strong trading bonds among member states (M=3.51, SD= 1.034).

4.5 Regression Results

Regression analysis was conducted to predict the effect of protectionist policies on regional integration. Table 4.5 is an overview of the model summary.

Table 4.5: Regression Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.884 ^a	.782	.751	1.00980

The findings in Table 4.5 indicate that 78.2% change in regional integration at the Kenya Trade Remedies Act is explained by protectionist policies ($R^2=0.782$). This means that apart from protectionist policies, there are still other unexplored factors with direct bearing on regional integration which should be the focus of the future studies. Table 4.6 is a breakdown of the ANOVA findings.

Table 4. 6: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	102.418	4	25.605	25.110	.000
Residual	28.552	28	1.020		
Total	130.970	32			

From the findings in Table 4.6, it is evident that the overall regression model of the study was significant ($F=25.110$, $p<0.05$). The findings on regression beta coefficients and significance were determined and summarized as shown in Table 4.7.

Table 4.7: Regression Beta Coefficients and Significance

	Unstandardized		Standardized		Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta	t	
(Constant)	2.958	2.565		1.153	.259
Trade Tariffs	.568	.272	.610	2.089	.046
Import Quotas	.411	.085	.531	4.853	.000
Export Subsidies	.416	.093	.526	4.453	.000
Administrative Policies	.576	.219	.528	2.630	.012

The findings in Table 4.7 indicate that trade tariffs ($\beta=0.568$, $p<0.05$) are significant predictors of regional integration at the Kenya Trade Remedies Act. Sun and Nie (2015) conducted a study on feed-in tariff and renewable portfolio standard policy in renewable energy industry. The results show that feed-in tariff (FIT) is more effective than RPS in boosting the amount of renewable energy (installed capacity) and stimulating R&D production to reduce costs. Picciariello, Reneses, Frias and Söder (2015) noted that tariffs can also be used as a foreign policy extension: imposing tariffs on the main exports of a trading partner is a way of exerting economic leverage..

The findings were that import quotas ($\beta=0.411$, $p<0.05$) had significant effect on regional integration at the Kenya Trade Remedies Act. Todorova and Kalchev (2015) noted that Import quotas are believed to play a critical role in transforming the national welfare in the form of government revenues and consumer surplus into producer surplus to domestic firms as well as foreign importees. Hamilton (2017) shared that an import quota seems to be the result of seeking rent and market power in the importing economy, instead of national interest and welfare gains. Chen, Li, Zhang and Li (2017) noted that the import quota plays a key role in redistributing national welfare when society is suffering from it in the face of government and consumers; the private monopoly is receiving critical rents.. Abbassi, Tamini and Dakhlaoui (2015) reveal that the difference in production

costs between regions and the relative market size determine the allocation of import quotas.

The findings of the study were that export subsidies ($\beta=0.416$, $p<0.05$) had significant effect on regional integration at the Kenya Trade Remedies Act. Jin, Shang and Xu (2018) findings revealed that government subsidies plays a key role in improving private research and development investment and firm performance and that enterprises that are state-owned have the capability of obtaining more subsidies as compared to those that are privately owned. Berenguer, Feng, Shanthikumar and Xu (2017) show that subsidy programs provide a not for-profit company with greater opportunities than its counterpart for-profit to encourage high consumption whenever the sponsor has a very limited budget or a very generous budget. Castiblanco, Moreno and Etter (2015) revealed that subsidies themselves are not effective tools for achieving the objectives of the government in the Colombian Biofuels program. Yu, Han and Hu (2016) showed that a well-designed subsidy program is not only capable of generating more income for manufacturers but also of saving government subsidy expenditure.

The findings of the study were that administrative policies ($\beta=0.576$, $p<0.05$) were significant predictors of regional integration at the Kenya Trade Remedies Act. Fanta (2016) said that regional integration should adhere to the administrative policies that are considered to be the exclusive domain of the national economic policy. Cato and Matsumura (2015) revealed that administrative policies predetermine the courses of actions which are established to provide a guide towards accepting the trade strategies..

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter is set out to document the summary of the findings and the conclusion. The recommendations for policy are also detailed. The suggestions that require further research are also indicated.

5.2 Summary

The study established that respondents were in agreement on most of the statements provided under trade tariffs. In particular, respondents agreed that tariffs adopted a mechanism to protect infant industries from the effect of global competitiveness. The study observed that the government charged levies to imports to stimulate growth in the local economies and that the trade tariffs were geared towards global trade liberalization. Regression results were that trade tariffs were significant predictors of regional integration.

On average, respondents agreed on the statements that were provided as far as import quotas were concerned. The study observed that imposing import quotas had led to consumer surplus. The import quotas charged were a source of revenue for the government. Foreign importing firms got substantial rents from monopolies in the domestic markets. The findings of regression analysis were that import quotas had significant effect on regional integration.

The findings indicate that on overall, respondents were in agreement on the statements that were provided as far as export subsidies were concerned. More specifically, respondents agreed that cash transfer subsidies were invested in R&D in the private sector and the subsidy program saved the government expenditures on subsidies. The study noted that export subsidies interventions allowed for constant prices that were

lower than market prices and that export subsidies led to price interventions by lowering the prices paid by foreign importers. The study noted that all subsidies incurred were paid by entities in the home economy and that the export subsidies led to increased consumption. The findings of regression analysis were that export subsidies had significant effect on regional integration.

The findings indicate that respondents were in agreement with regard to statements under administrative policies. The study observed that administrative policies created alternative approaches to handling regulatory constraints and that the administrative units allowed for convergence of members of the trade group. The study noted that trade liberalization was as a result of administrative policies. In view of regression analysis, administrative policies had significant effect on regional integration.

5.3 Conclusion

Trade tariffs were significant predictors of regional integration. Tariffs adopted a mechanism to protect infant industries from the effect of global competitiveness. The government charged levies to imports to stimulate growth in the local economies and that the trade tariffs were geared towards global trade liberalization.

Import quotas had significant effect on regional integration. Imposing import quotas had led to consumer surplus. The import quotas charged were a source of revenue for the government. Foreign importing firms got substantial rents from monopolies in the domestic markets.

Export subsidies had significant effect on regional integration. Cash transfer subsidies were invested in R&D in the private sector and the subsidy program saved the government expenditures on subsidies. Export subsidies interventions allowed for constant prices that were lower than market prices and that export subsidies led to price interventions by lowering the prices paid by foreign importers.

Administrative policies had significant effect on regional integration. Administrative policies created alternative approaches to handling regulatory constraints and that the administrative units allowed for convergence of members of the trade group. Trade liberalization was as a result of administrative policies.

5.4 Recommendations of the Study

The policy makers working in the Ministry of Industrialization and Trade in Kenya should put in place relevant trade tariff policies aimed at improving effectiveness and efficiency of the tariffs.

The management of the Ministry of Industrialization and Trade in Kenya should monitor the import quotas to ensure there is maximum revenue generation from the same.

The Ministry of Industrialization and Trade in Kenya should put in place relevant market and price interventions in respect to export subsidies that are in place

There should be strong compliance with members States in reference to administrative policies. The terms of operation as an aspect of administrative policies should also be made clear by the concerned States.

5.5 Areas for Further Research

In the present study, the value of R square was 0.782, which means that apart from protectionist policies, there are other factors that have an effect on regional integration that further studies should focus on. Besides focusing on Kenya, future studies can be done taking a wider geographical region like the entire East Africa or the Sub-Saharan Africa. This will provide the room for comparison of the findings.

REFERENCES

- Abbassi, A., Tamini, L. D., & Dakhlaoui, A. (2015). Import quota allocation between regions under Cournot competition. *Economic Modelling*, *51*, 484-490.
- Abidin, I. S. Z., Haseeb, M., & Islam, R. (2016). Regional integration of the association of Southeast Asian nation's economic community: An analysis of Malaysia-Association of Southeast Asian nation's exports. *International Journal of Economics and Financial Issues*, *6*(2), 646-652.
- Alawadi, K., & Benkraouda, O. (2018). What happened to Abu Dhabi's urbanism? The question of regional integration. *Journal of Urban Design*, *23*(3), 367-394.
- Berenguer, G., Feng, Q., Shanthikumar, J. G., & Xu, L. (2017). The effects of subsidies on increasing consumption through for-profit and not-for-profit newsvendors. *Production and Operations Management*, *26*(6), 1191-1206.
- Bhattacharjee, A. (2012). Social science research: principles, methods, and practices, P. 6
- Bolarinwa, O. A. (2015). Principles and methods of validity and reliability testing of questionnaires used in social and health science researches. *Nigerian Postgraduate Medical Journal*, *22*(4), 195.
- Cappa, C., Petrowski, N., & Njelesani, J. (2015). Navigating the landscape of child disability measurement: A review of available data collection instruments. *Alter*, *9*(4), 317-330.
- Castiblanco, C., Moreno, A., & Etter, A. (2015). Impact of policies and subsidies in agribusiness: The case of oil palm and biofuels in Colombia. *Energy Economics*, *49*, 676-686.
- Cato, S., & Matsumura, T. (2015). Optimal privatisation and trade policies with endogenous market structure. *Economic Record*, *91*(294), 309-323.

- Demir, M. A., & Sepli, A. (2017). The Effects of Protectionist Policies on International Trade. *PEOPLE: International Journal of Social Sciences*, 3(2).
- Durusoy, S., Sica, E., & Beyhan, Z. (2015). Economic crisis and protectionism policies: The case of the EU countries. *International Journal of Humanities and Social Science*, 5(6), 1.
- Fanta, E. (2016). Understanding Regional Integration Policies in Africa. In *Comparative Regionalisms for Development in the 21st Century* (pp. 61-76). Routledge.
- Fischer, M. (2017). Census and evaluation of p53 target genes. *Oncogene*, 36(28), 3943-3956.
- Gunpinar, E., & Gunpinar, S. (2018). A shape sampling technique via particle tracing for CAD models. *Graphical Models*, 96, 11-29.
- Hamilton, C. (2017). Import quotas and voluntary export restraints: focusing on exporting countries. In *The Political Economy of Manufacturing Protection* (pp. 214-234). Routledge.
- Ishibazawa, A., Nagaoka, T., Takahashi, A., Omae, T., Tani, T., Sogawa, K., ... & Yoshida, A. (2015). Optical coherence tomography angiography in diabetic retinopathy: a prospective pilot study. *American journal of ophthalmology*, 160(1), 35-44.
- Jin, Z., Shang, Y., & Xu, J. (2018). The impact of government subsidies on private R&D and firm performance: does ownership matter in china's manufacturing industry?. *Sustainability*, 10(7), 2205.
- Karamuriro, H. T. (2015). Regional Economic Integration and Exports Performance in the COMESA Region (1980-2012). *Journal of Business and Economics Research*, 4(1), 11-20.

- Kerr, W. A., & Hobbs, J. E. (2015). A protectionist bargain? Agriculture in the European Union—Canada Trade Agreement. *Journal of World Trade*, 49(3), 437-456.
- Lacey, J., Howden, S. M., Cvitanovic, C., & Dowd, A. M. (2015). Informed adaptation: ethical considerations for adaptation researchers and decision-makers. *Global Environmental Change*, 32, 200-210.
- Levy, P. (2009). Imaginative Obstruction: Modern Protectionism in the Global Economy. *Georgetown Journal of International Affairs*, 10(2), 7-14. Retrieved March 3, 2020, from www.jstor.org/stable/43133568
- Martinsson, L., Heedman, P. A., Lundström, S., & Axelsson, B. (2017). Improved data validity in the Swedish Register of Palliative Care. *PloS one*, 12(10).
- McGee, R. W. (1992). An economic analysis of protectionism in the United states with implications for international trade in Europe. *Geo. Wash. J. Int'l L. & Econ.*, 26, 539.
- Mohamed-Chérif, F., & Ducruet, C. (2016). Regional integration and maritime connectivity across the Maghreb seaport system. *Journal of Transport Geography*, 51, 280-293.
- Mohammed, M., & Magai, P. S. (2019). Effects of Regional Economic Integration on Regional Trade in Africa: The Case of Regional Economic Communities. *Business Management Review*, 22(2), 119-134.
- Parc, J. (2017). The effects of protection in cultural industries: The case of the Korean film policies. *International Journal of Cultural Policy*, 23(5), 618-633.
- Parc, J. (2018). Evaluating the effects of protectionism on the film industry: A case study analysis of Korea. In *Handbook of State Aid for Film* (pp. 349-366). Springer, Cham.

- Picciariello, A., Reneses, J., Frias, P., & Söder, L. (2015). Distributed generation and distribution pricing: Why do we need new tariff design methodologies?. *Electric power systems research, 119*, 370-376.
- Ray, D. C. (2015). Single-case research design and analysis: Counseling applications. *Journal of Counseling & Development, 93*(4), 394-402.
- Seyidođlu, Halil (1996). Uluslararası İktisat, Teori Politika ve Uygulama, Güzem Yayınları, 11th Ed.
- Sibiri, H. (2017). Regional Integration through Common Policies: A Case-Study of the Free Movement Policy in the EU and the ECOWAS. *Covenant University Journal of Politics and International Affairs, 4*(2).
- Sun, P., & Nie, P. Y. (2015). A comparative study of feed-in tariff and renewable portfolio standard policy in renewable energy industry. *Renewable Energy, 74*, 255-262.
- Todorova, T., & Kalchev, G. (2015). The Protective Effect of an Import Quota: Some Welfare Considerations. *Foreign Trade Review, 50*(2), 85-98.
- Tumwebaze, H. K., & Ijjo, A. T. (2015). Regional economic integration and economic growth in the COMESA region, 1980–2010. *African Development Review, 27*(1), 67-77.
- Windsong, E. A. (2018). Incorporating intersectionality into research design: An example using qualitative interviews. *International Journal of Social Research Methodology, 21*(2), 135-147.
- Yu, Y., Han, X., & Hu, G. (2016). Optimal production for manufacturers considering consumer environmental awareness and green subsidies. *International Journal of Production Economics, 182*, 397-408.
- Yin, R. K. (2013). Case study research: Design and methods. Sage publications, p. 5

Zamanzadeh, V., Ghahramanian, A., Rassouli, M., Abbaszadeh, A., Alavi-Majd, H., & Nikanfar, A. R. (2015). Design and implementation content validity study: development of an instrument for measuring patient-centered communication. *Journal of caring sciences*, 4(2), 165.

APPENDICES

Appendix I: Questionnaire

Kindly fill all questions on:

Mark with an [x] in the spaces provided

Part A: Background Information

Gender

Male [] Female []

Which department do you work at the Ministry of industrialization and Trade

.....

How long have you worked at the ministry?

0-5 years [] 5-10 years [] 10-15 years [] 15-20 years [] 20+ years []

What is your highest professional qualification?

Certificate [] Diploma [] Degree [] Masters' Degree [] PhD []

Part B: Trade Tariffs

Below are several statements on trade tariffs, using the five-point Likert scale of 1-5 where; 1=strongly disagree, 2=disagree, 3=neutral, 4 agree and 5 strongly agree; indicate the extent of your agreement with each of these statements

Statement	1	2	3	4	5
The trade tariffs are geared towards global trade liberalization					
The government charges levies to imports to stimulate growth in the local economies					
The price of imported products is high as a safeguard to local industries					
Tariffs adopt a mechanism to protect infant industries from the effect of global competitiveness					

We impose tariffs on products that will harm the citizens					
The tariffs we charge our trading partners give us economic leverage					

In general terms, how has trade tariffs impacted on regional integration in Kenya?

.....

Part C: Import Quotas

These are statements on import quotas and through the use of a Likert scale of 1-5 where; 1=strongly disagree, 2=disagree, 3=neutral, 4 agree and 5 strongly agree; indicate the extent of your agreement with each of these statements as they impact regional integration.

Statement	1	2	3	4	5
The import quotas charged are a source of revenue for the government					
Imposing import quotas has led to consumer surplus					
Using import quotas leads to creation of market powers in the importing economies					
Import quotas play a big role in redistribution of the national welfare					
The imposed import quotas transform public gains into private gains					
Foreign importing firms get substantial rents from monopolies in the domestic markets					

How else does import quota impact regional integration in the country?

.....

Part D: Export Subsidies

Below are several statements on export subsidies using the five-point Likert scale of 1-5 where; 1=strongly disagree, 2=disagree, 3=neutral, 4 agree and 5 strongly agree; indicate the extent of your agreement with each of these statements

Statement	1	2	3	4	5
Cash transfer subsidies are invested in R&D in the private sector					
The export subsidies lead to increased consumption					
Export subsidies interventions allow for constant prices that are lower than market prices					
The government enforces subsidies to correct imbalances in resource allocation					
The subsidy program saves our government expenditures on subsidies					
Export subsidies led to price interventions by lowering the prices paid by foreign importers					
All subsidies incurred are paid by entities in the home economy					

In what other ways, do export subsidies impact on regional integration efforts in Kenya?

.....

Part E: Administrative Policies

These are statements on administrative policies and through the use of a Likert scale of 1-5 where; 1=strongly disagree, 2=disagree, 3=neutral, 4 agree and 5 strongly agree; indicate the extent of your agreement with each of these statements as they impact regional integration.

Statement	1	2	3	4	5
The administrative units allow for convergence of members of the trade group					
The policies increase the trading environment like cutting trade costs					
The administrative policies create alternative approaches to handling regulatory constraints					
The policies help in building strong trading bonds among member states					
Trade liberalization is as a result of administrative policies					

Part F: Regional Integration in Kenya

These are statements on regional integration, kindly rate the extent to which you agree with them as they apply in Kenya. Use the five-point Likert Scale, where of 1-5 where; 1=strongly disagree, 2= disagree, 3=neutral, 4 agree and 5 strongly agree.

Statement	1	2	3	4	5
Regional integration has increase competitiveness in the local markets					
We have advanced technological innovativeness through the integration					
Using modern technologies has led to high quality of service delivery					
Integration has helped solve inequalities like flow of products					

THANK YOU

Appendix 2: Research Authorization from Kenyatta University



KENYATTA UNIVERSITY GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

P.O. Box 43844, 00100

NAIROBI, KENYA

Tel. 8710901 Ext. 57530

Website: www.ku.ac.ke

Our Ref: C153/CTY/PT/39719/2016

DATE: 17th May, 2022

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

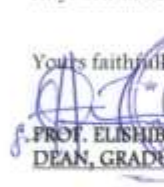
RE: RESEARCH AUTHORIZATION FOR MUTUKU CATHERINE MUMO REG. NO. C153/CTY/PT/39719/2016

I write to introduce Ms. Mutuku Catherine Mumo who is a Postgraduate Student of this University. She is registered for M.PFA degree programme in the **Department of Public Policy & Administration**.

Ms. Mutuku intends to conduct research for a MPPA Project Proposal entitled, **"Effect of Trade Remedy Measures on Regional Trade Integration in east Africa Community: Case Study of Kenya"**.





Any assistance given will be highly appreciated.

Yours faithfully,


17 MAY 2022
PROF. ELISHIBA KIMANI
DEAN, GRADUATE SCHOOL
Kenyatta University
43844 00100 NAIROBI

DK/mn

Appendix 2: Research Permit by NACOSTI

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 780689	Date of Issue: 11/August/2022
RESEARCH LICENSE	
	
This is to Certify that Ms. Catherine Mumo Mutuku of Kenyatta University, has been licensed to conduct research in Nairobi on the topic: EFFECT OF TRADE REMEDY MEASURES ON REGIONAL TRADE INTEGRATION IN EAST AFRICA COMMUNITY: CASE STUDY OF KENYA for the period ending : 11/August/2023.	
License No: NACOSTI/P/22/19533	
780689 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.	
