

TRADE

1. a)
 - To encourage member countries to reduce duties charged on goods among the countries from COMESA member states.
 - To promote trade among member states.
 - To acquire greater economic strength/higher bargaining power with trading blocs of the world.
 - To establish a larger market for the goods produced in the region.
 - To remove trade barriers among member states.
 - To create regional specialization in order to improve the quality of goods.
 - To create political cooperation among s member states.
 - To create monetary and financial cooperation among member states
2. a) International trade is the exchange of goods and services between different countries.
- b)
 - Machinery
 - Capital equipment
 - Textiles
 - Pharmaceutical products
 - Fertilizers
 - Automobiles
- c)
 - Governments policy/government legislation
 - demand for goods both locally and outside Kenya
 - Variation of natural resources/goods/quality of goods

-Availability of transport and communication

-the purchasing power

-the level of industrialization

-Tariffs imposed on Kenya exports

d)

- There will be improved access to raw materials for industrial development
- The expanded market will attract new investments from local and foreign sources which will lead to expansion of industries/more earnings.
- There will be improved negotiating powers in the international arena
- There will be improved transport links between Kenya, Uganda and Tanzania which will facilitate faster movement of goods and people.
- There will be mutual political understanding between Kenya and its neighbors.

e)

- Overspecialization/overdependence on a particular items is risky in case of a fall in the prices in the world market.
- Imported items may become a threat to the local industries leading to closure of some of items
- Some imported goods e.g expired goods e.g. expired goods sub-standard goods may have adverse effects on the citizens/economy
- If a country depends on another, it may sometimes have to tolerate some undesirable gestures from such countries.
- There may be over exploitation of natural resources leading to their depletion e.g. minerals

- Over-emphasis on export oriented product at the expense of other sectors of the economy.

3. a)

- Encouraging the development of jua kali industries which do not require importation of heavy machinery.
- Restricting the importation of luxury items through taxation.
- Establishing/importation of luxury items through taxation.
- Establishing/import substitution industries to cut down on importation of some commodities.
- Developing alternative sources of energy in order to reduce importation of some commodities
- Encouraging the production of high quality manufactured goods for exports in order to earn higher income
- Diversifying the agricultural export base to enable the country to have a variety of exports
- Opening new markets to avoid dependence on the trading partners.

b)

- The imported industrial inputs led to growth of manufacturing industries in the country.
- Demand for Kenya's exports has led to the expansion of the industries that produce those goods
- Kenya earns foreign exchange which enables it to import goods from other countries

- Transport and communication network in Kenya has been improved to facilitate the movement of trade goods/modernization of the facilities for handling goods at the port of Mombasa.
 - Taxation of commodities and services rendered has generated revenue for the country.
 - Employment opportunities have been created in the manufacturing and service industries that handle imports and exports
 - Trade has enhanced exchange of technology between Kenya and the trading partners.
 - Trade encourages specialization which leads to production of high quality goods in some industries in Kenya, thus enabling the country to earn higher income.
4. a) Trade is the exchange of goods and services for mutual benefit
- b) - Wholesale trade
- Retail trade
5. - The availability of capital for investment
- Presence of well developed transport and communication system
- Demand for the trade items and the presence of an adequate source of supply
- The absence or presence of trade barriers
- The creation of common markets
6. a) Visible exports are tangible goods sent out of the country for sale while invisible exports are the payments received for services rendered outside the country.

Visible exports	Visible imports
Coffee	Cereals

Tea	Crude oil
Soda	Pharmaceuticals
Fluorspar	Industrial machinery
Horticulture products	Iron and Steel
Petroleum products	Motor vehicles

7.

- Through trade, the country is able to obtain goods which it cannot produce
- Trade enables Kenya to dispose surplus production
- International trade enabled Kenya to earn foreign exchange
- Through trade, the country has been able to generate many job opportunities
- Trade offers market for industrial goods and also enables industrial goods and also enables industries to obtain raw materials and other inputs. This has promoted industrial development in Kenya
- Trading centres have attracted dense settlements. This has turn promoted urbanization.

8.

- With increased cordial relationship with her neighbors, trade will continue to prosper.
- Through COMESA, trade with the rest of the region will further improve
- The country's balance of trade will continue being unfavorable unless the quality of the exports is improved on and import substitution industries set up
- With the signing of multi-lateral and bi-lateral agreements, and through the Lome convention, the country will gain access to the lucrative markets in Western Europe.

9. a) A group of countries usually sharing a common history and within the same geographical region who come together for economic benefits

b)

- Common market for Eastern and Southern Africa (COMESA).
- The southern Africa Development Community (SADC)

- The Economic Community through the removal of customs among member state.
- It has promoted the free movement of persons, services and currencies hence increasing the volume of trade.
- Has established financial institutions e.g. the European Investment Bank
- This has financed economic projects.

10.

- The neighboring countries produce similar agricultural goods to Kenya thus reducing trade.
- Trade tariffs have discouraged free trade with her neighbors
- In the past there has been restriction of movement which has limited the degree of movement of people and goods within the region.
- The development countries offer manufactured goods and industrial machinery hence they are better trading partners.