

Biden faces decision on US-Kenya trade deal

Biden may have to decide between a US-Kenya deal or a multilateral approach to Africa trade.



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The incoming US administration of President-elect Joe Biden faces a choice on whether to conclude talks with Kenya over a free trade agreement or prioritise a multilateral trade deal with the continent, according to US foreign policy and trade experts.

The Trump administration opened virtual talks with Kenya in July for what US trade representative Robert Lighthizer called a “comprehensive, high-standard agreement...that can serve as a model for additional agreements across Africa.”

Yet Trump’s contempt for multilateral trade deals, which saw him exit the Trans-Pacific Partnership, replace the North American Free Trade Agreement and support Brexit, is likely to stand in stark contrast to the priorities of the Biden administration, which has promised a return to multilateralism and alliance-building.

“Biden officials will focus more on multilateral trade relationships, and less on bilateral trade talks. It is therefore not clear whether a Biden Administration will continue ongoing bilateral free trade agreement negotiations with Kenya begun earlier this year by Trump officials.

“A Biden Administration could instead seek to broaden these talks to an African regional agreement, or even target negotiations with the newly established African Continental Free Trade Area (AfCFTA),” writes Stacy Swanson, public policy advisor at law firm Squire Patton Boggs.

Two-way goods trade between the US and Kenya amounted to \$1.1bn in 2019. Lighthizer previously said that a US-Kenya bilateral deal would complement regional integration with the East African Community and the AfCFTA, a preliminary agreement between 54 African countries to create a continent-wide free trade zone. But Harry Broadman, chair of the emerging markets practice at the Berkeley Research Group and former chief

of staff of the President's Council of Economic Advisers under George H.W. Bush, says that a focus on bilateral negotiations might weaken the AfCFTA.

“When you pick off bilateral agreements with countries as important as Kenya, you start to deflate the balloon for the AfCFTA, and I think that is the single most important economic policy investment objective that the US should see for Africa. I'd suggest we pivot and put our energy into helping Africa launch the AfCFTA,” he said.

At the launch of negotiations in July, Betty Maina, Kenya's cabinet secretary for industrialisation, trade, and enterprise development, said that the country was seeking a “trade arrangement that is predictable and guarantees preferential market access for Kenyan products.”

The agreement is intended to cover areas including energy, health, digital economy, infrastructure, manufacturing, and agriculture, and builds on a number of discussions between the countries over the Trump administration years.

The progress makes it more likely that the Biden administration will conclude an agreement, said Ted Alden, Bernard L. Schwartz senior fellow at the Council on Foreign Relations, at a National Press Foundation event.

“I think the Biden administration will probably try to finish off the negotiations with Kenya that are currently underway, I think it's going to be awkward to stop those, so that may be one exception to their no new trade agreements – you could argue that that's a continued trade agreement.

“I don't expect to see significant new trade initiatives in Africa for a while though, I think like everything else on the trade agenda the Biden administration is going to move pretty slowly.”

The Biden administration will also have to decide whether to renew the African Growth and Opportunity Act (AGOA), which provides tariff-free access to the US for African manufacturers and is due to expire in 2025.