

Political –Economic Dynamics and Kenya-Thailand Bilateral Trade Relations, 2013- 2025

Chuma Patricia Chelimo

Department of Security, Diplomacy and Peace Studies, Kenyatta University, Kenya

DOI: <https://doi.org/10.47772/IJRISS.2026.10200099>

Received: 30 January 2026; Accepted: 06 February 2026; Published: 25 February 2026

ABSTRACT

The study specifically explored the influence of tariffs and trade agreements on Kenya-Thailand Bilateral relations. The study was anchored on two interconnected theories namely; World System Theory and Dependency Theory. World Systems Theory described the Kenya-Thailand trade relationship within a hierarchical global system in which there are Structural Inequalities (unequal power relationships), Unequal Exchange (unequal terms of trade) and how middle-power economies influence peripheral trade outcomes. Dependency Theory explained how the Kenya-Thailand trade relationship may create or maintain structural dependence through unequal exchange, lack of value addition to products traded and reliance on manufactured imports thereby limiting Kenya's long-term industrial transformation. A descriptive research design was employed for this investigation. The study target population included officials from the Thailand High Commission, Ministry of Foreign and Diaspora Affaires, Ministry of Trade, Investments and Industry, the Kenya National Chamber of Commerce & Industry (KNCCI) and traders from both Thailand and Kenya. Both qualitative and quantitative data collection methods were applied in this study. This study purposively selected a total of 65 respondents. This included officials from the Thailand High Commission (5), Ministry of Foreign and Diaspora Affaires (5), Ministry of Trade, Investments and Industry (5), the Kenya National Chamber of Commerce & Industry (KNCCI) (10) and traders from both Thailand and Kenya (20). Data collected was analysed and interpreted qualitatively and quantitatively. The findings established that Tariffs restrict trade, but preferential agreements, negotiations, and tariff reductions enhance market access, investments, and economic diplomacy. This study recommended the strengthening of political and diplomatic cooperation to support economic relations, promotion of economic diversification and industrial cooperation to address structural imbalances and deepening and rationalization of trade agreements to reduce tariff barriers and enhance market access between Kenya and Thailand.

Keywords: Political Dynamics; Economic Performance; Bilateral Trade Relations

Background to the Study

Over the last two decades there have been fundamental changes in the way transnational businesses operate because of changes in the governmental regulatory framework, economic structures, and international organizations. The international trading system underwent major changes from 2005 to 2015. The World Trade Organization's (WTO) multilateral trade negotiations stalled during this period, but the number of bilateral and regional trade agreements increased greatly, and developing economies became more involved in international trade (UN, 2015; WTO, 2019). During the same period, there was increasing awareness of how political instability and uncertainty affect international trade flows. Fan and Lu (2021) claim that current trade results are influenced by both the quality of state relationships and the amount of uncertainty in the global economic environment.

In the current era of international trade, the quality of the institutions, the efficiency of the government, and the nature of bilateral diplomatic relations have become important factors determining the trade performance of individual nations. International trade is no longer just a matter of exchange between the developed world (North) and the developing world (South), but it has become increasingly complex with a growing volume of trade and investments among developing and middle-income countries in Asia, Africa and Latin America (UNCTAD, 2021). Consequently, this exchange has produced a number of new types of economic diplomacy

and has led to the negotiation of Preferential Trade Agreements (PTA) and Investment Promotion Initiatives, as well as development cooperation and strategic alliances.

The evolution of the international trading system has also resulted in the transformation of Africa's trade architecture. In the past, African states were outside the international trading system, while currently they are seeking to strengthen their collective negotiating position using regional integration frameworks like COMESA (Common Market for Eastern and Southern Africa), EAC (East African Community), and AfCFTA (African

Continental Free Trade Area), and to enhance their competitiveness on the global marketplace (AfCFTA Secretariat, 2021; UNECA, 2020). The main purpose of these regional integration frameworks is to remove tariffs and other barriers to trade and to encourage industrialization, which will ultimately lead to greater participation by Africa in the international trade arena. Nonetheless, trade between Africa and Asia primarily consists of commodity exports, and thus lacks diversity and value-added elements (UNCTAD, 2018). Furthermore, there are numerous structural impediments to Africa being able to capitalize fully on the rapid economic growth of Asia, including political instability, weak institutions, inadequate infrastructure and inconsistent policies.

Thailand has become one of the most important middle-power economies in Asia, and has chosen to develop a pro-trade model of economic development focused on the promotion of export-led growth, industrial upgrading, and active economic diplomacy. For more than twenty years, Thailand has expanded its trade and investment ties beyond the traditional partners of North America, Europe, and East Asia (OECD, 2022). Walker (1999) observes that Thailand has been emphasizing its trade relations with African countries in order to establish itself as an alternative global economic actor. Nevertheless, successive episodes of internal political instability — including, notably, a series of military coups and governance crises, as well as, for instance, the coup d'état of 2014 — have repeatedly disrupted economic growth and trade performance in Thailand, showing the interrelation between political stability and external economic relations (OECD, 2019).

Kenya is one of the most important and diversified economies in East Africa, and is a major transportation and logistics hub in the region around the Port of Mombasa. Since the early 2000s, Kenya has carried out a process of economic liberalization and trade reform aimed at improving its competitiveness, attracting foreign investment, and expanding export opportunities. These reforms are part of broader long-term policy frameworks, including Vision 2030 (Government of Kenya, 2007). While Kenya has taken steps towards liberalization and trade reform, its participation in international trade remains relatively limited (World Bank, 2023). Since 2005, Kenya and Thailand have formally cooperated to strengthen their bilateral trade relations, and this cooperation resulted in a 2010 agreement addressing trade, investment, agriculture, education, and technology. However, Kenya-Thailand bilateral trade is asymmetric, with Kenya primarily exporting agricultural products and Thailand exporting manufactured goods. Therefore, this study analyzes the political and economic factors affecting Kenya-Thailand bilateral trade relations to provide better trade diplomacy and sustainable development strategies for Kenya.

Statement of the Problem

Relations between diplomatic relations and economic performance are an important factor for determining bilateral trade results, but most of the past research looks at each of these variables separately rather than looking at how they interact and mutually reinforce each other (Kostecki & Naray, 2007; Pamment, 2018). Studies indicate that negative diplomatic developments and increased levels of geopolitical tension can stop or severely reduce trade between two countries, while positive diplomatic relations encourage trust, facilitate communication, promote information exchange, and create opportunities for economic cooperation (Pollins, 1989; Rose, 2007). Increasingly, there is greater overlap between political issues and trade issues, which makes the assumption that economic interdependence creates political stability even less valid (Barbieri, 2002; Copeland, 2015). Although many perspectives support the idea that better diplomatic relations will result in increased trade, there is limited empirical data available regarding how power differentials and the way trade occurs between nations influences the distribution of benefits among unequal trading partners (Wallerstein, 2004; Gallagher, 2016).

Kenya-Thailand trade increased as a result of better diplomatic relations from 2013-2025, but it is unclear whether this increase represents a mutually beneficial relationship, solidified unequal exchanges, or long term

structural transformations for Kenya (UNCTAD, 2023; World Bank, 2022). The export-driven trade structure, tariff policies, and preferential agreements of Thailand impact Kenya's trade balance, foreign exchange earnings, GDP growth, and foreign direct investment inflows in such a manner that could benefit one partner over the other (Rodrik, 2011; Krugman, Obstfeld & Melitz, 2018). Tariffs and trade agreements have the potential to improve market access, however, they can also restrict domestic industrialization, promote dependence on imported manufactures, and limit the ability of developing economies to add value and gain access to new technologies (Chang, 2002; UNIDO, 2020).

Most of the previous studies on Kenya's bilateral trade have focused on the total volume of trade between the two countries and the level of diplomatic relations, without examining trade composition, sectoral imbalances, and/or strategic policy options (Omondi, 2019; Were, 2021). Additionally, there is very little research available that investigates whether Thailand's involvement in Kenya's economy has produced mutually beneficial development for both parties or if Thailand's participation in Kenya's economy is only intended to serve Thailand's export interests within an asymmetric South-South trade framework (Amsden, 2001; Amin, 2014). Therefore, this study analyzes the relationship between diplomacy, trade policy, and economic performance to determine whether Kenya-Thailand trade has promoted equal development or replicated structural inequalities between 2013 and 2025.

Specific Objective

This study explored the influence of tariffs and trade agreements on Kenya-Thailand Bilateral trade relations between 2013 and 2025

Significance of the Study

Academically, this study identifies a gap in South-South trade literature, specifically in terms of Africa-Asia relations that have been studied largely with a North-South paradigm. While there is much written about China Africa trade, the study examines Kenya-Thailand trade, and thus provides a void empirically and theoretically in the area of South-South economic cooperation.

The political economy framework used to examine this trade uses a triadic approach to analyze political stability, economic performance, and trade policy to determine the determinants of trade flows, providing a multidimensional analysis of trade flows that has been limited in prior studies. The research contributes to ongoing discussions in the area of South-South trade, namely asymmetric exchange, by assessing if the trade flows between Kenya and Thailand contribute to structural transformation for Kenya, or further reinforce its dependency on foreign trade, and thus evaluate the applicability of both dependency and structuralist theories.

Empirically, the research seeks to assess the relationship between governance and political stability and trade performance over time, using the significant disruptions experienced by the two countries between 2013 and 2025, including but not limited to; the Thai political crisis, Kenya's Vision 2030, the African Continental Free Trade Area (AfCFTA) agreement, and the impact of the COVID-19 pandemic. This research will inform policy by developing Kenya's negotiating capacity for trade agreements, promoting industrialization and value-added production in Kenya's trade with Thailand, and provide guidance for Thailand to create more balanced and sustainable trade relationships with other African nations and promote resilience to external shocks to support equitable trade development and regional trade diversification.

LITERATURE REVIEW

Kenya and Thailand are part of two separate regional trade blocs such as the East African Community (EAC) and the Association of Southeast Asian Nations (ASEAN), respectively for both countries have experienced significant growth in their bilateral trade relationship since 1997. The main objective of trade agreements such as the EAC Customs Union and the ASEAN Free Trade Area (AFTA) is to remove or reduce trade barriers to improve market access, increase economic growth, and encourage trade flows.

Tanaka & Njoroge (2019) confirm that tariffs and trade agreements affect bilateral trade relationships between countries. Tariff regimes, Preferential Trade Agreements (PTAs), and Regulatory Policies all directly influence

trade volumes, and therefore the competitiveness, transaction costs, and exchange rate dynamics of countries. As neither the EAC nor ASEAN are Free Trade Areas (FTAs), but rather a Customs Union and a PTA, respectively, the tariff structures and non-tariff barriers play a larger role in determining trade costs, market access and overall trade volumes between the two countries.

Tariffs and non-tariff barriers can be used to both promote market liberalization and protect domestic industries. Muradovna (2020) identifies that tariffs provide short-term protection to domestic industries, but usually increase consumer prices, and decrease overall economic welfare. Tariffs and non-tariff barriers have the ability to reduce comparative advantages and restrict trade growth for lower-middle income economies, like Kenya and Thailand.

Todaro (2009) provides an economic integration theory conceptual framework to analyze the effect of tariffs and trade agreements on bilateral trade. Economic Integration is described by Todaro as a process in which countries coordinate economic policies inside a geographical area to form trading blocs known as free trade areas, customs unions, common markets, or economic unions. Trade arrangements include the removal of internal trade barriers while applying a common external tariff to non-member states. Although, Kenya and Thailand are members of different regional trade blocs (the EAC and ASEAN), their bilateral trade relationships are indirectly affected by these regional trade agreements.

Within the EAC customs union, Kenya has duty-free trade with other EAC member states, and applies a common external tariff (CET) on imports from non-EAC states, including Thailand. Under the ASEAN Free Trade Area (AFTA) ASEAN member states receive preferential tariffs on goods imported from other ASEAN member states, whereas non-ASEAN member states face MFN tariffs and regulatory requirements that may reduce trade volumes relative to intra-regional trade amongst EAC or ASEAN member states. This structural difference highlights why it is important to examine how regional trade agreements affect bilateral trade relationships between geographically remote yet economically compatible economies.

Dastenov (2003) addresses the interrelationship between tariffs, trade agreements, and globalization, and states that they jointly determine the patterns of production, trade specialization, and national competitiveness. Globalization creates new market opportunities for countries, but it also creates increased competition for domestic industries. Developing countries, including Kenya, must balance the need to protect domestic industries, with the need to expand exports. In the case of Kenya-Thailand trade, globalization has increased trade in manufactured goods and agricultural products, however tariff and non-tariff barriers still prevent the full exploitation of bilateral trade possibilities.

Muradovna (2020) states that protectionist measures may provide temporary financial gains or protect certain sectors, but long-term economic costs of protectionism typically outweigh the benefits. Tariffs and non-tariff barriers usually lower trade volume, lower global productivity and cost consumers by increasing prices. Similar to the current research project, it suggests that ongoing protectionist policies might limit the long-term trade growth between Kenya and Thailand, especially in areas where both countries have comparative advantages.

Baldwin & Freeman (2022) offer additional approaches to the study of trade barriers. Today, trade barriers are more often based on regulations, instead of tariffs, and technical standards, digital trade rules, and customs procedure are growing in influence in determining trade results. For example, Baldwin & Freeman (2022) argue that, in terms of trade between Kenya and Thailand, compliance with technical standards, obtaining certifications, and the complexity of customs documentation typically form greater barriers to trade than tariff rates do. In addition, UNCTAD (2023) point out that non-tariff barriers account for over 70 percent of trade related policy measures affecting exports of developing countries and therefore need theoretical models that move beyond tariff schedules.

Williams & Behera (2023) analyze the progression of bilateral and multilateral trade agreements within the age of globalization, and find that although these agreements were developed to remove trade barriers and facilitate cooperation, they can create trade distortions and political tensions. Williams & Behera (2023) stress the role of governments in assuring that their domestic industrial policies support international trade obligations to

attain sustained and inclusive economic development. Both Kenya and Thailand, must take into consideration competing development goals domestically while adhering to international trade obligations.

Trade agreements amongst ASEAN countries have been extensively researched due to the impact of ASEAN on both ASEAN member and non-member states. Calvo-Pardo et al. (2009) indicate that preferential tariffs under the ASEAN Free Trade Agreement (AFTA) had little impact on imports from non-AFTA member states; thus regional integration may divert trade from outside partners. Ardiyanti (2015) also showed that AFTA has enhanced the export performance of ASEAN member states and thus increased intraregional trade at the expense of interregional trade relationships. Therefore, Kenya, as an outsider to the ASEAN region, will face relative disadvantage when exporting to Thailand than ASEAN member states.

Comparative analyses on Non-Tariff Trade Barriers (NTBs) between African nations provide valuable information regarding trade among African nations. Bowen (2018) described bureaucratic inefficiencies, corruption, and slow administrative processing as major obstacles to the export of Kenyan goods to Tanzania. Janjo (2018) also described procedural trade barriers, such as restrictive rules of origin, labeling requirements, road blocks and prolonged clearance procedures as major impediments to trade despite the existence of an EAC customs union. Although, these studies refer to trade among African nations exclusively, they illustrate the pervasive presence of NTBs, which would similarly be encountered in trade among Kenya and its Asian trading partners, including Thailand.

Mwinzi & Ouma (2021) provide additional empirical support for this argument. Tariff liberalization alone will not significantly boost Kenya – Asia trade unless accompanied by improved trade facilitation, logistics infrastructure, and regulatory harmonization. Similar to this study, the OECD (2022) also stress that developing economies engaging with Asian markets must prioritize customs modernization, digital trade facilitation, and mutual recognition of standards to reduce transaction costs and improve competitiveness.

Several gaps remain in literature on tariffs, trade agreements and international trade. First, most studies focus on trade within regions or on north-south trade relations and few studies analyze south-south bilateral trade between African and southeast Asian economies. second, many studies examine tariffs and NTBS in general terms, however few studies adopt a bilateral analytical approach to account for differences in regional trade regimes, institutional capacities and development trajectories. Finally, existing literature often focuses on quantitative trade outcomes and rarely examines the policy and institutional factors that shape tariff implementation and regulatory enforcement. There is limited recent research examining the post-2015 trade environment characterized by digital trade expansion, supply chain reconfiguration and the increasing use of regulatory measures. This study addresses these gaps by examining how tariffs and trade agreements influence bilateral trade relationships between Kenya and Thailand in a south-south trade context.

THEORETICAL FRAMEWORK

World-Systems Theory (WST)

World Systems Theory was developed in the 1970s by Immanuel Wallerstein. This theory offers a way of examining the international economic systems of the world and the inequalities inherent within them (Wallerstein, 1974; 2004). Unlike the belief that all countries are independent states, Wallerstein views the global economy as one integrated system consisting of three types of country; the core, the semi-periphery and the periphery. The core countries have developed economies, greater technology, and greater political influence. Periphery countries produce raw materials and do not have the ability to develop significant manufacturing capabilities. The semi-periphery countries have some manufacturing capability and therefore combine aspects of both the core and periphery countries (Hopkins & Wallerstein, 1996; Arrighi, 1994).

According to WST, the roles of the different countries are not fixed and are subject to change through various means such as changes in the global economy, policies of national governments, and membership in regional organizations. Therefore, according to WST, inequality among countries is not random but rather is structured into the global economic system. As a result, the countries located at the center of the system (the core) will gain from their relationships with the rest of the world through trade agreements, monopolistic control of new technologies, and institutional advantages. Countries located at the periphery of the system will be subject to

asymmetric exchange relations and will have limited opportunities to participate in high value markets (Frank, 1967; Amin, 1976). The semi-peripheral countries may be able to improve their position in the system by developing their manufacturing capabilities, encouraging foreign direct investment, and improving their diplomatic relationships (Chase-Dunn & Hall, 1997).

The trade relationship between Kenya and Thailand is a good example of how these dynamics play out in practice. Kenya has been classified as a peripheral economy based upon its reliance on agriculture and semiprocessed goods for export and the fact that it does not have diversified industrial or manufacturing sectors nor does it have significant geopolitical influence (World Bank, 2022; Fan & Lu, 2021). The pattern of trade between the two countries reflects the structural inequality that exists between them. In particular, Thailand exports manufactured goods and machinery to Kenya while Kenya exports mainly raw materials to Thailand.

Processes related to politics and economics also influence the direction of trade. For instance, Thailand's efforts to engage diplomatically and promote investments have improved its semi-peripheral status. Similarly, Kenya has sought to diversify its trade through participation in regional organizations like the East African Community (EAC) and by entering into bilateral agreements with other countries in order to reduce its dependence on trade with more powerful countries (UNCTAD, 2023; Leyaro & Msafiri, 2020). WST allows us to understand the structural limitations faced by countries in South-South trade, the strategies employed by agents, and the systemic hierarchies that exist among countries.

Dependency Theory (DT)

The late 1960s emergence of Dependency Theory was similar to Structural Inequality Critique in International Trade and emphasized asymmetric relationships between developed "Core" countries and developing "Periphery" countries (Cardoso, 1970; Frank, 1967; Prebisch, 1950). Underdeveloped Periphery countries rely heavily on exporting primary commodities and typically experience a decline in their Terms of Trade. Periphery countries are generally unable to develop an industrial base which further develops structural dependence. Elite alignment, investments, and preferential trade agreements are some examples of how these countries maintain their dependence (Frank, 1967).

The Kenya-Thailand trade is evidence of dependency: Kenya primarily exports primary and semi-manufactured goods whereas Thailand primarily exports manufactured goods with a higher added-value (World Integrated Trade Solutions, 2013). Thailand's use of investment and diplomatic means to promote its economic interests continues to reinforce economic inequality between the two countries, while Kenya has been seeking greater economic self-sufficiency through various forms of domestic reform such as Vision 2030 and through participating in the African Continental Free Trade Area (AfCFTA) (UNCTAD, 2023).

Dependency Theory also provides a theoretical framework for assessing the benefits and limitations of South South Cooperation. Although the trade between Kenya and Thailand may be considered a type of cooperative South-South trade, Dependency Theory requires the examination of structural inequalities in trade patterns, the sectoral concentration of trade flows, and the differences in value-added production between the two countries. Thus, the study will utilize this theoretical framework to determine if the trade between the two countries will promote mutually beneficial economic growth and technology transfers in Kenya or if it merely maintains the current state of unequal trade patterns, exchange rates and industrial capacities.

RESEARCH METHODOLOGY

This study employed a descriptive method for its research design to assess how tariffs and trade agreements affected the bilateral trade relationship between Kenya and Thailand. The study also used a mixed method to collect data about some aspects of Kenya-Thailand bilateral trade relations using both qualitative and quantitative methods to describe trends and frequencies in different variables and to explore participants' views, experiences and perceptions; thus providing a wide perspective with depth to the analysis. Purposive sampling technique was used to select participants based on their knowledge of the specific variables being researched. These participants included personnel of the Thailand High Commission, Ministry of Foreign and Diaspora Affairs, Ministry of Trade, Investment and Industry, Kenya National Chamber of Commerce &

Industry (KNCCI), and import/export traders of both countries. There were a total of 65 participants selected; 15 from each group. Respondents were distributed as follows;

SR No	Category of Respondents	Frequency	Percentage
1	Thailand High Commission	5	7.7%
2	Ministry of Foreign and Diaspora Affaires	5	7.7%
3	Ministry of Trade, Investments and Industry	5	7.7%
4	Kenya National Chamber of Commerce & Industry (KNCCI)	10	15.4%
5	Traders From Thailand	20	30.7%
6	Traders from Kenya	20	30.7%
	Total	65	100%

Table 1.1 Distribution of Respondents

Structured questionnaires and interview guides were used as the data collection instrument. To ensure valid and reliable results from the data collected, the research tools for this study were designed to measure the components of the study appropriately, therefore the interview questions and survey instruments will be a good representation of what is being researched. Quantitative and qualitative analysis were employed in the analysis and interpretation of findings. Quantitative data was analyzed using SPSS through descriptive statistics presented through tables and bar graphs. Qualitative data analysis was undertaken through transcribing the audio-recorded interviews verbatim to create textual dataset and identify recurring themes and patterns and codes related to the influence of tariffs and trade agreements on Kenya-Thailand Bilateral trade relations between 2013 and 2025.

Analysis, Interpretation and Presentation of Findings

Response Rate

This study targeted a total of 65 respondents out of which 60 responded. This represented a response rate of 92.3%. The 5 (7.7%) non-participants were individuals within the target population of people who did not participate in the study, possibly because of attrition, lack of cooperation, or inaccessibility. This did however not affect the findings of the study as the level of 92.3% response rate eliminates significant risks of observed statistical bias or impaired generalizability, improving the accuracy of the findings in their non-response ((Fowler, 2014; Dillman, Smyth, and Christian, 2014).

Influence of Tariffs and Trade Agreements on Kenya-Thailand Bilateral Trade Relations between 2013 and 2025

The researcher posed six questions to respondents on the influence of tariffs and trade agreements on Kenya Thailand bilateral trade relations. The responses were as follows;

Influence of Tariffs and Trade Agreements on Kenya-Thailand Bilateral Trade Relations	1 SD	2 D	3 N	4 A	5 SA	Total
Existing tariff structures between Kenya and Thailand negatively affect the volume and balance of trade between the two countries	5%	10%	20%	40%	25%	100%
Preferential trade agreements and negotiations positively influence market access for Kenyan and Thai exporters.	2%	5%	15%	45%	33%	100%
Kenyan and Thai businesses face serious challenges as a result of tariff barriers in accessing each other's markets.	4%	8%	18%	42%	28%	100%
Trade agreements shape investment flows and economic cooperation between Kenya and Thailand	3%	6%	14%	47%	30%	100%
Tariff reductions and exemptions under bilateral or multilateral agreements have enhanced economic diplomacy between Kenya and Thailand	2%	7%	16%	44%	31%	100%
Stakeholders (government, private sector, and trade associations) positively perceive tariffs and trade agreements in strengthening bilateral relations between Kenya and Thailand	3%	9%	20%	43%	25%	100%
Mean	3.17%	7.50%	17.17%	43.50%	28.67%	100.01%

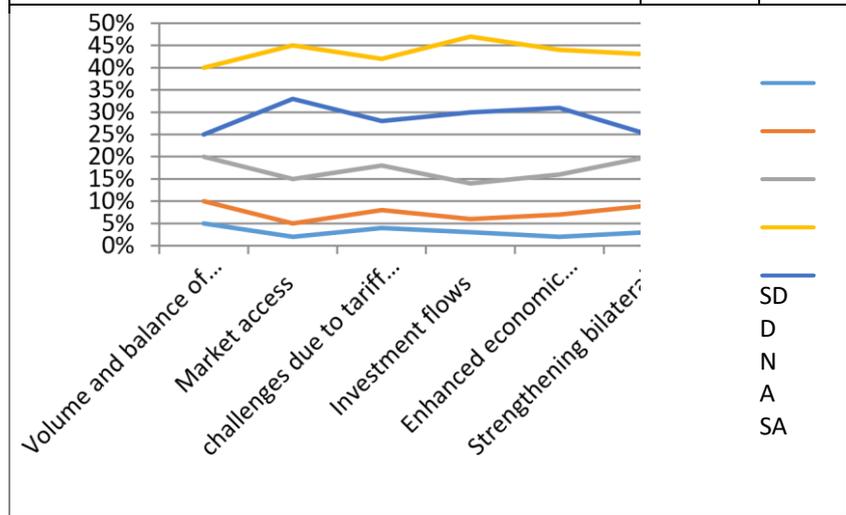


Figure 1.1 Influences of Tariffs and Trade Agreements on Kenya-Thailand Bilateral Trade Relations

A majority of respondents (65%) agreed or strongly agreed that existing tariff structures negatively affect the volume and balance of trade, suggesting that high or uneven tariffs remain a constraint to expanding bilateral trade. Similarly, 78% of respondents agreed that preferential trade agreements and negotiations positively influence market access, indicating that trade liberalization efforts and negotiations have facilitated greater export opportunities for both Kenyan and Thai import and export businesses.

A large percentage of the respondents (65%) noted that current tariff arrangements have a negative impact on the volume and balance of trade between Kenya and Thailand with only a minor percentage (15%) of the respondents disagreeing. This means that the existing tariff systems are viewed as being restrictive and they have stifled the potential development in bilateral trade. These could be the cause of the trade deficit that Kenya is experiencing in relation to Thailand, with Kenya mostly importing manufactured and industrial goods and its exports being mainly agricultural goods. The imbalance indicates the imbalance in the amount of industrial capacity as well as the influences of tariff regimes, which promote high-value exports in Thailand.

Meanwhile, 78% of those surveyed were in agreement that preferential trade agreements and negotiations would have a positive impact on market access to the exporters in the two nations. This implies that liberalization of trade and negotiations of more conducive terms of trade in either the World Trade Organization (WTO) framework or regional cooperation mechanisms has been working in opening up new opportunities of trade. To Kenya, the agreements would offer an avenue of diversifying export markets outside of Africa whereas to Thailand, they would give access to the growing consumer base and investment opportunity in East Africa.

More so, 70% of the respondents revealed that tariff barriers present Kenyan and Thai businesses with serious challenges as they seek to access the market of the other. This is indicative of the fact that, even though there are still processes of diplomacy, high cost of doing business in terms of customs duty, regulatory burdens, and low harmonization of standards, still limit the effectiveness of trading. These challenges are worsened by non-tariff obstacles that include bureaucratic licensing and variations in quality standards of the products.

Interestingly, 77% of the respondents supported that trade agreements influence the flow of investment and economic collaboration in the two countries. This underscores the importance of trade frameworks not just in promoting trade but also in promoting cross-border investments, joint ventures and technology transfer. Predictability and trust are the outcomes of such agreements which are crucial to long term business planning and attracting foreign direct investment (FDI).

On the same note, three-quarters of them said that bilateral or multilateral tariff reductions and exemptions have contributed to economic diplomacy. It highlights the connection between trade policy and diplomacy that demonstrates that economic collaboration is being more frequently used as a diplomatic instrument to bolster political relationships and understanding between one another. These changes can be seen as the increasing interdependence of Kenya and Thailand in the larger framework of South to South cooperation, where the countries of the emerging economies aim at forming a mutual trade relationship grounded in win-win cooperation.

Lastly, 68% of the respondents remarked that the stakeholders such as governments, players in the private sector and trade associations view tariffs and trade agreements as part of enhancing bilateral relations. This indicates that both have a common hope regarding the possibility of achieving the mutual prosperity through properly designed and well executed trade policies. Participatory and transparent trade diplomacy is also indicated by the stakeholder participation in the formulation of such policies.

Tariff barriers continue to limit the full potential of trade between Kenya and Thailand. There is an overall consensus of support among policymakers and trade actors regarding the importance of strategic tariff management, policy harmonization, and additional negotiation efforts to improve economic cooperation and development between Kenya and Thailand. Improved institutional mechanisms and the resolution of implementation problems will provide an opportunity to grow trade more quickly, improve the trade balance, and ensure sustainable economic cooperation.

Previous research has emphasized that tariffs and trade agreements are critical to the volume of trade flows between countries and therefore to the ability of countries to develop economically, to integrate into global markets, and to implement national development strategies. Tariffs have a direct effect on the relative price of imports and exports and therefore affect both the volume of trade between countries and the trade balance (Limao & Venables, 2001). High tariffs in developing countries, which import large quantities of manufactured goods, can also create trade distortions and restrict market access for domestic producers, and raise the cost of producing domestically manufactured products (World Bank, 2022).

Trade agreements including Preferential Trade Agreements (PTA's) and Free Trade Agreements (FTA's) systematically eliminate tariff and non-tariff barriers to trade, thereby directly increasing trade liberalization. According to Estevadeordal et al., (2021) the total amount of trade between nations that have signed a FTA increases by 20-40% with the signing of an FTA due to increased access to each nation's market, reduction in transaction cost associated with trade, and increased standardization of rules. Baier and Bergstrand (2007) stated that the positive effects of FTAs may be long lasting as some studies have estimated that bilateral trade between two countries could increase by up to 50% within ten years. Additionally, trade agreements promote investments into higher-value added sectors, enhance technology transfers, and promote regional supply chains.

There are many examples of how country-specific trade agreements can affect trade in real terms. The research of Njuguna and Obura (2020) showed that Kenya's membership in the EAC resulted in an increase in all types of exports, especially in agricultural products, manufactured goods, and food processing products due to the tariff reductions that were part of the agreement.

Although there are structural differences in industrial capacity and technological capabilities of Kenya and Thailand, that will likely create a long-term imbalance in trade relations; however, typically trade agreements have favorable outcomes. The preferential tariff treatment provided to Kenya's horticultural industry has increased its trade volumes as reported by Mwangigui (2023). Although levels of sectoral complementarity, product differentiation, and regulatory frameworks can influence the degree to which tariffs affect trade, overly protective tariffs can provide protection to emerging industries; however, they can also reduce competition and inhibit technology development. In addition to tariffs, if the root causes of structural issues such as the ability for businesses to have access to financial resources, labor with the appropriate skill level, and adequate transportation infrastructure continue to be ignored, the opportunity for trade results to be optimal will likely not be achieved. Tariffs on products that do not fall under a preference agreement could also serve as a form of long term non-tariff trade barrier, which would create an additional obstacle for Small and Medium Sized Enterprises (SMEs) operating in developing countries to compete with other companies in their respective country's market.

Overall, the trade relationship between Kenya and Thailand is an excellent example of the inter-relationship between economic realities, political strategy, and institutional capability. Trade agreements have helped to open up the Thai market to Kenyan companies. However, tariffs and non-tariff trade barriers continue to limit the full potential of trade between the two countries. Therefore, if Kenya and Thailand are going to maximize the benefits of trade agreements, they need to develop a plan to manage tariffs, align regulatory requirements, improve their transportation infrastructure, develop their industrial base, and promote export diversity. A comprehensive plan that addresses the economic, political, and institutional aspects of trade will most likely lead to reduced trade imbalances, improved technology transfers, and improved long-term, mutually beneficial bilateral trade relationships. Stronger negotiation processes, policy coordination, and institutional capacities will enable Kenya and Thailand to maximize the benefits of economic cooperation.

CONCLUSION

Tariffs and Trade Agreements were the primary factors influencing bilateral trade between Kenya and Thailand according to this research study. The researcher concluded that both the structure of tariffs and the format of trade negotiations have an impact on the market entry; volume of trade; flow of investments; and overall cooperation in economics. It is evident that both countries' current tariff structures create barriers to achieve a balance between trade between the two countries; as Customs and Non-Tariff Measures restrict Kenyan exports to gain access to the Thai Market and conversely Thai Exports into the Kenyan Market to a lesser

extent. The study found that trade agreements and negotiations significantly influenced market access for both exporting countries. Additionally, this study identified high import duties; restrictive rules of origin; lack of harmonized standards as major impediments facing private sector enterprises; increasing transaction costs and reducing trade competitiveness.

It was established that tariff reductions and exemptions under bilateral and multilateral agreements further enhanced economic diplomacy via policy goodwill; trust and cooperation between the two nations. Governments; private sector and trade associations viewed tariff policies and trade agreements as critical tools to enhance Kenya-Thailand relations and viewed them as key drivers of long term economic growth; technology transfer and market expansion. In conclusion, this study confirmed the significant impact of tariffs and trade agreements on bilateral trade. While tariffs can impede trade; preferential trade agreements and negotiated tariff reductions have been instrumental in promoting economic diplomacy; improving market access and facilitating investment. Therefore, efficient management of tariffs and strategic trade policies are essential to sustain mutually beneficial trade relations between Kenya and Thailand.

REFERENCES

1. AfCFTA Secretariat. (2021). African Continental Free Trade Area (AfCFTA) progress report. AfCFTA Secretariat.
2. Amsden, A. H. (2001). *The rise of "the rest": Challenges to the west from late-industrializing economies*. Oxford University Press.
3. Amin, S. (1976). *Unequal development: An essay on the social formations of peripheral capitalism*. Monthly Review Press.
4. Amin, S. (2014). *Capitalism in the age of globalization*. Zed Books.
5. Arrighi, G. (1994). *The long twentieth century: Money, power, and the origins of our times*. Verso.
6. Ardiyanti, Y. (2015). ASEAN Free Trade Area (AFTA) and intra-regional trade: Evidence from ASEAN member states. *Journal of Asian Economics*, 36, 12–22. [3](#)
7. Baldwin, R., & Freeman, R. (2022). *Trade policy in the digital age: Non-tariff measures and global commerce*. MIT Press.
8. Barbieri, K. (2002). *The liberal illusion: Does trade promote peace?* University of Michigan Press.
9. Baier, S. L., & Bergstrand, J. H. (2007). Do free trade agreements actually increase members' international trade? *Journal of International Economics*, 71(1), 72–95.
10. Calvo-Pardo, H., Fink, C., & Neagu, I. (2009). Trade diversion and trade creation effects of the EU–Romania preferential trade agreement. *European Economic Review*, 53(7), 931–951.
11. Cardoso, F. H. (1970). *Dependency and development in Latin America*. University of California Press.
12. Chang, H.-J. (2002). *Kicking away the ladder: Development strategy in historical perspective*. Anthem Press.
13. Chase-Dunn, C., & Hall, T. D. (1997). *Rise and demise: Comparing world-systems*. Westview Press.
14. Copeland, D. C. (2015). *Economic interdependence and war*. Princeton University Press.
15. Dastenov, B. (2003). Globalization, trade agreements, and national competitiveness. *Journal of International Trade*, 5(2), 45–60.
16. Estevadeordal, A., Freund, C., & Ornelas, E. (2021). Regional trade agreements: Trade creation and diversion. *World Bank Economic Review*, 35(S1), S45–S72.
17. Fan, X., & Lu, Y. (2021). Political uncertainty and international trade flows: Evidence from developing economies. *Global Trade Review*, 12(4), 215–237.
18. Fink, C., Mattoo, A., & Neagu, I. (2020). *Trade and development in the era of preferential agreements*. World Bank Policy Research Working Paper No. 9234.
19. Frank, A. G. (1967). *Capitalism and underdevelopment in Latin America: Historical studies of Chile and Brazil*. Monthly Review Press.
20. Government of Kenya. (2007). *Vision 2030: A globally competitive and prosperous Kenya*. Government Printer.
21. Hopkins, T. K., & Wallerstein, I. (1996). *World-systems analysis: Theory and methodology*. Sage.

22. Janjo, P. (2018). Non-tariff barriers and trade among East African Community member states. *East African Journal of Economics*, 6(2), 33–48.
23. Kostecki, M., & Naray, O. (2007). *Economic diplomacy: Trade, foreign policy, and international relations*. Springer.
24. Limao, N., & Venables, A. J. (2001). Infrastructure, geographical disadvantage, transport costs, and trade. *World Bank Economic Review*, 15(3), 451–479.
25. Mwinzi, M., & Ouma, S. (2021). Trade facilitation and Kenya-Asia trade relations: Beyond tariff liberalization. *African Trade Review*, 8(1), 55–74.
26. Muradovna, T. (2020). The impact of tariffs on trade and domestic welfare: Evidence from developing countries. *Journal of Development Economics*, 142, 102–117.
27. Njuguna, J., & Obura, F. (2020). EAC membership and Kenya's export growth: Evidence from agricultural and manufacturing sectors. *East African Economic Review*, 12(3), 88–109.
28. Omondi, P. (2019). Kenya's bilateral trade relationships in the East African Community context. *Journal of African Trade*, 6(1), 45–61.
29. Rodrik, D. (2011). *The globalization paradox: Democracy and the future of the world economy*. W. W. Norton.
30. Rose, A. K. (2007). The Foreign Service and international trade. *The World Economy*, 30(1), 55–76.
31. UN. (2015). *World economic situation and prospects 2015*. United Nations.
32. UNCTAD. (2018). *Economic development in Africa report 2018: Migration for structural transformation*. United Nations Conference on Trade and Development.
33. UNCTAD. (2021). *South-South trade and investment report*. United Nations Conference on Trade and Development.
34. UNCTAD. (2023). *Kenya-Thailand trade profile*. United Nations Conference on Trade and Development.
35. UNECA. (2020). *African trade report 2020: Regional integration for competitiveness*. United Nations Economic Commission for Africa.
36. Walker, J. (1999). Thailand's economic diplomacy in Africa. *Asian Journal of International Relations*, 3(2), 67–85.
37. Were, M. (2021). Trade patterns and bilateral agreements: Kenya's evolving trade landscape. *African Trade Journal*, 9(1), 21–37.
38. World Bank. (2022). *World development report: Trading for development in the age of global value chains*. World Bank.
39. World Integrated Trade Solutions (WITS). (2013). *Kenya trade statistics*. World Bank Group.
40. Wallerstein, I. (2004). *World-systems analysis: An introduction*. Duke University Press.
41. Williams, M., & Behera, P. (2023). Bilateral and multilateral trade agreements in globalization. *International Economics and Policy Review*, 18(1), 1–29.