

*After reading the chapter, the reader will be able to develop an analytical understanding on the following:*

- Historical Background
- Commercial Diplomacy

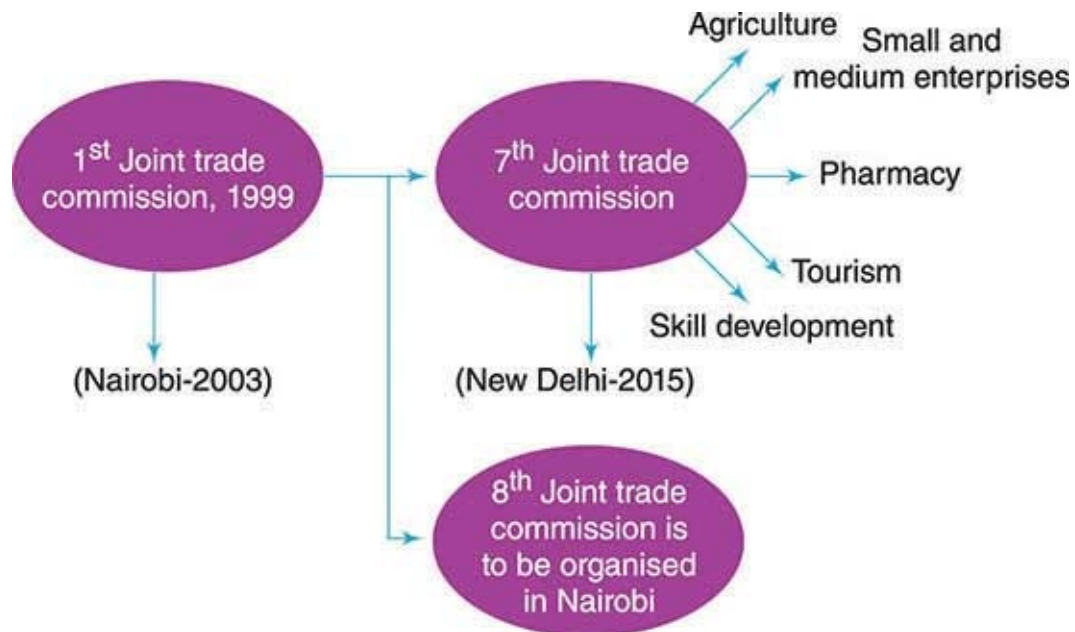
## **HISTORICAL BACKGROUND**

Kenya was a British protectorate and a colony since 1895. Due to the presence of the British, a lot of Indians were taken to Kenya during the colonial period. The Indians were taken by the British for skilled work and trade. As India became independent, it established official diplomatic relations with Kenya, though it was more of a continuity from the past as the British had already established an office of the Commonwealth General in Kenya. Kenya became independent in 1963. At that time, the Indian diaspora in Kenya stood at two per cent of the Kenyan population. The best part about our diaspora in Kenya is that it is not only economically well off, but also acts as an important bridge in the relationship between the two nations today.

## **COMMERCIAL DIPLOMACY**

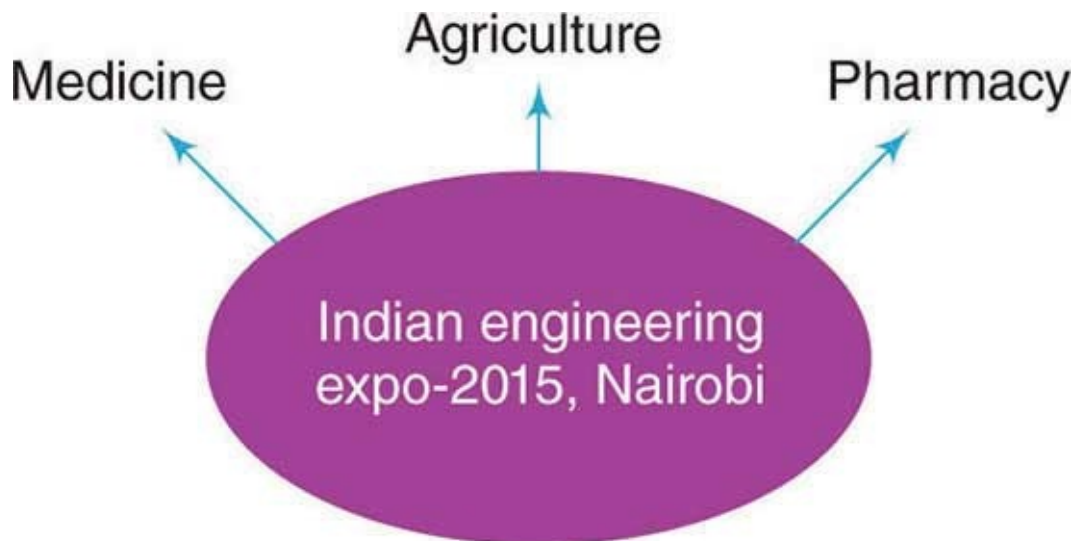
Apart from the diaspora links, India and Kenya have a decent trade-based relationship. In 1981, the two countries concluded a trade agreement and conferred the status of most favoured nation to each other. In 1983, the two countries established a joint trade commission to promote bilateral trade. In February 2015, the 7<sup>th</sup> India–Kenya Joint Trade Commission meeting was held. In the meeting, both nations presented identified themes of bilateral cooperation. Infrastructure has been identified as a key area of future cooperation in 2015. However, the 7<sup>th</sup> Trade Commission has also envisaged cooperation in agriculture, horticulture and mining activities. India exports pharmacy products, steel, power transmission equipment to Kenya and receives soda ash, vegetables, tea, leather products and metal from Kenya. In 1989, the two countries have concluded a Double Taxation Avoidance Agreement.

In the recent times, the treaty is being renegotiated to make it adaptable to the 21<sup>st</sup> century trade scenario. India has been also extending lines of credit to Kenya for development and also invites Kenyan students to India for study. A lot of scholarships are given under ITEC and cultural programmes. India also provides a professional course for Kenyan diplomats in India.

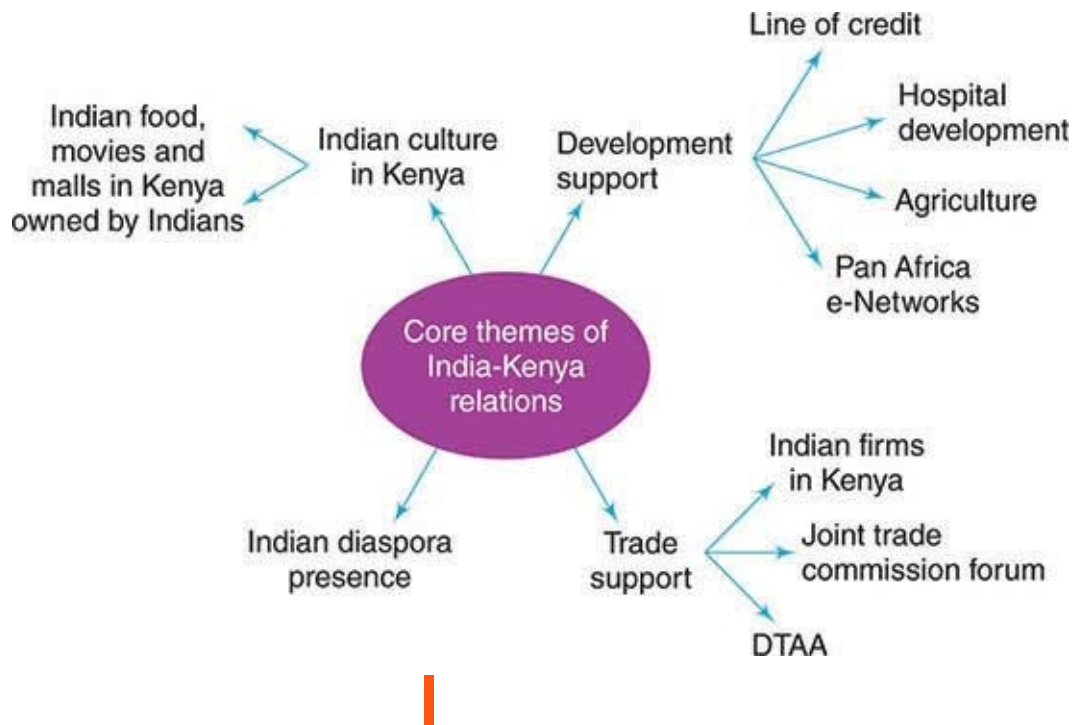


Due to the sizeable presence of the Indian Diaspora, a lot of Indian companies are present in various sectors in Kenya, such as power transmission and energy. There is prominent presence of Essar energy and Reliance in hydrocarbons while Kirloskar is in power transmission. There is presence of Doctor Reddy and Cipla in Pharmacy and Tata, TVS and Mahindra in automobiles. There is presence of Central Bank of India, HDFC and Bank of India also in the banking sector. In fact, Bank of India has four branches in Kenya.

In February 2015, an Indian Engineering Expo was organised in Nairobi. A lot of Indian firms have expressed their desire to invest in three core sectors.



Indian companies are keen to explore the pharmacy sector in Kenya since it offers tremendous scope for pharmacy supplies. Firstly, due to improved life expectancy in Kenya, advancement in access to health has opened up a huge opportunity for Indian pharmacy firms. Secondly, Kenya acts as a base to export medicines to the Democratic Republic of Congo, Uganda and Ethiopia. This again motivates Indian pharmacy players to explore the neighbouring markets. Thus, many Indian companies in pharmacy are hopeful of exploring business elsewhere through Kenya.



### **The Indian PM's Visit to Kenya in July, 2016**

The Indian PM visited Kenya and held talks with Uhuru Kenyatta. India extended 44.95 million dollars line of credit to Kenya for assistance in small industrial development and the textile sector. To strengthen our bonds over healthcare, India has committed to the development of a cancer hospital in Kenya. As Kenya is a maritime state and is also affected by the threats of piracy, the two nations have decided to undertake maritime cooperation. India has committed assistance to Kenya for the development of its economy as also for skill development.