

**EFFECT OF ANTI –DUMPING STRATEGIES ON CUSTOM REVENUE  
COLLECTION IN KENYA**

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**DECLARATION**

This research project is my original work and has not been presented for examination to any other University.

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Sign..... Date .....

This research project has been submitted for examination with my approval as supervisor

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## **DEDICATION**

I dedicate this project to my wife Mercy Soi and my daughter Sasha Chepngeno for their encouragement and continuous support throughout my studies.

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## Abstract

The purpose of the study was to examine the effect of antidumping strategies on custom revenue collection in Kenya. The study was guided by the following research questions: how does adoption of countervailing duties strategy affect custom revenue collection, to what extent does use of penalties affect custom revenue collection, what is the effect of quota tariffs strategy on custom revenue collection. The study will utilize customs union theory and absolute & comparative theory. The study adopted a descriptive research design. The population of the study was 200 employees of KRA. This study adopted a stratified sampling technique to select a sample size of 170 respondents. A structured closed ended questionnaire was used to collect primary data. At the same time, primary data will be collected through use of questionnaires. At the point of data analysis, tables, and graphs will be considered. The findings on the extent to which countervailing duty affects custom revenue collection revealed a statistically significant relationship between countervailing duties and custom revenue collection. Majority of respondents believed that when an organization used this mechanism properly will lead to the reduction of dumping and growth of industries thus leading to enhance domestic industries competitiveness. The findings on the extent to which penalties strategy affect custom revenue collection revealed a statistically significant relationship between penalties and custom revenue collection. Many of respondents believed that when the government put stringent measures in place enhances compliances essential in the domestic industries growth and competitiveness. Equally, domestic industries survivals depend on the imports restriction which may have detrimental effects on their growths. The findings on the extent to which quota system strategy affect custom revenue collection revealed a statistically significant relationship between quota system and custom revenue collection. Majority of the respondents believed that systematic quota system is essential in enhancing domestic competitiveness. Most of the respondents believed that a suitable quota system strategy enhanced domestic industries performances while at the same time reducing chance for imports dumping. This study concludes that countervailing duties is an essential component of the organization antidumping strategy that enhanced custom revenue collection. Countervailing duties enhances competitiveness of domestic industries and promote legitimate trade which allows domestic industries to thrive in the country. This study has demonstrated that when the country invested in countervailing duties mechanisms, revenue collection performances is enhanced. This study concludes that penalties are important and essential in the country that is seeking to develop and enhanced revenue collection. Penalties mechanisms put in place by the organization do not only enhance revenue collection but guarantee future domestic industries performances. This study concludes that quota system is important to custom revenue collection. The reveals at through quota system played an important role in the reduction of dumping. Therefore, this study concludes that the relationship between quota system and custom revenue collection is statistically significant. The study recommends that available antidumping programs should be strengthened in order to reduce dumping in the country. In addition, antidumping strategies are critical component that determine the success of domestic industries and should not be ignored. Furthermore, it is equally important that Kenya should benchmark with other countries who have successfully implemented antidumping laws.

## **ABBREVIATIONS**

**ADA:** Antidumping Agreement

**ART:** Article

**EACCMA:** East Africa Community Customs Management Act

**GATT:** General Agreement on Tariffs & Trade

**KRA:** Kenya Revenue Authority

**SPSS:** Statistical Package for Social Science

**WCO:** World Custom Organization

**WTO:** World Trade Organization

## **DEFINITION OF TERMS**

**Anti –Dumping Strategies:** Are measure that the government use to imposes on foreign imports that it believes are priced below fair market value (Li, 2013)

**Countervailing Duties:** Countervailing Duties (CVDs) are tariffs levied on imported goods to offset subsidies made to producers of these goods in the exporting country. CVDs are meant to level the playing field between domestic producers of a product and foreign producers of the same product who can afford to sell it at a lower price because of the subsidy they receive from their government (Denner, 2010).

**Custom Revenue:** the income of a government from taxation, excise duties, customs, or other sources, appropriated to the payment of the public expense (Terrence, 2011).

**Penalties:** Penalties are imposed on any person who, in relation to any goods, does or omits to do an act which renders such goods liable for confiscation. Hence, it is necessary to first understand what goods liable for confiscation are. Broadly, goods are liable for confiscation in case of improperly importing goods or improperly attempting to export goods (Brink, 2012).

**Quota System:** is a trade policy tool used to protect a domestically-produced commodity or product from competitive imports. They are taxes, or duties, on imported goods designed to raise the price to the level of, or above the existing domestic price (Czako, 2003).

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## Chapter 1

### INTRODUCTION

#### 1.1 Background of the study

For any domestic industries to thrive, a country should have its trade remedies laws in place in order to protect industries from external threats posed by imports. This may be solved through imports restrictions. The most commonly used trade remedies include countervailing duties, antidumping laws, and safeguards. Therefore, each remedy is applied differently when unwarranted trade malpractice is experienced. Safeguards are duties imposed in relation to fair trade condition, when there is unexpected stream in imports. While, on the other hand, countervailing duties and antidumping laws are used to remedy unfair trades. In this project, the center of focus is antidumping strategies. Imports are not usually awful for a country, because they can offer citizens access to cheaper, superior goods, producers can also benefit from access to various form of inputs providing them competitive edge to compete more successfully in the world market (Brink, 2012).

Nevertheless, domestic industries need to be protected from unfair competition from foreign goods. It is for this reason that countries have trade protection mechanisms. Antidumping law is the most opted form of trade remedy and commonly used in most countries. Instead, of the usual custom import duties, addition levied is imposed on the goods alleged to have been dumped as a mean of countering effects. The alleged dumped is believed to have injurious effect on the pricing behavior of the domestic goods. Consequently, addition of the extra levies is to ensure that domestic goods and foreign goods are at par, therefore neither will offer the other stiff competitions since the prices are at equilibrium. As a result, there is fair competition hence boosting economy growth and fair trade practices. This will improve the

revenues collection for the country. The government is able to collect revenues from both domestic markets as well as from imports (Li, 2013).

Before trade liberalization, most of the countries had never experienced cases of dumping in their countries. Most of the key industries in world countries were not under pressure from imported goods (Nyangito, 2003). Countries wanted to exploits possible opportunities of free trade while safeguarding their welfare of their domestic industries. That was not the case. Meanwhile, as the pressure on domestic industries from foreign goods became unbearable. This called for the enactment of antidumping laws to counter effect-dumping cases. Although antidumping laws were established, they were not evenly used by most countries. United State of America is one of the examples of the counties, which adopted tariffs to control imports. While others adopted antidumping measures, such countries include South Africa, Canada, and Australia.

The antidumping laws provides a more comprehensive rules on how to tackle dumping cases while outlining sound procedures on how antidumping investigation can be undertaken.. Moreover, the laws of dumping critically offer how antidumping process can be initiated and terminated. In essence, every member of the WTO is entitled to design their own national antidumping laws, which are in line with the WTO guidelines and regulations to enable them to tackle easily cases of dumping in their counties (Nyangito, 2003).

By Late 1990, there were significantly few countries, which had begun to use antidumping laws in their counties. Instead, few developing nations began implementing antidumping laws in their countries as mean of protecting their local industries while other countries began using trade-monopolizing protectionism to defend their local industries. At the end of 1988, most of the developing countries were willing adopted but could not implement because of

the cost factor. At this time, only few developing nations have functional antidumping laws (Brink, 2012).

Kenya should borrow a leaf from South Africa, which has successfully implemented antidumping laws, and it is one of the Africa countries with functional antidumping laws. The only challenge facing antidumping reform in Kenya is inadequate funding to carry out dumping and lack of expertise to capable of implementing anti- dumping investigation. However, much has been done in the implementation of antidumping laws. Still the government needs to invest more resource to enable local industries to strive as before. The survival of the Kenya domestic industries and the under pressure of lowering tariffs and dumping is greatly at stake today and it will continue, hence the urgent need to devise strategies to defend the remaining local industries and to support new ones (Banks, 2009).

### **1.1.1 Anti-Dumping Reforms in Kenya**

Since Kenya is a member and a signatory to relevant WTO agreements which includes Anti-Dumping Agreement (ADA) and Article IV of the General Agreement on Tariffs and Trades ( GATT). It is therefore, under this rules Kenya has utilized to initiate national antidumping legislations, which are in line with ADA (Li, 2013). Antidumping laws are essential in providing national framework in order to curb dumping. However, the WTO requires countries to apply anti-Dumping laws with the objectives of achieving effective's market access and at the same time protecting their domestic market. Meanwhile, the role of WTO is to strengthened trading system and promote rule based, which is free, predictable trading environment (Czako, 2003).

Currently, the only provision dealing with dumping in Kenya are found in the Customs and Excise Act but they have not been fully utilized because to a large extent they are not in harmony with WTO and ADA requirements . Therefore, imposing fully antidumping

measures under this law will result in dispute at the WTO. The inadequacy of the framework has hampered the investigation of dumping of imported goods and its effects on the local producers. WTO required that for investigation of dumping to be carried out, there must be proof of dumping existences (Banks, 2009).

In light of East Africa Custom Management Act gives provisions for dealing with the dumping cases within the East African Region. Section 117 states that any goods that enter the territory of Kenya in contravention of importation will be liable for duty from date of importation, and any security required will be liable for duty and discharge upon payment of the duty thereof. Within same Act, section, 137 outline how to deal with dumped goods. However, the Act does not gives procedure on how dumping should be investigated. In addition, ADA does not agree on the imposition of anti-dumping measures even if all the requirements for dumping and injury have been met. This has crippled efforts being put in place by the authority concerned with dumping. Nevertheless, antidumping laws in Kenya presumably used in sectors playing key role in the economy. Custom department is mandate to protect society and infant industries from the adverse effect of foreign goods on domestic industries (Brink, 2012).

Similarly, Custom department of Kenya Revenue Authority (KRA) facilitates trades, collection of taxes, and collection of trades statistics, receiving antidumping dumping complains and protection of entry or exit of illegal goods. It works in conjunction with other state agencies, including wildlife, agriculture and trade and industries and finance. The department of Customs is headed by the commissioner who ensures the administration of the custom and Excise Act. The Custom Act Cap 472 provides rules on the management, control, accountability, and collection of revenues. With respect to dumping, the Custom and Excise Act 125 and 126 are the provision on dumping in Kenya. According to 126 (1) , import is considered to be dumped in Kenya if the export price of the goods is less than the comparable

price in the ordinary course of trade in the exporting country and as a consequences caused material injury of the local industries. However, determination of the existence of dumping in the economy remains a challenge. The government has not fully support the research on dumping by allocating resources for the exercise. In addition, the lack of expertise capable of carrying out incidence of dumping in Kenya combines with weak antidumping laws.

### **1.1.2 Custom Revenue Collection in Kenya**

In Kenya , custom department is in charge of collection of import duty and accounting for VAT on imports and export duty. It is for this reason that administration of revenue is critical. Most of the operation relating to customs and excise duty are based on entry. The department is keen on what get into the country in order to protect infant industries as well as collection of trade statistics (Li,2013). In addition , custom is responsible for maintaining security and integrity of goods from being compromised.At the same time, collects dumping complains on behalf of the government with the hope of resolving some visible cases of dumping scenario.

Again ,collection of revenues is the major obligation bestowed to customs departement especially from imports and exports on specific items . More importantly , taxes are crucial in any country economic because of its roles taxes plays in the bridging budgetary deficits.Without taxes some of the governments operation may cripple down.For this reason, custom department had to undertake major reforms to increase and enhanced revenue collection.This includes automation of custom operation which was initially paperwork.At that time, there was a lot of duplication and time wastage ocasioned by manual document processing. The problem was solved by the introduction of single entry document as a requirement for the international best practice. The main objective of single entry document were to reduced documentation and simplified custom operations (Yilmaz,2013).

The reason for introduction of customs reform was to enhance efficiency of customs operation while sealing tax leakages. In Kenya, custom department is the central pillar in custom administration and cargo managements . Therefore , automations of key customs operation was to enable faster clearance of cargo and enhance electronic exchange of information within the trading communities. The efforts was geared towards improving and increase imports duties collections.

Through the implementation of the major reforms, custom taxes has significantly increased over time . The increased of custom taxes was attributed to seal revenue leakage through the automation and stringent tax measures incorporated by the department (Banks,2009).

Based on the records in KRA, the collection of revenue improved significantly over the last three decades. The improvement of the revenue was attributed to key reforms that was incorporated in order to enhance compliance in most of the custom operations. The evidence is also seen with ever increasing budgetary allocation on various ministries. Similarly, the authority has continued to entrench for more key reforms within customs department to enable department to carry its operations in more efficient and effective way. Recently , the authority adopted a new system - Integrated Custom Management System( iCMS) replacing Simba 2005 which have had myriad of challenges in the management of custom administration (Czako, 2003).

## **1.2 Statement of the Problem**

Custom department has always intended to stamp out cases of dumping in Kenya. Despite intervention and policy formulation, the vice continues to cause destruction to the local industries, which are the source of domestic taxes and employment to many Kenyans. This has called for more reforms to be undertaken with the aimed of arresting the menace alleged to be injurious to both economy and social aspect. The department has been working around the clock, but the vice has not been effectively contained. This has made the department to

continue to design more elaborated and high-level strategies in order to eliminate the vice (Yilmaz, 2013). The effect of dumping posed great threat to human health and domestic industries. It for this reason that custom department is mandated to protect and safeguard local industries from imports. In addition, the department sole responsibility is to ensure that goods imported meet the required standards with the aim of preventing dumped goods getting its way into the country. At the same time, the department is also receiving dumping complaints from the public. All the measures adopted has not effectively yield desirable outcome and as such has forced the department to design more reforms to be incorporated in order to arrest the menace. In essences, dumping has continued to thrive even with stringent and high- end measures initiated.

Furthermore, dumping has also caused unprecedented losses to business and has led to shutdown of some key domestic industries exposing a country to unwarranted social problems and financial bailout in order to revive dead industries. As such, this leaves a country to rely on imports, which may have effect on the economic, and welfare of its citizens. The current trend of dumping is attributed to the growing influx of perceived cheap Asian goods into the country (Li, 2013).

Again, even with the present of the antidumping laws in force, dumping continues to cause unprecedented destruction to domestic industries and it less likely that it can withstand the flow. Even with the adoption and implementation of key reforms in the custom department has not seen any success in the containing dumping. This brings in the aim of this study, to examine existing antidumping strategies which have been adopted in order to enhance customs revenue collection in Kenya (Czako, 2003).

### **1.2.1 General Objective**

To establish effect of antidumping strategies on custom revenue collection in Kenya

### **1.2.2 Specific Objective**

The specific objectives of this study were as follows:

1. To investigate how adoption of countervailing duties strategy affect custom revenue collection in Kenya
2. To determine how use of penalties strategy affect custom revenue collection in Kenya
3. To establish how use of quota system strategy affect custom revenue collection in Kenya

### **1.3 Research Questions**

The research questions of the study are as follows:

1. How does adoption of countervailing duties strategy affect custom revenue collection in Kenya?
2. To what extent does use of penalties affect custom revenue collection in Kenya?
3. What is the effect of quota system strategy on custom revenue collection in Kenya?

### **1.4 Significance of the study**

This is important as it examines antidumping reforms in term of revenue collections in response to technological and use of penalties.

The study will therefore benefit policy makers and researchers as it will convey vital aspects of antidumping laws in relation to overall revenues collection. The study will also add value to the existing literature.

In addition, the finding of the study will also inform donor agencies that support custom reforms on the existing strength, weakness, threats, and opportunities available in view of capping dumping and increasing revenue.

## **1.5 Limitation of the study**

### **1.5.1 Unwilling respondents**

This is an impediment where the respondent is reluctant to provide information during the exercise. To avoid this, the respondent is encouraged that information will be treated as confidential and the researcher does not intend to victimize anyone with information provided.

## **1.6 Scope of the study**

The study will deal with anti-Dumping strategies undertaken by Custom Department in enhancement of revenue collection. The researcher wishes to find out whether the available mechanisms have adequately address cases of dumping in Kenya.

To delimit research further, Kenya antidumping laws will be used as comparative case having in mind there are other countries, which have also adopted antidumping mechanisms. Furthermore, Kenya anti-Dumping laws are still metamorphosing unlike for South African and Egypt whose anti-dumping are functional.

## **Chapter 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the literature review on the effects of antidumping strategies on Custom revenue collection in Kenya. It also provides a summary of information from various scholars who have carried out research in the same field. The chapter gives the theoretical framework, conceptual framework, and empirical review, research gaps. It expounds on the conceptual and theoretical framework within which the findings and recommendations of this study was conceptualized including the study gaps.

#### **2.2 Theoretical Framework**

##### **2.2.1 Theory of Absolute & Comparative Advantage**

Smith a Scottish economist developed the trade theory of absolute advantage. He argued that a greater output of goods or services are produced by a country that has an absolute advantage as opposed to other countries still having the same amount of resources. He suggested that tariff and quotas should be allowed to flow according to market forces, but should not restrict international trades. Smith argued that a country should concentrate on production of goods in which it holds an absolute advantage. Countries with no absolute advantage in the production of any goods or services are not considered by this theory as they lack benefits of trade existences of trade itself (Brink, 2012).

Ricardo in regards to comparative advantage argue that a country should produce and specialize in goods and services it produces more efficiently then purchase those that it produces less efficiently making comparative advantage scheme extremely counter-spontaneous. Less developed countries have option of engaging in mutually beneficial trade that lack an absolute advantage in any good, while an advanced country with more efficient

domestic industries than those in any other country may benefit from trade whilst some of its industries face intense import competition (Yilmaz,2013)..

### **2.2.2 Custom Union Theory**

The theory confined mainly to the study of the effects of custom union on welfare gains and losses, which may arise, from a number of different sources. Firstly, the specialization of production according to comparative advantage, which is the basis of the conventional case for gain, is from trade. Secondly, trade is believed to lead to economies of scales, which uplift business profitability. Consequently, with the change in the terms of trade has led to increase volume of trade (Viner, 1923) .Furthermore, with intense trade may lead to force changes in efficiency due to increased foreign competition. This will lead to change in the rate of the economic growth. In the beginning, custom unions have been viewed favorably. The interpretation was free trade maximizes world welfare; a custom union will therefore increase world welfare even if it does not lead to world welfare maximization. In his revolutionary study, custom union issues, Jacob Viner showed this argument to be incorrect. He introduced the new concepts of trade creation and trade diversion. In trade creation, Viner argued that, trade is created, if the cost of the commodity in the local market is lower than the imported goods. This will improve allocation of resources and lead to increase in the welfare. Commodities in the local market will attract better prices leading to growth of industries hence improve economy reducing unemployment rate.

Moreover , trade diversion, implicitly reduces welfare of the citizen as the cost of the goods in the market will be relative cheaper, making it impossible for the existing companies to attract better price. This will in turn affect the industries producing such commodities. For this reason, Viner pointed out consequence trade diversion to the local industries as

detrimental, which might lead to closure of key industries and unemployment of local citizens (Viner, 1923).

Again, Viner maintained that protection through antidumping authority needed against predatory dumping. In predatory dumping, a new firm is motivated to participate in dumping so that it can gain access into a new market, or drive away domestic competition from the market. Predatory pricing therefore refers to cutting of prices in the short term so that to drive rival out of the market and gain market power. All form of dumping lead to unfair competition and therefore need to be addressed by relevant authorities (Viner, 1923)

This study adopted custom union theory as provide for the mechanisms a country can used when there is a trade malpractice and the theory expound on the trade diversion. With reference to the Custom theory, Kenya Revenue Authority can devise mechanisms to protect industries from becoming prey of dumping by implementing antidumping reforms in order to effectively combat dumping.

### **2.3 Empirical Literature Review**

Recent study conducted by Lyria (2013) examined the antidumping as a trade remedy: The way forward for Kenya. This study was conducted using an empirical review of previous studies related to main study to discover gap in literature and study show that previous research did not integrate antidumping measures. This becomes a basis for conclusion.

Similarly, Sakineh, Mehrdad and Hasan, (2012) examined the relationship between Antidumping strategies and industries success: A Case study on Apparel industries in South African. This research was conducted using descriptive-correlation approach and population of study involves the department of Customs and Border Protection in South Africa. Pearson correlation test was used to determine the relationship between the elements of antidumping

strategies and industries success at 5% significant level and SPSS (version 18) statistical tool was used to analyze data. The result showed that an antidumping law has significant relationship with local industries success.

In addition, recent study by Blass, (2007) was centered on antidumping measures and industries performance. Study objective was focused to provide better understanding of the different ways through which country organize antidumping laws. Research was conducted using 20 case studies involving both private and public industries of different sizes and sectors and survey questions were administered to representatives of senior managers and middle managers. About 1,500 responses were recorded from the population of the study. Statistical tool used in the survey involved correlation and regression, this was due to the nature of the variables being analyzed. Findings reveal that country managed antidumping laws through comprehensive system involving various antidumping stages to avoid the risk of setting high expectations for infant industries or disregarding upcoming industries. In conclusion, study noted that country manage antidumping through transparent antidumping strategies system which is embedded within country.

### **2.3.1 Countervailing Duties (CVDs)**

In the international trade, countervailing duties are trade remedy imposed to correct unfair trade practice from harm to the local industries. Countervailing duties are usually applied where there is a negative effect of subsidies; therefore there is a need to neutralize the effects of subsidies. The trade remedy is imposed once full investigations have been adequately carried out and established that the alleged goods imported from foreign countries have subsidized its export. In addition, if the goods in question directly caused injury to the domestic industries in the importing country. The country can invoke all the necessary regulations governing dumping and these include WTO rules and regulations. A country is free to begin its own investigation and decide to charge extra duties provided such additional

duties are in accordance with the GATT Article VI and the GATT Agreement on Subsidies and Countervailing Measures.

Similarly, antidumping agency should design procedures and regulation in order to protect their own domestic industries from any harm of subsidies. Subsidies can cause immense danger to the domestic industries if not well monitored and controlled. Some foreign countries benefit from subsidize goods and this may make them to attract undue market and as such may force out rival competitors out of business due the nature of business monopoly of their good in the importing countries. Therefore, this is dangerous and might cause harm to the domestic industries.

Furthermore, countervailing duties in the Kenya are assessed by the Customs department through proper examination of imports in question to find out whether they have been subsidized. If it is found out that the goods has subsidy and then the amount is calculated. Moreover, the extent of the injury to the domestic industries is also determined. Finally, the goods in question will be imposed certain percentage to bring into bar prices. In Kenya, it is the responsibility of Custom and Border Protection to levy duties in the amount equivalent to subsidy margin.

Finally ,countervailing duties are established when a foreign government provides assistance and subsidies, such as tax breaks to manufacturers that export goods to a country enabling the manufacturers to sale the goods cheaper than domestic manufacturers.

Countervailing duties cases are country specific, and the duties are calculated to duplicate the value of the subsidy.

### **2.3.2 Penalties**

Custom department plays important roles in enforcement of laws. In cases, where organization finds that certain importers are not adhering particular provision in the laws, then it is the duty of customs department to use under their jurisprudence to subject relevant laws to prevent revenue lost. The organization is under obligation to impose penalties on goods alleged to have contravened importation laws. The measure is to discourage importation of goods and exportation of goods that do not meet require country standard. The perceived goods should be monitored at the point of entry to prevent destruction of the local industries .At same time, countries industries need to be protected from imports in order to remain competitive and contribute significantly to the country economy growth. Generally, imports have blamed to cause massive harm if not well monitored and regulated by the relevant authorities. Therefore, used of relevant provision in the law must be incorporated so as protect the local industries from possible repercussions. Authorities mandated with regulating and executing trade remedy must ensure they carry their work in a manner profitable to the local industries. The laws governing importation of particular goods need not to breach to enable local industries to strive and flourish (Wolfgang, 2012). For this reason, custom department has been able to capped and monitored imports with ease and caution.

Custom and Excise Act provides provision on how penalties should be administered on such goods. Meanwhile, goods perceived to be imported below domestic market price is breach of the laws governing importation and therefore, should be levied addition duties in order to protect local industries. To achieve this, concerned authority should be in position to enforce and used the provisions available to curbs cases of trade malpractices. Moreover, EACMA also provides framework to charge antidumping duties on goods alleged to be dumped. This is to streamline price disparities between imports and domestic prices. The extra levies charged by taxing authority helped to safeguard effects of the goods on the domestic market.

Taxes are essential in enabling government to carry its developmental activities such as infrastructural development and other vital expenditures. As a matter of fact, government is keen in ensuring that taxes are not leak in any way. To achieve this, government has been able to seal loophole through legislation of relevant laws. The authority has managed to effectively use the available laws in application of penalties with the aim maintaining local industries competitiveness (Denner, 2010).

Meanwhile, government penalty frameworks have been deeply entrenched to enable effective collection of taxes from imports and export is achieved. The custom duties collected are used by the government for various functions including infrastructural development and other essential public services provision. Having the right trade remedy mechanism is critical in smooth international trade practices. In essences, penalties imposition successes have enhanced legitimate trade undertaking and increase compliances from both importers and exporters. As a result, custom revenue has significantly increased and more development witness in the country .In addition, local industries have witnessed great improvement in term of attraction and retaining of employees who could have otherwise lay off.

Furthermore, impositions of penalties play an important role in enabling local industries to flourish in the face of imports threats. Customs department have been keen in keeping dumping at bay by imposing penalties on goods perceived to be imported in the contravention of the custom law. Custom laws are essential in providing framework on how duties can be collected on the goods which are under valuated and smuggled into the country. At the point of entry, customs can detect through examination of supporting documents in an attempt to find out all the documents are valid in order to safeguard taxes. Penalties aimed at controlling trade malpractices and protecting local industries from possible harm from cheap imports. Customs have managed to come up with manuals stipulating various offences and penalties expected in the event that the importer and exporter commit such offences. The

aimed were to create awareness and sensitization on the importation and exportation laws in order to reduce occurrence of breach and ignorance of the laws. Under the customs laws , penalties are administered on the first offenders on condition that offender acknowledged and explain by put it down in writing requesting the customs commissioner to have its offences compounded. Once the offender has acknowledged to have committed an omission or commission in the event of trade, the proper officer will facilitate the offender to pay custom duties plus the penalties. In essences, customs utilizes EACCMA manual which provides various form of penalties and percentage each offences attracts. Failure by the offender to pay will result in seizure and forfeiture in order to collect custom charges dues in accordance with the Act. The provision have been essential in raising additional custom duties hence enhancing revenue collection while at the same time protecting society and industries. On the other hand, perpetual offenders usually do not benefit from offences compounding. Instead, the authority recommends prosecution to be administered to such offenders, and as such, penalties imposed must be in percent of custom taxes payable.

In essences, EACCMA frameworks offer concrete pillar through which dumping can be effectively dealt with. The act accurately outline core provisions on how dumping is systematically handled. Under section 117 states when imported goods is suspected to have been dumped and evidences have been deduced through investigation, then the alleged goods should be subjected to additional penalties on condition that the offender acknowledges the offences. As a result, goods that could have entered the country in contravention of importation may have detrimental effects on domestic goods, as well as loss of revenues.

### **2.3.3 Quota System**

Quota system is widely used measure of import restriction. In this case, quota system refers to the restriction of specified quantity of a particular commodity and as such allowed in to the country duty free or at special low rate of duty. Nevertheless, import in excess of this fixed

limit are charge a higher rate of duty. The tariffs quotas combine the features of tariffs with those of quotas. This is kind of quota is advantageous in that it is more flexibility in the long run in comparison with others. However, the system has some major sector setback. For instances, it brings rush of imports in the beginning of each new tariffs quotas which may disturb domestic price levels of the importing country. Consequently, when the imports tend to be more than the fixed limits assigned under low duty rates, the entire gains from the low rates are shared by the exporting county (Denner, 2010).

In Kenya, tariffs are usually applied based on the international harmonized system (HS) under East Africa community common external tariffs. In general, custom duty is levied at the rate of 0% and 100%. Other goods attract levy on averaged of 25%. Similarly, all imports are subject to a uniformly VAT 16%, which is levied on cost, insurance and freight (CIF)

Primarily, goods perceived have surpassed allocated quotas limits usually attract 100% tariff rates in order to equalize with domestic prices. In this way, will mitigated effects occasion with massive influx of imports (Jackson, 2000). Custom department regulated and monitored quantities as per assigned quotas. The excess levied is considered as penalties, and such entry of goods will not have serious process on the pricing nature of domestics' goods in the market. Consequently, quota system helped in price stabilization of domestic price from erratic competition from imports.

At the same time, quota tariff is essential in mitigation of dumping cases due to it nature of restricting quantities of goods to be imported at a given time. This will help in gapping country deficits and consumption rate. As such, economy strives as industries are able to blooms and contribute significantly to the economy.

## 2.4 Conceptual framework

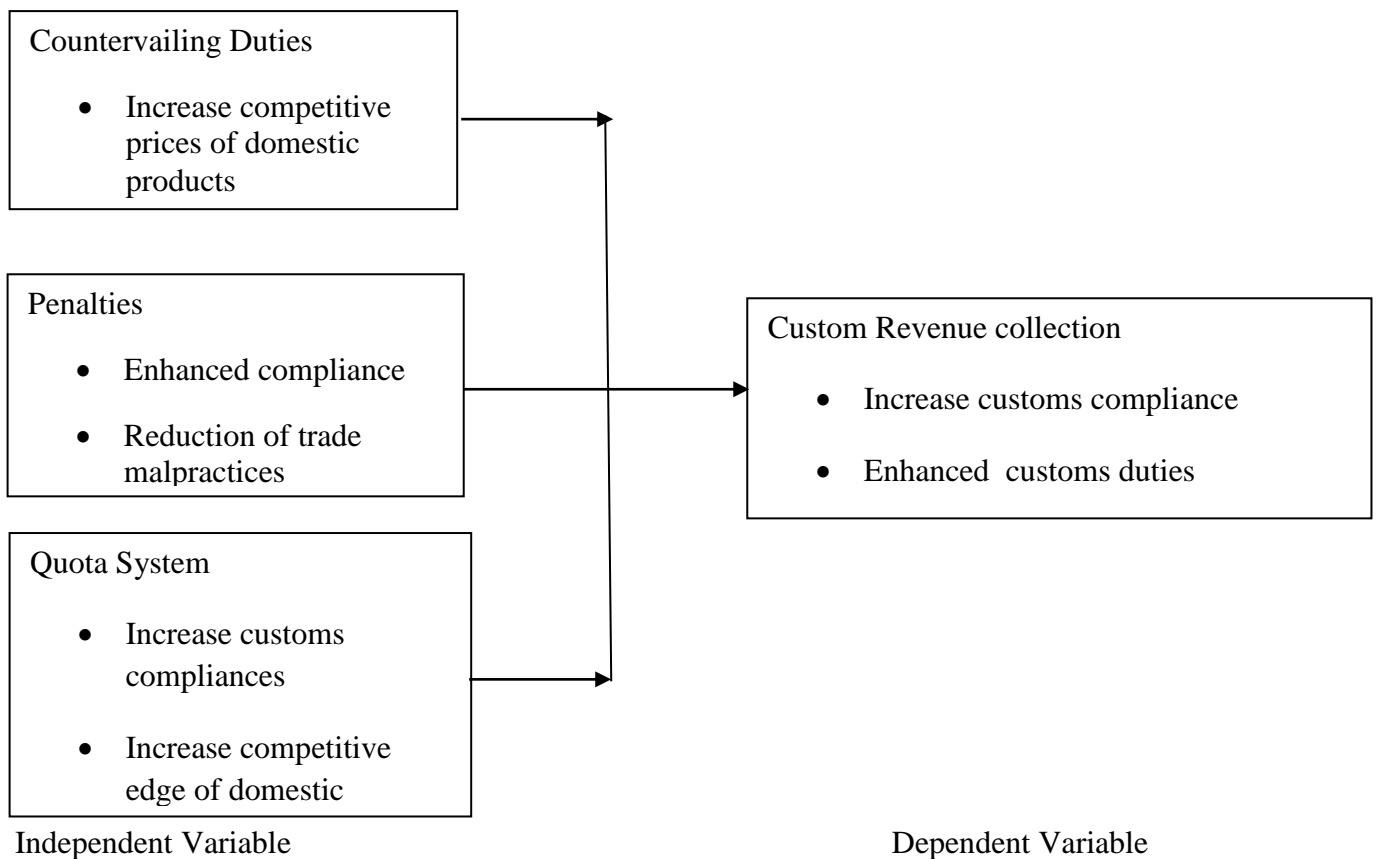


Fig.1.1 Conceptual Framework

## 2.5 Critique

Numerous scholars have criticized antidumping mechanisms as tools used by the developed market to access developing countries market. In Kenya, antidumping laws are not well structured to adequately combat dumping. Therefore, developed nations utilized this loophole to dump their goods in the domestic markets. Currently, the only provision dealing with dumping in Kenya are found in the Customs and Excise Act but they have not been fully utilized because to a large extent they are not in harmony with WTO and ADA requirements. Therefore, imposing fully antidumping measures under this law will result in dispute at the WTO. The inadequacy of the framework has hampered the investigation of dumping of imported goods and its effects on the local producers. WTO required that for investigation of dumping to be carried out, there must be proof of dumping existences (Banks, 2009).

## **2.6 Summary**

Antidumping strategies play an important component in the country trade remedy. In this case, countervailing duties is a significant strategy if the country enforces properly in accordance with the WTO regulations governing countervailing and subsidies provisions. This will go a long way in giving enabling environment for the local industries to thrive. Equally, penalties are also significant in addressing run away dumping and can impact positively to the economy if the domestic industries are protected. Lastly, quota system is also essential component if properly structured and enforced. This is because it can potentially attract competitive prices in the domestic market. However, if not properly enforced can in results trade malpractices such as corruption resulting in increase imports hence reducing domestic products competitiveness and loss of jobs.

Similarly, WTO recommends the adoption of national antidumping mechanisms that are in line with ADA regulation. This rule must be adhered to before any investigation is begun. ADA gives clear and precise provision to be followed before the antidumping measures are imposed. The WTO provides that before imposition of antidumping duties, there must be injury resulted from the alleged imports. The investigating authority should follow the entire relevant provision before imposition of antidumping duties.

## **2.7 Research Gaps**

Having analyzed different scholarly works, a gap in literature has been recognized in the field of trade remedy and enforcement. For example, past study by Li (2007) centered on the development of success antidumping regime in Kenya. The author analyzes various mechanisms with numerous statistical tools adopted. While, present study centered on development of antidumping Regime in Kenya with single statistical tools used.

## Chapter 3

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter presents the methodology adopted for the study. The study research design is presented first, followed by population and sampling design, data collection methods, research procedures, and finally data analysis methods.

#### 3.2 Research Design

There are many definition of research design. In this case, research design constitutes the outline for the collection, measurement and analysis of data .It expresses both the structure of the research problem which consists of the framework , organization or configuration of the relationship among variables of the study and the plan of investigation used to obtain realistic evidences on those relationship (Mugenda & Mugenda, 2003).. In the view of Denner (2007), a descriptive survey research design is found suitable with studies that are quantitative and geared towards describing thing as they exist.

This study applied descriptive research design because its purpose is to produce an accurate representation of persons, events or situation. A descriptive research design reports the manner in which things are thus aids in establishing the current position of the studied population. Researcher preferred the design because it provides an in-depth analysis of the study phenomena in its nature of occurrences. The advantage of this method is that it is flexible and many data can be collected through questionnaires.

#### 3.3 Target Population

Population is the total collection of elements about which we wish to make inferences. Target population in statistics is the specific population about which information is desired (Denner, 1997). The target populations comprised of customs officer of custom services department

who are a total of 200 in numbers. It is cheaper to carry out the research from a sample rather than the entire population due to logistical aspects.

<b>Category</b>	<b>Population</b>
Senior managers	45
Supervisors	55
Customs officers	100
<b>Total</b>	<b>200</b>

### **3.4 Sampling and Sampling Technique**

#### **3.4.1 Sample Size**

According to Burns, (2001)), a sample refers to a subset of those entities that decisions relate to. They pointed out that the sample size must be carefully selected to be representative of the population and the researcher also needs to ensure that the subdivisions entailed in the analysis are accurately catered for. In view of, Mugenda & Mugenda (2003), suggest that a descriptive study at least 20% - 50 % of the total population is enough. The sample size for the study was determined by Dencombe (2014) formula as shown:

$$n = \frac{N}{1 + N \cdot (e^2)}$$

Where; n=Sample size,

N= Total population,

1= Constant value,

$e^2$ = Estimated standard error at 95% confidence level

The sample size distribution is illustrated in the table 3.2

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**Table 3.2: Sample Size Distribution**

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<b>Category</b>	<b>Population</b>	<b>Sample size</b>
Senior managers	45	30
Supervisors	55	50
Customs officers	100	90
Total	200	170

---

### **3.5 Data Collection Instrument**

This study used data collected using questionnaires. The questionnaire included both open and closed ended in line with the objectives of the study. The choice of the method is on the premise that data collected using a questionnaire is easily understood and therefore perceived as authorities. Additionally, using questionnaire provides greater control over the research process. The data will be collected both quantitative and qualitative. In this case, it will adopt both quantitative and qualitative techniques. Meanwhile, qualitative method is a specific method used during analysis and it involves content analysis and evaluation of text material while quantitative technique is a method that involves use of tables, graphs, charts, and descriptive statistics. The researcher intends to develop questionnaire as the main data collection instrument. The questionnaire is the best data collection instrument commonly used by social scientist in obtaining maximum information for descriptive data (Bessler, 2000)

#### **3.5.1 Instrument Validity**

According to Denner (2013), validity is a measure of what one purport to measure. It is the extent to which measuring instruments yield the desired outcome (Li, 2007). In this study, the researcher seeks to ascertain instrument validity through adequate coverage of the research

objective. Again, instrument validity will also be assured through peer review and expert judgment.

### **3.5.2 Instrument Reliability**

Several scholars have definite concept of validity in different ways. In the view of Mugenda & Mugenda (2003), a valid instrument yields consistent results when repeated severally or every time a measure is taken. In this study the researcher, intend to ascertain instrument reliability using Cronbach Alpha formula .By administering all items on the respondents and measurement taken, then the appeared items will subsequently be administered to the same respondent and measurement taken ( Armstrong, 2009). Using Pearson moment correctional frequent (r) will be compared and by obtaining half value of 0.6 and above it will indicate that the instrument is reliable.

### **3.6 Procedure of Data Collection**

Data collection procedure describes the steps in sequential order undertaken in the process of data collection. In this study, the researcher will develop a research proposal present for assessment and effect the necessary correction. Subsequently, the researcher will apply for research permit from the national council of science and technology upon which permit will be presented to relevant authority seeking for permission to collect data. The researcher will dispatch to well train research assistant to self-administer the questions to the respondent in the purpose of 20 copies until all copies are administered.

### **3.7 Data Analysis Methods and Procedures**

The data will be collected both quantitative and qualitative in nature. In this case, it will adopt both quantities and qualitative techniques. Qualitative method is a specific method used during analysis and it involves content analysis and evaluation of text material while

qualitative technique is a method that involves use of tables, graphs, charts and descriptive statistics. All these analyses will be used in data collection

### **3.8 Statistical Model**

Liner regression analysis that was used to test the relative relationship between the independent and dependent variables

$$Y=C+\beta_1X_1+\beta_2X_2+\beta_3X_3$$

Where;

Y- Dependent variable (Custom Revenue collection)

C- Constant (factors beyond customs controls)

$\beta_1X_1$ -Independent Variable (Countervailing Duties)

$\beta_2X_2$ -Independent Variable (Penalties)

$\beta_3X_3$ -Independent Variable (Quotas system)

## Chapter 4

### RESEARCH FINDINGS AND DISCUSSION

#### 4.1 Introduction

The study results and findings are presented in this chapter. Demographic data highlights the descriptive characteristics of the respondents which are presented first, followed by descriptive statistics for countervailing duties, penalties and quota system. Moreover, inferential statistics highlighting correlation is presented. IBM Statistical Package for Social Sciences (SPSS) Version 20.0 program was also used to analyze

#### 4.2 Response Rate

This study had 100% response rate. All the 170 questionnaires given out were returned fully filled. The response rate was aided by the fact the researcher cooperation with customs officers. The figure obtained was considered to be adequate in meeting the objective of this study.

##### 4.1.1 Reliability Analysis

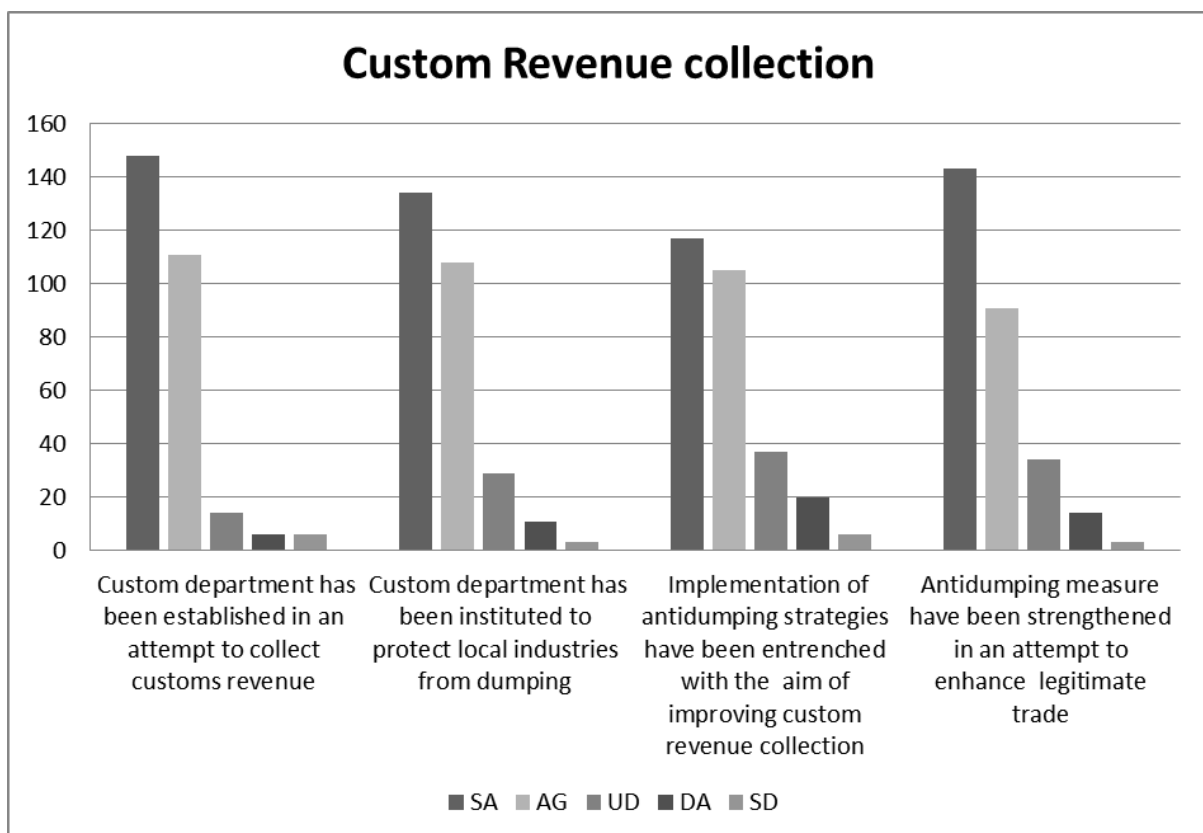
A reliability analysis was conducted using a Cronbach Alpha to determine the validity or the study instrument. For the study to be reliable and valid, it was to have a Cronbach Alpha above 0.6. The Cronbach Alpha value for this study was 0.841 as indicate in the table

Variables	Alpha Value
Countervailing duties	0.880
Penalties	0.823
Quota System	0.835
AVERAGE VALUE	0.841

### 4.3 Data on Custom Revenue

This section sought to determine the opinion on to what extent customs department played a critical role in implementation of the antidumping strategies which assist in enhancement of customs revenue collection. To examine this fact, 170 staffs of the customs services were given questionnaires to fill. The following were results obtained. Firstly, those who responded to establishing of antidumping strategies have improve development in performance were as follows 68% strongly agreed, 22 agreed, 3% neutral, 2% strongly disagree and the 5% disagreed to the questionnaire, on increase competitiveness of domestic product duties 3% neutral, 30% agree and 54% strongly agree. On enhancement of legitimate trade the 7% agree, and 35 % strongly agree. On balance of trade 35%agreed and56 % strongly agreed.

**Figure 4.1: Response on Customs Revenue**



**Table 4.1 Custom Revenue**

<b>Custom Revenue</b>	<b>Mean (X)</b>	<b>Standard Deviation</b>
Improve domestic performance	1.97	0.523
Enhance revenue	1.85	0.502
Legitimate trade	1.63	0.675
Balance trade	1.87	0.560

#### **4.4 Antidumping Strategies**

The study analyzes available data on antidumping such as countervailing duties, use of penalties and quota tariffs. The finding will then be table in the subsequent sub-chapters.

##### **4.4.1 Countervailing Duties and Custom Revenue Collection**

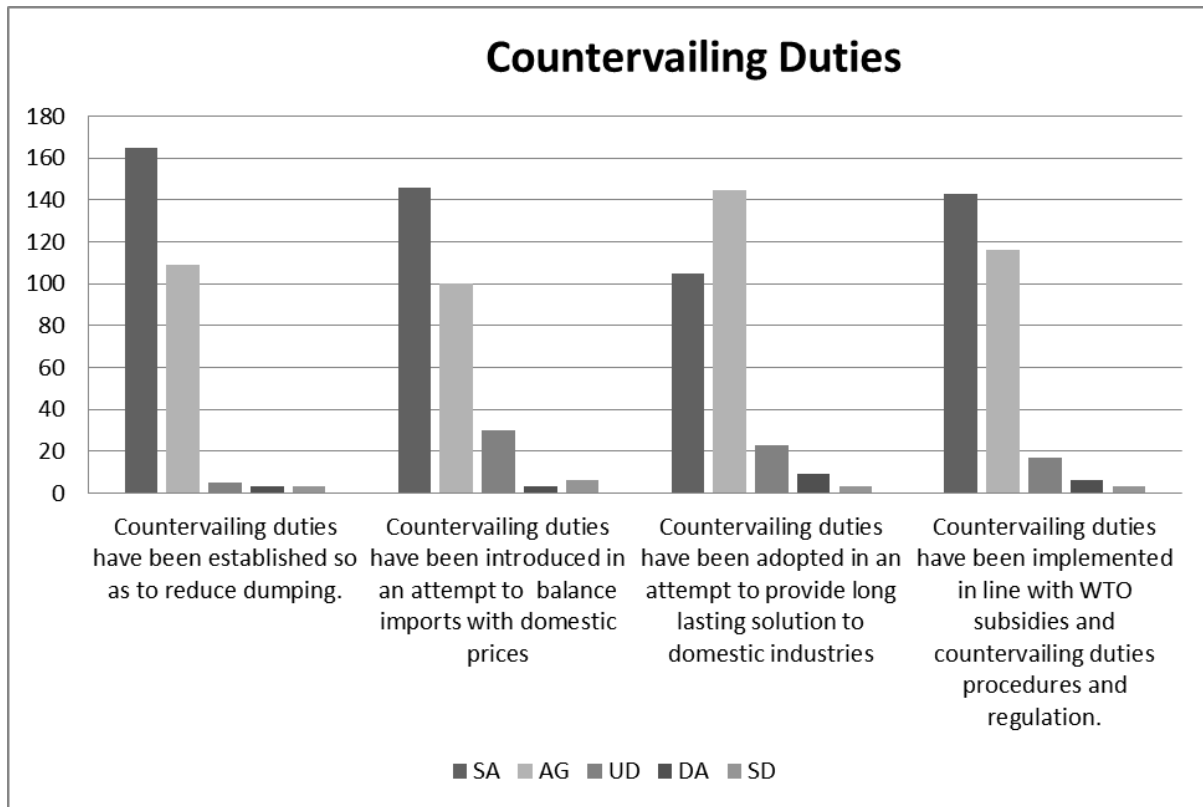
This study sought to determine whether countervailing duties used customs department contributed in the custom collection. The descriptive summary on countervailing duties and customs revenue collection is illustrated in Table 4.4.

When the respondent were asked on whether countervailing duties have been established so as to reduce dumping, 2% strongly disagreed, 1% disagreed, 11% neutral, 39% agreed and 50% strongly agreed.

Respondents were asked to indicate whether they believed that countervailing duties have been adopted in an attempt to balance imports with domestic price, 1% strongly disagreed, 2% disagreed, 11% neutral, 37% agreed and 45% strongly agreed.

When respondents were asked if the organization mission were to have countervailing duties so as to provide a long lasting solution to dumping, 3% disagreed, 6% neutral, 53 % agreed and 36% strongly agreed.

Respondents were asked whether countervailing duties have been implemented in line with WTO subsidies and countervailing duties procedure, 1% strongly, 3% disagreed, 12% neutral, 39% agreed and 42% strongly agreed.



**Figure 4.2 Responses on Countervailing Duties**

<b>Table 4.2 Countervailing Duties</b>		
<b>Countervailing Duties</b>	<b>Mean (X)</b>	<b>Standard Deviation</b>
Reduce Dumping	1.99	0.61
Long Term Solution To Dumping	1.86	0.60
Equalize Imports With Domestic Prices Countervailing Duties	2.35	0.46
WTO Procedure	1.69	0.51

#### **4.4.2 Penalties Strategy and Customs Revenue Collection**

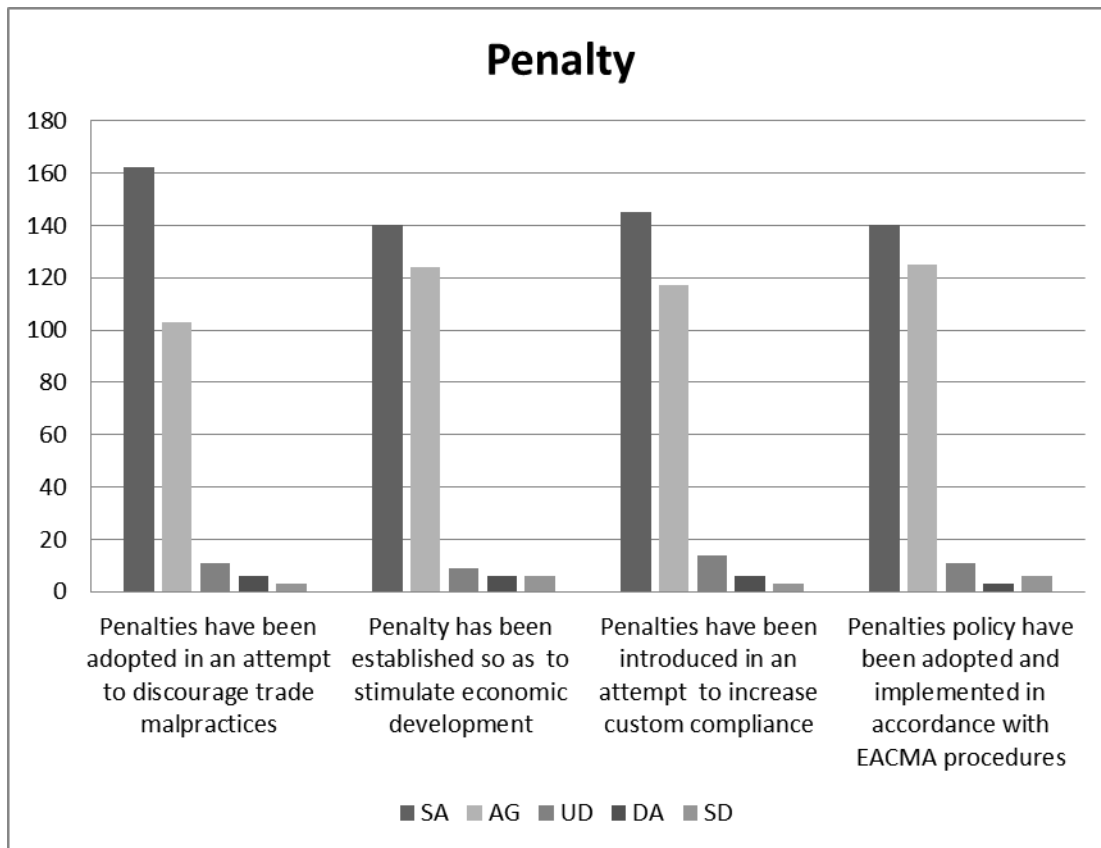
This study sought to determine whether penalties customs department assisted in custom revenue collection. The descriptive summary on penalty strategy and customs revenue collection is illustrated in table 4.4

When respondents of this study were asked the penalties are important strategies in discouraging trade malpractice, 2% disagreed, 4% neutral, 36% agreed and 58% strongly agreed.

Respondents were asked to indicate whether penalties have helped in stimulating economic development and the following recorded respondents were 2% strongly disagreed, 3% neutral, 46% agreed and 48% strongly agreed.

When the respondents were asked to indicate whether penalties adoption had increased custom compliance, 3% neutral, 45% strongly agreed and 52% strongly agreed.

Respondents were also asked whether penalties have been adopted and implemented in accordance with EACCMA protocol, 1% disagreed, 4% neutral, 38% agreed and 49% strongly agreed.



**Figure 4.3: Response on Penalty**

<b>Table 4.3: Penalty</b>		
<b>Penalties</b>	<b>Mean( X)</b>	<b>Standard Deviation</b>
Reduce Dumping	1.77	0.605
Long Term solution	1.67	0.595
Stabilize competitive prices	1.65	0.585
EACCMA Procedure	1.56	0.503

#### **4.4.3 Quota System and Custom Revenue Collection**

This sought respondents' views on quota system strategy at customs service so as to establish whether mechanism play any role in the organization. The summary of the quota system strategies descriptive is highlighted in the table 4.4

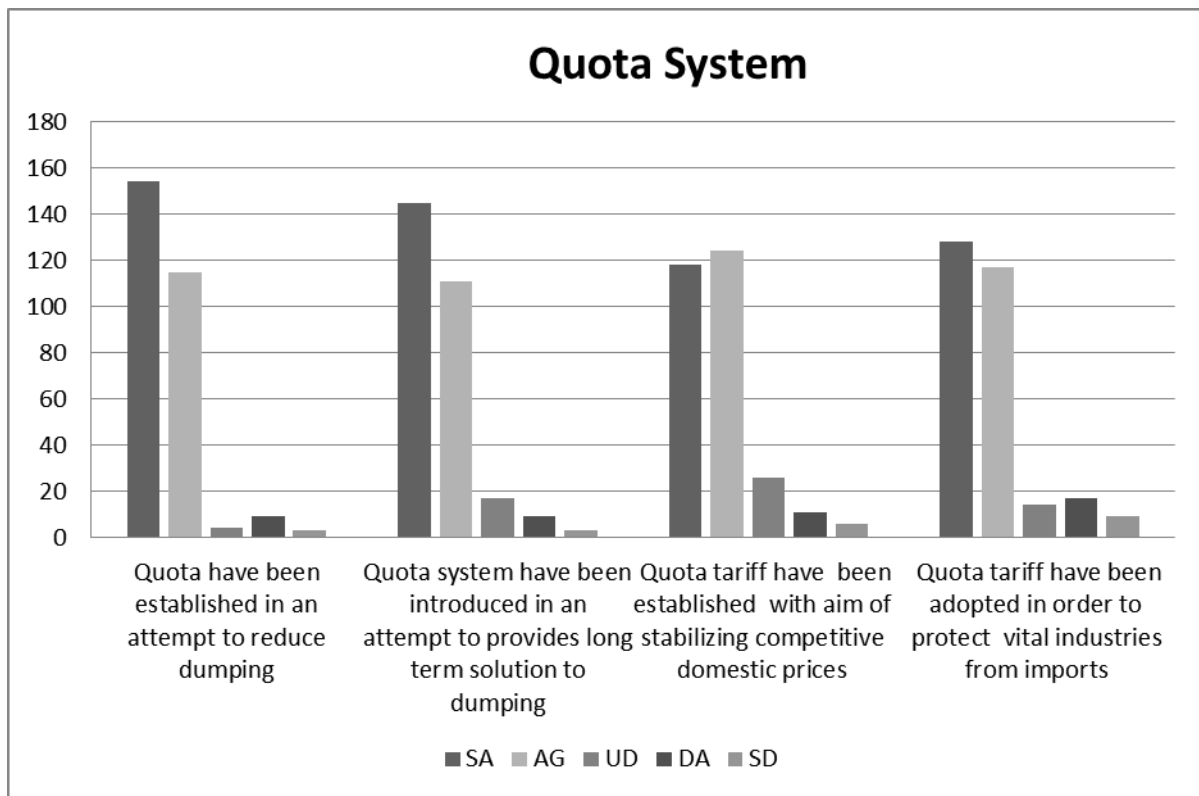
When the respondents were asked to indicate whether the quota tariffs strategy have helped in reducing dumping 1% strongly disagreed, 3% disagreed, 5% neutral, 37% agreed and 54% strongly agreed.

On the question whether the quota provide long term solution to dumping were 1% strongly disagreed, 3% disagreed, 11 % neutral, 39 agreed and 57% strongly agreed.

Respondents were also asked to indicate whether quota tariff have been useful in stabilizing competition domestic price were 2% strongly disagreed, 4% disagreed, 9% neutral, 31% agreed and 45% strongly agreed.

When the respondents were asked to indicate whether the quota tariffs is seen to protect vital industries and those respondents were 3% strongly disagreed, 6% disagreed, 5% neutral, 34% agreed and 47% strongly

agreed.



**Figure 4.4: Response on Quota System**

<b>Quota System</b>	<b>Mean( X)</b>	<b>Standard Deviation</b>
Reduce Dumping	1.86	0.560
Long Term solution	1.78	0.658
Stabilize competitive prices	2.25	0.463
Protect Vital Industries	1.46	0.674

**Statistical Model**

**Model Parameter (Custom Revenue)**

Source	Value	Std error	Pr>t	t-value	p- value
Intercept	11.04	0.222	0.67	2.45	0.010
Countervailing Duty	7.46	0.315	4.34	-2.35	0.015
Penalties	2.30	0.315	3.46	2.05	0.010
Quota	7.92	0.320	6.67	3.23	0.012

**Table 4.6 Coefficient of the Statistical Model**

An SPSS test to compare the means found that there was a significant difference by (t value 3.612,  $p \leq 0.05$ ). This demonstrates the differences between countervailing duties, penalties and quota system, suggesting the three antidumping strategies are significant. For, example, p-value of 0.015, 0.010 and 0.012 are statistically significant at an alpha level of 0.05 which is 95% confidences levels.

The data collected were examine using SPSS a Microsoft based statistical software the regression model the output is given in the table 4.6

$$\text{Custom revenue collection (Y)} = C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

$$Y = 11.04 + 7.46 X_1 + 2.03 X_2 + 7.92 X_3$$

Y- Dependent variable (Custom Revenue collection)

C- Constant (factors beyond customs controls)

$\beta_1 X_1$ -Independent Variable (Countervailing Duties)

$\beta_2 X_2$ -Independent Variable (Penalties)

$\beta_3 X_3$ -Independent Variable (Quotas system)

## 4.6 Correlation Analysis

Correlation analysis was conducted to determine whether there existed any relationship between countervailing duties, penalties and quota system and customs revenue collection. The findings of the study show countervailing duties and custom revenue collection,  $r$  (0.589),  $p \leq 0.01$ , therefore there is a positive correlation between countervailing duties and customs revenue collection. Penalties and custom revenue collection is shown as  $r$  (0.566),  $p \leq 0.01$ . This shows there is a positive correlation between penalties and custom revenue collection. Quota system and custom revenue collection is shown as  $r$  (0.511),  $p \leq 0.01$ , therefore, there is a positive correlation between quota system and customs revenue collection. This is illustrated in the table 4.5

<b>Table 4.5 Correlation Analysis</b>				
Variables		<b>1</b>	<b>2</b>	<b>3</b>
Custom revenue collection	Pearson Correlation	1		
	Sig.( 2 –tailed )			
	N	170		
Countervailing duties	Pearson Correlation	.511**	1	
	Sig. ( 2-tailed)	.000		
	N	170	170	
Penalties	Pearson Correlation	.566**	.944**	
	Sig. ( 2-tailed )	.000	.000	
	N	170	170	
Quota system	Pearson Correlation	.589*	.888**	.959**
	Sig. ( 2-tailed)	.000	.000	.000
	N	170	170	170
**correlation is significant at the 0.01 level (2-tailed)				
*correlation is significant at the 0.05 level (2-tailed)				

#### **4.7 Discussion of Findings**

This chapter has presented the study results and findings. The major findings of the study include the existence of statistically significant relationship between countervailing duties and custom revenue collection, penalties and quota system. There exists statistically significant relationship between countervailing duties and penalties and also between penalties and quota system. These related to an overall understanding of the trade remedies that are considered of importance to the domestic industries and customs revenue collection. The antidumping strategies play an important role in the international trade. The commonly used trade remedies especially countervailing duties, penalties and quota systems are important tools in protecting domestic industries. The result in the finding shows that the threefold trade remedies are vital for the survival of domestic industries.

## **Chapter 5**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the study discussions, conclusions and recommendation. The summary of the entire study is presented first. This is followed by discussion on the extent to which countervailing duties affect customs revenue collection, the discussion on the extent to which penalties affects custom revenue collection and the extent to which quota system affects customs revenue collection. The study conclusions and recommendation are presented in the same order.

#### **5.2 Summary**

The purpose of the study was to examine the effect of antidumping strategies on custom revenue collection in Kenya. The study was guided by the following research questions: how does adoption of countervailing duties strategy affect custom revenue collection, to what extent does use of penalties affect custom revenue collection, and finally, what is the effect of quota tariffs strategy on custom revenue collection.

The study adopted a descriptive research design. The population of the study was 200 employees of customs service department. This study adopted a stratified sampling technique to select a sample size of 170 respondents. A structured closed ended questionnaire was used to collect primary data. At the same time, primary data will be collected through use of questionnaires and interviews. Other secondary source of data will include textbooks, journals, magazines, and internet. At the point of data analysis, tables, and graphs will be considered.

The findings on the extent to which countervailing duty affects custom revenue collection revealed a statistically significant relationship between countervailing duties and custom revenue collection. Majority of respondents believed that when an organization used this mechanism properly will lead to the reduction of dumping and growth of industries thus leading to enhance domestic industries competitiveness.

The findings on the extent to which penalties strategy affect custom revenue collection revealed a statistically significant relationship between penalties and custom revenue collection. Many of respondents believed that when the government put stringent measures in place enhances compliances essential in the domestic industries growth and competitiveness. Equally, domestic industries survivals depend on the imports restriction which may have detrimental effects on their growths.

The findings on the extent to which quota system strategy affect custom revenue collection revealed a statistically significant relationship between quota system and custom revenue collection. Majority of the respondents believed that systematic quota system is essential in enhancing domestic competitiveness. Equally, most of the respondents believed that a suitable quota system strategy enhanced domestic industries performances while at the same time reducing chance for imports dumping. Similarly, over half of the respondents felt that when an organization implements quota system mechanisms enable domestic industries to compete favorably and effectively with other industries.

### **5.1.1 Countervailing Duties Strategies Affects Custom Revenue Collection**

This study concludes that countervailing duties is an essential component of the organization antidumping strategy that enhanced custom revenue collection. Countervailing duties enhances competitiveness of domestic industries and promote legitimate trade which allows domestic industries to bloom and thrive in the country. This study has demonstrated that

when the country invested in countervailing duties mechanisms, revenue collection performances does get enhanced. A critical countervailing duty is essential to overall revenue collection. The relationship between countervailing duties and custom revenues collection is significant.

### **5.1.2 Penalties Strategies Affects Custom Revenue Collection**

This study concludes that penalties are important and essential in the country that is seeking to develop and enhanced revenue collection. Comprehensive plans, policy development and monitoring are some of the penalties strategies that when used by an organization, they do enhance revenue collection. Penalties mechanisms put in place by the organization do not only enhance revenue collection but guarantee future domestic industries performances. This study further concludes that the relationship between penalties strategies and customs revenue collection is statistically significant.

### **5.1. Quotas Strategies Affects Custom Revenue Collection**

This study concludes that quota system is important to custom revenue collection. How manager in the organization involves revenue collection reveals at through quota system played an important role in the reduction of dumping. Positive, constant and consistent management feedback to importers appraisal are essential to domestic performances. Therefore, this study concludes that the relationship between quota system and custom revenue collection is statistically significant.

### **5.2 Conclusions**

This study found out that there is an existence of strong relationship between antidumping strategies and custom revenue collection. This account why the F-value for custom service department is 73.166 and F-tabulated value is 2.53. The result of this study support with the

views of existing literature which says that antidumping strategies has strong significant impact on achievement of business goals ,customs performances and corporate tax.

Again, study found that the antidumping strategies required to be strengthened in line with relevant WTO procedures through embracing changes presented by international trade. This argument support the view of Li (2007) which stated antidumping strategies is a cognizant and deliberate approach undertaken by organization to protect domestic industries through developing strategies which meet current and future organizational needs. In line with this, Denner (2013) opined that organization antidumping injects capabilities that are very difficult for competitors to bench mark and replicate. Again, more than any other assets, antidumping strategies provide the potential for long term solution to dumping. The study was to establish the effects of antidumping strategies on custom revenue collection in Kenya. The study concluded that antidumping strategies such as use of penalties, countervailing duties and quota tariffs remained vital trade remedies to KRA in enhancement of revenue collection and local industries protection. In addition, the uses of available trade remedies have impacted positively on the overall revenue performance and growth of domestic industries in Kenya. Moreover, the study also concluded that industries that had suffered as result of trade liberalization had bounced back after the introduction and adoption of trade remedies. This has helped local industries to strive and flourish enabling competitiveness and sustainability of domestic industries leading to growth and positive contribution to the economy.

### **5.3 Recommendations and Way Forward**

1. The government should continue to strengthen its anti -dumping strategies through continual legislation to keep abreast with the dynamics of international trades. At the same time, Kenya should keep learning from other countries that have successfully adopted and implemented antidumping laws.

2. Furthermore, proper enforcement of antidumping strategies is vital. This can be achieved through appropriate funding all the government agencies concerned with implementation of the antidumping laws. This is because financial resource is an important aspect in carrying out credible investigation.

3. Lastly, capacity building should be constantly undertaken in order to enhance skills of the customs officers that are tasked with the implementation of the antidumping strategies.

Moreover, donors should be encouraged to support customs initiatives that geared towards improvement and flourishing of antidumping strategies.

#### **5.4 Area for Further Research**

This study mainly focused on three aspects of antidumping strategies on custom revenue collection. It is recommended that other studies be done to unearth more on the subject. This will ensure increased reliability of the statistics and the effects of generalization. The study covered only one country, this shows that the results of this study are skewed towards the perceptions and data from only one country. It is suggested that such a study be done in other countries to increase the statistical power of the study and more reliable results. There is therefore a great potential for research in this direction.

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## **APPENDIX 1: COVER LETTER**

**Kipkoech Soi Richard,**

**P.o Box 23-20400,**

**Bomet**

**Dear Sir/ Madam**

### **REF: PARTICIPATION IN AN ACADEMIC SURVEY**

I am a post graduate student pursuing Post Graduate Diploma in Customs Laws & Administration. I am currently conducting a research study entitled “**EFFECT OF ANTIDUMPING STRATEGIES ON CUSTOM REVENUE COLLECTION IN KENYA**” . You have been requested as one of the respondents to participate in the study.

The result of the study will be helpful for customs service department in assessing the extent to which; countervailing duties, penalties and quota systems affect customs revenue collection in Kenya.

This is an academic research and confidentially shall strictly be adhered to. Your name will not appear anywhere in the report. Please complete all your items to reflect your view and understandings. The data collected will be used for the purposes of this academic research only. Kindly spare at least some minutes to complete to the four sections of the questionnaire attached.

Thanks in advance

Yours Sincerely,

Kipkoech Soi Richard.

## APPENDIX I: QUESTIONNAIRE

### Effect of Antidumping Strategies on Custom Revenue Collection in Kenya

Please rate your level of agreement and disagreement based on the Likert Scale of 1-5 as shown below

- 1- Strongly disagree
- 2- Disagree
- 3- Neutral
- 4- Agree
- 5- Strongly agree

#### SECTION A

Countervailing Duties						
No	STATEMENT	1	2	3	4	5
1	Countervailing duties have been established so as to reduce dumping.					
2	Countervailing duties have been introduced to balance imports with domestic prices					
3	Countervailing duties have been adopted in an attempt to provide long lasting solution to domestic industries					
4	Countervailing duties have been implemented in line with WTO subsidies and countervailing duties procedures					

Penalties						
NO	STATEMENT	1	2	3	4	5
1	Penalties have been adopted in an attempt to discourage trade malpractices					
2	Penalty has been established so as to stimulate economic development					
3	Penalties have been introduced in an attempt to increase custom compliance					
4	Penalties policy have been adopted and implemented in accordance with EACMA protocol					

Quota System						
NO	STATEMENT	1	2	3	4	5
1	Quota have been established in an attempt to reduce dumping					
2	Quota system have been introduced in an attempt to provides long term solution to dumping					
3	Quota tariff have been established with aim of stabilizing competitive domestic prices					
4	Quota tariff have been adopted in order to protect vital industries from imports					

Custom Revenue collection						
No	STATEMENT	1	2	3	4	5
1	Enforcement of countervailing duties enhances custom revenue collection					
2	Use of penalties enhances customs revenue collection					
3	Adoption of Quota system enhances customs revenue collection					
4	Customs compliances enhances customs revenue collection					